

Entrepreneurship: The Foundation for Economic Renewal in the Gulf Coast Region Proceedings of the April 11, 2006, Conference

Office of Advocacy, U.S. Small Business Administration
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Background

As government and industry respond to the devastation of New Orleans after Hurricanes Katrina and Rita, it is important that rebuilding the small business economy receive special attention. Small business owners can play a large role in the urban renewal that takes place in New Orleans and the Gulf Coast region.

On April 11, 2006, a policy conference was held in New Orleans. Various speakers discussed the effects of the disaster, as well as rebuilding efforts and business opportunities. All agreed that entrepreneurial small businesses will play a critical role in the rebuilding.

Conference participants came from small and large businesses; think tanks and universities; business organizations and trade associations; financial institutions; nonprofits; and federal, state, and local governments. A creative mix of ideas and views emerges from the pages of the proceedings.

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Highlights of the Conference and Proceedings Document

- Various speakers discussed the devastation in terms of the economic costs to various communities. Loren Scott, a professor emeritus at Louisiana State University, spoke about the number of displaced people. Some 473,000 Louisiana homes were affected and of more than 200,000 that were destroyed or made uninhabitable, 92 percent were in the New Orleans metropolitan statistical area (MSA). In Mississippi, just under two-thirds of the destroyed homes—over 40,000—were in the Biloxi-Gulfport MSA. Nancy Montoya, a regional community manager for the Federal Reserve Bank of Atlanta's New Orleans branch, noted that 80,000 businesses across the Gulf Coast region had been touched by Hurricane Katrina, and that 60 percent of them are not coming back.

- Despite the dire statistics, though, an overriding theme of the conference was the enormous opportunity that awaits those entrepreneurs willing to invest their ideas and resources in new enterprises. Doug Gurley, state director of the Mississippi Small Business Development Center said, "We have an opportunity to attract businesses that are high tech, to bring higher paying jobs. This won't happen fast. It is going to take us five to 10 years to do this.... We have this opportunity. We can be proactive." Federal Coordinator of Gulf Coast Rebuilding Donald Powell echoed those sentiments. "This is going to be a unique opportunity that only comes along not in a

lifetime, not in a generation, but maybe once every hundred years.”

- National Economic Council Associate Director Daniel Heath noted that President Bush feels strongly about the role of small business in the recovery. Congress was supportive in passing legislation for the Gulf Opportunity (GO) Zone, which includes doubling business expensing and the bonus depreciation. Beyond that, President Bush promoted the Urban Entrepreneur Partnership (UEP), surety bonds up to \$5 million, Small Business Administration financing for disaster mitigation and preparedness, a grace period in SBA financing, and raising the maximum size of SBA loans to \$10 million.

- Louisiana Economic Development Secretary Michael Olivier noted that the process of promoting existing businesses and attracting new ones will require focusing resources on three areas: housing, workforce training, and economic development. He outlined various programs established in his state to help facilitate businesses startups or re-openings. In terms of economic development, one of the largest obstacles is the need for affordable housing. This was echoed by Mississippi Economic Development Authority Executive Director Leland Speed.

- UEP National Director Daryl Williams, who is also director of minority entrepreneurship for the Kauffman Foundation, spoke of opening three UEP offices in the Gulf Coast region. The long-term strategy is to provide fast-track training to those in the region who want to look at entrepreneurship as a career choice or an alternative to what they were doing before Katrina. While government has a key role, Williams said, “I really believe that the final version, the final chapter of the story is going to be told by entrepreneurs.”

- A successful example of entrepreneurial collaboration is that between Idea Village and Tulane University. John Elstrott, a clinical professor of entrepreneurship at Tulane, is currently teaching a

Rebuild New Orleans class to engage students and Masters of Business Administration in providing expertise, advice, and strategy for the recovery phase for Idea Village clients. In this class, students can gain practical experience while helping small businesses and not-for-profits get back on their feet.

- The conference proceedings include a summary of remarks, a list of participants, copies of PowerPoint slides used by presenters, and an edited transcript featuring website citations for more than 100 organizations with initiatives relevant to the Gulf Coast business community and rebuilding efforts hotlinked at www.sba.gov/advo/research/proceedings06.pdf.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration’s Office of Advocacy are available on the Internet at www.sba.gov/advo/research.

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