Entrepreneurship in the Mon Valley

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This presentation

- Mon Valley industrial legacy
- Challenges to rebuilding an entrepreneurial climate in an old industrial region
- Project overview

Homestead Steel Works, 1946
Nailed!

PITTSBURGH WILL BE THE CENTER
JAMES A. FARRELL
PRESIDENT
U.S. STEEL CORPORATION

ALWAYS STEEL
Former Homestead Steel Works - 1998
Project Scope

• Partnership with Pitt Institute for Entrepreneurial Excellence (IEE)

• Focused training on business formation and development in the Mon Valley

• Effort on outreach and recruiting across 70 communities in 4 counties of Southwestern Pennsylvania

• Funded by U.S. Department of Commerce, Economic Development Administration
Ben Chinitz (1961)

“The entrepreneurial supply curve is ... heavily influenced by the character of the area’s historic specializations. The proposition I offer is this: An industry which is competitively organized ... has more entrepreneurs per dollar of output than an industry which is organized along oligopolistic lines ... My feeling is that you do not breed as many entrepreneurs per capita in families allied with steel as you do in families allied (with other competitively organized industries)”
Role of the entrepreneur (1964)

“...the Pittsburgh region's future depends to such a major extent upon retaining and attracting highly qualified and professional and technical people and business enterprisers, who are in demand everywhere and who command a high standard of residential amenity and cultural and professional opportunities.”

Study Region – 69 municipalities
April 2013 = 89K Manufacturing Jobs in the Pittsburgh Region = ~7.4% of jobs
Current Trends in the Mon Valley

- Continued population loss
- High economic distress
- Low entrepreneurial activity
- High concentration of industrial (brownfields) and commercial and residential vacancy
Poverty Rate

United States
15.4%

Pennsylvania
13.3%

Counties
Allegheny 12.9%
Washington 10.5%
Westmoreland 10.2%
Fayette 18.4%

Mon Valley Municipalities
17.6%

Compiled from U.S. Census Bureau, American Community Survey 5-year (2009-2013) estimates
Housing Vacancy Rate

United States
12.5%

Pennsylvania
10.9%

Counties
Allegheny 10.5%
Washington 9.7%
Westmoreland 9.5%
Fayette 13.3%

Mon Valley Municipalities
14.5%

Compiled from U.S. Census Bureau, American Community Survey 5-year (2009-2013) estimates
Ratio of new establishment births (2010-2011) to 100 Total Establishments (2011) – 30 Largest MSAs

<table>
<thead>
<tr>
<th>City</th>
<th>Ratio</th>
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<tbody>
<tr>
<td>Pittsburgh</td>
<td>8.0</td>
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<tr>
<td>Cincinnati</td>
<td>8.2</td>
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<tr>
<td>Cleveland</td>
<td>8.3</td>
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<tr>
<td>Boston</td>
<td>8.8</td>
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<tr>
<td>St. Louis</td>
<td>9.0</td>
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<tr>
<td>Baltimore</td>
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<tr>
<td>Philadelphia</td>
<td>9.1</td>
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<tr>
<td>Kansas City</td>
<td>9.5</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>10.0</td>
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<tr>
<td>Detroit</td>
<td>10.4</td>
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<tr>
<td>Chicago</td>
<td>10.5</td>
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<tr>
<td>Seattle</td>
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<td>Portland</td>
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<td>Charlotte</td>
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<tr>
<td>Sacramento</td>
<td>11.0</td>
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<tr>
<td>Houston</td>
<td>11.3</td>
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<tr>
<td>Riverside</td>
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<td>Dallas</td>
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<td>Orlando</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Compiled from Census Bureau – Statistics of U.S. Businesses
Percentage of Households with Self-Employment Income

United States
10.8%

Pennsylvania
9.2%

Mon Valley Municipalities
5.6%

- Less than 5.0% (32)
- 5.0% - 10.0% (30)
- Greater than 10.0% (6)

Counties
- Allegheny 8.4%
- Washington 8.4%
- Westmoreland 8.7%
- Fayette 6.8%

Compiled from U.S. Census Bureau, American Community Survey 5-year (2009-2013) estimates
Employment/Commuting Trends
Mon Valley Communities

Non-residents working in Mon Valley
Mon Valley residents working outside
Live and work in Mon Valley

Compiled from LEHD Origin/Destination dataset
Today’s Regional Entrepreneurs
Preliminary Conclusions

- Economic divergence within study area
- Brownfield development still dominating economic development efforts (ALMONO)
- Little Innovation-Based Entrepreneurial (IBE) activity
- Most entrepreneurs SMEs – Small & Medium Enterprises