

Tough times prompt some to start businesses

Wednesday, September 26, 2007

PAUL WYCHE, THE SAGINAW NEWS

Though the UAW and General Motors Corp. reached a tentative contract today, the unrest of the two-day strike could inspire increased entrepreneurship, says an expert on family business.

Somewhere within GM or at one of its many suppliers, an entrepreneurial spirit has caught fire and a new business may emerge.

"Usually in a tough economy, this is what happens," said Joseph Astrachan, director of the Cox Family Enterprise Center at Kennesaw State University in Kennesaw, Ga., where he also is a professor of management. Astrachan has four degrees from Yale University.

"These conditions spur them on, and although (nationally) the economy isn't as bad as some thought it would be, you still have more people complaining about their jobs, which creates in them a desire to control their own destiny."

Astrachan speaks at 7 p.m. today at Saginaw Valley State University's Miller Recital Hall. The event is free and open to the public.

While the likes of Wal-Mart Stores Inc. are vilified by some consumer advocates and community activists, Astrachan said it's important to remember that Sam Walton's empire began as a small family business. It is not impossible for another enterprising business person to duplicate the retailer's model.

"The No. 1 reason why a person wants to start a business is they want to control their own destiny," Astrachan said.

"And there are advantages, such as not having to answer to investors, you get to work with people you like and you don't have to worry about someone standing over you accusing you of mismanaging the company."

Michigan faces one of the worst seasonally unadjusted unemployment rates in the United States - 7 percent, while the rest of the nation is at 4.6 percent, state Department of Labor & Economic Growth figures show.

Regional Economic Analyst Jason Palmer said the department applauds events such as Astrachan's visit.

"When people want to start a business, we encourage that," he said. "Even if it's just two, three or five employees, the numbers begin to add up."

A family-run business is more agile and can react to trends faster than larger companies, where a new idea sometimes requires approval by an army of executives before making it to the market, Astrachan said.

"Speed trumps just about everything else, especially in this global economy," he said.

Paul Wyche covers business for The Saginaw News. You may reach him at 776-9674.