

Strumming Up Entrepreneurship In West Virginia

The citizens of West Virginia have a few reasons to be thankful for Andrew White.

The first reason is the young entrepreneur's contribution to the state's economy. White has been making guitars for almost ten years now, and since winning the West Virginia Business Plan Competition in 2005 he has transformed Andrew White Guitars into an emerging force in the high-end guitar market. I'm not familiar with bluegrass music, but several well-known artists within this genre prefer White's guitars; mainstream rock group Maroon 5 uses them as well. Oftentimes, I speak abstractly of economic growth; Andrew White Guitars and businesses like it are what we need to focus on fostering within our borders.

The second reason to be thankful is that White plays a leading role in the Young Entrepreneurs Support (YES) Network. About a year ago, White and few others concocted the idea as a way to support young business owners within the state. Not, mind you, "support" in the Charleston way of picking winner and losers prior to a market process (see: certificates of need), but "support" in providing up-and-coming businesses with a host of valuable tools. Just as Chicago is named the Windy City not for weather but for long-winded politicians, I'm convinced that West Virginia is called the Mountain State not because of topography but rather the amount of paperwork and regulation a business owner must slog through on their way to trying to run a company. Familiarity with this process is almost a required skill; the YES Network helps entrepreneurs navigate the straits. Mentoring is another aspect that the YES Network is trying to foster. Further, since these young entrepreneurs are themselves on the front lines of business creation, discussion concerning possible business opportunities is a natural focal point of the group as well.

White, however, isolates another aspect in which he feels the YES Network can do the most good. "There's a gap between big businesses and small businesses in West Virginia, and the YES Network can help bridge that gap."

Last week, White relayed a story to me that summed up the disconnect. As you probably know, Toyota established a manufacturing plant in West Virginia in 1996. To date, the company has invested over \$1 billion in its Buffalo, WV facility. When the factory was built, Toyota wanted, in their main conference room, a large table at which to have meetings. The problem was, those in West Virginia in charge of the assisting with the move didn't know of any manufacturer within the state that would be willing to build such a table.

"So they bought one from out of state." White sighs. "That still gets me to this day."

Entrepreneurs like White are dependent on other businesses almost as much as they are on their customers who buy the finished product, be it guitars, beer or river rafting trips. Particular to White's production process, he utilizes a wide range of exotic woods,

strings, frets and nuts, acquired from a range of suppliers—and those are just the raw materials. When you include tools, marketing, accounting, web services, shipping—he depends on dozens of other businesses in order to produce his guitars. We often like to think of the marketplace as a cutthroat, dog-eat-dog world—but good businesses support other good businesses as much as they drive inefficient ones out.

When we speak of a poor business climate, we refer to policies that hinder the creation of new businesses in, or the relocation of existing businesses to, West Virginia. High tax rates, regulations on businesses and superfluous licensing requirements are but a few of the ways that West Virginia discourages individuals from starting a new company. These are all costs born directly by the would-be business owner. Of course, if the cost of any activity rises, including starting a business, you can expect people to respond by doing less of it.

But beyond this direct impact of business climate on entrepreneurial activity, there's a second, more subtle influence that a poor business climate has on the entrepreneur. As mentioned above, businesses utilize the services of other businesses; when smothering business policies snuff out potentially fruitful attempts at business creation, these foregone business opportunities have a detrimental effect on the businesses within the state that are already operating and, equally, those that are looking to start-up. This is an example of a negative feedback system, or “vicious cycle.” While our business climate continues to regress, it harms existing businesses, pushing some into closing their doors and preventing others from existing in the first place. This, in turn, furthers the harm on existing businesses, which causes some to close, which again harms existing businesses, and on and on.

So three cheers to Andrew White; not only is he playing his part in furthering the West Virginia economy, but he's helping others do the same.

Visit the YES Network at: www.yesnetworkwv.com, and Andrew White Guitars at: www.andrewwhiteguitars.com

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