

# Entrepreneurship Is Skyrocketing During the Pandemic

The pandemic and related government lockdowns have caused widespread economic and social disruption over the past several months. There is much to despair about, as tens of thousands of small businesses have permanently closed and rates of depression and suicide rise. Yet, there are signs of hope. Uncertainty and fear might stop many of us from taking risks or thinking imaginatively during this tumultuous time, but recent data show that entrepreneurship is surging during the pandemic. Seizing new opportunities and spotting unfulfilled needs, entrepreneurs may help to lift our economy from its sickly slump.

According to a *Wall Street Journal* analysis this week, “Americans are starting new businesses at the fastest rate in more than a decade.” These startups don’t outpace the number of companies closing this year due to the pandemic, but they do suggest that entrepreneurial individuals are launching new enterprises to satisfy changing demands. According to government data, there have been 3.2 million applications for employer identification numbers (EIN) this year. Required to start a US company, EIN applications reached only 2.7 million at this same time last year. The *Journal* cites additional data to confirm an increase in entrepreneurship, beginning in June, as some individuals turned layoffs or reduced work hours into opportunities to build a business. While startups are always precarious and many small businesses fail, these new ventures can be catalysts for sustained economic growth. According to the *Journal*: “Even though new businesses inevitably start small, they are a critical engine of job creation. Startups have historically accounted for around one-fifth of job creation...”

## **Pandemic-Induced Creative Destruction**

The pandemic offers a moment ripe for “creative destruction,” the term used by economist Joseph Schumpeter in his 1942 book, *Capitalism, Socialism, and Democracy*, to describe the dynamic process of new business models and enterprises replacing legacy organizations and industries. He explained that capitalism is “the perennial gale of creative destruction,” fueled by entrepreneurship and innovation. Schumpeter writes: “The opening up of new markets, foreign or domestic, and the organizational development from the craft shop to such concerns as U.S. Steel illustrated the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.”

Especially in times of social upheaval like today, people’s needs change. As a result, solutions that worked before become outmoded. Innovation upends these old ways of doing things and offers fresh ideas and solutions that are better suited to people’s current

needs and preferences. It is triggered by entrepreneurs who are dissatisfied with the status quo, imagine alternatives, and successfully introduce their vision into the marketplace. The economic and social turbulence resulting from the pandemic lockdowns provides countless opportunities to meet new and changing consumer demands.

Perhaps nowhere is this turbulence more apparent than in education. Many students started this school year with remote learning only, as district schools, especially in urban areas, remain indefinitely closed for full-time, in-person instruction. Michael Strong, a longtime educator, author, and successful entrepreneur, quickly recognized that parents are dissatisfied with their children's remote district schooling and want a high-quality, affordable alternative. "There is such immense demand," he told me. "Once parents get regular school piped into their homes, they see that school isn't always a great fit. They take on significantly more ownership of their child's education and look for more options."

Strong recently launched **Expanse**, a virtual school that provides high-touch, project-based, live remote learning to middle schoolers throughout the US. "The whole world of edtech is one-dimensional, with teachers mostly lecturing to students. Our value proposition is rich, human interactive experiences that students find engaging," says Strong. With Expanse, students aged (approximately) 10 to 14 participate together in full-day, live remote learning led by a variety of expert educators and in partnership with top-rated organizations, such as QuantumCamp and Nobel Explorers. A typical school day begins with community discussion and goal-setting, followed by a Socratic reading and writing seminar. Midday is focused on math and science, while the end of the day emphasizes personalized, one-on-one mentoring and self-directed student projects.

With an annual tuition cost of \$8,000 and scholarship possibilities, Expanse is more affordable than many other private education options. Strong intends to reduce the price tag even further through growth and scalability. He believes that the education market is brimming with opportunities for aspiring entrepreneurs, as parents seek new and better learning options for their kids. Strong also thinks education won't return to the classroom status quo even after the pandemic ends:

"I think even if everyone goes to school in January, we would still have a significant portion of parents considering other options. The old system of schooling was fragile, relying on tradition and a legacy orientation. We'll see much more diversity in education models, and a greater realization that the standard path is not required. We now have countless examples of families who have eschewed standard education and they have found happiness and success."

## **The Art of the Pivot**

The creative destruction now occurring in the education sector is poised to dramatically

reshape American education, with new, more accessible, more relevant learning models replacing the conventional classroom that was already being challenged pre-pandemic. In Washington, DC, Luba Vangelova was planning to open The Hub this fall as an in-person, self-directed community learning space for homeschoolers and others who wanted a more flexible education approach. When the pandemic hit, she had to pivot to an online format and temporarily table her in-person plans, but she remains hopeful. As one parent recently told her: “You’ve created digital joy, which is very hard to find.”

With Gallup reporting a doubling rate of independent homeschooling this year, new organizations like The Hub should continue to attract parents looking for educational support and resources. According to Vangelova: “This is a year of great flux in the world, with a lot of social, political and economic transformations that are only just gaining steam, and although it’s been challenging on many fronts to pivot and adapt, I feel good about the fact that The Hub has been able to offer something valuable that is ‘of the moment,’ while also modeling a healthy culture and vision for learning and living in the future.”

2020 has been a challenging year, with hardship and loss. There is much to lament, but millions of American entrepreneurs are showing us how to get through this difficult time with creativity, initiative, and grit. They are spotting opportunities and unmet needs, pivoting and adapting, and breaking down old ways of doing things to pioneer new models that will lead to more progress and prosperity for us all. It’s a great time to be an entrepreneur.