

Jonathan Schechter – “Corpus Callosum” Column
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I have been to the mountaintop and seen Jackson Hole’s economic future. It will be driven by two forces: Extreme Entrepreneurship and Eco-tourism.

In today’s column, I’ll discuss our “Extreme Entrepreneurship” future. Two weeks from today, I’ll look at Eco-tourism.

Broadly speaking, over the last century, Jackson Hole’s economy has had five different drivers:

1. Agriculture, until the 1920s
2. Summer tourism, from the 1920s through the 1970s
3. Winter tourism, from the 1970s through the 1980s
4. Real estate and construction, from the 1970s through the early 1980s, and then again from the 1990s through the late 2000s
5. Lifestyle, from the 1990s through today

The key word in the previous sentence is “drivers;” these are the activities which have driven the economy’s growth. Each of these elements will continue to play a role - and in the case of tourism and lifestyle, a foundational role – in undergirding the valley’s economy. But as far as driving growth, all except lifestyle have long-since peaked, and in some cases – think agriculture and construction – will never again experience the prominence they once enjoyed.

Instead, if our economy is once again to grow, driving that growth will be Extreme Entrepreneurship and Eco-tourism.

By “Extreme Entrepreneurship” I mean this. Over the past decade or so, Jackson Hole has attracted a growing number of very successful entrepreneurs, people who have not only started businesses all over the country, but for whom starting businesses is hard-wired into their DNA. By moving to Jackson Hole, they may have left start-up hotbeds like Silicon Valley or Boston, but they haven’t left behind their passion for starting firms. As a result, we’re starting to see a big increase in the number of start-ups in Jackson Hole.

Local start-ups are not new, of course – be they retail stores or construction firms, the valley has been home to thousands of new businesses over the past several decades. The difference now is that the start-up businesses aren’t focused on serving just Jackson Hole’s residents and visitors. Instead, increasingly the target markets of these businesses are located outside the valley – in the region, the nation, the world.

Put another way, Jackson Hole Entrepreneurship 1.0 was inward-focused, based here because it had to be, as this is where the customers were. Jackson Hole Entrepreneurship 2.0 is outward-focused; based here because it wants to be, but servicing people around the world.

Over the last few years, we’ve begun approaching a critical mass of these “2.0” folks, people starting businesses in Jackson Hole because that is what they love to do and this is where they’ve want to be. In addition, thanks to efforts such as my 22 in 21 conference, these people are starting to find each other, connect, and create an entrepreneurial culture that holds the potential to be just as extreme as our recreational lifestyle. All the pieces are here: the people, the drive, the technology, the money, the vision. As a result, over the next decade, we’re going to see a huge explosion in the number of start-up businesses founded and supported by Jackson Hole residents.

This is significant for at least two reasons.

First, we need these businesses.

For the past few decades, the core of Jackson Hole's middle class has been our construction industry. Like manufacturing in other parts of the country, construction has provided Teton County residents with a lot of good, high-paying jobs. As Graph 1 shows, since the mid-1970s, Teton County has been roughly three times as dependent on construction jobs and wages as has the nation; as Graph 2 shows, since 2008, we've lost nearly 1,000 construction jobs and over \$40 million in construction wages.

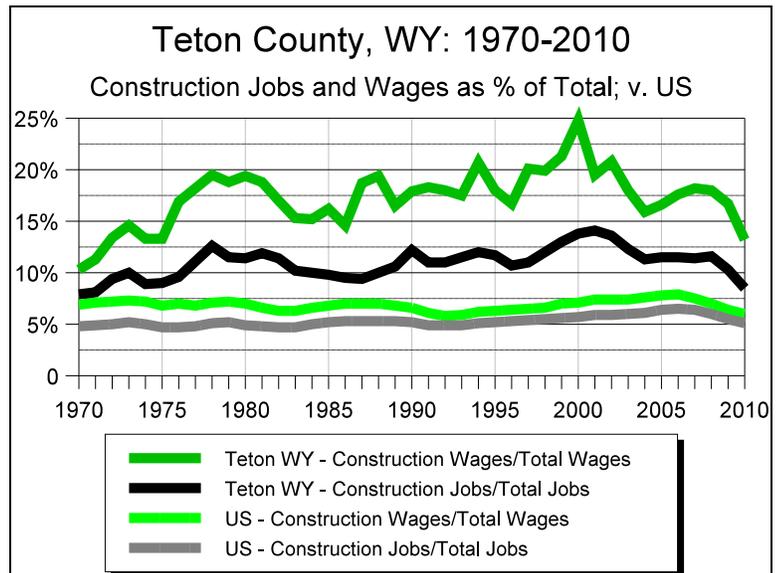
But just as manufacturing is no longer the core of America's middle class, for a variety of reasons, construction in Jackson Hole has long-since peaked: Those jobs are gone and never coming back (hence, for example, the loss of two lumber yards in the past year). The question then becomes: What will take construction's place as the foundation of Jackson Hole's middle class? The best and only real hope is the jobs created by our Extreme Entrepreneurs.

The second reason is a paradox: Even as Extreme Entrepreneurship grows in Jackson Hole, we'll have no clear awareness of its presence. This is because Wyoming's economic monitoring systems are all geared toward the state's past and present economy: minerals, agriculture, and going to the mercantile. Extreme Entrepreneur businesses will not generate taxable sales; its owners will not pay income tax or join organizations like the Chamber of Commerce; and they tend to hire people as independent contractors, many of the jobs they create won't be picked up in employment figures.

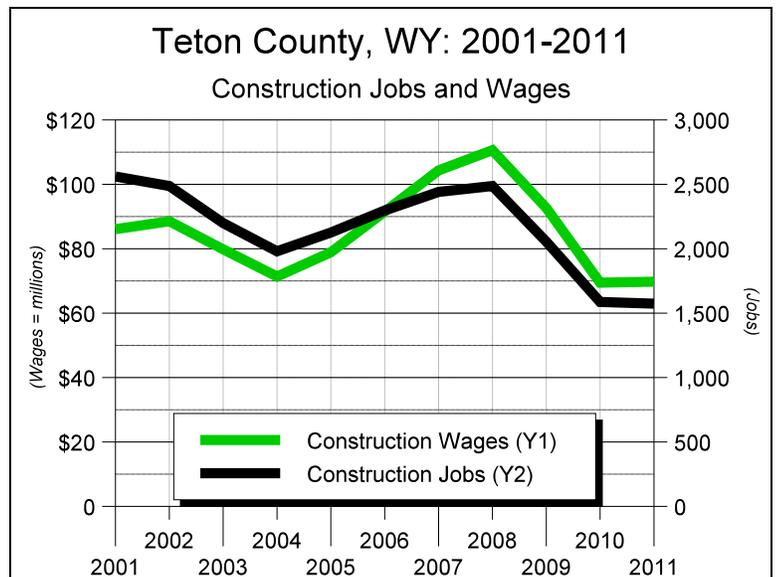
Yet while Extreme Entrepreneurs will be flying below the radar screen, they'll also be bringing a high level of expectations to our community: for themselves, for the people and businesses they hire, and for the services they want from local government. The challenge for local officialdom will be meeting those high expectations with relatively less money, for as Extreme Entrepreneurship grows, the tax-generating portion of the local economy will become an increasingly smaller portion of the overall pie.

If you're curious to find out more about this emerging culture of Extreme Entrepreneurship, the best way to learn more is by attending the monthly "Chance Meetings" events. Held on the first Monday of every month from 5:00 - 7:00 pm at The Rose, each Chance Meetings features presentations by local start-ups, as well as an opportunity for local entrepreneurs to meet like-minded valley residents. The next Chance Meeting is on Monday, August 6,

As significant as Extreme Entrepreneurship is to Jackson Hole's future, Eco-tourism is even more so. I'll discuss why in my next column.



Graph 1



Graph 2