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By Gregory Bedrosian

2010 – The Year of the Entrepreneur

What can we look forward to after the worst U.S. economic and financial crisis in decades, possibly since the Great Depression? As crazy as it sounds at first, I believe 2010 will be the year of the entrepreneur.

Entering 2010 we see signs of a U.S. economic recovery and leading economists are calling for economic growth of 2.5-3.5%. Unemployment seems to have peaked at 10.2% in October, housing prices appear to be gradually on the mend and the stock market indexes have regained a significant portion of their losses from the trough of March 2009. But, admittedly, there is lingering uncertainty in the segment of the U.S. economy where innovation and job creation resides – small- and medium-sized businesses.

The statistical and anecdotal evidence is clear; promising start-ups and young businesses are struggling to secure venture capital and small business loans to fuel growth and development strategies. Venture capital investment was down 45% for a decrease of more than \$10 billion during the first three quarters of 2009 versus the same period in 2008, small business lending dropped 36% in 2009 from the previous year and the 22 banks which received the largest amount of government bailout dollars have collectively reduced their small business lending programs by over \$11 billion during the past nine months.

The seemingly bleak landscape for launching and growing entrepreneurial businesses reminds me, however, of Theodore Roosevelt's comment that "the darker the night, the bolder the lion." I believe that in 2010, entrepreneurs and their backers will be emboldened by favorable conditions that were created in the crisis. This is the flip side of the profound lesson that good times -- when venture capital and debt are flowing freely -- are also when new business fails spectacularly. We all remember the dot-com bubble bursting in 2000 on a wave of billions of dollars in easy money.

Now think back over a generation to 1939 when, in the midst of the Great Depression, Hewlett-Packard (HP) was founded. Recall also the recession of the early 1970s when Microsoft was launched. The fact is that many of today's world-class corporations were launched in recessionary environments. Why? Because in some important respects, periods of economic dislocation create fertile soil for launching the new ventures of the next season:

- Cost – basic operating costs tend to be lower in economic downturns, and over the past few decades entrepreneurs and investors have learned a lot about launching and growing businesses with far less capital than ever;
- Talent – job displacement provides a pool of experienced workers seeking a broad array of challenging and rewarding job opportunities; and
- Competition – the competitive landscape opens up, with large market players focusing on rationalizing operations rather than innovating and weaker players struggling or going out of business.

Any entrepreneur or venture investor will attest that beneficial trends in cost, labor and competition are favorable conditions indeed. That is why those who put management talent and risk capital to work in the year of the entrepreneur are likely to be rewarded handsomely and will create knock-on benefits of innovation, job creation and economic growth. So to would-be entrepreneurs and investors: be creative, be resourceful, be smart, be diligent, be tireless, but above all, in 2010, be bold.

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