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## Introducing the DOL Entrepreneurship Competency Model

### Background:

America is in the midst of an economic renewal after the largest crisis of its finance industry and the largest government bailout of the troubled auto and finance industries in our country's history. Throughout the economy there are doubts as to the future health of America's economy.

During the past several recessions the small business sector has built the economy toward a more vigorous business environment. The innovation and inventions of America's entrepreneurs are the key building blocks of our nation that has become known world-wide as the American Dream. Immigrants have come to America throughout its history and found ways to be self-sufficient and to compete effectively with their business ideas.

We are proud of an economy that allows anyone to enter business (in 2007 there were 23,000+ business starts per day) and to work to satisfy consumers to such a level that they are rewarded by profits. These profits allow them to reinvest in their business, provide for their families, add to their level of education, and to acquire more products and services that allow them the quality of life style they desire. The American Dream continues as small businesses have been the creator of new jobs for the past two decades. At the same time large businesses have moved jobs off shore or just reduced staff because of lack of profits.

Through the High Growth Job Initiative, the US Department of Labor /Employment and Training Administration has focused on developing Competency Models for the 11 industry sectors that seem to have the most promise for advancing the American economy.

### Why an Entrepreneurship Competency Model:

During the last two decades national leaders have recognized the value added by new small businesses. The Consortium for Entrepreneurship Education (CEE) was asked by its member groups in 2004 to identify the performance indicators that should be included in effective entrepreneurship education programs. The Consortium organized focus groups throughout the nation to ask early stage entrepreneurs what they needed to know and be able to do in order to succeed as an entrepreneur. The work resulted in the National Content Standards for Entrepreneurship Education. [http://www.entre-ed.org/Standards\\_Toolkit/](http://www.entre-ed.org/Standards_Toolkit/)

Because of this work and the work on the Standards of Practice for Effective Entrepreneurship Education CEE was asked by the DOL to work with the research experts at DOL who were developing the Entrepreneurship Competency Model. CEE brought together nationally-recognized experts to review the work of the DOL Entrepreneurship Model. Their role was to ensure that the Entrepreneurship Competency Model reflected the entrepreneurial skill set essential to succeed as a budding entrepreneur.

The Entrepreneurship Competency Model was needed to guide the work of educators and trainers in the workplaces of America, providing entrepreneurial skills that optimize workers' technical and professional skills. Today most of the businesses without employees are home-based businesses that must manage their work as entrepreneurs. More and more businesses are contracting to get specialized work accomplished as a way of reducing employee benefit costs. Those entrepreneurs who contract to do the

work must be capable of being in charge of their operations as entrepreneurs. To survive they need to ensure that costs are covered appropriately and that they meet the needs of their clients while making a profit.

### **How the Entrepreneurship Competency Model should be used:**

A competency model is a collection of competencies/performance indicators that together define successful performance in a particular work setting. Competency models are the foundation for important workplace functions because they specifically define what is essential to select, as well as train and develop, a diverse, talented future workforce. The Entrepreneurial Competency Model identifies personal, academic, general workplace, and entrepreneurial competencies that are featured in the competency model as one of 11 Industry-based Competency Models on the website. Organizations using the CEE Performance Indicators should be assured that they are comparable although in a different format.

The model builds from basic fundamentals to more industry and career specific competencies. The Competency Model consists of stacked tiers increasing in specificity and specialization as the pyramid ascends. Each tier is divided into blocks representing content or the skills, knowledge, abilities and other factors that are essential to successful performance in the future workplaces. Not all competencies are required for all jobs; for example, all competencies on the lower tiers are not necessarily needed to achieve the competencies needed on upper level tiers. The competencies reflected at the base of the model (Tiers 1 – 3) represent those needed for success in life and in the foundation for success in school and work. These foundational skills are a needed prerequisite for workers to be able to learn additional entrepreneur-specific skills. The Entrepreneurial Focus Areas on Tier 5 specifies the areas that might be expected to fill out specific skill sets for their emerging business communities.

The Entrepreneurship Competency Model is intended to help teachers, students, Workforce Investment System staff, and potential employees understand the competencies required to perform successfully in their own businesses. The model can be used by teachers and Workforce Investment Systems staff members to tailor curriculum to develop and reinforce the competencies. The model provides a guideline to match entrepreneurial skills needed with skills possessed by potential candidates. Where there are gaps, short-term training programs can be developed to address them or existing programs can be modified.

### **How are these competencies used to empower Youth and Adults?**

The Entrepreneur Competency Model is designed to be implemented throughout education, K-16 and Adult as well as the Workforce Investment System. The technical nature of many occupations requiring in-depth learning has caused limited inclusion of in-depth business skill development in Career and Technical Education programs. In some career clusters the Consortium's entrepreneurship performance indicators have been included merely as a career exploration experience, and in other clusters these performance indicators have become a major part of the curriculum.

The 81 Career Cluster Plans of Study identify coursework for students in grades 9 through 16. <http://www.careerclusters.org/resources/web/pos.cfm> They focus on development of the core knowledge and skills. Within the 16 Clusters used throughout the education community we find that Business Management & Administration, Finance, Hospitality & Tourism, Marketing, Sales & Service, and Agriculture, Food, & Natural Resources.... are the Clusters that address in-depth entrepreneurial skills. Yet all of the clusters identify job titles that are clearly the roles of an entrepreneur.

Often one of the major causes of business failures is that the entrepreneur has the technical skills but lacks the entrepreneurial skills that are essential for business success. Currently many high schools and colleges are providing in-depth opportunities for students to gain business expertise. However, they are rarely connected to programs providing many of the technical career cluster students the training in marketing, management, finance, strategic planning, human resource management, etc. One emerging trend in postsecondary education is to link an entrepreneurship minor to a major in a specific industry area such as engineering, information technology, art and music, health sciences, etc. Program developers should identify the entrepreneurship performance indicators that are missing in the educational development of their students.

Throughout the Workforce Investment System in America the WIB are contracting with individuals, education institutions or other agencies or organizations to provide training and skill enhancement programs to assist unemployed individuals to become productive employees. Many locations are working to enhance the economic health of the WIB service area by enhancing the economy through both people and place based economic development strategies. Using the Entrepreneurship Competency Model WIBS can develop the performance contracts essential for preparing individuals for the future workplaces in their service areas.

Entrepreneurs are not "born"....rather they "become" through the experiences of their lives!

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