

An aerial photograph of New York City at sunset, showing the dense urban landscape, Central Park, and the Hudson River. The sky is a mix of orange, yellow, and blue.

History of Entrepreneurship During Economic Crisis

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March 2020
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In the aftermath of the GFC, a Kauffman Foundation study demonstrated that **more than half of Fortune 500 companies were founded during a recession or bear stock market**

The 1890's and Turn of the 20th Century

The Baring
Crisis
(Panic of
1890)

*19th century's most
famous sovereign debt
crisis*



Founded as Edison
General Electric

- Edison General Electric was founded in Schenectady, N.Y.
- Not only was the global economy in a recession, but just three years later, the company faced a collapse of the U.S. economy and a run on the gold supply

Panic of
1907

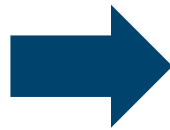
*30% business
declines over a 13-
month period*



- GM's founder, William Durant, had been making horse-drawn carriages before turning to automobiles in 1908 when he founded the holding company General Motors

Panic of
1910-1911

*Economic depression
post Sherman
Antitrust Act*



Founded as The
Computing-Tabulating-
Recording Company

- The Computing-Tabulating-Recording Company, the precursor to IBM, was founded in 1911 through the merger of three manufacturing businesses

Juggernauts of the 1920's and 1930's

The Great Depression

Worldwide GDP fell by an estimated 15%

Unemployment in the US as high as 25%



The
WALT DISNEY
Company

- Founded just ahead of the Great Depression
- Began work on their first full-length animated feature right after The Great Depression ended – 'Snow White and the Seven Dwarves'

Recession of 1937-1938

Economy took a sharp downturn that lasted for 13 months

Industrial production declined almost 30 percent



- On the back of two major recessions, HP was founded in 1939 by two Stanford graduates, and would go on to build one of the worldwide leaders in computers

1950's – Evolution of Food and Travel

Post Korean War

Post Korean War, the focus was on controlling inflation



- Regardless of economic concerns, people need to eat
- Utilized the “insta-broiler” to cook meat faster and more cheaply than on a pan or grill

Recession of 1958

Most significant recession during the post-World War II boom between 1945 and 1970



- Just ahead of the Recession of 1958, Jay Pritzker purchased the Hyatt House motel near Los Angeles International Airport

Recession of 1958

Most significant recession during the post-World War II boom between 1945 and 1970



- Another business born during the Recession of 1958, Trader Joe's got its start under the name Pronto Markets in Southern California

Emergence of Technology and Logistics in the 1970's and early 1980's

Recession of
1969–1970

*Coincided with fiscal
and monetary
tightening*



- Fred Smith launched the business having developed the concept while at Yale
- He proposed a system designed to accommodate time-sensitive shipments such as medicine, computer parts, and electronics

1970's Oil
Crash

*Oil crisis stemming
from Middle East
conflicts*



- Childhood friends Bill Gates and Paul Allen sought to make a business utilizing their shared skills in computer programming and launched their new business in 1975

Recession of
1981–1982

*Prompted by 1979
energy crisis*



- Trip Hawkins left his role as Director of Product Marketing at Apple to start Electronic Arts in early 1982

Technology Resiliency in the 2000's

Dot-com Bubble
& 9/11

Google

salesforce

Akamai
Experience the Edge

iPod

everbridge

Global Financial
Crisis

Uber

iPhone

airbnb

Square

slack

zalando

stripe

fitbit

zynga

New Companies Will Emerge to Address Today's Environment

- Companies are often born out of difficult times
- Think business models and pain points that are illuminated by this crisis:
 - Distributed workforces
 - Pharma and drug testing
 - Supply chain efficiency
 - Mental health services
 - Urgent care services
 - Virtual (video) based healthcare
 - Mobile entertainment and social gaming
 - Additive manufacturing and 3D printing for hospitals
 - Online and video based dating
 - Elderly care
 - Childcare
 - Grocery delivery and home cooking
 - In-home fitness
 - In-home health diagnostics
 - Ed Tech and online learning platforms