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Entrepreneurs, Startups and Economic Growth

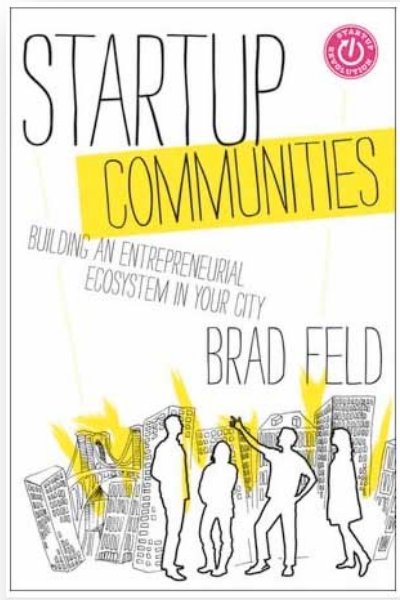
DRAFT
Work in Progress



Far better is it to dare mighty things, to win glorious triumphs, even though checked by failure . . . than to rank with those poor spirits who neither enjoy much or suffer much, because they live in a gray twilight that knows not victory nor defeat.

Theodore Roosevelt

Principal Reference



Start-Up Communities: Building an Entrepreneurial Ecosystem in Your City

Brad Feld

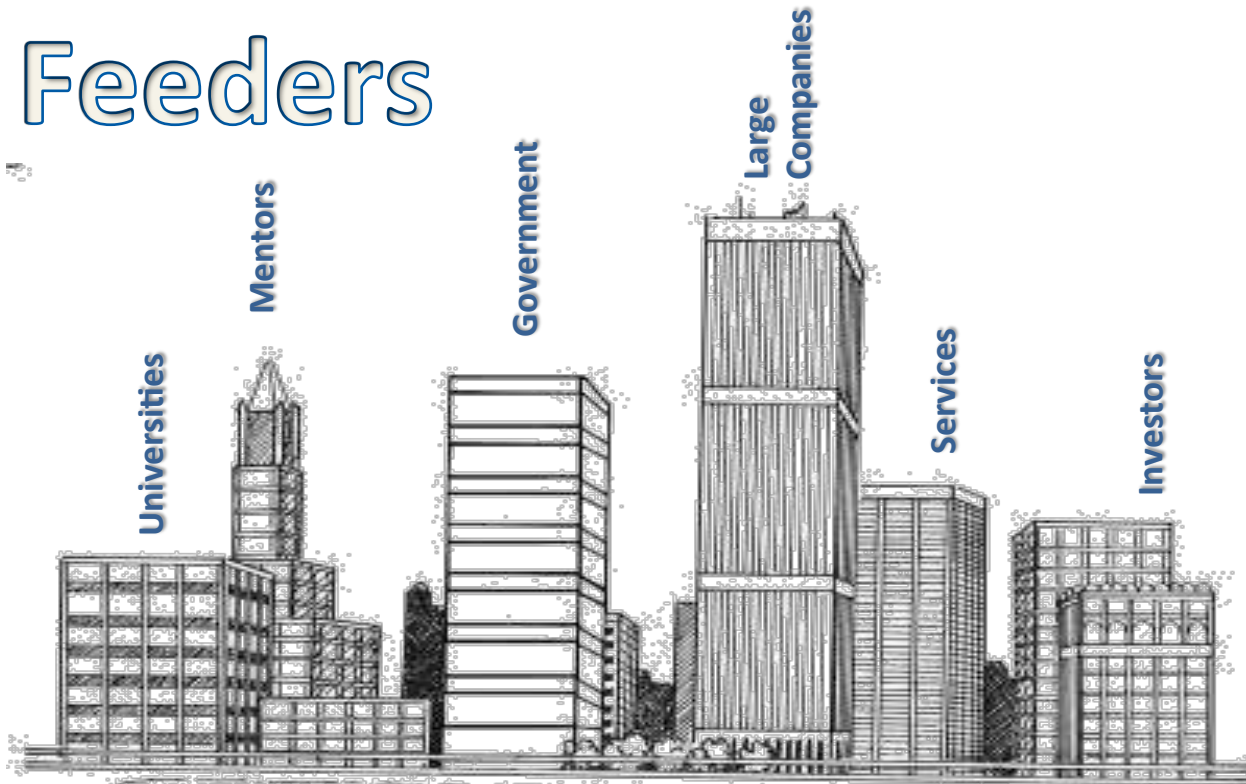


Brad Feld has been a driving force in building entrepreneurial cultures, including in his own city of Boulder, CO, since the late 1980s. He currently serves as a managing director at Foundry Group, a venture-capital firm that funds early-stage technology companies.

Start-Up Community:

“An evolving Organism”

Feeders



**THE
ENTREPRENEUR**

Leaders

Professors
Students
Fresh ideas/ labor
Research labs
Entrepreneurship
programs
Technology
Transfer Offices

Teach/
Help
without
expectation
of
economic
reward

Regulation
Tax policy
Innovation policy
Zoning rules
Bully pulpit
Out of cycle funding

Provide
convening space
and resources
for local start-
ups
Create programs
that encourage
start-ups

Lawyers
Accountants
Recruiters
Marketing
consultants
Contract
CFOs

Funding

Successful Start-Up **Community**

9 Attributes

- **Leadership** – Strong group of entrepreneurs committed to the region
- **Intermediaries** – many well-respected mentors and advisors
- **Network Density** – cuts across sectors, demographics and cultures
- **Government** – supportive policies for tax, investment, development
- **Talent** – broad, deep pool at all levels; good connections to universities as a input source
- **Support Services** – professional (legal, accounting, insurance, real estate, consulting) services that are appropriately priced
- **Engagement** – large number of events for entrepreneurs and the start-up community to connect (pitch days, boot camps, etc.)
- **Companies** – large companies that are the anchor of the region should have program to cooperate with high-growth start-ups
- **Capital** – strong, dense supportive community of VC's (angles, seed investors, and other forms of financing)

the Boulder **Thesis**

- Entrepreneurs must lead the startup community.
- The leaders must have a long-term commitment (~20 years).
- The startup community must be inclusive of anyone who wants to participate in it.
- The startup community must have continual activities that engage the entire entrepreneurial stack.

the **Entrepreneurs**

- They are the leaders; leadership is porous and earned.
- They must be committed to the continuous development of the community, regardless of economic or political cycle.
- They give actionable tasks to include anyone who wants to participate; those who cannot perform fizzle out.
- Forget networking events, panel discussions, or open houses; **engage** through hackathons, meetups, coffee clubs, and accelerators.

Government

- Cadence of government is out of sync with long-term view.
- There is a difference between small business and high-growth entrepreneurial business.
- Must engage with community like everyone else (not just during government business hours).
- Hierarchy can be restrictive

Entrepreneurs & Government: Contrasts

Entrepreneurs	Government
Self-Aware	NOT Self-Aware
Bottom Up	Top down
Micro Attention	Macro Focus
Action Proclivity	Policy Proclivity
Impact	Control

Entrepreneurs *must* lead the startup community. Government is not suited for its leadership. Startup communities take advantage of network effects: the addition of a member to the community enhances the value of existing users; government is hierarchical.

the University

- Source of talent, research, programming, and tech transfer
- Provides new perspectives
- Business School
- Law School
- Engineering School
- Sciences (biology, physics, chemistry) School/ Departments
- Hierarchy can be restrictive

Large Companies

- Provide a convening space and resources for local startups.
- Create programs to encourage startups to build companies that enhance a large company's ecosystem.

Investors

- Often seen as “gatekeepers” to the community.
- Must acknowledge they are “feeders” not “leaders”; leaders must earn their position through long-term commitment and support of community development.
 - Tech Stars example

the **Accelerator**

- Began as a way for angels to find a better way to “manage” deal flow.
- Instead of “tossing some angel money into a company and seeing what happens,” a fund would be raised to invest in a few startups and put them “through an intense [short] program to get their businesses to the next stage.”
- Collaboration + Perspiration
- **Incubators** provide space, infrastructure, and advice for a fee.

Service Providers

- Support the ecosystem
 - Legal
 - Accounting
 - Office space
 - Equipment rental
- “rent before you buy”

Advisors ≠ **Mentors**

- Advisor (economic relationship)
- Mentor (no economic relationship; expects nothing)

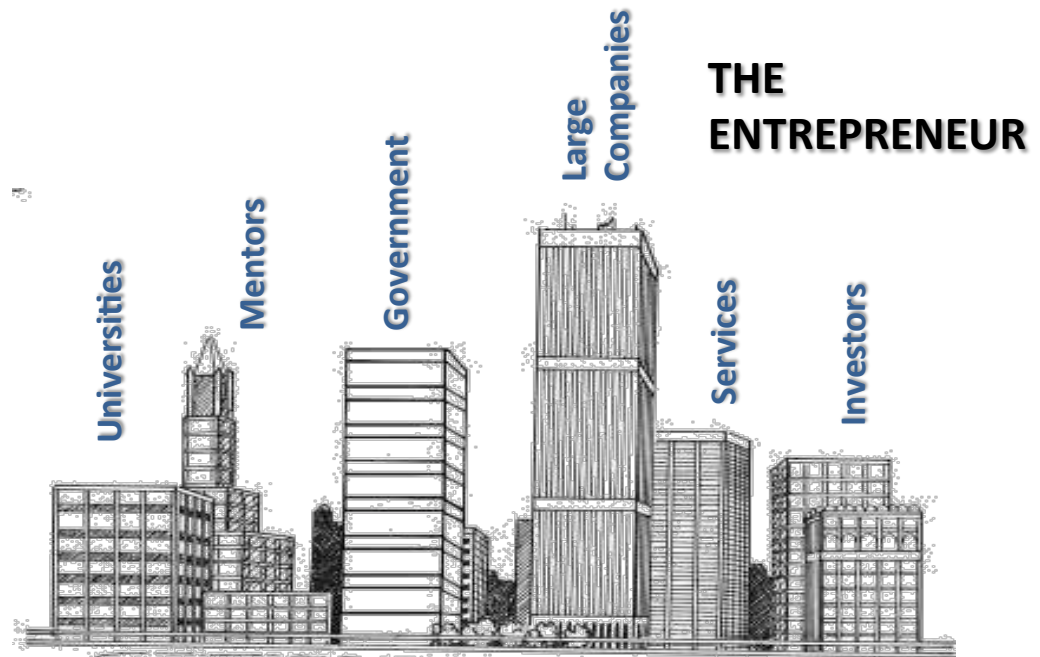
the Role of **Failure**

- The greatest thing an entrepreneur can learn is **how to fail**; failure is part of the process
- Test ideas quickly; be agile enough to pivot quickly when ideas fail (otherwise bad ideas perpetuate).
- “wakes” for failed companies/projects honor the attempt.

Takeaways

The **idea alone** is necessary but not sufficient – the economic realization does not happen until that innovation is **shared, adopted, and diffused** into the economy.

Entrepreneurs should be proud of their work and make noise about it to the world; their community helps support those goals.



More **Takeaways**

- Inclusive community, porous leadership
- Mentorship driven
- Entrepreneur lead
- **Not** a zero-sum game
- Fail fast (do stuff, collect data, pivot, and improve) – “do or do not, there is no try”

And One Last Thought...

Knowledge

- Knowledge is cumulative and path dependent
- Tacit knowledge that individuals have cannot articulate (M. Polanyi, 1967)
- Explicit knowledge can be codified, easily transmitted and stored (Mokyr, 2002)
- How do the attributes of knowledge affect the creation of startup communities?