What Kind of Entrepreneurial Future?

Council of State Governments: Entrepreneurship Days in the Capitol
Dane Stangler, Kauffman Foundation
Phoenix, AZ, March 24, 2014
• Entrepreneurial directions for United States
  o Boom
  o Drift
• Where Arizona stands
• What Arizona can do
Possible Future:
Entrepreneurial Boom

... Lower Barriers
Technological Progress
New Producer Society
Lower Barriers to Starting and Experimenting

Reinventing Small Business
Technological Leaps
New Producer Society

Low-volume customization

Low-volume standardization

High-volume standardization (e.g. Ford)

High-volume customization (e.g. lean production)

Mass personalization

Possible Future: Entrepreneurial Drift

... Demographics
Innovation → Jobs?
Labor Force
The Demographic Bulge Moves On

Working Age Population (15-64), Share of Total

Source: Census Bureau
Innovation Leads to Jobs?

“technological unemployment”
Where Arizona Stands
Falling Entrepreneurship: Startups as % of Total Firms

Source: US Census Bureau

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Post-Recession Rebound?
Startup Funding Deals in Arizona

Source: Crunchbase

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High-Growth Firms in Arizona

Source: Inc magazine, Inc.com.
# Thumbtack Survey of Small Business Friendliness in Arizona

<table>
<thead>
<tr>
<th>Category</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall friendliness</td>
<td>C+</td>
</tr>
<tr>
<td>Ease of Starting a Business</td>
<td>B-</td>
</tr>
<tr>
<td>Regulations</td>
<td>B</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>B+</td>
</tr>
<tr>
<td>Employment, Labor, Hiring</td>
<td>B-</td>
</tr>
<tr>
<td>Tax code</td>
<td>B</td>
</tr>
<tr>
<td>Licensing</td>
<td>B-</td>
</tr>
<tr>
<td>Environmental</td>
<td>B</td>
</tr>
<tr>
<td>Zoning</td>
<td>B</td>
</tr>
<tr>
<td>Training and Networking Programs</td>
<td>C+</td>
</tr>
</tbody>
</table>

What Arizona Can Do (and Is Doing)

Entrepreneurial Experimentation
Let Entrepreneurs In
Let Entrepreneurs Compete
Human Capital Pipeline
Entrepreneurial Experimentation in Arizona
Occupational and Professional Licensing: Promote Entry and Competition

Licensing Occupations: Ensuring Quality or Restricting Competition?

Morris M. Kleiner
Immigration and Entrepreneurship

Kauffman Index of Entrepreneurial Activity

Native-Born
Immigrant

Percentages of Immigrant-Founded Companies by Industry

Kauffman Foundation
Immigrant High-Tech Entrepreneurs, 2000-10

High-tech Immigrant Entrepreneurs in Phoenix

• In 2011, Phoenix had:
  o 7.3 high-tech immigrant entrepreneurs per 10,000 people

• Others:
  o San Jose = 33.7
  o Seattle = 12.2
  o Austin = 9.8
  o Houston = 9.6
  o Denver = 7.0
  o Philadelphia = 5.7

• Growth, 2000-2011
  o +3.0

• In 2011, Phoenix had:
  o 37.9 high-tech US-born entrepreneurs per 10,000 people

• Others:
  o Austin = 64.6
  o Denver = 62.0
  o Seattle = 61.8
  o San Jose = 50.7
  o Philadelphia = 34.7
  o Houston = 29.0

• Growth, 2000-2011
  o -5.7

Non-compete Agreements: Allow Entrepreneurs to be Entrepreneurs

• Most entrepreneurs, especially high-growth, have prior industry experience
• They leave a job to start their company