

Creating A Culture of Entrepreneurship & Innovation

Maryann Feldman
Council of State Governments Webinar

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The Research Triangle Story

- Conventional Wisdom
 - Research Triangle Park
 - Three Research Universities
- What really makes the region dynamic?
 - Entrepreneurial spawns
 - Mostly from large companies
 - Restructuring, mergers, acquisitions
 - Ecosystem foundations
 - Quasi-governmental agencies
 - Microelectronics Center (1980)
 - Biotechnology Center (1984)
 - Council for Entrepreneurial Development (1984)
- Took time
 - RTP starts in 1959
 - Starts-up begin as trickle, gain momentum

What Defines Entrepreneurial Places

- Tolerance for Experimentation
- Regional Champions
- Dealmakers



Innovation and Entrepreneurship

- Production Globalizes, Innovation concentrates
 - Production searches for low costs
 - Innovation benefits from increasing returns to ideas
 - Virtual Self-reinforcing cycles
- But how to get started?
- No magic Economic Development Sausage Machine

What do entrepreneurs want?

- Ability to focus on growing their business
 - Want certainty
 - Risk minimization
- Assistance and Open Doors
 - Federal programs help
 - but many qualified firms don't use
 - Local programs are really connected
 - Focus on building one company at a time
- Tax breaks?

Experimentation and Failure

- Innovation first, entrepreneurship follows
- Trial, Trial, and Error = Learning
- Tolerate Failure, Don't Celebrate Failure
- Community learning > Sum of Individuals

Regional Champions

- Great Person?
- Category of People who Champion a Place
- *Start-up Nation* - Israeli Story
- Most successful places have concentrations of individuals who are willing to take responsibility for a place

Structured View of Social Capital



Regional Champions Conceptualized

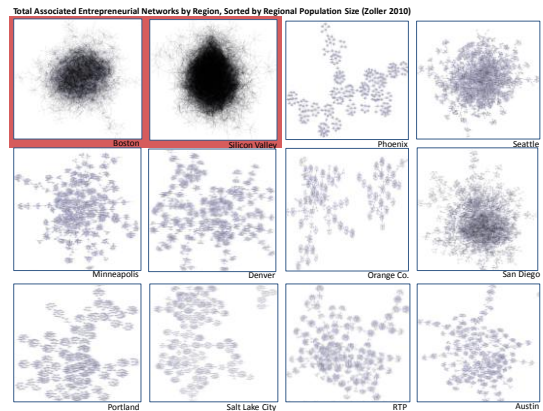


Regional Champions – Activate Networks

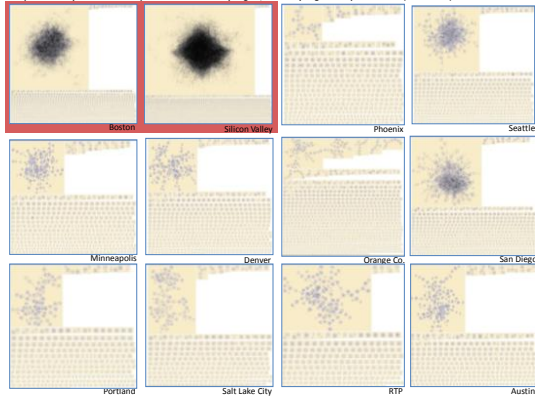


Regional Champions

- Who Champions a Place?
 - Public officials
 - Civic leaders
 - Serial, cashed out entrepreneurs
 - Attorneys, Accountants, etc
- Dealmakers – measurable category
 - Individuals with a Fiduciary Responsibility in a local company
 - Reside in the place
 - Affiliated with company
 - Founder
 - Board of Directors
 - Executives
- Correlated with local entrepreneurial activity



Component Analysis of Total Entrepreneurial Networks by Region, Sorted by Regional Population Size (Zoller 2010)



	Total Actors	Number of Connections			
		1	2	3	4+
Boston	15,897	89.4%	7.7%	1.7%	1.2%
San Francisco Bay Area	31,221	86.1%	9.4%	2.5%	2.0%
Phoenix	2,583	95.9%	3.4%	0.5%	0.2%
Seattle	5,485	92.2%	6.1%	1.0%	0.7%
Minneapolis/St Paul	3,656	93.1%	5.6%	1.0%	0.4%
Denver/Boulder	4,405	94.8%	4.3%	0.5%	0.4%
Orange County	5,500	95.9%	3.8%	0.3%	0.0%
San Diego	6,922	91.4%	6.6%	1.4%	0.6%
Portland	2,025	95.6%	3.8%	0.4%	0.3%
Salt Lake City	2,243	93.9%	5.1%	0.6%	0.3%
Raleigh/Durham	2,520	93.9%	5.3%	0.6%	0.3%
Austin	3,122	93.0%	5.8%	0.7%	0.5%
Mean	85,579	90.1%	7.2%	1.6%	1.1%

Distribution of Actors by Region

	Total Actors	(2) Entrepreneurs	(3) Dealmakers	(4) Entrepreneurs/Dealmakers	(5) Total Actors/Dealmakers
Boston	15897	13362	186	71.84	85.47
San Francisco Bay Area	31221	26967	637	42.33	49.01
Phoenix	2583	2193	4	548.25	645.75
Seattle	5485	4622	37	124.92	148.24
Minneapolis/St Paul	3656	3100	13	238.46	281.23
Denver/Boulder	4405	3675	18	204.17	244.72
Orange County	5500	4617	3	1539.00	1833.33
San Diego	6922	5825	44	132.39	157.32
Portland	2025	1730	6	288.33	337.50
Salt Lake City	2243	1891	7	270.14	320.43
Raleigh/Durham	2520	2041	7	291.57	360.00
Austin	3122	2566	15	171.07	208.13

Building Entrepreneurial Economies

- Understand local context
 - Firms, industries, Value Chains
- Establish policy based on firms
- Balance policies
 - Encourage garage entrepreneurship
 - Also encourage transitioning US corporate talent
- Develop regional entrepreneurial networks intentionally
 - Encourage regional champions
 - Encourage individuals to make investment in a place
 - Celebrate success



Changing Culture

- Consistent message
 - Internal marketing
- Reconsidering Evolutionary Biology
 - Survival of the Fittest?
 - Competition
 - Winner takes all
 - Advantages to Immunity
 - Resiliency – ability to survive external shocks
 - Diversity – enough members survive
 - Success at hunting and gathering
- Takes time & the adaptability

Thank You & Questions