



Entrepreneurship and Economic Development

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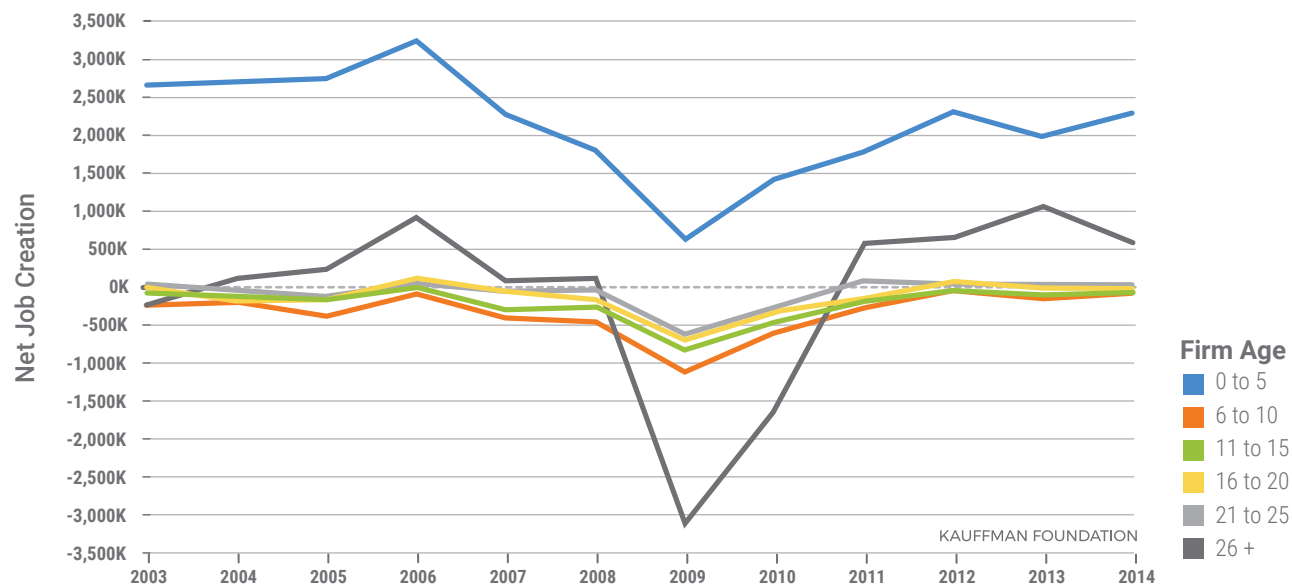


A blurred, orange-tinted background image showing the lower legs and feet of a group of people walking, suggesting movement and activity.

Entrepreneurship

Net Job Creation By Firm Age

New and young companies continue to be the **biggest net job creators** in the nation



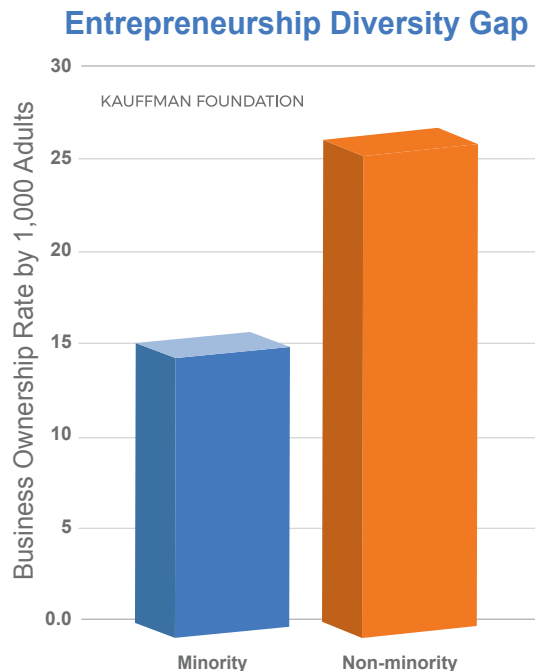
SOURCE: Arno bio Morelix, Kauffman Foundation calculations from the U.S. Census Business Dynamics Statistics

Facing three mega trends: Opportunity and Challenges

- New Demographics
- New Map
- New Nature

New Demographics

**Diversity
gap costs
U.S.
1.2 million
businesses
and 9.5
million jobs**



2X

**Non-minorities are
twice as likely as
minorities to own
employer businesses
in the United States.**

*SOURCE: Arnobio Morelix, Kauffman
Foundation calculations from U.S. Census
Bureau Population Projections*

Profiles of Entrepreneurs



Startups

- Of the 1,133 startups we surveyed, 764 started their business within the last year.
- These businesses tend to ...
 - Not have employees
 - Not have a brick and mortar location and conduct business online
- These business owners are more likely to be...
 - Aged 18-44
 - Democratic
 - Black or Hispanic



Older Businesses

- These businesses tend to ...
 - Have been started more than ten years ago
 - Have less than ten employees
 - Have a brick and mortar location
- These business owners are more likely to be...
 - Men
 - Older than 45
 - Republican
 - White

New Map

The Middle is the New Edge

Of the 10 metros with the biggest improvement in startup activity in the past 7 years, **6 are in the middle** of the country.

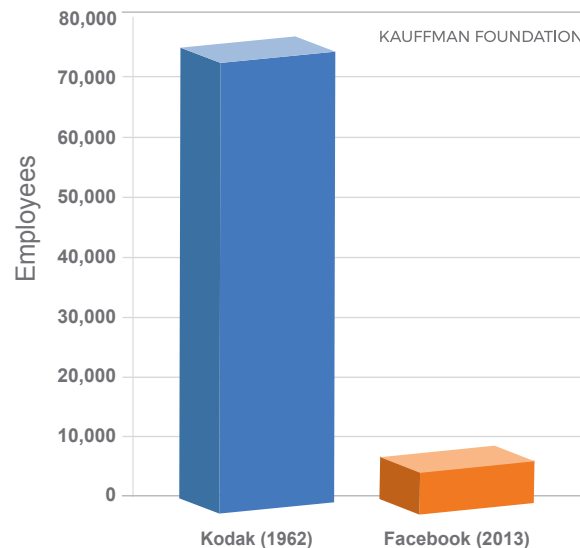


New Nature

More companies; Fewer jobs

In **1962**, Eastman Kodak employed **75,000 people**.
At the same revenue scale
in **2013**, Facebook employed
only **6,300 people**.

Jobs by Company at the Same
Revenue—\$8 Billion in Today's Dollars





Our Focus

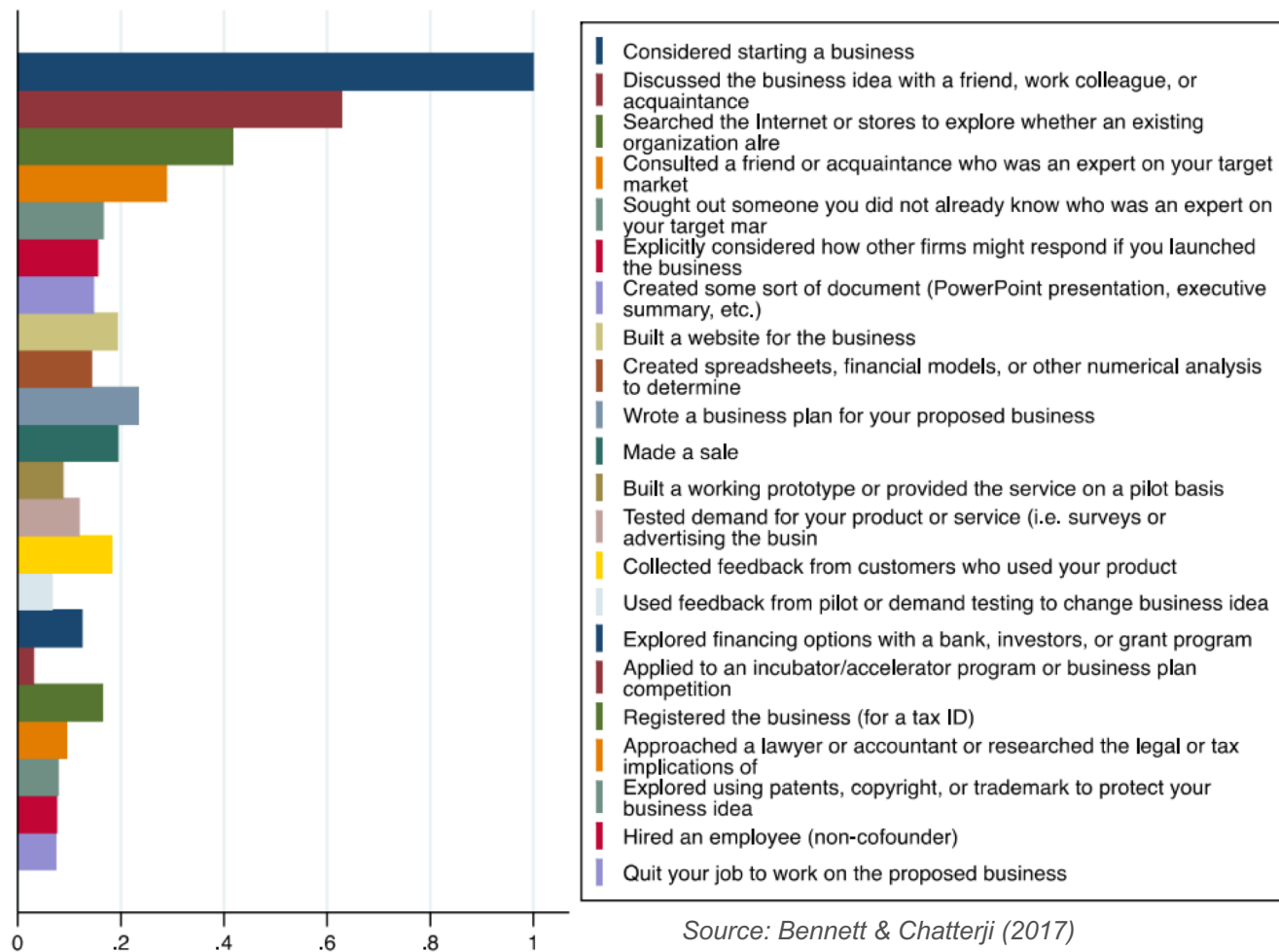
What: Increase Entrepreneurship Rates

How: Zero Barriers to Startup

What are the Barriers?

Cesar Hidalgo, *Why Information Grows*

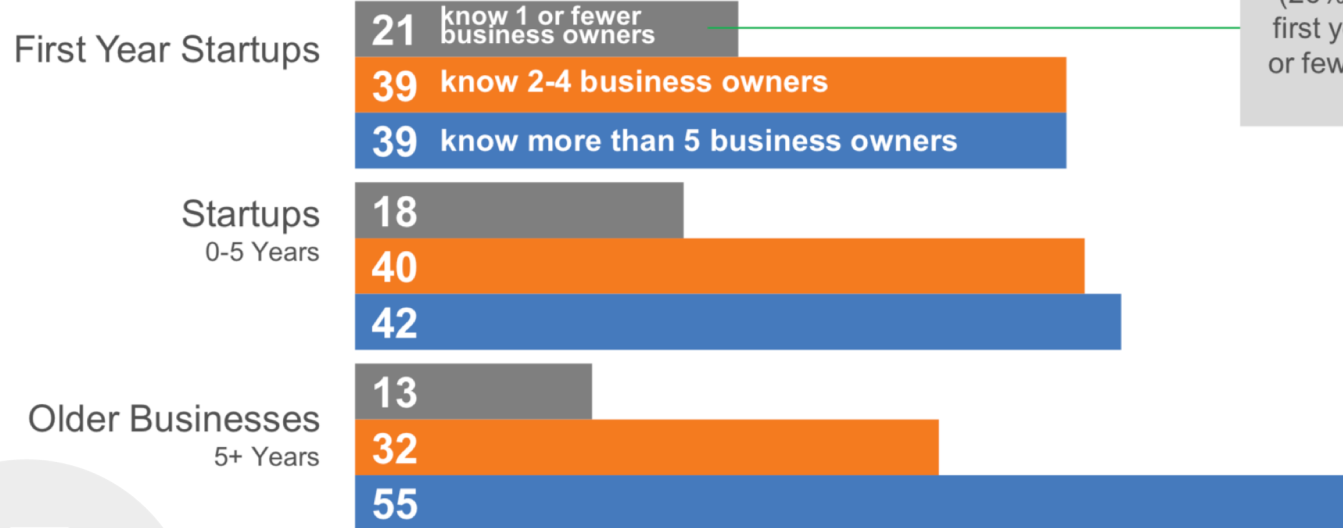
“...the inability of economies to pack **knowhow** is a fundamental constraint on the speed of economic development...”



Source: Bennett & Chatterji (2017)

When they are first starting out, younger businesses have fewer entrepreneurs to turn to for support or guidance

How many people do you know that own their own business?



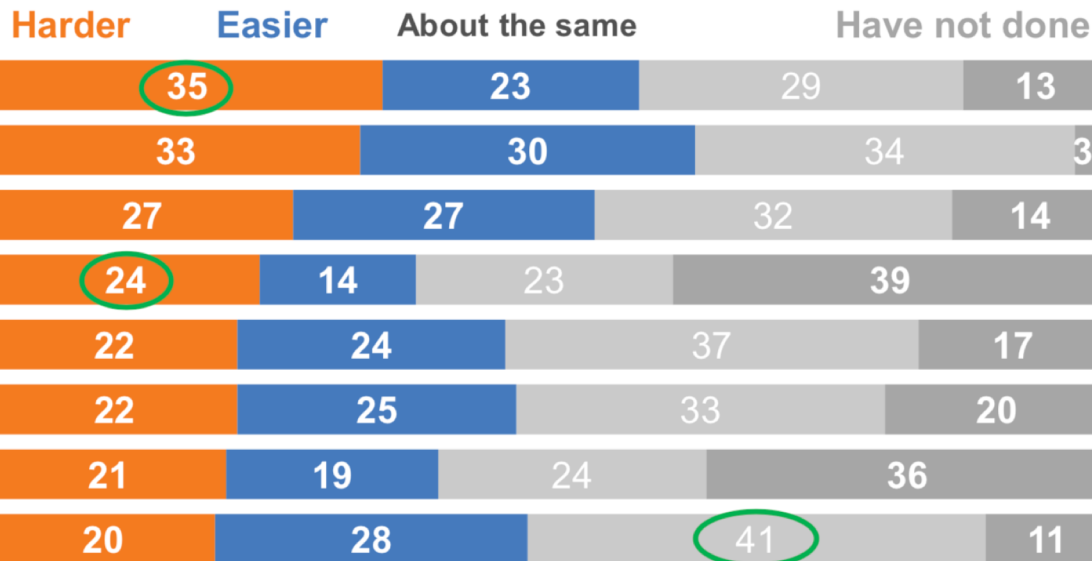
Nearly a quarter of black (26%) and Hispanic (24%) first year startups have one or fewer business owners in their network.

Drilling down, we see it's become harder for startups to take the initial steps to start their business

Please indicate whether you think it has gotten easier or harder for business owners to accomplish... [Startups]

Older Businesses

Harder | Same | Easier



22 | 43 | 17

31 | 42 | 26

18 | 39 | 19

16 | 22 | 10

14 | 54 | 22

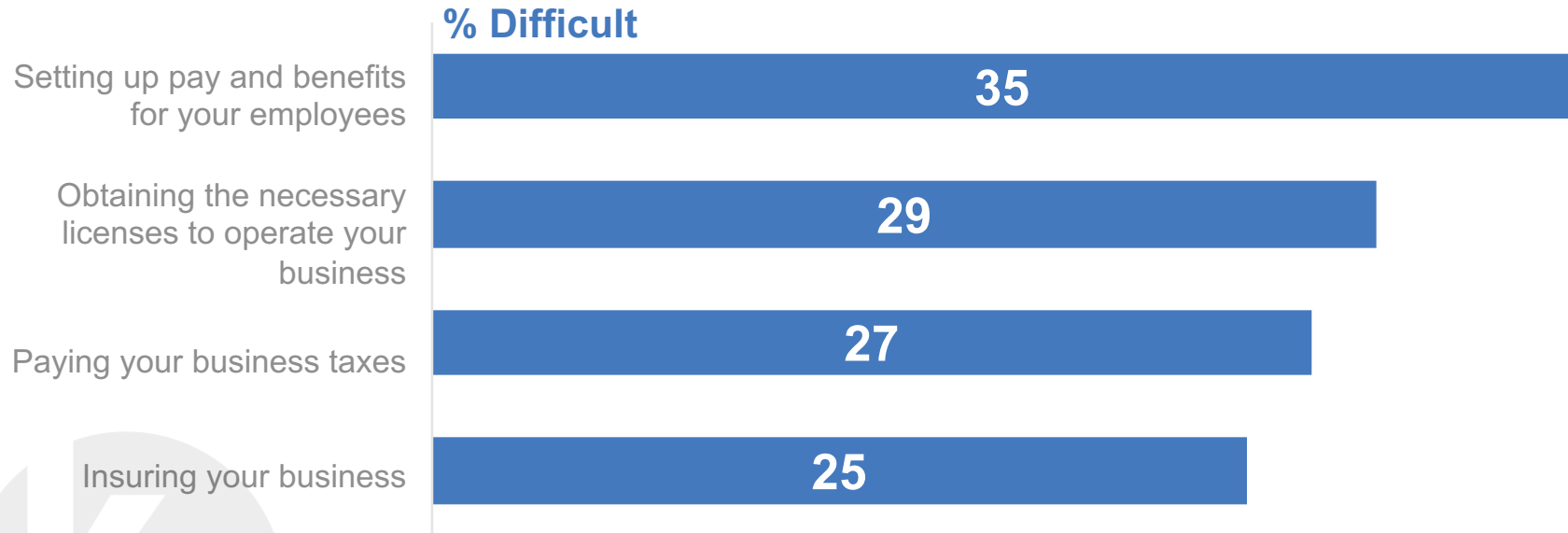
14 | 55 | 20

25 | 22 | 18

16 | 57 | 23

However, entrepreneurs struggled the most with the logistics of setting up their businesses

Please rate how difficult it was for you, personally, to do each of the following. [Startups 0-5 years]



New Economic Development - Entrepreneurial Communities.

INNOVATION THRIVES
IN DENSE NETWORKS.



- Principles, culture, tools and metrics of successful entrepreneurial communities
- Practical playbook for communities
- Researched backed, scalable policy

INCENTIVES

INCENTIVES AND INCUMBENTS

- Mentor a local entrepreneur
- Procure from local entrepreneurs
- Invest in angel groups, VC, and CDFIs
- Participate in pitch competitions and demo days
- Spin out companies
- Engage marginalized communities
- Pass-through for specific uses

Thank you