Today’s Presenter: Caroline Taich

Caroline Taich
Senior Partner, Solution Development, JumpStart Inc.

- Leads the design and growth of a portfolio of products and services to help realize entrepreneurial potential
- Strategy Consultant and Advisor
- 14 years of experience with McKinsey & Company as consultant and as a leader in McKinsey Solutions
- BS, Economics, Wharton/University of Pennsylvania
- MBA, Case Western Reserve University
Let’s Imagine

You are tasked with improving your region’s economy.

Where would you start?

Most would follow a process that looks like this

1. Set your goals.
   
   For example: “More, well-paying jobs across a diversified set of industries where our region has a competitive advantage and where we can attract and retain top talent to live and work in our community”

2. Establish your baseline:
   
   ...

3. Create strategies for growth
   
   ...

4. Execute
   
   ...

5. Measure results. Rinse and repeat.
The Practitioner’s Dilemma

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**What** do you measure?

**How** do you measure it?
The Baseline Has To Include Entrepreneurship Because *Entrepreneurs Create Jobs*

U.S. Census Bureau Business Dynamics Statistics

Young firms less than 5 years old drive the majority of net jobs in the US

*Source: The Importance of Young Firms for Economic Growth, Kaufman Foundation, 9.25.14*
To measure entrepreneurship, you have to measure the Entrepreneurial Ecosystem.
An Entrepreneurial Ecosystem Includes Many Actors

Ohio’s Entrepreneurial Ecosystem

Example entities
We Asked 31 Entrepreneurs, “Did The Ecosystem Help You? Why / why not?”
**We Tested the Strangler & Bell-Masterson Framework**

### Measuring Entrepreneurial Ecosystem Vibrancy

<table>
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<tr>
<th>Indicator</th>
<th>Measure</th>
<th>Possible Sources</th>
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<tbody>
<tr>
<td><strong>Density</strong></td>
<td>New and young firms per 1,000 people</td>
<td>Census Bureau, Business Dynamics Statistics (BDS)</td>
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<td></td>
<td>Share of employment in new and young firms</td>
<td>Census Bureau, BDS</td>
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<td>Sector density, especially high tech</td>
<td>National Establishment Time Series (NETS)</td>
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<td><strong>Fluidity</strong></td>
<td>Population flux</td>
<td>Internal Revenue Service</td>
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<td>Labor market reallocation</td>
<td>Quarterly Workforce Indicators (QWI)</td>
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<td></td>
<td>High-growth firms</td>
<td>Inc. 5000 and NETS</td>
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<tr>
<td><strong>Connectivity</strong></td>
<td>Program connectivity</td>
<td>Under development</td>
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<td></td>
<td>Spinoff rate</td>
<td>Possibly: CrunchBase; LinkedIn</td>
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<td></td>
<td>Dealmaker networks</td>
<td>Private databases, including Capital IQ</td>
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<tr>
<td><strong>Diversity</strong></td>
<td>Multiple economic specializations</td>
<td>Quarterly Census of Employment and Wages (QCEW)</td>
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<td></td>
<td>Mobility</td>
<td>Equality of Opportunity project</td>
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<td></td>
<td>Immigrants</td>
<td>American Community Survey (ACS)</td>
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What We Learned About DENSITY

Density
• # New & Young firms

• Employment in New & Young firms

• Density of high-tech firms

Key learnings

• Across the board, density is an important element of ecosystem vibrancy

• The reason why is that density represents and creates momentum. It brings “a sense of energy” and gives entrepreneurs “confidence to see that others have done it”

• Density also creates a more attractive destination for Talent. However, it can be a double-edged sword, as greater density yields greater individual opportunity
What We Learned About CONNECTIVITY

Key learnings

- One of the most difficult variables to measure and analyze quantitatively. Yet, the most commented on feature of an entrepreneurial ecosystem

- Connectivity with Investors, Customers/Big firms, Talent and Peers are sought after and valued

- Service providers, Investors and Universities are common connectors

- “Being able to build that network and fill in the gaps that are needed...those networks and connections are critical.”

Connectivity
- Entrepreneur Support Programs
- Spinoffs from universities
- Dealmakers who bring capital and resources
What We Learned About FLUIDITY

Key learnings

Fluidity

• The importance of the movement of people across geography and jobs requires further investigation

• Population flux

• Labor market flux

• High-growth firms

Northeast Ohio entrepreneurs do note:

“One of the biggest problems of bringing talent into startups, is they don’t want to leave comfy jobs to take the risk at an early stage.”

...which in our view increases the importance of density
What We Learned About DIVERSITY

Key learnings

Diversity
• Specialization

• “Everyone brings their personal perspective, so then having them in our company helps round (us) out…”

• Immigrants

• But Northeast Ohio, a medium size MSA, is divided

• Economic Mobility

• Some value cross-sector insights, while many feel they do not benefit either from specialization or clusters

• Immigrants are valued by many for their perspective and boot-strap mentality, but visa needs discourage employers
What we learned about OTHER FACTORS

Entrepreneurs said don’t forget these key components:

• Bachelor Degree

  “Talent coming out of universities is important especially when you are dealing with technology.”

• Cost of doing Business

  “Low cost of rent at incubators was very important.”
  “It is a huge advantage to be in Cleveland because talent cost x4 less, really talented marketing minded people in Cleveland too.”

• Capital Raised

  “You have to have mix of private and public funding”
  “How the capital is distributed matters as well.”
Final thoughts: Implications of this work

Insights

• Listen to your entrepreneurs. They have great insight about what matters for their – and your - success

• Density and Connectivity are critical elements to the success of your entrepreneurial ecosystem

• The best place to start is to start the conversation!

Look for our future publication for more detail on this work, coming later this fall.
Our Mission
JumpStart unlocks the full potential of diverse and ambitious entrepreneurs to economically transform entire communities.
Key Contact

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