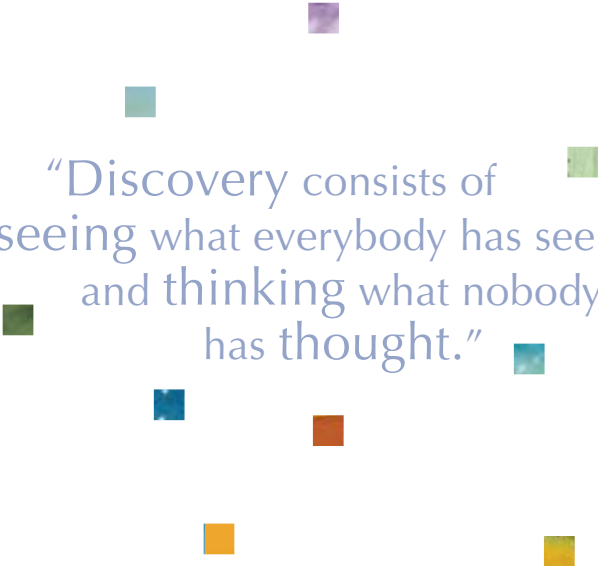


EXCERPT FROM



“Discovery consists of  
seeing what everybody has seen  
and thinking what nobody  
has thought.”

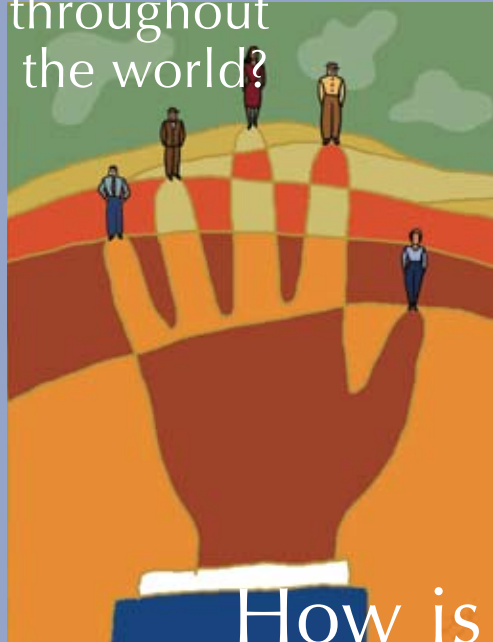
KAUFFMAN Thoughtbook 2009

Fourth in an ongoing series, the *Kauffman Thoughtbook 2009* captures what we are thinking, learning, and discovering about education, entrepreneurship, and advancing innovation. This collection of more than forty essays is written by the talented Kauffman Foundation associates, partners, and experts who are pursuing the principles and vision set by our founder, Ewing Kauffman.

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What can we do to advance entrepreneurship and thus expand human welfare throughout the world?



How is the “Born Global” generation changing the playing field?

Can we unleash our full potential?



## Building Enterprising Cultures Worldwide

GORDON BROWN

Prime Minister of the United Kingdom

More than a century and a half ago, John Stuart Mill, one of Britain's greatest philosophers, defined enterprise not narrowly in terms of finance or trade but more widely as "the desire to keep moving . . . to be trying and accomplishing new things for our own benefit or that of others." And today Global Entrepreneurship Week, which views enterprise in similarly broad terms as, quite simply, "unleashing ideas," is conceived in that same spirit.

Since our kick-off announcement in London in November 2007, more than seventy-five nations have joined the campaign and are part of an international wave of enthusiasm about the potential of the entrepreneurial spirit to improve the lives and economies of people around the world. Indeed, for an idea that started out with the backing of only a few people and with little financial support to have gathered such momentum in such a short space of time is itself a fitting tribute to the power of global enterprise.

Reflecting the values and focus of Enterprise Week, which has now been running for more than four years in the UK, Global Entrepreneurship Week is a truly exciting and innovative development, bringing young people together across

national borders, inspiring them to turn their ideas into reality and encouraging a new and thoroughly international spirit of enterprise.

And we will need people with an outlook that is both entrepreneurial and global in the years ahead. As globalisation gathers pace, every country in the world is having to face up to far-reaching and fundamental changes and challenges. The world economy is set to double in the next twenty years, with over 1 billion new professional or high-skilled jobs and new types of creative and knowledge-based industries emerging, and we will need the ideas, the insights, and the creativity of all our people if we are to compete effectively and collaborate imaginatively in the years ahead.

But that entrepreneurial spirit doesn't stop at national borders, which is why the links that Global Entrepreneurship Week is helping to create—locally, nationally, and internationally through online social networks—are so important, connecting young people from London to Abuja, Ottawa to Montevideo in a global effort to help new ideas to develop, to grow, and to have an impact.

This campaign has also shown that, to nurture enterprising young talent to the full, we need to build a new and far-sighted partnership of business, education, government, voluntary organisations, and the media all working together to provide support and to create opportunities on an ambitious scale. Starting up and running a business is not always easy, and across the world I believe we must do everything possible to help more of our young people develop the confidence and the belief that they can—in the words of Britain's Enterprise Week campaign—"make their mark."

Of course, Global Entrepreneurship Week is not just about encouraging young people to make their business ideas a reality; it also is about putting their

entrepreneurial spirit to work in helping to address the big challenges we face around the world today. Poverty reduction, climate change, international terrorism, the divisions between and within communities: all these are problems that can only be solved if we mobilise all of the talent, inventiveness, and inspiration at our disposal.



Kauffman Foundation CEO Carl Schramm, left, and UK Prime Minister Gordon Brown, right, announced plans for the first-ever Global Entrepreneurship Week at a kick-off event in London on Nov. 13, 2007. With them are aspiring UK entrepreneurs Michelle Esteves and Mitu Khandaker, who both participated in the Global Scholars Program that is described on page 164 of this Thoughtbook.

Already, the successes and achievements of Global Entrepreneurship Week have shown that if young people are given the chance they will respond—and one of the most important and inspirational things about the thousands of entrepreneurs and enterprising young people who are participating in the campaign is that they have discovered a talent in themselves and acted upon it.

Talent is personal. It comes from each person's sense of what they can and want to do—their attitude, flair, interests, and passions. But it can only truly be realised if people have the aspirations to develop it—if they feel that they have the chance to develop their potential to the full.

So I want to see us do everything we can to foster a global culture of enterprise and innovation where every adult and young person feels that there is an opportunity for them to go as far as their talents and hard work can take them—where what counts is not where you come from and who you know, but what you aspire to and have in yourself to become. Only by working together and forging new connections and new initiatives like this can we truly begin to tap the immense skill and entrepreneurial talent that exists in our countries and across the world—talent that will benefit everyone in the years ahead.



## Global Entrepreneurship Week: Unleashing Ideas Around the Globe

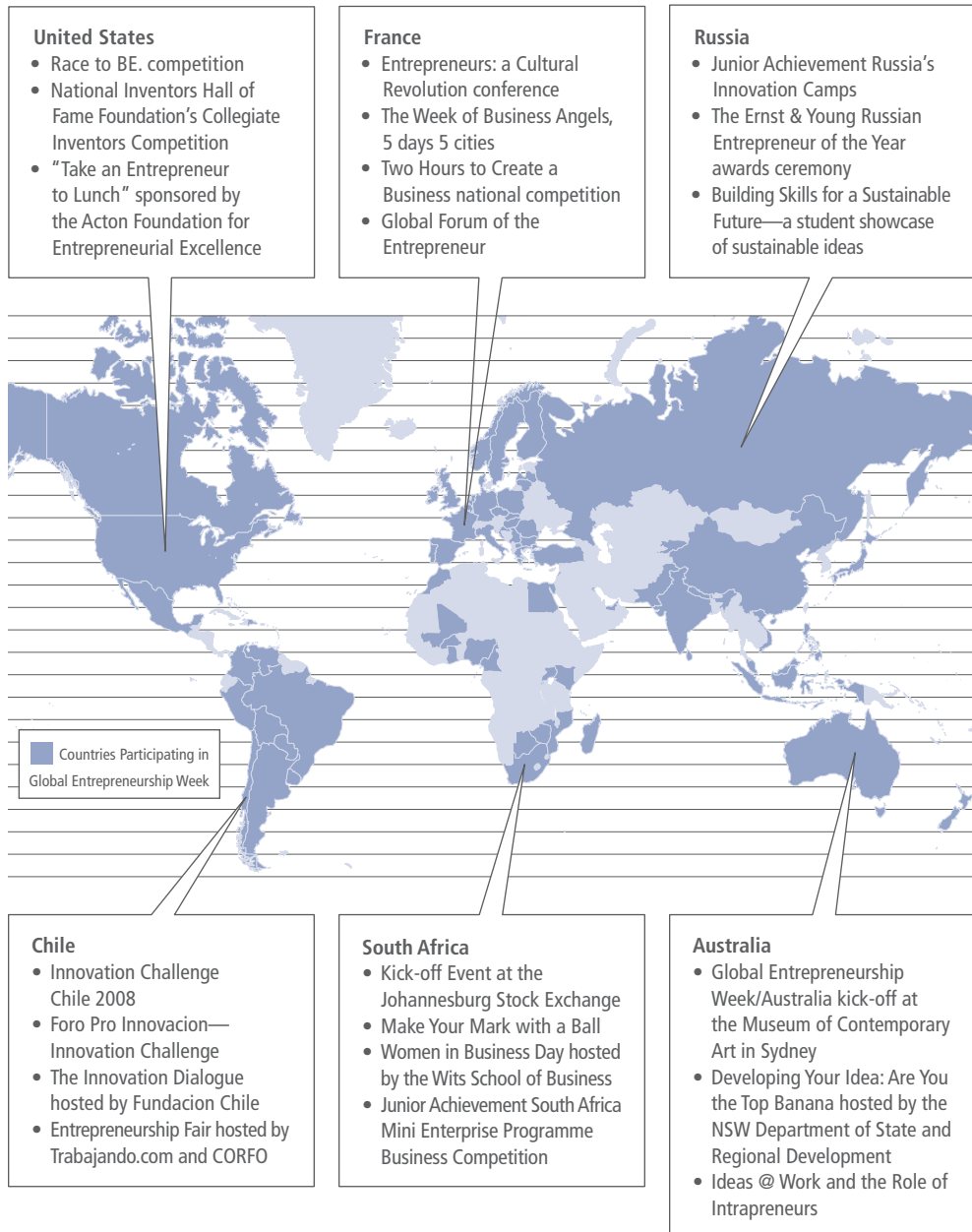
JONATHAN ORTMAN

President, Public Forum Institute; Senior Fellow, Ewing Marion Kauffman Foundation

Throughout history, young people have been labelled by their elders as many things: energetic, chaotic, frivolous, open, exuberant, passionate. But if you had to settle on a one-word characterization, many likely would choose the word “dreamer.” Not so coincidentally, these are many of the same words used to describe the entrepreneur. The members of today’s younger generation are no exception, displaying a natural proclivity for entrepreneurial thinking and a passion for making a difference in the world around them. But in a rapidly changing world that demands new ideas faster than ever, young people must not only embrace their prevailing tendencies toward entrepreneurial thinking—they must be inspired to act on them.

During November 17–23, 2008, millions of aspiring young entrepreneurs from more than seventy-five countries will connect through Global Entrepreneurship Week and begin to turn their dreams into reality. An array of activities and challenges—everywhere from remote villages to dense urban centers—will equip these budding innovators with the knowledge, skills, and networks needed to grow new and sustainable enterprises that will make a positive impact on their lives and the lives of those around them. “*Unleash It!*” will link entrepreneurial problem-solvers around the world with a common mission to tackle key challenges—everything from simple new conveniences to the biological state of our planet. “*Speednetwork the Globe*”

A SAMPLING OF GLOBAL ENTREPRENEURSHIP WEEK EVENTS



will enable local young people to sharpen their networking skills, talking to each other, local entrepreneurs, potential investors, community leaders, or anyone else interested in learning from—and sharing with—others. And in the United States, the “*Race to BE.*” will pit teams of contestants in three reality TV-style challenges that will test their innovation, imagination, and creativity.

A new entrepreneurial generation is emerging across a world of diminishing national boundaries where people identify more closely with those who share their new media cultural preferences than they do with those who simply share their geographic location. In announcing the plans for Global Entrepreneurship Week with Kauffman Foundation CEO Carl Schramm, British Prime Minister Gordon Brown said, “Together we can build the strongest entrepreneurial culture that the world has ever seen.”

The greatest attribute of an entrepreneurial culture is that it rewards and promotes new, innovative ideas regardless of where they originate. All it takes is one look at the world around us to see that there is not, and will never be, a shortage of challenges in need of entrepreneurial solutions.

This initiative—founded by the Kauffman Foundation in the United States and Make Your Mark campaign in the UK, and globally sponsored by NYSE Euronext, IBM, and Ernst & Young—will bring young minds together across great divides to collaborate and create something bigger, something greater, something that can revolutionize the way we live.

In several pages that follow, you will see how people, from different parts of the globe, are embracing the effort and getting involved. I hope you will too.

Learn more about Global Entrepreneurship Week at [unleashingideas.org](http://unleashingideas.org).

## Colombia Hopes to Spark Big Ideas During Global Entrepreneurship Week

"We want to promote entrepreneurship as the biggest opportunity this country has to grow," says Eduardo Avella, communications and institutional relations associate at Endeavor. Widely considered one of the top-performing nonprofits in the world, Endeavor is dedicated to nurturing high-growth, high-impact entrepreneurs in emerging and developing countries. Colombia is just one of those countries where Endeavor partners with local organizations to find, educate, and mentor emerging entrepreneurs. And Colombia is one of the more than seventy-five countries participating in Global Entrepreneurship Week.

Global Entrepreneurship Week gives Endeavor a chance to introduce entrepreneurship to a new generation, inspiring them with local and international success stories and opening their minds to a global market.

"The Week is an opportunity to get entrepreneurship in the minds of everyone and show young entrepreneurs how you can build a company, how you can build a business, and how you can have an impact beyond your local neighborhood," Avella said.

"Entrepreneurship is all about inspiration and education. We want to teach our young people how to identify economic opportunities and show them how they can grow their ideas to fulfill their needs and make a positive impact on the economy. Global Entrepreneurship Week will show them they can do it. And as a country, we must do it," he said.

Numerous groups throughout Colombia already are working throughout the year to turn entrepreneurial ideas into action.

During Global Entrepreneurship Week, Endeavor Colombia and the following organizations will join forces with hundreds more to motivate, educate, and inspire a new generation of entrepreneurs in Colombia and around the globe.

- **Junior Achievement Colombia** focuses on sparking the entrepreneurial creativity of school children and will celebrate its tenth anniversary in Colombia during Global Entrepreneurship Week.
- **Dinero magazine**, one of the most important economic magazines in Colombia, organizes a business plan competition around social and environmental projects. The publication will recognize its competition winners during the Week.
- **Jovenes con Empresa**, a private nonprofit organization funded by Organización Corona and the Inter-American Development Bank, supports a network of nearly thirty universities to identify and support early-stage entrepreneurs.
- **Destapa Futuro**, a private nonprofit organization funded by Bavaria-SAB Miller, is constructing an ambitious project to identify entrepreneurs in Colombia and help them find seed capital, develop knowledge, and create a social network among entrepreneurs.
- **Colombia Capital-Colombia Stock Exchange** will host a series of events that cover financial opportunities for entrepreneurs.

Together, universities and nonprofit organizations, educators and entrepreneurs will promote entrepreneurial thinking, connections, and opportunities in Colombia, helping build a brighter future here and around the world.



## An Idea Can Start at Any Age

FRASER DOHERTY

Founder, SuperJam

*Fraser Doherty launched SuperJam when he was just fourteen, spending countless hours in his parent’s kitchen making jam and selling it to neighbors in the suburbs of Edinburgh, Scotland. After he realized how much he liked the jam—and how much sugar he was putting into the sweet concoction—he decided to recraft his grandmother’s recipe. He replaced old-fashioned sugar with juices derived from “superfoods,” natural foods that are rich in nutrients and health benefits. Today, his luxury SuperJams are sold in supermarket chains such as Tesco, Asda/Wal-Mart, and Waitrose. He is now in discussions with retailers elsewhere in the world.*

*Doherty was involved with the first Enterprise Week in the United Kingdom, which served as the inspiration, along with Entrepreneurship Week USA 2007, for the November 2008 Global Entrepreneurship Week. Since then, he’s shared his story with countless young entrepreneurs of how a chance visit to a chicken farm inspired him to take an entrepreneurial path. In 2008, Doherty and his company, SuperJam, won first place in the Global Student Entrepreneurship Awards competition.*

*In this essay, Doherty tells how his entrepreneurial spirit—sparked at a young age—drives him to inspire other young entrepreneurs.*

When I was ten years old, a childhood friend and I visited a farm, and I convinced the farmer to give us a box of eggs. I took them home and explained to my mom and dad that we were going to keep the eggs warm so they would hatch. We were going to start a chicken farm—in the back gardens of our house in the suburbs of Edinburgh. My parents didn't really like the idea, but they thought they'd let us try it. They didn't expect that two kids could figure out how to hatch eggs.



Fraser Doherty

A month later, we were chasing chickens in our back garden and selling eggs to our neighbors.

At ten years old, I had started my first business—a simple idea fueled by dedication, hard work, and the ironic confidence of my parents. Sadly, the local fox soon ate my chickens, and I had to come up with a new idea.

Which goes to prove that entrepreneurship doesn't have to be complex. And it's not about coming up with money to buy a big car or a big house. It's about doing something creative. It's about doing good in society. Entrepreneurship is an adventure, and it's something anyone can get involved with.

That's why I am excited about Global Entrepreneurship Week. For one week, young entrepreneurs will come together across the globe with ideas to make the world better, to improve products, or to improve services. We'll tell our stories, be inspired by someone else's, and find like-minded people to share our ideas with.

My hope is that thousands of entrepreneurs and would-be entrepreneurs, young or old, from Scotland or Mexico, will be part of the Week. The more people who come together during Global Entrepreneurship Week to work on entrepreneurial ideas, the faster society will move forward.

I've learned through my participation in Enterprise Week and the Global Student Entrepreneurship Awards competition that people who start businesses at a young age have some inherent part of their character that makes them look at the world in a different way. We're motivated to try to change things around us, but how we carry out our ideas might be very different. And that's exciting too—we're all similar, but in other ways we're different. Global Entrepreneurship Week will show us that we may come from different backgrounds in every measure, different political views, different religious beliefs, but we're united in our imagination and drive.

My story about how I turned my gran's jam into a business is included in school textbooks in Scotland, Denmark, and Russia, but I'm just a normal person who had an idea and worked very hard to make it work. It's not specific to any geography or any age.

Entrepreneurship starts with an idea.



## Unleash Ideas, Unlock Passion

YAN JUNQI

Vice Chairwoman, The Standing Committee of the 11th National People's Congress;  
Chairwoman, Entrepreneurship Foundation for Graduates

At the National Science and Technology Conference in early 2006, Chinese President Hu Jintao made a solemn statement to the world: “China will be built into an innovative nation in about fifteen years.” This grand vision, which greatly inspired the country’s intellectuals and young people, also propelled the August 2006 establishment of the Entrepreneurship Foundation for Graduates (EFG).

EFG’s mission: encouraging innovation and entrepreneurship to improve the entrepreneurial environment; promoting commercialization of scientific and technological breakthroughs to help accelerate education reform; and inspiring innovative minds to cultivate creative and entrepreneurial talents.

EFG is aiding graduates’ entrepreneurial practices and working for change that will create a favorable entrepreneurial environment in China. And the effort seems to be working. In just the two years since EFG’s founding, universities have taken the lead, college students have enthusiastically played an active role, faculties have given full support, and the initiative has gained widespread public favor.

Under China’s existing system, promoting graduate entrepreneurship through innovation presents an enormous challenge. Yet, the EFG has accumulated management and service experience by diligently exploring new approaches and

practices, and its leaders have been deeply moved and compelled forward by the courage, wisdom, and vigor of the young.

### Steps Toward A Culture Shift

Along the way, those of us involved with EFG have realized that innovation can more quickly gain a foothold in an entrepreneurship-friendly and failure-tolerating culture. We are working to build an environment in which the whole of society understands, encourages, guides, and supports entrepreneurship.

A major step toward this goal was the EFG-sponsored “Shanghai Entrepreneurship Week—Innovative Shanghai, Entrepreneurial Campus,” held November 6–11, 2007, and

inspired by successful entrepreneurship week events in the United States and the United Kingdom. During the week, Shanghai university students participated in events that included an opening ceremony, an “Entrepreneurship and the Future” summit, entrepreneurship-themed forums co-sponsored by ten universities, and an entrepreneurial idea contest, in which students from fifty-six higher education institutions participated.

Entrepreneurial leaders are encouraging Chinese society to be more tolerant, giving students an opportunity to unlock their passion and tap into their full potential.

This inaugural event acted as a stimulant that unleashed entrepreneurial enthusiasm. Nearly 10,000 students took part in the on-site entrepreneurship forums and about 20,000 joined the entrepreneurial idea contest through the Internet. In all, more than 100,000 students learned about and supported Entrepreneurship Week through the Internet, television, and newspapers.

Ultimately, Entrepreneurship Week became a platform for promoting a societal culture of innovation and entrepreneurship. It precipitated the EFG and the Global Entrepreneurship Week planning team signing the agreement for EFG to host Global Entrepreneurship Week/China, an initiative that is bound to embrace creative ideas and nurture entrepreneurship among the young. Accordingly, the EFG finds its role in this global effort.

Tang Min, Deputy Secretary-general of the China Reform and Development Foundation, has stated that university students need entrepreneurial education, culture, and an environment that will plant entrepreneurship in their minds and foster it with good “soil.” As a former university professor with first-hand experience of students’ high entrepreneurial aspirations and longing for innovation, I quite agree with him. Entrepreneurial leaders are encouraging Chinese society to be more tolerant, giving students an opportunity to unlock their passion and tap into their full potential. EFG is at the forefront, bridging the gap for those who are dedicated to entrepreneurial endeavors and helping graduates make their own contributions to building an innovative country.



## Sparking American Enterprise in Global Entrepreneurs

WENDY E.F. TORRANCE, Ph.D.

Director, Global Scholars Program, Ewing Marion Kauffman Foundation

When the Kauffman Foundation launched the Global Scholars Program in 2006, we envisioned a unique and world-leading opportunity that would teach and excite aspiring technology entrepreneurs. We planned to immerse them in entrepreneurial culture in the United States with a view to inspiring, building skills and knowledge, and turning their expertise in the direction of entrepreneurship and the creation of innovative businesses.

Guided by Benjamin Franklin's lessons from centuries ago about the importance of the transnational exchange of ideas and the fostering of innovation, we have, during the last two years, built a program that we believe offers an unparalleled education in entrepreneurship. We have identified a core faculty, forged collaborations with centers for technology and entrepreneurship at Harvard and Stanford, worked with exemplary entrepreneurial companies, and created a curriculum that challenges the Scholars to refine and develop their ventures, and answer questions that are crucial to their progress. We have hosted twenty-seven students from universities in England, Denmark, and Northern Ireland, and are busy preparing for the arrival of our third class of Scholars in January 2009.

The Foundation feels fortunate to have worked with these remarkable Scholars, all outstanding ambassadors for their home countries and enthusiastic observers

of, participants in, and contributors to, American entrepreneurial culture. The program has, according to charter class members, inspired a significant positive impact on the path of their careers. They have called the experience “life



The second class of the Global Scholars Program, standing, left to right: George Hudson, Stuart Varrall, Mitu Khandaker, Sune Johansen, Anthony Solon, Rasmus Eriksen, Michelle Esteves, Owen Gallagher, Angelo Grubisic. Seated, left to right: James Reed, Marcus Hagggers, Helena Munn.

changing,” noting that their work with the Kauffman Foundation has equipped them with the tools, skills, and network to launch successful ventures. Students in our 2008 class have adopted the motto, “Everything has changed,” and they note

that the education they have received has transformed their perspectives, given them the confidence to pursue their ventures, and opened a vast transnational network that has provided them with myriad opportunities.

One 2008 Scholar characterized the transformation this way: “The world has gotten smaller, but my idea . . . what I want to do has gotten bigger.” How did the Program contribute to this change in how the Scholars view the world, themselves, the power of their ideas, and the path they can forge for the future? How do entrepreneurs come to view the world as small, and the potential for their ideas very large?

First, the Program selects the most accomplished students and aspiring entrepreneurs from their respective countries. Recognizing that the quality of one’s peers is an important driver of success in any endeavor, we sought to create a network of the best supporting the best. Many of our Scholars have cited their own fellow Scholars as catalysts for change in their own ideas. The opportunity to share ideas, get feedback, and discover fruitful collaborations has strengthened and developed the ventures of each and every Scholar. Our alumni network leverages the collective lessons and affords opportunities for the Scholars to continue to work together.

“The world has gotten smaller, but my idea . . . what I want to do has gotten bigger.”

Second, the Program offers the highest quality education in entrepreneurship, featuring presentations, seminars, workshops, and discussions with leading professors, researchers, innovators, entrepreneurs, and practitioners from around the country. The faculty we assemble from leading universities and programs on entrepreneurship, as well as leading law firms, teach the Scholars about building new ventures, finance, venture and angel capital, intellectual property and

business law, marketing, building teams, negotiation, and generating and managing innovation. Visits to some of the finest universities in the country, including Harvard, MIT, and Stanford, exposes the Scholars to faculty and students engaged in visionary technology and in promoting entrepreneurial ventures that have had an impact worldwide. The seminars and visits provoke discussion, urge Scholars to improve their ideas, provide valuable insights that transform their thinking about entrepreneurship and new ventures, and help them develop their ideas.

These innovators and entrepreneurs articulated the lessons they have learned and inspired our Scholars to think that they could move from their garage or computer desktop to the market.

Third, the Program exposes them to some of the most accomplished innovators and entrepreneurs in the country, who share their stories and experiences, complete with triumphs and tribulations, and who provide myriad examples of how you can move from an idea, however small, to a bigger idea and great commercial success. These innovators and entrepreneurs articulate the lessons they have learned and inspire our Scholars to think that they could move from their garage or computer desktop to the market. A day with inventor Dean Kamen, for example, afforded the Scholars the opportunity to hear what motivates a successful innovator, how new inventions are conceived and brought to market, and what challenges face those who choose to work on the bleeding edge of technology.

Fourth, by exposing the Scholars to the most innovative regions of the United States in Boston and Silicon Valley, we highlight how ideas are put into action with spectacular results. Using the skills they learned during classroom sessions, the Scholars have the opportunity to network with individuals and businesses in these unique environments. Engaging with entrepreneurs and business leaders in

these regions engender the kind of familiarity with success and the culture of risk-taking that makes the world seem smaller.

Fifth, the Scholars have the opportunity to immerse themselves in the day-to-day operations of an innovative firm. Our Scholars work with cutting-edge technology and media companies, including Google, Cisco, InVivo Therapeutics, and InCube Ventures, and have mentors from top levels of leadership (including CEOs and founders) as well as other division leaders. They contribute to product development, research, Web development, sales, market identification, and many other important projects. They shadow company leaders, sit in on business development meetings, learn about venture capital, have discussions with founding entrepreneurs, and learn first-hand about the challenges of launching a new or cutting-edge enterprise.

Sixth, the Scholars complete learning modules developed specifically for the Program. These modules integrate classroom lessons with internship experiences and the stories of entrepreneurs, provide additional reading, and encourage the Scholars to develop their perspectives and their ideas. Topics include entrepreneurs and growth, identifying and evaluating opportunities, market research, recruiting and hiring, risks and risk management, and entrepreneurial finance.

Through all of these opportunities, the Program enables Scholars to imagine and to become entrepreneurs with a world-wide vision.

We are eager to follow the careers of our alumni. Of twenty-seven fellowship recipients, fourteen have established companies or consultancies, and four are actively pursuing startup opportunities in a variety of arenas. Their new companies will provide innovative products to prevent flood damage, improve the computing and mobile experience of the colorblind, and contribute new

technology to the challenges of remote security surveillance. A remarkable four Scholars were selected to the top 100 of the HSBC Unipreneurs competition—an award program that aims to discover and encourage a new generation of university-educated business entrepreneurs—and a team of two charter class members won the top prize, beating more than 400 hopeful competitors.

As a result of creating the Global Scholars Program, the Kauffman Foundation's own world has grown smaller; we have friends in entrepreneurs across the Atlantic, and our ideas have gotten bigger. We have learned a great deal about our own capacity to inspire new entrepreneurs, and our future endeavors will be richer because of the experience we have had with these remarkable entrepreneurs. We look forward to the prospect of inspiring, and being inspired by, the next generation of global entrepreneurs.



## A Smaller World and a Bigger Idea

An Interview with MICHELLE ESTEVES

Kauffman Global Scholar 2008

*Michelle Esteves is on the front lines in the fight against breast cancer. A Ph.D. candidate in biomedical sciences at the Royal Holloway University of London, Esteves is working to develop a data mining tool that will help to identify genes that can be used in breast cancer diagnosis and treatment. Through the Kauffman Global Scholars Program, she has expanded her knowledge and interest in commercializing products, developing her management and leadership skills, and understanding of how new ventures finance themselves. She holds a BSc in genetics from the University of Liverpool.*

What attracted you to the Kauffman Global Scholars Program?

I came here to get an infusion of the American entrepreneurial spirit and culture. My hope is that we, the Kauffman Global Scholars, can go back and start our own companies.

How would you characterize America's entrepreneurial spirit?

You get this surge of energy. You can't help it. It starts getting so exciting because nothing seems so impossible anymore. That confidence goes a long way. If you've got the passion for it, if you've got an idea, you know you

can go out there and make a career for yourself rather than depending on somebody else to define your career for you.

What do you gain by coming to the United States?

Here in the States, people are phenomenally good at sharing their experiences. It's a networker's dream come true. They want to share. They want to teach. They want to mentor. And it feels good to be part of that culture at the Kauffman Foundation. Now it's my responsibility to do the same thing.

You and your colleagues in the Program are elite technicians and accomplished academic scholars. How is this learning experience different from an academic environment?

In the academic world, you show a lot of initiative, but it's a very controlled environment. This program gives you tremendous opportunities to push the boundaries. There is no book that shows you how to just follow a few steps and, voila, you've got a company. You start experiencing it for yourself, and it gives you a totally different viewpoint. You're the one in the driver's seat now. You're not just there for the ride.

Where did you do your internship and what kinds of things were you involved with there?

I worked at InVivo Therapeutics, based in Boston. It came out of Robert Langer's lab at MIT and produces a polymer-based medical device used for spinal cord injury. My background is in biotech genetics and cell biology, so it was a steep learning curve. It was interesting, nonetheless, because I got to

see how a startup actually moves forward. I got involved with the business plan, manufacturing, and negotiations with companies. I got the opportunity to be right in the thick of things. It was a really good experience to get your hands on as much as possible, and you learn as much as you can.

What did you learn about being the entrepreneur in the middle of the startup venture?

When you're starting a business, and people come and work for you, you're basically taking care of someone who's depending on you. That responsibility is fundamental. You don't want to play around with people's lives. You don't want to play with your own life. You want to make it work as much as possible. It's up to you to execute and do it properly.

So now you are ready to change the world with your idea?

It's a big claim to make. It is going to be scary, but I don't want to change back to a non-entrepreneur culture. That's just not an option for me. I want to push myself. If you start getting comfortable, you're not doing your job right. Start pushing yourself so you start feeling a little bit more uncomfortable. Challenge yourself to do things that you've never done before.

How has this experience influenced you?

I would be so bold as to say I'm a completely different person now. I don't think the same way. My options feel limitless now. It's every entrepreneur's dream to make a difference and change the world. In that respect, the world's gotten smaller, but my idea has gotten bigger.



## The New Order of the “Born Global”

TED D. ZOLLER, Ph.D.

Executive Director, Center for Entrepreneurial Studies and Assistant Professor, Kenan-Flagler Business School, University of North Carolina at Chapel Hill

Certainly the most quoted, and perhaps now the most shopworn, term to describe the globalization phenomenon is Thomas Friedman’s metaphorical description of a flattened world. Surely we have all by now had direct experience in this new flat world—the many trips and exchanges to China, India, Brazil, Russia, and other far-flung, exotic locales are now commonplace. Most come back from their week-long experiences in Shanghai or Kuala Lumpur to be hailed as global experts—or better yet, as “world-flatteners.” I was most recently reminded of this flat world of ours in perhaps a less exotic manner, during my failed attempt to fix my wireless router.

After hopelessly screwing it up, I turned to the ubiquitous 800 number printed on the box. Calling Cisco and expecting to get someone in RTP or, more likely, Silicon Valley, I was connected almost immediately to a well-spoken, articulate, and quite knowledgeable customer service representative who attempted to untangle the mess I had caused. While heroic measures were taken, this digital prodigy, who went by the name “Ahn,” finally threw in the towel and said I needed to be “elevated” to the “second level” support—or, in other words, connected to her supervisor. Before Ahn forwarded the call, I could not resist first heaping praise for her many attempts to rescue me from my all-too-short and somewhat pleasant time “off-the-grid,” and asking what her particular coordinates were in this flat world of ours. Ahn replied flatly, “I’m in Manila.”

Taken aback by her response, given that the clarity of the call made her sound to be on Franklin Street in Chapel Hill, in mere seconds the phone was ringing again, and I was connected almost immediately to a second, well-spoken, most articulate “knowledge worker” named “Jay.”

Imagining Jay being in the next cubical over from Ahn in the Philippines—perhaps a mentor and colleague, and certainly a digital impresario—I engaged him with the same level of curiosity that poor Ahn suffered through. Jay was a good sport, took my banality in stride, quickly solved this quadratic equation of configuration problems, and then rushed to hang up the phone. Of course, I could not let Jay go without first knowing his coordinates in our flat world—to which he replied, “I’m in Chennai.”

While the first generation of globalization has been played on the flat plane Mr. Friedman quite cleverly characterized, I believe he must update his metaphor to reflect a world that now operates on multiple dimensions . . .

Stunned while hanging up the phone, it occurred to me that our world is not flat after all. Indeed, the world has now gained dimension. I was, after all, “elevated” from Chapel Hill, to Manila, to Chennai from the location of the family computer in our second-story playroom. As I sat on the Berber rug, I marveled at the magic carpet ride I was privileged to experience by means of some fancy Cisco voice-over-IP parlor trick delivered through my home telephone.

While the first generation of globalization has been played on the flat plane Mr. Friedman quite cleverly characterized, I believe he must update his metaphor to reflect a world that now operates on multiple dimensions, somewhat like playing three-level chess. We have been transformed. We have evolved. We are learning at a faster rate. And this dimensionality has been ushered in by a new world order—the next generation of global entrepreneurs who were “born global.”

I know this because I have been privileged to have met them as an instructor in the Kauffman Global Scholars Program. The Global Scholars, who typify the trailblazers of this new order, operate in the new dimensional world of global entrepreneurship, and have taken it to another level, because they were born into it. Permit me to introduce you to this new order:

- They are better traveled at twenty-one than most who are now forty, and many are already on their second passports.
- Their travel is seldom for pleasure, and involves leaving something behind that generates inherent value by virtue of the visit.
- Prague, Buenos Aires, and Dubai are not exotic to them; London, Paris, and New York are passé, and, at best, hub airports on their way to somewhere else.
- They do not operate only in the West, and do not see you as legitimate if you haven't engaged in all hemispheres—on all continents (save maybe Antarctica).
- They operate seamlessly between the developing and developed world, and seldom distinguish between the two.
- They are prepared to question conventional wisdom, and do not readily see barriers from a sectoral, market, legal, or cultural point of view.

While I have had the opportunity to engage them in the classroom, they have sapped me of everything I can possibly muster, and still demand more. While I'm finally on my second passport, I still must cleverly hunt for insight to feed their insatiable appetites. My two-level chess strategies of yesterday leave them unsatisfied. They are dissatisfied with entrepreneurial ventures that are anything short of fully globally integrated. They have challenged me to update my thinking to integrate a “born global” perspective in everything I do in entrepreneurship. They've changed my perspective to not just focus on globalization as a tool to enter a new market, but as a new business model paradigm.

It occurs to me that this new order of the “born global” operating in a global economy is the functional equivalent of the Millennials squeezing the power out of Moore’s law. As I witness my thirteen-year-old daughter making a full-feature, multi-media movie in the time I drafted this page, I am convinced that this “born global” order will advance a mindset that will have the equivalent transformative power on the field of entrepreneurship. In fact, it may even be a more powerful force, as this transformation will be dramatic, swift, and evolutionary.

The “born global” will usher in a generation of entrepreneurs who globally integrate the business model of ventures. Globalization no longer will be the exclusive domain of multinational corporations, with the resources to reach across national boundaries. “Born global” entrepreneurs will design business models that leverage the power of their global networks:

- They will found companies based on global advantage.
- They will build models that leverage relative competitive advantage across borders.
- They will rely on global supply chains, customer relations, and financial structures that “plug in” to the best and most capable assets available in the market—anywhere.
- And globalization will fuel the growth of their ventures, using the power of the global market to diversify as a hedge to risk, while taking full advantage of market trends, both up and down.

The “born global” will play three-level chess on a dimensional framework, leaving the flat world behind—and, in so doing, transform entrepreneurship through global venturing. So, for us “world-flatteners” out there, brush up on your chess skills, because a new generation of “born global” is coming to play. And they are intent on changing the rules.



## Foreign-Born Entrepreneurs: An Underestimated American Resource

VIVEK WADHWA

Executive in Residence, Pratt School of Engineering, Duke University; Wertheim Fellow, Labor and Worklife Program, Harvard University; Fellow, Social Sciences Research Institute, Duke University

Although immigration in the United States has been the subject of hot policy debates in recent years, one group of immigrants has been virtually absent from those discussions—skilled immigrants who become entrepreneurs. I have led a series of research studies that show that this group has brought enormous economic benefits and innovations to the United States—further reinforcing the fact that the United States provides a fertile environment for spawning entrepreneurship.

The genesis of our research was a 1999 report by AnnaLee Saxenian of the University of California at Berkeley that showed that Chinese and Indian engineers ran a growing share of Silicon Valley companies. They were at the helm of 24 percent of the technology businesses started from 1980 to 1998. Saxenian concluded that foreign-born scientists and engineers were generating new jobs and wealth for the California economy. Even those who returned to their home countries to take advantage of opportunities there were building links to the United States and spurring California's technological innovation and economic expansion.

With support from the Kauffman Foundation, we decided to expand on Saxenian’s study and focus on engineering and technology firms started in the United States from 1995–2005. Over a two-year period, we completed several research projects that surveyed thousands of companies and interviewed hundreds of company founders.

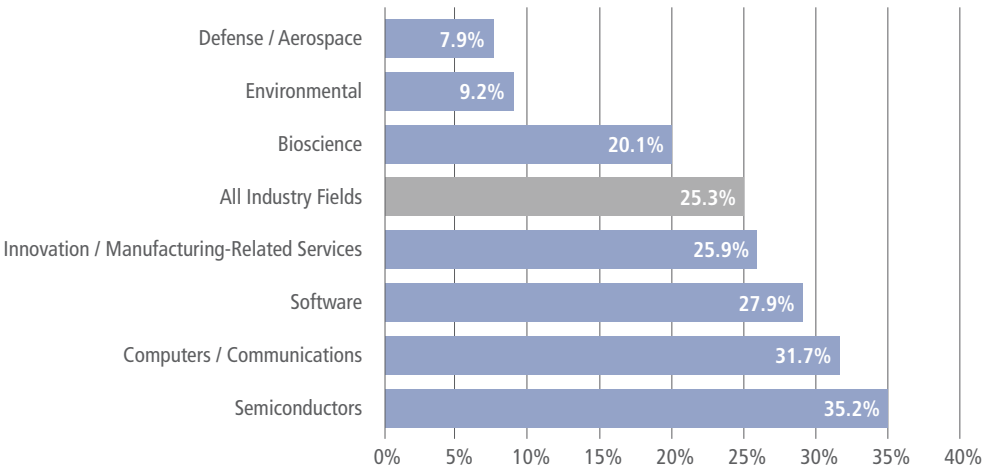
### Boosting Jobs and Output

We found that the trend Saxenian documented had become a nationwide phenomenon. According to the studies, in a quarter of the U.S. science and technology companies founded from 1995 to 2005, the chief executive or lead technologist was foreign-born. In 2005, these companies generated \$52 billion in revenue and employed 450,000 workers. In some industries, the numbers were much higher; in Silicon Valley, the percentage of immigrant-founded startups had increased to 52 percent. Indian immigrants founded 26 percent of these startups—more than the next four groups from Britain, China, Taiwan, and Japan combined.

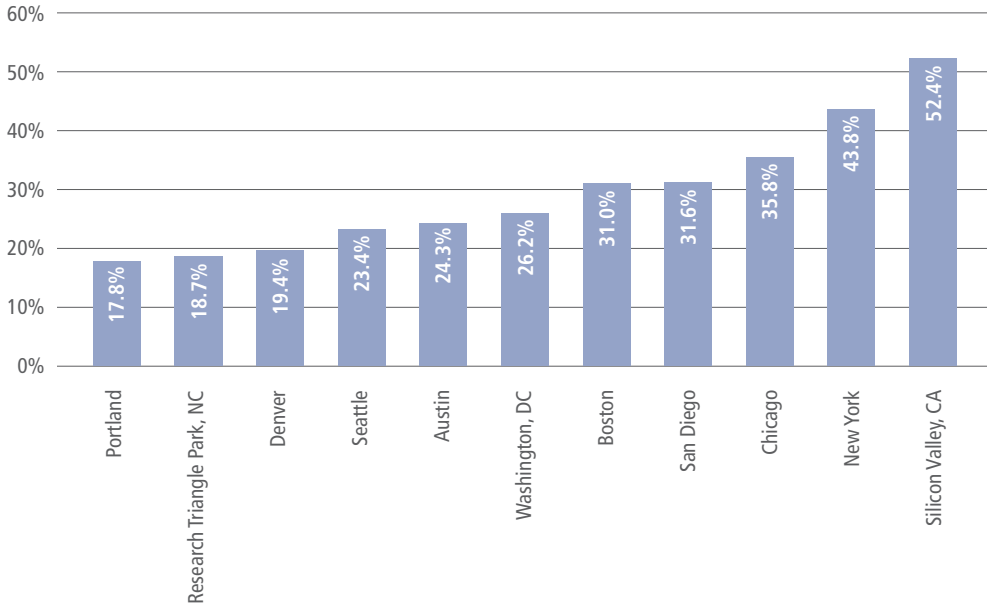
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PERCENTAGE OF IMMIGRANT-FOUNDED COMPANIES BY INDUSTRY



IMMIGRANT-FOUNDED STARTUPS AS PERCENT OF TOTAL STARTUPS IN TECH CENTERS



These immigrant founders tended to be highly educated—96 percent held bachelor’s degrees and 74 percent held graduate or postgraduate degrees, with 75 percent of these degrees in science, technology, engineering, and mathematics-related fields. The vast majority of these company founders didn’t come to the United States as entrepreneurs—52 percent came to study, 40 percent came to work, and 5.5 percent came for family reasons. Only 1.6 percent came to start companies in America.

Even though these founders immigrated for other purposes initially, they typically started their companies just 13.25 years after arriving in the United States. And, rather than settling in well-established immigrant gateways, such as New York or Los Angeles, they moved to a diverse group of tech centers across the country and helped fuel their growth.

## Visa Backlog Creates Brain Drain

We uncovered some puzzling data in the World Intellectual Property Organization database, which is the starting point for obtaining global intellectual property protection. In 2006, foreign nationals residing in the United States were named as inventors or co-inventors in an astounding 25.6 percent of patent applications filed from the United States, a substantial increase from 7.6 percent in 1998. Foreign nationals also contributed to a majority of some U.S. companies' patent applications, including Qualcomm—72 percent, Merck—65 percent, GE—64 percent, and Cisco—60 percent. More than 40 percent of the U.S. government-filed international patent applications had foreign authors. These numbers did not include immigrants who had become citizens at the time of filing.

And the best foreign students in the United States, who typically have stayed after graduation and contributed to U.S. economic growth . . . are choosing to return home.

The question was: Why were these numbers increasing so dramatically—337 percent over eight years? Did the United States have an influx of potential immigrants and, if so, why weren't they becoming U.S. citizens and filing patents as Americans?

We found that, as of September 30, 2006, 500,040 individuals in the main employment-based visa categories and an additional 555,044 family members were in line for permanent-resident status in the United States. Another 126,421—who already had job offers—were waiting abroad, a total of 1,181,505 educated and skilled professionals waiting to gain legal permanent-resident status.

Thus, far more skilled workers are waiting for U.S. visas than can be admitted under current law. Only around 120,000 visas are available for skilled immigrants

in the key employment categories. These numbers are particularly troubling when you consider that no more than 7 percent of the visas may be allocated to immigrants from any one country. So, immigrants from countries with large populations like India and China have the same number of visas available (8,400) as those from Iceland and Mongolia. We estimate that more than one-third of the million workers in line for permanent resident visas are from India.

This means that immigrants from the most populous countries who file for permanent resident visas today could be waiting indefinitely. In the meantime, they can't start companies or lay deep roots in American society.

While those immigrants wait, both India and China are racing ahead as centers of research and innovation. Further research may confirm what seems likely—that returnees from the United States are increasingly fueling this growth. Our interviews reveal these returnees typically went home because they saw tremendous opportunity in their home countries. And the best foreign students in the United States, who typically have stayed after graduation and contributed to U.S. economic growth, are growing increasingly frustrated with visa delays and are choosing to return home.

We are on the verge of a reverse “brain-drain.” If the United States doesn't fix its policies and keep these highly skilled immigrants, India and China will welcome them home. So will countries like Singapore, Canada, Dubai, and Australia, which are opening their arms to skilled immigrants. They will start their ventures in Bangalore or Shanghai instead of Silicon Valley and Research Triangle Park. Our loss will be their gain.



## Crossing Boundaries—Building Bridges Partnership Leverages Resources, Creates Connections to Unlock Entrepreneurial Potential on a Global Scale

THOM RUHE

Director, Entrepreneurship, Ewing Marion Kauffman Foundation

Entrepreneurship is a universal right that extends beyond geographic boundaries, languages, and cultures. Unlocking the transformative potential of a global entrepreneurial economy led to a historic public-private partnership between the U.S. government and the Ewing Marion Kauffman Foundation.

In the fall of 2007, the Kauffman Foundation and the International Trade Administration of the U.S. Department of Commerce published the first iteration of related Web sites (*entrepreneurship.org* and *entrepreneurship.gov*), as a comprehensive resource for entrepreneurs, policymakers, and researchers—foreign and domestic.

Focused on leveraging entrepreneurial leadership to advance economic growth around the world, a goal of this online partnership is to assist all nations in developing the environment to allow entrepreneurs to organize and operate business ventures, create wealth, and enjoy economic freedom.

By using the latest technology in social media and embracing the growing influence of online social networking standards, the sites are intended to mitigate factors that have historically constrained the commercialization of innovation

and the birth of new ventures. Site features include practical information (“how-to” articles related to all matters of starting and growing new ventures), policy direction based upon proven models, and access to crucial components like financial capital, intellectual property, and new/emerging markets (access that historically has been limited).

The screenshot shows the homepage of the Entrepreneurship website, which is part of the Kauffman Foundation. The site's logo is "Entrepreneurship United by the power of ideas". Navigation tabs include "Resource Center", "News", "Events", "Global", and "About".

**Quick Access** menu includes: Audience Topics (Entrepreneur, Global Business Policy, Investor, Business Mentor, Research & Academic), Content Topics (Finance & Accounting, People & HR, Sales & Marketing, Products & Services, Operations, The Entrepreneur), and a "Sign up" button.

**Interested in the Latest News!** Register today to receive news and updates from Entrepreneurship.org.

**Main Content Area:**

- The President and the Entrepreneurial Economy**: A panel discussion featuring Jason Furman and Doug Holtz-Eakin. Includes a "Watch the Webcast" button.
- Expert panel provides insights into the nature and effectiveness of entrepreneurship support programs**: A report released by the Ewing Marion Kauffman Foundation. Includes a "Read the full report here" link.
- The World Bank Doing Business 2008 Report Now Available**: The fifth in a series of annual reports. Includes a "Read the whole story" link.
- Freedom is just another word for entrepreneurship**: Heritage Foundation releases 2008 Index of Economic Freedom. Includes a "Read the whole story" link.
- New Resource for the International Community of Entrepreneurs**: Welcome to a new international community for building entrepreneurial economies. Includes a "Read the whole story" link.

**Events** section:

- Global Entrepreneurship Week**: Around the World November 17 - 23, 2008. Includes "Event details" link.
- Other Events**: 2008 National District Export Council (NDEC) Conference (October 15, 2008), The Speed Venture Summit (October 18, 2008), THRC Entrepreneurial Expo (November 19, 2008).

**Most Popular Searches** include: Entrepreneurship, Entrepreneurial Economy, Commercialization, Ventures Capital, Innovation, Incubation, Access, Investing, Grants, Economic Development, Technology Transfer.

**Take our poll:** What should be the highest priority for the next President?  
 The Economy  
 National Security  
 Healthcare Reform  
 Education  
 Energy Policies

In addition to providing the requisite resources and connectivity cited above, these sites are functioning as a clearinghouse for events of entrepreneurial interest around the world. Sponsoring governments, non-governmental organizations, universities, and related entrepreneur support groups can nominate events for publication and promotion via the sites and other related communications efforts.

Entrepreneurs are global citizens bridging the gap between their communities and the world. They are a catalyst for producing jobs, creating wealth, and stimulating economies around the world. United by the power of ideas, they are creating new industries and growing strong economies for a brighter future. With *entrepreneurship.org/gov*, we are giving them another tool to make that a little easier.



## Building Interest in Entrepreneurship and Innovation Among European Foundations

KAREN WILSON

Senior Fellow, Ewing Marion Kauffman Foundation

*The Kauffman Foundation recently began an initiative to reach out to European foundations active in entrepreneurship and innovation to learn about approaches being taken in Europe, as well as to provide a forum for discussing and sharing experiences to encourage further development of these activities. A briefing meeting featuring the work of several foundations was held in Istanbul, Turkey, in May 2008, prior to the start of the European Foundation Centre Annual General Assembly as a follow-up to an EFC meeting the Kauffman Foundation sponsored a year earlier in Madrid. The 2008 meeting generated a high level of interest and was well-attended by foundations from across Europe. Plans for further and more in-depth meetings are already in place.*

Many foundations in Europe were established centuries ago. The European foundation sector is quite diverse, with many types of organizations that are collectively called “foundations,” but that differ dramatically in their foci, relationship to other entities, management, and functions.

Significant changes are under way in the European foundation world both in terms of the roles they play and the methods they apply. Many foundations have

become increasingly active in seeking new, innovative approaches to fulfilling their missions. At the same time, they are becoming more rigorous in the methodologies used to identify, implement, and evaluate programs, as well as more proactive in communicating about the goals and results of their work.

The independence of foundations gives them the unique potential to adopt fresh approaches. However, this role also needs to be highlighted, as the function of foundations is not currently well understood in Europe, where the rules and regulations for foundations have varied widely in the past (although there is a movement to converge toward more common standards).

Foundations play an important role at the local and national levels, but they also have a tremendous opportunity to work in partnership with other foundations on projects addressing global issues of mutual interest. The Kauffman Foundation's initiative to create a forum to bring together foundations conducting work in entrepreneurship and innovation therefore appears to be timely.

### European Foundations Active in Entrepreneurship and/or Innovation

Promoting entrepreneurship is currently a niche topic for European foundation work, but one that has clear potential for development, given the growing importance of this issue and the political climate in Europe. However, to date, only a handful of European foundations have been active in this area.

For this essay, I interviewed individuals at three leading foundations in Europe that have been active in these areas. Following are the highlights from those conversations.

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## The Wellcome Trust, United Kingdom

Ted Bianco, Ph.D., Director, Technology Transfer

Glenn Wells, Ph.D., Manager, Business Development

### What is the focus of The Wellcome Trust?

We are an independent charity funding research to improve human and animal health. Established in 1936 and with an endowment of around £15 billion, we are the UK's largest non-governmental source of funds for biomedical research, spending about £650 million every year, both in the UK and internationally. As well as tackling immediate priorities, our independence and long-term perspective enable us to support research that will benefit future generations. We seek to improve understanding of the ways in which science and medicine have developed as well as how research affects people and society today.

### Tell me about your support of translational research.

The Wellcome Trust is a committed funder of translational research, the process by which innovations are translated into new health products. We hope to help bridge the gap between fundamental research and commercial application by funding applied research and development projects to a stage where they are attractive to a follow-on funder, such as venture capital firms, industry, and public-private partnerships. Current highlight areas are medical engineering and fighting microbial disease. Other funding areas include diagnostics, enabling technology, regenerative medicine, therapeutics, vaccine, and medical devices.

Our work in this area takes shape in three primary ways: First, through translation awards—funding for applied research and development projects to address an unmet need in health care; second, by seeding drug discovery, where we work to facilitate early-stage, small-molecule drug discovery research; and third, through strategic translation awards, where we apply translational research funding in areas of strategic importance.

What do you hope to accomplish?

Quite simply, to develop output, in the form of products, for the benefit of future patients.

Are there plans for further work in these areas in the future?

Yes. In fact, we plan to significantly increase the annual spending for the technology transfer division for the next five years. The Wellcome Trust has embraced the need for this work to foster innovation in health care and sees it as an important part of our mission.

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## Bertelsmann Foundation, Germany

Björn Hekman, Ph.D., Project Manager, Youth and Work

What is the background of the Foundation?

In keeping with the longstanding social commitment of our founder, Reinhard Mohn, the Bertelsmann Stiftung is dedicated to serving the common good. Our work is based on the conviction that competition and civic engagement are essential for social progress. In accordance with our

articles of incorporation, we function exclusively as a private operating foundation, carrying out our own project work. We do not make grants or support third-party projects.

You are quite involved in promoting a more entrepreneurially minded culture among Germany's youth.

Indeed. We seek to identify social challenges at an early stage, and to develop and implement models to meet those challenges. With these goals in mind, we have examined the issue of youth entrepreneurship from two different perspectives.

First is our Youth Entrepreneurship Barometer. In a nationwide telephone survey, 1,500 young people in Germany between the ages of fifteen and twenty were asked more than fifty questions about their views of entrepreneurs, whether they would be willing to go into business for themselves, and what they would find appealing about doing so (as well as what might keep them from choosing that path). The Youth Entrepreneurship Barometer also surveyed teachers to determine the extent to which this topic is already being addressed in schools today and whether it needs to be integrated more fully into the curriculum. This represents the first time that an empirical study has provided comprehensive documentation of current attitudes of young people in Germany toward entrepreneurship.

Second is our international comparative study on youth entrepreneurship policy. Through this study, we will identify international best practices in the field of youth entrepreneurship policy in both European and non-European countries—best practices that are effective over the long term, integrated into the respective country's system, and applicable to other contexts. The

aim is to identify countries that have succeeded in achieving significant results by pursuing a concerted, holistic youth entrepreneurship policy. The results of this study will be available in the fall of 2008.

#### What are the outcomes you seek from this work?

We know that Germany needs to better promote a culture of entrepreneurship and innovation. The youth study and the international comparison of youth entrepreneurship policy constitute valuable tools for researchers and policymakers to use in identifying areas that require action. The surveys fill in significant gaps in our knowledge of that “black box” known as youth entrepreneurship.

#### What's next?

The Bertelsmann Stiftung intends to continue its work on the topic of youth entrepreneurship. Based on the surveys that have been conducted, recommendations for a successful youth entrepreneurship policy will be formulated and discussions will be held with responsible representatives of the political and business communities on how best to implement that policy.

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## Cariplo Foundation, Italy

Carlo Mango, Ph.D., Director, Scientific Research

#### Tell me about the Cariplo Foundation.

Fondazione Cariplo was established in 1991 to manage the assets gathered for more than 180 years by Cassa di Risparmio delle Provincie Lombarde

and to carry on its long-standing philanthropic tradition. Our mission, role, and operational strategy reinforce the profile of a foundation that anticipates emerging needs—or selects deep-seated yet still unmet needs—tries new solutions to respond more effectively and for less cost, and ultimately, disseminates successful solutions. With assets of more than € billion, our Foundation is a modern organization with specific operational strategies, staffed with young, specialized personnel, equipped with the structures and the tools suitable to implement modern philanthropy initiatives, and to give ideas a future.

What are a few ways in which Cariplo has been active in accelerating entrepreneurship and innovation?

We have two initiatives focused on promoting technology acceleration and commercialization. First is our Incubator/Enterprise Accelerator, which is part of our traditional grantmaking activities. As part of this program, € million has been allocated through a public/private partnership (with the largest bank in Italy and the state university of Milan) for an incubator/accelerator of science- and technology-based startup businesses.

The second is our Technology Transfer Venture Fund, which falls under our “mission connected investment” strategy. This is a closed-end fund dedicated to technology transfer with a commercial approach. The fund invests in seed, startup, and growth projects in Italy in biomedicine, materials science, agro-food, energy, and environmental technologies. It was started in October 2007 with a €10 million investment from Cariplo. An additional amount of €10 million has been raised from six other banking foundations in a collaborative approach.

How will you know if these programs are working?

For the Incubator/Enterprise Accelerator, the outcomes will be measured by the attractiveness and number of businesses in the accelerator, as well as the value generated (economic and social). For the TT Venture Fund, the primary measure will be return on investment, although other “side effects” (both economic and social) will be evaluated as well.

Any plans on the horizon in these areas?

Our focus right now is on these two relatively new and large programs. We also have undertaken an initiative in biomedicine with the faculty of medicine at the state university of Milan, and we are extending this approach to other disciplines, faculties, and universities. We will plan to launch other related initiatives in the future.



## The State of Entrepreneurship in Europe—An Investor’s View

An Interview with SIR RONALD COHEN

Cofounder and former Chairman, Apax Partners; Author, *The Second Bounce of the Ball: Turning Risk into Opportunity*

*The word “entrepreneur” is French in its origins, but in France and many other countries throughout Europe, there are many fewer entrepreneurs than there are in a country such as the United States. In decades past, this was partly a problem of mindset—the idea of launching a business was not embedded into European culture or education. That’s changed, but now the big obstacle is a dearth of opportunities for early-stage growth companies to raise capital through the public markets.*

*Sir Ronald Cohen has been working to promote entrepreneurship in Europe. As one of the founders of Apax Partners, the leading European-based global private equity firm, Cohen was one of the continent’s first private-equity investors. He has been a backer of ventures involving Sir Richard Branson (Virgin) and Stelios Haji-Iannou (EasyJet), and of companies like Sally the Sheep, Calvin Klein, and Tommy Hilfiger.*

*He left Apax Partners in 2005 to concentrate on a range of philanthropic activities and, in 2007, his book on entrepreneurship, *The Second Bounce of the Ball: Turning Risk into Opportunity*, was published. Here he shares his thoughts on entrepreneurship in Europe, both in terms of what’s working and what’s not.*

What was the state of thinking about entrepreneurship when you were starting your career in business?

I enrolled at Harvard Business School in the fall of 1967, as the entrepreneurial wave was starting to form, but those who noticed it were in the minority. This was a time when a minister in the French government, Jean-Jacques Servan-Schreiber, published a best-selling book, *The American Challenge*, which argued American corporations—big business—were destined to dominate Europe and the world over.

But this analysis overlooked the disruptive effects of new technologies, which would cause large, established firms to lose ground and shed jobs. Innovative companies, such as DEC, reflected the advantages the United States had over Europe. The education system was better, particularly in the area of new technology. The business culture welcomed innovation and encouraged competition and risk-taking. And there was much easier access to capital.

How has entrepreneurship in Europe changed over the past thirty years?

Entrepreneurship requires an enabling environment, including low rates of tax on capital gains, supportive stock markets, and policy initiatives to support enterprise and small businesses. Thirty years ago, there was no such environment in Britain or any other European country. Just as troubling, there was a prejudice against wealth creation and risk-taking. Many people thought it was in the nature of the British, the Germans, and the French not to take risks and be entrepreneurial.

That has changed. The transformation of attitudes is far from complete, but the reality is that almost everybody would like to make capital if given a real

chance to do so. Fundamentally, there is now little difference between an American and a European entrepreneur, even if, despite the huge increase in their numbers in recent years, there are still far fewer entrepreneurs in Europe than in the United States.

But to this day, European high-tech entrepreneurs are at a serious disadvantage to their U.S. counterparts because there is no European equivalent of the NASDAQ stock market, which provides a serious and liquid market for early-stage companies. The consequences are that European investment in early-stage companies is about half the level as in the United States, and Europe has fallen far behind in technological innovation. So acute is the gap now with the United States that a high-tech entrepreneur starting out in Europe would have to think seriously about whether he or she might not be better off relocating to the United States, where there is likely to be a more receptive stock market when the time comes to raise substantial funding for the business.

#### What are some other pros and cons related to European entrepreneurship today?

One positive development has been the adoption of the euro, which has helped to create price transparency and a more efficient, competitive environment. But Europe is still divided by national boundaries that cause the overall market to be quite fragmented. Just as there are linguistic barriers, national silos still persist. There are still no uniform rules for raising money in all the different European Union countries, which means submitting to separate registrations in every country where one wishes to engage in fundraising.

It’s also still the case that if somebody fails in Europe, the stigma can make it difficult to try again. In the United States there is a much healthier view, that

enterprise is a process of trial and error: If your venture fails, people accept that the experience will stand you in good stead when you begin again. In Europe, it can be interpreted as “trial by ordeal,” that you are not worthy of success.

How do you see entrepreneurship in Europe relative to how it works in some of the world’s emerging markets?

I think it is an advantage for countries like China and India to develop an entrepreneurial society, given that they have less mature, high-growth markets where entrepreneurship can be quickly and richly rewarded. If governments understand the role of entrepreneurship and the system required to support it, they can progress quickly to build an entrepreneurial economy. The case of Israel is instructive. In the last fifteen years, high-tech entrepreneurship has developed into a very significant segment of the economy and created powerful role models for entrepreneurial Israelis.

Are there any other policy changes that would promote entrepreneurship in Europe (or elsewhere)?

I think Europe must maintain low levels of tax on capital gains and work harder to create a single financial market and a stock market on the lines of NASDAQ, which focuses on entrepreneurial companies.

Regardless of country, what distinguishes successful entrepreneurs from everyone else?

They have the confidence and the determination to turn risk into opportunity where others would only see risk.