THE START UPRISING:
EIGHTEEN MONTHS OF THE STARTUP AMERICA PARTNERSHIP

December 2012

Ewing Marion
KAUFFMAN
Foundation

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EXECUTIVE SUMMARY

The Startup America Partnership (SUAP) was launched in January 2011 at the White House to act as an independent private-sector alliance to increase the development, prevalence, and success of innovative, high-growth, U.S. firms. The founding chairman was Steve Case, the co-founder of AOL, CEO of Revolution LLC, and chairman of the Case Foundation. The Case Foundation and the Ewing Marion Kauffman Foundation provided launch funding.

In nearly two years of operations, SUAP has developed a unique perspective on the many efforts intended to stimulate startups. Its earliest efforts focused on delivering free or low-cost services to entrepreneurs and connecting them with large corporations.

In mid-2012, SUAP changed direction to become a hub for strong, regional communities of entrepreneurs. This shift responds to the observation that the central problem for entrepreneurs is a lack of connectedness.

Too many entrepreneurs are disconnected from each other; from their communities; from their towns, cities, and states; from potential customers, funders, and talent; and from the many other resources that could help them.

SUAP hopes to nourish these connections by listening closely to what entrepreneurs say they want and trying to provide it. This effort starts with developing communities of mentors, role models, and fellow entrepreneurs who can sustain and validate each other.

SUAP believes it can be a catalyst for a movement of entrepreneurs led by entrepreneurs. It believes this will be created bottom-up, not top-down. Through developing relationships, fostering knowledge, and enabling opportunity, money, customers, and talent will follow.

More than halfway through its original mandate of three years, SUAP hopes to leave behind a kind of startup operating system, a medium for entrepreneurial communities and individual entrepreneurs to share startup “apps.” These “apps” can range from ideas for funding to models of weekly gatherings to help founders improve their product pitches—anything that helps startups thrive.

The guiding principles for this operating system are: a belief in loose communities of entrepreneurs rather than an organizational hierarchy; propagating from what exists, rather than creating from scratch; embracing, not resisting, disruption; patience to develop communities over years, not weeks; celebrating success; and, above all, focusing on entrepreneurs.

STARTUP AMERICA PARTNERSHIP: THE BEGINNING

In early 2011, the United States economy was still reeling from the aftershocks of the 2008 financial crisis. Unemployment was creeping downward from a high of 10.9 percent a year before, but not at a pace to reassure anyone that the worst was over. Billions of dollars in bailout money and stimulus had been spent in an effort to staunch the worst of the economy's wounds, but Democrats and Republicans argued over the uses and abuses of government debt. Meanwhile, overseas, China's economy was starting to stumble and Europe was beginning to writhe on the operating table of austerity. The choices seemed grim: more cuts or more debt. Politicians and business people spoke of yet more years of economic gloom, while the American middle class gulped hard at the prospect.

This was no ordinary recession. This was the worst America had seen since the 1930s. All the post-war assumptions of growth and increasing prosperity were under threat. For millions of Americans, the promise of a long, healthy, and fully funded retirement had been replaced by fear. The news was full of stories of former teachers and middle managers spending their seventies bagging groceries to compensate for their pension fund losses. Job security was a fast-dimming fantasy. Squeezed between the costs of college educations for their children and paying for long-term care for their parents, the middle-aged middle class was buckling under the strain.

The prospects for college graduates seemed to range from unpaid internships to jobs with a tip jar. By some estimates, the percentage of jobless and underemployed bachelor's degree holders under the age of twenty-five hit nearly 54 percent, its highest rate since 2000, in the wake of the dot-com bust. The impact was more than purely economic. A vital sense of confidence seemed to be leaching from the American workforce.

Challenges also were coming from abroad. Despite China's troubles, the economic transformation of Asia and the ascent of once-troubled economies such as Brazil seemed to have come at America's expense. Rather than being a "win-win," globalization seemed to have led to net losses for American workers. Those jobs that hadn't been moved overseas had become lower paid. Not so long ago, American workers were the effortless high school athletes of global labor, able to simply turn up and win, thanks to their natural talent and because the competition was weak. But now, in middle age, they were having to work for every advantage. The youngsters from overseas were quicker, stronger, and ready to train harder.

But anyone who has spent time on the ground floor of the U.S. economy could see that something was missing from this picture. All around the country were pockets of economic resilience. Silicon Valley seemed to roar along unaffected by the recession. Startups continued to be seeded and grown in other well-fertilized pockets, such as Austin, Texas; Boulder, Colorado; and newer startup hubs like downtown Chicago.

In New York, as Wall Street creaked and groaned, its tech startup community thrived. Even in Detroit, which had been pummeled by the crisis, artists and entrepreneurs were putting down markers in the cheap buildings downtown, as if to say, “The crisis stops here.” The grim macroeconomic mood had not dampened the country’s entrepreneurial spirit. If anything, it had fired it up.

America’s greatest companies, after all, have rarely conformed to the rules of economic or political crises. General Electric was founded by Thomas Edison in 1890, toward the end of an economic boom and shortly before the Panic of 1893 plunged America into a profound four-year depression. Hewlett Packard was established on the eve of the Second World War. Microsoft sprang to life in 1975, in the midst of a recession and oil crisis, and Google grew up in the wreckage of the post-dot-com era. Apple and Starbucks were once scrappy little companies trying to make payroll, and they have survived booms and busts. Great startups adhere to the schedules and ambitions of their founders rather than the vagaries of government debt, inflation targets, and employment data.

Rather than waiting to see what government might do next, or how bailed-out banks might find a way to lend, there was evidence in 2011, as there has been throughout America’s history, of a large group of people focused on opportunity rather than constraint and on buckling down to start their own businesses.

For this group, the most important changes in recent years were linked to technology and its effect on market access and the cost of starting a business. World markets were now accessible at a keystroke. And business costs, which once would have required large rounds of financing, had fallen to within the realm of a zero-interest credit card. Instead of paying for expensive servers, an entrepreneur now could rent storage space in the cloud, expanding and contracting according to the company’s needs. Instead of buying advertising space in magazines, the founder could spread word of the enterprise’s brand through social media networks for free. The opportunity to start a business and scale it to considerable size now was more accessible than at any point in history. Entrepreneurship was fast becoming democratized.

The implications of this for economic growth were laid out in a 2010 Kauffman Foundation paper that argued that startups were responsible for most net new jobs in the United States. Existing firms, once they reached a certain size, tended to cut jobs in pursuit of efficiency, but firms younger than five years old added jobs in order to grow. More startups equaled more jobs.

Rather than talking about employment in broad, national terms, Kauffman’s paper suggested, we needed to be much more specific. If states and cities competed to attract big employers, all they were doing was shifting jobs from one place to another. But if they focused on fostering and stimulating startups, they could change their own futures in dramatic and fundamental ways.

This confluence of ideas and technological forces with their focus on the possibilities of twenty-first century startups was a shaft of sunlight penetrating the national gloom.

But the question remained: If more startups were so obviously the answer, why weren't more people starting up companies? What were they waiting for? While research is underway to understand the deeper dynamics, the answers to such pressing questions couldn't wait for studies that might take years. The Kauffman Foundation, therefore, helped conceive and bring into being a more action-oriented response.

On January 31, 2011, Startup America Partnership was launched at the White House to act as an independent private-sector alliance to dramatically increase the development, prevalence, and success of innovative, high-growth, U.S. firms. The Kauffman Foundation and the Case Foundation provided launch funding and incubated the initiative, and Steve Case, the co-founder of AOL, CEO of Revolution LLC, and chairman of the Case Foundation, was asked by the White House to serve as founding chairman.

Ask a good scientist what she does, and she will answer by telling you what she is trying to figure out. Startup America Partnership (SUAP) was not founded to perform a certain set of pre-determined actions. It was founded to seek out answers, to provoke others to experiment and share their knowledge, to figure out what nourishes startups in an economy and what inhibits them—and then to enable more nourishing and less inhibition.

Though supported by President Obama and his administration, SUAP would be strictly non-partisan, bringing together politicians, entrepreneurs, investors, CEOs, universities, foundations, and anyone interested in helping more people to start high-growth businesses. All ideas were welcome.

"America's story has been forged in large part by entrepreneurs who have, against great odds, created innovative products and services that have changed the world—and created millions of jobs," Steve Case said at SUAP's launch. "Our nation once again looks to these creative risk-takers to unleash the next wave of American innovation."

But, as Case often says himself, innovation takes time. He started AOL in 1985. By 1992, when it went public, it had just 187,000 subscribers. Seven years after that, it had 20 million users. "AOL was an overnight success that was a decade in the making," Case says. "A big idea, a change-the-world idea doesn't happen overnight."

The job of SUAP, then, was not to offer more of the fine words and sugar highs that abound in the world of entrepreneurship, but to redraw the landscape of America's economy so that more people felt confident enough to start their own businesses. There would be cheerleading, of course. But there also would be hard work in the many areas that affect entrepreneurship.

That hard work would include drawing attention to, and encouraging the study of, legal and policy barriers faced by entrepreneurs. Among the issues that have arisen are tax incentives that could help both startups and the broader economy; changes to the immigration laws to enable more talented people to stay and work in the United States; new models of venture financing, such as crowd funding; helping to lower the burden of student loan repayments; and providing more free resources to help entrepreneurs spend less to get started. Attention to these issues has provided the Kauffman Foundation a constant feedback mechanism that helps frame and gauge reactions to its research and policy work.

"What you are doing as entrepreneurs isn't merely about providing that product and supporting your family," Steve Case told an audience of entrepreneurs in Washington, D.C., soon after SUAP's founding. "The collective effort is what makes this nation great. What's your part in the tapestry of entrepreneurship?" The same question could be asked of SUAP.

Forget your assumptions about startups

The field of entrepreneurship is rife with misconceptions. Though self-confidence often is seen as a virtue, it also can lead to stubborn, and dangerous, forms of ignorance. For example, a Kauffman Foundation report on the geography of American entrepreneurship published in September 2012 concluded that we need to rethink the "where" of fast-growing firms. By studying *Inc.* magazine data on high-growth firms, the Foundation's researchers found that the metropolitan area with the highest number of fast-growing firms was Washington, D.C. Second was Salt Lake City. Only then did more familiar names come in: Austin, third; San Francisco, fourth; and Boston, fifth.

There also were high scores for cities not often associated with high-growth firms: Indianapolis, Buffalo, Baltimore, Nashville, Philadelphia, and Louisville.

Only a quarter of *Inc.*'s firms are in conventional high-tech sectors, such as IT, health, and pharmaceuticals. The industrial sector is wide and deep, comprising business services, advertising and marketing, government services, construction, and all the rest. Different cities and regions have different specialties: Washington has government services, New York City has advertising and marketing, Chicago and Atlanta have business services. Innovations can come from all kinds of sectors and regions.

John Doerr of investment firm Kleiner Perkins Caulfield Byers once said that "Silicon Valley is not a place, but a state of mind." But the popular conception of startups only happening in certain places has proved hard to shift.

The Kauffman report challenges some other basic assumptions. Having a highly educated workforce matters much more than having a research university, which hardly matters at all. The presence of research universities, venture capital firm offices, or government funds, which may be supportive of new and growing firms, are not drivers of entrepreneurship. The training and teaching of a potent workforce matters much more than research does. State and local governments need to do more than glance over these lessons, which challenge some of the most dearly held tenets of economic development.

The science of startups is constantly evolving, and our knowledge is challenged and updated accordingly. In his 2012 book, *The Founder's Dilemmas: Anticipating and Avoiding the Pitfalls That Can Sink a Startup*, Harvard Business School professor Noam Wasserman identifies three common mistakes in startups. The first is about founding a business with someone with whom you have a prior social relationship—a friend or family member. "That type of team is the least stable. It's the most likely to end up in disaster," Wasserman says.

Second, he found that 73 percent of founding teams divide the equity within a month of founding—when uncertainty is highest. They then set that split in stone. "That means teams can't adjust and are setting themselves up to get burned down the road," Wasserman says. "What are the chances that you are all going to be contributing to the venture on an equal basis? It's a recipe for team tensions to increase."

Third, "by the time startups raise the third round of financing, 52 percent of founder CEOs have been replaced. In three-quarters of these situations, the board fired the founder. In the remaining case—by far the minority—the founder raised his hand and said, 'There's got to be someone better than I to lead us to the next stage.' And I found that the most successful of founders, the ones who led their startups to completing key milestones the quickest, were actually the first ones to get fired." Why? Tech founders aren't believed capable of building companies. Firing the CEO is one of the only levers a board has. Founders often must choose to be rich or to be king. Wasserman and others prove that the "science of startups" is fluid and still only very dimly understood.

At The Founder Institute, a startup accelerator where prospective entrepreneurs spend four months and pay a $1,000 fee to learn about starting their own businesses, Phil Libin, a mentor, founder, and CEO of Evernote, asks each group the same question: "If I could guarantee that you would spend the next ten years developing a product millions of people will use but you will make no money for a decade and it will be a total financial failure, will you do it?" Most people answer no. And yet they keep coming. The hard facts of entrepreneurship, however plainly expressed, seem to act as no deterrent to those intent on building their own businesses.

It also is important to stay realistic about the many bubbles that rise and fall so rapidly in entrepreneurship. Adam Davidson, writing in *The New York Times* on April 22, 2012, challenged the idea that we are in a golden age of low-cost invention. "In the past, someone with a new idea would have had to actually build the thing themselves, find a market for it, and figure out how to get it mass-produced," he wrote. But, he noted, the retail pipeline for new products has narrowed. "Three companies, (Wal-Mart, Kroger, and Target) control about a fifth of all United States in-store sales, and a tiny number of Internet and made-for-TV giants (Amazon, QVC) dominate in-home sales."

Furthermore, Davidson wrote, the patent system no longer favors boot-strapping entrepreneurs. Patents used to be inexpensive, but not anymore. It now costs around $10,000 for a patent, and you still run the risk of rejection. He described the work of economist Paul Romer, who has found that it costs around $1 million to defend a patent-infringement lawsuit, far beyond the means of most startup inventors. “So even if a lone inventor has a legitimate patent claim, a large company can sue and force the person into bankruptcy. Romer says that our patent-law system is one of the key barriers to progress, because wealth typically wins out.”

Yet, in October 2012, Martha Stewart announced the launch of “American Made,” a celebration of “doers, like-minded people who are setting up shops, developing new products, growing good foods, making good things.” She called them a subculture of young entrepreneurs, taking advantage of low-cost technology and “young enough never to have been lulled by a false sense of security of the now elusive lifetime career at any single institution.” Such optimism is essential to a thriving economy. But for it to be meaningful and to help entrepreneurs in practice, it must come with the proper caveats and a responsible understanding of what it really means to start a business today.

But perhaps the most challenging discussion for SUAP involves the role of today’s startups in job creation. Much of SUAP’s momentum came from a 2010 Kauffman Foundation report that linked net job growth to the volume of new startups. In the spring of 2011, however, Kauffman released a follow-up paper that suggested its initial report may have been too optimistic. Titled, “Starting Smaller; Staying Smaller: America’s Slow Leak in Job Creation,” the report argued that the United States faced a fundamental employment challenge that pre-dated the recession by years. The study’s authors called it a slow jobs “leak,” like the air seeping out of a basketball.

Yes, new businesses did still generate the majority of net new jobs. But the number of people they required to grow was shrinking. An analysis of government data showed that, since around 2005, new “employer businesses,” those startups that created jobs for others besides the owner, were hiring fewer and fewer people. The startups founded in 2009 were estimated to create one million fewer jobs over the first decade of their existence than startups created a decade earlier.

The recession was forcing more people into self-employment, but it wasn’t leading to the creation of more job-creating new firms. These, in fact, had fallen by 27 percent since 2006. New businesses in the 1990s opened with, on average, 7.5 jobs. By 2011, the average was down to 4.9.

Technology and outsourcing were likely the most important factors. Startups remained a powerful driver of economic and employment growth. But the very factors that made a startup so much more an attractive and attainable objective also meant that, on an individual firm basis, they were not the job engines they once were. Startups were vital, but they alone were not going to solve America’s structural employment shortfall.

Acknowledging these debates and the fluidity of knowledge about entrepreneurship has been critical to Startup America's credibility.

What could SUAP do?

In 2011, despite the recession, there was no shortage of interest and money to help America's entrepreneurs. The case for doing so was unarguable, and the economic pressure intense. What was lacking was a way to make sense of it all, an operating system to organize the diverse applications running around the country, and direct resources and pressure where it might count, for the purpose of celebrating, accelerating, and spreading the word about entrepreneurship and all it could achieve.

Startup America Partnership set out to fulfill this role. It focused initially on three areas:

- Resources: providing valuable resources and connections to help young companies grow.
- Communities: supporting regional startup ecosystems throughout the country.
- Awareness: recognizing startups as the drivers of our economy and founders as heroes.

Resources—Paying it Forward

SUAP assembled an all-star board of American entrepreneurs and business leaders to help:

Tory Burch, CEO and CCO, Tory Burch LLC
Scott Case, CEO, Startup America Partnership
Steve Case, chairman, Startup America Partnership
Pamela Contag, CEO, Cygnet Biofuels
Michael Dell, chairman and CEO, Dell
Raul Fernandez, chairman, ObjectVideo
Reed Hastings, chairman, president, and CEO, Netflix
Reid Hoffman, executive chairman and co-founder, LinkedIn
Magic Johnson, founder and CEO, Magic Johnson Enterprises
Lynn Jurich, president and co-founder, SunRun
Kevin Plank, chairman, president, and CEO, Under Armour
Carl Schramm, CEO, Kauffman Foundation
Fred Smith, chairman, president, and CEO, FedEx
Nina Vaca, CEO, Pinnacle Technical Resources

America's largest corporations were quick to respond.

- Intel promised to share with SUAP its experience from years in investing in new ventures, both internal and external, as well as to commit $200 million to investing in U.S. companies.

- IBM vowed to spend $150 million funding programs to promote entrepreneurs and new business opportunities in the United States.

- Hewlett Packard announced it would spend $4 million in 2011 on its HP Learning Initiative for Entrepreneurs, a global program using educational and technology tools to help entrepreneurs and small business owners to develop more commercial opportunities.

- Facebook, which was founded only in 2004, said it would organize Startup Days, a new series of monthly events designed to give entrepreneurs access, expertise, resources, and engineers to help accelerate their businesses.

- American Airlines launched its Flights Camera Action contest, which awarded free flights and marketing opportunities to winners, and focused on the importance of travel to growing a business.

- NYSE Euronext, the world's largest equities exchange, created Corporate Connection, a platform for startups to connect with and collaborate with major listed companies.

- The Blackstone Charitable Foundation had already committed $50 million to fostering entrepreneurship through higher education, but announced it would invest a further $5 million in its LaunchPad program, created at the University of Miami and piloted at two Detroit colleges. The plan was to replicate LaunchPad in five more distressed regions over the next five years.

Companies from FedEx to Dell to Intuit offered discounts and deals to SUAP members.

In total, SUAP secured over $1.2 billion in private sector commitments from more than 50 partners to provide valuable resources to young companies with high-growth potential. More than 3,000 SUAP members have accessed these partner offers so far.

In assembling this array of support and offers, SUAP found that big corporations still bundle startups into the broader category of small and medium-sized businesses. An important part of SUAP's work is ensuring that startups are viewed as their own category, with special needs, different from Mom-and-Pop businesses. Matt French, who manages corporate partnerships for SUAP, says American Express now is starting to create card services specifically for startups. "Part of my job is to help these companies understand that startup founders go about their businesses very differently from other small business founders, and are willing to take very different kinds of risks," French said.

Beyond products and services, SUAP's partners also bring expertise. At the South by Southwest Interactive event, SUAP created Startup America Live, space in the middle of the Startup Village, for SUAP members attending the festival. It was part meeting space, part television studio, with room for startups to pitch and meet mentors, ranging from entrepreneurs and writers to executives from SUAP's corporate sponsors. SUAP's agreement with Dell is around hardware and servers, but the company's chief commercial officer—along with senior executives from American Express, Microsoft, and Motorola, among others—visited the Startup Village to offer advice to startup entrepreneurs. A SUAP member who is developing a product heavily based on Quickbooks was able to meet Dan Wernikoff, the Intuit executive responsible for Quickbooks.

"We've listened to the high-growth companies," says French, "and they say, 'It's useful to have you help me save money on software and hardware, but what's way more important is making connections around capital, hiring, and getting business done.' We hear the same problems again and again: it's hard to hire; it's hard to find money; and it's hard to understand what I need to scale. The people who suffer most from this are those without networks, and where you are geographically is a big part of that. In some parts of the country it's much harder to build or access those networks than elsewhere."

SUAP also created a series of educational webinars to help startups mitigate and alleviate mistakes and help them to grow faster. The content is broken into five areas: expertise, capital, customers, talent, and services. It has proven one of the most popular benefits of SUAP membership to time- and knowledge-starved entrepreneurs.

Since its launch, SUAP has supported thousands of startups through the Startup America platform, with resources, connections, programming, and unique opportunities to advance their businesses.

THE SHIFT TO STARTUP REGIONS

From the very beginning, SUAP had considered supporting regional efforts. It soon became obvious that there was a strong desire from regions across the country to launch local SUAP operations. In February 2012, SUAP organized its first regional summit. Several states had volunteered themselves to SUAP as startup regions, and it was time to bring their leaders together.

The idea to develop a regional strategy emerged from the response of entrepreneurs to SUAP's initial offerings. While they welcomed the support and connections to big companies, many said this was gravy, and what they wanted help with was the "meat and potatoes" of community, capital, talent, and visibility. Discussions about capital, for example, had to begin at a local and regional level, rather than a national one, as did attempts to improve access to talent. Donna Harris, managing director of the Startup Regions at SUAP, said, "I was hearing all day every day, 'If you don't strengthen the local community, all that other stuff you curate is less meaningful.'"

The initial challenge was to find the right people to run each region. The first volunteers tended to be from the economic development, government, and academic communities. At the first regional summit, around 80 percent of the regional leaders were "supporters" of entrepreneurs rather than entrepreneurs themselves.

In its discussions with governors and heads of economic development, SUAP had to make it clear that the Startup Regions were not theirs to run. Despite having launched at the White House, SUAP needed to clarify that the initiative was neither a party-affiliated or political organization, nor another kind of economic development organization. The regional units were intended to be for entrepreneurs, by entrepreneurs. Furthermore, many of the problems these entrepreneurs wanted solved were not things government could do. “For the most part,” says Harris, “they got it.”

To find these entrepreneur-organizers, SUAP had to cast its nest wide, across entire communities. It encouraged each region to embrace large teams, with plenty of experience, passion, time, and energy. Not everyone would be able to commit the same amount of time to their community, but by bringing as many people in as possible, the chances of that community succeeding would rise. The hope was that SUAP would start to look less like a top-down hierarchical organization and more like a grassroots campaign. For this, it needed local entrepreneurs who were happy leading but not owning their local organizations.

Having found their regional organizers, one challenge for Harris and the others at SUAP has been encouraging them to work in this grassroots mode—to work without waiting for permission. Most tend to want to know what organization form they must take. Do they need to incorporate? What are the legal requirements? Much more important, says Harris, is to focus on what they can do and whom they can rally to do it.

Different strokes for different regions

During the first regional summit, held in Miami in February 2012, the regional leaders had a couple of minutes each to describe their current startup environment, goals, and challenges.

- Florida is awash in high net worth capital, but the rich are not used to investing in startups. The state’s most talented entrepreneurs often leave for startup hubs in Boston, North Carolina, Austin, and Silicon Valley. There are 430,000 micro-businesses, with one to nine employees, which need help scaling.
- Rhode Island is ranked the worst state in the country to do business, in terms of taxation, costs of doing business, and access to capital. It also has the third-highest unemployment of any state, as companies leave rather than arrive. Its assets are its universities and its size—everyone knows everyone and there is a strong sense of community.
- Iowa said it had a good community of startups in IT, software, biosciences, and materials. The challenge was finding them all and getting them to venture out of their silos. There is enough venture capital money for rounds of $250,000 and up, but little for seed rounds of much less.
- Nebraska’s challenge was “to be identified by more people on a map.” It finds it hard to attract and retain talent, from developers to marketing and sales. It works closely with Iowa to create an easily identifiable Silicon Prairie region.
- Vermont said that, despite the presence of some successful companies, as a state it had no ability to attract talent or capital, and its population was transient.
- Texas has a lot of venture-ready money, but struggles to get it into the hands of entrepreneurs. The startup communities are based around cities—Austin, Dallas/Fort Worth, Houston, San Antonio, and El Paso—rather than state-wide. Collaborating between these city-based communities is difficult.
- Connecticut has money but no sense of a startup community. Everyone working to support startups is working separately. The state is attempting to create what it calls a “greased-skid system” of innovation clusters.
- Massachusetts’ problem was “having too much” and getting the different organizations and people to collaborate. It wanted to expand the startup community beyond Boston to less-dynamic parts of the state and keep students in the state after graduating from Massachusetts’ many colleges.
- Colorado’s plan was to use the success of its startup community in Boulder as a model for Fort Collins, Denver, and Colorado Springs, and to build deeper links between different industries.
- The District of Columbia wanted more talent, capital for mid-stage startups, and to create greater density for its diffuse startup community.
- Virginia said that it had very strong technology pockets, as well as some of the wealthiest and poorest parts of the country. The Defense Advanced Research Projects Agency (DARPA) spends a lot of its money in northern Virginia, but other parts of the state struggle economically. Many organizations claim to help entrepreneurs, but they are highly fragmented with no central authority. The main challenge was pulling together the various parts of Virginia into one startup community.
- Maryland boasted of plenty of government support and interest in startups from the governor’s office down. The challenge was in catalyzing the state’s entrepreneurial spirit. A startup bus has driven around the state, inviting people to come aboard and pitch, garnering significant media attention.
- Indiana called its startup community an “uprising.” In Indianapolis, there’s Developertown, raw office space where developers can build and park their own structures. What entrepreneurs needed was to be “less aw-shucks and modest.”

“It’s interesting how that’s not natural for entrepreneurs,” Harris says. “So they always ask, ‘What are the other regions doing?’ That’s why you have idea pitches, the apps concept. Once you get them to understand the philosophy and organize the community, then they need an inspirational poke. If you think you need to focus on raising capital, we can say, ‘Here are ten ideas or apps to stimulate the brainstorming engine.’”

The trick for each region is connecting the dots in its own community. When regions start thinking about improving access to capital, the first two suggestions are to ask for money from SUAP and to invite Silicon Valley investment firms to open offices in their region. Neither will happen. SUAP does not issue capital, and venture capital firms will only go where there is already success, or a high chance of it. Wealth, SUAP tells its regions, exists in every community in America. The challenge is in unearthing it and getting it invested in startups.

The best ideas tend to be the simplest. In Washington, D.C., the search for capital has taken Startup Washington, D.C., to K Street, the home of the city’s major lobbying firms. What began as a few meetings between startups and a couple of lobbyists has turned into a series of dinners in which startups get to pitch to groups of lobbyists. The lobbyists are enjoying seeing investment ideas beyond yet another steakhouse or racehorse, and the startups are developing access to a pool of capital previously unavailable to them.

Startup Maryland has driven a pitch bus across Maryland, visiting every town. People can get on the bus and pitch. It has raised visibility for startups across the state. It is anything but the traditional economic development approach.

In Tennessee, the public and private sectors have rallied behind the startup community in a way that has proven inspirational for other states. Politicians from the governor down have been engaged, and Startup Tennessee has unified its community around a big vision and detailed execution. Mentors and entrepreneurs, for example, have not just been thrown together. Instead, there is a state-wide mentoring program specific to industries and the conditions of each startup. The mentoring is measured for effectiveness and quality.

“The most frequent problem in the regions is that ideas aren’t big enough or innovative enough,” says Harris. “Once they grasp that they don’t need our permission to act, the creativity starts to flow. You don’t need man-on-the-moon ideas, just very simple new ways of thinking about old problems.”

Getting and keeping entrepreneurs engaged is vital to each region’s success. Great entrepreneurs are often heads-down, working on their businesses, oblivious to organizations that don’t directly and immediately help them. Their decision about whether or not to sign up or participate more fully in SUAP is often a cursory one. So it falls to SUAP to recruit and constantly broadcast the message that being part of a community is good for startups and increases their chances of success.

And more success for startups means more jobs. “The truth is that people are sick of being told they have to move to start a new company,” says Harris. “They find creating employment for others to be one of the most rewarding jobs of being an entrepreneur. That really resonates with people on the ground.”

LESSONS LEARNED

The startup regions strategy now has become the central work of SUAP. It has become the organizing principle for what remains of SUAP’s three-year mandate.

“It’s my belief that vibrant startup ecosystems will create more successful startups, which lead to more startups. It has to be in this order.”

— Scott Case, CEO of Startup America Partnership (no relation to Steve Case)

Luke Johnson wrote a September 26, 2012, *Financial Times* column titled, “Forget the talkers and listen to the doers.” He took at aim at the “merry-go-round of conferences, summits, workshops, and festivals devoted to entrepreneurship.” Entrepreneurship, he wrote, has become fashionable, the latest cultural and political fad. Or, as Susan Amat of Startup Florida described it, it has become a cottage industry, serving itself rather than its purported customers. For real entrepreneurs, though, starting a company is anything but a fad or a cottage industry. It is an often-painful, sometimes-rewarding choice of how to live your life.

What entrepreneurs need, far more than the fine words or advice of politicians or academics, is the support, solace, and help of other entrepreneurs. They crave role models and colleagues, mentorship, and fellowship on their journey.

This has been the central lesson of Startup America. It began thinking that what entrepreneurs most wanted was stuff, such as free or low-cost services to help them get off the ground. It imagined that entrepreneurs would benefit from the attention of corporations, from being harnessed more tightly to the economic establishment.

In the course of eighteen months, that view has changed. What entrepreneurs want is the company and support of other entrepreneurs who can help and understand their struggles. This is what Startup America is now trying to become—the catalyst for a movement for entrepreneurs, by entrepreneurs. This is the path SUAP sees to persuading more Americans to start their own companies.

“I expected that startups would be able to see and get more value out of our corporate partnerships than they did,” says Scott Case. “In hindsight, it was like, ‘Duh, of course not.’ What all startups need is financing, customers, and talent. What we didn’t understand well was the power and importance of relationships, knowledge, and opportunity. The things we need to deliver are those things. If we help them with that, the money, customers, and talent will come.”

The next challenge for Startup America was trying to deliver the desired relationships, knowledge, and opportunities at scale. Given its resources, it was impossible for SUAP to provide startups in different places, in different industries, and with wildly different needs with precisely what they needed.

“We realized that what we can do and what we’ve got a lot of traction on is helping startups plug into their local communities,” says Scott Case. “This way we can strengthen the startups and the communities where they operate. Relationships come out of local networks first. If they’re in a robust local network, startups have a much greater chance of success.”

As he traveled around the country giving talks, Case gave his audiences a simple piece of homework. Meet three people in this room that you don’t know. Meeting him didn’t count. He emphasized the message that the people startups needed to know better were those who surrounded them every day. It was going to be from these thick networks of local relationships that they would derive whatever they needed to help their businesses thrive.

Ten thousand startups now are taking advantage of Startup America’s deals and offers. “But the enduring legacy of our work,” says Case, “will be the quality of the communities we can help.”

Building connectedness

Startup America has observed that the challenge of disconnectedness exists at every level of America’s startup ecosystem. The lonely entrepreneur is disconnected from his peers and rivals. The cities in each state are disconnected from each other. States scarcely know what each other is doing. This matters, because it slows down the entire ecosystem. Knowledge moves slowly, and startups remain invisible to those who could help them and provide the fuel to accelerate their growth.

So, in order to figure out what to build upon, SUAP spent considerable upfront time with the team at the Kauffman Foundation, discussing networks that already were in place and programs that had success. Startup America Partnership’s goal is to create the visible networks so that a startup in one city can be connected not just to the other startups and leaders in that city, but to adjacent cities and to the entire country. Once that network exists, other players, from government to media to educators, can plug in and add value. But at its roots, this network must belong to the entrepreneurs and be designed by and for them. It also needs to mature sufficiently to take full advantage of all the tools and resources people want to throw at it.

Recommendations for helping America’s startups

Keep the tip of your spear sharp: Startup America hosted events at both the Republican and Democratic national conventions. The objective was to keep startups high on the list of national economic priorities, a clearly defined category worthy of the very highest level of attention. By piggybacking on the media glare of the conventions, Startup America also was able to raise its profile far beyond the events themselves. Regional organizers say consistently that a key benefit of being part of SUAP is that it means they are taken much more seriously locally. Forcing startups into the national conversation on economic growth gives every startup credibility. “SUAP is a straight-on permission structure,” says Scott Case. “All the people in our regions are smarter and better at what they do than we are. It’s not about us creating things. It’s about us propagating things.” That’s what the national political and media attention allow.

Communities, not hierarchies: “The old top-down methods of economic development are broken,” says Scott Case. Cities and states need to abandon legacy policies and regional loyalties and think more broadly about stimulating growth locally.

Case recalls meeting a state secretary for economic development who explained how the state had always been particularly strong in a certain industry and was now going to slice off a piece of its investment capital for that industry. “I asked him, what if the best company in that industry is the worst company in your state?” Rather than choosing to invest in companies with the greatest prospects for growth, this state was going to invest for old times’ sake. States and cities also need to think about investing beyond their traditional boundaries. A strong New York City benefits Connecticut. A strong New Jersey benefits Pennsylvania. The halo effect of successful startups can reach far beyond a physical location. Governors and mayors can throw all kinds of incentives at existing businesses, but it’s like a retailer lowering its price, racing to the bottom.

Donna Harris says, “I went to a state, which brought together sixty entrepreneurship leaders from across the state. There wasn’t anyone under forty-five. I was the only person wearing jeans. Only two were African American, eight were women, and most worked for an institution. Very few came from startups. The day really focused on a case study, taking a fictitious city and asking what can the university do, what can the city do? There was zero mention of the entrepreneurs. I thought they’d have a big aha and reveal some real entrepreneurs. Never happened.”

Google has now opened offices all over America and worldwide to recruit enough of the engineers it needs. It began with the question: where are the engineers? It sought out those places where great engineers were choosing to live and opened its offices there. Cities and regions that develop vibrant communities will attract the likes of Google. It does not work the other way round.

Accept the inevitability of disruption: There are now billions of people with the same technological capabilities as entrepreneurs in the United States. The mythical startup garage is now groaning at the seams. There is simply no stopping disruptive companies and technologies. So why not disrupt yourself in Indiana, rather than waiting to be disrupted by the Chinese? “I don’t think we have a choice but to be good at this,” says Case.

Keep your focus on the entrepreneurs: "About a year ago," says Case, "I got so sick of hearing of tech transfer that I said in a meeting with a university, 'You should be focusing on talent transfer, not tech transfer. How do you move young people from your university into great new companies in your town?'" This jives exactly with a recent Kauffman Foundation report, which found little correlation between startup activity and the presence of a university research center. Instead, the strong correlation was between startup activity and talent. Deep pools of talent produced lots of startups. The presence or not of researchers generating technology and transferring it out to companies was trivial—a problem for universities as they try to cling to the potential economic benefits of these technologies, but not one faced by most entrepreneurs.

Governments need to pay close attention to what entrepreneurs say they want. In some cases, it might be space. In others, help with visibility. But it is rarely what governments think entrepreneurs want, or what the governments are able to deliver. Governments need to listen to entrepreneurs and then see what resources and tools they have that might help. Instead of setting up state venture funds, which most entrepreneurs see as a last-resort source of capital, governments should promote the entrepreneurial successes within their own states—for free. Whenever politicians make speeches about economic development, they should invite three startups to pitch to the audience. Let them speak, don't speak on their behalf.

Harris recommends that regional SUAP teams be "100 percent entrepreneurs, no chamber of commerce, no economic development people, no university entrepreneurship people. This is a call to action to entrepreneurs to step up and play a role in the economy." That call is most credible and useful when it comes from fellow entrepreneurs.

Keep your doors wide open: AT&T and Alcatel Lucent recently founded three entrepreneurial centers in Silicon Valley, Israel, and Dallas. They invite companies that interest them, but with no requirement that they do business with AT&T or Alcatel Lucent. Their desire is to be part of the startup game, but not to determine its rules. When universities set up incubators on campus, they should open their doors to their entire communities, not just students.

Make your first list—then throw it out: "It's fascinating to me," says Harris, "that these people are entrepreneurs, but when it comes to their ecosystem, their ideas are really small. One of our regions put its first plan together and it included things like a monthly conference call to share what we're doing and having our website be our front door for the region. That's good. Then someone had an aha, and said, 'We have a lot of enterprise startups. Why don't we become the place, the global place, to set up an enterprise startup?' I see a scary little amount of that kind of big thinking. It's always, 'Let's map the resources, get everyone on a call and launch.' Then it's, 'Now what?' I tell people all the time, you have to think about what assets you have, and I don't mean buildings. It's strong industries, universities with huge alumni systems, successful entrepreneurs, a particular type of startup in your community. In D.C., it's a political system. Regions can be good at identifying their unique differentiators, like Nashville recognizing it's got healthcare and digital publishing it can really leverage. Then you create a common vision of what you're trying to become. Then everyone can take an oar and pull in the right direction. A lot of communities don't have that common vision of what their ecosystem can be. There's a lot of rowing. There's a lot of effort, government initiatives, a ton of initiative, but it's not as effective as it should be."

Don't wait for permission—just get stuff done: The successes in regions like Colorado come down to people getting on with things, trying out ways to build the community without waiting for permission. They organize a coffee meeting or an evening pitch session and, collectively, these small events add up. "We see lots of people waiting," says Harris. "Our educational system trains people to be really good followers. But what's most easily replicable from a success like Boulder is the behavior of not waiting for approval or creating systems where approval is necessary."

Plug into what exists: Rather than trying to build everything from scratch, look around to see what is already in place. When SUAP wanted to showcase Startup Florida and Startup North Carolina, it brought them to South by Southwest in Austin Texas, not far away. Emerging ecosystems can eventually create their own major events like SXSW or Thinc Iowa over time. But when you're first starting, it's much easier and quicker to latch onto something that is already there.

Be patient: Local networks need to mature to a point where they can absorb all the tools, capital, and opportunities people want to throw at them. But there's often no hurrying those networks to that point of maturity. Sometimes, the only answer is organizing simple events and sharing information until the community is capable of doing more. The first step is finding people motivated to build a startup community in the first place. Start with enough density of those people and a common philosophy about vibrant communities. Harris likes to show a video to help people understand the importance of the founding community team. It shows a guy in a field doing a crazy dance. Then a second dancer joins in. The second person is most important, because he validates what the first person is doing. It's the first few people that get the point of building a startup community who make the quickest progress.

Celebrate success: Over-amplify the wins, making sure the general public knows about them. Say a startup company sells for $250 million. Often, the general public, and sometimes even the general media, won't know about it. This news isn't making it into the *Washington Post*. Part of the entrepreneurship challenge is that people don't have enough observable examples. The industry has been criticized for focusing on the super-high-growth gazelles. Actually, we're not focusing enough attention even on those companies. People in Indiana, for example, didn't know that high-growth Angie's List was based in the state. There are dozens of companies started, bought, and sold, and we have to do a better job of telling their stories to other prospective entrepreneurs.

If Iowa can do it: "I have found Iowa to be the most interesting place," says Scott Case. A state far from the best known startup hubs and better known for agriculture than technology has embraced the possibilities of creating startup communities around tech businesses. “If they can do it, we can all do it—in a positive way. If you look at the history of the United States, crazy entrepreneurs built it. I’ve been impressed by Iowa rallying around its startups and saying, ‘We’re going to make this work, and it’s important to our success.’”

INTERVIEWS WITH REGIONAL STARTUP ORGANIZERS

Startup Connecticut: Danny Briere, Organizer

How did you get involved with Startup America?

Scott Case came to speak on the UConn campus on May 26, 2011. He'd come to Connecticut to meet Catherine Smith, head of the state department of economic development, the president of UConn, and other key players in the state, to convince them they needed to do Startup Connecticut. They asked me to run it. It seemed pretty Wild West at the outset. No set architecture or plan. No bylaws or organizational structure. It was really left for me to decide everything about this, so the first thing I did was go around and talk to people all over the state. I drove countless miles, had umpteen breakfasts, lunches, and dinners.

What did you decide to do and why?

What entrepreneurs needed was more facilitation, guidance, and best-practice sharing than heavy-handed management from a state level. Every town seemed to have its own view of what was needed.

New Haven already had a co-working space, a few incubators, and accelerators. Stamford was planning to build an innovation center in the old town hall. It felt it had a lot of affinity with New York. Up where I live in Storrs, there was a sense that, as a major research university, it should be leading the state's economic development. It felt closer to Boston. The state is pulled between strong ecosystems in Boston and New York. A local-first approach was what rose to the top.

Another interesting issue is that there is a huge amount of investable money in Connecticut, and a lot of it goes out of the state. One of the biggest challenges is getting people from Connecticut to seek out opportunities to invest in Connecticut.

What emerged in my thinking was the concept of a trust network. People invest in things and people they trust. The state was creating a biotech cluster between Farmington and New Haven. They were trying to build a clustered network of people and companies and anchor expertise to make it happen. So how do we take that concept and expand it across the state? The state as a whole was trying to overhaul its education system, yet when you looked around the state from a startup perspective, no trust network was being built around education entrepreneurs.

What I found was I could drive around the entire state two hours in any direction and get to where I needed to go. What could be done to take advantage of our smallness, to treat it as an asset? What is it that New York and Boston lack that we have? I concluded that they're good at conceptualizing, incubating, and accelerating companies. What they can't do is deliver customers. So I tried to develop infrastructure to help startups find customers. We're going to build greased pathways so customers can try your product, whether they are school systems, hospitals, banks, or anyone else. This would be unique in the nation.

How has Startup America Partnership helped?

SUAP is the best excuse to do what we probably wanted to do anyway. It's a rallying point. The cloud of Obama, the White House, the national thing was a bandwagon to hop on board to force deadlines and action. It also was a brand that we used to represent a direction for the state. We wanted to be more embracing of startups and job-creating activities. This was a great way to do it. We were number three to launch, and in terms of the breadth of what we've ended up doing, we're one of the leaders. We're acting while other states are still talking.

One of the things I like most about the SUAP process is that it's democratizing investing. Up to now, there was closely held keiretsu among venture capital firms. Today, if you're in with the right VC firms, it's hard not to be successful, but if you wanted to do something, it was a very exclusive club.

We're now empowered to do things ourselves. We're creating inroads to CEOs in Connecticut. Anyone can call me and say, 'I have a startup that wants to get into Sikorski,' and I can get them into Sikorski. We're developing a massive referral network, which used to be available only to the VC community.

Which other regional examples have you drawn from?

I consider Startup Tennessee to be the leading model. They took a regional approach and had state-provided funding, but let entrepreneurs figure out what needed to be done. They focused on mentoring and programs to provide acceleration. They've been a lighthouse that has given us direction throughout the process. Talking to other regions is what moves the needle.

Startup Florida: Susan Amat, Organizer

Why did you get involved with SUAP?

I'd been working on LaunchPad at the University of Miami, and SUAP at the outset was focused on public/private partnerships. At first, I didn't see any regional piece to this. The original partners were huge companies, like American Airlines and Microsoft. What changed was when I saw the regional piece emerge, and the focus on serving entrepreneurs. I dropped out of high school at fifteen to start a business helping independent musicians in South Florida. At SUAP, I began to see kindred spirits. Many of those who are coming into entrepreneurship these days come at it with a win-lose perspective. It's a cottage industry of incubators, accelerators, and contests. It doesn't matter about the value-add to the entrepreneur, it's, 'Here's how I make a living.' But it shouldn't be about a thousand entrepreneurs coming to your event. It's about what they got out of it.

What's the startup scene like in Florida?

When I first started looking, I found tons of stats about why it's impossible to get anything done here. When the first Startup Florida committee was formed, it came up with four main problem areas: capital, talent, corporations, and policy. It's what every ecosystem comes up with. It doesn't get to the root issue. Florida has an investment fund that is basically a venture fund, but it's not trickling down to startups. People with access to it are already revenue positive. It's expansion funding. In Florida, we have travel, hospitality, tourism, lots of creative businesses, logistics, and exporting, but not a lot of companies that have been here for decades, let alone generations. Nobody is thinking about their future in Florida in twenty years. Florida has a huge immigrant population. Seventy percent of the residents of Miami weren't born here. We also have a very transient population. People come and then leave. In California and New York, people go there and stay.

The startup ecosystem is underdeveloped. When startups go to lawyers in California or New York, they make introductions. Not so in Florida. We don't have people with the networks. There are lots of good computer scientists and hackers down here, but they don't have experience scaling or monetizing a technology business. The biggest problem is getting everyone to know that Florida's a great place to start a business and be part of a community.

What do you do about that?

This is about action and entrepreneurs, and getting policy changed. It's not about getting government money. This is about policymakers making it easier and taking down the barriers of entry to entrepreneurs. Making it clear how to get business licenses. Promoting economic development groups. Making our politicians aware of the issues. It's in their and our best interest to remove barriers for entrepreneurs to grow their businesses and find talent. The mayor in Miami-Dade knew he wanted to do something for entrepreneurship, but didn’t know what to do. I wrote an eight-page list of things to do. I decided to Lone Ranger Miami-Dade and set the goal of making it the best county in the country for entrepreneurs. We’re trying to educate politicians to make good choices.

What Donna (Harris) has helped me to do is craft a new strategy for our committee. I wrote letters to the committee and to entrepreneurs, and then gave a call to action. We’re trying to break up the state into eight regions, then lay out action steps for each. Each region will elect two people to serve on the state committee.

Startup Iowa: Christian Renaud and Tej Dhawan, Organizers

Iowa is one of the smaller states in the partnership, and was the eighth to join.

What's the state of entrepreneurship in Iowa?

Three million people reside in Iowa, around the same number as in Minneapolis. Although we have a small population, we have excellent educational institutions and some excellent industries. Our size allows us to be more cooperative and collaborative. We're also mostly a rural state. About 60 percent of the population lives in rural Iowa, and many of our leading industrial and manufacturing leaders are in rural areas. The industries in the city centers tend to be insurance and banking.

Why did you get involved in Startup America?

A lot of individuals were working on pieces of our entrepreneurial ecosystem, and we thought that SUAP could bring rigor and structure and help us operate more as a state than as a collection of individuals.

We had been running an organization called Startup City in Des Moines. It's an incubator, private and for-profit, for early-stage technology companies. It has twenty-one mentors who are practicing business people. We bring entrepreneurs in when they're ready to come in, they stay as long as they want, and we take a small piece of equity. We'd been open for ten months and had eight companies in, just 7 percent of those that applied, and we're becoming a natural hub for startup activity in central Iowa.

We established Startup City because we were already doing this kind of work without a location, in coffee shops and so on. Building a structure like Startup City and then going statewide by forming Startup Iowa has allowed us to bring a unified structure to a lot of Iowa's startup activities, while retaining that entrepreneur-centric approach.

How do you nurture Iowa's startup community?

We organized Startup Fair, a trade show for startups, and created Startup-Pedia, a centralized event calendar for entrepreneurial events around the state, which newspapers now pick up and print. We keep hammering more things in, more communication, more collaboration, adding more people, more access to capital, more care and feeding. It's like agriculture that way. Because of the size our state, we can get everyone in the same room, and then each month we try to pursue a project that can reinforce our functioning as one state, one region. The Startup Iowa umbrella has allowed people-to-people connection and, once they connect, they can contribute and participate. Some organizations existed before, but they weren't as known in the tech spaces. We've run into people who've made a career of supporting entrepreneurship, but who were unknown. Now these accelerators are known.

As we became better known, we drew the attention of the *Des Moines Register* and other big papers, and the stories then amplified. Suddenly there were more tech and entrepreneurial stories in the media, and more people started coming to entrepreneurial events.

We organized our first hackathon for entrepreneurs with creative ideas for using government data. Fifty people showed up, including entrepreneurs and state, city, and county employees. Real things happened. It was not theater. One team built a tool that now is being used by the state veterans administration. But nothing happens quickly. After we created our Wiki, for the first two or three months, no one came. The next two or three months, more people came. We keep at it.

What do your entrepreneurs tell you they want?

They need easy access to funding and easy access to publicity. They need non-dilutive capital, otherwise known as customer orders, as well as dilutive capital, or investors who can help them to scale. They want to sharpen their own learning through creative curricula that help them develop as sales and marketing people, business planners, and modelers. SUAP has stayed miles away from conversations related to raising capital. That's the holy grail. SUAP could affect entrepreneurs nationwide by bringing money to a central platform, where angels and venture capitalists can see deals beyond their backyards.

How has SUAP contributed to your success?

It reinforced the idea that we are all entrepreneurs in this together, with no hierarchical chains of command. All we want to do is solve the problem, create the service, and then make money on our own things. It would be foolish to create rigidity or the kind of fiefdoms that develop around larger cities. The immune response we saw from them to our activities was natural, but it went out with a whimper. Now we're the dominant model. We had a meeting recently with the Iowa State Majority Leader. It included three people from Des Moines and one from Eastern Des Moines, and we told her how we can develop her rural territory.

SUAP has been vital in developing political support. Senior politicians now see us as doing pro bono economic development work, so they say, 'Faster, faster.' We're not undermining an entrenched industry. Even the big banking and insurance companies that form the economic base of Des Moines understand the need to diversify.

SUAP has provided us with two other main benefits. The first is that if you're in a room with people doing exactly the same things, you sharpen. We came back from Boulder and we're thinking, 'Boy, we're slow. A lot of smart people are coming out of these regions to help.' What SUAP did was pull us into a room and create a platform to share ideas. That has proven very beneficial. Conversations with guys out of these five states make us think about what else we could be doing. We learned about what Colorado and

Oregon were doing. We could take some of their thoughts and apply them to Iowa. Why don't we have a New Tech meeting? We hadn't identified that as a need.

The second is that, in your own region, you get an echo chamber effect. SUAP has helped us puncture that echo chamber. We told everyone about our Startup Fair, and they all took it back to their regions. That free flow of ideas has been very valuable. I get the most benefit from connection with other organizers and entrepreneurs. In Boulder, they could have had no agenda and let us all stand in the room, and I'd have gotten everything I needed.

SUAP gives us a national platform and a bully pulpit to fight for startups.

On June 8, 2012, Christian Renaud of Startup Iowa posted a blog entry titled, "What I learned in Boulder."
http://www.christianrenaud.com/weblog/2012/06/what-i-learned-in-boulder.html

This week Tej Dhawan, Andy Stoll, Amanda Styron, and I trekked to Boulder, Colo., for the Startup America Partnership Regional Leaders Summit to represent Startup Iowa. Over the two days, the SUAP team and our peer regions (states) were relentless in sharing best practices and programs that they have developed to build their entrepreneurial ecosystems.

The Summit has had me thinking deeply about where we are in the gestation of Startup Iowa and the overall ecosystem within the state. Iowa has had a long history of innovation and entrepreneurialism, and we are in the middle of a transition from the prior model of economic development-driven scarcity silos to one of open innovation, regional sharing and the recognition that abundance comes from collaboration and not the zero-sum-game of competition.

From the beginning of this journey, I've considered it a multi-phase process to fully develop a culture of big risks, continual innovation, and the resultant successes that are the hallmark of any thriving entrepreneurial hub. I will call Phase One our 'Enlightenment' phase, and it is/was as simple as getting the tribe together, meeting each other, networking, and building a sense of self as a community. The community moves from one of isolated individuals to a sense of pride of being part of the startup tribe.

We are here.

No one who opens up their Google alerts or newspapers would question for a second that we have something special happening in Iowa right now. We are brainstorming and evolving the model every single day. We are inventing new models of education, mentoring, incubation and acceleration, fundraising, and running startups. It's a time of cultural experimentation that is intoxicating to watch, and even more so to participate in creating.

It's still a little early, but I hope we've got to the point where we'll survive the inevitable setbacks when not all of the models and companies succeed, and the cycle of expansion and contraction begins to wane. All of the people currently throwing rocks on the sidelines will scream, "See, this was just all hype!" but will be noticeably absent when, a week or month later, one of the survivors of the contraction is acquired for hundreds of millions of dollars or rings the bell at their initial public offering. The Gartner group, an industry analyst firm, has a hype cycle that they overlay on any new technology that separates stages of technology adoption into four categories: the peak of inflated expectations, the trough of disillusionment, the slope of enlightenment, and the plateau of productivity. We'll have the same thing in Iowa, when the statistics of startup success kick in (eight out of ten fail, sorry folks!), and everyone not in the middle start to doubt that it was all real.

There are three things that became readily apparent to me in Boulder that are critical to the transition from Enlightenment to Phase Two, which I'll call the Execution phase. Now that the tribe has self-actualized, it's time to build sustainable values that are the proof-points and guide-points that allow the next generation of entrepreneurs the critical archetypes and icons to model themselves after. The three things that really stood out from the time spent there were the importance of friction in the community, critical feedback, and how energy is more important than scale. Let's walk through these one by one.

Startups sharpen each other.

The last day in Boulder, we were fortunate to participate in the New Tech Meetup, an ongoing event where startups get up in front of a lecture hall of their peers and pitch their company. They aren't ideas and they aren't pitching for funding, they are looking for people to rough them up a little and make them better.

Of the four companies that presented, all four were among the four best ideas I've heard in a long time. These days, on average, I hear three to four new business ideas per day between Startup City Des Moines, the Technology Association of Iowa's Pitch and Grow and TechBrew, Startup Iowa, and, now, Plains Angels. These companies in Boulder had obviously had the holy hell beat out of them "early and often," and had refined their ideas to the point where they could stand in any room and convince the audience that their idea was the best thing they'd ever heard.

The "Midwestern-nice" asset of the people here works against this type of constant honing of each other. You get some friction from startups being in the same place and questioning each other, as we see at Startup City every day, but that is most often clothed in niceties and social graces.

Yeah, that doesn't help. You don't get stronger and better by people telling you that you are already perfect. You get stronger by being pushed by your workout buddy calling you a big wimp and that you need to double your weight and double your reps or you're going to be the 98-pound weakling getting his/her butt kicked at the beach.

This leads me to my second point, which is that …

Someone has to be the [expletive].

I was initially taken aback by the directness of the feedback that people were giving each other during the Summit as well as the Meetup. Brad Feld from TechStars, in particular, was direct and blunt and challenging. After the initial shock had worn off, it occurred to me that all of the feedback was constructive and probing, and not people trying to knock each other down a peg or two because of their own low self-esteem. This requires that someone, or preferably someones, needs to be the [expletive] in the room who doesn't keep the peace, who challenges the quiet, who takes you on full-contact and makes you stronger and better.

I don't know if Iowa is ready for this yet. I'd instinctively put about half the startups I talk to in the 'too early for that much honesty' bucket, as their egos are still too fragile to withstand direct feedback. At the same time, we are doing these same startups a grave disservice if we don't provide that feedback early and often. If your idea sucks, wouldn't you rather know that sooner rather than after you have sunk a year and all of your friends'/family money into a sinkhole?

That means that more ideas will get cauterized earlier in the process, which will reduce the overall volume of startups and conversation as people who cannot withstand brutal honesty retreat back into their basements or cubicles or wherever. This will slow things down in that the number of people sharpening each other and helping refine ideas will not grow as quickly, but the quality of ideas will get better. I prefer quality to quantity. This dovetails nicely into my third point, which is that…..

Size doesn't matter.

Boulder has roughly the same population as the broader Ames area (MSA), about 90k people.

Let that sink in. Less than one hundred thousand people. They have incubators, accelerators, meetups, education, mentoring, and a nice, big university. All of the pieces of Silicon Valley with a fraction of the population. The adjacent Denver area has millions of

residents, admittedly, but then again so do Kansas City, Minneapolis, and Chicago.
The next time that someone says that Iowa is too small to grow a vibrant startup community, I'm going to point them west and set their cruise control for 80 mph for ten hours. It's not about the size of the community, it's about how well you execute within it. Quality, not quantity, again.

So, if you've read this far (the 5 percent who have faith that I have a point), here is what I took away as next steps for myself from all the above:

1. I'm going to push myself and others into friction frequently in order to sharpen each other. No one is doing anyone else favors by being "Midwestern nice."

2. I'm going to be even more of an [expletive]. Direct, constructive, honest feedback is going to push us from a million mediocre ideas to a hundred great ones. That will help what we've all built survive the coming contraction far better than kissing each other's [expletive].

3. I'm going to stop using size of the state/city/etc. as an excuse not to try something. Want a Startup City in your town? Try it! Want to start a TechBrew at your community college? Why the hell not? Let's try it all, and focus on the quality instead of the quantity. We just might be surprised what we learn.

Startup Colorado: Brad Feld, Organizer

Reflecting on Startup Colorado's first year, Brad Feld, its executive director, wrote: "We launched Startup Colorado as a movement to spur new company creation across the state, with first-year emphasis on Colorado's Front Range. Our mission has been to increase the breadth and depth of the entrepreneurial ecosystem by multiplying connections among entrepreneurs and mentors, improving access to entrepreneurial education, and building a more vibrant entrepreneurial community.

Four key principles have animated our efforts: (1) for our initiatives to be successful, they require entrepreneurs to lead; (2) we must think and act with a long-term view; (3) we seek to engage entrepreneurs at all levels of experience and success; and (4) the influx of talent is a cornerstone of strengthening a startup ecosystem."

Startup Colorado kicked off with a handful of tractable projects:

- Create an entrepreneurial summer camp in Boulder
- Expand New Tech meetups and open coffee clubs in Fort Collins, Denver, and Colorado Springs
- Support entrepreneurial education in the Front Range
- Evaluate current barriers facing entrepreneurs, including an assessment of best practices within entrepreneurial communities around the United States and world
- Engage larger companies in the entrepreneurial ecosystem through commitments to help entrepreneurs
- Build the Startup Colorado website to be a user-friendly, thorough database for information and connections

The Assessment

Perhaps our most promising project is the "entrepreneurial summer camp," renamed Startup Summer. Startup Summer kicked off in late May with fourteen college students/2012 college grads working in paid internships for Boulder-area startups. In addition to the full-time internship, Startup Summer offers its participants a variety of evening entrepreneurship events, the most important of which is a weekly class on entrepreneurial topics taught by local entrepreneurs, founders, CEOs, and community leaders. Participating interns also are given the opportunity to work with an area mentor to develop their own business ideas. Startup Summer required a lot of program construction, promotion, applicant recruiting, and company/intern matching, and it would not have happened without ample support from Tim Enwall and our top-notch Program Coordinator, Eugene Wan. Perhaps more than any other project, this one embodies our core principles: we have a range of entrepreneurial leaders teaching classes and working with the interns, and we are building the program as a way to seed the next generation of Colorado entrepreneurs and strengthen the talent pipeline into the state's startup ecosystem.

We also have made considerable progress in developing a stronger network of meetups in Colorado Springs, Denver, and Fort Collins. Jan Horsfall and Chris Franz, in conjunction with Peak Venture Group, have invigorated the Colorado Springs meetup system, going from a meetup of fifteen to twenty people last fall to, most recently, 175 people (http://www.meetup.com/PVG-Pitch-Night/). They also are spearheading an open coffee club. In Denver, Erik Mitisek, Jon Rossi, Andrei Taraschuk, and the various meetup organizers have been pushing for greater meetup coherence and organization, including at the Denver New Tech Meetup. Jon Nordmark also has been leading an open coffee club in Denver. After several months of false starts, we also have had exciting progress in Fort Collins with Christine Hudson, who is tackling the Fort Collins New Tech Meetup.

Another exciting project in the works (and not one originally planned) is the Startup Colorado Legal Roundtable, where a handful of local law firms will give free legal advice to a select group of startup founders and CEOs. If you're a startup entrepreneur interested in this offering, please email me at dcmangum@gmail.com.

Other projects have been more challenging, though we have not given up on anything.

One project that may yet take flight is the entrepreneurship education project. Over the last year, we talked to many high school teachers and representatives from other education nonprofits, but did not find a clear project leader to take things and run with them. Steve Halstedt and Dan Caruso recently stepped up with an interest in getting more involved at individual high schools, and we may try to support each of them with teams of MBA and JD students to help run logistics and execution. Our current view is to develop a "startup entrepreneurship" curriculum to be taught afternoons or weekends for high school students, supplement the classes with mentors, and encourage students to develop their own business ideas.

Two other projects that have been harder to get off the ground are engaging bigger companies to help startups and building the Startup Colorado website to be a central resource and connector for entrepreneurs and mentors. Our bigger company engagement project could use more assistance both in connecting to more companies and in helping to manage existing offerings from companies like ViaWest (free hosting for startups). For the website, we have a few ideas for content improvement, including a regional spotlight on what's happening across the Front Range, entrepreneurs interviewing other entrepreneurs, and more.

Overall, the first year has gone as we expected: some projects would gain traction quickly, some would be a bit wobbly but viable, and some will require more effort. The most important feature of individual project success has been the willingness of multiple people to step up and volunteer a meaningful amount of time to help.

Looking Forward

We expect to amplify our efforts to ensure that the next Startup Summer is even better than this year's. We also aim to continue working to strengthen the individual meetup communities across the Front Range. Other projects may take a few more months of execution before we know their ultimate status, but we are optimistic that, with a refined sense of how to work (with project leaders and better delineated ownership) and a renewed vigor for our mission, we can make Startup Colorado's second year even more impactful than the first."

Startup Tennessee

Tennessee, the second state to join Startup America, quickly became the example for many others. A happy coincidence of strong local interest from entrepreneurs, political support, and effective organization has created a potent and much-admired model.

Nashville has a long history of entrepreneurship in a variety of industries, ranging from automotive manufacturing and banking at the turn of the twentieth century to the more visible recent growth in healthcare, publishing, and music. It also has strong local universities that generate ideas and talent. Capital has rarely been in short supply in Nashville, but since the 1970s, the tendency among large private investors and family funds has been to seek out opportunity elsewhere. Talent in the southeastern states also has tended to pool into Atlanta, Austin, and Charlotte, much larger cities against which Nashville must compete.

One industry that continued to thrive and spawn new businesses was healthcare. HCA, the giant hospital administrator, has been to Nashville what Microsoft has been to Seattle, spawning scores of young companies. Every few years, the Nashville Healthcare Council publishes a dense family tree of HCA and its many "children." HCA not only has developed talent and created many local fortunes, but it also has given startups in its field the opportunity to test their products with the biggest player in their industry.

> "I keep telling people about Startup Tennessee, because they've very thoughtfully gone about getting more startups in Tennessee. They've given an umbrella and a brand and credibility to activity that was there all the time. The courage and the brains were always there. It needed the Wizard of Oz."
>
> *— Jean Elliott, Senior Director, Marketing—Strategic and Emerging Business Team, Microsoft Corporation; leads Microsoft's partnership with SUAP*

One of the challenges for Nashville was expanding this strong entrepreneurial ecosystem beyond healthcare.

Every ten years, the Nashville Chamber of Commerce produces a partnership initiative, sketching out a plan for the coming decade. The 2010 initiative identified entrepreneurship as an area of potential growth.

Prompted by this, a group of local entrepreneurs came together in fall 2009 with an idea to create an entrepreneurship center in downtown Nashville. It would be in a visible, well-trafficked spot and would welcome anyone eager to develop a new business.

It would be a clean, well-lit place where people could talk to one another and share ideas, and, through this process, build better businesses. Such thinking ran counter to the entrepreneurial myth of rugged individualism. A physical plant would stimulate activity through human contact and teamwork. It would stave off the destructive sense of isolation many entrepreneurs can feel. It would be a nonprofit center for entrepreneurs, by entrepreneurs.

Around fifteen people put up $10,000 each to get the process rolling. Michael Burcham, a serial entrepreneur and one of the original supporters, was part of the search committee formed to find a leader for the center. Burcham brought his network, his experience of ten years teaching entrepreneurship at Vanderbilt, and the credibility of having launched or invested in businesses that had returned more than $300 million to investors.

That final credential was crucial in the early months of the center's life. Once it opened its new facility on Broadway in August 2010 in the heart of downtown, Burcham toured the state relentlessly to spread the word. If there was a group of twenty people or more, he went. He found that any state official or academic can talk about the virtues of entrepreneurship. But only when a successful entrepreneur talks do entrepreneurs, or those who aspire to be, pay real attention.

Since then, fueled by $10 million of public and private support, nine similar entrepreneurship hubs have opened in Tennessee, in urban and rural locations, so that no one in the state is more than an hour's drive from one. The state has created a $200 million early-stage investment fund to attract outside companies. And Startup Tennessee also has created a single online platform to view the state's startup activity.

Startup Tennessee has been designated the entrepreneurship initiative of the broader Jobs4TN plan proposed by the state's governor and commissioner for economic development. Within the state, Startup Tennessee now has a distinct role providing central leadership and organization to support urban and rural entrepreneurs. The ecosystem already was well mapped out. What Startup Tennessee provided was a hub for already-thriving programs, such as the Entrepreneur Center in Nashville, Tech 20/20 in Knoxville, Company Lab in Chattanooga, and Emerge Memphis in Memphis. It recognized the unique strengths of each incubator and sought to use them to power an even stronger state-wide effort to help startups with capital, talent, and knowledge.

Rather than seeing itself as a satellite of Startup America, Startup Tennessee saw Startup America as a means of bringing national resources and market and network access to its Tennessean entrepreneurs. The support and resources were all in Tennessee. Startup America was another important tool.

Clay Jackson, head of media for Startup Tennessee

How did Tennessee get involved with SUAP?

When Startup America was announced in early 2011, Michael (Burcham) wasted no time in contacting it. He invited Scott Case to make the keynote address at the Tennessee governor's Innovation Conference in March, and within a month of that keynote, Tennessee became the second region, after Illinois, to join Startup America.

What have been the benefits?

The advantages of plugging the activity around the Entrepreneurship Center into Startup America were immediate. The excitement generated by the White House launch of SUAP allowed Michael to request that this governor support the roll-out of the Nashville entrepreneurship center model across the state. The goal was that no one in the state should be more than one hour's drive from an entrepreneurship center.

At its most basic, SUAP provides us with leveraged influence. To have Scott Case say that he went to Tennessee and saw a thriving ecosystem brings huge visibility and completely changes how people think about what Tennessee offers and what people are doing here. We had national mentions in *Inc.*, *Forbes*, *Entrepreneur*, and *The Wall Street Journal*, and all of a sudden, we're in this startup activity conversation. Tennessee is on the list, and it never was before. What that's allowing us to do locally and in our community, I attribute a lot of that to the SUAP lift.

What are some of the best ways you deliver value to entrepreneurs?

Delivering direct value to entrepreneurs is one of the hardest things possible. The reason for that is that an entrepreneur building a company has a strategic outlook of between one and five days. I'm identifying the problems today that I have to solve tomorrow. It's hard to be a top-down value delivery system. There's no way ideally to be in that loop. We can do it better because we're high touch.

If your problems are capital, talent, and publicity, you're in execution stage, and most of the people we see doing entrepreneurial stuff aren't that far along. We work with concept stage companies. They start with us and they're not yet fundable. The entrepreneurs aren't proven, their proof of concept isn't there, there's no skin in the game, or the management team is wrong. As an accelerator, we help to build a company and concept, an "investable story." We help entrepreneurs put together their pitches and connect with headhunters, infrastructure, legal, etc. We offer really flexible payment terms for services. This is hand-holding. We serve entrepreneurs through our brand and organization. We would rather connect the entrepreneurs to SUAP's resources through us. We're the primary point of contact.

In the past two years, we've had 670 news articles covering us or our companies. A lot of that is linked to SUAP. We have an active communications program, marketing, and mailers. We've sent 300,000 emails to local constituents and affiliate programs to promote our events.

We are a convener. We organize meetups and speaker series, and we're a hosting facility for meetups, Ruby teams, Java, and Dot Net. Our physical locations give us increased visibility and foot traffic. At SXSW, we hosted one of the locations for startup funds coming from Cincinnati, D.C., and New York.

We have a youth entrepreneurship program, community aspect to what we do.

We celebrate success. We’ve published a twenty-page journal, which was a celebration of the 150-plus mentors we’ve trained and the seed funds we’ve put together.

Twelve hundred people have come through our doors with an idea for a business, 150 members pay to work with us, and fifty companies in two years have been funded by the local investment community.

We get in front of every business organization and every venture investor in a city of 1.6 million people.

Startup Washington, D.C.: Evan Burfield, Organizer

What's the state of Washington, D.C.'s startup scene?

There are a few big factors unique to Washington. The most obvious is the presence of the federal government. On the one hand, it creates enormous opportunity. All the nasty switching and routing of the Internet, for example, was based here because DARPA was here. The innovative telecom providers were here in the 1980s and 1990s because regulatory issues are so important to their business. We had this huge boom in the late 1990s, with AOL at the center, but when the Internet bubble collapsed, a lot of that disappeared.

What really killed technology entrepreneurship in the D.C. area, though, was 9/11. After that, you had an unbelievable increase in government spending on technology right here in Washington. If you were an engineer and you'd just done a startup that failed, you could easily get a $180,000-a-year job for life, only working fifteen hours a week. 9/11 led to this huge sectoral shift away from technology entrepreneurship, and then what little money and interest were left disappeared during the financial collapse, when all the angels closed their checkbooks. So D.C. has the highest density of technology talent in the country, but a whole lot is trapped inside government contracting.

And now we're seeing a huge contraction of federal government spending, on a scale we haven't seen since the Peace Dividend at the end of the Cold War. That's putting a big dent in the local economy and people are looking for alternative sources of growth. The Obama administration has been very focused on Government 2.0, which has attracted a lot more innovative, technology-minded people to Washington, but their interest is less in entrepreneurship than in making government more lean and effective.

You still could go to the entrepreneurship center at George Mason for help writing your business plan. The problem was that none of the local success stories were writing business plans. The entrepreneurial teaching available didn't match the realities of entrepreneurship.

But then, something seemed to change in 2009–2010. Ten years ago, our startup scene was northern Virginia-centric, much more about infrastructure. Now the key driver is the lower cost of building a company. D.C.'s Startup Land is much younger, more in the city, around U Street, less suburban. It used to be about engineers. Now it's about hackers. Look at the map of Capital BikeShare, and that's the perimeter of Startup Land. These people would consciously choose not to own a car. We're seeing companies like Social Tables, which is an app to help you figure out what tables people should sit at at functions, which is a big deal given all the hospitality that goes on in D.C. Social Tables is not inventing new technology, but applying it to event planning. Same in education and politics: companies like PopVox and Votify are trying think through how to use social media in the political process. It's social, it's lean, and it's the application of a lot of stuff being built in the Valley to problems Washington knows really well.

What have been your main challenges?

We identified four mega-problems.

Community. There are lots of small venture capitalists, but not everyone knows each other. D.C. investors aren't connected to northern Virginia and suburban Maryland. This decreases the visibility and effectiveness of our startups. Entreprelooza, an event for the startup community, tackles this.

Latent capital formation. There's a lot of wealth in the greater Washington area. We reckon there are roughly 2,000 people who would easily be comfortable writing angel checks, of whom several hundred could be super-angels. If we're going to be unlocking angel potential, we need to get more of them to allocate more to startups, rather than to real estate and the stock market.

Corporate engagement. In the Valley, all the big companies—Apple, Facebook, Google, Yahoo—look to startups to drive innovation. A lot of startups out there are funded by executives, or people who have cashed out. Here, you have remarkably little connection between big corporations and Startup Land. For example, we have a vibrant hospitality startup scene and a big hospitality industry, but they're not getting together. Same in media and politics, education, health, energy, and national security.

Talent. If you get a bunch of CEOs from different startups, their biggest complaint, before capital and customers, is that it's really hard to find people a startup would hire, with the right set of skills and cultural attributes who'd also come work for a startup. The traditional answer is we need to get better talent from other regions.

What did you do about them?

Washington has a lot of the basic pieces for a really vibrant entrepreneurial community, but they need to be brought together and catalyzed. So we're pursuing a networked approach, creating the right conditions, and then letting chaos and complexity take hold to drive outcomes.

For community, we organized Entreprelooza, a March event where we took over a huge space and invited members of all the different parts of the greater Washington startup community. We had a charity auction, dancing, games, and the East Coast premiere of the documentary about startups, Ctrl+Alt+Compete.

For latent capital formation, we started with K Street Capital, an angel network for lobbyists. We figured that K Street was full of people with enough wealth to be investing and who also were very competitive with each other. It's a tremendous nexus of social and political capital. Every major corporation in the world runs through Washington at some point, and K Street's lobbyists are the brain stem. They can introduce you to any CEO. And yet, most lobbyists complain that the only businesses they ever get asked to invest in are restaurants, where they know they're going to lose money. We started with a couple of people we knew during Entreprelooza and now have twenty-five members who meet regularly to hear pitches from local startups.

For corporate engagement, we've organized ReBoot, an event targeting traditional industries, such as media advocacy and politics, education, health and energy, and national security. We're inviting corporate executives and startup founders, and having a traditional startup pitch event oriented to the corporate community.

Talent is a bigger problem that will take longer to solve. Every region has this problem. New York and San Francisco aren't sending people off to other regions to cure their talent shortages. The constraining factor across the country is the thin pool of people with the attributes to work in startup companies. The premise is that massive underemployment can be solved by more startups. But I believe you have one or two lost generations. Our educational system and corporations are randomly producing only a few people who have the attributes to work in startups.

D.C. has tons of software developers, very few of whom a startup would hire. They're working on five-year-old technology eight hours a day, are trained in formal ways, are not self-learners, and are accustomed to working on twenty-person teams on two- to three-year projects. You look at what startups need and they need people who can constantly learn new technologies.

How has Startup America helped?

Only three things matter to startups: capital, customers, and talent. SUAP isn't addressing any of those three directly. They're addressing the community issue as a precondition to addressing those three. What SUAP does is give people like me the big, high-level credibility backing to go into big firms and ask to see the top people and, when necessary, ask for a big check.

When we're doing things like K Street Capital, Startup America gives us a lot of credibility. We can say we're Startup D.C., part of Startup America, and that helps. With the ReBoot event, SUAP really helped us raise corporate sponsorship. The event costs $500,000, so we had to convince Microsoft and Verizon to underwrite the program costs. Startup America is going to blast out news about the event to all the startups in its network, and it connected us to the New York Stock Exchange, which is going to send out invitations to companies in the relevant industries. SUAP has a national network, so when we want to hold a national event, they have the reach to help us do that.

Startup Massachusetts: Cory Bolotsky, Organizer

What's the state of the startup scene in Massachusetts?

Being in Massachusetts and specifically in Boston, we're very uniquely positioned. We've had a very healthy and flourishing entrepreneurial ecosystem here for a long time. Politicians in Massachusetts really get startups. The governor, mayor of Boston, and state legislators really do get it and understand they're a vital piece of our economy. There are so many organizations and initiatives in our area that the real challenge was finding something useful to contribute that wasn't already being done by another organization.

How did you get involved in Startup America?

I was working with Mass Challenge, which is the largest-ever startup competition and accelerator in the country. It gives away $1.1 million in cash prizes, no strings attached, no equity taken. I'd been working on bringing in financial support from the state.

What have been your main challenges?

We were the fourth region to launch and, because of the environment we're in, it was really easy. We brought together some of the biggest players in the ecosystem—angel investors, service providers, big corporations, people running co-working spaces. All of those people work very closely together altogether, so it was easy to get this structured. The next step was a little bit trickier. After getting fifteen people together in the room, all of them had ideas and everyone was incredibly busy with twenty-five side projects plus their full-time jobs, plus everything else. We had to be cognizant of that.

Also, in Massachusetts and Boston, we have five to ten organizations working on everything. So the issue for us was why make an issue, angel investing for example, project number twelve for us when it's already project number one for other people?

We eventually rallied around the idea of talent retention and engaging college students in the entrepreneurial ecosystem. How do we get college students off campuses and into startups, and persuade them that startups are a viable career path after graduation?

What did you do about it?

We created a program called Startup Summer to place student interns in local startups. We had more than 1,200 student applications, but the demand on the company side was less. Only about forty or so companies applied and we placed around thirty students. The biggest thing we learned was that startups needed financial support to be able to hire an intern. We can now use that data to get financial support from the state.

How has Startup America helped?

For Mass Challenge, being able to say we were one of the top thirteen Startup America members honored at the White House by President Obama gave us a ton of credibility. It was really valuable for our organization. Getting the insight and connections to other regions has really been valuable. There definitely have been opportunities for startups in Massachusetts. But on a personal level, just having the connections elsewhere has been great.

I was at the Democratic National Convention for Startup Rock-On and was impressed by how they really brought the right people together to talk about the right things. Startup America was forcing politicians and other people in that realm to really understand the importance of entrepreneurs and that was really cool. I ran into my city councilman there and he said he was shocked that there was a panel about startups at the convention. I was excited and proud to see it.

What do you need to do differently?

We haven't had a good number of startups signing up, but then we haven't really pushed this. A lot of the deals and resources made available through Startup America are already available through other organizations, many of which are run by Startup Massachusetts organizers. Perhaps we need to change the composition of our organizers, because everyone has a lot on their plate and they haven't been able to make this a full-time focus.

We need to focus on areas other than Boston, especially western Massachusetts, and also on getting national media coverage for our startup scene. Our local papers and television provide good coverage, but we struggle to get national attention.

Also, we need to retain more talent. We get the best and brightest coming to Massachusetts to attend college, but only 30 percent stay in the state after graduation. We're greedy up here and we can do better.

Startup Indiana: Matt Hunckler, Organizer

Matt Hunckler is the co-founder of Verge, a for-profit organization devoted to making life easier for Indiana's startup entrepreneurs. He attended Purdue and the University of Indiana before being selected for the Orr Fellowship program, aimed at keeping Indianan entrepreneurs in Indiana.

How did you get involved with Startup America?

During the 2012 Super Bowl in Indianapolis, Develop Indy, which tries to create and keep jobs in Indianapolis, invited Scott Case to the city. He said he wanted to connect with people doing grassroots efforts for entrepreneurship in Indiana. When we started Verge in 2011, we had about twelve people involved, but now we have about 2,000 members around the state who are interested in high-growth technology startups. We were running a competition for all the startups to pitch to win tickets to the Super Bowl. The winners met Scott and pitched him. That's how we met.

What's the state of Indiana's startup scene?

There are lots of different parts to our ecosystem. Up at Purdue, we have one of the biggest research parks in the United States. We have Indiana University, the top-ranked public school entrepreneurship program in the country. In Indianapolis, we have a 10,000-square-foot co-working space called Speakeasy, which would not have been possible without the financial support of Develop Indy. You can become a member there for $250 a year, for which you get space, free Wi-Fi, meeting rooms, printing, copies. Then there's DeveloperTown, a space where around twenty-five developers and designers have created their own little structures where they can work together.

This past year, there's been a ton of people jumping on. Verge events are selling out every month, which indicated a lot of potential here. We've also had a couple of big wins: Angie's List went public this year; so did Backtarget and Opprimo, a big marketing software company. Those IPOs and these exits have created a lot of young wealth, and we're seeing some young entrepreneurial people with money willing to take a risk on a startup.

What are your main challenges?

The first is trying to shift perspectives and change people's view of Indiana and Indianapolis as a startup community, both inside and outside Indiana. We have this humility that's an inhibitor for us. We're focused on revenue growth and we just do it. What I'm trying to do with Verge and through Startup America is create a platform for people to show off what they're doing.

We do have some nice capital sources at different levels, but our communities don't have a lot of opportunity to raise money pre-revenue. There's nothing like 500 startups here. It could be better. If I didn't talk to other startup communities, and see how they struggle with this problem, I'd think it was a worse problem than I do. But it's an inhibitor.

It's definitely tough to get people to stay. But we need to focus on brain gain, not on preventing brain drain. We want people to come and do business with companies here. Preventing brain drain seems like a futile task. We need to reverse that mentality and just make Indiana so awesome people want to come here.

You look at universities and how they're ranked, and how that whole ecosystem is set up. It's not set up to prepare students to get jobs at startups. We're trying to grow Verge and the ecosystem so students are exposed to what's going on. They don't necessarily have to go work for Facebook or Twitter. They can do a startup right there.

How has Startup America helped?

SUAP got involved just as we were hitting an inflection point of entrepreneurial activity. Speakeasy had just opened; Developertown had been open a few months. SUAP was expanding and on the rise and what they helped to do was start a broader conversation on a city and a state scale. They helped us think about and answer questions around how we can fill all the holes and cover all our bases. What has been helpful for me and other startup organization leaders is that SUAP has helped us have a broader conversation and camaraderie amongst each other. It creates a platform for collaboration, mediated by a third party.

Next month, we're having an event here called PowderKeg, which came directly from observing national startup conferences in other states. We looked at the success of events like Big Omaha, Thinc Iowa and Washington, D.C.'s Tech Week and decided to have something similar here. We're having concerts and bringing in speakers from around the country and SUAP has been a big help with that.

SUAP is definitely a community organization. From a coaching standpoint, having someone to call who can say, 'This looks like Nashville, or Iowa City, because they were where you are six months ago,' is really helpful.

WHAT THE SUAP ENTREPRENEURS SAY

Several times a week, SUAP invites one of its members to answer a questionnaire, describing themselves, their challenges, and what they've taken from SUAP. Below are some answers around challenges and SUAP's usefulness in addressing them.

What are your startup's three biggest challenges to growth?

Keeping things simple, recruiting great people, and getting market share fast enough.
— Peer2Peer Tutors, Washington, D.C.

Finding people who are PhDs. Poor, hungry, and driven.
— Crestpoint Companies, Ohio

Access to capital, talent, and market adoption. We have experienced most of these challenges as well but a good business model and perseverance help to overcome them.
— IF Technologies Inc., Kentucky

Capital, marketing, and keeping up with technology.
— theSmartsub, Pennsylvania

Our biggest challenges are around resources. We have a ton of great features and ideas that we're eager to test with our customers, but there are only so many woman hours in the week. Similarly, we're fortunate to have a great product and development resources, but we're always on the lookout for more talent in these areas to accelerate Hipiti's development. And, as a cash-constrained email company, we have to be pretty cautious with our limited resources.
— Hipiti, San Francisco

Developing the right partner relationships. Technology adoption lifecycle in the restaurant industry. Developing a highly functional product that is simple and easy to use for an un-savvy user.
— NoWait, Pittsburgh

Awareness, since the founder is using his savings and credit card to pursue his passion, doesn't leave money for much marketing...Changing people's current behavior and getting them to remember to use it the first time...Keeping the team together without funding. We are not being paid and are just motivated by our mission (ending unemployment) and future financial rewards. Can be tough because everybody still has bills.
— NeedTo, Austin

First we had to define our market and make sure that our proposed solution solved a real problem. We pivoted a couple of times until we were comfortable with our chosen path. Getting the word out has been a marketing challenge. We have a great website, solid blog, and a decent amount of social media activity, but it's always important to keep building visibility and the sales funnel. We're a pretty sales-focused company, but getting a significant number of paying customers is a challenge.

— Kapta Systems, Boulder

1) Staffing. It's challenging to balance resources with work and knowing when to hire in-house vs. freelancers. 2) Taking on the right clients. We sometimes pass on opportunities that don't seem like quite the right fit for our business though they would provide short-term work and revenue. 3) Qualifying value. We find that while we price to be accessible to startups and small businesses, not all we speak with are ready to make the financial investment in a commitment to marketing or growth.

— Popcorn&IceCream, New York

1) Onboarding our growing backlog of customers.
2) Gaining more press coverage and building awareness of our product.
3) Filling out our current seed round funding.

— Cont3nt, Washington, D.C.

Connections, connections, connections. Once we get to a decision-maker, we have a really unique product that adds value to the world, so it is just about finding that right person.

— Project Repat, Boston and San Francisco

Why should startups join Startup America?

Not joining Startup America is like going to climb Mount Everest without a map.

— NeedTo, Austin

To connect with top practitioners in entrepreneurship who have built successful companies and can coach you to success.

— Peer2Peer Tutors, Washington, D.C.

Engaging in this ecosystem with a national footprint provides access to resources that would otherwise be unavailable locally or even regionally. In addition to networking with like-minded entrepreneurs, the ability to connect with vertical experts makes this a unique opportunity.

— IF Technologies Inc., Kentucky

Startup America's activities in Indianapolis leading up to the Super Bowl led up to us meeting and pitching Badgy to Mark Cuban, who is now our lead investor. To bypass the fluff and get access to information, meetings, and resources that would take a LOT more time to figure out on your own. It lets you spend more time growing your company.

— Badgy, Atlanta

We've actively used many of the benefits offered by SUAP. I've participated in a number of educational webinars and we also used some of the member deals offered on the website, such as Google Adwords. Also, we were invited to present at the iTalent

Competition, which was an HR technology event sponsored by SUAP in Washington, D.C. That gave us amazing visibility with a large customer base. Entrepreneurship can be tough and lonely at times, so it's really valuable to have resources at your disposal.

— Kapta Systems, Boulder

It's visibility. It's community. It's sharing. It's a one-stop shop. As startups, we have so many places to turn for information, networking, and staying up-to-date. You get notifications of things that really matter. I want to open their emails.

— BuyerHive, Dallas

At the Startup Village at this past year's SXSW Interactive, we had the chance to pitch to investors in one event and business press at another. It was an amazing experience and helped us connect with a lot of helpful people, as well as gave us some great exposure.

— Dormify, Maryland

The greatest benefit has been winning the Acceleprise Enterprise Entrepreneurship Challenge, a competition done in partnership with Startup America. This has provided us the opportunity to channel our relatively limited resources most effectively, enabling us to utilize our capital for business development and revenue generation.

— Mercury Continuity, New York City

We've gotten the most value out of the learning series, webinars. Each one provides valuable bits of information and now, with the archives available, we don't have to worry about each one fitting into our schedule.

— Trensy, Indianapolis

Our meeting with Scott Case at DEMO was extremely helpful in crystallizing our value offering.

— The SquareFoot, Texas

It's not easy to generate awareness for a startup, especially a company that is launching in an off-the-beaten-path area like Ohio. Startup America has been so supportive and helpful in not only getting the word out about our company, but by providing relevant services and learning sessions that have been instrumental in our early success.

— Buyvite, Ohio

Philip Delves Broughton conducted interviews and wrote this paper for the Ewing Marion Kauffman Foundation.