



Leveraging Regional Assets

Insights from High-Growth
Companies in Kansas City

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As a typical Midwestern city, Kansas City and its successful entrepreneurs often are overlooked in economic development studies. We find, however, compelling evidence that the region has ample entrepreneurial success to celebrate, study, and share since numerous Kansas City area firms have appeared on *Inc.* magazine's list of the fastest-growing companies. We recently interviewed the founders of some of these firms in the city's information technology, biotechnology, and business services sectors about their views on the strengths and viability of Kansas City's entrepreneurial ecosystem. We gained valuable insights for area policy and economic leaders.

Key findings of our interviews include:

- **Lack of venture capital or angel investment does not hinder the growth of Kansas City firms.** Only a small percentage of the high-growth firms interviewed reported receiving investment from Venture Capital or Angel investors. Instead, most high-growth firms were self-financed or received financial assistance from founders' close friends and families. Some bootstrapped by adapting their firms to customer needs to achieve growth, while others scaled up only as revenues increased and additional customers were found. No matter how they were funded, the firms successfully grew their revenue.
- **Kansas City firms enjoy a substantial pool of talent in the region.** Growing firms often have a long-term employee development strategy to hire young people and train them to be first-class professionals, including technical experts. Entrepreneurs also find the region's low cost of living and strong, Midwestern work ethic to be major strengths.
- **Most Kansas City entrepreneurs find support from customers, vendors, and/or collaborating firms in the region.** This finding runs somewhat contrary to Swiss researcher Heike Mayer's recent conclusion that firms in the Kansas City region are disconnected. These regional connections lead to the firms' innovations and growth.
- **A number of high-growth firms serve only the Kansas City area or a limited market of regional cities,** yet they see this limited regional focus as a business strength. Entrepreneurs and their support community should take note that a firm does not have to capture a national or global market to be highly successful.
- **Most Kansas City entrepreneurs report that locally based mentors have played a significant role in their success.** Whether through informal or

formal channels, connecting experienced entrepreneurs to aspiring or nascent entrepreneurs and allowing mentor-mentee relationships to grow organically should be goals of the city's entrepreneurial support community. Further research is needed on how best to create and implement local mentorship programs.

1. Introduction

It can be difficult to describe the region surrounding the two Kansas Cities—Kansas City, Missouri, and Kansas City, Kansas. The area often is considered a typical Midwestern mid-sized metropolitan area. With a population of 2 million, metropolitan Kansas City ranks 29th in population size in the country and is growing only moderately. It achieved 12.6 percent population growth between 2000 and 2009, just below the average of the thirty largest metropolitan areas (13.3 percent).

Kansas City is home base to several nationally and globally operating companies, including DST Systems Inc., Garmin, Hallmark, H&R Block, Lockton Companies, Tension Envelope Corp., Cerner Corp., and Sprint. This list, however, represents only a handful of locally based companies, and the specialization of each of these firms is so unique that the group does not constitute a visible industrial cluster in a location quotient analysis.¹ While some of these firms use a significant amount of information or pharmaceutical technologies, they may not carry the biggest brand names in innovation. As a result, few studies have been conducted to analyze entrepreneurship and innovation in the Kansas City region.

The region does, however, have significant strengths and potential. In addition to the locally headquartered national companies noted above, Kansas City is home to other relatively small but national, or even global, players. For instance, BATS Exchange operates the third-largest stock exchange market in the United States, after the NYSE and the NASDAQ. Kauffman Foundation research indicates that in the area since 2007, there have been 144 instances of Inc. 500 firms, the nation's fastest-growing private companies. These cases signify the region enjoys a backbone of innovation and growth but, perhaps, in a way that differs from how Silicon Valley or other so-called "innovative" regions are typically perceived. Researchers and the media have paid insufficient attention to the fast-growing global companies in Kansas City.

Entrepreneurship and its development are region-specific, a point echoed in several academic studies.² In other words, each region has a substantially different history and social and economic context. Imitating Silicon Valley is not

¹ At the level of 2-3 digits in NAICS with employment data, the highest location quotients we can observe are 323: Printing manufacturer (LQ=1.70) and 51: Information, and the rest is smaller than 1.4. This structure of non-specialization is just about the same as Indianapolis. As a reference, St. Louis and Columbus, Ohio, have at least four industrial sectors that have location quotients higher than 1.8. See Appendix 1 for details.

² For example, Malecki (1994) and Feldman (2003).

necessarily the answer for every region.³ It is, therefore, crucial to understand the strengths and weaknesses of Kansas City in order to consider how the region might reformulate regional entrepreneurship and the economy through policy and civic practices.

The objectives of this paper are to deepen our understanding of entrepreneurship and its community in Kansas City and to draw implications for the future of entrepreneurship in the region.

We begin with a discussion of studies that have assessed this region, including identifying gaps in the literature. Next, we describe how our research framework fills in the missing aspects of other entrepreneurial studies of this region. The bulk of this paper is dedicated to presenting findings from our interviews of fast-growing Inc. 500|5000 firms in the Kansas City region. We hope the nuanced findings in this report will provide fertile ground for debate regarding next steps for political and civic leaders. This report also provides lessons for other regions that may share certain characteristics with the Kansas City metro.

2. Previous Studies of the Kansas City Region

Academic studies into the entrepreneurship and innovation economy in metropolitan Kansas City are sparse. First, Zoller's (2011) dealmaker analysis powerfully and quantitatively demonstrated the fragmentation of the entrepreneurial community in Kansas City. By examining investor relations in the region, Zoller found that the Kansas City region has few dealmakers who have invested in three or more companies, and investors in this region are disconnected. In contrast, places like Silicon Valley, Boston, and San Diego enjoy a dense network of dealmakers and investors with many overlapping connections.

While useful, this dealmaker analysis has limitations. First, the analysis focused only on the investor-investee relationship. While such capital ownership relationships are important, the study does not necessarily capture other important, yet less visible, relationships and assets in entrepreneurship, such as spin-offs, business-client relations, and other supporting mechanisms. Second, the dealmaker analysis framework may have normative implications, suggesting that a dense network centered around dealmakers is better for every region. Zoller's analysis demonstrated Silicon Valley, indeed, enjoys this dense network of dealmakers, but we do not know that entrepreneurial communities in other regions will—or should—resemble a Silicon Valley-type network. Third, we must be mindful that the dealmaker analysis is not longitudinal, at least at present, and does not necessarily reveal how the complex web of investor-investee relationships evolves. Thus, the dealmaker analysis does not inform us of causal relationships or point to ways to promote entrepreneurship beyond having more dealmakers in a given region.

The second study of Kansas City is Mayer's 2006 study, a holistic

³ For example, see a blind effort to replicate Silicon Valley: blog.startupcompass.co/pages/entrepreneurship-ecosystem-report

examination that indicates Kansas City has a strong firm presence in biological research, therapeutic testing, clinical trials, and pharmaceutical development sectors, many of them having spun off from Marion Laboratories. In effect, this strong, homegrown firm functioned as a “surrogate university” for the region. Similarly, Mayer credits the presence of homegrown firms in information technology and the telecommunication sectors.

Mayer (2012) updates the study of the Kansas City region. She pursued the same interview-based method that we use here, conducting twenty interviews with entrepreneurs, entrepreneurship supporters, venture capitalists, and regional experts. She finds, first, that large firms’ role as incubators of entrepreneurship has diminished, and weak links exist between large firms and entrepreneurial ventures. More importantly, she indicates the region’s entrepreneurial community does not exhibit strong networking and collaboration but exists like “islands of excellence.” Lastly, she sees early signs of reinvestment by cashed-out entrepreneurs, but notes that local entrepreneurs perceive the availability of funds as limited in the region.

Mayer’s 2012 study adds much value to a nuanced understanding of the region, but we find two major limitations. First, Mayer selected her interviewee firms from those that already had been successful in getting funds, most notably from venture capitalists. This sample selection is based on a framework that major funding in entrepreneurship comes from institutional investment, such as venture capitalists. The amount of venture capital invested and any increase or decrease are seen as indications of the availability of funding and, hence, the viability of the economy in the region. Indeed, we know that venture capitalists play a major role in the development of startups and the creation of innovation (Kenney and Florida 1988, 2000; Zook 2004), particularly in the rise of the semiconductor, biotechnology, and Internet sectors in Silicon Valley. However, we should not assume VCs are the only source of financing for startups or high-growth firms.

In this report, we take a step back and analyze the source of firms’ capital. Our sampling strategy is to interview “successful firms”—not “successfully venture capital-financed firms.” By sampling firms that have been able to grow successfully with or without venture capital, we can gain broader understanding of the availability of funds and the wide range of financing methods and growth in the Kansas City region.

Second, Mayer finds a lack of intra-regional networking and collaboration among firms. She reaches this conclusion based on key interview questions: “To what extent do you partner with other firms or research organizations in the region?” or “When you think about important partners, who are the most important partners locally?” She finds the firms she interviewed in the Kansas City area do not collaborate to create new technologies or products.

We modify this examination, first, by removing the term “partner,” which can be a vague concept. Some interviewees may think of a partnership as a formal alliance, while others may consider it an equal business relationship formed to create a product or service for both companies.⁴ We see collaboration

⁴ For instance, something like Open Virtualization Alliance by IBM, Intel, and HP.

among firms can be more flexible, informal, and ad hoc. Second, we do not suggest that our interviewees think about inter-firm collaboration only for the objective of creating a new product or service. Rather, we ask them to consider any broader activity that can mutually benefit both parties. Thus, we ask questions like these: “How do you describe the business community in Kansas City?” “How do you describe your product or service?” “Does your business strength come from some collaboration with firms or other organizations in the region?” By asking about the business’ strength instead of a product or service, we can investigate the sources of the business’ strength, inter-firm relationships, and the region’s entrepreneurial community more broadly.

In summary, the objective of this paper is to provide an alternative interpretation of entrepreneurship and its community in the Kansas City region. Our analysis of the region is an effort to supplement and enhance Zoller and Mayer’s work, building on the understanding of the Kansas City entrepreneurial ecosystem they have elucidated. By analyzing the region without the specific assumptions or limitations mentioned above, we can assess the strengths and weaknesses of the region from an alternative point of view.

We believe the findings of this study are valuable and timely, particularly because several important area players are planning new regional strategies based on entrepreneurship. These include the two mayors’ offices in Kansas City, Missouri, and Kansas City, Kansas, the Greater Kansas City Chamber of Commerce, and the Civic Council of Greater Kansas City.

3. Methodology

Our findings are based on interviews with twenty-two Inc. 500|5000 firms⁵ in the Kansas City region. These firms have demonstrated their success by achieving large-scale revenue growth over a three-year period.

We began by identifying the 144 cases⁶ in the Kansas City metropolitan area that appeared on the Inc. lists between 2007 and 2012. Then, we targeted firms that operate in the following three sectors: 1) information technology, 2) biotechnology (or the health and drugs sector, according to Inc.’s classification), and 3) business services. Of those, we contacted all forty-two firms on the list. Eighteen companies did not respond, declined, were no longer in operation, or were acquired by outside firms. Two companies had moved out of the region. In all, we conducted interviews with twenty-two of the forty-two companies between June and November 2012. This study of more than half of the companies offers a deep understanding of Kansas City’s high-growth firms in the three selected sectors.

This selection of high-growth firms allows us to study how successful

⁵ *Inc.* magazine creates an annual list of high-growth companies, defined as those that 1) are privately held, for profit, and based in the U.S., and 2) generate at least \$2,000,000 in net sales in the last year of the three-year period. The firms are ranked by the average annual sales growth over the three-year period. *Inc.* began publishing this list of the top five hundred companies in the U.S. in 1982. Starting in 2007, *Inc.* expanded the list to the top five thousand companies.

⁶ Please note that some firms were on the Inc. list in multiple years.

firms in the Kansas City region secure financing, to investigate the availability of different financial resources in the region, and to understand the types of financing in greater depth. As these firms do not all receive funding from venture capitalists, our study provides a broader understanding of firm financing in Kansas City.

We conducted semi-structured interviews, using the following four core questions:

- 1) What is your background and how did you start your company (including finance)?
- 2) Where did your company's growth come from?
- 3) What kind of connections with other firms do you have?
- 4) How do you describe the Kansas City entrepreneurial community?

Interviews lasted between forty and 100 minutes. While all interviewees agreed to be quoted, we do not cite specific companies for the quotations in this paper as some information can be sensitive and specific to the firm or other stakeholders in the region. Instead, we offer sector-specific pseudonyms, such as IT Firm 1 or Health and Drug Firm 3. Each pseudonym refers to a specific company interviewed.

The companies interviewed ranged from small, hyper-growing firms with extremely high productivity to large, yet still rapidly growing companies. On average, these fast-growing Inc. firms had \$22.8 million in revenue, 112 employees, and an impressive 39 percent average annual revenue growth rate. See Table 1 for a detailed description of firm statistics.

Table 1: Descriptive statistics of firms interviewed

	Mean	Median	Min	Max
Revenue (\$mil)	22.8	9.3	2.0	106.2
Avg. annual revenue growth	39%	26%	6%	118%
Number of employees	112	35	8	525
Year founded	1994	2000	1896	2007
Firm age when first listed by Inc	15	8	4	112

Slightly more than half (56 percent) of the entrepreneurs we interviewed are Kansas City natives (10) or come from Kansas or Missouri (4). This finding is consistent with the percentage of 1 Million Cup participants who are from the Kansas City metropolitan area (57 percent).⁷ (1 Million Cups is an entrepreneurship education program of the Kauffman Foundation.) While the

⁷ Jared Konczal and Yasuyuki Motoyama, "Energizing an Ecosystem: Brewing 1 Million Cups," Ewing Marion Kauffman Foundation, March 2013. This report presents results of a September 2012 survey of participants in the 1 Million Cups program.

majority of entrepreneurs are from this region, a substantial number came from outside the region: seven from other areas of the United States and one from outside the United States. We can state that the majority of Kansas City entrepreneurs are from this region, but a good number of entrepreneurs also came from outside and decided to stay in this region.

Table 2: Where Inc. entrepreneurs come from⁸

Where entrepreneurs are from	Number of entrepreneurs
Kansas City	10
Kansas or Missouri	4
Midwest	1
Other U.S.	6
Outside U.S.	1
Unknown	3
Total	25

4. Findings

4.1. Access to Capital

Our interviews demonstrate that high-growth firms in Kansas City secured funding from various sources (See Table 3). The most common source was the entrepreneur’s own savings from previous employers or from past entrepreneurial successes. Venture capitalists, angels, banks, and government loans each funded two firms we interviewed.

Table 3: Major sources of funding

Funding type	Number of cases
Self-Finance	13
Friends & Family	6
Venture Capital	2
Angel	2
Bank	2
Government (SBA)	2

The total funding sources exceeds the total number of interviews (22) because some interviewees identified more than one funding source.

As firm financing is sensitive information, not all interviewees mentioned the dollar amount with which they started their companies or the amount of funding they received. Of those who mentioned the amount explicitly, the initial

⁸ Note: The total number of entrepreneurs (25) exceeds the total number of firms interviewed (22) because we interviewed multiple entrepreneurs or founders at some firms.

capital investment was relatively modest, between \$50,000 and \$500,000.⁹

It is important to look beyond the primary funding source because we frequently found a combination of different sources. For instance, one entrepreneur started with his own money and additional support from friends, family, and angel investors. Another entrepreneur received a loan of \$10,000 from the Small Business Administration, as well as a credit guarantee of up to \$50,000 secured from a local bank. When entrepreneurs received financing from friends and family, the amount was as much as \$400,000 in some cases; in most cases, however, the funding received was modest, less than \$100,000. One interviewee operated a previous business for about two and one-half years in order to fund his new business until it became profitable. While financing may not have been easy for many entrepreneurs, they found sources creatively, started their businesses with modest capital, and successfully scaled later.

It is worth noting that we observed at least seven cases in which the entrepreneur pursued a bootstrapping strategy, intentionally or unintentionally. In some of these instances, entrepreneurs were starting companies as they got clients and shaped their companies to fit the clients' needs. Two companies described how their very first customers forced them to evolve their products:

“It happens that our first client was FedEx-related businesses, and the first customers taught us what they needed ... We're organic funding, so we didn't get our funding from anywhere.” (Business Services Firm E)

“So, [a company in St. Louis] making the official major league balls approached me and said, ‘We see you're putting pictures on coffee mugs. Can you put pictures on a baseball?’ I said, ‘Well, that's a lot different. A coffee mug is a cylinder; it's kind of easy to wrap a picture around a cylinder. A baseball is a sphere; it's curved in more than one direction ... very, very difficult to do.’ They said, ‘We've gone to Japan, we've gone to Taiwan, we've gone to China to see if anyone has the technology to do that.’ And I said, ‘Isn't there a company that's already doing that? Photoball? I've got a picture of Ted Williams on a baseball,’ and they said, ‘Yes, but that's done with a pad printing process, and they have to have ‘cmyk’ plates and they don't want to print one, but want to print 5,000.’ I said, ‘Why would anyone want to print one?’ They said, ‘Well, whose picture would you rather have on a baseball sitting on your desk: Ken Griffey Jr. or your own son?’ I went, ‘ding,’ and the light bulb went off. I got it. I said, ‘I don't know if I can do this.’ They said, ‘We will give you the baseballs, we will finance it, you keep track of it all ... We'll pay you back, and we'll be fifty-fifty if you can come up with this idea.’ They said, ‘Come up with an agreement,’ and I said, ‘Sure.’” (Business Services Firm F)

⁹ As a reference, our Kauffman Firm Survey (2008) indicates that the nationwide average of starting a new firm was \$109,016. The breakdown of funding sources is: banks (35%), savings (30%), friends and family (6.3%), credit cards (6.2%), angels (5.8%), venture capital (4.4%), and government (2%).

Another firm employed a different type of bootstrapping strategy when it started to achieve high growth:

“I came in and, over the course of a year, we fixed the product so that it worked. We re-directed resources, invested in IT, and completed the move out of the company from L.A. to Kansas City. And we started out on the back of Walmart, which hires 900,000 people a year. We got the exclusive contract for all of Walmart’s drug testing [for new hires], and then we started to build out, put those readers in independent clinics around the country that want to serve Walmart ... All growth is incremental, which is a beautiful thing ... Why Walmart in Kansas City? Because Kansas City was the big city nearby [to Bentonville, Arkansas]. And because they could call us, or call me, jump in a car, drive three hours, and be there. That’s what Walmart does. They call you and tell you to be there in three hours, and you do it ... Then, when we got Sears, we got more clinics, and the more clinics, the easier it was to sign more national accounts because our coverage was better, and we got into this very virtuous growth cycle.” (IT firm A)

These cases indicate the identification of the market or a specific client was the key to high growth. More specifically, entrepreneurs did not start companies and then look for clients, nor were they able to scale their businesses because additional investment capital came in. Instead, it was the reverse. They could start and scale their businesses as their companies created or expanded revenue. This is an underappreciated concept. Keep in mind that the scale of growth we observed here is not marginal; it was an average of 40 percent growth per year, on the scale of millions of dollars.

The two companies receiving venture capital offered other insights. The first described a situation similar to the conventional understanding of the role of venture capital: it enables a firm to develop a product and start generating revenue. However, in the second case, the founder of a firm that offers IT and system services to the legal industry described the funding process in a dramatically different way:

“I personally funded the company for the first six to nine months, and then we had about [a] \$2 million angel round that came in at the very beginning. Then we raised about another \$3-4 million in a second round with C-Capital. Then S-Capital came in and put in about \$10 million or \$11 million after that. So, not very large amounts of money overall, actually very small investments.” (Business Services Firm H)

The story of how this company found the two venture capitalists is even more interesting:

“They approached us. We probably get one or two inquiries every week by different investors that are looking to become part of our company or to

invest money. And most of the time, we're not interested because we're not in the mode of raising money. In different cases, there are brands we really like, like S-Capital. VCs actually helped us gain credibility to recruit good talent, which helped us quite a bit as we evolved." (Business Services Firm H)

This case offers an alternative view of the role of venture capital, demonstrating that companies in need of cash were seeking investment money, but venture capital firms and investors were seeking already growing firms in which to make investments. Venture capital may accelerate the growth of successful firms, but venture capital investment does not, per se, create firm growth.

Two interviewees mentioned a gap in their funding of between \$500,000 and \$3 million because the software business (IT Firm G) or startups (Health & Drug Firm C) could not provide collateral to get loans from banks. While these gaps do not necessarily suggest that banks have to change their lending policies, it could indicate a need for other ways to ensure access to capital.

At the same time, this sense of capital gap sharply contrasted with five entrepreneurs in the region who expressed hesitancy or caution about receiving outside money. First, entrepreneurs suggested that "good" lenders were hard to find in the region.

"Most investors I've found are not smart investors. They just want to put money into the business, but they don't have time or resources to help the business grow." (IT Firm F)

Additionally, entrepreneurs indicated that investors' inclination to control the businesses posed a challenge:

"Well, there were some investors who were interested in Kansas City, but they were only interested if they were going to be the operator. They wanted to be actively involved in the business and, then, I would be a vice president or like." (Business Services Firm B)

"Most VCs generally have a very acrimonious relationship with their investors, with the operators. Most of the time, you hear that operators and entrepreneurs are very frustrated by their investor groups that are within them. So it's a path that is fraught with peril, but if you choose wisely and you're able to attract very high-quality name-brand firms, generally you can do OK." (Business Services Firm H)

Another entrepreneur commented on the mentality of investors in the region:

"I don't know if this is a Kansas City thing, but a lot of the folks I've gotten to know, they tend to only invest in their own deals [i.e., deals in which investors could take the majority share of equity]." (IT Firm G)

These comments suggest, first, that the Kansas City region has not established practices that balance the interests of investors and entrepreneurs or, at least, that a good number of entrepreneurs do not perceive a reasonable balance. Second, there appear to be two primary issues that interfere with this balance: 1) the share of equity held by investors versus entrepreneurs, and 2) how, how much, and even whether investors provide support or resources for the operation of businesses.

4.2. Talent

The workforce talent pool is a common topic in discussions of entrepreneurial ecosystems. It is important to note that complaints about the regional talent pool should be considered critically; lack of talent may simply be an easy target for complaints, as is lack of funding. Silicon Valley serves as a prime example: its semiconductor and Internet firms enjoy the largest and most developed pool of the talent in these sectors, yet technology companies there have continuously lobbied Washington for the expansion of H1B visas and permanent residency since the 1990s, claiming a lack of available talent.

Blind acceptance of such complaints can lead to policy recommendations that are unnecessary and misinformed. For example, there are often recommendations and calls for local universities to increase the numbers of computer or other science-based graduates to help bridge the “talent gap.” It is important to acknowledge the diverse range of views because the discussion of human capital too often is narrowly focused on university production of STEM graduates. Such conversation surely misses the rich dynamics of a labor market and circumvents important alternative solutions.

In our interviews, we did find a couple of entrepreneurs who felt there was a lack of talent in Kansas City, particularly technical talent that would allow them to support and grow their companies:

“The challenge we have in KC on the tech side is that it is a different culture, very controlled, we don’t have the number of developers that Silicon Valley or Boston have. One of my downfalls has been access to really smart developers. In Boston or Silicon Valley, if you go into a coffee shop full of tech employees, maybe 50 percent are off the charts. Here [in Kansas City] maybe one in twenty is.” (IT Firm E)

However, we found a greater number of entrepreneurs with the opposite view— those who felt the Kansas City human capital pool is of high quality. One entrepreneur remarked on the high quality of technical talent in the region:

“The reputation is that we don’t have a good talent pool here. Well, we have that talent pool ...We had a client who brought a consultant down out of Chicago. He’s absolutely convinced after being here for six months that KC is, to use his language, a “crap town”... no technology here. It’s an ignorant statement; he doesn’t know what he doesn’t know. What we know is [the

presence of] Archer, Cerner, and Sprint has really helped promote technology; Perceptive Software [has helped, too]. We can go right down the list of significant tech players here. BATS Trading is the third-largest stock exchange in the world. There are some great tech developments happening in this city; it gobbles up resources. But when he comes to the city and doesn't know where they're all employed, all he knows is that he can't find any. The perception is that it's a crap town for talent. It's wrong; you just have to compete for it in a different way." (IT Firm C)

Comments from two entrepreneurs demonstrate that the high quality of talent applies to the workforce overall and is supported by quality educational institutions:

"We've done a lot of things here that couldn't be done other places. The quality of people we get here as far as employees ... if there's someplace that has a better pool, I'm not sure where it is. Excellent education backbone here helps provide very good, ready-to-go employees." (Business Services Firm I)

"All the institutions around here do a great job, whether it's trade schools, UMKC, Rockhurst, KU, MU, K-State, William Jewell, or Park ... Smart people are not the issue." (IT Firm G)

Among the interviewees who saw a strong talent pool in the region, we found that the theme of intra-company training is key. They have a long-term strategy to train their employees over the course of years. More specifically, they create a working environment that attracts people with high potential, trains them to be top-notch programmers, and creates a culture and reward system that retains the talent. It is important for high-level managers to know what up-and-coming tech professionals want in a working environment:

"You talk to people from campus and how many of them are working in anything that's close to what they got their degree in? Right now, it's the right time to be bringing the best of the best from campus. Number one: they're very talented. For the things we do, you can get a lot of very good people who, in a short period of time, can come up to speed on the kinds of things we do. We put them through a pretty rigorous certification process with Oracle, get them trained in a certain technology, shadow them in a couple of projects, and six months later they're billable. They're productive members of the team. We saw that as an important part of making us different, plus you build a lot more loyalty in those folks when you bring them in at those younger levels, versus people you steal probably jump ship four, five, six, eight times in their career to somebody willing to offer them a few thousand [dollars] more. The younger people are more indebted to you because of the investment you made in giving them a start in their career. So, we've balanced both in bringing younger folks on and [making] select, experienced hires where it

makes sense; that's kind of our model." (Business Services Firm J)

"[As a general hiring strategy,] we don't go for senior programmers, but we recruit younger programmers who are smart and up-and-coming ... If they're on a project at [a local major firm], they're probably on a very limited part of the project. Here, we give them exposure and let them do the whole thing. Because we're a smaller company, they are seeing a lot more things, a much more diversified set of things to work on ... They can come here and work on eight different projects in the first year. I think they really like it. Then we move them up fast, and we spend a lot of money on training so they get their exposure and their certifications in different software and apps. We're picking people at a stage in their career where I think they're particularly productive, and I think they want exposure to a broader variety of training and projects. If I try to compete with Cerner for their best programmers, their senior developers, it would never work." (IT Firm A)

Another consistent theme around talent was the importance of the Midwestern work ethic. Entrepreneurs elaborated that this quality means employees have a "great work ethic," are "loyal" (IT Firm G), "polite," and "reasonable" (IT Firm F). One interviewee summed it up: "Kansas Citians are extremely hard-working and bust their ass" (Business Services Firm B). Entrepreneurs commented that such loyalty contributes to workforce retention:

"We have a really solid core group of employees with a lot of longevity right now, and you don't find that in our industry. It's really typical for people to spend six months, a year—I'm talking about internal employees. Contractors jump, and that's normal. But the core internal employees, we have people who have been with us six years, five years, four years, three years; even three years is a long time in this business. And we take care of them financially; they feel like part of our culture. We have a really unique culture here, which I think is part of it." (IT Firm C)

Even more importantly, entrepreneurs see regional courtesy and work ethic as core strengths of their companies, particularly in service-oriented sectors:

"There is an advantage. We have a lot of clients all over the country, and we have a lot of clients on the coasts, but I do zero marketing/advertising on either coast. I think a lot of people on the coasts like working with Midwesterners because we're nice. That may sound stupid, but we hear from clients all the time in New York, L.A., San Francisco that we just do things differently here and we're nice. We're courteous. People aren't in a rush to get you off the phone. If you call in with a problem, people actually answer it. People will actually talk to you." (Business Services Firm I)

Hiring and retaining talent is an important part of growing a business. While some entrepreneurs viewed Kansas City as a place struggling to provide the

proper human capital, others felt the region offered ample talent and a specific brand of talent that was important to them. Companies that invested in their employees, in terms of training, benefits, and culture, described the return on their investment as quite high.

4.3. Inter-Firm Collaboration and the Entrepreneurial Community

4.3.1. The Overall Ecosystem

In her 2012 paper, Mayer described the Kansas City entrepreneurial community as fragmented but becoming more collaborative. We heard similar descriptions of Kansas City in our interviews: fragmented, disjointed, disconnected, and unconnected. Many of the programs and initiatives around entrepreneurship in the region were described as a patchwork:

“I think [the KC entrepreneurial community] is pretty thriving. The only thing I find very interesting is there seem to be a lot of competing initiatives, and I find it a little troubling that the groups aren't bonding together more. You've got the Helzberg program and the Chamber that came out with its initiative grouped with some other organizations ... the Big 5 thing. We are to be the most entrepreneurial city over the next however many years. And there's the Archer Foundation. There are all these different organizations trying to make KC great, but they're not pooling resources together, and there are different funding sources, and everybody wants the glory of pulling off that great thing ... If there was a way to combine those forces, it seems like it would be a better way to get it done. I'm not saying that as a generalized statement. I don't know how you accomplish that, but it strikes me as interesting each time I hear it: this is our initiative, and this is our initiative, and why isn't anybody trying to do it together?” (IT Firm C)

Such statements do not necessarily mean all the initiatives and programs related to entrepreneurship in this region should be coordinated. However, they do indicate that successful entrepreneurs in the region do not necessarily see a community united around a common cause. It is important to note that the entrepreneurs are passively observing the disjointed entrepreneurship initiatives rather than participating in or benefiting from them.

While the effort around entrepreneurship promotion may be fragmented, entrepreneurs have described several strengths of the business community in Kansas City. Interviewees often commented on the “supportive” and “friendly” nature of the community, which may be due to the region's small size. Many of the major players in the entrepreneurial community know one another or, at least, know of one another:

“Then Kansas City ... is a small town, everybody knows everybody. So if you can get an introduction to someone because they know someone else, that really helps you a lot. That community, that referral network really made a big difference.” (IT Firm B)

The few degrees of separation in a smaller community like Kansas City can lead to high-quality professional referrals and the development of trusted business relationships. One entrepreneur described it succinctly: “You can do business with the shake of a hand.” (IT Firm F)

Small-town referrals also can help entrepreneurs find professionals, such as accountants and lawyers, to support their new businesses in areas in which most entrepreneurs do not have expertise:

“When you start a new organization, there are certain things you need to have: a good banker, a good lawyer, a good accountant. And we didn’t know any of them. What [our mentor] would provide and through other connections, he would give us an introduction to someone. So we first met someone ... and he knew a good banker, and that guy knew a good attorney. So [our mentor] was helpful at helping us to understand the core business components you need.” (IT Firm B)

While most interviewees described a supportive, small-town environment, we spoke to at least three entrepreneurs who did not find regional resources useful. Instead, they started their businesses and went through the process independently:

“I got involved in some of the programs in the Chamber in ’03. We were approached by quite a few people, went down to Kauffman Foundation, checked them out. [We] started getting involved in a few things that were going on in Kansas City, and I didn’t really find them to be all that beneficial. People wanted to talk to you, but what was being returned in terms of value? Talking is free ... but I didn’t see anything substantive coming across that could help. I talked with [someone] about his mentoring program, about trying to meet and talk to someone that way. What’s the program that the Chamber puts on for younger executives? It was somewhat of an entrepreneurial program, it was nothing coming back in that direction. I looked at all of them, but I didn’t find anything really ... people were saying sure, come on in, take a look at what we’ve got, and give us some money and maybe we can help you. And I’m going: again, how are you going to help me? And they didn’t really have an answer, so I didn’t quite go down that road.” (Health & Drug Firm B)

Thus, the small-town environment does not necessarily mean regional resources will be useful for every entrepreneur. There is, of course, a wide range of entrepreneurs with varying needs. And, some entrepreneurs are independently minded by nature. However, we have to note that these entrepreneurs were not lone wolves; they sought support. It may be that the supportive, small-town environment offers a limited set of supports that may not meet some entrepreneurs’ needs. This limitation may be part of the concern about the Kansas City region’s “fragmented entrepreneurial community.”

4.3.2. Inter-Firm Collaboration

Mayer (2012) described Kansas City's life sciences and technology industries as having weak intra-regional networking and collaboration, citing a lack of collaboration among local startups and large firms, as well as distance between startups and their key partners located outside of Kansas City. We find evidence that runs counter to this conclusion. In several cases, entrepreneurs identified some form of inter-firm collaboration as a source of strength. One entrepreneur, in particular, described how he worked with other firms to develop and enhance his company's own systems:

“We started building our system around an accounting system, so it was a couple of recommendations from the accounting system in our area. We started there; that was a laborious process, and a system that did what it needed to do ... and we went through a couple of different developers. But today we use a fast-growing company here in Kansas City. Today we just have an amazing partnership, and we've been working with them for six years, maybe longer than that, seven to nine years. So they know the business, they bring ideas, and we collaborate with them more than just having a vendor that we say, 'Here's what we need to do.' It's a constant: there are always projects going on, or upgrades to the system, or new ... It's pretty complicated.” (Business Services Firm A)

The previous case represents only one form of inter-firm collaboration, that with a supplier or a system provider. Inter-firm collaboration involving local customers, the other side of the production spectrum, is more common:

“We try to get our people to go there [to clients] to learn how they are using our technology. To sit there for a couple hours. I say, 'The best thing you can do is go to a local client; I don't care who you are, sit down and see how they use our technology. That's going to make us and you more successful.' The other people I collaborate with are probably my banker and my attorneys. We don't collaborate with anybody else here in town from a tech point of view. We send our developers to different sessions that Microsoft may be putting on. Getting up to date on the latest net technology and classes like that, but not from a networking collaboration.” (IT Firm G)

Another case demonstrates that clients can be major enablers for growth and development:

“Clients were very important. The one client gave us the confidence to do [more]. I went and met with the senior leadership ... they were interested in what we were deciding to do because we had some projects going on with them at the time. But when we made the decision to do what we're doing today, they gave us full support. [A major local IT firm] said, 'Listen, we think it's a great idea. We have a lot of work we want to use you for.' It gave us

confidence that they were hiring us because of who we were, not because of the brand on our business card. They appreciated that we had good people who did great work and whether we had [our company name] on our card or Andersen, it really didn't matter to them. 'We value what you do, we'll help you. We need that kind of work done, you can do it for us, and we'll give you some preference to some of the things that we might otherwise go bid to other people.' ... That was who did it for us, so we owe them a huge debt of gratitude for the support." (Business Services Firm J)

4.3.3. Presence of Mentors

While our intent was to research the state of the entrepreneurial community in the Kansas City region, one theme quickly emerged from interviews with successful entrepreneurs that was outside the scope of our research: the use and importance of mentors. A strikingly high number of entrepreneurs, essentially 75 percent, had some form of mentorship as they founded and operated their companies. Some mentor-mentee relationships were formally structured, such as those through the Helzberg Entrepreneurial Mentorship Program (HEMP) or Pipeline, while others evolved informally. Sometimes, an entrepreneur's previous employer became a mentor. Others had entrepreneurs in their families who became mentors. The few who did not mention a mentor had significant prior experience working at large, successful firms.

The following quotes describe the relationships and advice the entrepreneurs received:

"I've never had a single formal, heavily invested mentor-mentee relationship. There are a handful of owners/executives that are highly accomplished that are a phone call away to answer questions and offer guidance and encouragement or inspiration or connections, to help any way they can." (IT Firm C)

"The Helzberg program helped us a lot, because that was in 2003 and 2006. I would even go out on a limb to say we might not be around if we didn't have that to lean on in the 2005 timeframe when we made some real bad management decisions and lost the money. Because I was able to pick up the phone, personally call Barnett and say 'I'm in trouble, I don't know how much trouble I'm in.'" (Business Services Firm M)

The scope of assistance that entrepreneurs received is substantially wide. Mentors provide introductions and networks and, at times, act as dealmakers and angel investors. Guidance also can include strategy, vision, and procedural work:

"Someone who can be a mentor when you need them, it's been an unbelievable situation for all three of us [at a three-founder company], that we have an open door to go to down the hall when we need advice. Yet, at the same time, it's truly a 'silent partner' who's not breathing down our necks and our business every day, but is there for guidance, help, support, and

certainly financial help.” (IT Firm C)

Mentors were not only legendary entrepreneurs; entrepreneurs of Inc. companies often became mentors themselves, to help other, less experienced entrepreneurs. One interviewee described how this cycle of mentoring evolved in the region:

“We made a proposal to the owners of GeoAccess, Tom Lauerman and Stu Bauman, who are both very entrepreneurial. They started Geo ten years before that and sold it for millions of dollars ... So because of their entrepreneurial vision, which they got from Neal Patterson at Cerner, which Neal got from [Ewing] Kauffman at Marion Labs, there’s a history there. It’s kind of a progression, like a ‘six degrees of separation.’ Because I know when Ewing Kauffman started Marion Labs, he was very entrepreneurial. He became a mentor for other entrepreneurs in Kansas City, one of them being Neal Patterson. When Tom Lauerman started GeoAccess, he was mentored by Neal. Tom was kind of our mentor, so we made our proposal to him. We said we want to start this hosting business, and we’ll take that data center off your hands.” (IT Firm B)

One entrepreneur identified his role as letting other entrepreneurs recognize that funding is not the paramount priority:

“Number one is how do I get money, how do I get money, how do I get money, how do I get money? And that’s just it: the entrepreneurs’ number one goal was to get money. It was refreshing when someone would come in that didn’t want to know about that because, then, you get to talk about some other things. ‘So let’s talk about what your vision is, what you’re trying to do.’ You look at the two partners and go, ‘OK, you guys have got to get together or this company is going to fail.’ I was brutally honest with them. ‘You’ve got to figure out how to get together. How do we build this company?’ It’s your business experience that you want to pass on to the entrepreneur, not the money.” (Health & Drug Firm B)

As part of our study, we interviewed Barnett Helzberg, who founded the HEMP in 1996. He explained that organizing a mentorship program was not easy and that its development has been a steep learning curve, especially in the first several years. Helzberg cited the regional culture that we discussed earlier as one of the reasons for the mentorship program’s success. “It will work best in smaller Midwestern areas with a certain level of trust,” he explained.

4.4. Geography of the Market

Mayer was pessimistic about the geography of the Kansas City firms’ market, pointing to the fact that some firms do not have any major clients in Kansas City and, instead, engage with partners and clients outside of the area. While this is true in some cases, our interviews suggest that successful firms in Kansas City

have developed a highly local, niche market and have such close connections with their clients that they collaborate on product development.

Table 4 presents the geographic reach of the Inc. firms interviewed. At least three companies with clients only in the Kansas City area achieved high growth and million-dollar revenues. An additional five companies operate in Kansas City and a few other proximate regions that are similar to Kansas City, such as Denver, Colorado, and Dallas, Texas. Eleven firms operate nationwide, and an additional three operate worldwide.

Table 4: Geographic reach of Inc. firms' markets

Market reach	Number of firms
Kansas City only	3
Select regional	5
National	11
International	3
Subtotal	22

One example of the local market niche is a company that specializes in providing just-in-time distribution of products. It has no minimum order requirement, choosing to forego economies of scale. Unlike its competitors who specialize in the distribution of products, this company emphasizes distribution and installation on the floor (i.e., products that are ready to use immediately). Its marketing strategy focuses solely on eastern Kansas and western Missouri, and it does not intend to sell products via a website. The firm sells only through catalogs.

Another company cited this “right size” strategy, attributing growth and success to the locality of its service:

“Primarily we service the local area because we like that high-touch, high-visibility tangible relationship where we can have influence over the process. I think that also contributes to the growth. A lot of the companies in our industry are very big on what you’ll hear is a term called ‘vendor-managed system business,’ where you get on lots of big supplier contracts, and your people submit résumés into a black hole.” (IT Firm C)

In fact, the size of the Kansas City market allows entrepreneurs to take advantage of gaps in services:

“Here is one of the things I like about Kansas City: it’s an underserved market. Not many people want to be here ... I’m dead serious. They want to be in Chicago or New York or Dallas. I know how to win in larger markets. I’ve been in Chicago; I’ve worked in New York City. But for me, it’s great because there is less competition here. Some of the big competitors have come into our cities, and we’ve spanked them and sent them home. We have

sixteen to seventeen offices, and they are all basically in underserved markets, except for Dallas. So, we like the smaller market footprint that the cities in the Midwest have, and we continue to exploit that.” (IT Firm D)

Our interviewees’ explorations of their niche markets demonstrate how focusing on local service can offer a competitive edge. A data hosting and infrastructure maintenance company serves as a prime example. In theory, such a data center can be operated in a remote location where space and energy is less expensive. In reality, however, maintenance requires 24/7 service to back up data, align with generators, set up and operate firewalls, and, most importantly, handle system failures. When a problem occurs and the data hosting company is located on one of the coasts, it can take a full day to send someone to identify and to fix problems. A local presence and focus allow for faster service and, therefore, results in a competitive advantage. In this era of information technology, speed is essential, and technological problems must be fixed quickly and efficiently. Interestingly, this data hosting company reported that Kansas Technology Enterprise Corporation (KTEC), a regional entrepreneurship support center, declined to support it because KTEC was only interested in companies that would capture the national or international market. Venture capital firms often have this mentality as well. This Kansas City firm serves as evidence that such a market strategy is not the only path to growth and success.

5. Implications and Discussion

In this section, we revisit major findings from the previous section and present their implications for three audiences: entrepreneurs, entrepreneurship supporters, and policymakers. Where possible, we summarize the implications in bulleted lists.

Capital

Most entrepreneurs in the Kansas City region started rather small but were able to achieve massive growth later. We found very few cases of investment by venture capitalists. Rather, the overwhelming majority of entrepreneurs interviewed managed their companies’ growth without venture capital or investor money. Most entrepreneurs started with modest capital gathered from friends, families, angel investors, and other sources. Bootstrapping was another common method for starting and growing a company.

While large capital investment was not a significant factor, capturing customers in the right way—and at the right time—was key to success. A lack of investment dollars is not a problem in the region.

At the same time, we observed a difference in the mentalities of entrepreneurs and investors in the region, and clear expectations for relationships between these two groups have not been established. Kansas City entrepreneurs have not enjoyed trusted relationships with investors, and we did not find a collection of cases in which the tactical strategy, equity share, and involvement patterns between investors and entrepreneurs were successful. While there may

not be an easy solution to this problem in the short term, we expect both entrepreneurs and investors will need to learn more about setting expectations and identifying successful strategies.

- Entrepreneurs should not be discouraged by the region's shortage of significant investments from venture capital firms. They should consider paths to start small, with funds from various sources, and scale up effectively by attracting clients.
- Policymakers and entrepreneurship supporters should channel their energy into connecting nascent entrepreneurs with experienced entrepreneurs, not on creating venture funds or seeking outside investors.

Talent

Shortage of talent does not seem to be a problem in the Kansas City area. Companies benefit from a labor pool with high levels of education and a strong Midwestern work ethic. Some companies leverage this strength, achieving high levels of retention and offering high-quality customer service. Both serve as competitive advantages.

Kansas City may be far from the nations' most prestigious engineering universities, such as MIT and Stanford, but companies in the region indicate that internal training allows them to develop local technical talent. This training, however, is no magic wand; it requires long-term strategy and a thoughtful operational mechanism at each company. We did interview two entrepreneurs who complained about the lack of technical talent, leading us to believe there may be a need for entrepreneurs to learn more about the potential for talent training. The perception of a lack of talent may be more prevalent among startup companies of first-time entrepreneurs; those who have not been exposed to such long-range training strategies may expect people to contribute to the company immediately. We suggest that successful entrepreneurs share this practice with the region's newer generation of entrepreneurs.

- Entrepreneurs should not expect all programmers and other employees to be prepared to contribute to the company immediately. Instead, they should consider investing in long-term training programs for young, aspiring talent in the area.
- The region's best resources are a hard-working and loyal pool of labor, a small and supportive business community, and a low cost of living in a family-friendly environment. As a result, companies should integrate the whole set of recruitment, retention, training of employees, along with the company culture to support it, with this strength of the Kansas City region.

Ecosystem

Our findings regarding Kansas City's entrepreneurial community were mixed. The entrepreneurs who described close collaboration with suppliers and customers demonstrate that firms in Kansas City do collaborate to build their businesses, to

expand their business opportunities, and to create new products. These cases align with the entrepreneurs' description of a relatively small and supportive regional environment. Many entrepreneurs, however, described fragmentation in the community as well.

While there is some optimism, entrepreneurs indicated that recent entrepreneurship initiatives have been patchwork. Such contradicting expressions lead us to conclude that the local high-growth entrepreneurs interviewed do not perceive Kansas City as having a cohesive, overarching regional entrepreneurial community like those found in regions such as in Austin, Texas, Boulder, Colorado, or the Research Triangle in North Carolina. Yet, entrepreneurs in Kansas City find their own ways to grow their businesses successfully. Some may have struggled and achieved success almost completely independently, but most have found some support or collaboration along the way from suppliers, customers, or other close business relations. In this sense, our finding echoes the fragmented relationships described by Zoller (2011) and the "islands of excellence" portrayed by Mayer (2012).

To overcome the "islands of excellence" problem, Mayer (2012) suggested connecting large companies with startups, which is a standard practice in economic geography. It is a logical recommendation, particularly because large companies can play a major role as surrogate universities. However, large firms in Kansas City, seem to offer fewer supports to surrogate new firms.

We found, by contrast, that successful entrepreneurs in the region often take a road to entrepreneurial success that is independent of large firms or established business entities. Instead, the approach employs entrepreneurial recycling, in which successful entrepreneurs launch additional new businesses.

With the single exception of an entrepreneur who was able to get a major local firm as a client, no other entrepreneurs we interviewed engaged with a large firm or came from a large firm that acted as a "surrogate university." Furthermore, these firms did not take support or resources from the local government, nor did they rely on connections or networks of established business entities, such as the Chamber of Commerce.

The successful entrepreneurs we interviewed indicated they are not engaging with established business entities or relying on local public or civic resources; they only passively observe programs and recent initiatives by the Chamber (Big 5) and the two mayors' offices. The public sector's and the Chamber's current top-down approach may not necessarily strengthen entrepreneurship in this region. Likewise, support formulated as initiatives or programs by government or large business entities may not contribute significantly.

Local government, however, can play a more indirect role. The public sector does not need to initiate programs, but it could facilitate connections between entrepreneurs and their supporters, as well as identify and celebrate successful Kansas City entrepreneurs.

- For policymakers and entrepreneurship supporters: more programs and initiatives per se may not help entrepreneurs.

- While efforts to connect entrepreneurs and their supporters in this region can be positive, policymakers should avoid blind promotion of interaction between startups and big companies, or private and public sector. Connections between nascent entrepreneurs and successful entrepreneurs may prove more effective.

Mentors

As 75 percent of entrepreneurs interviewed reported having some form of mentor, it is evident that most people are not born to be successful entrepreneurs, nor is their success typically based on one brilliant business idea. Rather, entrepreneurship is an ongoing learning process in which the entrepreneur experiences trials and errors and learns from others' experiences. Mentors play a pivotal role in this learning process.

The mentors most often mentioned in our interviews are not legendary business leaders in the region, but they are experienced and successful entrepreneurs who have developed trustful relationships with a younger generation of entrepreneurs. The fact that these successful entrepreneurs mentioned a cadre of mentors suggests there is a good mentor presence in the Kansas City region.

Just as entrepreneurs appreciated their own mentorship experience, which often evolved organically, many of these former mentees are willing to help other entrepreneurs. Barnett Helzberg, for example, passed on what he received from Ewing Kauffman when he established HEMP. Many Inc. entrepreneurs noted gratitude for the help they received and expressed willingness to help other entrepreneurs. The relatively fragmented business community, however, creates challenges for the connection of mentors and mentees in Kansas City. New entrepreneurs often struggle to find potential mentors, and the successful entrepreneurs' offers of help may not necessarily reach those who need it.

Our interviews suggest the region needs programs that extend beyond those that are limited to networking, such as cocktail-style events, web-based mentor matching, or even "speed-dating" scenarios. Instead, programs and initiatives that establish a foundation for mentor-mentee relationships built on mutual trust are crucial. At this stage, we cannot prescribe a regional mentorship program; we feel more research is needed.

- Entrepreneurs should be audacious and ask for help, especially from experienced and successful entrepreneurs.
- Entrepreneurship support organizations should create and curate lists of successful entrepreneurs who are willing to mentor others from their own experience—not consultants, accountants, or lawyers who are pursuing their own business opportunities.
- Supporting organizations should not institute the mentor-mentee relationship. Instead, they should take on the role of facilitator, allowing experienced and early-stage entrepreneurs to make the final decision as to whether the relationship is meaningful and beneficial.

Geography of the Market

We return to a basic fact: more than one-third of our interviewees provide their products or services only in Kansas City or in selected nearby regions, but they are able to achieve scale and growth. In fact, they are able to achieve such scale and growth because they have focused on Kansas City and have based their business models on serving the local niche market.

- Entrepreneurs should not underestimate the power of a region with a population of 2 million people. Capturing the national or global market is not necessarily a superior strategy. In fact, depending on the business idea, it may be better to focus on one or a few selected regions.
- Entrepreneurship support organizations should be open-minded about the companies they support. Just because a company aspires to a local market share does not make the company unworthy of support or investment.

6. Concluding Remarks

While some on the outside may view Kansas City as a second-tier Midwestern city not associated with innovation or growth, our *Inc.* interviews demonstrate the region's entrepreneurs have, indeed, produced a backbone of innovation and growth. In addition to its large, nationally known firms, the region is home to a number of entrepreneurs operating fast-growing, successful, and profitable businesses.

This research suggests that conventional measurements of successful regional entrepreneurship should be reconsidered. Venture capital investment, Initial Public Offerings (IPOs), or billion-dollar mergers should not be the only metrics to measure success.

Kansas City hosts many entrepreneurs with businesses that achieve millions of dollars in revenue annually, high productivity, and high profitability. Continuing to operate such businesses brings fulfillment and joy to considerable entrepreneurs. Some entrepreneurs, on the other hand, sell their businesses, receiving eight- or nine-figure payouts, and then start more new businesses with the funds they acquire. We should openly and explicitly celebrate these successful entrepreneurs and their stories, networks, resources, and supports, which surely will inspire the next generation of entrepreneurs in this region.

The launch of a regional conference of *Inc.* firms may be one way to celebrate and share the successes of these businesses. *Inc.* magazine organizes an annual conference of *Inc.* firms nationwide, but there is no regional division. While the primary objectives are to identify and celebrate successful entrepreneurs and connect them to each other, such an event also may include and foster connections with policymakers and leaders from large local businesses. We do not anticipate that connecting these different actors will necessarily change the dynamics of the Kansas City region, but it could initiate a dialogue between people who have not had much interaction before.

We would like to offer a concluding observation. There are programs in the Kansas City region designed to connect early-stage entrepreneurs for peer-based learning, such as 1 Million Cups launched by Kauffman Labs for Enterprise Creation. However, we see a need for such early-stage entrepreneurs to also learn from experienced entrepreneurs. Inc. entrepreneurs are, in many ways, ideal mentors. Simply distributing a list of Inc. entrepreneurs to startup founders would not lead to successful mentoring relationships, as it would not foster the trust that is key to bonding mentors and mentees. The development of a mentoring relationship ultimately must be a mutual decision for both mentor and mentee. While the logistics must be considered carefully, we suggest that the Kauffman Foundation and other entrepreneurship supporters in the Kansas City region could serve an important role by facilitating these relationships and taking more steps to mitigate the disconnected nature of the local entrepreneurship community.

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Appendix 1: Location Quotient of Industries in Kansas City Metropolitan Area

NAICS Code	Industry	Establishment	LQ
	Forestry, Fishing, Hunting, & Agriculture		
11----	Support	38	0.26
21----	Mining	82	0.45
22----	Utilities	71	0.60
23----	Construction	4,936	1.01
31----	Manufacturing	1,888	0.90
311	Food Manufacturing	137	0.81
312	Bev and Tobacco	24	0.83
313	Textile Mills	6	0.33
314	Textile Mill Products	42	0.94
315	Apparel Manufacturing	16	0.30
316	Leather & Allied Products	10	1.18
321	Wood Products	51	0.49
322	Paper Manufacturing	44	1.37
323	Printing & Related	284	1.36
324	Petrol & Coal Products	15	0.96
325	Chemical Manufacturing	110	1.23
326	Plastics and Rubber	86	0.94
327	Nonmetallic Mineral Product	116	1.04
331	Primary Metal	26	0.80
332	Fabricated Metal Product	311	0.79
333	Machinery Manufacturing	154	0.91
334	Comp & Elec Manufacturing	68	0.74
335	Electrical Equip Manufacturing	37	0.91
336	Transportation Equipment	70	0.85
337	Furniture & Related Products	119	0.94
339	Miscellaneous Manufacturing	162	0.83
42----	Wholesale Trade	3,290	1.15
44----	Retail Trade	6,486	0.88
48----	Transportation & Warehousing	1,487	1.04
51----	Information	987	1.07
52----	Finance & Insurance	4,131	1.24
53----	Real Estate & Rental & Leasing	2,477	1.03
54----	Professional, Scientific & Technical Services	6,144	1.07
55----	Management of Companies & Enterprises Admin, Support, Waste Mgt, Remediation	489	1.39
56----	Services	2,968	1.13

61----	Educational Services	633	1.04
62----	Health Care and Social Assistance	4,925	0.90
71----	Arts, Entertainment & Recreation	661	0.79
72----	Accommodation & Food Services	3,847	0.89
81----	Other Services (except public administration)	5,000	1.01
99----	Unclassified Establishments	189	1.64
Total		50,729	

Source: County Business Patterns (2009).

Appendix 2: List of Interviewees

Sector	Firm	Interviewee(s)	Date
IT	iModules	Tom DeBacco	6/6/2012
IT	Rhythm Engineering	Reggie Chandra	6/7/2012
IT	SoftVu	Tim Donnelly	6/27/2012
IT	Alexander Open Systems	Gary Alexander Jacquie Morgan, Mike Sommers,	6/29/2012
IT	BalancePoint	Scott Lippert	7/11/2012
Health & Drug	HRS Erase	Kevin Murphy	8/20/2012
IT	Arsalon Technologies	Gary Hall	8/29/2012
IT	eScreen	Robert Thompson	9/7/2012
Busi Serv	Ssi	Mike Sigsbee, Debbie Perry	9/14/2012
Health & Drug	ViraCor-IBT	Flip Short	9/19/2012
Busi Serv	Faultless Laundry	Mark Spence	9/25/2012
Busi Serv	Central Packaging	Mike Pasley	10/2/2012
Busi Serv	MarketSphere	Steve Sestak	10/9/2012
Health & Drug	CyDex Validity Screening	Diane Thompson	10/12/2012
Busi Serv	Solutions	Darren Dupriest	10/16/2012
Busi Serv	UnitedLex	Daniel Reed	10/19/2012

Busi Serv	BallStars	Marshall Widman	10/26/2012
Busi Serv	Astra/Cobalt-Astra	Shane Jones	10/30/2012
Busi Serv	MAG Trucks	Blake Fulton, Brad Carlson	10/30/2012
Busi Serv	Lee Matthews/Cogent	Tim Howard, Tim O'Neil	10/31/2012
Busi Serv	Iris Data Services	Major Baisden	11/14/2012
Busi Serv	Redemption Plus	Ron Hill	11/30/2012
Busi Serv	Shook, Hardy & Bacon	John Murphy	10/22/2012
		Barnett Helzberg,	
Program	HEMP	Christina Friederichs	12/18/2012

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