

**NGA** 

**NATIONAL GOVERNORS ASSOCIATION**

# Entrepreneurship in States!

Fostering entrepreneurship

- ✓ An increasingly **important strategy** for economic development & revitalizing regional economies
- ✓ **Governors & states** are putting entrepreneurship at the top of their economic agendas

Therefore, entrepreneurship is an important policy issue area for **NGA!**

- 2019 NGA annual DC meeting fireside chat - AZ Gov. Ducey, NC Gov. Cooper, Steve Case
- Many NGA meetings over time
  - Experts' roundtables
  - High-profile NGA Chair's Initiative events & reports
  - Sessions at the Institutes and other convenings of the governors' economic & workforce policy advisors

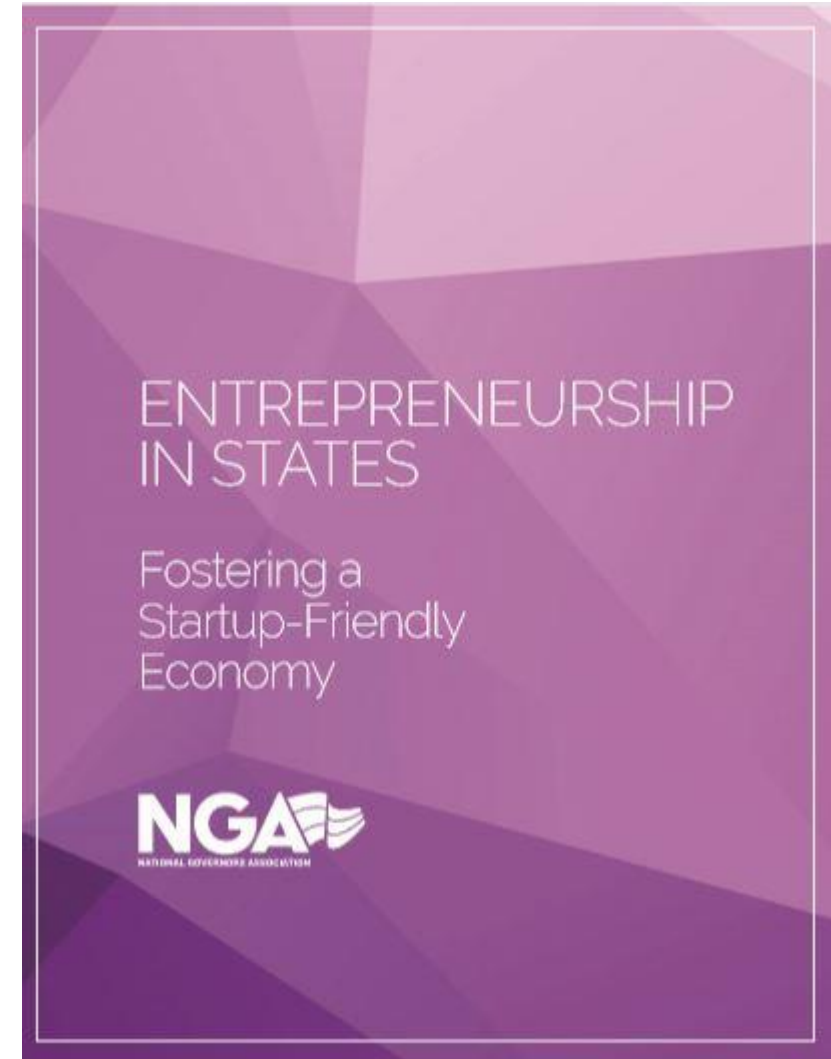


## New NGA publication

There are multiple angles & approaches for fostering entrepreneurship – please see NGA’s latest report!

*“Entrepreneurship in States: Fostering a Startup-Friendly Economy”* (June 24, 2019)

<https://www.nga.org/center/publications/entrepreneurship-in-states-fostering-a-startup-friendly-economy/>



## Today, we'll be hearing from ...

- **Jason Wiens**, Policy Director in Entrepreneurship, Ewing Marion Kauffman Foundation
- **Anna Mason**, Partner, Revolution's Rise of the Rest Seed Fund
- **LaJuanna Russell**, Chair, Board of Directors, Small Business Majority
- **Dan Salvetti**, Colorado Governor's Office of Economic Development & International Trade
- **Lindsey Cox**, Director, 36 | 86 Entrepreneurship Festival, Launch Tennessee

Moderating: **Sally Rood**, National Governors Association, NGA Solutions: The Center for Best Practices

# Entrepreneurship in States: Fostering a Startup-Friendly Economy



Jason Wiens,  
Policy Director



EWING MARION  
**KAUFFMAN**  
FOUNDATION

[www.kauffman.org](http://www.kauffman.org)

© 2017 Ewing Marion Kauffman Foundation

Ewing Marion  
Kauffman



# What is Entrepreneurship and Why Does it Matter?

- Entrepreneurs are America's makers, doers, and dreamers.
- New businesses (less than 5 years old) account for nearly all net new job creation.
- We are in a period of entrepreneurship stagnation with many Americans facing unique barriers to starting a business.

# Americans Dreaming of Starting a Business Face Many Challenges

- Entrepreneurs are often overlooked.
- Government support is skewed toward established businesses.
- Many government programs are based on size—not age.
- Billions are spent on attraction and retention of established businesses.



# America's New Business Plan

**START US UP**  
**AMERICA'S NEW BUSINESS PLAN**

# What Entrepreneurs Need

- **Opportunity:** a level playing field and less red tape
- **Funding:** equal access to the right kind of capital
- **Knowledge:** the know-how to start a business
- **Support:** the ability for all to take risks

# Governors Can Help Entrepreneurs Now

- Use the State of the State to make entrepreneurship a priority.
- Appoint a Secretary of Entrepreneurship.
- Charge economic development agencies to make supporting entrepreneurs a priority.
- Conduct a review of existing rules and regulations.



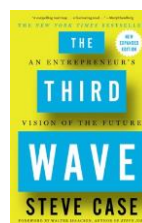
**“Rise of the Rest started as an idea, grew into a movement, blossomed into a platform — and now is a professional investment fund with a unique profile and highly differentiated strategy.**

**Today, we invest catalytic capital in top early stage companies in rising cities across the United States.”**

**STEVE CASE**

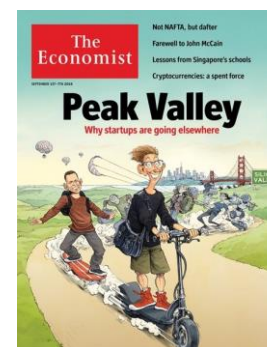
We have been at the forefront of a thesis that is getting more attention:

Some of the most compelling investment opportunities in the next decade will likely emerge from startups in cities all across the United States.



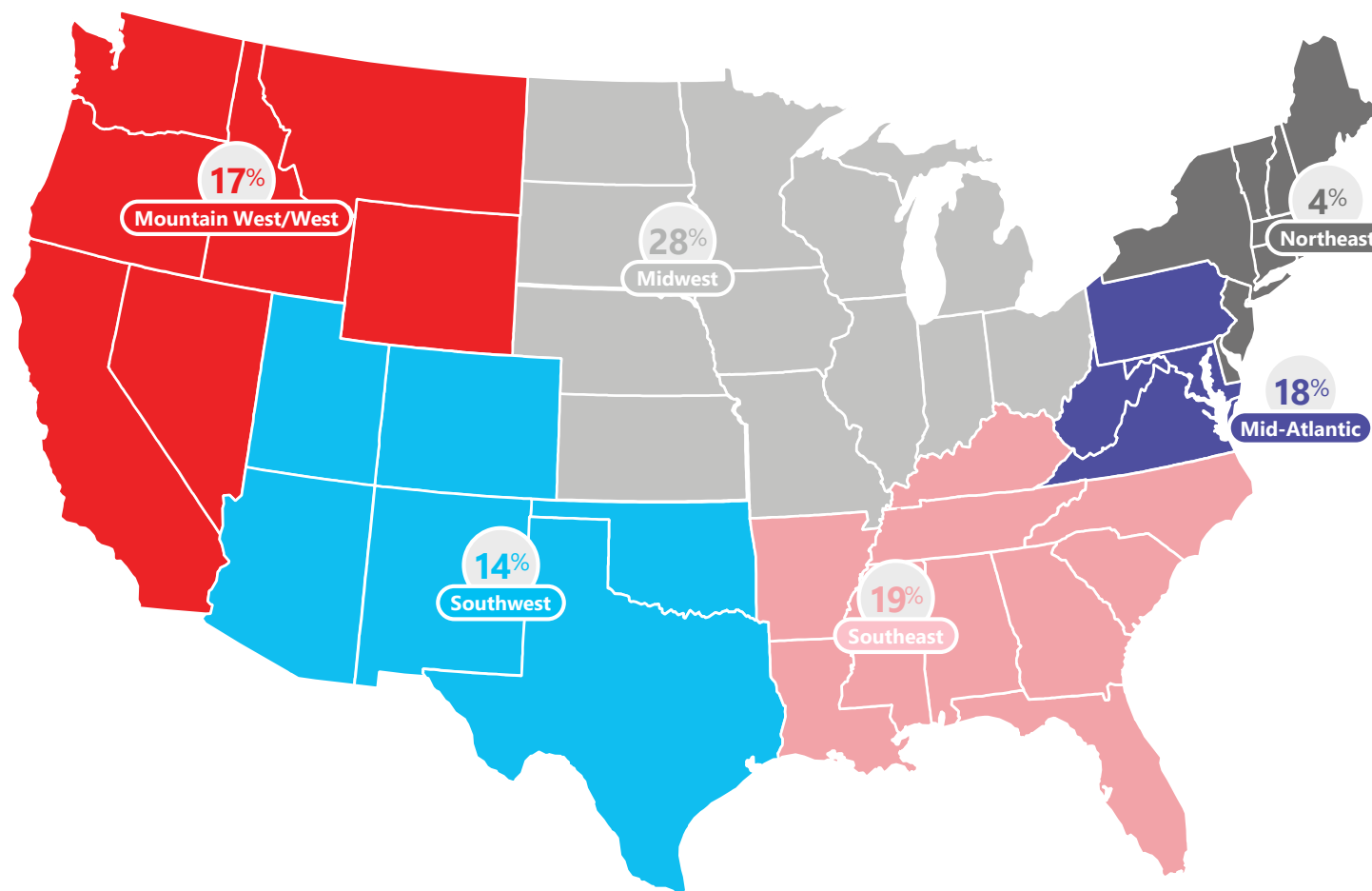
2016 Steve Case's NYT-bestselling book, **The Third Wave**, cements and contextualizes the investment thesis.

September 1-7, 2018 issue



2018 ROTR Seed Fund comprises **~100 investments** across 55+ cities, with more than 150 institutional co-investors.

125+ Investments in 60+ cities across the country



# Rise of the Rest Portfolio Support

The three pillars provide tangible value, offer strategic guidance, and leverage ROTR's unparalleled network reach



## Technology & Tools

Pre-negotiated deals and discounts that are uniquely-tailored because of the Rise of the Rest relationship



## Education

Curated network of contacts that uniquely position us to help address challenges faced by our portfolio companies



## Community

Connecting founders and teams across the country with each other in a meaningful way, both in-person and online, all with an emphasis on value-add



# ROTR 8.0 BY THE NUMBERS



**\$500,000**

**OF NEW CAPITAL INVESTED**  
into pitch competition winners  
by Revolution's Rise of the  
Rest Seed Fund!

**5**  
**REGIONS ADDED**  
to the Rise of the Rest map

- ORLANDO, Florida
- SPACE COAST, Florida
- TAMPA BAY, Florida
- MIAMI, Florida
- SAN JUAN, Puerto Rico

**GRAND TOTAL TO DATE: 43**



**1,500**

**MORE MILES LOGGED**  
by the Rise of the Rest  
tour bus

**GRAND TOTAL TO DATE: 11,500**



**5 OF 5**

Pitch competition winners were **UNDERREPRESENTED FOUNDERS**, including four women and one Latino founder

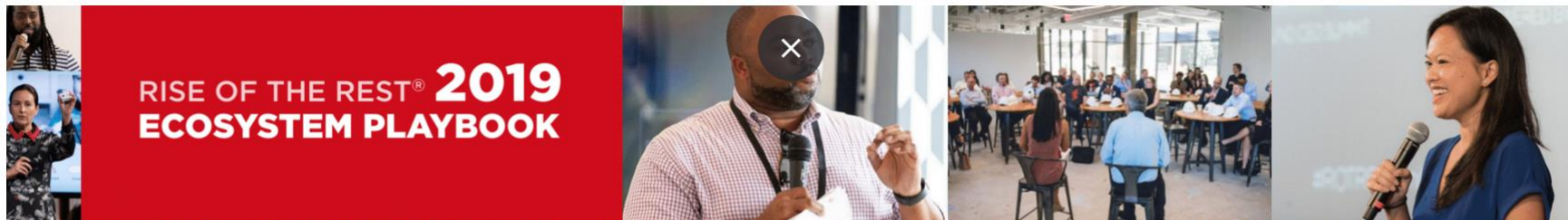


## The Seven Spokes of a Startup Hub



Through our travels, we have found that there are at least seven entities that help to fuel the rise of startup ecosystems: local government, universities, investors, startup support organizations, corporations, local media, and the startups themselves. These groups use a variety of levers to help connect, convene, and support startups. These efforts, in turn, inspire an environment that is conducive to innovation and entrepreneurship.

TO LEARN MORE DOWNLOAD THE ROTR PLAYBOOK AT [WWW.REVOLUTION.COM/PLAYBOOK](http://WWW.REVOLUTION.COM/PLAYBOOK)



RISE OF THE REST® **2019**  
ECOSYSTEM PLAYBOOK

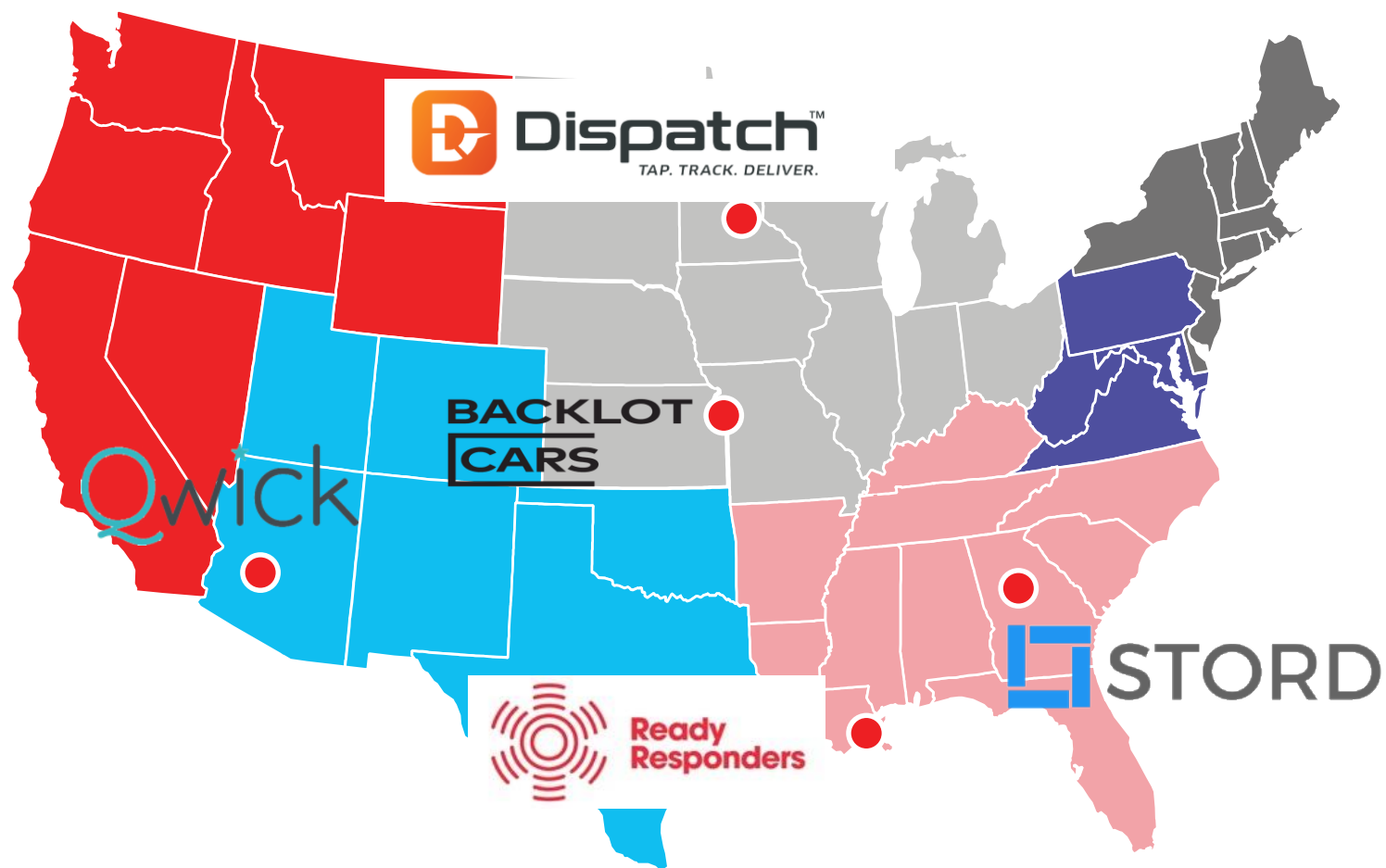
**COMING SOON**

POWERED BY  revolution

@RiseOfRest [www.revolution.com/playbook](http://www.revolution.com/playbook)



# Startup Growth Trends for NGA Members to Consider



THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT & INTERNATIONAL TRADE  
GLOBAL BUSINESS DEVELOPMENT

# COLORADO STARTUP COMMUNITY SURVEY 2018



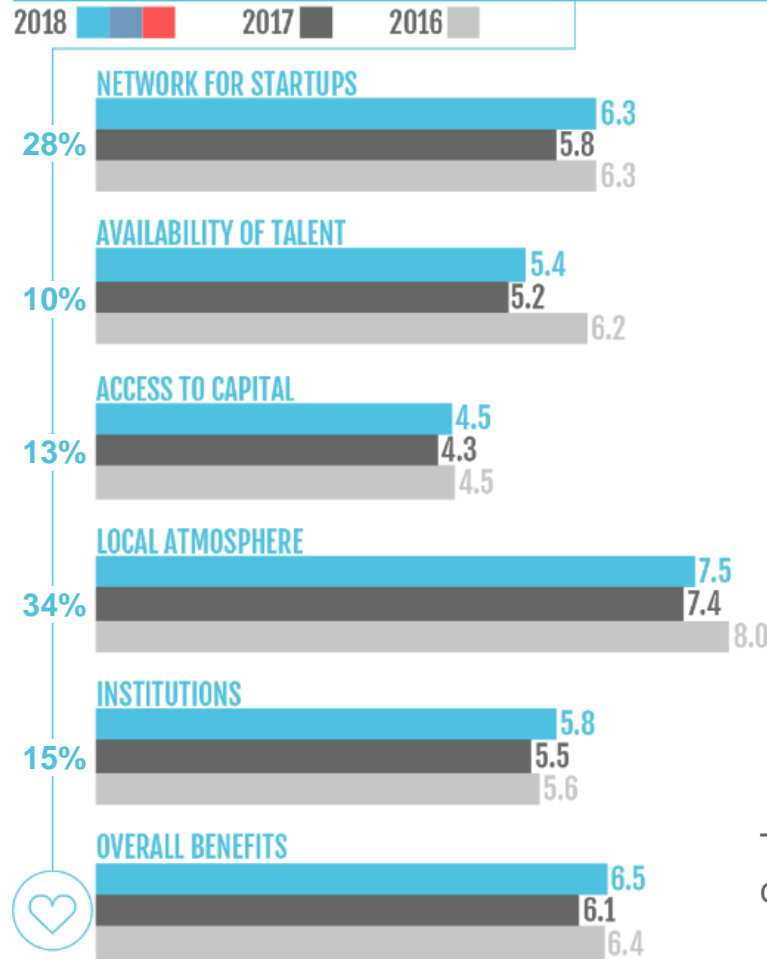
# STARTUP COMMUNITY SURVEY

## 2018

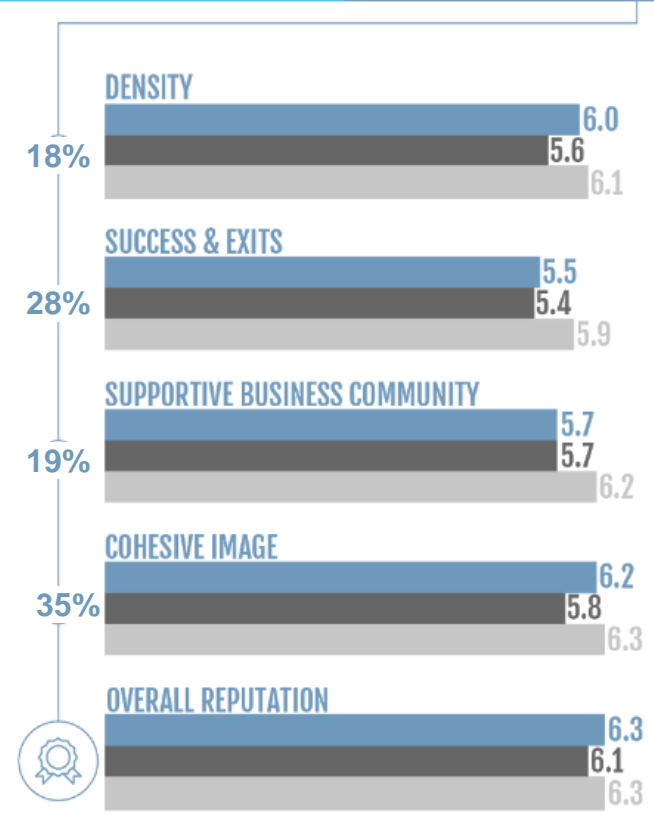
The Startup Community Survey measures what is most important to entrepreneurs when they startup and how Colorado is doing on each component.

COLORADO OVERALL SCORE: 6.8

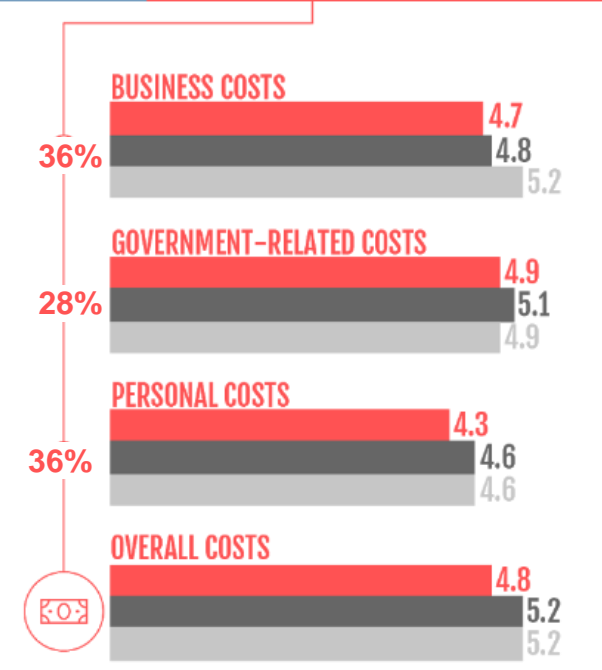
### BENEFITS: 6.5 AVERAGE SCORE



### REPUTATION: 6.3 AVERAGE SCORE



### COSTS: 4.8 AVERAGE SCORE



The Benefits and Reputation make up 80% of an entrepreneur's satisfaction with their community.

The most important drivers in these two categories are the following: Local Atmosphere, Network for Startups, Cohesive Image, and Success & Exits



# Drives for Entrepreneurs Satisfaction

Based on interviews with entrepreneurs, we found the below drivers as the most important components to startup leaders' when deciding on where they startup.

**BENEFITS:** The benefits of starting up in your community.

- **NETWORKS:** The knowledge and experience of other entrepreneurs and connections with mentors, leaders, investors, and talent via regularly held events and groups
- **AVAILABILITY OF TALENT:** Ability to hire people with the right characteristics and qualifications
- **ACCESS TO CAPITAL:** Ability to access and compete for funding
- **LOCAL ATMOSPHERE:** The quality of the community (schools, parks...), recreation and the outdoor environment, restaurants, nightlife, and lifestyle, and culture of openness.
- **INSTITUTIONS:** Centers of R&D and universities

**REPUTATION:** The reputation of your startup community.

- **DENSITY:** The appearance of a "critical mass" of entrepreneurs, supportive networks, and other ingredients for startups
- **SUCCESS & EXITS:** The level of outside awareness about companies in your community that have been very successful or have been acquired
- **SUPPORTIVE BUSINESS COMMUNITY:** The level of knowledge of the outside world about the presence of supportive large companies or "anchor tenants" in your community
- **COHESIVE IMAGE:** The perception of the outside world with regard to cohesion and cooperation among members

**COST:** The cost or challenges in your startup community.

- **BUSINESS COSTS:** The cost of capital, the cost of employee acquisition and their wages, the cost of business-related real estate, and other general costs of operating your business
- **GOVERNMENT-RELATED COSTS:** The level of taxes and the costs of ensuring compliance with regulations.
- **PERSONAL COSTS:** The cost of living, housing rent, and the time and costs of getting around the community





# Launch Tennessee

---



**Lindsey Cox**  
Director of Ops + Gov't Relations

# Launch Tennessee

TN Startup Ecosystem

## COMPETITIVE ADVANTAGE

Tennessee is one of the only states with a **distributed entrepreneur network** operating at the state level.





## FOCUS AREAS



**Capital**



**Market Access**



**Commercialization**



**Talent**



**Environment**



# Launch Tennessee

## Network Results

### Launch Tennessee

**\$415M**   
**CAPITAL RAISED  
IN NETWORK**

**30+** partners  
across TN

Healthcare • Music  
Life Science • Energy  
Logistics • Manufacturing



**2200**  jobs  
created

**65%**

Increase in early-stage  
capital investment

**36**  **86**  
ENTREPRENEURSHIP  
FESTIVAL  
TOP  
CONFERENCE  
IN SOUTHEAST

**SPONSOR & SALES  
FOR LAUNCHTN** **\$2.5M**

**500+ INVESTORS**

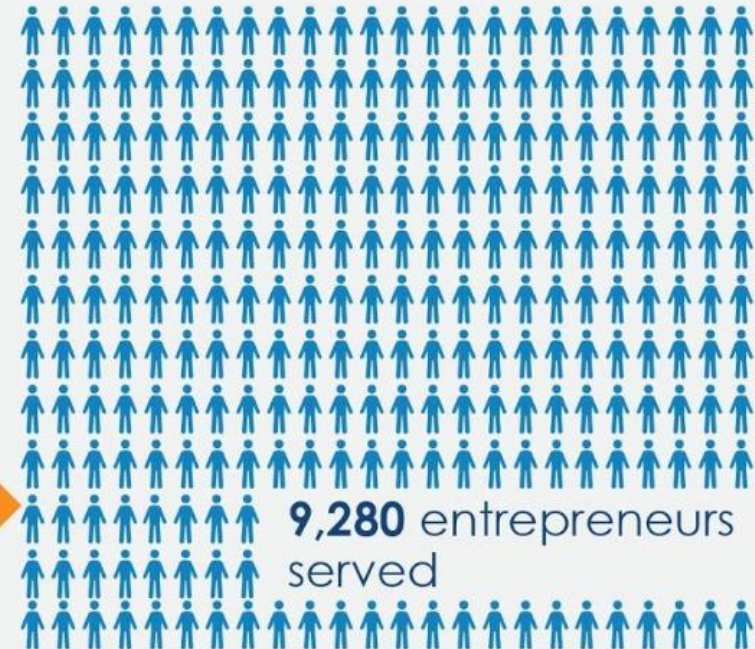
**\$196M**

Investment Capital  
Raised by Village 36  
in a five year period

**102** 

Investment Firms  
represented

### 2018 by the numbers

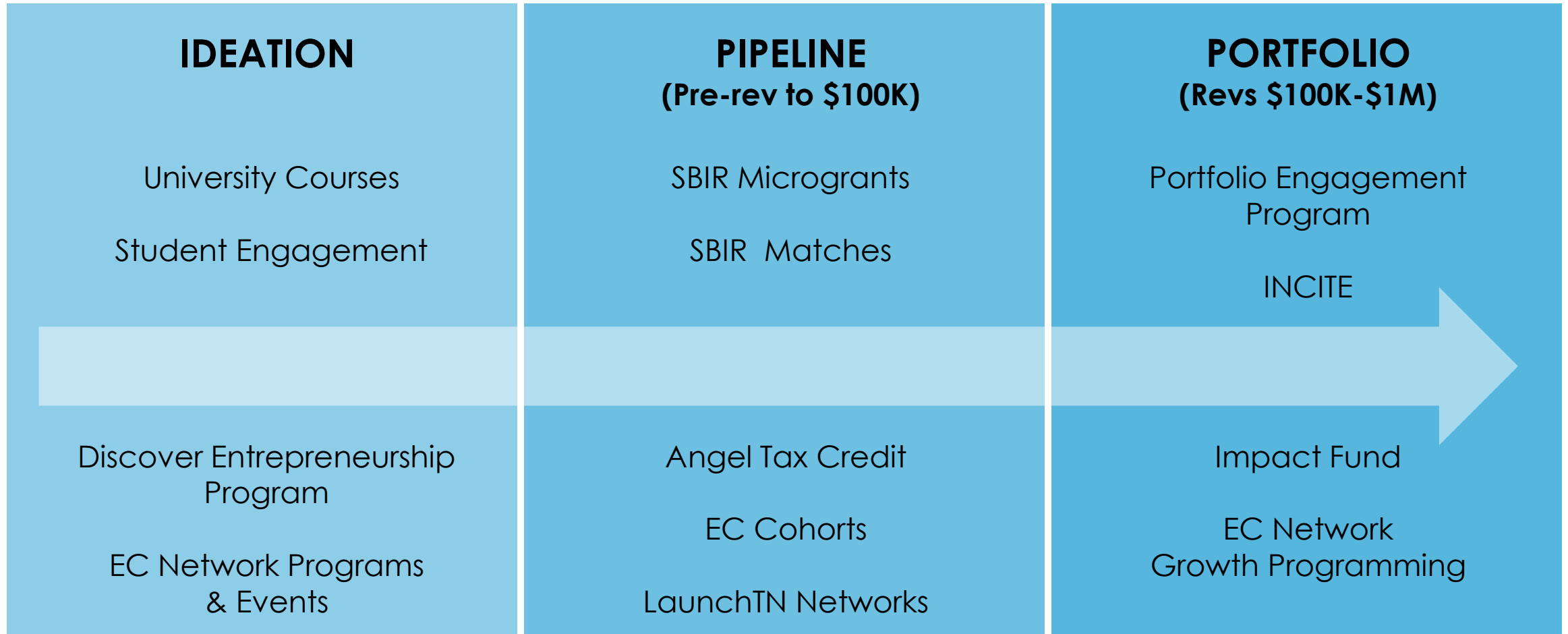


**2,350**  
Female

**915**  
Minority

# Launch Tennessee

Process



---

# Recent Success

---

- **\$3MM SBIR Matching Fund**
- **Discover Entrepreneurship Program**
- **i6 Grant**
- **Internship Program**
- **Innovation Capital Continuum**
  - Follow-on funding
  - Impact Fund
  - Blended Capital Fund



The logo features the numbers '36' stacked above '86' in a bold, black, sans-serif font. The numbers are overlaid on a circular graphic composed of several overlapping, semi-transparent shapes in shades of blue, purple, pink, and orange. The entire graphic is enclosed within a thin blue circular border.

**36  
86**

**Entrepreneurship  
Festival Nashville**  
**August 28-29**

---

**For the innovator.**

36 | 86 is a two-day festival with workshops, panels, fireside chats and networking events in various venues in downtown Nashville.

---

[attend3686.com](https://attend3686.com)





---

# Launch Tennessee

Connect with @LaunchTN | [launchtn.org](http://launchtn.org)

# LaJuanna Russell



- **Board Chair**
- **Small business education and advocacy organization**  
– founded and run by small business owners. Been in business since 2005.
- **National** – 6 offices Washington, D.C., California, Colorado, Illinois, Maryland and Virginia
- **Focus on issues of top importance to small businesses** (<100 employees) and the self-employed, including access to capital, healthcare, retirement, entrepreneurship, workforce, taxes and more; work supported by extensive **research**
- Our **Entrepreneurship Program** brings resources and education to small business owners in key areas of running and growing a small business
- Visit our website: [www.smallbusinessmajority.org](http://www.smallbusinessmajority.org)



- **Founder, President & CEO**
- Started in 2015
- Management Consulting Services Firm
- Federal Government Clients



# Why states need to support entrepreneurship



## **Supporting entrepreneurs is good for the economy:**

- 99.7% of all employer firms (<100 employees)
- 43% of U.S. private sector payroll
- Employ half of private sector workforce

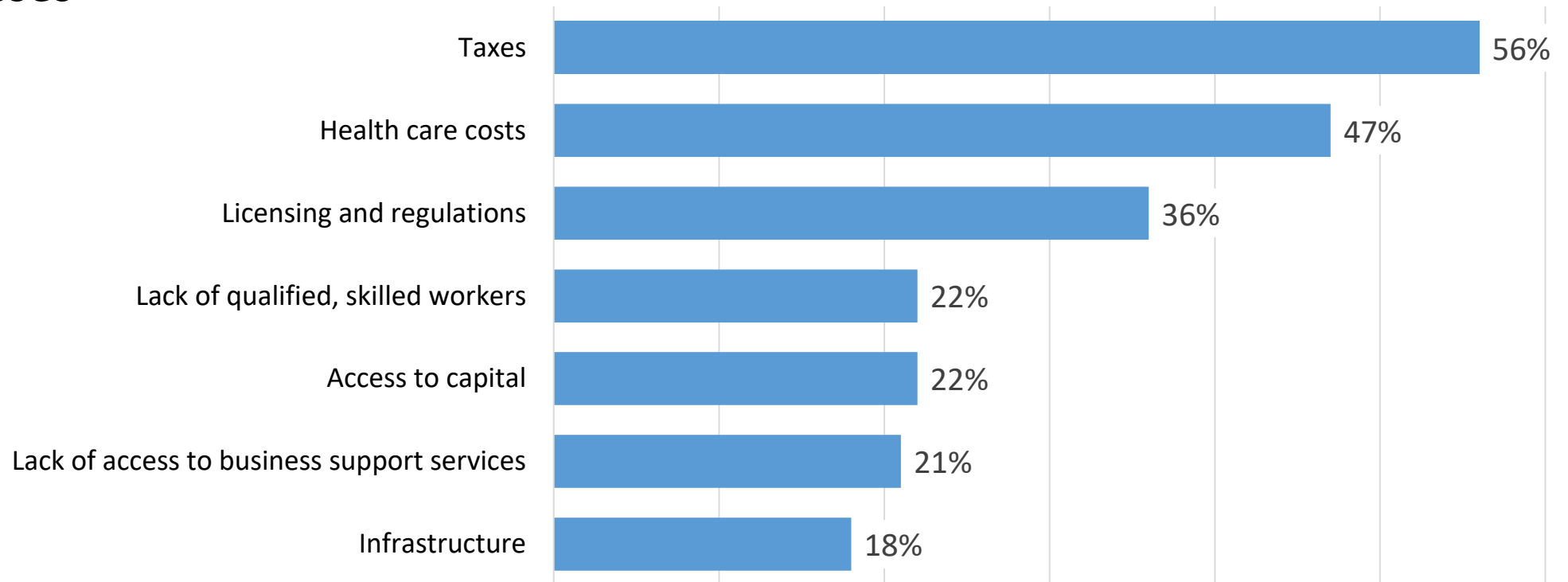
## **Who are small businesses?**

- Nationwide, 22 million self-employed and growing, as the nature of work changes (rise of the freelance economy)
- 5.8 million minority-owned businesses
- 10 million women-owned businesses
- Immigrants started 28% of all new businesses in 2011, despite accounting for 12.9% of population



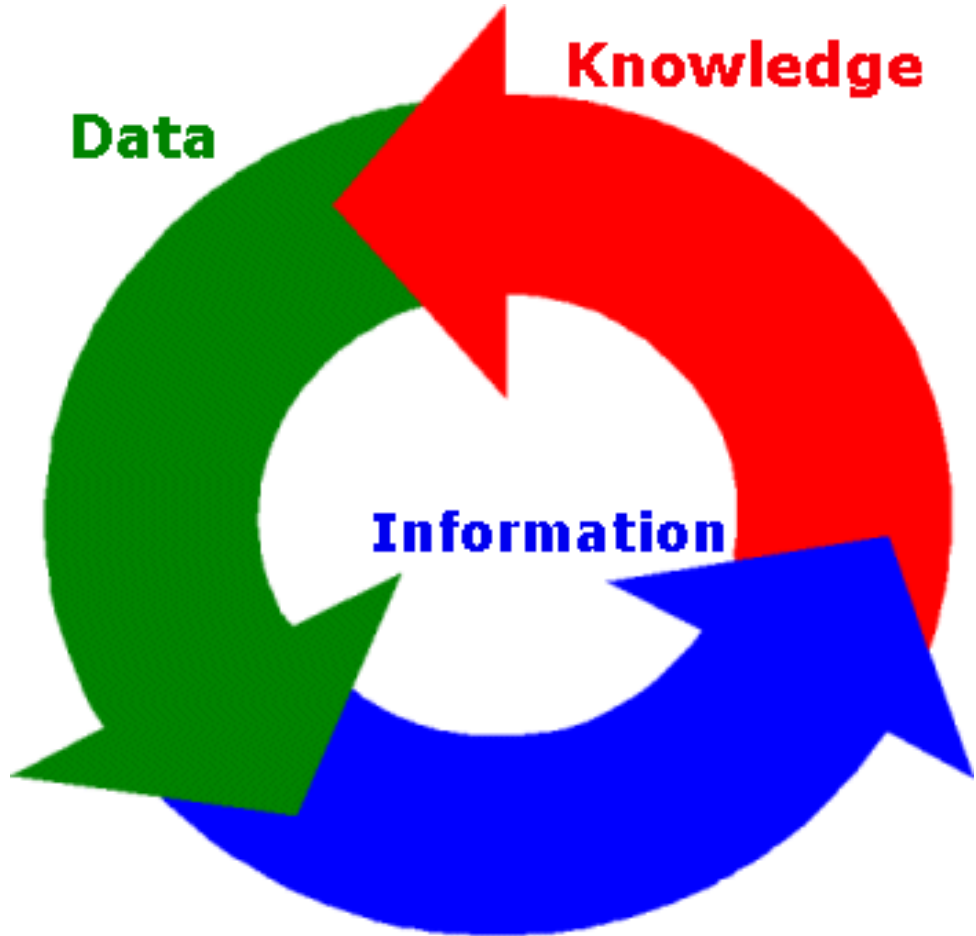
# Small business opinion poll: Biggest barriers to growth

Entrepreneurs identify the biggest barriers to maintaining or growing their businesses



**Small Business Majority Opinion Poll:** Small business owners say government doesn't understand their concerns, need help with healthcare costs and other challenges | *August 13, 2019*

# State Perspective: Next Steps



- Data, data, data
- Start the conversation
- Understand your assets
- Understand your processes

# Entrepreneur Perspective: Next Steps

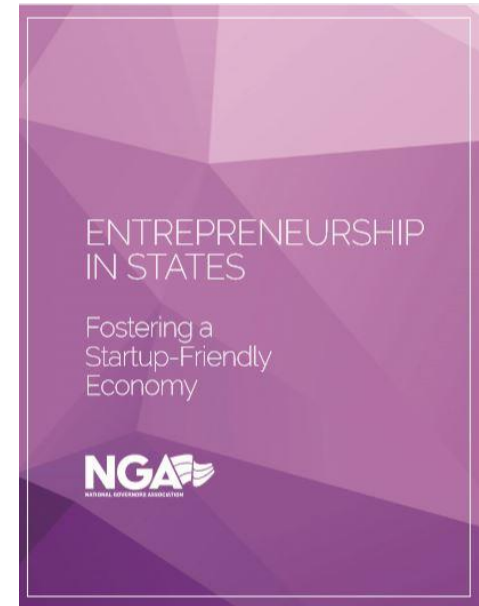


- Be vocal – ask many questions
- Participate and Advocate!
- Offer support and solutions

## Q&A

For additional background & details,  
don't forget to download:

*“Entrepreneurship in States: Fostering  
a Startup-Friendly Economy”*



<https://www.nga.org/center/publications/entrepreneurship-in-states-fostering-a-startup-friendly-economy/>

## TABLE OF CONTENTS

Foreword .....	5
Executive Summary.....	7
Introduction.....	9
Background: Entrepreneurial Ecosystems .....	11
Taking the Pulse of a State's Entrepreneurial Ecosystem.....	13
Establishing a Long-Term Vision Based on State Assets .....	18
Providing Financial Amenities for Entrepreneurs .....	22
Making a State's Regulatory Environment Competitive.....	25
Ensuring Adequate Broadband Infrastructure .....	29
Finding Entrepreneurs Where They Are.....	31
Rural Entrepreneurial Communities .....	34
The Governor's Message .....	36
Governors Are the Linchpins.....	38
Catalyzing Networking Events in State and Beyond the State.....	40
Conclusion: Entrepreneurship as the Number One Economic Agenda.....	41

Some states explored in this report ...

Colorado,  
Montana,  
Tennessee,  
West Virginia,  
Pennsylvania,  
New York,  
Maryland,  
North Carolina,  
... and others

# Thank you for joining us today!

And many thanks to our terrific speakers!

*Contact information:*

- Jason Wiens, [jwiens@Kauffman.org](mailto:jwiens@Kauffman.org)
- Anna Mason, [anna.mason@revolution.com](mailto:anna.mason@revolution.com)
- Dan Salvetti, [daniel.salvetti@state.co.us](mailto:daniel.salvetti@state.co.us)
- Lindsey Cox, [lindsey@launchtn.org](mailto:lindsey@launchtn.org)
- LaJuanna Russell, [lrussell@bizmanagers.com](mailto:lrussell@bizmanagers.com)
- Sally Rood, [srood@nga.org](mailto:srood@nga.org)