The Emerging Field of Entrepreneurial Ecosystem Building

Andy Stoll
Senior Program Officer, Ecosystem Development & Measurement
The Kauffman Foundation
“Every individual that we can inspire, that we can guide, that we can help start a new company is vital to the future of our economic welfare.”

Ewing Marion Kauffman
We aspire to eliminate barriers so that every person – regardless of their background – can take risks, achieve success, and give back to their communities.

Ewing Marion Kauffman
The world has shifted.
The Industrial Age has ended.
The Connected Age
Entrepreneurship and innovation have been democratized.
The individual has been globalized.
Networks are replacing hierarchies.
Geography does not have a monopoly on good ideas.
The communities that will thrive in the new era are those that best help **all** people make new ideas happen.
Entrepreneurs...the makers, the doers, the dreamers.
Entrepreneurship empowers individuals, improves standards of living throughout a community, and creates jobs, wealth, and innovation in the economy.
New and young companies are the primary source of job creation in the American economy.

SOURCE: Kauffman Foundation: The Importance of Young Firms for Economic Growth, 2015
Entrepreneurship has been democratized.

And entrepreneurs create nearly all the net new jobs.

Yet...
There is an entrepreneurship deficit.

**SOURCE:** U.S. CENSUS BUREAU BUSINESS DYNAMICS STATISTICS

Startup Density is a measure of the number of startups relative to the total number of companies.
And it’s exacerbated by barriers facing specific populations.
Women are half as likely as men to own businesses...

...minorities own half as many businesses as non-minorities...

...and rural entrepreneurs face an increasingly uphill battle.
The whole economy suffers when everyone isn’t able to participate.

...recent research also suggests that the entrepreneurship deficit is related to some of today’s biggest challenges: the jobs deficit, slow productivity growth, stagnant wages, and rising inequality.
The population of the United State is becoming older and more racially diverse. By 2055, the United States will not have a single racial or ethnic majority.
UNTAPPED POTENTIAL

- A study by Silicon Valley-based First Round Capital found that its investments in companies with a woman founder performed 63 percent better than investments in all-male founding teams.

- Immigrants are almost twice as likely as the native-born to become entrepreneurs.

- If minorities started business at the same rate as their white counterparts, the United States would see 1 million new companies and 9.5 million new jobs.
“Traditional methods of encouraging entrepreneurship are not producing desired results...”

*SOURCE:* Yasuyuki Motoyama and Jason Wiens
The Kauffman Foundation, Introduction to Guidelines for Local and State Governments to Promote Entrepreneurship, March 2015.
A NEW MODEL IS REQUIRED.
Ecosystem building is the new emerging model for economic development in the “connected age.”
INNOVATION THRIVES IN DENSE NETWORKS.
A thriving entrepreneurial ecosystem includes these elements:

1. Entrepreneurs and the people that support them.
2. Knowledge and resources to help entrepreneurs.
3. Talent that helps companies grow.
4. Champions and conveners.
5. On-ramps and intersections into the ecosystem.
6. The community’s story.
7. A collaborative culture that is rich in social capital.
Culture is the primary driver of economic development in the “connected age.”
P + C = E

People + Culture = EVERYTHING!!
How to help entrepreneurs:

**YESTERDAY**
- More financial capital
- More technology
- More technical training
- More incubators
- More policy incentives

**TODAY**
- More community building
- More social capital & trust
- More connectivity
- More diversity
- More peer learning
People are the new companies.
See Fog video at www.kauffman.org/fog
Entrepreneurship is a community sport.
The communities that will thrive in the new era are those that best help all people make new ideas happen.
We need ecosystem builders.

Many communities have the elements of an ecosystem, but they remain nascent or disconnected.

Ecosystem builders step up and consider the whole ecosystem by enhancing each element and the collaborative culture and connectivity across the whole system.
Ecosystem builders create invisible infrastructure.

It’s not like traditional infrastructure. It’s not about physical spaces, fancy buildings, pools of capital, or big institutions. Instead, ecosystem builders focus on building consistent, collaborative human engagement across the entire system.
Like entrepreneurs, ecosystem builders come in many forms.

Really, anyone can be an ecosystem builder—if they care enough.
“Seeing White” series from Scene on Radio Podcast
By John Biewen w/ Chenjerai Kumanyika

Thank You For Being Late: An Optimist’s Guide to Thriving in the Age of Accelerations
by Thomas Friedman

Have coffee with one entrepreneur a week
Ask “What’s your story?” And “How can I help?”
"All of the money in the world cannot solve problems unless we work together. And if we work together, there is no problem in the world that can stop us, as we seek to develop people to their highest potential."

Ewing Marion Kauffman
Andy Stoll
Senior Program Officer, Ecosystem Development
astoll@kauffman.org

Kauffman Ecosystem Development Newsletter
kauffman.org/stay-connected

ESHIP Ecosystem Builders Playbook
kauffman.org/playbook

ESHIP Summit Initiative
kauffman.org/eship-summit

“Fog” Video
kauffman.org/fog