From the Planners' Bookshelf...

Startup Communities, Building an Entrepreneurial Ecosystem in Your City

Brad Feld, John Wiley & Sons, Inc., Hoboken, 202 pages, 2012.

Summary.

Brad Feld's book offers a succinct, insightful and readable view into the world of entrepreneurs, the people that start, or co-found, businesses. He also uses the term "community" to reflect a community of interest. He definitely and extensively differentiates the startup community from governments, especially state and local governments.

Despite this distinction, he tells us from the start: "Startup communities consist of many more participants than just entrepreneurs. Government, universities, investors, mentors, service providers, and large companies play key roles in the development of a startup community." [p.xiii]

The purpose of this review is to find ways that city governments can both be entrepreneurial and be supportive of private entrepreneurs. As a result, this summary focuses on the role and opportunities for cities, but the book has much to offer the reader seeking to understand the world of startup companies, investors, venture capitalists and entrepreneurs.

From a city government perspective, becoming an entrepreneurial city has to be a strong consideration in any economic development vision and strategy. Whether the goal is for the city to act more entrepreneurially or for the city to foster a "startup community" as described by Mr. Feld, the strength of this idea has an allure. Mr. Feld centers his discussion on the City of Boulder with many connections to other activities in the United States. Excerpts selected for application to city government are:

Mr. Feld goes to great lengths to point out the differences between governments and entrepreneurial activities. No doubt there are significant, structure differences in reward systems, risk evaluations, time frames and mission. However, there are many valuable lessons in this book that can add to the creativity and innovation of a city's administration.
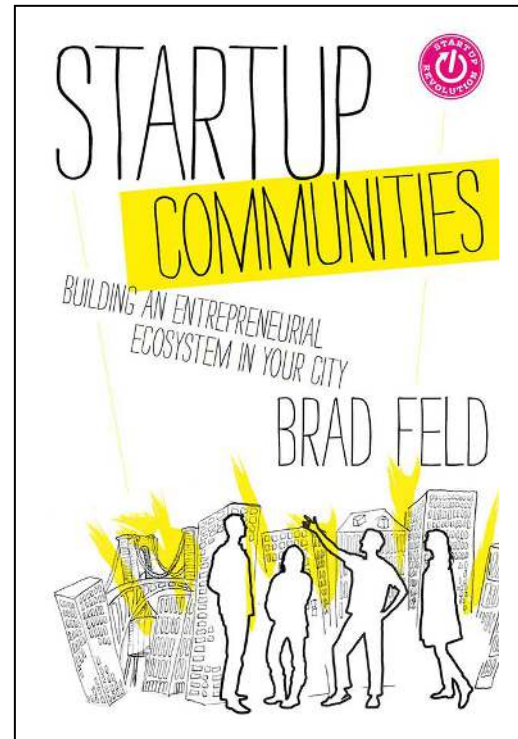
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From a business recruiting perspective, "Three prominent frameworks explain why some locales are hotbeds of entrepreneurship whereas others are the innovation equivalent of a twenty-first century mirage." [p.22] In summary the three factors are:

- "*External or agglomeration economics*", or areas that benefit from a concentration of startup companies who are collaborators, customers or suppliers. This includes "*the network effect*" that relates to talent in a creative environment forming a vast labor pool.
- "Horizontal networks" based on an open and collaborative mindset as opposed to a secretive, closed setting. His example is a study by AnnaLee Saxenian reported in her book *Regional Advantage: Culture and Competition in Silicon Valley and Route 128* [1994]. She demonstrates why Silicon Valley has been more successful with its open and collaborative approach versus the less successful Route 128 cluster that is less open and collaborative.
- Richard Florida's work on the creative class is the third differentiator. Creative people with a choice of places to live choose nice places. Go figure.

Mr. Feld adds his "Boulder Thesis" to the three factors above. "This framework has four key components:

1. Entrepreneurs must lead the startup community.
2. The leaders must have a long-term commitment [Mr. Feld says 20 years, at least].
3. The startup community must be inclusive of anyone who wants to participate in it.
4. The startup community must have continual activities that engage the entire entrepreneurial stack." [p.25]

The idea of leaders and feeders is important to the author. The entrepreneurs must be the leaders, but there are many participants that must be the feeders, or participating and committed supporters. His advice is to make sure that feeders, such as city governments, do not believe or act like they can be leaders. In his view, when cities become active in this space they tend to do counter-productive things, like: be overactive regulators, promulgators of misguided and shortsighted tax policies and implementers of constrictive zoning rules, especially in downtowns. [p.35] He also points out that cities are on a different time cycle than entrepreneurs. Entrepreneurs think and act in terms of decades while cities make decisions with two to four year horizons.

Implications for the Character Town.

Cities can be entrepreneurial. Cities can be entrepreneurial when the elected and appointed city leaders act entrepreneurially. Brad Feld "define[s] an entrepreneur as someone who has co-founded a company." [p.26] A broader view of an entrepreneur is someone who risks something to create value. This broader view encompasses two activities of the "public entrepreneur" [not a term from Mr. Feld]:

- Startup communities do not have to be based on high-tech businesses. Mr. Feld's found five startup communities when he moved to Boulder: "tech (software/Internet), biotech, clean tech, natural foods and lifestyles of health and sustainability (LOHAS)." [p.3]

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- Cities can start enterprises that create value, economic value as well as civic or social value. An enterprise fund that manages a city's solid waste function serves as an example as does every instance of privatization and private-public partnerships. In each case, a financially independent [mostly] function is being started with the outcome at some risk in order to create a public service of economic and/or civic value.
- Cities can serve as "feeders" to entice, encourage and enable local entrepreneurs to locate their startup businesses in their town. Attitude, infrastructure and education seem to be the critical ingredients. The absence of a university, research labs, venture capitalists or public subsidies are only excuses. Startup communities start with entrepreneurial leaders.

Startup Communities **is a great read that has many applications to the Character Town.**

YouTube.

Brad Feld (Foundry Group) at Startup Grind Denver

Startup Grind Local
Published on Aug 16, 2015
Brad has been an early stage investor and entrepreneur since 1987. Prior to co-founding Foundry Group, he co-founded Mobius Venture Capital and, prior to that, founded Intensity Ventures. Brad is also a co-founder of Techstars.

Published Reviews.

Startup Communities
In his new book, Startup Communities, the co-founder of Foundry Group and TechStars boils down 20 years of experience working with entrepreneurs into four simple steps...
http://www.startuprev.com/category/communities/

FeldThoughts

startup communities

August 20, 2015

Vanishing Mediary

I love the phrase vanishing mediary. This is what I aspire to be. It's the opposite of a visible intermediary. In our ego-fueled world, many people want to be front and center. Leaders are told to lead from the front, even if all they do is get up on a white horse and exit stage left as…
http://www.feld.com/archives/tag/startup-communities