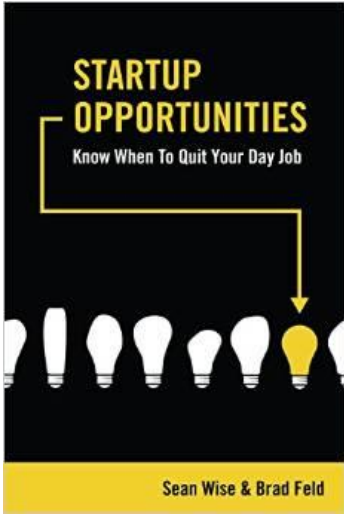
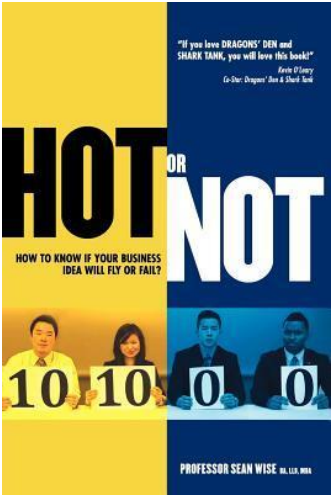


Startup Communities

What does it take to become a successful startup community?

Dr. Sean Wise, BA LLB MBA PhD
Assoc. Professor of Entrepreneurship
TRSM, Ryerson University

A bit about me....



Portfolio



figure **1**



DreamQII Inc.



Best Investment



What is a Startup?

What is a Startup?

A startup is a new organization formed to search for a repeatable and scalable business model.



What is driving the boom in Startups?

1. Startups can now be built for thousands, rather than millions of dollars (1998: \$5M → 2008: \$500k → 2015: \$5k)
2. A more accessible transparent venture finance industry (e.g. The funded; Angel list & Kickstarter)
3. Entrepreneurship developing its own management science
 1. Customer Development by Steve Blank
 2. Lean Startup by Eric Reis
 3. Disciplined Entrepreneurship by Bill Aulet
4. Number of people on the Internet is now \$3.17 Billion
5. Speed of consumer adoption of new technology
6. Global Markets are geoagnostic

What is a Startup Community?

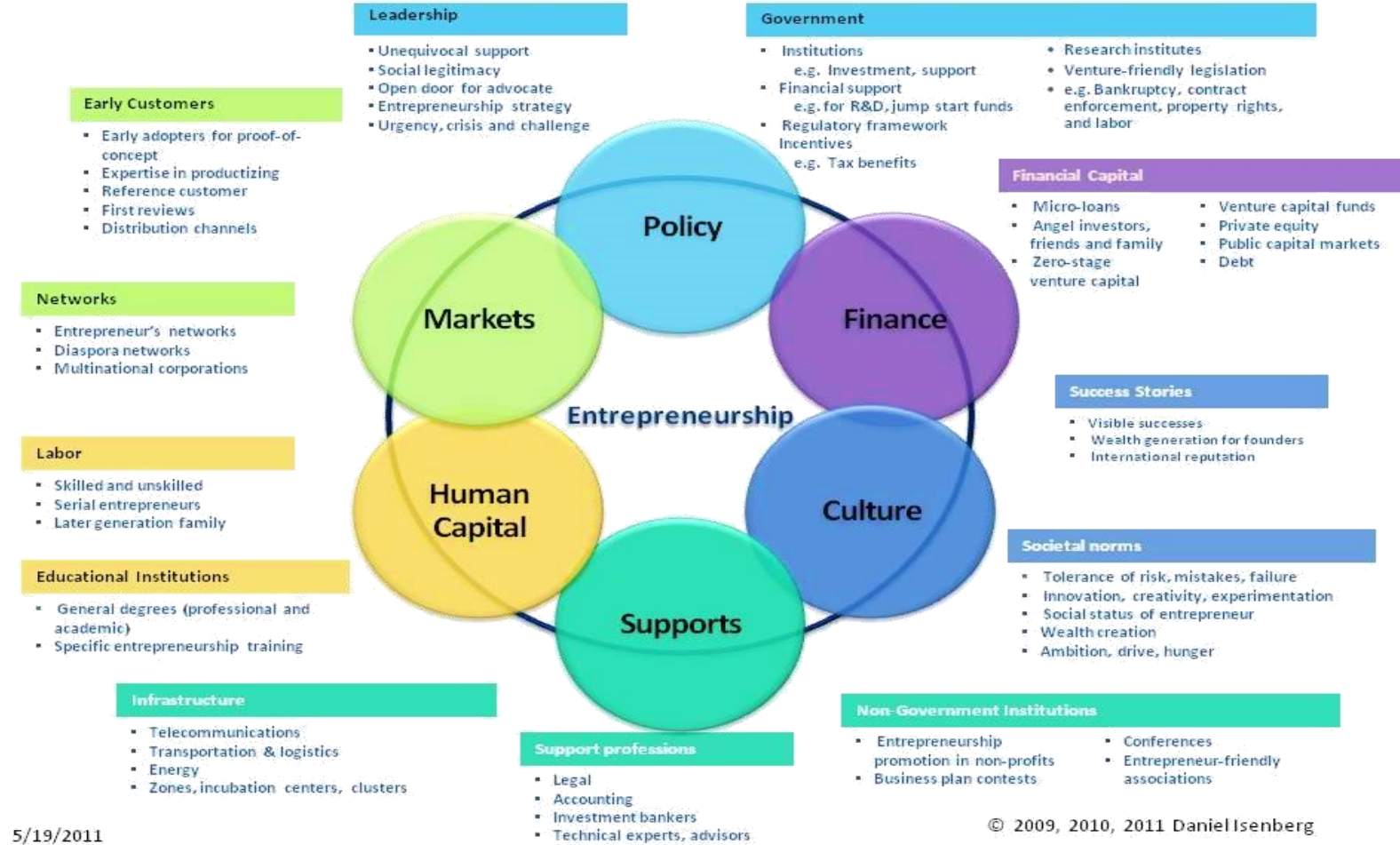
What is a Startup Community?

- Start-up communities exist on different levels, as entrepreneurs interact with each other within coworking spaces (Spinuzzi, 2012), incubators (Hughes et al., 2007), science parks (Bakouros et al., 2002), cities (Feld, 2012), or geographic regions (Saxenian, 1996).
- An ecosystem based on a geographic region (e.g. Tel Aviv) or subdomain (e.g. bitcoin ventures)
- **For our discussion we will focus on the former not the latter.**

Characteristics of Startup Communities

- SCs are more than informal networks
- They are tightly knit and self-emergent groups (Brown and Duguid, 1991)
- Held together by the passion and commitment of its members (Wenger and Snyder, 2000)
- There is little to no hierarchy and news, knowledge and information diffuses quite rapidly
- Within the community shared practices emerge and are replicated (Brown and Duguid, 1991)

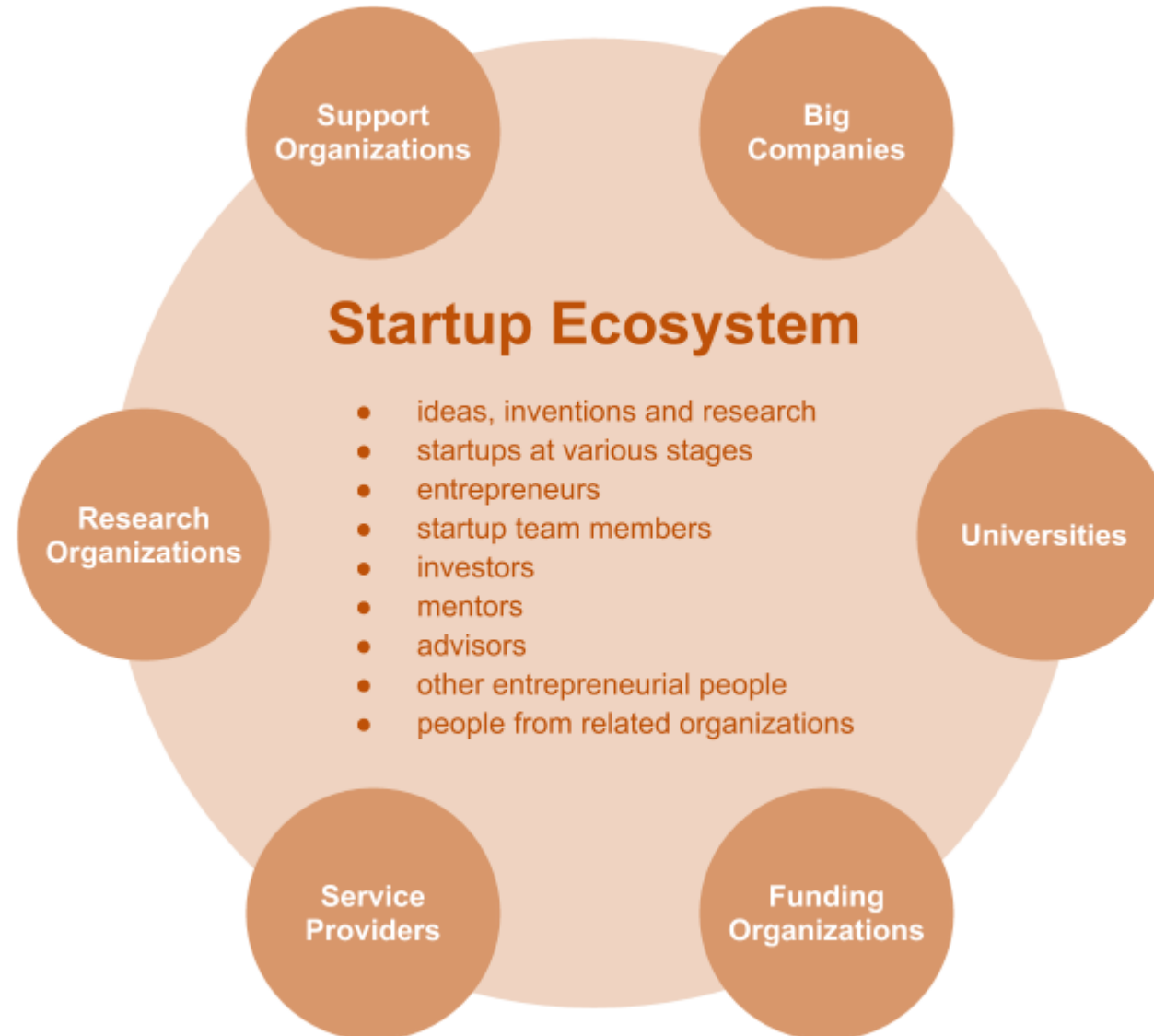
Domains of the Entrepreneurship Ecosystem



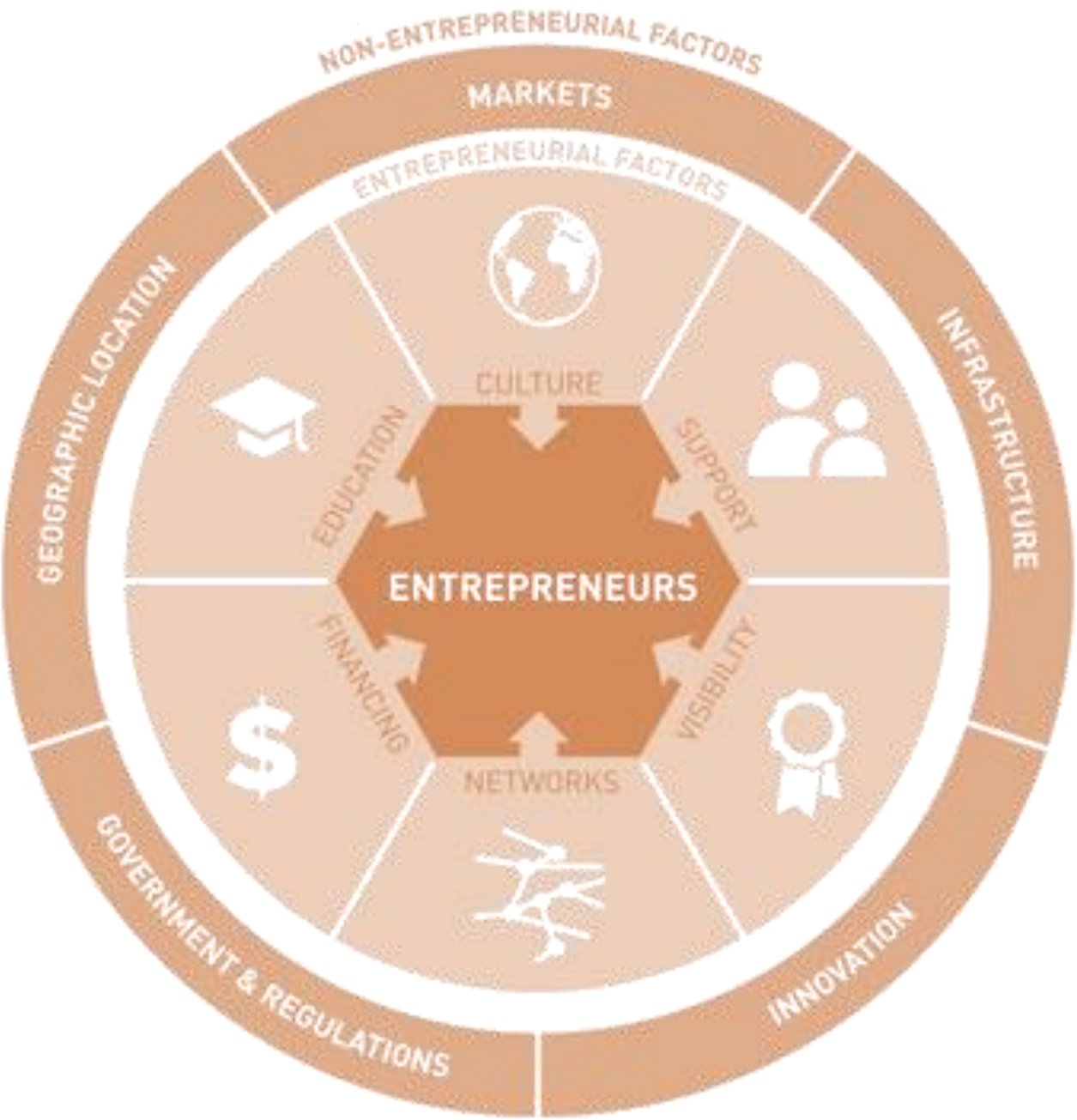
5/19/2011

© 2009, 2010, 2011 Daniel Isenberg

What is a Startup Community?



What is a Startup Community?



Top Startup Communities

A Startup World

THE TOP 20 ENTREPRENEURIAL HOT SPOTS AROUND THE GLOBE

Silicon Valley is still the king of the startup world, but it may not hold the crown for long. Over the last decade, cities worldwide have become successful startup incubators, creating new business ecosystems and exciting investment opportunities. From entrepreneurial activity to entrepreneurial spirit, the following 20 cities are the most active startup hubs in the world.

THE TOP 20 STARTUP ECOSYSTEMS

While the United States is home to 6 of the 10 top startup ecosystems, other areas of the world are also growing exponentially. As detailed in the Startup Ecosystem Report 2012, published by the Startup Genome in partnership with Telefónica Digital and researchers at Stanford University and the University of California, Berkeley, the following city rankings* were calculated based on success in 8 key areas:



1 SILICON VALLEY	5 NEW YORK CITY	9 VANCOUVER	13 SAO PAULO	17 SINGAPORE
2 TEL AVIV	6 BOSTON	10 CHICAGO	14 MOSCOW	18 MELBOURNE
3 LOS ANGELES	7 LONDON	11 PARIS	15 BERLIN	19 BANGALORE
4 SEATTLE	8 TORONTO	12 SYDNEY	16 WATERLOO (CANADA)	20 SANTIAGO



TOP 20 STARTUP ECOSYSTEMS AROUND THE GLOBE



THE SILICON VALLEY EFFECT

Silicon Valley ranks highest for all categories, and its influence spreads in many ways, particularly through the migration of its workers.

Cities with the most startup founders who previously lived in Silicon Valley:



COMPASS

The Global Startup Ecosystem Ranking 2015

Ze wstępem Startups Poland z serii raportów o ekosystemach startupowych od Compass.co (wcześniej znany jako Startup Genome)

Why care about building a Startup Community?
What are the benefits of a Startup Community?
Why Economic Development Officers should want
to create a Startup Community?

Why care about building a Startup Community?

- 48.3 percent of Canada's total workforce work for SMEs, less than 1% work for Startups
- Yet Startups (**less than 1%**) create the lion's share of new jobs, new business models and new innovation
 - In 2014, nearly 55 % of American organizations witnessed candidates changing jobs to work in startups
 - Research shows that for close to three decades, companies less than five years old have created almost all net new jobs in America – averaging about three million jobs each year
 - Startups generated 15x more patents than SMEs and 3x than LMEs

Benefits of a Startup Community?

- Benefits accrue to founders, their startups and the general population
- Economies of scale over economic benefits such as lower costs and lower barriers to entry
- SCs attract new entrepreneurs and other actors as network partners, for example investors, lawyers, accountants, etc.
- SCs thereby lower the costs of doing business, making the system more efficient

Benefits of a Startup Community?

- SCs can offer **legitimacy** for start-ups participating in that community, and a *halo effect* can even develop
- SCs give founders a sense of **belonging**, and communities can give comfort when entrepreneurs realize that their peers cope with similar challenges (McAdam and McAdam, 2008)
- SCs **pool the resources** of all start-ups (Hughes et al., 2007)
- SCs create a **shared identity**, this leads to a **shared culture** in which members feel a strong commitment, or **willingness to help each other**

Benefits of a Startup Community?

- SCs help **minimize** founders' feelings of **isolation**
- SCs attract **greater pools of resources** (e.g. strategic partnerships, venture capital, etc.)
- As SCs grow so does their political influence which can lead to more
- SCs can help entrepreneurs to set their ambitions higher by being **inspired** by the positive results of close peers (Van Weele et al., 2013)

Traits of a powerful Startup Community?

Traits of a powerful Startup Community

- There is a ‘**recruiting**’ effort put on by locals to bring new people into the community and an incredibly warm welcome when those new people arrive.
- The **community starts movements** that are so awesome, they are adopted and adapted by other communities.
 - e.g Startup Weekend started in Boulder with just a few folks and is now in 135+ countries
- Everyone genuinely cares. **Egoless, motiveless, selfless** help happens. This is most evident in times of crisis.
- The jerks have a hard time living in the community and eventually evolve or leave. The community has **strength in density, not numbers**. A **tight network** is created in which the members support and elevate each other.
- Businesses support each other. Buying—and selling—**local matters**.

How to create a Startup Community?

How to create a Startup Community?

1. **Commit** to it. It is a long term effort.
2. Map the current state, find an *unmet market need*. Make that your mission.
3. Build community around the mission.
4. Create a platform for communication and collaboration.
5. **Create Awareness**. Educate students and the community.
6. Make each member of the community feel special, feel engaged and feel heard.
7. **Repatriate homegrown successes**. Engage them to inspire but also to mentor
8. **Attract Critical Mass**. Create a startup environment.
9. Open innovation instead of internal R&D. **Lure corporations** to set up locally and to work with startups.
10. **Bring in Resources**. Draw capital locally and from abroad.

What is most important element necessary for creating a nurturing entrepreneurial environment?

Kauffman Foundation found it to be *the connections and relationships that pull support organizations, new entrepreneurs and experienced entrepreneurs together in a way that helps founders get the mentoring and information that most benefits the company at its particular stage of development.*

- connections between entrepreneurs;
- connections between support organizations;
- connections between entrepreneurs and support organizations; and
- miscellaneous support connections, such as the availability of entrepreneurship-oriented events

Strategies to Enable Entrepreneurial Ecosystems

- Favor incumbents less. Lower barriers to entry.
- **Listen** to entrepreneurs. Engage local entrepreneurs in person
- **Map** the ecosystem. Note who the participants in the ecosystem are and how they are connected.
- Think big, start small, **move fast**. Launch early, iterate often.
- Avoid artificially segmenting your community or your strategies.
- Prepare to **capitalize on crises**. economic disruption creates entrepreneurial opportunities

From *Enabling Entrepreneurial Ecosystems: Insights from Ecology to Inform Effective Entrepreneurship Policy* by Philip P. Auerswald, Oct 2015

Kauffman's "Think Locally, Act Locally: Building a Robust Entrepreneurial Ecosystem"

The 2014 study found:

- Entrepreneurship is a **local** phenomenon.
- Entrepreneurs **follow** local entrepreneurs.
- Local **networks thicken** over time.
- Entrepreneurial demand is high for **peer-based** learning and networking.
- Different programs reach different entrepreneurs.



Learning from the Best (SWIPE)



Technology, IT etc.

SWIPE

means

Steal with Integrity and Pride
from Everywhere

by [acronymsandslang.com](https://www.acronymsandslang.com)

Communities worth Examining

- Boulder → home of my co author Brad Feld
- Tel Aviv → where I'm spending by sabbatical next year
- Ryerson → where I've spent 7 years building the community



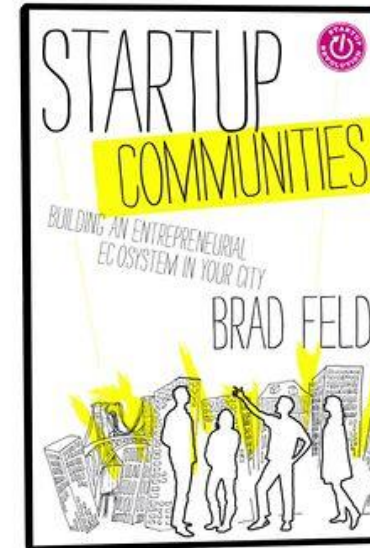
**Boulder
StartupWeek**



**Ryerson
University**

The Boulder Story

- Population is 103,000
- 548 Startups (1 per 188 people)
- 9882 Investors (1 per 10)
- 46,164 followers on ANGEList (1 per 2
- The Boulder Thesis

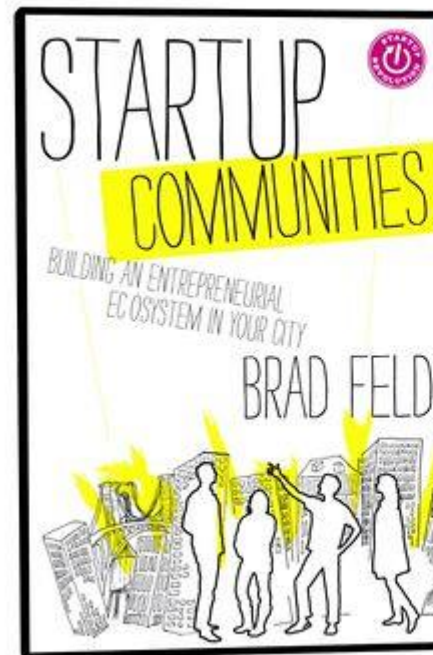


BUILDING AN ENTREPRENEURIAL
ECOSYSTEM IN YOUR CITY

The Boulder Thesis

Brad Feld's 4 Tenants of Startup Communities

- Entrepreneurial-ed
- Inclusive
- Rallying Points
- Long term perspective



Entrepreneurial-ed

- Bottom up, not top down
- Entrepreneurs are the leaders; gov, NFP, orgs, lawyers, accountants, etc. are the feeders
- Do entrepreneurs know what the need? Or just what they want?
- Two types of people: leaders (entrepreneurs) and feeders (investors, service providers, etc.)

Inclusive

- A rising tide floats all boats
- Have something for everyone in the community:
 - Startups vs Scale ups
 - SMEs vs Startups
 - Big and Small
 - Lifestyle vs Disruptive
- Inclusiveness of newcomers to the tech community

Rallying Points

- Entrepreneurs need common things to rally around:
 - Startup Weekends
 - Mentorship
 - Regulations
- Substantive events and programs that engage the entire entrepreneurial community

Long Term View

- Overnight successes take years to make
- 20 year minimum
- Focus on infrastructure, events, and problems that only the group can solve (e.g. Startup Week, Startup Nation)
- Commitment must be greater than any one term of office

What can we learn from Boulder?

- Let Entrepreneurs Lead
- The Long View Pays off
- Have a Strong Anchor
- Size doesn't matter, Density does

<http://boulder.startupweek.co/>

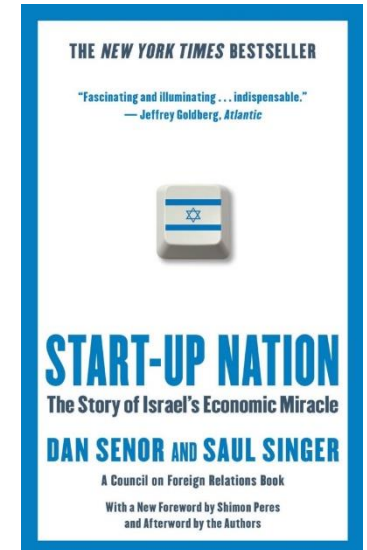


Boulder StartupWeek



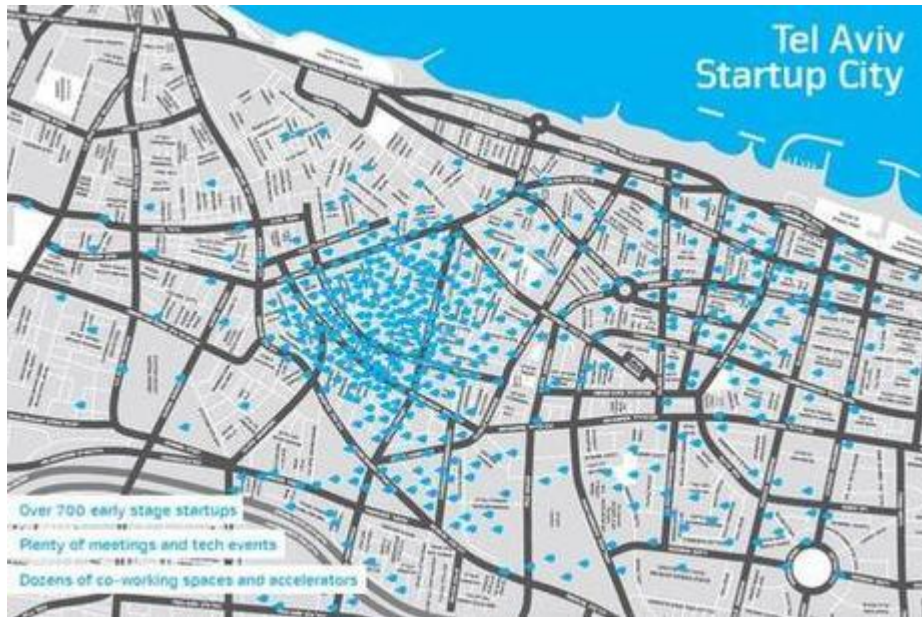
The Tel Aviv Story

- Population 411,800
- 1127 Startups (1 per 365 people)
- 14,196 investors (1 per 29)
- 82,818 followers on ANGEList (1 per 5)
- *Start-up Nation* thesis, the Israeli tech ecosystem benefits from **compulsory service** in the Israel Defense Forces, imparting a range of skills training for potential entrepreneurs and providing **leadership experience** and the **appetite for risk-taking** that comes from being an immigrant nation in a **hostile environment**.



What can we learn from Tel Aviv?

<http://www.telavivstartupcity.com/#!start-tel-aviv/cd0d>



The Fire Approach to Building a SC

FIRE

- **F**oster deep entrepreneurial thinking across the entire community
- **I**nspire next generation of ideas and founders
- **R**egularly revitalize organizations in community and the role they play
- **E**mpower the connectors



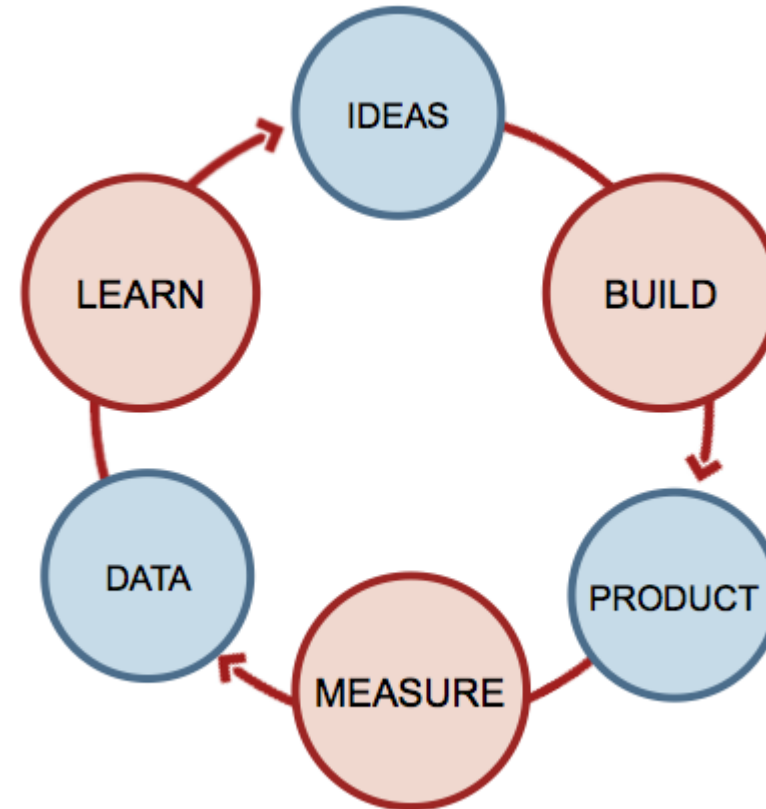
The Ryerson Story

- Started in 2010 as a way to differentiate
- Now ranked #3 in the world
- Population 41,324 (38,394 students + 780 Faculty + 1700 Admin + 450 founders),
2,615,000 GTA
- Startups 81, **2571** (1 in 510) (**1 in 1017**)
- Investors 207, **4316** (1 in 199) (**1 in 606**)
- Followers 109, **29,503** (1 in 379) (**1 in 89**)



What we can learn from Ryerson?

1. Not all communities are geographic
2. Eat our own Dogfood
3. Launch Early
4. Iterate Often
5. Fail Faster



Comparing the Hotspots

	Boulder	Tel Aviv	Ryerson	Toronto	Windsor
Population	103,000	411,800	41,328	2,615,000	210,890
1 Startup per	188 people	365 people	510 people	1017 people	42,100 people
1 Investor per	10 people	29 people	199 people	606 people	57 people
1 Follower per	2 people	5 people	89 people	379 people	5 people

Notes:

- Boulder has the highest density of startups
- Ryerson has 1/10 the population of Tel Aviv but only 1 / 20 the number of investors
- Toronto is not as well followed as other hubs
- Windsor's numbers may include influx of Investors from Detroit

Homework

- Startup Ecosystem Canvas
- <http://fi.co/canvas>

1. The Stages

There is no one right way to build a technology company, but for the sake of simplicity we have outlined a basic, common framework.

IDEA-STAGE

This is where new entrepreneurs get inspired, learn best practices, develop skills, validate ideas, and begin to build their team and product.

LAUNCH-STAGE

In this stage, entrepreneurs establish and formalize the company, develop the product, get feedback from customers, and prepare for the next step.

GROWTH-STAGE

Here, a startup proves their utility, receives recognition, and scales up. This usually requires funding, angels, VCs, and ways to connect them to startups.

2. The Supporters

To facilitate the steps, every ecosystem needs strong supporters.

EVANGELISTS

Successful entrepreneurs must be the guiding forces of any startup ecosystem, especially in the Idea-Stage.

GOVERNMENT








Public organizations can play an important role by facilitating and supporting the community in the Launch-Stage.

TALENT

You can't grow without talent, and both universities and large technical employers attract and cultivate the local talent pool.

3. The End Product: Success Stories



It takes time, but the product of a strong ecosystem is startup success. The leaders of these companies should be startup evangelists, as well.

STARTUP ECOSYSTEM CANVAS beta v1		
It takes a city to raise a startup. Plot out your local ecosystem below to help newcomers.		
1. IDEA 		
1. Inspire <small>Startup Media:</small> Centralized local info, listings, news Inspirational Events: Open, inclusive beginner events	2. Educate <small>Best Practices:</small> Beginner knowledge-sharing events Training & Feedback: Skill & idea development programs	3. Validate <small>Team Formation:</small> Resources & events for teaming up Build First Product: Hackathons & resources to build
EVANGELISTS 		
Successful local founders who lead the ecosystem & frequently mentor newbies		
2. LAUNCH 		
1. Start <small>Establish:</small> Law firms & banks for startups Workspace: Co-working and flexible workspaces	2. Develop <small>Formalize:</small> Accounting, Dev & HR Prepare for Seed: Incubators & advanced mentorship	3. Launch <small>Seed Accelerators:</small> Seed funding mentor programs Pitch & Demo: Show startups for seed investment
GOVERNMENT 		
Public organizations that facilitate local economic development		
3. GROWTH 		
1. Recognition <small>Investor Networking:</small> Connect founders & prof. investors Major Media: Mainstream local business press	2. Funding <small>Angels / Micro-VCs:</small> Seed-stage investors Venture Capitalists: Series A and beyond	3. Growth <small>Infrastructure:</small> Office space, HR, insurance & more Expansion: Growth accelerators/consultants
TALENT 		
Local Universities: Major business or technical universities		
Local Employers: Major technical employers with a large workforce		
SUCCESS STORIES 		
Successful homegrown companies that have raised significant institutional funding, employ a large workforce, or have achieved liquidity.		
Learn more about the Startup Ecosystem Canvas at http://fi.co/canvas		
<small>This worksheet is intended for printing on legal paper. This work was developed under a Creative Commons Attribution-NonCommercial 4.0 International License.</small>		

Startup Ecosystem Canvas

Resources listed in the same category are not necessarily competitive.

Don't play favorites! List all resources in alphabetical order.

1. IDEA 			 EVANGELISTS	<ul style="list-style-type: none"> • Bruce Kim • Burt Lum • Danielle Scherman • Evan Leong • Henk Rogers • Jessica Ching • Russel Cheng • Ryan Ozawa
1. Inspire Startup Media: <ul style="list-style-type: none"> • Aloha Startups • Pacific Business News • Startup Digest • Startup Hawaii • TechHui • Think Tech Inspirational Events: <ul style="list-style-type: none"> • Geek Meet • Innovate Hawaii Meetup • Maker Faire • Startup Weekend • Unconferenz 	2. Educate Best Practices: <ul style="list-style-type: none"> • Hawaii Tech Events FB • Oahu Online Business Meetup • Startup Founder 101 • Windward Entrepreneurs Meetup Training: <ul style="list-style-type: none"> • Dev League • Founder Institute • Kapi'olani Continuing Education 	3. Validate Team: <ul style="list-style-type: none"> • CoFoundersLab Matchup Honolulu • Oahu Online Business Meetup • Innovate Hawaii Meetup Build: <ul style="list-style-type: none"> • EF Hawaii 		
<div style="text-align: center;">Needs improvement!</div>				

Resources come and go. The best canvases list reliable assets with strong local support.

Resources should only be listed in one category for the sake of clarity.

A short or empty category indicates a weakness in the community that can be improved.

Exercise 1

- Make a list of A players in your community
- Who would be great to lead?
- Flag anyone is not:
 - Committed
 - Competent
 - Collegial
 - Collaborative
- Who do you already know? Who would you like to know? Which power players failed the test.

Exercise 2:

- Consider your community's current state
- What is missing in your community?
- What would you want to add?
- What's the one piece that if added would have greatest impact (e.g. brining home a famous entrepreneur who know lives in the valley).

Exercise 3:

- Make a quick list of the major startup events in your city? E.g. startup weekend, Startup Festival, etc.
- Ask yourself if each event listed is:
 - A rallying point
 - Brings attention to the community from outside the community
 - Has a common theme or identity
- Consider how current events might be changed?
- Consider which global events could be brought to your community?

Take Aways (Macro)

- Entrepreneurs *lead* a startup community while everyone else *feeds* the community
- *Feeders* include the government, universities, investors, mentors, service providers and large companies
- Continual *activities* and *events* are essential to engage all participants
- Top-down government-driven clusters are an oxymoron
- Building a regional *entrepreneurial culture* is critical

Take Aways (Micro)

- **Focus on connecting** entrepreneurs to enhance learning between entrepreneurs. This can be done by injecting catalytic events.
- Communicate and collaborate with other entrepreneurial support organizations for **constant readjustment** of the local ecosystem.
- Cultivate a **list of experienced local entrepreneurs** to connect them to nascent entrepreneurs.
- Support organizations should recruit staff with entrepreneurial experience.
- If incubators already exist, reorganize them to connect founders and facilitate peer on peer learning .

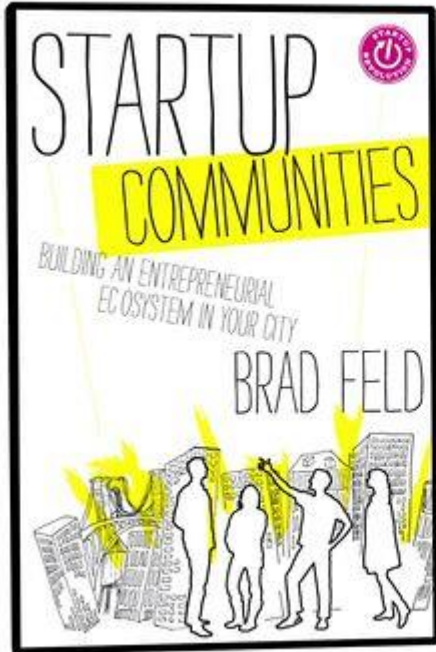
The 8 Rules to follow when Building Entrepreneurship Ecosystems (according to Peter Vogel)

- Each ecosystem is unique. **Find the USP!**
- Developing an ecosystem requires a multi-stakeholder approach
- Self-employment ≠ entrepreneurship
- Bureaucracy blocks innovation
- **Holistic** implementation
- Coordination and supervision
- Focus on heroes and make them **role models**
- An entrepreneurial **culture is the key**

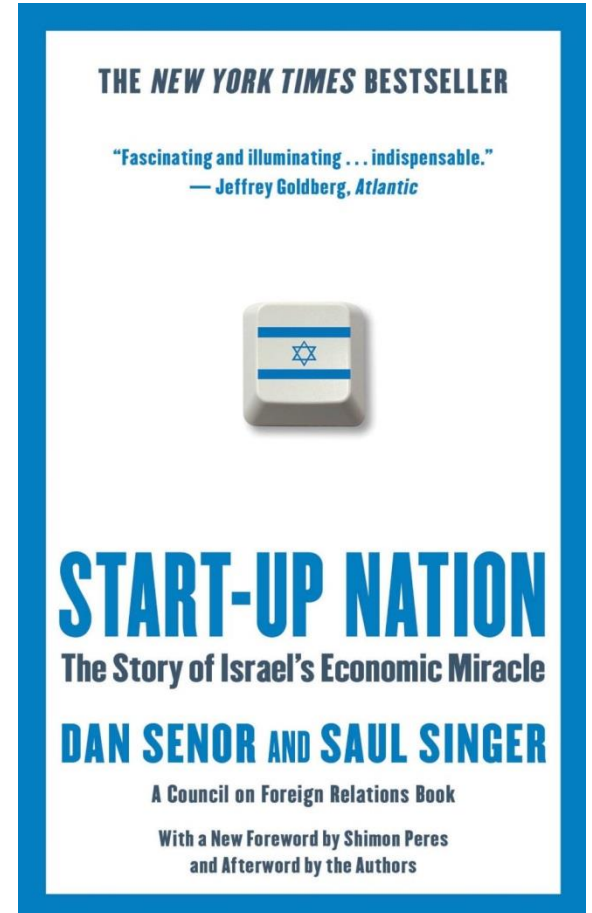
Questions / Discussion



For more



BUILDING AN ENTREPRENEURIAL
ECOSYSTEM IN YOUR CITY



For more

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Thank-you

Questions email me:
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