The Framework of Startup Communities

Culture:

*Acceptance of Risk Taking and Failure

Boulder:
- The "Wake", talked about in Brad Feld's book. This is a celebration of a company's "life" and that it is alright to fail
- Jason Mendelson—acceptance of failure is lacking in the U.S., especially in Detroit. He stressed that this is hindering startup communities
- Foundry Group—Don't impose harsh monetary penalties for failure, they understand that it is an idea that may or may not work and assist the entrepreneurs in creating a project that does not fail
- David Cohen—Don't micromanage in order to avoid failure and let entrepreneurs make their own mistakes

Austin:
- Keep Austin Weird—their motto that imposes risk taking and weirdness is accepted
- People Pattern—Ken Cho tried to start a social media before its time and failed, but was accepted in the community, and because of that, he can have his current successes
- Jason Black—be fearless. Do something you're great at and what you have passion for
- Lamarque Polvado with CareStarter—was able to start a business based with the support of Tech Ranch

*Social Aspect
  ❖ Incubators/accelerators, co-working spaces, social events, transparency, entrepreneurs

Boulder:
- Open Coffee Club—a place for entrepreneurs to meet and discuss any topics in the business world
- Boomtown Accelerator—members were very social and open to talk. Held events in the space such as Boulder Open Coffee Club
- Daniel Epstein—meetings out in nature rather than staying in the office
- Unreasonable Institute—the name may explain the need there is for an unreasonable or irrational approach to business and entrepreneurial activity that helps in growing the startup community.
- Atomic 20—advertising co-working space designed specifically to help out freelancers. Provides collisions
- Techstars—very selective, but really take startups to the next level because of the access to funding, mentors, and resources
- The Studio—a very social and creative space, connected with the brewery

Austin:
- Ken Cho and Jason Black shared spaces in times of need
- Start up Crawl—entrepreneurs have booths and talk with people and other entrepreneurs in the community
- Cocktail hour at People Pattern
- South by Southwest—brings in 50,000 people a year for business, music, film and more

- Open Coffee Club—members discuss anything in the business area
- Rainey Street and 6ᵗʰ Street—many bars and restaurants that may cause collisions
- Capital Factory—average of 2 events a day, 720 events happened last year

**There were great opportunities for socialization and collaboration in the city of Austin. Although, we could be biased because we witnessed South by Southwest.

*Quality of Life
- ❖ Stay factor—factors that bring people to the community and keep them there

Boulder:
- Mountains—trails, ski slopes, fresh air, recreational activities
- 330 days of sunshine
- Lifestyle businesses—restaurants, coffee shops, entertainment—festivals
- Legal marijuana
- Clean—eat clean/healthy/good food, recycling
- University—great programs – Startup Chile, entrepreneurship curriculum that incorporates both academics and experience – both at CU. Community reaching activities to foster knowledge of entrepreneurship. Also, CU is considered to have one of the best astrophysics programs in the country (may attract potential revolutionary talent and ideas in science).
- Dogs—you can take them everywhere!
- Tight community, closeness of people due to size of population (100,000). Which may cause high collaboration between businesses that would normally compete against each other.

Austin:
- Music—live music capital of the world
- Food/Barbeque
- Art
- No income tax
- Weather—temperate climate
- Friendliness and sincerity
- Haven for people in Texas—political and social tolerance, balance between liberals and conservatives

*Diversity
- ❖ Ideas and people

Boulder:
- Diversity of talent but lack of diversity of mindset—"the Boulder Bubble"
- Lack of race, gender—effect of high cost of living

Austin:
- South by Southwest increased diversity, but overall seemed more diverse than Boulder
- Geographical
- More Mexicans and African Americans

Institutions:

*Universities
  ❖ Create research that can be commercialized, student and faculty talent, incentivize
     faculty startups, facilities, stability, adds to culture, funding

Boulder:
• University of Colorado—Eric Mueller and Sharon Matusik—entrepreneurship program
  creates and fosters talent, located in both Boulder and Denver – the Boulder location
  hosts the entrepreneurship program, a great place because of Boulder's thriving startup
  community. Both the city and the university gain from one another, providing talent from
  the university and experience from people in Boulder.
• Education structured around academics and experience
• Sharon is involved with Startup Chile – allows students to become globally aware and
  opens doors into social entrepreneurship
• Tech transfer office—commercialize research
• Setback–doesn't incentivize professors to start companies

Austin:
• University of Texas—50,000 students, brings people in and keeps them there – we did
  not talk to anyone directly from the university, but we heard from many people in Austin
  that the students came to Austin and never wanted to leave the city, something not
  common to all university towns.
• Mitch Jacobson—ATI—incubator directly linked to the university
• Many universities and colleges in town

*Government
  ❖ Funding, tax breaks and subsidies, specialists to analyze community as a whole—data
     metrics, provide image support—endorsement, publicity, community outreach,
     policy/regulations, liberal/conservative balance

Boulder:
• Chamber of Commerce (Quasi government) John Tayer—improvement with
  transportation: jump, skip, hop buses, wanted a transit system between Boulder and
  Denver
• Bring businesses and resources together
• Buffer between cities for businesses and individuals
• Presence of collaboration between the different sides—chamber works with liberals, tries
  to appease environmentalists

Austin:
• Marc Ott—focus in on certain developments of the community because the city is so
  large. "Entrepreneurs do not need community as much as they need access to data and
  online resources."
• No income tax, which encourages people to spend more money boosting the economy
• Infrastructure cannot contain the amount of people living in Austin
• Poverty issue with population increase
• Transportation congestion with population increase
• Played a prominent role in securing an international airline from London Heathrow to
  Austin which helped the economy

**Don't seem as knowledgeable in their field as they should be to solve the issues that are occurring. The government wants to be more open, but as Texas is primarily conservative, we feel that they are timid to step out of their comfort zone. Although Austin seems to have a good balance of openness, there can always be improvement.

*Corporations
  ❖ Provide economic stability, exit plans for startups, provide talent, consumers, resources and facilities

- Google—bringing 1,500 jobs. This allows for a stable player in the Boulder economy
- Ball Aerospace and Technologies—aircraft and spacecraft technology
- IBM—number one employer in Boulder

**Provide base employment, innovation, and economic stability.

Austin:
- IBM
- National Instruments
- Dell
- AMD
- Intel
- Motorola
- Samsung
- Google Fiber—gigabit infrastructure installed into the entire city
- Trilogy

**Started culture of technology, provides base employment and stability.

*Accelerators, Incubators, and Co-Working Spaces
  ❖ Funding, resources, mentors, socialization, affordable workspace, publicity/prestige, collisions

Boulder:
- Unreasonable Institute
- Tech Stars
- Boomtown
- Atomic 20
- The Studio

**These allow good social climates, normalize entrepreneurship, and provide opportunities.

Austin:
- Tech Ranch—Kevin Koym
- Capital Factory—Desmond Thomas
- ATI—Mitch Jacobson
- We Work—Anna Azarjew with Charity Water

Capital:

*<u>Variety of Funding</u>
- ❖ Bootstrapping, venture capitalists, angel investors, crowd funding, institutional funding/grants

Boulder:
- 80% of investments are imported—capital is crucial for a startup community to thrive; however, it does not have to come from the city where the business is placed
- Foundry Group—invest in themes
- Unreasonable Institute and Daniel Epstein
- Tech Stars—David Cohen, investing in ideas they have knowledge and are passionate about

**There are opportunities for funding, but different companies may have to scope around to find an investment match.

Austin:
- Austin Venture Capitalists—dominant for a while, but companies were still able to flourish
- Central Texas Angel Network—$45 million invested over 100 companies
- Capital Factory holds various demo days to fund startups at all stages
- South by Southwest—Sean Branagan went to watch his students pitch their idea. He started Student Startup Madness through Syracuse

*<u>Passion and knowledge</u>
- ❖ Investors are invested—time, money, passionate, big V little c – meaning the investors care about what they are putting their money into, they want it to help them, the entrepreneurs, and the community

Boulder:
- Foundry group invests in companies they are passionate and educated in

Austin:
- Josh Baer of Capital Factory—knowledgeable and passionate, Josh funded 7 of the 9 at South by Southwest (published in Silicon Hill News) – shows that Josh is extremely passionate about funding entrepreneurs in Austin, however could be a set back when considering that funds should come from many different sources

Community Members:

*<u>Keystones</u>
- ❖ Individual or group who help provide connections that create lasting relationships, oversee the community intentionally or unintentionally. Although not always the keystones are usually huge investors in the community.

Boulder:
- Brad Feld—we heard his name everywhere!

Austin:

- Josh Baer—investing and capital factory, encourages the culture of startup communities, brought Obama—publicity
- Dell—brought lots of people, so it jumpstarted the industry
- Trilogy—brought young talent that stayed in Austin, first to have investors exit via an IPO
- Tivoli – exit, acquired by IBM

*Entrepreneurs
  ❖ Talent-skillset—technical/social, SKEET-skill, knowledge, experience, education, training
  ❖ Successes—amount of people involved, economic growth—economic gardening

Boulder:
- The city is filled with entrepreneurs of both startups and lifestyle businesses. One example of a lifestyle business is Emilia Ceramics, which sells pottery and ceramics from all over the world. This business was a startup in California before Emilia moved to Boulder, showing how Boulder attracts people from all over. Some other examples of lifestyle businesses present included the numerous coffee shops, bookstores, restaurants and gift shops in Boulder. Many startups were also started in Boulder because of the resources there, including capital, accelerators, and technology.

Austin:
- The city is filled with entrepreneurs of both startups and lifestyle businesses. Austin was also full of coffee shops, restaurants and stores as far as lifestyle businesses go. They also had many food trucks there, which could be considered both lifestyle businesses and startups, depending on how you look at them. They could be considered startups because the owners are just starting out and plan to eventually open entire restaurants branching off of the trucks, or they can be lifestyle businesses if the owner just plans to keep the truck only. Other startups were the many app and technology people we met, some from SXSW and others that were in Austin year round.

*Consumers
  ❖ Open/adventurous—willing to try and purchase new products, disposable income, need for products, loyalty to community

Boulder:
- Wealthy community - the cost of living in Boulder was very high. We found this by looking into how much some of the houses cost as well as by just being in the city and looking at the prices. All of the restaurants were much more expensive than here in Michigan and of what we saw in Austin as well. Although it is expensive to live in Boulder, people still want to be there. This helps the startups there because the people that live there have disposable income that they can spend on trying new products produced by the startups.

Austin:
- While lacking in diversity, Austin is still more diverse than Boulder so it seemed as if they had a wider consumer base