

Entrepreneurship Committee

Launch Meeting
February 3, 2011

"Launching a start-up is not a rational act. Success only comes from those who are foolish enough to think unreasonably.

Entrepreneurs need to stretch themselves beyond convention and constraint to reach something extraordinary."

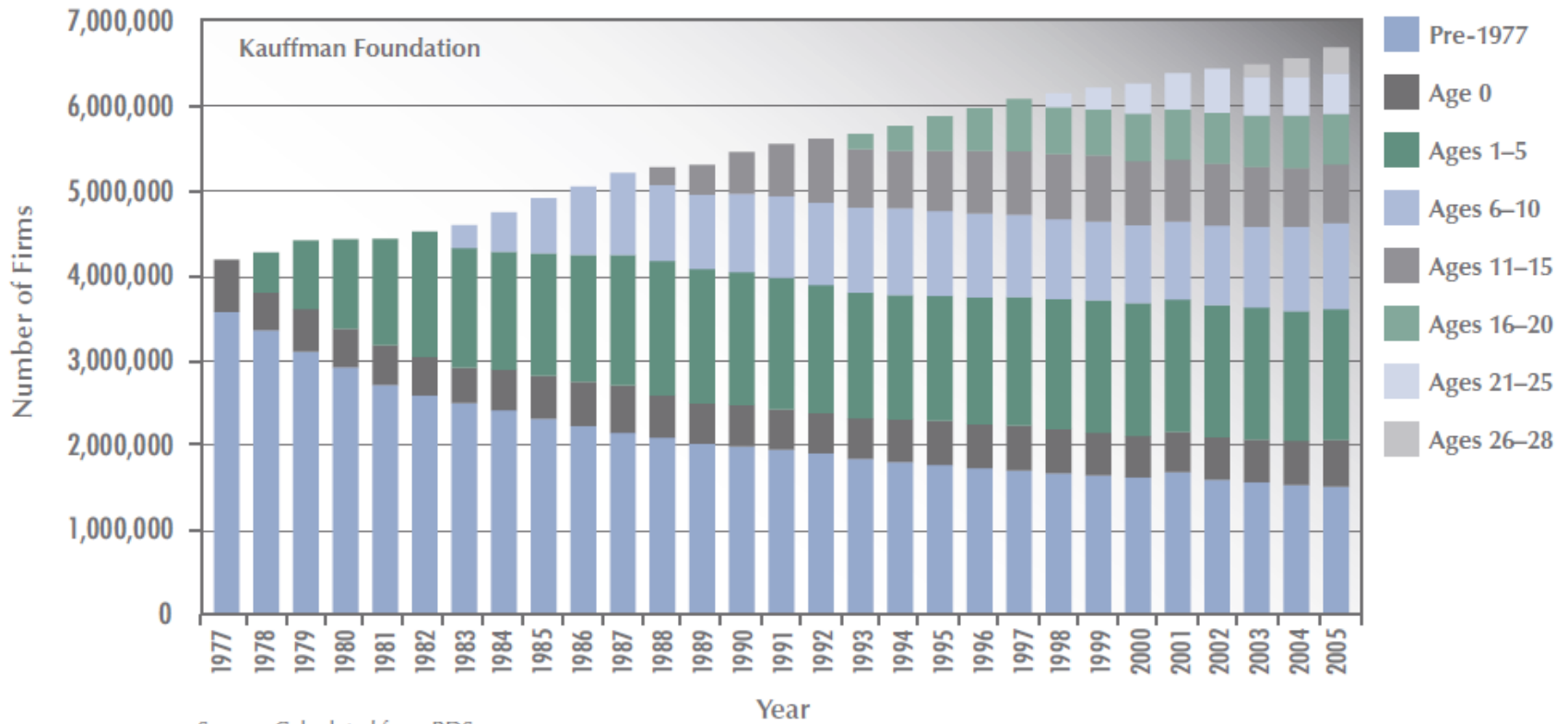
Vinod Khosla, founder of Sun Microsystems



Agenda

- What Does it Take to Ignite Entrepreneurship?
- Review of Lessons Learned and Past Plans
 - VS Entrepreneurship Team – WV Entrepreneurship Blueprint plan
 - Entrepreneurial League System - Mark Burdette
 - WV Business Plan Competition -
 - WV Angel Network - Bob McLaughlin
 - Other
- What Don't We Know?
- Review of Existing Recommendations
- Breakout Discussions
 - Money
 - Magnets
 - More (Talented, Equipped) Entrepreneurs
- Summary and Next Steps

All Firms in the Economy, By Age, Over Time



Firms ages zero to five account for between 30 percent and 40 percent of all firms

Net Job Creation in Continuing Firms by Size, 2007

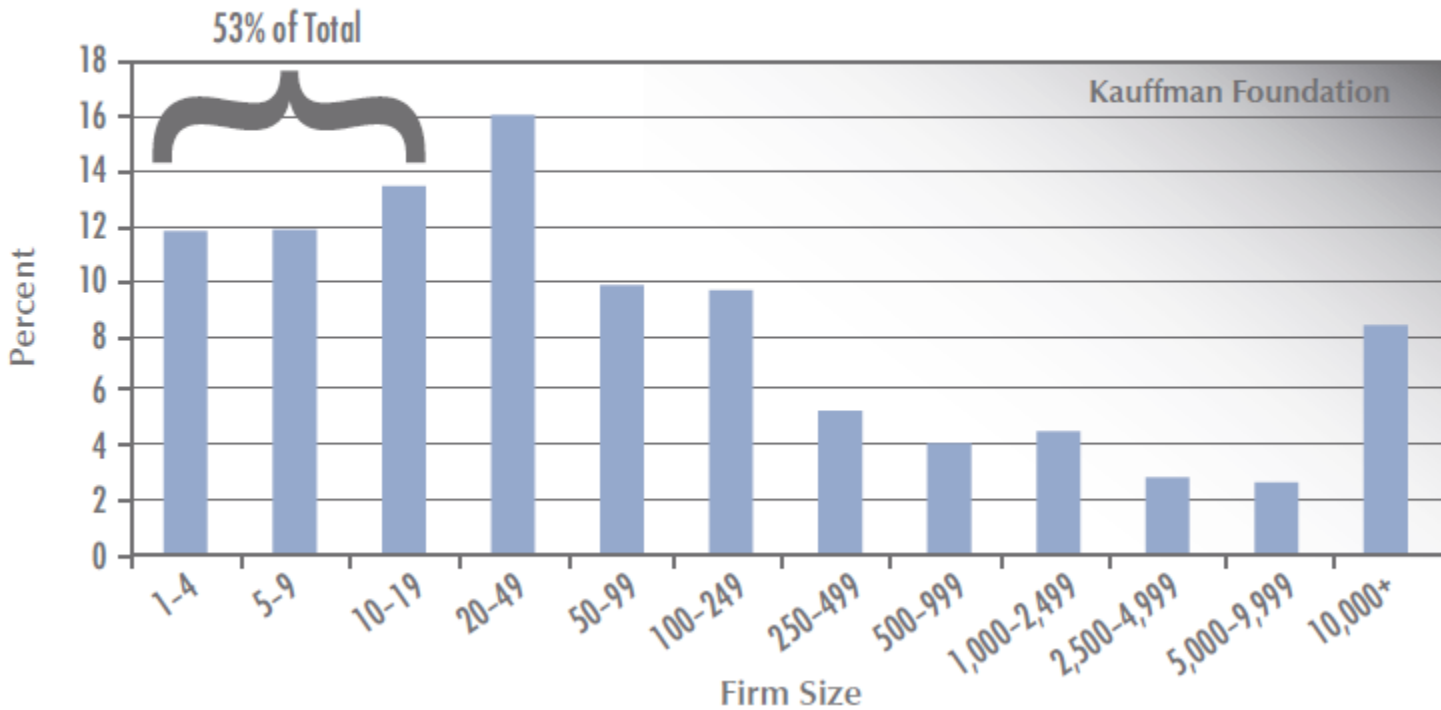
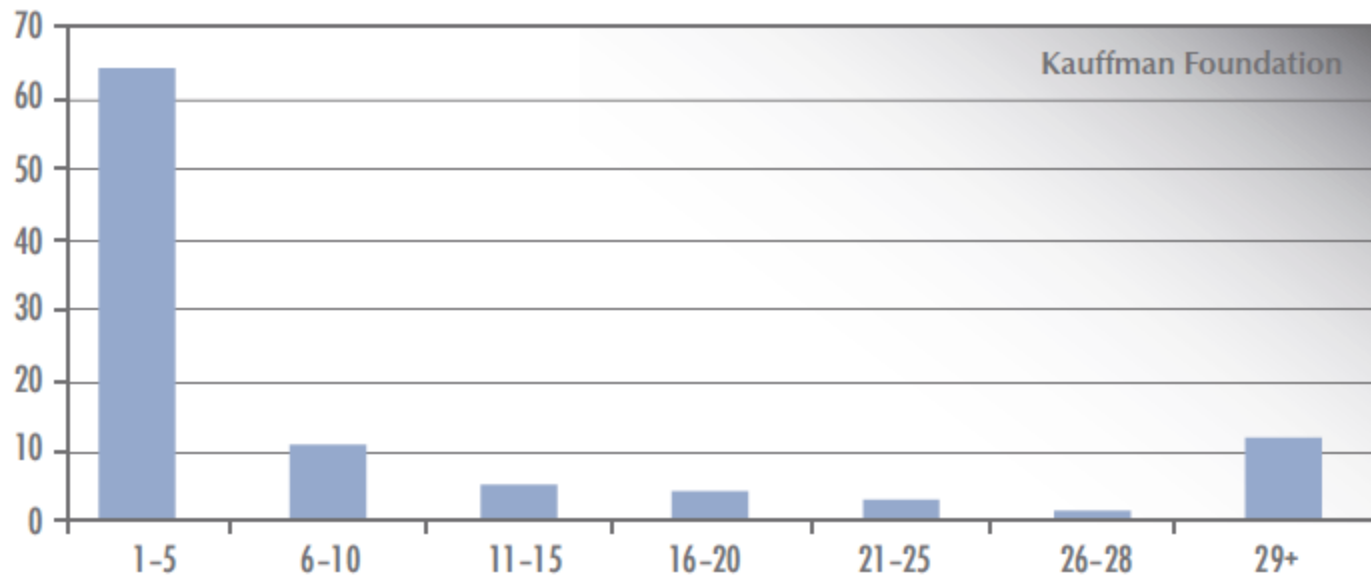


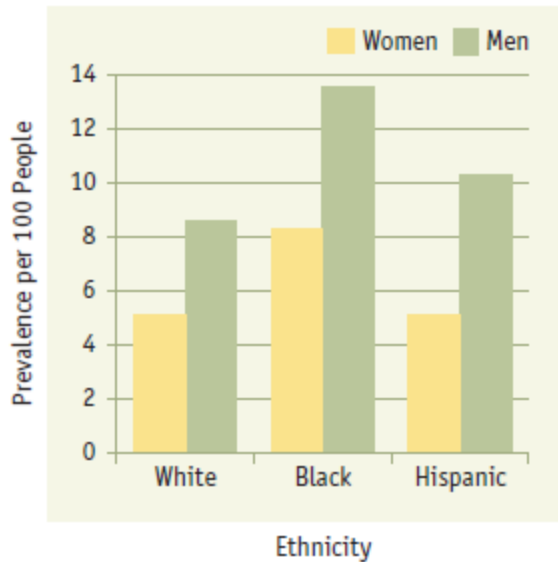
Figure 9:
Net Job Creation in Continuing Firms by Firm Age, 2007



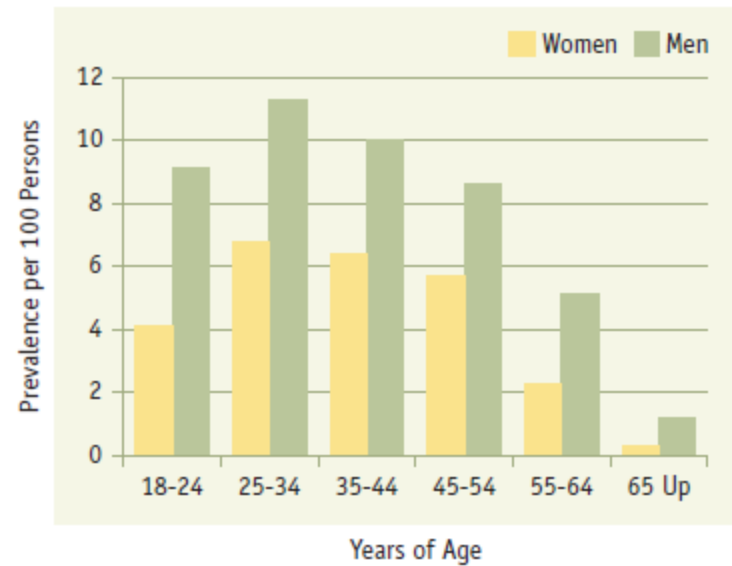
Entrepreneurial Insights

- About 6.2 per 100 U.S. adults 18 years and older are engaged in trying to start new firms
- Prevalence rate for men 18 years and older is 8.1 per 100, about twice the 4.5 per 100 for women 18 and older
- Over 10.1 million nascent entrepreneurs are attempting to put 5.6 million new firms in place
 - Compare to 2.4 million marriages and 3.9 million live births
- average start-up team is about 1.8 people

Nascent Entrepreneur Prevalence Rates by Ethnic Identity and Gender²⁰

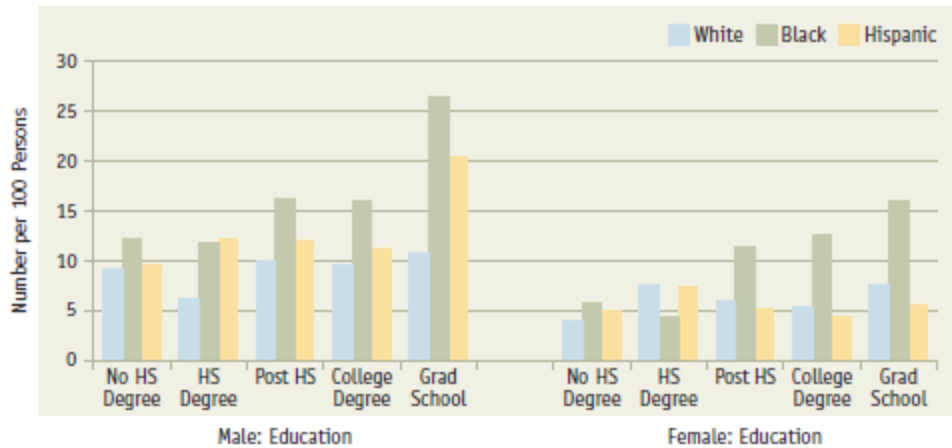


Nascent Entrepreneur Prevalence Rates by Age and Gender¹⁹



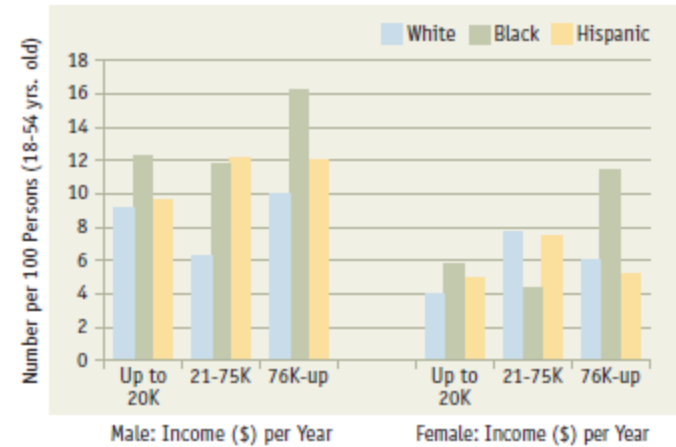
BLACK MEN AND BLACK WOMEN are about 50 percent more likely to try to start a business than white men and women.

Figure 6
 Nascent Entrepreneur Prevalence Rates by Education, Gender and Ethnic Identity²²
 (18-54 years old)



BLACK AND HISPANIC MEN with graduate experience are at least twice as likely to be involved as compared to white men with similar education.

Nascent Entrepreneur Prevalence Rates by Household Income, Gender and Ethnic Identity²³ (18-54 years old)

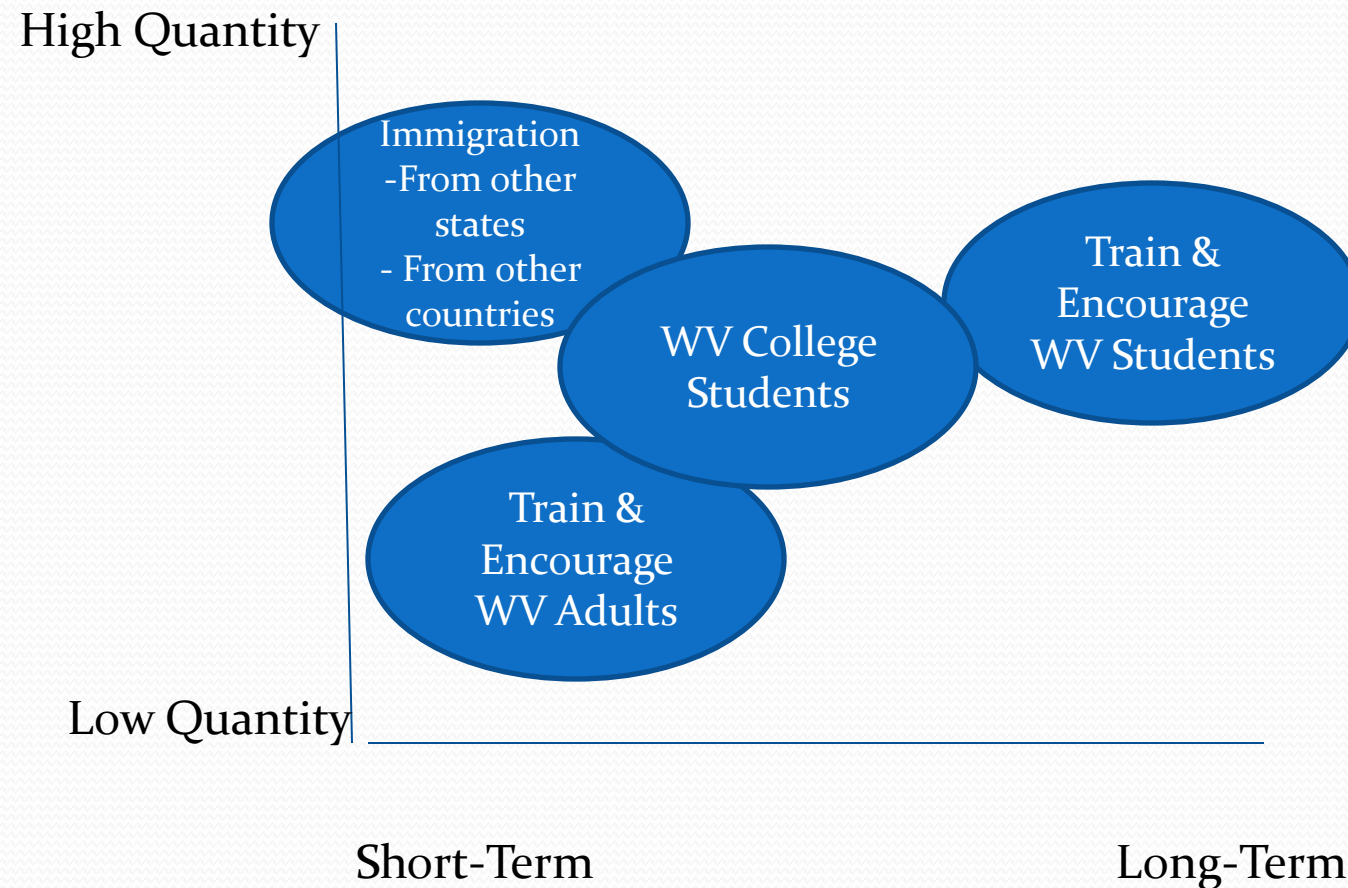


INDIVIDUALS WITH HIGHER household income are more likely to participate in start-up activities.

Implications for WV

- Our older population is less likely to start a business
- Our less educated population is less likely to start a business
- Our population has fewer minorities and immigrants, so we are less likely to start a business
- Our rural population is less likely to start a business than an urban population

Possible Sources of Entrepreneurs



The Recipe for Entrepreneurship

- Take rich people and nerds.
 - Do not add any bureaucracy. do not add concrete.
- In order to attract and keep enough nerds/cooks in a place, there is a need for a large and nice plate.
- • A university is a good choice, it needs personality, and it needs to be creative. Not only on its campus, but also in its surroundings, so that the ingredients feel comfortable in the plate.
 - The ingredients should be fresh, i.e. they should be young and dynamic.
- Place in liberal environments, which, he claims, tolerate strange and brilliant individuals. [Read again what Jobs said above about Silicon Valley]
- Then the ingredients have to be put in the oven for a very long time. Silicon Valley began in 1957. It took ten years, Even twenty years, to make this region successful; it is about the time it takes to grow infants into adults.
- The oven should not be too hot, so that the desire is not killed, then the temperature should be increased to maintain the enthusiasm.
 - A temperate, pleasant climate is therefore necessary.

- Paul Graham www.paulgraham.com

Other Insights

- "The difference is in psychology: everybody in Silicon Valley knows somebody that is doing very well in high-tech start-ups; so they say to themselves "I am smarter than Joe. If he could make millions, I can make a billion". So they do and they think they will succeed and by thinking they can succeed, they have a good shot at succeeding. That psychology does not exist so much elsewhere."
 - Investor Tom Perkins

What Does it Take to Ignite Entrepreneurship?

- Money
 - Free Flow of *Risk Capital*
- Magnets
 - Assets and Opportunities That Attract Risk Investments
- More Entrepreneurs
 - Cultural Expectations and Values
 - Role models
 - Skill Development
 - Attractive Cultural and Social Environment

Lessons Learned

- VS Entrepreneurship Team – WV Entrepreneurship Blueprint plan
- Entrepreneurial League System - Mark Burdette
- WV Business Plan Competition -
- WV Angel Network - Bob McLaughlin
- Other?

New Developments

- DigiSo Center
 - WV State University – Extension and Create WV
- TechConnect Awards Program
 - \$15K - \$7500 for Biometric and Identity Startups
- Others?

What *Don't* We Know?

- Ideas for research that we may need to capture

Existing Recommendations

- See Vision Shared memo



Breakout Discussions

- Groups
 - Money
 - Magnets
 - More (Talented, Equipped) Entrepreneurs
- For Each, Please Deliver
 - Part 1 - Breakthrough ideas for how to achieve world-class status
 - Share and let us stack rank
 - Part 2 – For your top recommendations
 - Key people and resources that would be required
 - Cultural implications – What *thinking* would need to be changed?
 - Policy implications: What resource trade-offs would be required?
 - Timeline

Next Steps