

Bringing Auto Talent to Entrepreneurship



Monica Doss, Director
Ewing Marion Kauffman Foundation
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The Foundation of Entrepreneurship

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

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The Startup Phenomenon

- More than half of the companies on the 2009 Fortune 500 list were launched during a recession or bear market, along with nearly half of the firms on the 2008 Inc. list of America's fastest-growing companies.
 - *The Economic Future Just Happened, June 2009*

From 1980-2005, firms less than five years old accounted for all net job growth in the United States.

Business Dynamics Statistics Briefing: Jobs Created from Business Startups in the United States, January 2009

Companies Founded During a Recession or Bear Market

- 3M
- Adobe Systems
- Amgen
- Apple
- Bath and Body Works
- BET
- Broadcom
- Buffalo Wild Wings
- CNN
- Chevron
- Disney
- Electronic Arts
- Enterprise Rent-A-Car
- Exxon Mobil
- Gallup
- Genentech
- General Electric
- Genzyme
- Guess

Companies Founded During a Recession or Bear Market

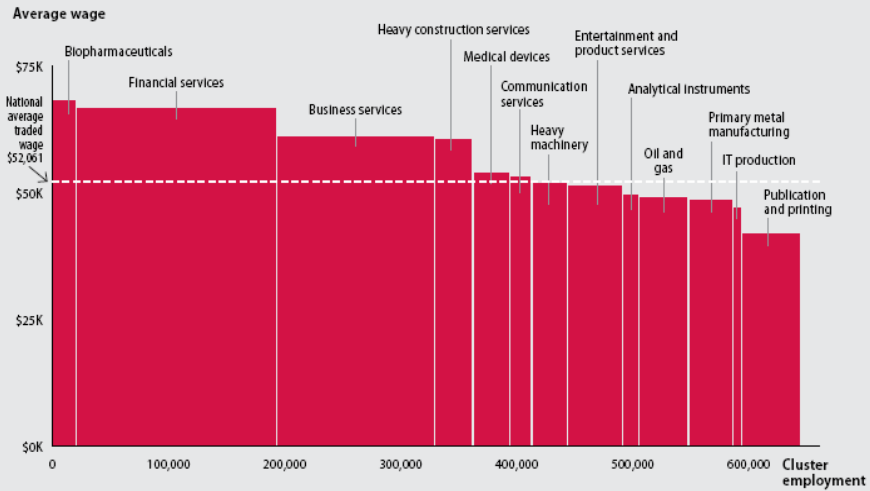
- Hyatt
- IBM
- Johnson & Johnson
- Kraft
- The Learning Company
- Lotus Software
- Merck
- Microsoft
- O'Reilly Auto Parts
- Pizza Hut
- Princeton Review
- QuikTrip
- Quiznos
- Scottrade
- United Technologies
- Urban Outfitters
- Valero
- Whole Foods

FastTrac LaunchPad Roots

- 2001 Displaced Worker Programs and diverse pilots
- \$1 Million initiative supported by the Kauffman Foundation and the Deluxe Foundation of St. Paul Minnesota
- Formerly launched January 2009 with New York City,
- FastTrac LaunchPad programs are designed especially to serve
 - displaced workers (with emphasis on highly skilled/educated layoffs surrounding the financial and automotive sector crashes)
 - existing entrepreneurial companies challenged by the current economic conditions

INNOVATION SPARKS HIGHER WAGES

Pennsylvania employment versus average wage, 2006, by cluster



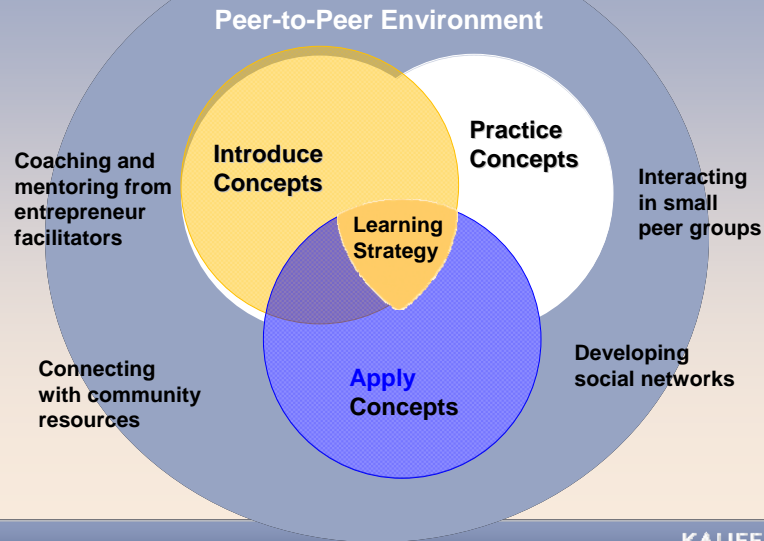
Source: Monitor Global Cluster Mapping Dataset; U.S. Census Bureau.

FastTrac® Core Programs

- FastTrac® NewVenture™
 - To validate the feasibility of a business idea.
- FastTrac® GrowthVenture™
 - To unleash the growth potential of a business.
- FastTrac® TechVenture™
 - To build a fundable technology-based venture
- First Step FastTrac
 - To develop sustainable micro-ventures in low to moderate-income communities



Fast Trac Learning Model



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LaunchPad Program Supported by the Deluxe Foundation

New Ventures

NYC-NewVenture (3/23/09)

Detroit-TechVenture/ NewVenture (7/07/09)

Michigan-NewVenture (01/09)

Charlotte NC NewVenture (7/6/09)

Kokomo IN TechVenture (05/09)

Missouri – NewVenture / TechVenture (03/09)

Other – misc. locations

Existing Businesses-New Strategies

Michigan GrowthVenture

Michigan TechVenture

NYC-Growth Venture

Next -Broader Expansion in Innovation

- Colorado, Florida, California, Wisconsin, Minnesota, South Carolina ...
- Digital and Web-enabled delivery
- Technical Universities (Lawrence Technical University, etc)

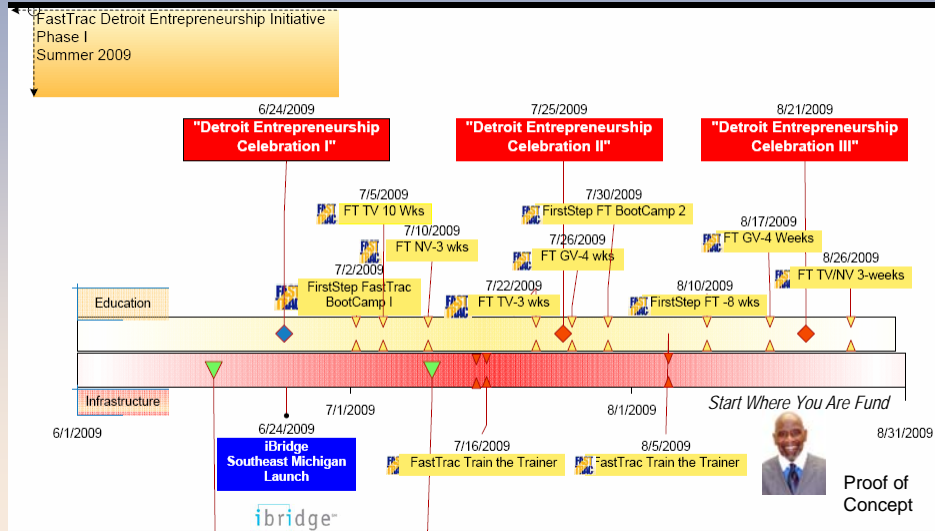
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FastTrac® TechVenture™



Fast Trac to the Future SE Michigan– Phase One



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The Demographics

- Contrary to popularly held assumptions, the highest rate of entrepreneurial activity belongs to the 55–64 age group over the past decade. The 20–34 age bracket has the lowest.
 - *The Coming Entrepreneurship Boom, June 2009*
- Most high-tech founders come from middle-class or upper-lower-class backgrounds, are well-educated, and married with children.
 - *The Anatomy of an Entrepreneur: Family Background and Motivation, July 2009*

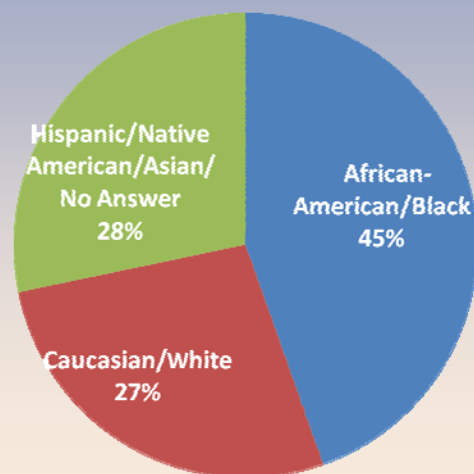
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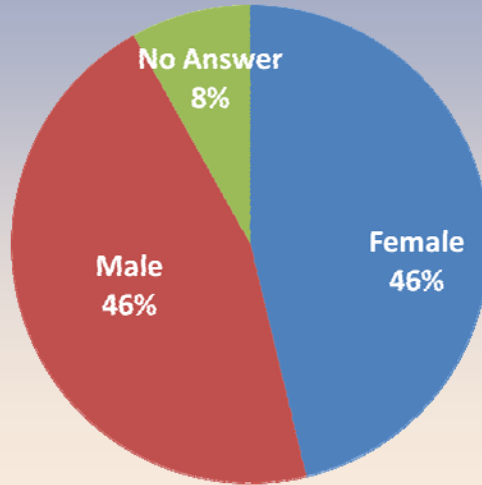
The Demographics

- Of new firms...
 - 70 percent are men-owned; 30 percent are women-owned
 - 81 percent are white-owned
 - 9 percent are African-American-owned
 - 6.6 percent are Hispanic-owned
 - 4 percent are Asian-owned
 - 5 percent are owned by Native Americans, Pacific Islanders, and individuals of other racial groups
 - *The Kauffman Firm Survey, March 2008*

RACE/ETHNICITY- FastTrac to the Future



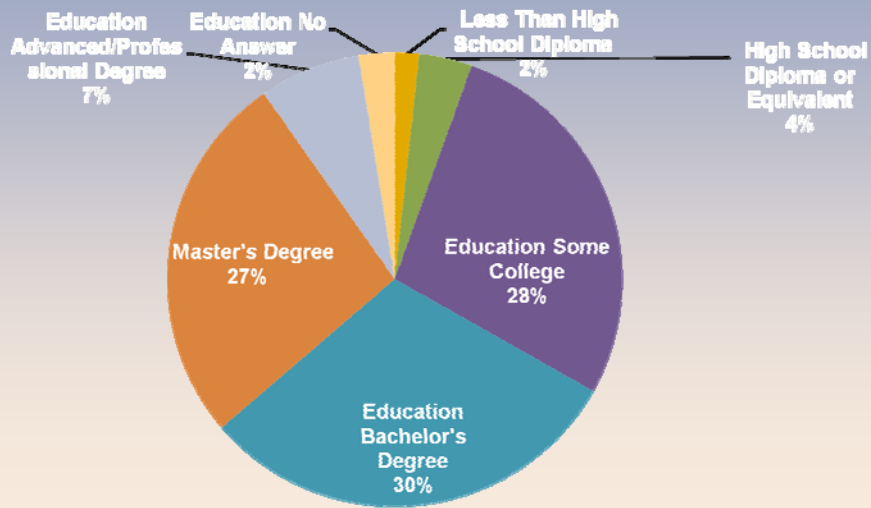
Gender- FastTrac to the Future



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EDUCATION- FastTrac to the Future



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Show Them the Money

- Only 16 percent of the fastest-growing and most successful companies in the United States had venture investors.
 - *Right-Sizing the U.S. Venture Capital Industry, June 2009*
- Angel investors participating in organized groups achieve an average 27 percent internal rate of return.
 - *Returns to Angel Investors in Groups, November 2007*

High-tech firms receive more outside equity investments in their first year of operations than any other type of company—on average, \$31,216 compared with firms' overall average of \$7,000.

The Capital Structure Decisions of New Firms, November 2008

Show Them the Money

External debt markets are increasingly important to startups as they age, providing 62 percent of financing in 2007 compared to 40 percent in 2004, their first year of operation.

An Overview of the Kauffman Firm Survey: Results from the 2004–2007 Data, April 2009

Nearly 75 percent of most firms' startup capital is made up of equal parts owner equity and bank loans and/or credit card debt.

The Capital Structure Decisions of New Firms, November 2008

Contacts for more information

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- **Websites**
 - Access to all Kauffman (and many others') studies, whitepapers, e-newsletters and feeds
www.Kauffman.org
 - Other resource rich Kauffman sites
<http://entrepreneurship.org/>
<http://entrepreneurship.gov>
 - Entrepreneurship Research and Policy Network
www.ssrn.com/erpn/index.html
 - Growthology
www.growthology.org/