

Entrepreneurship in Boston, New York and Amsterdam

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Purpose of travel

This visit to New York, Boston and Amsterdam aimed to explore how entrepreneurship is supported and fostered in each city and what particular initiatives are effective at helping create a culture conducive to enterprise in all its forms including education, start-up support, social enterprises and entrepreneurs working within businesses and institutions.

Background and rationale

Although most politicians recognise that the economic prosperity which will lead us out of recession is, at least in part, dependent on the ambitions, ingenuity and resourcefulness of entrepreneurs, few offer pragmatic ideas about how to propagate this. To compete in the global economy and meet unprecedented social and environmental challenges, the UK needs to be a powerful entrepreneurial nation.

Enterprise support in the UK tends to be focussed on the creation of more business start-ups which, though important, is only part of the picture. We need a culture to support all aspects of enterprise – from imbuing some of the essential characteristics in young people at an early age (such as self-belief, informed risk-taking, resilience and leadership) to enabling people to be entrepreneurial within existing businesses and organisations.

We also have to find ways to enable existing businesses to develop and be innovative. The UK is more proficient at enabling ventures to start up than supporting their longer term success and growth. 41% of UK small business owners were reported to have found growing their business harder than setting it up compared to only 10% who found establishing their company more difficult.¹ UK entrepreneurs rarely have the management training needed to grow their companies² and only 25% of small businesses seek advice from any external source.³ Yet companies which have the potential for growth and longer term success are the ones most likely to drive UK economic performance. Whilst high growth companies represent only 6% of all UK firms employing ten or more people, they account for half of all the new jobs created by existing businesses in the UK.⁴

It is a similar story for the social enterprise sector: the UK has been proficient at stimulating the growth of new social ventures but many remain interesting pilots which either do not survive or do not achieve the scale they have the potential for.

¹ Panasonic/You Gov (December 2006) 'SMEs in the UK: seizing the growth challenge'.

² Barclays Local Business Survey 2007.

³ DTI (2006) 'Small Business Survey 2005'.

⁴ Measuring Business Growth: High Growth Firms and their contribution to employment in the UK. NESTA (2009).

The need for enterprise is, of course, no longer the preserve of private firms and companies. There are some 1,280,000 organisations in the UK⁵ ranging from SMEs to corporations, charitable bodies to government departments. A growing number of these now recognise that they need to develop a more enterprising culture, but few appreciate what this entails. In the current economic climate, there is significant danger that a substantial number of organisations will fail to adapt quickly and proficiently enough and consequently their demise could bring further strain to the economy from rising unemployment and social upheaval. Many of these organisations would value ideas and insights from entrepreneurs on how best to create an entrepreneurial organisation which has the flexibility and resourcefulness to respond to circumstance, seek out new opportunities and encourage ideas to flourish.

Unemployment will rise over the next few years and this can only be ameliorated by stimulating growth in the economy, encouraging more people to create their own employment, developing more flexible and entrepreneurial organisations and fostering new business sectors and opportunities. At the same time, the public sector has to find ways of making drastic cuts in budgets whilst seeking to avoid commensurate cuts to crucial frontline services. This will demand radical new ways of working for these organisations – they will need to become entrepreneurial and ingenious and this will, in turn, demand a very different culture.

With the cessation of the Regional Development Agencies there will be a significant reduction in the funding available for enterprise support services such as Business Link and consequently a potential chasm of business advice and information at a time when it will be needed most. There is, however, a potential opportunity here. Business Links were often derided for being ineffective and providing poor quality one-size fits all advice and there is now the scope to look afresh at the support that is needed and determine how to deliver this more effectively and in tune with the need for a more dynamic and entrepreneurial society.

The United States is often cited as a country which generally has a culture conducive to enterprise, particularly in terms of its ‘can do’ culture and also in relation to its attitude towards failure where it is seen to be more tolerant and accepting of those who fail and, in some cases, viewing this as a positive trait in entrepreneurs as there can be valuable experience and insights from initially not succeeding and learning from this.

Through the Winston Churchill Memorial Trust Fellowship, I wanted to appreciate how an enterprise culture was being imbued in two cities in the United States – Boston and New York - and also to look at how this is being done in one European city – Amsterdam – which has undertaken some proactive steps to foster new ventures particularly in the creative industries.

⁵ BERR Enterprise Directorate Analytical Unit. 2006

During my travels I met a mix of entrepreneurs, academics, social entrepreneurs, consultants, business leaders and investors. They offered ideas, insights, practical initiatives taking place in their cities as well as cited how things could be further developed and improved.

This report captures some of this and describes only a few of the many visits and individuals I met and just a few of their fascinating insights. It only goes a little way to conveying the talents, resourcefulness and at times tenacity of these individuals to whom I am very grateful for sparing me their precious time.

Whilst I am used to report writing, I have deliberately adopted a more informal quality for this document as it is meant to convey some of my personal insights and so I have aimed to give it more of the tone of a blog.

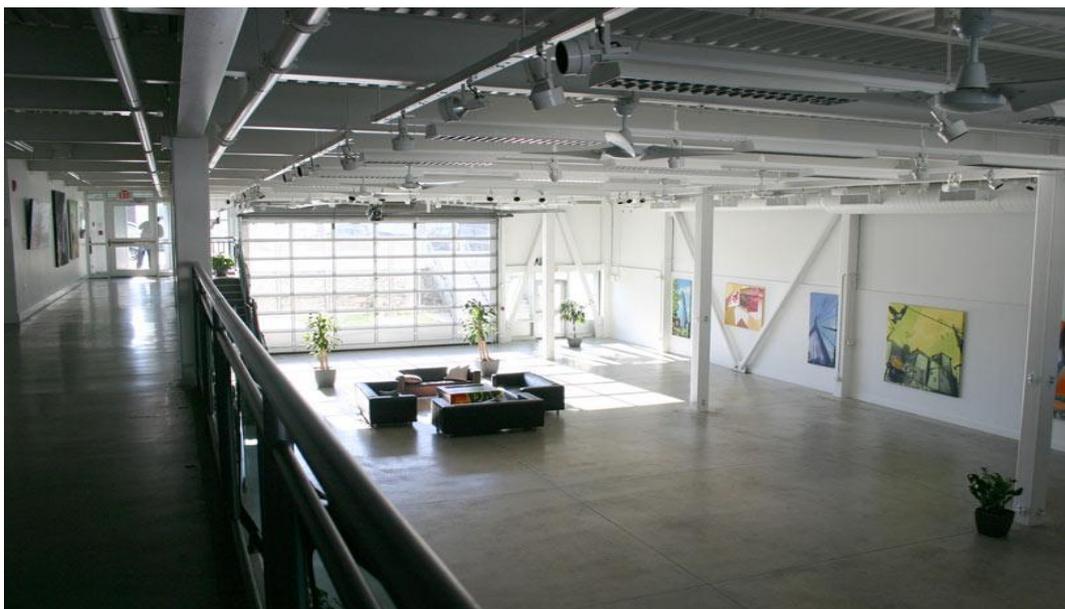
A huge thank you to the Winston Churchill Memorial Trust for investing one of their Fellowships in me. I hope to repay this opportunity one day.

Inspiring the young

I came across quite a number of initiatives aimed at inspiring young people. An impressive one is **Innovation Open Houses** started up by Scott Kirsner. The premise is quite simple – students get to visit interesting companies and meet founders and senior executives and, as part of their visit, to undertake some sort of project so that the participating young people get insights into the work that the company undertakes. The objective is to make connections between the innovation economy of Massachusetts and students in an interactive, casual and fun environment. It is relatively easy for the company to organise with visits typically just a day but the crucial thing is that there needs to be something interactive done with the students – it isn't just about showing them their business offices.

Another project I visited which was outstanding was **Artists for Humanity** (www.afhboston.com) in what felt like the outskirts of Boston at Fort Point which has a history of being an arts district. The organisation has purpose-built premises which were built in 2004 though AFH as an organisation has been going since 1991. The building, known as the EpiCenter, has been named as one of the top ten green buildings in the US and one of the five most beautiful buildings in Boston. Its green credentials include natural lighting which floods the entire building through transparent walls, natural ventilation, solar panels (providing 50% of the building's electricity needs), and incorporating recycled materials into its infrastructure many of which were left over building materials.

These and other environmental features mean that the organisation, according to their estimates, is saving some \$66,000 in electricity and natural gas costs annually. But the other benefit of the building is that it provides an educational model about sustainable development issues for the inner city young people who use it.



I was shown around the EpiCenter by Damon Butler, the assistant artistic director, who has come up through the AFH arts micro-enterprise programme. This programme is a paid apprenticeship and leadership scheme in which urban youth are employed to create, market and sell fine art and design services. The young people work in small groups with professional artists, designers and young artist mentors and the EpiCenter provides a creative and flexible space to work on these projects alongside industry professionals. Within the EpiCenter there are fully-equipped studios in painting/murals, sculpture, screenprinting, graphic design, photography and digital media.

Just over half the young people on the programme are from very low income families and just over three quarters from low or very low income families and 46% from single parent households. The apprentices meet out of school time Tuesday – Thursday 3pm – 6pm during the school year and 12pm – 5.30pm during the summer. The apprentices are working on real industry briefs and are directly involved in client negotiations and meetings.

Since its inception AFH has earned over \$5 million in income through the sale of young people's fine art and graphic art services and additional services facilitated through the organisation. The young people get to keep a percentage of the money from sales of their fine art (I can't remember the exact percentage).

This was an extraordinarily effective programme which successfully combines education and training, entrepreneurship, the creative arts and social values in a way that impacts positively on the young people's lives. Organisationally, AFH has developed ways of providing income streams (such as the sale of young people work and hiring out their premises) so that they are more sustainable. They have made their existing assets work hard for them and they imbue the enterprising culture within their workplace that they are trying to instil in the participating youth. It was tremendous.

The Cloud Foundation in Boston also works with urban teens. It is run by Carrie Fitzsimmons and was founded by David Edwards, a Harvard Professor. The objective of the Foundation is "to foster confidence and hope in urban teens through artistic creation and cross-cultural expression." I met Carrie in the Foundation's very impressive building which is a versatile, creative and, I would imagine, a fun place for the young people to be in. Students come here after school - I think they have just over 200 students – doing workshops and learning about the idea generation process.

The Foundation also organises the Art Science Prize (www.artscienceprize.org) in which teams of students engage in learning about the arts, sciences and idea generation to develop creativity and innovative project ideas. A theme is set by an

expert panel and the students having been skilled in creative thinking and art and science respond to this. The intention is that it will build the students' social skills, knowledge of project development techniques and a basic foundation in creativity and the artistic process. The result is that students should have the confidence to project a dream into concrete and realizable steps, and the ability to convince others to invest in the realisation of the dream.

David Edwards also started the Laboratory at Harvard. It is quite difficult to describe – but seems to be an experiment to break down some of the barriers between the different schools and departments within the university and look at ways that there could be collaboration, particularly across disciplines. To date they have organised some idea nights and different exhibitions in a dedicated space that they have.

Another project in Cambridge which aims to break down the barriers between education institutions is the **Harvard Innovation Lab** which Professor Peter Tufano described as “connecting the different tribes within Harvard”. Essentially it is 29,000 sq feet of open workspace in the former WGBH Studios. The university (and possibly also the business school?) is providing around \$20 million to renovate the building and for its running costs.

Overall, I found that ‘porosity’ was often a feature of education institutions with them providing services and events not just for students but also for the wider community. Something surely that makes a lot of sense.

One pioneering initiative I came across to get students both to think like entrepreneurs and to appreciate some of the challenges of running a venture is a initiative started by Deborah Streeter (www.deborahstreeter.com) in which business studies students work on current problems being experienced by small businesses in the local community and work in small groups as consultants to these businesses to come up with approaches to solving these challenges.

The programme is organised so that over the summer Deborah spends the summer talking with small businesses in town typically starting with 20 businesses and ending up with about 12 that have an appropriate problem for the students to work on. Many problems according to Deborah can be related to marketing or ‘people’ issues. The students work in small teams on specific business challenges but the overall ethos is that akin to a consulting firm with everyone having responsibility for making it work.

The students present back to the companies both in written form and through a pitch. The grades given are A, B or F – there is no C - as Deborah points out - no average advice can be given.

The advantage from the participating companies' point of view is that it provides them with insights arising from research which the businesses themselves would not have had enough time to undertake. They can also have considerable impact from their insights – one group of students came to the conclusion that the company had to be shut down. According to Deborah no project had a dissatisfied client.

The students get to appreciate some of the real challenges of small dynamic businesses and get to learn what to do when decisions need to be made fast without data and facts.

Deborah felt that students go on a journey with the programme – one that is not necessarily easy or comfortable: “In the first week they really like it but weeks two to 14 they dislike the class and then about six months after they have finished, it is the best class they have ever done.” A lot of the students' frustration is that, unlike High School, there isn't a right answer. As Deborah puts it: “In our classes the answers are not in the back of a book.”

Another challenging aspect of the programme for the students is that the course is less structured than traditional courses and again this can come as a culture shock to participants. Deborah works with teaching assistants on the programme and forewarns them of the challenges of the course so that they are prepared for how students will react to it.

In some respects the programme has similarity to Space Unlimited in Scotland which is aimed at teenagers who work on genuine challenges which companies and public sector organisations are grappling with and who present their difficulty to the students in the hope that their fresh perspectives may provide insights that are innovative (see www.spaceunlimited.org).

From an organisational perspective the programme requires considerable amount of time which is why Deborah had to give up running it but it is her favourite teaching experience and eventually for some students becomes their favourite learning one.

Deborah believes that entrepreneurship is more a mindset than a career path and what is really important with programmes such as the one she coordinated is to open up the perspective of students to an entrepreneurial way of thinking and such a mindset is valuable to students whatever they end up doing.

Supporting businesses to grow

Similar to the UK, there seems to be a strong emphasis in the States on facilitating business start-ups and less focus on supporting existing ventures to develop further. The organisation **Interise** (www.interise.org) is dedicated to filling this gap and I met Jean Hortsman, the CEO.

Jean told me that Interise determined that supporting existing businesses was the most effective strategy for promoting job and wealth creation in lower income areas. As a result, they developed a special programme in 2004 to enable them to do this. The initiative they developed is known as the Streetwise Steps to Small Business Growth (this is trademarked) which is for entrepreneurs who have been in business for at least three years. The notion is that at the end of the programme (100 hours over 7-9 months) a participant will have a three-year strategic growth plan which includes specific growth goals which have been tested with a panel of business advisors.

The aim of Interise is by 2013 to have 1,000 entrepreneurs through the programme each year. It is important to remember that these ventures if they grow will become employers for the community and thereby provide employment potential as well as wealth creation for the area. Participating businesses do pay to be part of the programme \$3,000 (this may be reduced dependent on the class size) though the actual cost to deliver it per business is estimated to be \$9,000.

Jean had some interesting anecdotes such as some of the cultural differences she has found with individuals from different ethnic groups. For example, in some cultures the concept of marketing can be seen as rude but storytelling is sacred and so it is a case of using the latter to communicate a business and its services.

There were lots of fascinating areas which my conversation with Jean touched upon such as the need for universities and hospitals in the US to learn from corporations about supplier diversity. I would have loved to explore these further.

Another initiative which supports businesses to grow and develop is **Boston World Partnerships** (www.bostonworldpartnerships.com). This is a non-profit organisation which aims to raise awareness of Boston as a capital for innovation and growth and I met with their director Yoon J Lee. Essentially it is a network which brings together innovators, entrepreneurs, business influencers and thought leaders. Pivotal to making the network happen are volunteer 'connectors' who are formally nominated and selected to serve this role and they make connections between Boston's economic opportunities and assets and the business community which require specific resources in order to grow.

Queries from businesses to Connectors are filtered by Boston World Partnerships in order to ensure that the Connectors are not deluged by too many queries and also to make sure that the questions being asked or introductions sought are appropriate ones.

I checked out the BWP website to see what they are up to and they are currently implementing a neat idea – grabadesk.com. Start-ups seeking to get out of working from the kitchen table and find some decent office space can go online and get matched with a company which is happy to provide one or two workstations to help a fledging business get off the ground. The start-up gets accommodation (presumably for free) and the 'host' business gets some new energy in its space and the feeling that they could be supporting the next Facebook. What a smart idea!

Incentivising entrepreneurship

Competitions are a popular means of trying to incentivise entrepreneurship and innovation and I came across several on my travels.

One that really captured people's imagination was an **Apps competition** that was organised by New York City which was run by the Economic Development Corporation with \$5,000 up for grabs in prize money. The competition was designed to get some of the information put out into the public domain about the city to use as an app and to be used by the community. For example, there is now information available on where all the trees in NYC are. The winning ideas were ok but what I think the competition really achieved was to get people to appreciate that the City had put out all this information into the public domain and that uses could be made of it. Several people mentioned the competition to me unprompted and it shows that you don't necessarily need a significant prize fund to get excitement.

I met Jeffrey Carr from **the Berkley Center for Entrepreneurial Studies** which has the aim of nurturing entrepreneurial talent at NYU Stern. They run an annual new business venture competition (with \$75,000 of prize money) and a social venture competition (with \$100,000 of prize money). I note that since I met Jeffrey, they have also started a technology venture competition. The competitions are open to Stern students, alumni and NYU graduate students who form teams. A programme typically runs from September to April and over this period there are five rounds:

- Round 1 in which teams put forward a summary of their venture
- Round 2 entrants respond to a question related to feasibility
- Round 3 submission of a written business plan
- Round 4 semi-finalists pitch their ventures to a panel of judges
- Round 5 finalists pitch to a final judging panel

Throughout the process there are workshops, mentoring, speakers, bootcamp and events.

MIT has a similar competition which they have been running since 1990 – **the MIT \$100K Entrepreneurship Competition** (www.mit100k.org) which is open for MIT students and takes place over a year. There are three contests: the Elevator Pitch, the Executive Summary and Business Plan. The first two contests award prizes around \$20,000 each and the final contest more than £300,000. They estimate since the competition started that more than 5,000 students and colleagues have taken part.

The largest business plan competition I came across is the phenomenal **Mass Challenge** (www.masschallenge.org) which aims to identify and accelerate high impact start-ups and I met the founder and CEO John Harthorne. The first contest took place in 2010 and had a total prize pool of \$1 million. It has been repeated in 2011 with a similar level of prizes. It is open for anyone to enter from anywhere with any start-up and Mass Challenge does not take equity in the ventures and there are no restrictions placed on the winning businesses.

An interesting aspect to the Mass Challenge is the need for entrants to get endorsements from a list of trusted endorsers. These endorsers include academic institutions, venture capital funds, angel investors, enterprise support organisations

The goal of the endorsement aspect is to encourage start-ups to make connections with organisations which will meaningfully enable them to develop. So a start-up will approach an organisation not just to endorse their entry into the Mass Challenge but with a view to building a meaningful relationship. Endorsers can give a diamond endorsement (worth 8 points and reduces the entrance fee for applicants by \$50) or a platinum endorsement (worth 1 point) and an organisation may only provide one endorsement to a start-up team.

Endorsements themselves only provide a small part of the entrant's score (10%), public votes have equal measure to endorsements (10%) and the main aspect is judging (80%) of which there are two rounds.

Mass Challenge is a big operation and involves not just large financial prizes but also quite a bit of in-kind support. Although open to teams anywhere in the world, most entries seem to be from within the US.

Networking for entrepreneurs

One of the best (and simplest) resources I came across for entrepreneurs to get information was **Greenhorn Connect** (www.greenhornconnect.com) which provides an easy-to-navigate website where you can find events, resources, news and contacts for entrepreneurs in Boston and Cambridge. I had a coffee with the founder Jason Evanish who saw an opportunity to provide a way of coordinating all the many activities taking place for entrepreneurs through one website. Several individuals I met in Boston told me that initiatives such as Greenhorn have made the entrepreneurial community in Boston and Cambridge much more cohesive and effective whilst before it was very fragmented and disparate.

Listed on Greenhorn are all the events – yes in the plural – that are taking place each day for the entrepreneurial community. One of a number of events that I went along to was the **Venture Café**. It is pretty straightforward – drinks, chat and networking and no reservation necessary - it is popular with a good vibe.

I got to speak to Tim Rowe the CEO of the **Cambridge Innovation Center** where Venture Café takes place. They have had 700 start-up companies through in the last ten years. The Center does not help any of the ventures with their business nor does it equity or invest in them. Tim believes that one of the things a lot of incubators have got wrong is that they position their incubator as helping entrepreneurs which in fact excludes a lot of companies that don't need help. He feels the best source of support for entrepreneurs is having other entrepreneurs around them.

Insights from entrepreneurs

During my travels I talked with a few entrepreneurs – those trying to develop or grow ventures and I asked about their experiences of running a business in the respective cities and how they felt that they could be better supported.

One entrepreneur, Ash Fontana, was running a digital agency in New York called Top Table which builds customer loyalty for restaurants. He felt, based on his experience, that the US was overall a great place to start a company (Ash is originally from Australia). The challenges he identified were:

- Competition for talent, particularly in the digital media industries. The big companies were recruiting like mad on university campuses and to get tech-savvy individuals you need to be able to pay the going rate;
- There is a shortage of some talent such as digital engineers but gaining visas for people to work in the US is difficult;
- Costs are high (such as staff, health insurance for employees and tax);

However, as he put it, the benefits far outweigh these challenges. He felt the benefits to be:

- Entrepreneurs are generally very willing and able to provide advice to others;
- Funding for digital agencies is currently fairly available;
- There is a huge pool of cheap talent to access through interns;
- Some really great investors out there.

Ash is moving his agency from New York out to Silicon Valley so that he is in an even more concentrated entrepreneurial community.

Another entrepreneur I met was Sam White the founder of **Promethean Power** (www.cool-electrica.com). He has developed a solar-powered refrigeration system for commercial cold-storage applications in off-grid and partially electrified areas of developing countries. Essentially his technology is enabling food suppliers to store and preserve perishable food items such as milk, fruit and vegetables without the need for diesel-powered generators.

One of the advantages that he experienced in Cambridge, MA was what he described as ‘the bump factor’ – that there was such a high concentration of start-ups and people involved in the entrepreneurial community that it was likely that you could bump into the source of help that you needed whether that be advice, funding, space or something more specific. He felt that Cambridge was a great place to start a business but not the best place when it comes to growing an enterprise and taking it to scale. I probed a bit more on this and it seemed to be challenges around the

cost of manufacturing in the area and also workspace.

Interestingly, after meeting with the founder of Prometheus, I had a short meeting with Leo Boudreau of **Synectics** (www.synecticsworld.com), an agency which supports businesses and organisations to develop innovations or find innovative solutions to problems. He gave me a copy of Bump and Connect, a report which outlines how important it is for organisations to be outward facing and to take proactive steps to network with the wider community.

A good example of this is the **Microsoft 'NERD' Center** in Cambridge MA. They have an excellent conference / meeting space in their building which they give out to different groups in the evening and at weekends to make use of. I went along one evening to a Tech Tuesday where local companies launch some of their new products and entrepreneurs gather together. Microsoft NERD had a fairly packed schedule of events including a Start-Up weekend in which teams are challenged to start a new venture in just a weekend fuelled by caffeine and pizza.

Dr Carl Schramm is not an entrepreneur but President of **the Kauffman Foundation** (www.kauffman.org) an independent organisation which seeks to understand how best to support entrepreneurs and the creation of an entrepreneurial climate. It is the one of the largest foundations in the US. I managed to get a meeting with Carl facilitated by the RSA. He was quite outspoken, particularly in terms of how he felt business schools were not fostering entrepreneurship. His main points were:

- It is important to create the right conditions for innovation (such as minimal government involvement and light legislation);
- Avoid business school and venture capital processes which seldom produce results;
- Entrepreneurship is a messy process that can involve failure;
- Concentrate on specific individuals and not on institutions;

Carl was complementary about Cambridge in England which he felt was doing good things in terms of fostering innovation.

In Amsterdam, I met Mark Schiefelbein who works with a lot of tech companies and was involved in the Start-Up weekend in the city. Mark gets to work with a lot of different companies and, as he puts it, a lot of different personalities as well. On the positive side, Mark mentioned that the city had a lot of empty office buildings which means that office space can be negotiated and there are a lot of start-up groups which can take some of the isolation out of starting out and lots of conferences and blogs and the media is quite happy to include stories about entrepreneurs. The start-up community is quite tight and people are generally willing to help each other and open to being helped. There are not significant legislative barriers to starting a

venture and the entry costs are usually quite low.

Mark singled out a particular conference as being excellent – The Next Web (www.thenextweb.com/conference) which is run by entrepreneurs and viewed as being a lot more impactful than some of the conferences and events organised by the city government.

On the negative, Mark's experience is that to get early stage investment of around 50,000 euros in a tech start-up then you need to find investors who have cash and it takes time to find these people and you need to educate them quite a bit about the technology. Also the contracting and legal fees can take a fair chunk out of the investment. The other challenge that a lot of start-ups have in Amsterdam is finding skilled technical people. Mark often finds that a lot of companies end up using interns, freelancers and people in places like Turkey but this model is not sustainable.

Mark also pointed out that the market in the Netherlands is very small. His experience of advising and working with early stage companies is that they are not so good at their product definition and product market.

Mark introduced me to several young entrepreneurs with tech companies. One was Robert Gaal, the co-founder of Wakoopa which “creates digital DNA of today's consumer” which he explained as finding out what websites you have visited, ads you have seen and apps you have used. Robert confirmed Mark's thinking that it was relatively easy to get into newspapers and that ‘smart’ angel money was lacking (“there are angels but not smart angels and the challenge is being able to find them”). Robert was unimpressed by a lot of the efforts of the government to support entrepreneurship including their advisory services and felt instead that initiatives from the entrepreneurial community such as Nextweb and his own STIKK (start-ups in a crappy climate) were more effective.

An entrepreneur I met in New York was Hugh Whelan whom the RSA introduced me to. Hugh runs an enterprise, Energy In Common, and had a novel idea to help micro-finance institutions to deliver energy loans. Hugh pointed out that energy is the second largest market after agriculture.

As an Australian, Hugh compared the US and Australian enterprise cultures. He felt there was a positive attitude to risk in the US and similarly a good attitude to failure. He claimed that in Australia if you go bankrupt then there is often stigma about it whilst in the US it is more a badge of honour. Hugh believed in the US there was a lot of grass roots support for entrepreneurs such as considerable pro-bono legal support and pro-bono web support. Hugh also felt that Americans were very good at networking and tended to have a ‘door open’ policy to being contacted out of the blue (something which I can attest to).

Hugh applied (unfortunately unsuccessfully) to the **Echoing Green** programme (www.echoinggreen.org) which has been supporting social entrepreneurs since 1987. It is highly competitive (2,500+ applicants for 14-20 Fellowships) presumably because the support that you can get through it is so impressive - \$60,000 over two years and professional development, skills building sessions, conferences, networking, mentoring and professional development. It supports social entrepreneurs launching new organisations which deliver bold, high impact solutions to societal problems.

I met with Lara Galinsky, senior vice president, at their head office in New York.

The process for applications are:

1. Online application which as mentioned generates a few thousand responses.
2. 150-300 of these applicants are then invited to do a further application where different questions are asked.
3. These are then whittled down to 100 applicants and they have a telephone interview
4. There are then 30 face-to-face interviews with a judging panel
5. Then a decision on the final 14-20 who will be awarded Fellowships.

Lara asserted that the main thing that Echoing Green was providing the social entrepreneurs with was belief – belief in their idea and their ability to make it happen.

I had a brief chat to A.Latham Staples who is one of the 2010 Fellows for his organisation Empowering Spirits (www.empoweringspirits.org) and he said that the support given by Echoing Green was incredible. It has enabled him to accelerate the growth of what was only a fledgling organisation and achieve influence and impact rapidly.

One of the most impressive social entrepreneurs I met in New York was Robert Hammond, the co-founder of **the High Line** (www.thehighline.org). The High Line is a beautiful elevated 1.45 mile-long park on a disused freight rail line.

In the summer of 1999, Robert and Joshua David read a newspaper article which said the High Line was going to be torn down. At that stage they didn't know each other but they each had become fascinated by the High Line and the opportunity it offered. Hoping to find a group working to save it, they went to a community board meeting, where they met and started Friends of the High Line.

They wanted to convert the High Line into something extraordinary for New York City – the design for the High Line had to be as interesting and unusual as the structure itself. So, some quite ambitious and pioneering designs for a city park were put forward which made the space dynamic, intriguing and enjoyable to visit. To raise the considerable funding for the park during a recession was no mean feat and there were strong opponents to the High Line being preserved included many developers who saw the potential of raising the height of nearby buildings which the High Line was physically preventing.

I asked Robert how he managed to persuade the City authorities both to support and partly fund the scheme and he mentioned the talent of some of the staff in the local authorities. This did remind me of how invaluable intrapreneurs – those resourceful and ideas-rich people working within organisations and fostering change in these – are and yet are overlooked so often.

I also asked Robert how he managed to unite so many disparate people behind a vision to preserve the High Line and he responded: “We were not just trying to save a structure but create something from it.”

This has really made me think about how successful entrepreneurs are able to create a compelling vision for their ventures and how they effectively communicate that vision so that people become inspired, engaged and motivated to help.



The High Line



The High Line



The High Line

I believe that several other abandoned elevated railroads in the US (such as in Philadelphia) and around the world are intrigued by what the High Line has achieved and are considering similar conversions to parks.

Robert and his co-founder Joshua David won the 2010 Jane Jacob Medal from the Rockefeller Foundation (www.rockefellerfoundation.org). The Medals are awarded each year to recipients whose work creates new ways of seeing and understanding New York City, challenges traditional assumptions and creatively uses the urban environment to make New York City a place of hope and expectation.

I managed to have a short meeting with Edwin Torres, Associate Director for Foundation Initiatives at the Rockefeller Foundation and he told me more about the Medal and also some of their other projects such as their excellent Cultural Innovation Fund.

A very different foundation to Rockefeller is **the Awesome Foundation**. In Boston I met with Reed Sturtevant who runs it (awesomefoundation.org) and who is also MIT entrepreneur in residence. The foundation has a simple and very neat premise – ten or so entrepreneurs come together each month and put in \$100 each so that there is a total of \$1,000 available as a grant. Anyone can apply for funding each month for an idea – the only criteria is that it has to be awesome. They generally get around 100 applicants a month and fund one. Their first project was a giant hammock in Boston!

The Foundation is run on very low administration and is not registered as a charitable foundation to keep the admin to the minimum which means that those donating their \$100 do not get any tax advantages. There are now similar awesome foundations in New York, Providence and San Francisco and there was an attempt at one in London but it seems to have fallen apart which is a pity.

Creating more entrepreneurial dynamics within and between organisations

One of the organisations I visited in Amsterdam was **Kennisland** – a sort of think and do tank (www.kennisland.nl). I met the co-founder Joeri van den Steenhoven. We talked about Kennisland and then looked in detail at an organisation it created called the Kafka Brigade (www.kafkabrigade.org.uk).

The Kafka Brigade came about because there was a general feeling that a lot of public service institutions had lost track of their actual purpose as they had become so confined by regulations and rules and protocols and processes were standing in the way of government agencies co-operating with each other to the detriment of the people those institutions were meant to be serving. It essentially operates through a case study approach in which representatives from key organisations involved in a particular case come together and look at how they have failed an individual or group of people. It isn't a blame game but rather an exercise to explore where things are going wrong, what the perspective and experience is of the people they are there to serve and to see how they as institutions could cooperate better in the future.

One example that Joeri gave me was how entrepreneurs in the city often were overwhelmed by the number of permits they need to establish a business. For example, an entrepreneur who wanted to start a sandwich shop in Amsterdam came across the barrier that he needed 17 different permits – one of which had the condition that he needed a lease on a shop before they would provide the permit!

We discussed how often children who are meant to be protected and safeguarded by the system are let down because there is a failure to cooperate or put the child at the centre of the services.

To date Kafka has worked on around 30 different cases. I asked Joeri whether there was a danger that it just works on solving particular cases but doesn't address the wider systemic difficulties which are creating the problem cases in the first place. He agreed and said that the intention was to use all the cases and evidence to build a case for public sector innovation.

But what does this have to do with entrepreneurship? In my view Kafka is getting to the core of what might get in the way of having an entrepreneurial culture within and between organisations and such a culture is crucial if you are to try and imbue a wider societal one.

There is now a UK branch though it is not clear how active it is. But we need an independent group like this that will bring institutions together and make them cooperate.

Creating entrepreneurial environments within companies and organisations is the objective of **MeetingMoreMinds** (www.meetingmoreminds.com) which again is based in Amsterdam. I met with the founder Annemieke Roobeek and she talked about how they help organisations become more networking centres where information and ideas flow freely. Crucial to her vision of increasingly dynamic organisation is breaking down of hierarchies and I did express concern arising from my personal experience that many people in organisations were averse to this loss of power. Annemieke was adamant that those organisations would not survive or at least would not thrive whilst they are constrained by out of date hierarchies.

Advice for entrepreneurs

I managed to spend some time at **the Lawrence N Field Center for Entrepreneurship** which is based in Baruch College, part of New York University. The Center collaborated on a research project to look at the entrepreneurial culture of New York. It found that just 15% of people in New York state are involved in some kind of entrepreneurial activity, compared with a national average of 18.8%. It found that in addition to lower rates of entrepreneurship, new businesses in New York tend to be smaller, create fewer jobs and fold more quickly.

The report drew attention to “necessity entrepreneurs” – individuals pursuing business ownership because of a lack of other employment options. Although city officials have touted the potential of start-ups to help New York get out of the recession, the report noted that necessity entrepreneurs tend to be less experienced and less ambitious, and will be the first to return to large companies once the economy improves.

I discussed the report with some of the managers who work at the Center and also found out a bit about their work. They provide advice and run training courses to people wishing to start up ventures or go freelance and these individuals are largely people from the local community rather than necessarily students from the college – in fact traditionally there are not many students from the college using the Center’s services. But the advantage of being based in the business school is that they have seven professors who provide specialist advice to some of the clients who come to the Center.

Since its inception in 1993 10,000 clients have been served and over \$60 million in debt and equity financing secured for these clients. Around 49% of clients to the Center in the last year were women. The courses run include management, marketing, business plan development, franchising and home-based businesses.

The workers at the Center found that lack of financing was the big issue – banks are just not lending and that isn’t just to start-ups but across the board. Sound familiar? In terms of advice and training, marketing is one of the most needed areas and so they have two marketing specialists – one on research and the other on branding.

The Ignite Conference

I attended the Ignite Conference which is run by the Entrepreneurship Club at Harvard Business School. The keynote address was given by Ron Shaich, founder of Au Bon Pain Company and the Panera Bread Company.

Panera has currently 1,464 bakeries across the US. Ron opened his first store, the Cookie Jar, with \$75,000 from his family and then took over three Au Bon Pain stores and traded them out of debt. By 1993 he had grown the venture to 250 units but future growth was limited so he took it international. His approach was not to go in and buy a company and then change it but, as he puts it: "Go in and learn about it to understand what it is you need to change."

These are some of his tips and anecdotes:

- "We won the business pages because we were winning on the food pages."
- "Marketing is the amplification of what makes you different."
- "Success or failure is in the details."
- "Stay rigid in vision, flexible in execution."
- "Prepare today for the battles of tomorrow."
- "Make deposits before withdrawals in any relationship."
- "Success comes from creating value in the long-term."
- "Master the difficult."

Ron talks a lot about the 'smart bets' he has made. He explained that a smart bet is when you have the odds of the house (not the odds of the punter) and so a greater chance of success. He took a smart bet on Au Bon Pain having WIFI and a smart bet on his outlets competing in different parts of the days i.e. not just lunch but breakfast, daytime, afternoon etc.

Following on from Ron's presentation, there was a panel discussion which was focussed on 'the non-technical founder'. The discussion examined issues around hiring technical people for a company when you don't have insights into technology. Some of their tips were:

- You want someone who works well not interviews well.
- Get people you are interviewing to do work beforehand so that you can make a judgement on more than their interview.
- Don't buy into the myth of the technical person who has all the knowledge in

their head and will be able to write great code. You want a technical person who can communicate with you, with other people, with investors etc

- Hire slowly, fire quickly.
- Always be clear how you define success and failure.

Then there was another panel discussion, where the debate focussed primarily on understanding customers. The tips that arose from that included:

- You don't say to customers 'what do you want?' You try to find out what they need, how they like to use things. You also need to understand how they think and why they behave in a certain way.
- Go out to test your hypotheses about what customers want with customers. Don't go out to ask them what they want. As Henry Ford says 'If I asked people what they wanted, they would have asked for a faster horse.'
- You should be prepared to say no to customers – not all your customers are right.
- You need to keep your concept simple but saying that you need to be careful that in keeping something simple, you don't get rid of the aspect/feature/element that will be the one that could be fundamental to your success. An example of this is YouTube and their feature which enables you to take a YouTube video and embed it on a website etc. What led to YouTube's growth was the availability of YouTube videos on places such as Facebook and many other sites.

Concluding thoughts

I've mentioned only a few of the fascinating individuals and organisations whom I came into contact when exploring the entrepreneurial infrastructure of three great cities and I've included just some of the many and rich insights these individuals gave me. As I mentioned previously, I haven't been able to do justice to their talents.

So what needs to be done if you want to create an entrepreneurial culture in a city or community?

Perhaps first and foremost it is about doing less rather than more when it concerns governments and government agencies. Entrepreneurs want a culture that is conducive to being able to make things happen and that means keeping the bureaucratic and legislative burden to a minimum. The most effective kind of initiatives seems to be the ones run by entrepreneurs for entrepreneurs and arguably they are probably the most cost effective as well.

When considering enterprise we need to go beyond thinking of start-ups – important though they are – and also consider how to make small companies bigger and how to make big companies and organisations more dynamic and entrepreneurial so that the talents and ideas contained within them (and indeed those that are outside of them) are unleashed.

Projects such as the Kafka Brigade show how the power of human stories can affect change. We need more stories of the endeavours of entrepreneurs both social and business ones told in our media and within our communities so that we can be inspired and possibly from this inspiration take action ourselves.

There were some very simple initiatives which have great impact – thegrabadesk project, Open Innovation Houses, Venture Café and the Apps competition to name just a few. Perhaps, ironically, when it comes to supporting enterprise it is not necessarily about thinking big.

Possibly our best investment for enterprise will be in embedding the right skills and attitudes in tomorrow's entrepreneurs. Too much of our current education is preparing young people for the world that we grew up in rather than the rapidly-changing world that they will be experiencing and which they will need to create opportunities in. The worlds of work and school are too distant - never the twain shall meet - but as seen in the example of Artists for Humanity, there are some novel ways to bridge this gap which can foster creativity, social mobility and a spirit of endeavour in the young.

Many thanks, once again, to the Winston Churchill Memorial Trust for this opportunity. For me, it is now a case of taking one or two of the many, many ideas jumping around in my head as a result of the Fellowship and start to turn them into a reality. So it isn't the end of the journey but rather just the beginning.

About Gerard Darby

Gerard Darby works freelance as a writer, researcher and trainer on different aspects of enterprise and entrepreneurship. He has produced a number of enterprise education materials including the publications: *The Little Book for Big Ideas*, *Dare to Dream*, *Get Connected* and *The Little Book of Your Money*.

In 2000 he undertook a project to examine the motivations, characteristics and background of 44 young entrepreneurs (individuals who started their ventures when they were under 28) and his research was published by the RSA. In 2004, in a follow-up study, he re-interviewed around half of these entrepreneurs to look at the challenges of sustaining a business venture and this research was published by the Enterprise Education Trust and the RSA.

Gerard facilitates workshops on creative thinking, lateral thinking and enterprising thinking. He has also conducted several evaluations of projects which aim to develop creative and/or entrepreneurial characteristics in young people.

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