Preface | Welcome to the inaugural ESHIP Summit.

In collaboration with 51 national partners, we have assembled one of the largest, most diverse groups of people focused on building entrepreneurial ecosystems. We are thrilled that you are here, and we hope you're ready to roll up your sleeves and get to work.

Over the next two days, we invite you to connect, converse and collaborate with fellow attendees—hands-on, creatively and boldly—to develop and design new knowledge, strategies and tools that will help move our entrepreneurial communities forward.

As part of your attendance, we need you for a special mission. Help us complete this book.

In your hands is the experimental Alpha version of the Kauffman Foundation's new playbook for building entrepreneurial ecosystems. Our goal is to create a simple, understandable, shareable guide for those who seek to foster entrepreneurship in their communities.

But this playbook is not finished. It provides a general framework based on years of research and experience. However, it still needs validation from real practitioners in the field, practical stories of what has worked and hasn't worked, and your own expert insights. We look forward to receiving your ideas, both here at the Summit and in the coming weeks. You can send ideas to playbook@kauffman.org. They will go into the Beta version of the playbook we'll publish later this year.

Entrepreneurship is not just about building companies. It's about giving individuals the means to take charge of their economic destinies. This means more today than ever, in this era of disruptive change and when many people feel the system is tilted against them.

That's why we seek to empower the makers, the doers, the dreamers.

Our mission is to help them succeed and thrive, to eliminate barriers in their way. And we do that at scale by building entrepreneurial communities or "ecosystems." That's how we will make our neighborhoods stronger, grow our economy sustainably, and lift up millions of lives for the better.

We're pleased to have you join us on this mission.

Ewing Marion 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
The ecosystem builders’ Declaration of Interdependence

- **We believe** that there is a need for a new model for inclusive economic development, one that takes into account the whole system.
- **We know** that to build these complex yet accessible systems, we must act in interdependent, inclusive, and equitable ways.
- **We understand** that these living systems evolve in complex ways, and that without collectively-held intent, they cannot grow to their full natural potential.
- **We recognize** that to surface this collectively-held intent, there is a new emerging role, profession, and community of practice that is required—that of the ecosystem builder.
- **We are mindful** that as an emerging field, these ideas will be new to many people. We must practice grace, humility, and empathy as we work with each other to evolve these new ways of thinking.
- **We embrace** that we are a large group of leaders and catalysts with diverse backgrounds, skills, experiences, expertise, motivations, and visions for the future.

- **We are encouraged** that in a world of increasing complexity, it is the inclusion of these diverse perspectives that will allow us to innovate, design, and deliver sustainable solutions for our ever-evolving communities.

- **We, as a community of practice, are here to support** the development of 1) each other; 2) each other’s communities; and 3) the principles, culture, tools, and metrics necessary to infuse entrepreneurship more deeply into our economies.

- **We acknowledge** that change is difficult and requires sacrifice, and that growing healthy ecosystems often requires balancing the maximization of short-term outputs against a need to work with a long-term view. These challenges are essential—and important—to our success.

- **We pledge** to pursue this vision together—to ensure that the makers, the doers, and the dreamers from all demographics of society have the opportunity to change their circumstances and to have a positive influence on themselves and the world.
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Part I

Why Do Entrepreneurs Matter?

“IT’s your right to be uncommon if you can. You seek opportunity to compete. You desire to take the calculated risk, to dream, to build, yes, even to fail, and to succeed.”

- Ewing Marion Kauffman

Produced by the Ewing Marion Kauffman Foundation

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Entrepreneurs... the makers, the doers, the dreamers.

Entrepreneurs are people who turn ideas into reality, charging directly into the headwinds to create something of value where there was no value before. They come from all different backgrounds. They represent a wide range of ages and educational experiences. They work across industries and professions. Indeed, anyone can be an entrepreneur.
Entrepeneurs drive progress.

We celebrate entrepreneurs.

Human history in part is the story of people turning concepts into innovations, sharing them with others, and raising standards of living for all. From the wheel to the airplane, from new restaurants to new nonprofits, each improvement changes our lives and allows other innovations to follow.

There is a resurgent interest in entrepreneurship today, both in the United States and worldwide. We are celebrating and cultivating it in many new ways. For instance, many successful entrepreneurs today have celebrity status. Books, television, and movies tell their stories. Media follow entrepreneurs, covering their businesses but also their personal lives, investments, and philanthropy.
Society is looking for solutions...

Governments seek policies to nurture innovators, grow businesses, and uplift economies. Investors hunt for promising new companies to create wealth. Community leaders search for the missing ingredient that will enable them to help more entrepreneurs succeed and lift their neighborhoods.

...Because entrepreneurship benefits all of us.

Entrepreneurship empowers individuals, improves standards of living throughout a community, and creates jobs, wealth, and innovation in the economy. In fact, most of the net new jobs in the U.S. are created by new and young companies.
But there are discrepancies between perceptions and reality.

The reality is that the entrepreneurial economy is much bigger than the famous entrepreneurs in the media. And although entrepreneurship is increasingly an urban phenomenon, it’s not only happening in the largest metropolitan areas or those known for their startups. Of the ten metros with the biggest improvements in startup activity in the past seven years, six are in the middle of the country.

There is an entrepreneurship deficit.

Despite this increase in interest in entrepreneurship, the reality is that we are in the midst of a thirty-year decline in entrepreneurial activity. Although entrepreneurship is discussed a lot, Americans are starting new businesses at about half the rate they were a generation ago.

Startup Density (1977-2016)

Startup Density is a measure of the number of startups relative to the total number of companies.
And it’s exacerbated by barriers facing specific populations.

Certain groups are consistently underrepresented in the entrepreneurial economy, leaving untapped human potential on the sidelines. Women are half as likely as men to own businesses. Minorities own half as many businesses as non-minorities. And minority-owned businesses start smaller and stay smaller.

Companies are not creating as many jobs as they did in the past. Take, for example, Kodak and Facebook, each a technology giant in its day. In 1962, Kodak employed 75,000 people. In 2013, when Facebook hit the same revenue scale, it employed only 6,300 people.

...To the detriment of our economy.

The entrepreneurship deficit has profound consequences for our economy. Recent research suggests that this deficit is related to some of today’s biggest challenges: the jobs deficit, slow productivity growth, stagnant wages, and rising inequality.
The world is shifting.

We are at a turning point in history. The exponential increase in connectivity and technology is ushering in a new economic era. As the Industrial Age comes to a close and a new economic system emerges, we face massive change and uncertainty. But there is also tremendous opportunity.

An opportunity—and an imperative.

We must make our economy more entrepreneurial, creating more growth, jobs, wealth, and innovation. Communities need to think beyond stealing companies from other jurisdictions and retaining existing companies. Instead, they must concentrate on growing new companies. Entrepreneurship is about opening access to economic prosperity for everyone, regardless of who they are or where they come from. We must forge a new American Dream that is more accessible to all.
A new model is required.

Traditional methods of helping entrepreneurs aren’t enough. We can’t just give out more tax incentives, infusions of capital, or access to a business incubator. There is no silver bullet that will address the entrepreneurship deficit or the barriers to entrepreneurship that many face. We must address the entire system. We need to change the way we think about helping entrepreneurs.

People are the new companies.

Traditional economic development focuses primarily on attracting, retaining, and growing existing companies. However, those techniques seem increasingly limited in impact. We need to focus more on the people who bring ideas to life—the entrepreneurs. It’s time to update our economic development paradigm to a human-centered one, concentrating on people who create economic value from scratch. That is, entrepreneurs.

Every entrepreneur has distinct stories and unique aspirations. They all face barriers in their own way. Our task is to help them start their businesses and give them the individualized assistance they need to pursue their entrepreneurial dreams.
Ecosystems are the answer.

Entrepreneurship doesn’t happen in a vacuum. It’s the result of countless complex interactions in a community. No single organization can provide sufficient help to all the entrepreneurs in a community.

We have to build the ecosystem that surrounds entrepreneurs. Ecosystems help entrepreneurs thrive at each step. Just as the complex biological system of soil, water, sunlight, flora, and fauna in a rainforest allows individual plants to flourish, so the ecosystem for entrepreneurs is essential to their success. Healthy ecosystems allow talent, information, and resources to flow quickly to entrepreneurs as they need it.

Part II
What Are Entrepreneurial Ecosystems?

“All the money in the world cannot solve problems unless we work together.”

– Fayng Marion Kauffman
The rise of the rest.

Communities like Silicon Valley, Boston, New York, Boulder, and Austin took decades to become robust entrepreneurial ecosystems. However, such ecosystems can grow anywhere today. In the modern economy, every community has the opportunity to become a thriving ecosystem. In fact, many already have.

Defining an ecosystem.

The essence of an entrepreneurial ecosystem is its people and the culture of trust and collaboration that allows them to interact successfully. The ecosystem allows for the fast flow of talent, information, and resources so that entrepreneurs can quickly find what they need at each stage of growth. As a result, the whole is greater than the sum of its separate parts.
Elements of an ecosystem.

A thriving ecosystem includes these key elements:

- **Entrepreneurs** who aspire to start and grow new businesses, and the people who support entrepreneurs.
- **Talent** that can help companies grow.
- People and institutions with **knowledge and resources** to help entrepreneurs.
- Individuals and institutions that **champion** entrepreneurs and the ecosystem.
- **Onramps** (or access points) to the ecosystem so that anyone and everyone can participate.
- **Intersections** that facilitate the interaction of people, ideas, and resources.
- **Stories** that people tell about themselves and their ecosystem.
- **Culture** that is rich in social capital—collaboration, cooperation, trust, reciprocity, and a focus on the common good.

Here's a simple formula: **People + Culture = EVERYTHING.**

---

**A community of entrepreneurs....**

**People are the center of an entrepreneurial ecosystem.** They are its fundamental building blocks. All the ideas, incubators, and capital in the world will not create anything valuable without talented people putting them to good use.
and people that support them.

Entrepreneurship is a community sport. Building companies requires people throughout the community helping in a wide variety of roles. They include:

- designers
- policymakers
- mentors
- accountants
- first customers
- potential employees
- researchers
- lawyers
- developers
- community leaders
- bankers
- teachers
- investors

People may move in and out of the community over time, shift between roles, or even play several roles at the same time.

Talent that helps companies grow.

Some of the nation's most successful entrepreneurial ecosystems are also talent magnets and incubators. Ecosystem building requires attracting, retaining, and cultivating talented people—including entrepreneurs, but also potential employees and other supporting partners. Strong ecosystems tend to have substantial cross-linkages between schools, universities, and the private sector so that talent supply and demand are efficiently matched.
Knowledge and resources to help entrepreneurs.

Strong ecosystems allow entrepreneurs to quickly find knowledge and resources they need to succeed. The knowledge and resources required by entrepreneurs are diverse. Knowledge may include answers to process-stopping questions (“How do I get my export license?”); points of friction (“How do I get my team to function better?”); or simple inquiries. This knowledge may reside in other entrepreneurs, other people (such as mentors or professionals), or institutions (such as universities, libraries, or accelerators). Resources are the assets entrepreneurs need, such as capital, potential hires, office space, professional services, or raw materials.

Connections among individuals and institutions allow knowledge and resources to flow to entrepreneurs quickly.

Champions and conveners.

Champions and conveners promote entrepreneurs, organize the ecosystem, and build awareness. They advocate for local entrepreneurs and their companies, bring them together in collaboration, challenge them to grow, and push everyone forward. They are the catalysts, connectors, cheerleaders, co-creators, and changemakers.

Champions and conveners wear many different hats. They could be the organizer of a Startup Weekend, the reporter covering local entrepreneurs, the lawyer that introduces clients to others, the early adopter who first buys from new businesses or restaurants, or the chamber leader who shines a spotlight on new businesses. Most importantly, they work relentlessly to help entrepreneurs and companies with little direct benefit for themselves.
Onramps... 

Onramps make ecosystems more open. They grow networks by bringing in more talent, thus fostering diversity and allowing for serendipitous interactions that lead to new ideas.

In a biological ecosystem like a coral reef, diversity creates resilience. Similarly, entrepreneurial ecosystems thrive when there is greater diversity. In order to achieve this diversity, we need new entrants to be able to find the community. Healthy ecosystems have visible and welcoming onramps that make the ecosystem easy to access for anyone. These onramps may come in the form of events like 1 Million Cups; organizations like accelerators, small business development centers (SBDCs), or career development centers; or online communities like websites or social media groups.

...and intersections.

Collisions between people, ideas, and resources often allow entrepreneurs to find missing pieces of the puzzles they are trying to solve. Ecosystems must ‘engineer serendipity’ between disparate elements of the network by creating intersections where such collisions can happen.

Intersections may be institutions, such as coworking spaces, research parks, or coffee shops that are regularly frequented by entrepreneurs and their supporters. Or they may be events, such as pitch competitions, conferences, or meetups. Intersections may also take place online, such as through a Slack channel or Twitter hashtag that convenes a virtual community.
The community’s story.

The collective story that people tell themselves—and the rest of the world—powerfully shapes an ecosystem’s future. It frames what is possible.

In Silicon Valley, this story is about the generations of legendary entrepreneurs who were misfits determined to disrupt the status quo. This story inspires new aspiring misfits to arrive in the Valley every day. Some communities, however, tell themselves negative stories. They bemoan the native entrepreneurs who left, the brain drain of young people, or the catastrophic failure of a company many years ago that still serves as a cautionary tale. These negative stories become self-fulfilling and inhibit new entrepreneurs.

The best community stories are authentic and true.

A collaborative culture that is rich in social capital.

Culture makes the ecosystem come alive. We find culture in a community’s energy, its attitude toward collaboration and competition, and its enthusiasm for entrepreneurship.

A strong ecosystem culture is like rocket fuel for entrepreneurial growth. But an ecosystem will struggle without a culture of collaboration, cooperation, and trust that inspires people to move quickly, help each other, and be open to novel ideas.

A community’s culture can be cultivated, tended, and nurtured. It is by no means static. People engage in culture change naturally—through the conversations they have, the questions they ask, and the behaviors they model.

“Social Capital” refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit.”
Part III

How Do We Create Entrepreneurial Ecosystems?

“Treat others as you want to be treated.”
“Share life’s rewards with those who make them possible.”
“Give back to society.”

- Ewing Marion Kauffman's three guiding philosophies
We need ecosystem builders.

Many communities have the elements of an ecosystem, but they remain nascent or disconnected. Their networks may be small, siloed, or fragmented. And their cultures may lack vibrancy, trust, and social cohesion.

When such gaps exist, leaders must consider the whole ecosystem and enhance each of its elements. In recent years, these individuals have come to be called “ecosystem builders.” Ecosystem builders connect, empower, and collaborate with others to build the whole system. They are system entrepreneurs, working to lift up the whole community to achieve its potential. They play multiple roles, including system architect, champion, advocate, convener, cajoler, traffic cop, air traffic controller, and storyteller.

Like entrepreneurs, ecosystem builders come in many forms.

Really, anyone can be an ecosystem builder—if they care enough.
An ecosystem builder’s job

Entrepreneurial ecosystems, at their heart, are based on human relationships. Ecosystem builders are creating an invisible infrastructure in their communities to support entrepreneurs. It’s not like traditional infrastructure. It’s not about physical spaces, fancy buildings, pools of capital, or big institutions. Instead, ecosystem builders focus on building consistent, collaborative human engagement. It’s about process, not product. Context, not content. The journey, not the destination.

Seven Design Principles for building entrepreneurial ecosystems

At the Kauffman Foundation, we have identified 7 Design Principles for building ecosystems. These principles need to be top of mind and baked into everything ecosystem builders do to enhance the elements of their ecosystems.

#1: Put entrepreneurs front and center.
#2: Foster conversations.
#3: Enlist collaborators. Everyone is invited.
#4: Live the values.
#5: Connect people bottom-up, top-down, outside-in.
#6: Tell the community’s authentic story.
#7: Start, be patient.
Principle #1:
Put entrepreneurs front and center.

Traditional economic development sees the forest only. But entrepreneurs are like new trees, or even weeds. They are pushing the edge of the forest, evolving to make the forest better. Our job is to focus on nurturing those emerging sprouts.

Let entrepreneurs be leaders.
Entrepreneurs are the heart and the leaders of entrepreneurial ecosystems. Venture capitalist Brad Feld writes, “The most critical principle of a startup community is that entrepreneurs must lead it.” Without this leadership, he writes, “the startup community will not be sustainable over time.” That doesn’t mean they’re the only leaders involved, but they are critical.

Design solutions that are entrepreneur-centric.
A thriving ecosystem must be built by entrepreneurs and for entrepreneurs—not for its institutions or investors. Ecosystem builders must remember that entrepreneurs should be the inspiration for initiatives, the most active participants in plans, and the ultimate beneficiaries of programs.

Listen actively. It leads to empathy and understanding.
Ecosystem builders need to talk to local entrepreneurs, listen to their stories, and ask them about the challenges they face. Experienced entrepreneurs know the challenges and barriers they face. Sustainable solutions come from the understanding and empathy that ecosystem builders develop in conversations with entrepreneurs. Those relationships serve as the foundation for all other efforts.
Principle #2: Foster conversations.

What is a community? Author Peter Block shares a compelling idea: “The aspect of a community that gives it a new possibility is simply the conversation it chooses to have with itself.” In order to foster a more vibrant entrepreneurial community, we need to create more conversations about entrepreneurship and the possibility of entrepreneurial success.

Create interactions among peers.
Entrepreneurial ecosystems are horizontal social structures. That means everyone is a peer. Conversations happen in events, meetings, mentor sessions, phone calls, serendipitous collisions in coffee shops and parking lots, and everywhere in between. These conversations can happen between all different kinds of people, including entrepreneurs and mentors, founders and customers, investors and their friends, or aspiring entrepreneurs and their spouses.

Shift the conversation to hope.
It's not enough to simply increase the amount of conversation. The nature of conversations matters, as each one contributes to the collective story a community tells about itself. As Block says, we must shift the conversation “from one of problems, fear, and retribution to one of possibility, generosity, and restoration.” In the most successful ecosystems, you can feel the joy and passion in the air. Positive conversations build social capital and foster trust and collaboration in the ecosystem.

Bias conversations toward action.
It's also not enough just to have hopeful conversations. The key is to drive action. Human beings learn best by solving problems together. So instead of just chatting in a conference room, try building a physical prototype, visualizing ideas on a whiteboard, or putting a big piece of paper on the table that everyone can write on. Work toward active solutions together.
Principle #3:
Enlist collaborators. Everyone is invited.

A thriving entrepreneurial ecosystem has a culture of invitation: everyone is welcome. It doesn’t matter whether they have an entrepreneurial idea or don’t know much about business.

Be radically inclusive.
Entrepreneurs’ age doesn’t matter—nor does their industry, the color of their skin, their dress, or the neighborhood they come from. It’s not about titles, it’s not about hierarchies. It is about where people are going, rather than where they’re coming from.

Ecosystems must live and breathe inclusion as a core philosophy. That’s because everyone has something to contribute. Ecosystem builders’ goal is to unlock the potential value in everyone in the ecosystem.

Enhance diverse connections.
An ecosystem builder acts by inviting. The first inclination for any new initiative should always be to invite new people and organizations into the community, to find new ways for actors to connect, collaborate, co-create, share credit, and find mutual benefit. Diversity takes intentional work, but the more collaboration that occurs between different ecosystem players, the more entrepreneurs will benefit. Diversity is power.

Be a keystone.
In biology, a keystone is a species that bridges gaps in the ecosystem. The same thing happens in entrepreneurial ecosystems. Keystones cross-pollinate people, ideas, and resources across barriers. They don’t fear being outshone. In fact, they welcome it. Keystones empower others to lead by inviting and encouraging. The more leadership is shared and multiplied, the more entrepreneurs will benefit from diverse connections and mutually beneficial collaborations.
Principle #4:
Live the values.

An entrepreneurial community is a network, not a hierarchy. So it can't, by its nature, have a strongman at the top. But this doesn't mean an ecosystem doesn't have leaders.

Walk the walk.
Ecosystem builders lead in a different way than we often imagine a traditional CEO or mayor might act. Effective ecosystem builders don't lead by decree. Instead, they lead from behind by convening, empowering others; being thoughtful listeners and connectors; and inspiring (and sometimes coaxing) others to help each other and engage. Because they are visible in the community, ecosystem builders can have an outsized impact on culture by modeling values. It is through our own behaviors that we show others how to behave. We need to model the future we wish to see.

Change values by changing behaviors.
The process of change takes time. As ecosystem builders create a community—whether by connecting people, designing programs, or organizing events—they need to focus on how those activities affect behaviors. Over time, the right behaviors will shape the right values. Cultural shifts happen invisibly at first, but as they accelerate they become powerful.

Make social contracts explicit.
Values are like an invisible social contract that guides the behavior of a community. Each community has its own underlying values. It helps to make these values explicit because it's hard for people to follow rules they don't know. For example, the office walls at Facebook still have big signs from its startup days that remind people to "Move Fast and Break Things."

What are the cultural behaviors necessary for a thriving ecosystem? The list below outlines some key values ecosystem builders should embed in their work.

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<th>Action</th>
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<tr>
<td>Be hospitable</td>
<td>Be purposeful and active in inviting people to join, especially newcomers.</td>
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<tr>
<td>Listen openly and actively.</td>
<td>Listen 80 percent of the time.</td>
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| Introduce people | "Have you met Nathan?"
| Dream big | Defy precedents. Take on bold challenges. Encourage experimental projects. Tap into people's passions and intrinsic motivations. |
| Take risks | Do not shun failure, learn from it, brush it off, try again. Acknowledge that failure is a necessary part of learning. |
| Accept failure | Become wiser by it. |
| Collaborate | Think win-win. Work together to the detriment of none |
| Mentor others | Help those who are coming up behind you. |
| Give before you get | End every meeting with, "How can I help?" And then help. Keep paying it forward. |
| Seek fairness, not advantage | Don't compete in zero-sum games. Build and foster equitable relationships. |
| Bias toward action | Whenever possible, create real things. Build prototypes or visualize ideas. |
| Build trust | Give trust before expecting it in return. Take chances on others. Be transparent. |
Principle #5:
Connect people bottom-up, top-down, outside-in.

Community change creates tension. Those doing great work at the grassroots level (including entrepreneurs, artists, community organizers, and others) sometimes see things differently than those doing great work in more formal leadership roles and structures (such as large institutions and networks that control resources and possess built-in social capital).

Often, disagreements over priorities and over control of scarce resources sow division and retrenchment. But it doesn’t need to be that way. In successful ecosystems, people find ways to overcome parochial differences and connect across traditional hierarchies. Together, they build diverse networks of mutually advantageous relationships.

Bridge social boundaries.
The central element of a thriving ecosystem is a culture of trust, collaboration, and mutual gain. A divided community with a culture of mistrust doesn’t work. The key to building a thriving ecosystem is to connect a community across all its social boundaries: bottom-up, top-down, and outside-in. Ecosystem builders must seek opportunities for different groups in the community to come together, learn each other’s stories, and work together.

Build tribes of trust.
Ecosystem builders need to construct new tribes out of old divisions. The people often seen “at the top” have huge power to leverage existing trust networks and help those “at the bottom” succeed. They can open doors to customers, investors, or other mission-critical help for entrepreneurs. These entrepreneurs, in turn, bring fresh ideas and new energy to communities when they are given a seat at the table. Ecosystem builders need to find ways to bring these two groups together, help them get to know each other, and watch how each can inspire and help the other.

Build social feedback loops.
Creating stronger tribes accelerates the flow of information and enhances social feedback loops, the mechanisms that communities use to reward good behavior and penalize bad behavior transparently. Ideas will flow faster. People will be more accountable to each other. Good actors and bad actors will be quickly called out. And as a result, entrepreneurs will be more likely to succeed.
Principle #6:  
Tell a community's authentic story.

Every community has its strengths. An ecosystem builder's job is to uncover these strengths, publicize them, and leverage them to write a fresh positive narrative.

Create stories out of strengths.  
Ecosystem builders need to get to know the entrepreneurs in their communities, identify the community resources for entrepreneurs, and bring them to light. They must have pride in their communities' cultural strengths and be aware of their communities' limitations—but not be cynical about them. We can discover the entrepreneurial DNA of our communities and learn about their history of entrepreneurship, their native companies (there are always more than we realize), and the positive conversations taking place on the streets and in local cafes. All that knowledge can be used to chart new stories for the community's future.

Every community is unique. It is important to focus on the community's specific story—rather than trying to be the next Silicon Valley or focusing on dazzling industries that are not rooted in the community's own stories and strengths.

Build channels to share those stories.  
Stories are transmitted differently in each community. This might happen through local television or newspapers. There might be newsletters or social media channels. Or perhaps information travels through word-of-mouth. Ecosystem builders need to engage those channels of communication to help share new stories. Or they might need to build new channels. For example, many successful communities have their own blogs and ecosystem news hubs for entrepreneurs that provide streams of valuable information.

Elevate role models.  
As ecosystem builders uncover the assets of their ecosystems, they will inevitably find successful individuals who can serve as role models for others. Every community has its secret entrepreneurial success stories. Ecosystem builders must recruit those individuals and elevate them as examples for others by highlighting their stories to others.
Principle #7:
Start, be patient.

Ultimately, we can think about building entrepreneurial ecosystems in just two steps:

Step one, start.
Step two, be patient.

Ecosystem builders need to take a long-term view of change. It might take a decade or two to see any lasting results. That timeframe makes sense because building businesses takes a long while. And culture change moves slow before it moves fast. Don't count success only by statistics in traditional economic reports and political cycles. The real change should be happening well before those statistics ever show it.

A program that works in one city might fall short in another. Ecosystem builders must think and act entrepreneurially. They must try things, get feedback, and learn. Fail and persist. And try, try again.

The process of ecosystem building is emergent, not linear. And it is perpetual, so it never truly ends. It’s a marathon, not a sprint.

You don’t need permission to be an ecosystem builder, you just have to care for your community enough to start.
Part IV
Stories of Ecosystem Building

"The more that you expect from people, the more they live up to your expectations."
- Ewing Marion Kauffman

We’d like your stories.

For future versions of this playbook, we want to showcase examples of how the 7 Design Principles are being used by ecosystem builders in their work. Please help us by sharing your successes or successes you’ve observed. And share your failures too—in fact, people tend to learn more from failure stories. We’ve provided spaces for you to describe your best (or worst) efforts to implement each of the Principles. Questions under each Principle may help prompt your thinking.
Principle #1: Put entrepreneurs front and center.

How have you encouraged entrepreneurs in your community to get involved and lead efforts to build a stronger ecosystem? To enhance the level of talent in the community? To change the ecosystem's culture?

What programs, activities, or events have you designed or redesigned to be entrepreneur-centric? How have you made sure that entrepreneurs are front and center at your community gatherings?

How have you gathered information from and built understanding about the entrepreneurs in your community? How have you built stronger relationships with the entrepreneurs in your community?

Principle #1: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #2: Foster conversations.

How have you brought entrepreneurs and others together to create more conversations and interactions? How have you facilitated conversations across silos and sectors? How have you used conversations to work toward active solutions and build relationships?

How have you helped shift the conversations in your community from negative to positive?

Principle #2: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #3: Enlist collaborators. Everyone is invited.

How have you gone out of your way to be more inclusive in efforts to build the community of entrepreneurs in your community?

What efforts have been most successful in bringing in new and diverse groups of entrepreneurs?

How have you bridged social gaps? Expanded your circle?

How have you broadened the educational efforts in your community to build new and more diverse talent?

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #4: Live the values.

How have you modeled the culture and values you wish to see in your entrepreneurial ecosystem? How have other community leaders modeled the culture and these values?

How have you mentored others in the community?

How have you changed the behaviors of members of your community to bring more people in and help them collaborate more successfully?

How have you helped to make the values you wish to see more explicit for other members of the community?

What bold challenges or experimental projects have you taken on?

What failures taught you most about successful ecosystem building?

Principle #4: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #5:
Connect people bottom-up, top-down, outside-in.

How have you brought together the formal leadership of your community with the entrepreneurs, inventors, and creatives that need their help? How have you helped them get to know each other?

How have you helped these groups collaborate to build the community of entrepreneurs, increase the level of talent, or improve the community’s culture?

How have you encouraged leaders to share relationships and information that will help entrepreneurs?

Principle #5: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #6: Tell your authentic story.

How have you learned more about the strengths and limitations of your community? How have you learned more about its entrepreneurial history and native companies?

How have you seen these stories inspire others in the community?

How have you learned more about how stories are transmitted in your community? How have you built new channels (e.g., electronic newsletters) for sharing these stories?

How have you identified role models in your community? How have you shared their stories? And how have you enlisted them to help other entrepreneurs?

How have you curated those stories that will have an outsized impact on the community’s collective consciousness?

Principle #6: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Principle #7: Start, be patient.

What are your short-term and long-term goals for your community?

How long has it taken for you to accomplish other goals while building your entrepreneurial ecosystem?

How do you pace yourself for the marathon?

Principle #7: Share Your Story

Please share your story and feedback at playbook@kauffman.org or on Twitter using #eshipsummit.
Conclusion

Our founder, Ewing Kauffman, believed that everyone has a fundamental right to turn an idea into an economic reality. It doesn't matter who people are or where they are from. Everyone should face zero barriers in the way.

We live those beliefs every day at the Kauffman Foundation. That's why we're calling on every entrepreneur—and everyone who fights for entrepreneurs—to help clear the path for the makers, the doers, the dreamers.

Please join us in our effort. Share your ideas, examples, and stories for this playbook with us at playbook@kauffman.org. We envision this playbook as a living synthesis of all the great work being done by ecosystem builders in the field everywhere.

That means you. We can't succeed without you. We know you are there, fighting in the trenches, taking actions big and small, day in and day out, whether anyone notices or not.

Thank you for everything you do. Know that you are making a real difference.

Notes

1. Why Do Entrepreneurs Matter?

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We celebrate entrepreneurs... Wendy Guillies, President and CEO of the Ewing Marion Kauffman Foundation, notes in her 2015 State of Entrepreneurship Address that the prime-time television show "Shark Tank" attracts seven million viewers every week, and Mattel has introduced an Entrepreneur Barbie. See http://www.kauffman.org/~media/kauffman_org/resources/2015/soe/2015/state_of_entrepreneurship_speech.pdf.

See also the Kauffman Foundation's growthology blog for several posts regarding the new focus of popular culture on entrepreneurship and the increased presence of entrepreneurship in public discourse. Annabella Marelli's October 2015 post discusses the change in mentions of entrepreneurship over time in books, print news, and movies and TV shows. Annabella Marelli, "The Rise of the Entrepreneur as a Media Icon," Growthology blog post, October 26, 2015. http://www.kauffman.org/blogs/growthology/2015/10/the-rise-of-the-entrepreneur-as-a-media-icon.


It's not only happening in the largest metropolitan areas... The list of cities with the biggest improvements in startup activity in the past seven years is based on calculations from the Kauffman Index of Startup Activity. http://www.kauffman.org/kauffman-index.
13 **Americans are starting new businesses...** Startup Density measures the number of startups per 1,000 employer businesses. Startups are defined as firms that are less than one year old and employ at least one person. The Bureau of Labor Statistics BDS data are used for the years up until and including 2014 (the latest year for which these data are available). An estimate of startup density for 2015 and 2016 is created using data from the Business Employment Dynamics (BED) available through the Bureau of Labor Statistics. For more information on the methodology, please see the 2017 Kaufman Index report. Ewing Marion Kaufman Foundation, "2017 Kaufman Index of Startup Activity," May 2017, p. 23. http://www.kaufman.org/kaufman-index-report/-/media/9c8310945364652a8ba012dced18b3eashx

14 **Women are half as likely as men to own businesses...** Annobia Motiei, Kaufman Foundation, calculations from the Annual Survey of Entrepreneurs and the Census Bureau Population Estimates. All businesses equally owned by men and women were included in the "women" category.


**this deficit is related to some of today’s biggest challenges.** See the following papers for a broader discussion of these trends: John Haltiwanger, "Top Ten Signs of Declining Business Dynamism and Entrepreneurship in the U.S.," paper written for the Kaufman Foundation New Entrepreneurial Growth conference, August 2015. http://econweb.umd.edu/~haltiwan/Haltiwanger_Kaufman_Conference_August_1_2015.pdf


16 **The world is shifting...** Thomas L. Friedman argues that a new era began in 2007 in a talk to Google employees about his most 2016 book, *Thank You for Being Late*. In 2007, he explains, the iPhone was released, Facebook went global, Twitter went global, the software Hadoop was created, GitHub was launched, Google purchased YouTube and launched Android, the Kindle was released, IBM launched Watson, the internet reached 1 billion users (late 2006), growth of solar power "took off," the cost of generating a megawatt of electricity dropped to a little over 52 while data speeds increased, "The Cloud" was launched, and India began using non-silicon materials. Thomas L. Friedman, "Thank You for Being Late: An Optimist’s Guide to Thriving in the Age of Accelerations," Talks at Google, January 26, 2017. https://www.youtube.com/watch?v=rqqF2JlXeM2C

**Just as the complex biological system...** For a broader discussion of the rainforest metaphor for entrepreneurial ecosystems, see Victor H. Hwang and Greg Horovitz, *The Rainforest: The Secret to Building the Next Silicon Valley* (Los Altos Hills: California: Regenwald, 2017).

**II. What Are Entrepreneurial Ecosystems?**

**Page**

22 **The rise of the rest...** This phrase was first published in part of the title of Alice H. Amsden’s 2001 book, *The Rise of the Rest: Challenges to the West from Late-Industrializing Economies.* Farzad Zakeri later used the phrase as part of the title of his 2009 book, *Post-American World and the Rise of the Rest: Steve Case has more recently used the term as the title of a new entrepreneurial support initiative called Revolutions "Rise of the Rest," described as a "nationally effort to work closely with entrepreneurs in emerging startups ecosystems." See https://www.riseofrest.com/


Part III. How Do We Create Entrepreneurial Ecosystem?

40 "The most critical principle of a startup community..." Brad Feld, Startup Communities: Building an Entrepreneurial Ecosystem in Your City (Hoboken: John Wiley & Sons, 2012), p. 25.

41 "The aspect of a community..." Peter Block, Community: The Structure of Belonging (San Francisco: Berrett-Koehler Publishers, 2008), p. 52

42 "from one of problems, fear, and retribution..." Peter Block, Community: The Structure of Belonging (San Francisco: Berrett-Koehler Publishers, 2008), p. 31


49 ...their own blogs and ecosystem news hubs. See, for example, Silicon Florist in Portland, Oregon (https://siliconflorstv.com); Emerging Prairie in Fargo, North Dakota (https://www.emergprairie.com); Hypotheses in Atlanta, Georgia (https://hypotheses.com); Technofly in the East Coast; and Tech co throughout the country.

52 Start, be patient. From Tim Williamson, co-founder and former CEO of The Idea Village, New Orleans.


Additional Resources


Application of the lessons from evolutionary biology and ecology to the creation of entrepreneurial ecosystems. The paper offers a novel framework for data gathering and analysis of entrepreneurial ecosystems' vibrancy and proposes strategies for policymakers seeking to foster entrepreneurial activity.


An empirical framework for assessing the vibrancy and trajectory of regional entrepreneurial ecosystems. The article applies this framework to the National Capital Region's cluster of biotechnology-related entrepreneurship, finding that entrepreneurial activity in the region is increasingly driven by private sector actors rather than federal research spillovers.


An exploration of the ways that fragmented communities can be rebuilt to create healthy communities. The book outlines six kinds of conversation that will foster communal accountability and commitment and discusses the physical spaces and structures that promote a sense of belonging.


Exploration of the fall in business dynamism in the U.S. and its implications for productivity growth. The paper explains that the gap in productivity between the most and least productive firms has widened over time, especially in the information sector. And it finds that there is now a weaker link between a firm's labor productivity and its rate of employment growth.


Proposal for a new management style based on cooperation rather than competition. The book argues that the prevailing competitive management style is destructive and suggests that cooperation within a system leads to greater learning and fulfillment, as well as long-term success.

A concise guide to assessing and quantifying the elements of an organizational culture in terms of its capacity for innovation. The book offers a framework and tactics for culture building as well as metrics to manage the process.


Analysis of three megatrends that are re-shaping entrepreneurship in America: the diversity gap in entrepreneurship, the changing geography of entrepreneurship, and the new nature of entrepreneurship that allows companies to grow in revenue without increasing jobs at the same pace that they did in the past. The report also presents the Foundation’s new Zero Barriers to Startup initiative.


Annual analysis of new business creation in the U.S., integrating multiple entrepreneurship data sources to create a composite indicator of startup activity. The report presents trends in startup activity over the past two decades in the U.S.


A guide to building entrepreneurial ecosystems and increasing their breadth and depth. The book is based on venture capitalist Brad Feld’s experience in Boulder, Colorado and other entrepreneurial communities.


An examination of the role of dealmakers in regional economies—those who have strong ties and work to make connections, build relationships, and facilitate startup creation in the community. The paper analyzes twelve regions in the U.S., finding a correlation between the presence of strong local dealmakers and high startup rates.


Discussion of Thomas Edison’s comprehensive approach to innovation. The book explains Edison’s development and use of innovation best practices and then applies his five “competencies of innovation” to contemporary business and innovation.


Discussion of the history of cities, the factors that shape their success, and the reasons the author sees them as humanity’s greatest invention.


Summary of trends related to the decline in measures of business dynamism and entrepreneurship in the U.S. in the last several decades.


Description of the maturation of St. Louis’ entrepreneurial ecosystem and the factors that led to its success. The paper offers a framework for entrepreneurial ecosystem development, including an ecosystem inventory and ecosystem measurement.


Introduction to the five modes of the design thinking approach to problem solving: empathize, define, ideate, prototype, and test.


A short, practical guide to applying the theories from The Rainforest: The Secret to Building the Next Silicon Valley in businesses, organizations, and communities.


An explanation of the nature of complex innovation ecosystems and why certain communities generate innovation while others fail. The book uses the example of rainforests and other biological systems to explain the complexity of entrepreneurship and innovation. Bringing together research from a wide range of disciplines, it emphasizes the importance of culture to these ecosystems and explains the development of the culture in Silicon Valley.

Proposal for a "grand bargain" for anchor institutions and cities that is predicated on shared interests and co-creation and collaboration. The report also documents high-impact partnerships between cities and anchor institutions throughout the U.S. and offers strategies for creating successful local partnerships.


A new approach to strategy for regional development that emphasizes transparency, agility, and experimentation. The article suggests that this approach, called "Strategic Doing," is more effective than the traditional, linear process of strategic planning in the open, loosely connected networks that support growth in regional economies.


Comparison of the business success of California’s Silicon Valley with the decline in business along Route 128 in Massachusetts in the 1990s. The book argues that despite similar origins and technologies, Silicon Valley saw greater success because it developed a regional network-based industrial system that was collaborative and was characterized by dense social networks and open labor markets that promoted entrepreneurship and experimentation. The Route 128 region, by contrast, was dominated by independent, self-sufficient corporations and had a regional culture of stability, secrecy, self-reliance, and corporate loyalty.


A new approach for the increasingly fast-paced, interconnected, interdependent, and complex society that is now emerging. The book discusses the new capacities in local communities that will be necessary for success in this new environment, as well as the changes to come in higher education, health, government, and the economy.


Proposed measurement system for entrepreneurial ecosystems. The paper focuses on the overall performance of the ecosystem in terms of outcomes and vibrancy, suggesting four indicators: density, liquidity, connectivity, and diversity. For each category, the authors propose different measures and possible statistical sources for them.


Discussion of Ostrom’s eight design principles that enable groups of people to manage common resources (such as irrigation systems, forests, pastures, and fisheries) sustainably—without privatization or top-down regulation. The article shows how the design principles follow from foundational evolutionary principles; how they apply to nearly all situations in which people must cooperate and coordinate to achieve mutual goals; and how they can be used as a practical guide for increasing the efficacy of other groups of people.