

M_æG

Maine Accelerates Growth



Maine's Entrepreneurial Ecosystem

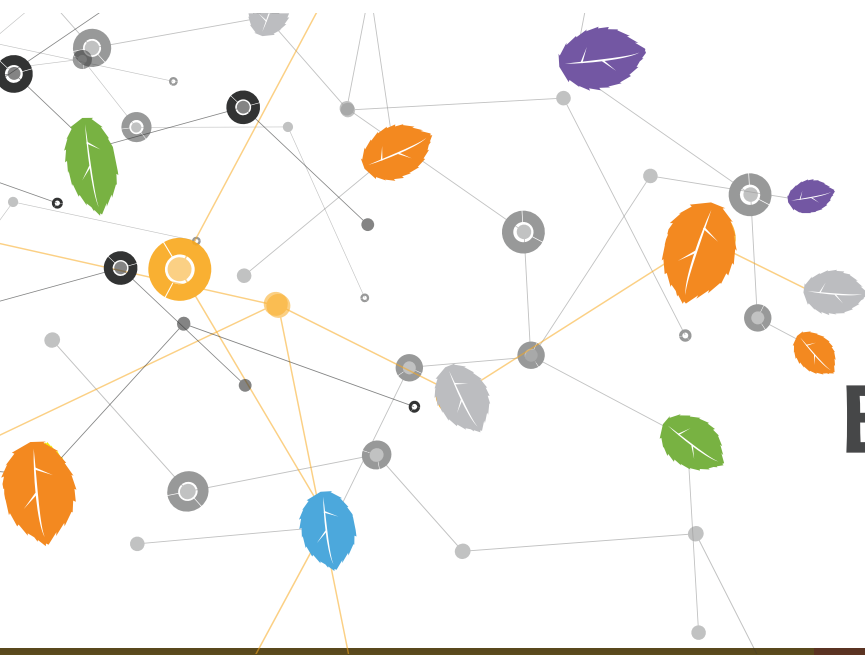
Critical indicators of a vibrant and thriving environment

Density - *At the core of the entrepreneurial ecosystem are the entrepreneurs*

Fluidity - *The collision of people coming and going leads to idea generation*

Connectivity - *Connection between resources, companies & dealmakers*

Diversity of economic specialties & population correlates to growth



How Is Maine Doing As An Entrepreneurial Ecosystem?

Density

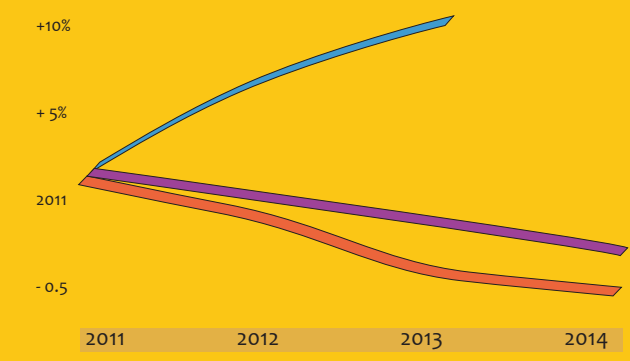
“Why?” – At the core of the entrepreneurial ecosystem are the entrepreneurs. Those communities with more entrepreneurs and more people involved with entrepreneurship are more successful. The focus on entrepreneurship breeds success, and even attracts more capital and talent, thus creating a positive reinforcing cycle.

What we need to understand

- How many entrepreneurs Maine has relative to the rest of the population
- How many people are involved in new and young companies
- How companies are growing

TRENDS: Density

2011 - 2014:



- New & Young Firms per 1000 People
- Employment in New & Young Firms
- % Of New & Young Firms Employing more than 50 People

Fluidity

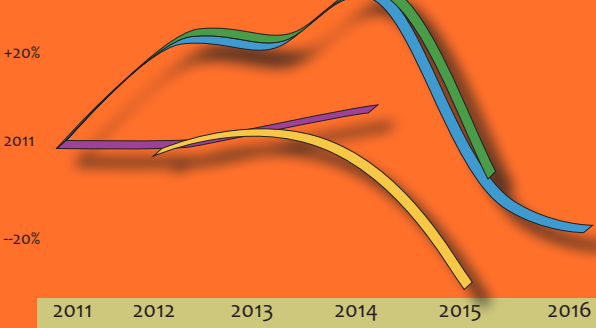
“Why?” – People are a critical ingredient for entrepreneurial success. The more easily people can move to where they are needed most, the more easily entrepreneurs can take existing resources and recombine them into new creations. The churning of new people and ideas into a community leads to “collisions” that are key to idea generation.

What we need to understand

- The population flux – or people coming and going from the region
- The movement between jobs within a region
- How many high growth firms we have, as high growth demonstrates a region’s ability to allocate scarce resources, including labor, to more productive uses

TRENDS: Fluidity

2011 - 2015



- Migration as % of Taxpayer Population
- Turnover
- Number of High Growth Firms
- High Growth Firms per 1000 people

Entrepreneurship is a key to economic growth and well-being, and much like a young plant, startup companies need a nurturing environment – with the right soil, air, and water to allow them to take root and flourish. MxG is focused on measuring and strengthening the vibrancy of Maine’s Entrepreneurial Ecosystem by:

- Focusing on overall measures of the ecosystem in terms of outcomes and vibrancy
- Charting a trajectory over time
- Understanding implications of trends to facilitate the conditions for growth

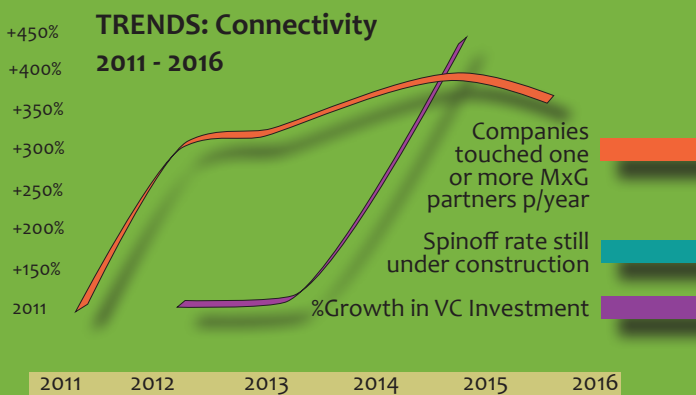
(Adapted from the Ewing Marion Kauffman Foundation – the leader in entrepreneurial policy, research and funding support)

Connectivity

“Why?” – In the lushest gardens, plants focus on growing while the ecosystem delivers just the right set of nutrients needed to thrive. So too, the most successful entrepreneurial ecosystems efficiently deliver just the right amount of support to a company when and where it is needed most. The connections between the various components of the ecosystem are critical to this efficiency.

What we need to understand

- How connected are the programs and resources for entrepreneurs
- How well the region’s large institutions – “first generation” companies and organizations, (where individuals establish and deepen connections over time, and which often serve as the source for start-up ideas and talent) celebrate and embrace those who spinout to other ventures, rather than suppressing this activity
- The presence of “deal-makers,” those people with deep financial ties within the region who serve to introduce newcomers to their networks and facilitate new firm formation and funding

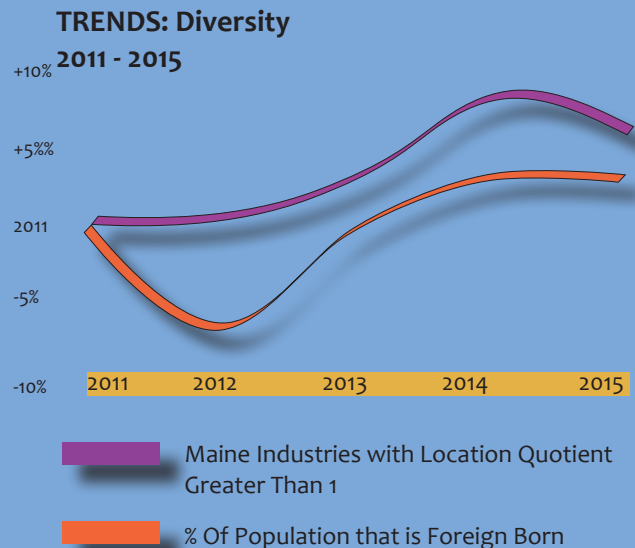


Diversity

“Why?” – Economic complexity correlates with growth and innovation. Diversity creates more innovative approaches to success and sends a message for talent recruitment and retention. Maine needs a diversity of specializations. We need to be good at more than one or two industries to achieve strong entrepreneurial outcomes. We also need diversity within our population. We need to attract and assimilate immigrants who start businesses at twice the rate of native-born Americans and bring new ideas and fresh perspectives.

What we need to understand

- The portion of economic specializations where we have a critical mass
- The immigrant share of the population



Implications for the Future:

Our trends in all four areas tell Maine's story – in some cases in a clear upward trajectory, in some cases uneven growth, in a few a slight downward trend that must be reversed. The activities and connections in our ecosystem demonstrate we are doing some of the right things, but we could do more and we could do them better.

Join us as we work on it together.



DENSITY:

Build welcoming and visible communities of entrepreneurs

- Support mainstream cultural approval and celebration of innovation, invention and commercialization
- Create cultural incentives for risk-taking
- Support efforts to recruit entrepreneurs from outside Maine and retain those who are here
- Attract patient capital to early stage investing from both in and out-of-state

FLUIDITY

Support and celebrate efficient movement of talent, including attraction of talent from outside Maine

- Support programs that help develop a strong pool of talent and encourage risk-taking, while maintaining a productive use of existing resources
- Create programs and platforms that celebrate the interconnectivity of ventures, founders and talent-focused growth

CONNECTIVITY

Increase platforms and programs to connect entrepreneurs to the right resource at the right time

- Connect programs to increase efficiency and create “no wrong door” regardless of the individual's network or background
- Encourage first generation organizations and companies to support spinoff activities and talent
- Increase the number and quality of multi-company investors

DIVERSITY

Build programs and supports that intentionally diversify participants

- Programs could span north-south; rural-urban; historically underserved communities; recent immigrant; male-female; young-old; multiple skill-sets, etcetera
- Support and welcome in-migration; and programs that create conditions favorable to economic mobility



MTI Hosts the MxG Organizational Partner Network

Moving the Needle: What can we do to trend up on vibrancy indicators?

Co-Working Spaces

Co-working spaces build community and connection for early-stage entrepreneurs, free-lancers, and work-in-place employees. These spaces foster dreaming, sharing, iteration, and risk-taking through their energy and density of people.

Density, fluidity, and connectivity are built through co-working spaces as they are visible communities of people working on different ideas and projects. Diversity can also be strengthened by the marketing and programming efforts of co-working space owners and members.

Incubators and Accelerators

Incubators and accelerators also serve to build community and connection. Often they may co-locate with co-working space, but serve a slightly different function through additional services and events. Incubators and accelerators often bring together entrepreneurs and innovators working in similar markets or industry clusters, allowing for fluidity of talent and ideas across companies. Accelerators take many different forms, but generally provide intense, time-limited programming, mentoring and strategic partner and investor connections to get startups and innovation-based enterprises to the next level of investment-readiness or maturity more quickly.

Density, fluidity, and connectivity are all built through incubators and accelerators, as programming deliberately connects entrepreneurs with dealmaker networks and other critical programming resources, as well as building community among tenants and accelerator cohorts. Program design can drive diversity by removing barriers to participation and building cohort culture that welcomes differences.

Pitch Events, Innovation Challenges, Startup Weekends, Hackathons

These events build community and visibility for entrepreneurs and innovators as well as lowering the barrier for entry into entrepreneurship. They also serve to strengthen dealmaker networks as investors often serve as the judges or mentors for these programs and make the larger business community aware of entrepreneurs in their area.

Density, fluidity, connectivity and diversity are all strengthened through these types of events, which open up the ecosystem to anyone who chooses to participate.

College Entrepreneurship Education

Educational experiences that introduce college students to risk-taking, startup concepts and innovation, as well as the community's entrepreneurial ecosystem are critical for maintaining or increasing business starts for the future.

Density, connectivity and diversity are all improved by building the pipeline of college students interested in the ecosystem.

Angel and Other Early Investor Networks and Resources

Ability to access early-stage capital for testing an idea or starting a company, as well as a supportive network that believes failures and learning from them can ultimately lead to success is a critical differentiator for entrepreneurial ecosystems.

Angel investment, as well as investment from impact investors and public-private partnerships, strengthens density and connections within an ecosystem. Angel groups can provide a healthy and open dealmaker network for entrepreneurs. Encouraging new Angels can strengthen diversity in both economic specializations and outlook.

Not the Usual Suspects

There are other things that individual companies and communities can do to move the needle on the four indicators of a vibrant ecosystem that may seem unexpected.

For example, not requiring non-compete clauses at business powerhouses encourages spinoffs, fluidity and clustering of specialized talent within a community. Developing public supports that encourage college completion and relieve student debt strengthens density and fluidity by providing a younger workforce. Changing policies to allow flow of information can strengthen connectivity.