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The Next Silicon Valley

Community leader: Startup investor Brad Feld.

The fever for startups is now planetary. Every city seems to have a growing scene of young software companies. And if they don't, they want one.

It's a practically a social movement, and a movement needs a theorist. That's Brad Feld.

Feld is a partner at the Foundry Group, which invests in startups, and a widely followed [blogger](#). And he believes he knows what it takes to create a vibrant startup community just about anywhere. Feld calls his theory the "Boulder Thesis," after

the Colorado city where he lives and that, with his help, has become a notable startup scene.

In his by-the-bootstraps guide, the 2012 book *Startup Communities*, Feld laid out [a guru-ish, four-point plan](#) for how to create a growing mass of startup companies. But his rules boil down to just one: entrepreneurs must be the "leaders." Everyone else—universities, governments, investors—are "feeders" that, though important, can't kick-start a startup community on their own. Feld says if even fewer than a dozen established entrepreneurs team up and get serious—create an incubator, for instance—that nearly any city from Detroit to Cape Town can create a meaningful startup sector.

Feld's principles have weight because he's lived by them. He is a co-creator of TechStars, which gives startups seed money and three months of intensive training. Conspicuously absent from Silicon Valley, TechStars instead operates in seven other American cities, including Boston, Chicago, and Austin.

MIT Technology Review asked Feld what it takes to create a successful startup community.

People talk about technology clusters. You talk about entrepreneurial communities. What's the difference?

Clusters or hubs are words that have very negative connotations to me. They describe things that governments try to create, and the vast majority of those efforts have not been successful. They are actually antithetical to what I believe in. So I've tried to focus on the idea of communities—it's the notion of creating startup communities, which is a very bottom-up, very entrepreneur-led, organic phenomenon. It's a profoundly different approach.

What's the most important step an entrepreneur can take to create a startup community?

Just do stuff. It's kind of that simple. It's literally entrepreneurs just starting to do things. If you're in a city where there's no clear startup community, the goal is not raise a bunch of money to fund a nonprofit, the goal is not get your government involved. The goal is start finding the other entrepreneurial leaders who are committed to being in your city over the next 20 years. Then, as a group, get very focused on

knowing each other, working together, being inclusive of anyone else who wants to engage, doing things that help recruit people to that geography, and doing selfish stuff for your company that also drives your startup community.

Let's say you are the mayor. Would you rather bring Boeing to your city or have a startup scene?

I'd totally rather have a vibrant startup community. Governments spend all their time trying to get big companies to relocate their headquarters and they end up subsidizing the move with tax breaks. And companies that relocate their headquarters are often not meaningful job creators. What's more, you're just playing a zero-sum game with some other place. You're not creating an environment that allows the next Google, Microsoft, Facebook, or Genentech to get creative.

You seem to think a top-down approach is pretty toxic.

It's the difference between a network and a hierarchy. A hierarchical approach doesn't recognize that the brilliance of what happens around innovation is, in many cases, simply due to a network. The way startups evolve in 2013 is very network-driven.

Think about what happened to a place like Detroit. A hundred years ago, Detroit was an incredible startup community. And a lot of why it's been in decline has to do with culture and hierarchies and lack of innovation and all of the classic problems that happen when companies become very large incumbents. Part of the power of having startup communities is it continues to challenge the status quo. So for many of these cities that were once very important and powerful, that today are struggling, startup communities are a way for them to rejuvenate themselves.

What's the evidence that startup communities can happen outside of traditional technology hubs?

There's evidence of it in places like Boulder, but you're starting to see emergence of this activity in Kansas City and Des Moines. Right now you have several successful startups in Iceland. Those are cities that historically you wouldn't talk about, going back 20 or 30 years. They're not the Research Triangle Park. They're not a conventional cluster.

In your book, you say entrepreneurs need to make a 20-year commitment to a place. Does anyone really think in those time scales?

Do you plan to be in the city you are living in 20 years from now? Do you expect to still be an entrepreneur? If the answers are "yes," then you can think on a 20 year arc. The thing that you hear all the time is, well, were there more jobs in Q1 2013 than in Q1 2012? Were there more financings in Q2 than Q1? That shit just simply doesn't matter. And that's the problem with so many organizations around entrepreneurship. They're driven by metrics that don't matter.

How would you measure the success of a startup community?

If I look at a company in Boulder that just recently went public, Rally Software, that company was started almost 10 years ago. When they were started it was one person and an idea; today it's 500 people and worth \$600 million.

Rally has had a significant impact on the Boulder startup community in

terms of hiring people that have gone on to other startups, visitors who come through Boulder as clients, who make friends, eat in local restaurants. Those things are impossible to measure in any very discrete way. So the way I look at it is, don't worry about year-to-year quantitative metrics. The focus should be whether significant, meaningful companies are being created.

In Kansas City you bought a house and handed it over to some programmers. What's the idea?

There's a whole series of houses that are getting set up as hacker houses because of the high-speed one-gigabit Internet in Kansas City [see ["Google's Internet Service Might Actually Bring the U.S. Up to Speed"](#)]. There are four people living in my house. It's rent-free. The company is called Hand Prints and they're doing 3-D printer software that takes advantage of the very high-speed Internet. I'm hopeful that we'll learn a lot of new things.

It's also building what I call a "startup neighborhood." The people that are moving in, even though they're starving entrepreneurs, they like to hang out at coffee shops, they like to eat at restaurants, they bring an energy to the community. What's also fascinating is you're having a lot of people come through Kansas City, from all over the world, just to see what's going on around Google Fiber at these fiber houses. This is a neighborhood that has been run-down, and all of a sudden, there's this influx of young smart people into the neighborhood.