

BUILD THE FORT



FOUNDATION

**THE BASIC
BUILDING BLOCKS
AND PRINCIPLES
OF A STARTUP
COMMUNITY**

On the surface, it seems so simple. Start a venture fund to invest in the best and brightest entrepreneurs in town and help them grow a great big company. Or build out a new innovation center where entrepreneurs can connect and access the resources they need. Or create a mentorship program assigning your local senior business executives (and people who you have worked with on many projects) to first-time founders to help them make better decisions. Or, find some business leaders who have built and scaled local companies and lean on their expertise, experience, and connections to drive all of these activities, and *bam!* we're in the game.

But are we playing the right game? And if not, what are the new building blocks and principles of *this* game?



CHAPTER 1

COMMUNITY TRUTHS

I've been a successful startup high-growth community builder for over thirteen years. Along the way, I captured eleven truths. Have fun with this chapter and think of these as a home base to come back to when you're trying to build consensus, raise money to support a new program, and engage with those who are disengaged.

1. Comparing communities is like comparing children—don't do it. Each community is unique and has relative strengths and weaknesses. The same techniques that work for one child/community do not work for another child/community.
2. Business leaders are generally consensus builders. Entrepreneurs bet against consensus. This personality conflict is why business leaders typically make for bad startup community builders.
3. Ill-informed leaders use a space (a building or physical location) as a leading indicator/influencing agent to measure the progress of a community. An innovation space is just one of many elements for a thriving or growing ecosystem.
4. The community leaders who are assigned the task of build-

ing a startup community (government, university, economic development, chamber, etc.) typically bring a “manager” mindset. This mindset almost always hinders progress.

5. There are two types of community builders: conveners (people who create meetups; organizers who find the space, schedule the time, and get people to an event), and influencers (the people others listen to). In many places, the convener thinks they are an influencer, but often they are not.
6. Marketing your community as a startup hub without its actually being a startup hub rarely works. It is an old-school economic development tactic that will turn off the best of your entrepreneurs.
7. Great community leaders support each other’s efforts—it’s not about hierarchy or super coordination. It is simply about supporting fellow passion projects.
8. Almost every active community leader inherently knows the available library of tactical activities—they just don’t know the priorities and which set of activities to focus on when.
9. Community capacity is the notion that each community has a ceiling it can achieve for its community and its startups. A community builder’s goal is to grow to that capacity and then increase it.
10. We measure the maturity of startup communities not to test against a standard or compare to others, but to reveal what a city’s gaps are and where community builders’ priorities lie.
11. Want to do something impactful right now? Spend more time connecting versus coordinating.

STARTUP COMMUNITIES ARE COMPLEX SYSTEMS

We all enjoy finding a model we can orient around, just as a map orients you to where you are and where you want to go. Startup

communities are no different. We crave a model or set of rules, or at least a guideline of what works and what doesn't. Our fort-building metaphor works because it's a simple approach to getting our ideas out and launched. But remember, there is no map to building a great startup community—just a compass.

One area of science that seems to have promise is the application of systems theory. A system is a “cohesive conglomeration of interrelated and interdependent parts that are either natural or man-made.”¹ Most of the research to date has been applied to biology, ecology, and psychology. Related subjects within and around systems theory include complexity, self-organization, connectionism, and adaptive systems in the 1940s and 1950s. The term goes back to von Bertalanffy's 1968 book titled *General System Theory*.²

My former business partner, Ian Hathaway, spent the past few years searching for effective models for startup communities and entrepreneurial ecosystems. These are discussed in great detail in his and Brad's book, *The Startup Community Way*. Their conclusion? The science of systems theory is the best means by which to understand the dynamics of startup communities.

Stay with me here. I know this sounds academic, but I'll explain it in simple terms so you can apply systems theory to your community-building efforts. It's critical that you take what will possibly be a counterintuitive examination of your and your community's approach to ecosystem building.

1 Wikipedia, s.v. “Systems Theory,” last modified January 27, 2023, https://en.wikipedia.org/wiki/Systems_theory#General_systems_research_and_systems_inquiry.

2 Ludwig von Bertalanffy, *General System Theory: Foundations, Development, Applications*, rev. ed. (New York: George Braziller Inc., 1969).

Most systems theory advocates outline different types of subsystems:

- Ordered | Unordered, or
- Simple | Complicated | Complex

For startup community building and this field guide, we are going to use the SIMPLE | COMPLICATED | COMPLEX mode to simplify this even more and provide an example of each:

- A simple system is like a recipe for a meal. We know all the ingredients (variables), we understand the interactions between all the variables, and we have a clear set of rules or processes to follow. In a simple system there is a high level of predictability as to the outcome (i.e., twenty chefs with the same ingredients following the same process should produce the same meal).
- A complicated system is like sending a rocket to the moon. The first launch is very difficult; the following launches become a bit easier, but predictability still varies. This system requires an inordinate amount of time identifying the many variables and an intense amount of time understanding how those variables interact with one another. Think about engineering and reverse engineering to achieve a difficult but a more predictable outcome.
- A complex system is like raising a child. In this system, we do not know all the variables that create the outcome, and we certainly don't understand how the same variables seem to interact to create different outcomes. Anyone with multiple children or siblings innately understands this. Even with the same parents, house, food, school, family, etc., two children turn out to be complete opposites. Outcomes in complex systems are unpredictable.

My methodology is based on the science of systems theory, specifically complex adaptive systems, where the focus is on connectivity, human interaction, and experimentation. We believe that the understanding and practice of entrepreneurial ecosystem building can be improved by incorporating insights from complex systems—a “science” used to explain the dynamics of physical, biological, social, and information networks. But you first must understand the differences between complicated systems and complex systems.

Complicated systems have a specific goal in mind, where leaders strive to engineer an outcome through problem-solving, structured organization, and programming.

Qualities of complicated systems include the following:

- Identifying and utilizing expertise to effectively reverse engineer problems
- Striving for a repeatable and predictable set of processes
- Implementing a top-down hierarchical approach to managing interactions between community actors

Large corporations and government institutions are perfect examples of entities that optimize for a complicated approach. Most executives in these types of organizations have built up complicated leadership muscles to bring success to these entities.

However, this is the wrong approach when developing or growing an entrepreneurial ecosystem.

Here are a few reasons why:

- Your customers are the entrepreneurs, not your shareholders or stakeholders. By definition, entrepreneurs are disruptors of the status quo, hierarchy, and structure.
- Entrepreneurs are inspired by other entrepreneurs. Non-entrepreneurs just don't get it. So if non-entrepreneurs take leadership positions, the real entrepreneurs fade out of the community.
- Non-entrepreneur-led initiatives typically don't address the real issues needed to create startup progress.
- Hierarchical community structures create friction against getting things done.
- Top-down methodologies create an ownership attitude, which again does not match the community approach. There can never be a CEO of the startup community.
- A complicated approach to building or growing a startup community is based on the assumption that there is one way to go forward (a plan, a recipe, or a detailed playbook). Subsequent activities will then serve that notion and they will ultimately not work for your community.

Warning: just about every businessperson outside of the entrepreneurs will want to pigeonhole the process into a top-down approach. They'll try to figure out who the "leader" is; they'll want to know how success is measured; they'll be interested in specific outcomes on a quarterly basis. Truthfully, no judgment here as everything we're taught, and nearly every company, church, and nonprofit (even AYSO Soccer for kids), is organized as a complicated system. It's how we were taught to view the world.

A more appropriate approach to entrepreneurial ecosystems is to view the ecosystem as a complex system. Complexity results

from the interrelationship, interaction, and interconnectivity of elements within a system and between a system and its environment.³

Qualities of complex systems include the following:

- Members encourage meaningful interactions through organized as well as serendipitous collisions.
- There is no one leader, and those who take leadership positions do not attempt to control outcomes.
- It's a bottom-up approach where each actor is a full member of the community.
- Members strive for guidelines versus rules.
- Members can take on multiple roles and play them when they choose.

If entrepreneurial ecosystems are complex systems, then by definition an entrepreneurial ecosystem *cannot be engineered*; there's no leader assigning tasks, there's no master plan to execute, and methods for measuring accountability and outcomes are not easily identified or agreed upon. For many of you, this notion goes against every muscle you've built over your career. Your success is the direct result of building plans, assigning tasks, and driving accountability through metrics and KPIs. It's also the way most of us went through school, from kindergarten to wherever we ended up: the teacher provides the content, we memorize it, get tested on it, then get evaluated on it. Education is nearly always "engineered" through textbooks, lectures, tests, etc.

3 Serena Chan, "Complex Adaptive Systems" (working paper, ESD.83 Research Seminar in Engineering Systems, MIT, October 31, 2001/November 6, 2001), <https://web.mit.edu/esd.83/www/notebook/Complex%20Adaptive%20Systems.pdf>.

Still not convinced? Then let me ask you a simple question. If there's a master plan to execute that can be modified to your region, and if the only barriers to executing this master plan are time and money, and if I told you that to date local enthusiasts just like you have spent billions of dollars to execute said master plan, then... Why aren't there over two hundred Silicon Valleys today? I can promise you it's not for lack of motivation or money. I would share that it has been a lack of the right mindset or framework that has held well-intentioned leaders back from accelerating their community forward.

Endeavor Insight's October 2018 report titled *Fostering Productive Entrepreneurship Communities* analyzed two basic approaches: bottom up and top down.⁴ This is summarized nicely in the following chart.

COMMON APPROACHES OBSERVED IN ENTREPRENEURSHIP COMMUNITIES

BOTTOM-UP APPROACHES for Supporting Local Entrepreneurs	TOP-DOWN APPROACHES for Supporting Local Entrepreneurs
LEADERSHIP & FINANCING:	
<ul style="list-style-type: none"> ▪ Objectives are identified by leaders of local companies that reached scale 	<ul style="list-style-type: none"> ▪ Objectives are identified by people outside the community with little-to-no participation by local entrepreneurial leaders
<ul style="list-style-type: none"> ▪ Ongoing decision-making authority includes a significant number of top-performing founders, though others can be involved as well 	<ul style="list-style-type: none"> ▪ Ongoing decision-making authority excludes leaders of local companies that reached scale and often rests outside the community
<ul style="list-style-type: none"> ▪ Funding includes tangible contributions from leaders of local entrepreneurial companies 	<ul style="list-style-type: none"> ▪ Funding comes primarily from outside of the entrepreneurship community
RESULTS:	
<ul style="list-style-type: none"> ▪ Elevates the influence of people with experience scaling local companies: typically successful local entrepreneurs or emigrants from the community who are successful founders elsewhere 	<ul style="list-style-type: none"> ▪ Elevates the influence of people without experience scaling local companies: typically expats or local residents with no record of entrepreneurial success

Source: Endeavor Insight.

4 Rhett Morris and Lili Török, *Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth, and Innovation* (Endeavor Insight, October 2018), <https://endeavor.org/wp-content/uploads/2021/09/Fostering-Productive-Entrepreneurship-Communities.pdf>.

STARTUP COMMUNITY BUILDING IS FOR EVERYONE! (IS THIS YOU?)

Some of the first questions you may ask are:

- “Is this something I can get involved in?”
- “Am I allowed to play a part in this?”
- “Can I coordinate an activity to help without getting permission?”

The unequivocal and simple answer to all of these is YES, YES, YES!

Great startup communities are inclusive of anyone who wants to help play a role regardless of the size of the activity. Great startup communities do not judge, curate, or play the role of gatekeeper—there is no CEO or king of the startup community. In fact, the best communities are more like networks of fellow tribesmen, not a hierarchical structure with assigned roles. Lastly, driven by the flat, network-like structure, there is no one you need to get permission from to participate.

Let’s take a look at some of the most common members of the startup community:

1. **Entrepreneurs/Founders:** The core of the community, these are the women and men who are currently building their companies. I see them as all in, and by that I mean that they’re 100 percent dedicated to their startups. Though there is never enough time in the day to accomplish even 10 percent of what their companies need, they somehow also find time to play a role in their communities. More on that later.
2. **Individual Community Enthusiasts:** These are active play-

ers and see something missing, so they jump in and play a role. These could be employees of a firm (not the founder) or even retired. Individual community enthusiasts may run a solo consulting practice.

3. **Entrepreneur Supporter Organizations (ESOs):** No decent-sized city in this world lacks some type of ESO. These organizations are made up of some of the most passionate people I've ever met. Some of their work is paid for or subsidized by government, foundations, and corporations, and some individuals pay out of their own pockets. Their support is usually packaged into programming to address the needs of new and scaling startup companies and their founders.
4. **Government (City, State, or Federal) Administrators:** As the importance of a robust startup community becomes better known, we see the emergence of government as a driver of activities. This is generally good, but each government actor must understand how best to play their support role. *The Startup Community Way* does a great job of outlining the attitudes required to be effective.
5. **Universities/Colleges:** Even the smallest towns or cities typically have a college or university, and I have yet to find one where someone isn't advocating some type of entrepreneurship as part of their offerings. This includes instructors/professors, researchers, program leaders, organizers, and endowments. And don't forget the students.
6. **Public-Private Partnerships:** Every day there seems to be a new organization that combines these two seemingly opposing entities. The best version utilizes the public dollars available but operates in a nimbler, hopefully faster, and ultimately more impactful way. More and more, these public-private organizations are joining the startup community ranks.

7. **Community Foundations:** One of the more interesting finds, these nonprofit organizations usually have a charter to help the community. Many are oriented to underserved populations, but some extend that definition and mission to entrepreneurship.
8. **Local Business Mavens (individuals, not the entity):** The motivation for these leaders is pure—they're ready to give back to the community that hosted their success. Many of them have significant charity programs, but this is different. This is real investment either in space, local funds, or even local companies.
9. **Corporations and Their Executives:** Every company is a tech company (or so says Marc Andreessen, founder of Netscape, father of the modern internet, and noted venture capitalist). To that end, every company is challenged to remain innovative. As talent acquisition gets harder and harder, smart and forward-thinking local businesses are looking to find ways to address their innovation and talent needs and are looking to the local startup community.
10. **Successful Founders:** Many communities have at least one person who started, grew, and reaped a large financial reward for their company-building efforts. As founders who lived the journey and have that native DNA that inherently wants to give back to other founders, successful founders typically are willing to help grow their startup community.
11. **Investors:** Successful investors implicitly understand that a strong community yields better founders and companies and better investment opportunities. Many carve out time and effort to engage in and drive specific activities outside of their day jobs.
12. **Vendors:** "Send lawyers, guns, and money, the shit has hit the fan," sang Warren Zevon to some of us back in the sev-

enties. Accountants and lawyers are just two of a growing group of future ecosystem contributors and partners of the community. Yes, their interest has an element of self-service, but I've witnessed firsthand the leadership that a veteran startup lawyer elicits when removing their self-interest and signing up for the greater mission of the community.

13. **Alumni. Boomerangers. Expatriates:** These are people who grew up or went to college in your town, or their spouse did. Whatever the driver, they're back, and they bring a lot of entrepreneurial expertise from elsewhere. If that experience is from Silicon Valley, New York City, or a similar leading startup community, then they have even more to share with their newly adopted towns.
14. **Media:** Think broadly. I'm not just thinking about traditional media here. I'm thinking more about web, email, and social media storytelling that shares the narrative arcs of companies in the startup community. Some of these leaders and their platforms are as impactful if not more impactful than other more obvious actors and platforms.

SO, YOU'RE A COMMUNITY BUILDER?

I think it's always important to understand *why* people choose to step up and contribute. As my longest-running mentor, Bart Faber, once told me, "Business is about leverage. You either have it or you have to create it." Understanding motivation is a key element in creating leverage. And applied leverage helps you get things done.

Let's start with me as our first example. I am an entrepreneur. I am an investor. But my motivations have a different spin that's not related to those roles. I love the idea of solving a complex

problem. I also get energy from helping others. Frankly, it's a bit selfish on my part. It's an itch I have to scratch. I'm also comfortable filling leadership voids when I know I can play that role and make an impact.

One of the most common motivations for getting involved in a startup community is the very idea that a more robust, larger community will eventually bring good things to me, my company, my organization, and my community. Think about a founder of a company co-leading a group of community leaders as they stand up an event that recruits secondary offices of larger companies to their city.

In the early days of the Raleigh-Durham startup community growth, I was frequently asked if I would represent the community when the local chamber folks were recruiting a company to the area. Why would I spend the time? New companies bring talent, money, energy, and the storyline that my community is on its way up. There's a natural flywheel effect that perpetuates the idea of locating there and getting access to our resources. That in turn creates a positive contagion that spreads through the community, which reinforces the notion. Why would they ask me? I am a serial entrepreneur with a large success under my belt (MapQuest). That is sexy to some. Plus I am VERY passionate about my community and share that enthusiastically.

Pure unadulterated economic development drives many a government leader or quasi-government leader. It's their job as well as their reason for existing. This motivation is growing across the world as many now realize the benefits of a robust startup community that I outlined earlier.

Building a startup community or entrepreneurial ecosystem can be a job. In fact, more and more organizations are being created to facilitate and manage programs and activities. These mostly nonprofits have the pressure of raising money for their organizations, which many times conflicts with their stated goal of serving entrepreneurs. This pressure can result in an organization and its staff being more focused on staying afloat and keeping their jobs than supporting founders.

Capitalism is a driver for many of us—entrepreneurship is fertile ground for generating income. Vendors including lawyers, accountants, marketing firms, and development agencies are businesses themselves with revenue and profit incentives.

Being a member of a startup community means access to a weird tribe of enthusiastic, passionate, living-on-the-edge-type people. Like rock stars and sports celebrities, people want to be in their orbit. Being close to the action and finding ways to individually support their journeys only adds to the excitement of participation.

Novel and unique approaches to problem-solving drive many entrepreneurs. The whole concept of doing something that has never been done before is a wicked motivator. Involvement in community building offers a similar energy. Creativity is a drug in itself, regardless of where or how it's applied. Its application in problem-solving around a startup community can be a double-whammy shot of high-octane fuel to the soul.

I find that the desire for more entrepreneurs and even more successful entrepreneurs in your city can be a mission for some people. It certainly is an admirable position to rally around.

This “do good” mentality is similar to other charitable programs that citizens get behind, but with an economic impact. I want to work with people who have a sense of mission—they belong to something bigger than themselves. Foreshadowing moment: surrounding yourself with these types of people or converting folks to adopt this line of thinking is what supercharges a startup community.

ARE YOU READY TO PLAY AN IMPACTFUL ROLE IN YOUR COMMUNITY?

So, maybe you don't see yourself in one of these archetypal roles I listed above.

Or, maybe you think that your community is different from the ones I used as examples.

Or, maybe you are not sure if you have anything to offer your community.

Well, if you came this far, I can assure you that your community is no different from the ones I talked about, and there is a place for you, because there's always a place for the motivated. As I navigate around the world, working directly with people exactly like you, I get enthused with the idea that there's another emerging leader ready to step up and help entrepreneurs achieve success. What better mission can there be but to be a positive part of someone else's life journey?

It is this simple idea that I want you to carry forward. Great communities welcome new actors who are ready to augment what's happening today. In fact, they seek and support new

actors with the idea that they can only add to the resources available to entrepreneurs. Think like a ten-year-old. Can you have a great game of kickball with three or four kids? No, you want as many kids as possible.

I also realize that if you are reading this book, your community probably has a lot of work left to do. And I understand that with those gaps and voids, some may view your idea as “not the way we do it around here” or push back with “we’ve never tried anything like that.” Don’t fret. This is normal. As I’ve shared with hundreds of you, “Same problems, different weather.”

Well, buckle up your shoes and put your big person’s pants on because it is time for you to channel your inner entrepreneur. It is time to put yourself out there just like the founders you wish to serve. It is time for you to make the community builder leap.