**Entrepreneurship Policy in the U.S.**

**An Informal Overview**

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**“Policies”**

* Laws and Regulations
	+ Registration
	+ Pollution, safety, employment, etc.
	+ Tax code
* Programs
	+ Specialized training, assistance
	+ Educational system
* Resource allocation
	+ Public funds
	+ Private funds (public encouragement)

**“Entrepreneurship”**

* New businesses
	+ Most in traditional sectors, doing routine things
* High growth potential businesses
	+ Not all are new
* Emerging new industries
	+ Start with mass of start-ups
* Small businesses
	+ Most are old
* Major innovations
	+ Often provided by established firms

**NO COORDINATED U.S. NATIONAL POLICY**

* MULTIPLE LEVELS OF GOVERNMENT
	+ Federal, state, county, city, local regions
* MULTIPLE AGENCIES, ACTORS INVOLVED
	+ Reflect diverse goals
		- Promote innovation versus help small
		- Mainstream vs women, minorities
		- Urban vs rural development
* All politics is local
	+ Politicians like to promote local efforts (incubators)

**U.S. Small Business Administration
(Most visible Federal agency)**

* Focus on small (less than 500 jobs)
	+ Basic dilemma (new vs small)
* Major focus on providing financial support
	+ Insure loans made by banks to “risky” ventures
	+ Not a micro-loan program
* Small Business Development Centers
	+ Co-sponsor with states, local, private funding (900 centers)
	+ Provide consulting advice
	+ Compete with Dept. of Agr county agents in rural areas
* Programs for women, minorities, veterans, exports
* Department of Advocacy
	+ Analyzes impact of legislation on small business (size neutral!)

**BUT: Massive activity at other levels of government**

* Wisconsin
	+ 1990’s
	+ Population of 4-5 million
	+ 365 statewide programs
	+ 377 regional programs
	+ 742 total programs
* National extrapolation
	+ 30,000 to 40,000
	+ No effort at coordination

**JOBS Act**

**(Jumpstart our Businesses Startups Act)**

* Emerging growth companies (< $1 Billion)
* More shareholders before stock registration
* Facilitates “crowd-funding” for small levels of equity
	+ Use internet to attract gifts, equity, loans
* Delay compliance with Sarbanes-Oxley rules
* Increases size limits before disclosures required
* Allows more general solicitation to “accredited investors” (those with high income or net worth)
* Allows simplified rules for large security offerings
* Community bank share-holder raised to 2,000
* Prohibits crowd-funding of investment funds
	+ Not direct investments in individual firms

**JOBS Act: Comments**

* Clearly applies to a small proportion of startups
	+ Those rather large with major potential
	+ Venture Capitalist dream
* Security and Exchange Commission (SEC) slow to develop crowd-funding regulations
* Crowd-funding opposed by a number of groups representing consumers, individual investors
* Experienced consultants, responsible private investors advise avoiding crowd-funding
* May facilitate Initial Public Offerings (IPOs), but they are in the dozens in most years
	+ Compare to half a million new firms with employees each year

**National Science Foundation Innovation Corp (I-Corp)**

* Focus on commercialization of basic research
* Provide support and training to Principal Investigators and nascent start-up team
	+ Expect research assistant to take start-up lead, not the PI
* Focus is boot camp type training
	+ Emphasize “customer discovery,” doing 100 interviews to define the customer, market
	+ “Better mousetrap” needs to be promoted
* Nationwide replication of a Silicon Valley protocol
* Expensive, no evaluation as yet
	+ Nationwide, hundreds may participate
	+ Majority never reach commercialization

**U.S. Competitive Advantage**

* What is special about entrepreneurship in the U.S.???
	+ **NOT SPECIAL**, ACCEPTED CAREER OPTION
	+ SUPPORT STRUCTURE IN PLACE
		- Infrastructure, rule of law, financing system, etc.
* MASSIVE RESEARCH ENTERPRISE
	+ Substantial federal, state, private financing
	+ Challenging authority acceptable, appropriate
		- Collegial structure in research universities