**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