

FACTS AND MYTHS IN THE **GLOBALIZATION DEBATE**



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Myths In Global Competitiveness

1. We're falling behind in graduating engineers (and scientists)

2. Companies are going where the skills are

3. Strong math and science education = Global Competitiveness

4. More investment in research = more innovation

5. Skilled immigrants fuel the economy: so more H1-B visas

6. Young college dropouts: typical Silicon Valley entrepreneurs

7. America world leader in workforce development

8. Clusters provide the magic formula for innovation

UNIVERSITY RESEARCH

Untapped Goldmine
of knowledge and
Innovation

\$48.8 billion invested every year in U.S. university research with very few spinoffs and **less than \$2 billion in license revenue.** European university investment is much lower than the U.S., but generates 3 times as many startups and far fewer patents

COMMON PROBLEMS

- **INCOMPLETE SYSTEM** -- legal and finance in place, but corporate development, marketing, and sales are missing
- **CULTURAL ISSUES** -- academics want to disseminate knowledge and publish papers rather than inhibit its use.
- **WHAT COMES FIRST** -- students or commercialization? What about the conflicts of interest?
- **UNIVERSITY TECHNOLOGY IS HALF-BAKED** -- proof of concept not funded



Entrepreneurship Research

BASED ON 3 PROJECTS:

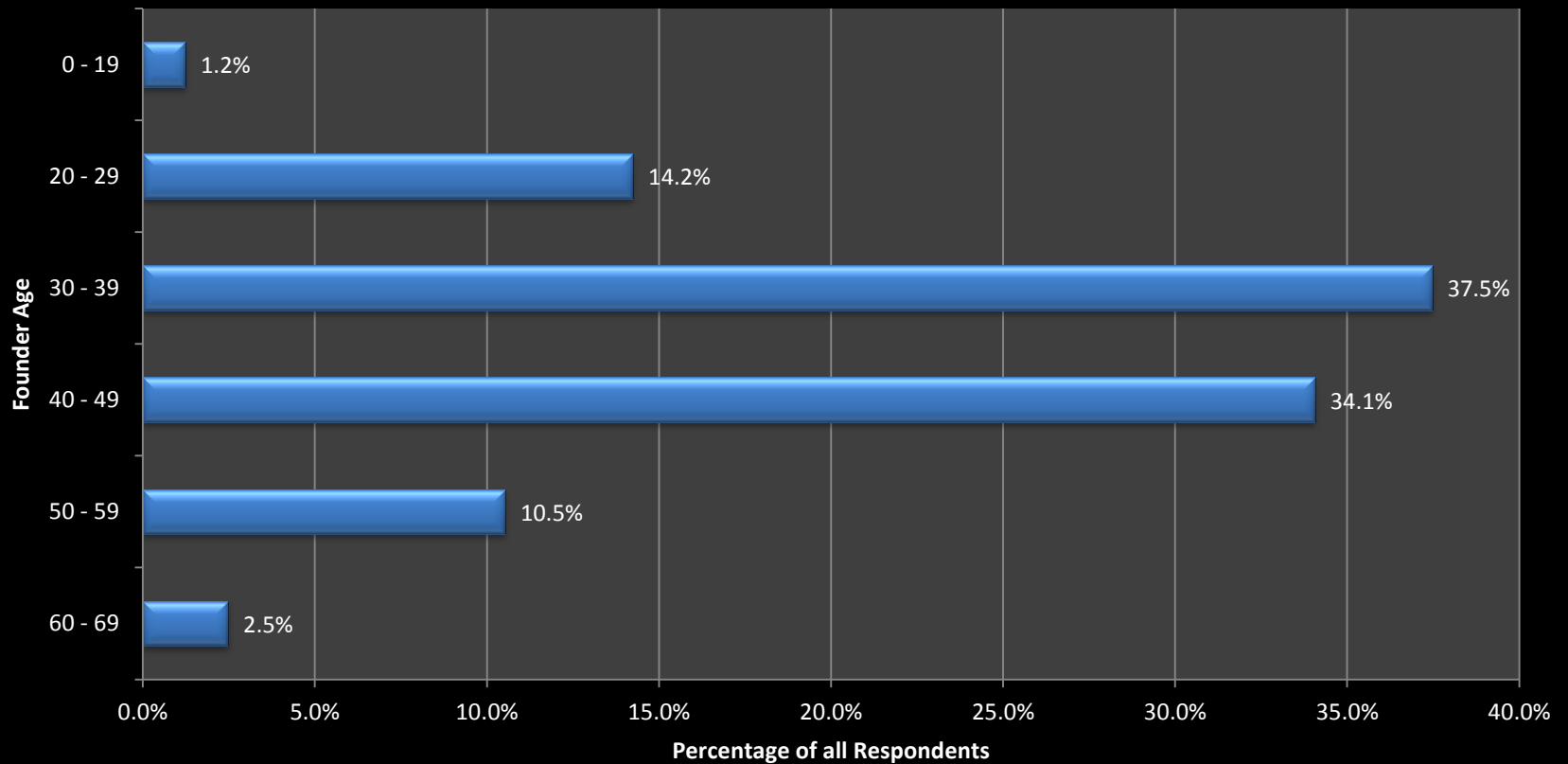
- Survey of 652 CEO's/CTO's of 502 tech companies
- Interviews with 144 Immigrant tech company founders
- Detailed survey of 549+ founders of companies in 12 high-growth industries

COMMON MYTHS:

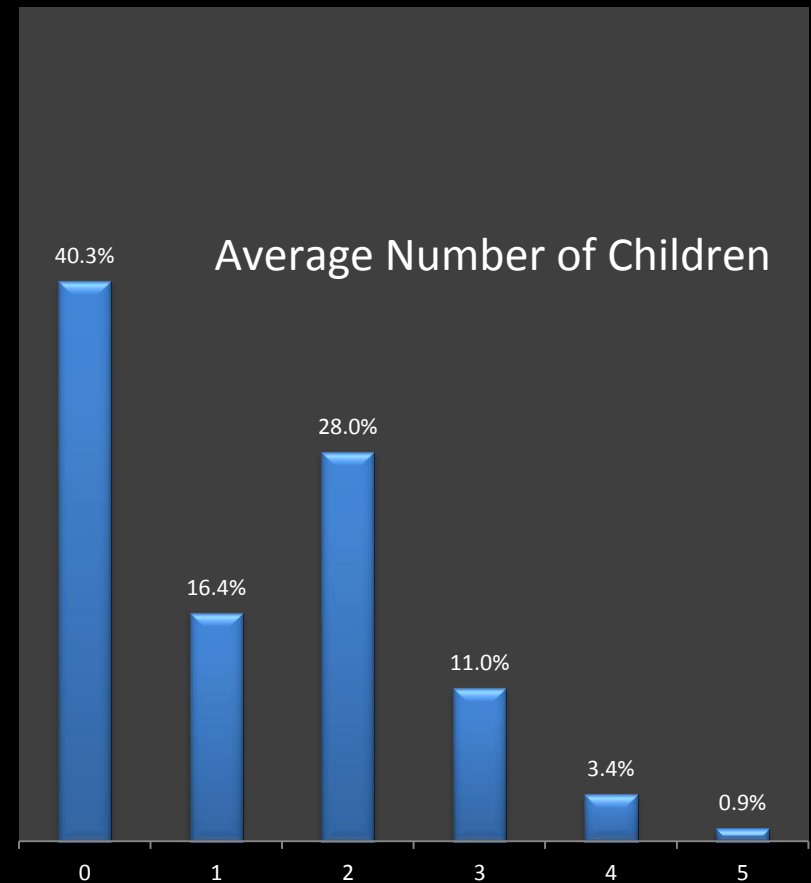
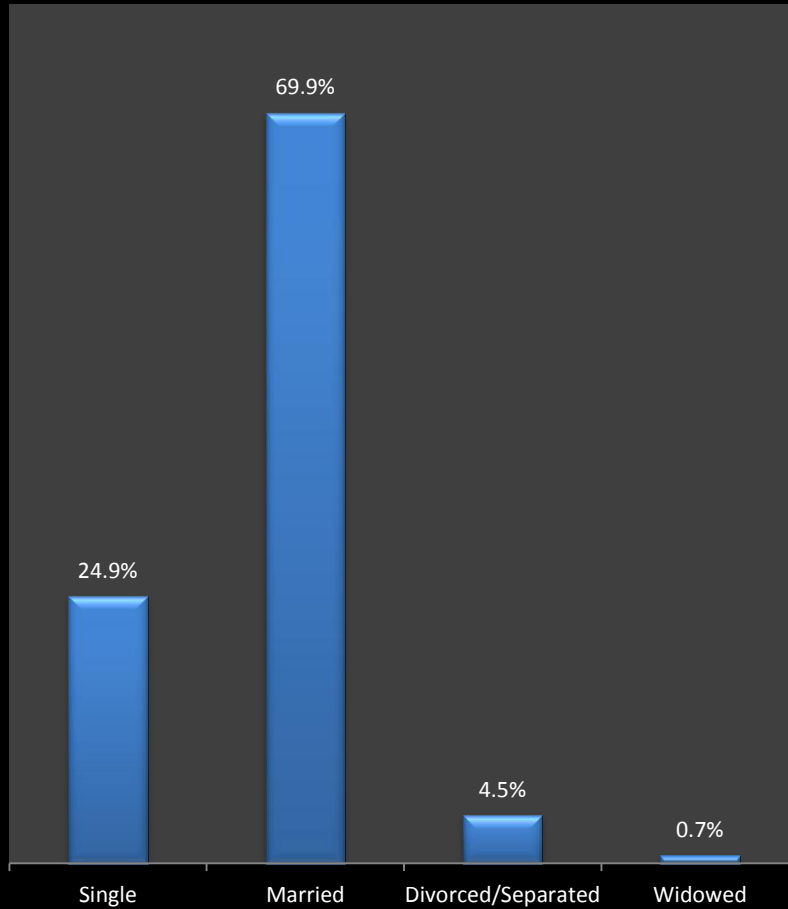
- Tech entrepreneurs: unmarried, rich, college-dropouts obsessed with making money
- Ivy-league education provides huge advantage
- Venture Capital prerequisite for economic growth

Tech Entrepreneurs: Not Young!

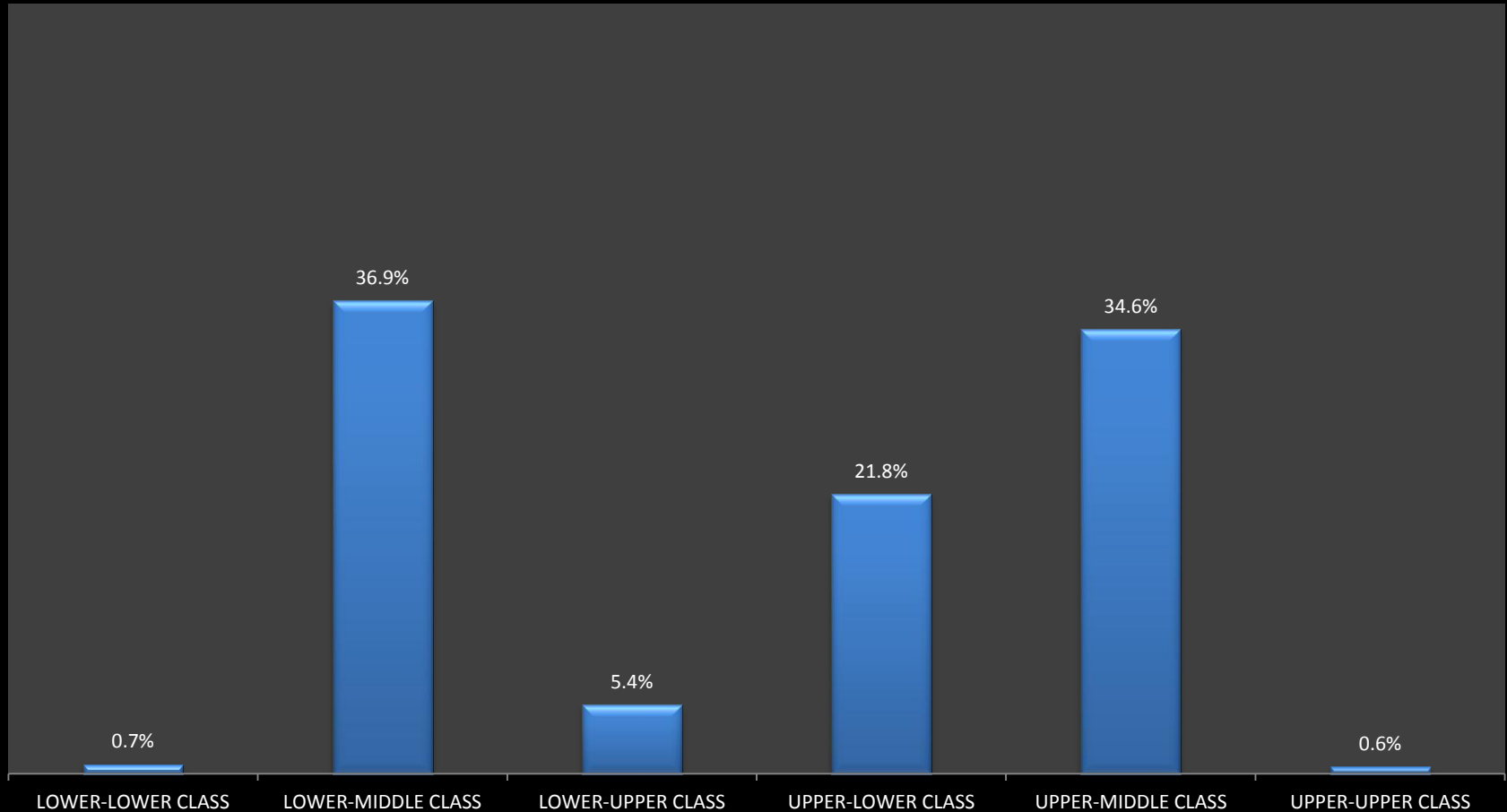
US Tech Founder Age at the Time of Startup Establishment



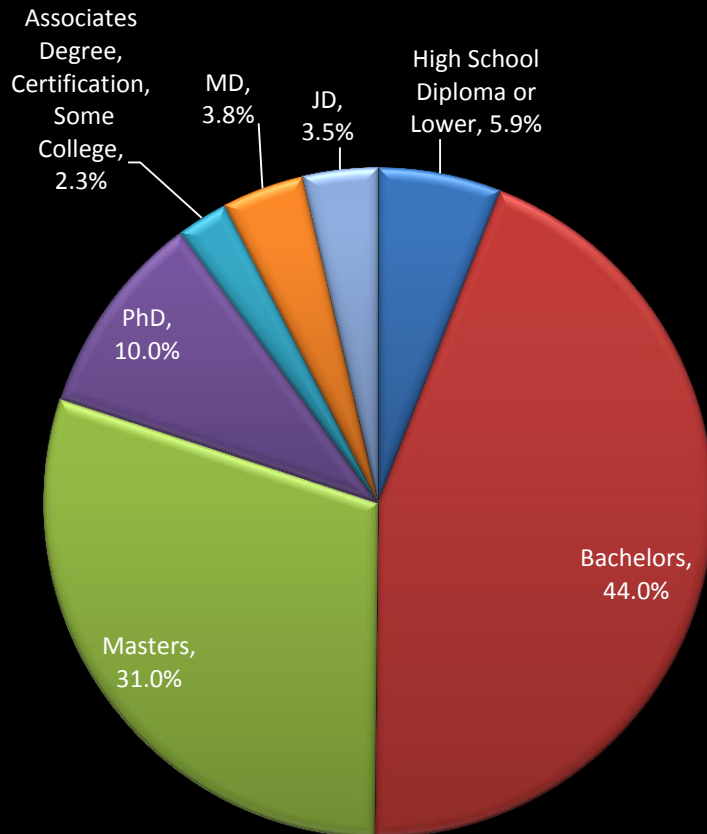
Married with Children



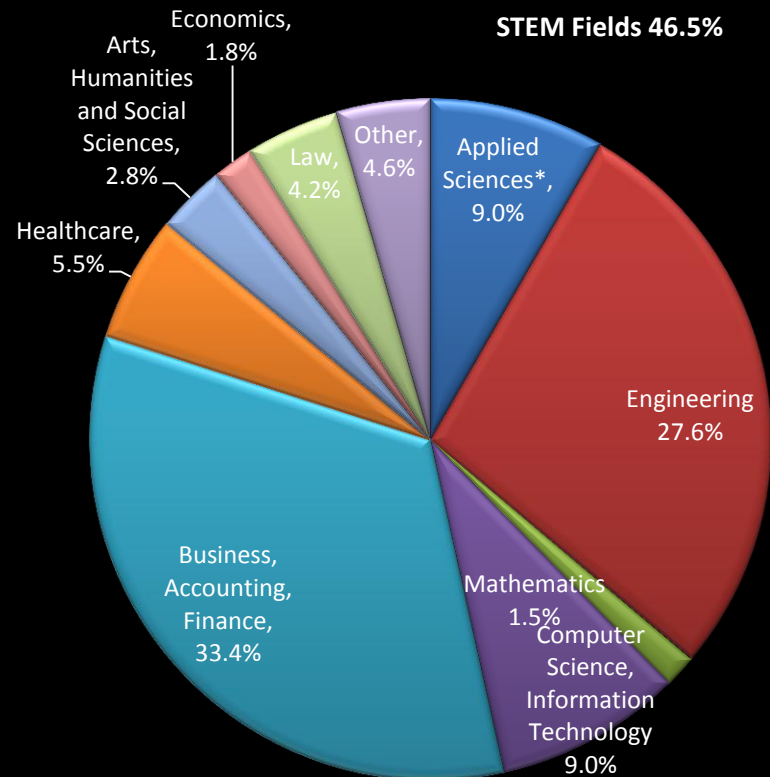
Entrepreneurs: Not from Rich Families



Tech Entrepreneurs: Not College Dropouts

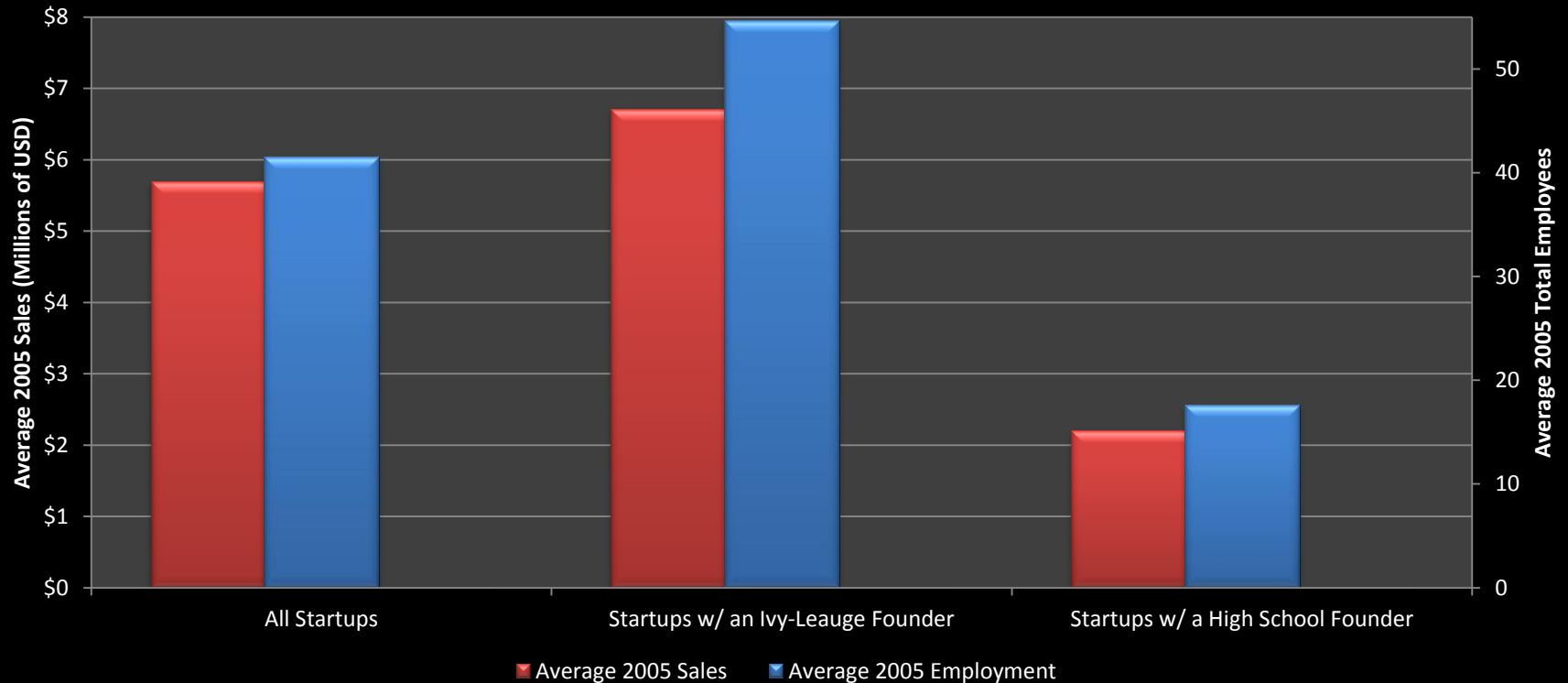


Highest Completed Degree



Fields of Highest Degree

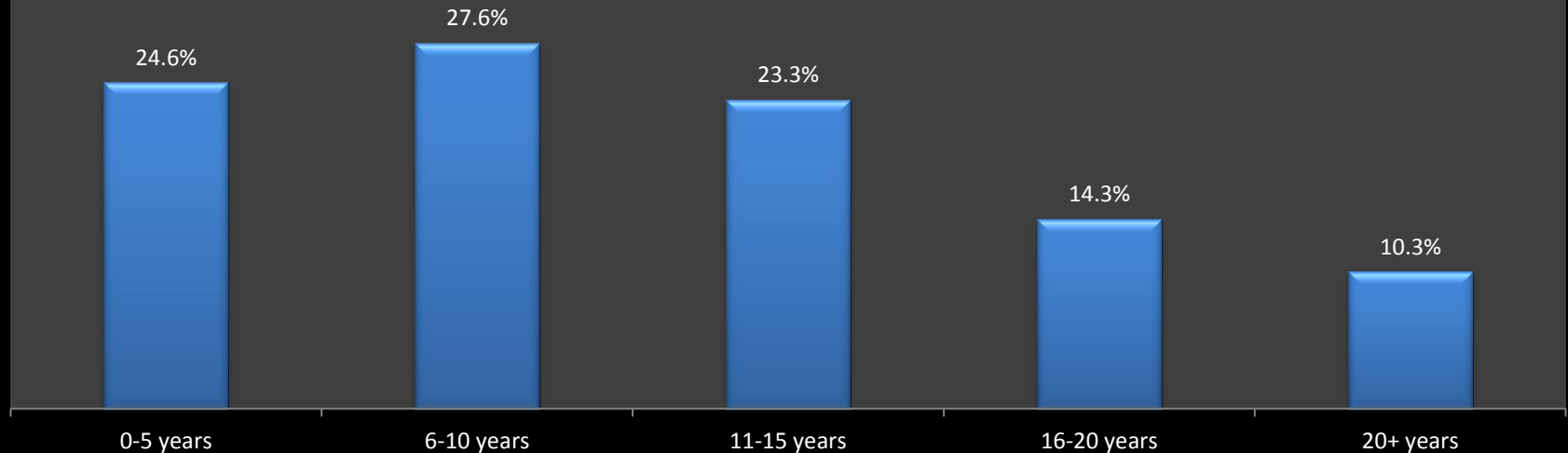
Education Counts, Not necessarily Ivy League



What makes the difference is higher education: not the degree or school.

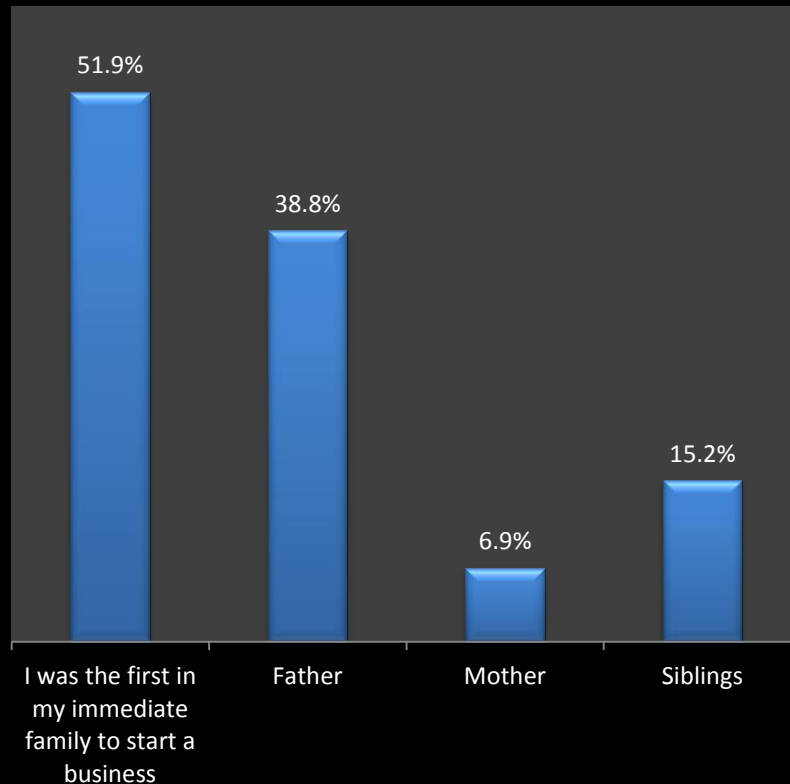
Entrepreneurs: Highly Experienced

Approximately how many years did you work for another employer prior to starting your first business?

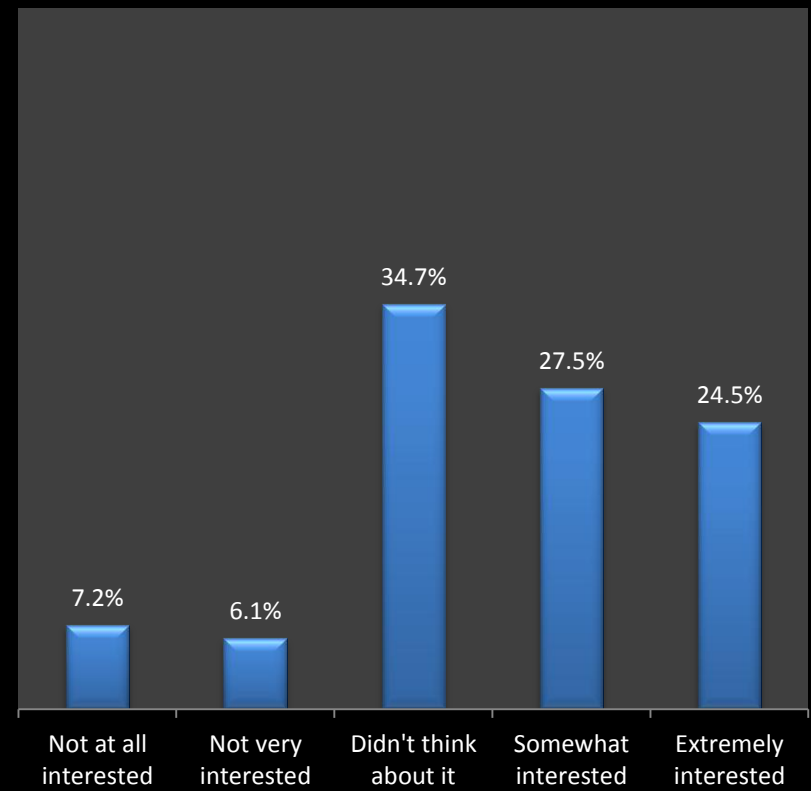


Entrepreneurship wasn't necessarily in Genes or Pre-planned

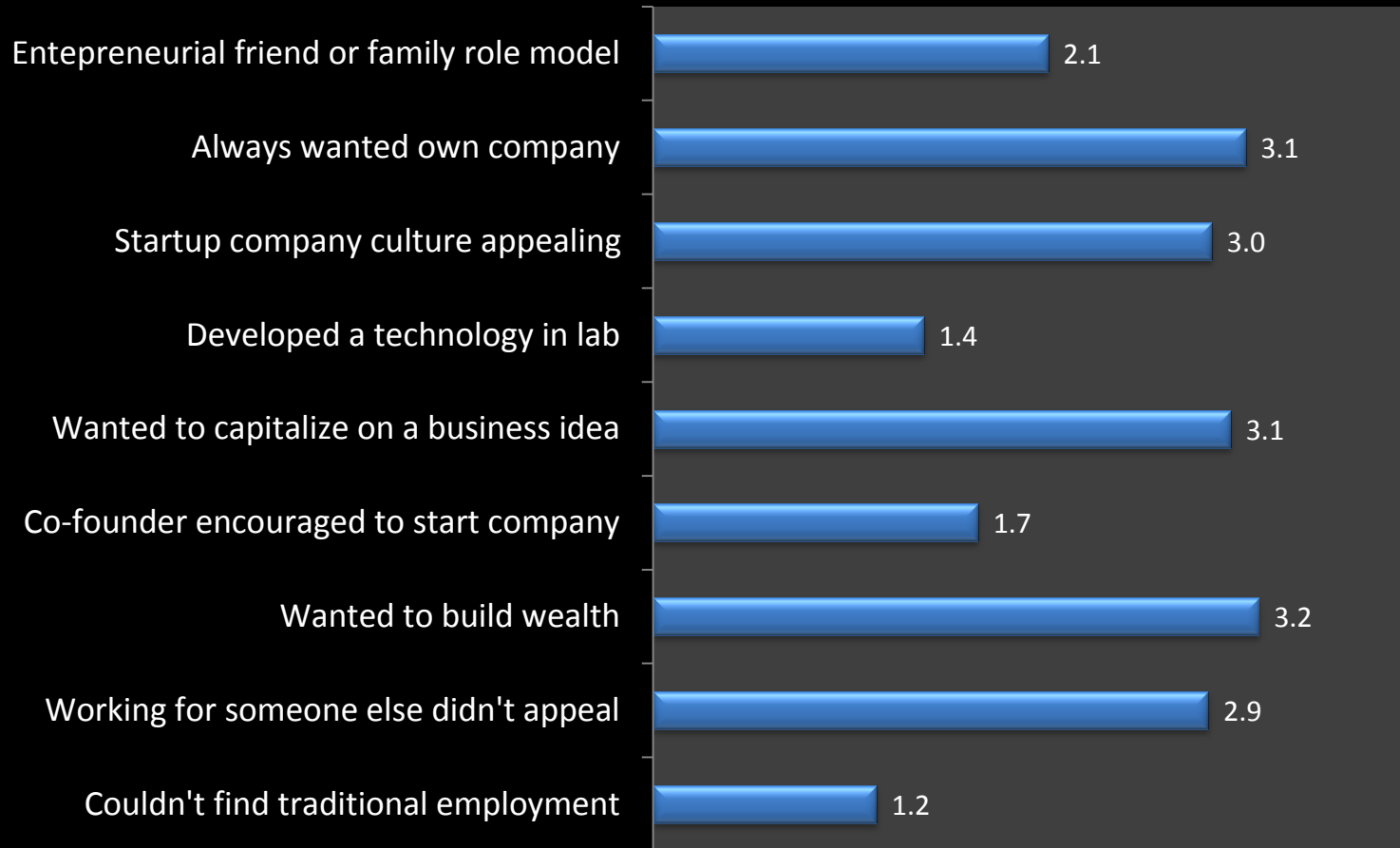
Which Members of Your Family Started a Business Before You Did?



How interested were you in becoming an entrepreneur while you were completing your

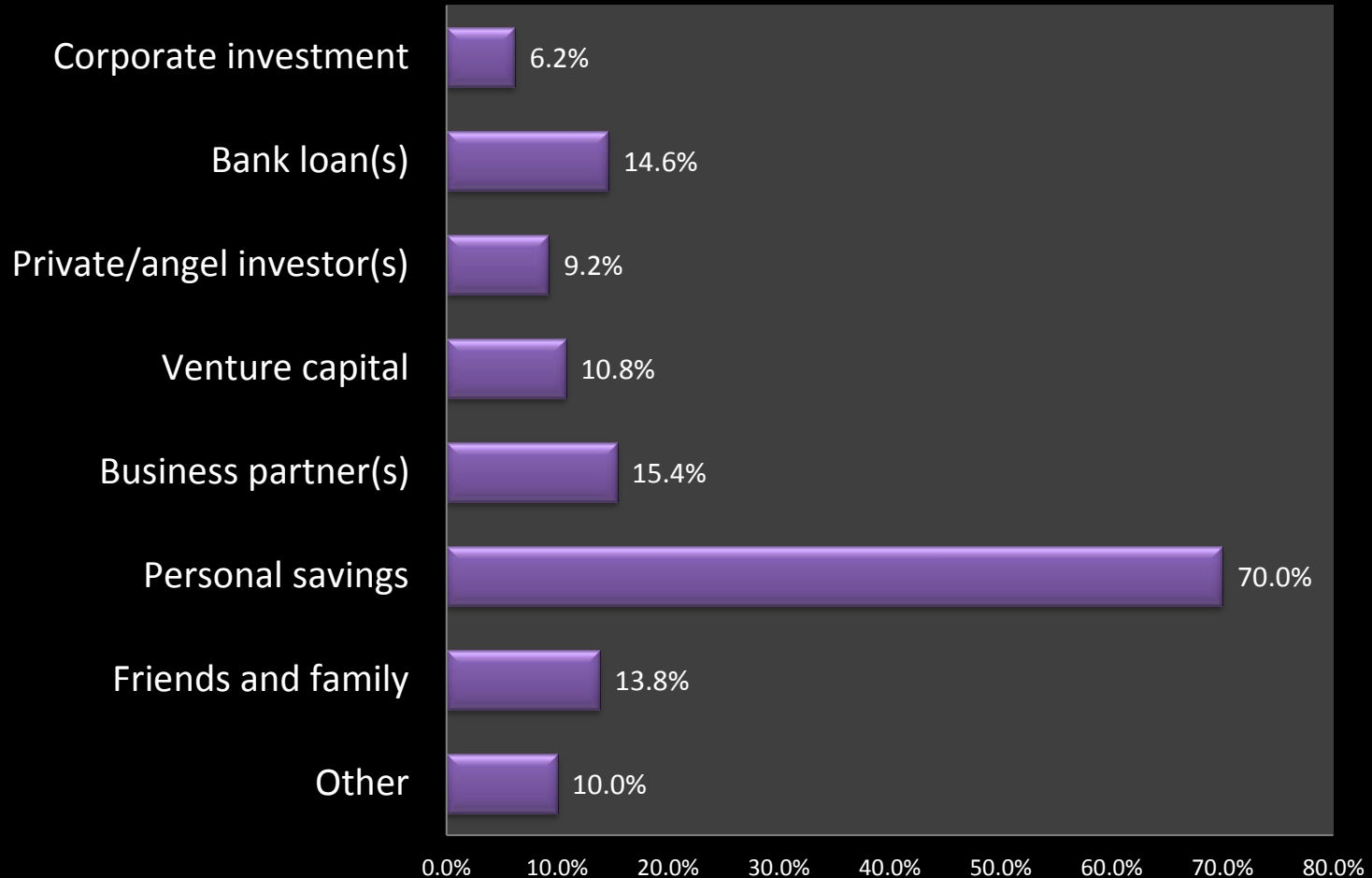


Reasons for becoming an Entrepreneur



1= Not important factor, 5 = Extremely important factor

Bootstrapping is the Norm, Not VC-Funding



Success Factors



What stops others from becoming Entrepreneurs?



Common formula for Regional Innovation

- Pick a hot industry

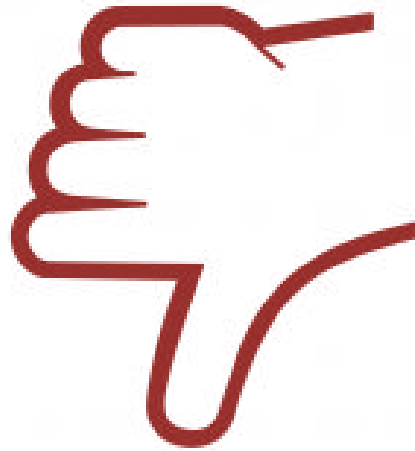
- Build a magnificent tech park next to a research university

- provide incentives for chosen businesses to locate there

- add some venture capital

- ...And watch the magic happen

As prescribed by management consultants touting the "cluster theory" developed by Harvard Business School's Michael E. Porter.



**Every such experiment in
the world has failed...**

...or is on life-support,
every single project!

What about Silicon Valley and RTP?

- Silicon Valley has reinvented itself many times since WWII
Govt. investments in aerospace and electronics research

- Raced ahead of Rt. 128 because of its high rates of
job-hopping, new company formation, and culture of
information exchange and risk-taking

- Silicon valley is one giant –diverse--network

- Research Triangle Park is a 50-year-old project
that achieved success decades ago but lost
momentum in the Internet era.

Babson Professor Daniel Isenberg:



Zebras are beautiful. They are powerful. They exist in nature. But if someone told you that you could paint a white jackass with black stripes and call it a zebra, you would send them packing.



Economic clusters are effective. They are powerful. They exist in nature. So why do most economic policy makers think they can take some real estate, paint it with an anchor tenant and a name, and call it a cluster?

Ideas for boosting regional entrepreneurship

- Remove bureaucracy/obstacles to entrepreneurship
- Remove stigma associated with failure. Teach experimentation/risk taking paths to success, preceded by failures.
- Teach entrepreneurship to university students/experienced workers
- Encourage diversity/immigration
- Improve education. Focus on quality/freedom of thought/expression
- Create mentor networks. Successful entrepreneurs usually mentor others/give back by providing advice and connections.
- Bring together entrepreneurs and connect with other networks.
- Provide global business connections for local entrepreneurs
- Facilitate seed financing. VC will follow innovation



Ideas for U.S. Competitiveness

- Move workforce up the ladder rather than just graduate more

- Bring and keep the worlds best and brightest

- Make our investments in research more effective

- Foster entrepreneurship at its source – the workforce

- Understand globalization and create new business models which leverage innovation abroad

- Compete on American strengths -- In other words, let's do what we do better

More information at:

www.wadhwa.com