

# Startups and Industry Clusters

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Most cities of any size in the United States today are striving to understand the causal factors behind the emergence of entrepreneurial clusters. Most aspire to becoming the next new venture hotspot.

The point of this article is to emphasize the likely evolution of a regional entrepreneurial culture, and to provide an antidote to overanxious folks who believe that it should have happened yesterday. The likely evolution of an entrepreneurial culture is that it will be led from the bottom rather than the top. In other words, it is simply not possible, according to the existing research, to do anything from a public policy perspective to MAKE an entrepreneurial culture arise via fiat. Instead, the best public policy is simply to clear the way to allow as many entrepreneurial experiments to occur as possible.

The fact is, we don't know where the next great innovation will come from. The good people in the economic development profession in Austin, Texas were not aware that a University of Texas undergraduate named Michael Dell was revolutionizing the computer business from his dorm room. But they were smart enough to stay out of his way as he grew the company to become a dominant regional economic force. Today Austin enjoys the continuing economic contributions of scores of "Dellionaires" who invest in new startups in hopes of creating the next Dell Computer company.

The bottom up development of a region's entrepreneurial culture can't be controlled or managed. It can only be cultivated. The problem with the cultivation of entrepreneurship, in contrast to the cultivation of, say, corn, is that the growing season is not known in advance. That's what makes it so difficult to do, and so perilous for someone whose public career hinges on their ability to show "results". There are no results to show in the early days while proper cultivation is taking place. Cultivation requires the promotion and support of a variety of things, many of which may take years to come to fruition.

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