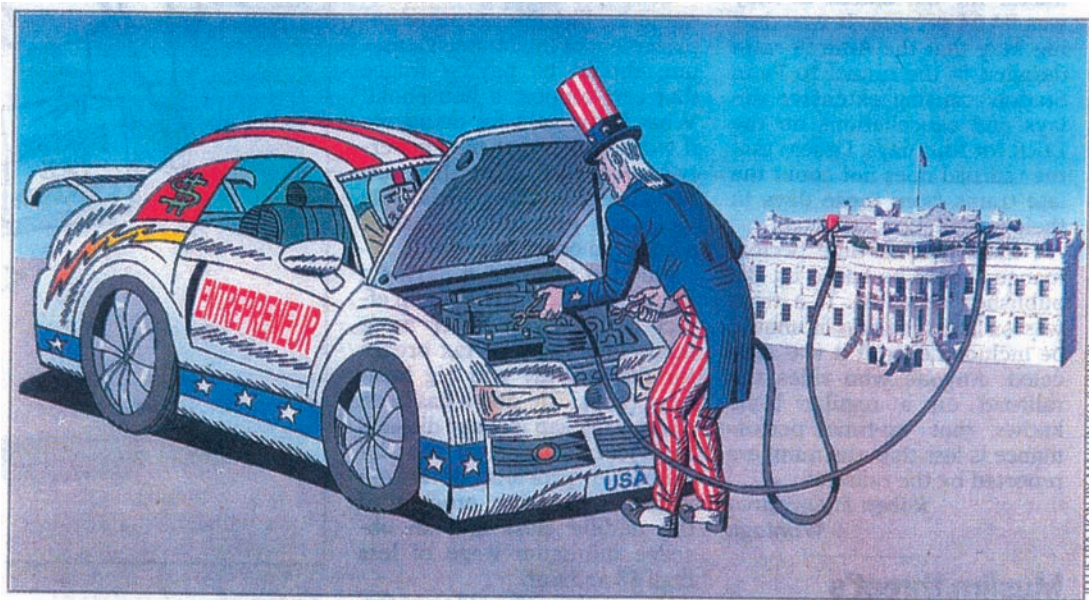


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OPINION

Start it up



White House is putting its muscle behind boosting entrepreneurship



Jeremy Wiesen, a retired professor of entrepreneurship at the Stern School of Business, New York University, was chairman and co-CEO of Financial News Network.

President Barack Obama's latest news conference was dominated by talk of raising the debt ceiling. But in his opening remarks, the president made a point of calling for Congress to overhaul the country's patent laws. "We can't give innovators in other countries a big leg up when it comes to opening new business," he said. It was the most recent indication that the White House is making entrepreneurship a priority.

Another sign is its new initiative called Startup America — a public-private partnership providing the tools necessary for anyone, including high school students, to start an innovative, high-impact business. The catch: Only groundbreaking ideas, with a big effect on the economy and job creation, need apply.

The underlying — and correct — assumption of the initiative is that anyone can be an entrepreneur.

Startup America, which began earlier this year, has components that have never before appeared in an American government program and that are remarkably cognizant of the real world. Entrepreneurship education, mentors and "virtual incubators" are accessible online; and corporations and nonprofits are encouraged by the White House to make grants and capital available.

Given the sluggish recovery and the need throughout the country for new jobs, it's encouraging that the government is taking action to accelerate high-job-growth entrepreneurship and to learn what entrepreneurs need by holding conferences with some of the country's greatest innovators.

American students shouldn't have to learn about microfinance from studying the millions of loans made in Bangladesh, or how to commercialize science the Chinese way. The United States should build on its own capacities in technology. Startup America wants more of the \$148 billion of annual federal expenditures for research and development to be commercialized by companies that can obtain the technologies from government, university and research laboratories.

The initiative contains a keen awareness of the importance of venture capitalists and angel investors and seeks ways to help them. There are D.C.-to-VC summits on health-care technology and clean energy; investors in new companies who stay in for five years may not pay capital gains on their profits up to \$10 million or five times their investment, whichever is greater; and the Small Business Administration will help its licensed investment companies provide financing in the \$1 million to \$4 million range, so that venture capitalists can focus on larger amounts.

To assist new businesses, President Barack Obama has issued an executive order directing federal agencies to streamline processes that are outdated or overly burdensome to entrepreneurs. Startup America has had an eight-city road show asking which regulations hamper startups, and a continuing solicitation is online at reducingbarriers.ideascale.com. The patent office will be accommodating new innovators with a plan that postpones costly patenting.

There are also foundation grants to encourage state governments to create ecosystems — with mentors, capital and reduced regulations — for entrepreneurs.

An important part of the initiative is the Startup America Partnership, which brings together a host of nonprofits and corporations to provide needed services and capital to people with groundbreaking ideas that are worthy of assistance. Hundreds of millions of dollars have already been committed, with the largest being Intel's \$200 million and IBM's \$150 million of seed money for entrepreneurs. The Blackstone Foundation has pledged \$50 million for colleges to assist student and alumni innovators.

The Network for Teaching Entrepreneurship (NFTE), which teaches high school students about entrepreneurship, has received grants to put its 5,000 certified high school teachers online to co-teach entrepreneurship. This is an especially important program in states with large numbers of high school dropouts; some 80 percent of them say they would have stayed in school if the education had been more relevant to them.

New York State is hosting the NFTE's pilot "Start Up Summer" program, for high school students who've completed their entrepreneurship education and were recommended by their teachers as poised to launch a business. They will receive coaching, support and access to capital throughout the summer.

Entrepreneurs in New York have access to resources beyond their high school years, too. Most New York State initiatives in this area are administered through the Foundation for Science, Technology and Innovation (NYSTAR). Ten regional technology development centers help with technology commercialization and transfer, mostly through incubators. Venture capital is available through the state's Small Business Technology Investment Fund. And the Empire State Development agency has a Small Business Resource Center that directs entrepreneurs to the financial and technical programs available in the state.

Although the goal of Startup America is high-impact businesses, it's easy to see that more mundane enterprises can plug into the online education, mentoring and networking that's being developed.

For the next step, we need a "Startup World," to export entrepreneurship as a fundamental part of our foreign policy. Today, there's an assistant to the secretary of state for global entrepreneurship, whose focus is to help people in emerging economies start businesses. This strategy puts America's best foot forward. Some of the successful entrepreneurs who lead others into U.S. start-ups would be of incalculable help to this program.

A strong economy can be a panacea for almost all of our challenges, as it was in the Clinton years, when the impact from the introduction of cellular phones and the Internet led to increased tax revenues and a balanced budget. **Measuring increases in our**

gross domestic product is meaningless if it doesn't represent money spent to build competitive industries.

Still, this all-out effort to commercialize U.S. innovation leaves a couple of matters unaddressed. First, venture capitalists need a vibrant market to issue shares to the public to liquefy their investments. Since early 2001, there have been few underwriters left to take small and medium-sized companies public. The White House appears to be considering solutions, such as expanding the money-raising limits on the more simplified registered offerings, which reduces the legal, accounting and other expenses of going public.

Second, Startup America doesn't take into consideration the need for uniform rules for entrepreneurship education, or procedures and protocols for mentors. Entrepreneurship is a discipline — a science more than an art. And the most important lessons must be ways to reduce risk rather than to glamorize the bravery associated with new business creation.