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## It is Entrepreneurship Time: Ecosystem Building: An Idea Coming of Age?

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**Do we grow local economies bottom-up or top-down?** At a seminal OECD workshop in 2013 in the Netherlands, leading thinkers came together and discussed this issue. One side focused on creating optimal enabling conditions wherein entrepreneurship would emerge. The other side focused not on this institutional perspective but instead on a functional approach wherein the community grew from the entrepreneurs and their champions. [Mason & Brown 2014[1]] One intriguing observation was that civic officials and large institutions (including universities) strongly favored the top-down approach. Meanwhile, the entrepreneurial community of entrepreneurs, investors, and entrepreneurial champions favored the latter, often vehemently. **Self-serving biases aside, it is clear that the more one works closely with entrepreneurs, bottom-up becomes preferred.**

To that end, major supporters of entrepreneurship turned their interest to the entrepreneur-led, bottom up model (to use Feld's fortuitous phrase). In particular, the Kauffman Foundation realized the need to explicitly work to reduce or remove the hurdles to starting, running, and growing ventures for everyone. This model of "zero barriers" is intended as a "rising tide" strategy that empowers everyone.[2]

In 2017, the Ewing Marion Kauffman Foundation\* launched an initiative called ESHIP whose intent was to develop entrepreneurial ecosystem building[3] as an effective professional field. They asserted that "ecosystem builder" was already emerging as a reasonably distinct role set. Ecosystem builders

represent the bottom-up, entrepreneur-driven role. Moreover, this role is critical, even necessary to any ecosystem's health and growth.

To that, they convened nearly 500 self-identified ecosystem builders in Kansas City as part of a 3 year sequence of summits to ultimately create initiatives and projects to advance ecosystem building as a field (more strategic, less tactical). Year 1 was the year to design the broad parameters of what goals we need to achieve, Year 2 was the year to develop these into viable opportunities, and Year 3 was the year to begin to deliver. Interspersed between the Summits were ongoing efforts centered on the seven major overarching goals now centering on monthly videoconferences where ESHIP seeks to build a strong community among those interested in each goal. Other support tools have also arisen. Kauffman supported an "ecosystem playbook" to guide and support ecosystem builders. Dear reader, you are enthusiastically invited to join. [<https://www.kauffman.org/ecosystem-playbook-draft-3/>].

The seven Goals were built quite consciously on the example of the Sustainable Development Goals. As we will see later, this has been fortuitous and shows how ESHIP and the SDGs are a natural fit. Under each Goal are several key supporting initiatives – the goals and initiatives are described here: [www.bit.ly/ESHIPgoals](http://www.bit.ly/ESHIPgoals). The intent was to develop viable projects that would serve the various initiatives. Briefs for existing projects are here: [www.bit.ly/ESHIPprojects](http://www.bit.ly/ESHIPprojects). For access to ESHIP, including links to join any of the Goals, please see [www.bit.ly/ESHIPdashboard](http://www.bit.ly/ESHIPdashboard).

\* For those unfamiliar with Kauffman, it is a very large foundation funded by the bequest of successful entrepreneur Ewing Marion Kauffman. Mr. Kauffman asked that his bequest be used to advance entrepreneurship and education. The Foundation quickly became a major innovator and support of entrepreneurship programming. It has been the largest funder of entrepreneurship programming for decades. Apropos of this discussion, Mr. Kauffman was intent on supporting ethical, honorable entrepreneurship and ensuring that everyone had access to resources to pursue opportunities.

## **Ecosystems 101**

For those new to the discussion of entrepreneurial ecosystems, a few elements are worth knowing. Like its biological namesake, it does resemble an ecosystem. The metaphor is not perfect, but highly useful. Local economies are not a collection of businesses and other entities like an investment portfolio. Instead, they are deeply interconnected in a complex dynamic and adaptive system [Brett 2019, Smyre & Richardson 2016]. Not only are members of these communities connected in often-fuzzy ways, the interconnections themselves tend to be evolving as well. Simply cataloguing the participants is not enough to understand how it is operating, let alone how to help it grow.

Consider the figure below. It is all too easy to perceive a network of interconnections as the leftmost diagram, that there is either a very central hub or there needs to be one. The "one ring to rule them all" model is understandably attractive to those who believe that communities require one large overarching "umbrella" to bring the entire community under control. The problem is that most communities, not just economic communities are actually a network of networks. The result is that the rightmost diagram, the distributed network, is a far better representation.

We also know that the key element of any networks is often not the nodes but the connections [Stephenson 2009]. Who are the connectors? The messier the network, the more we need connectors

who are proactive and inclusive. Sweeney (1987) coined the felicitous term *liaison-animateur*. As the name suggests, healthy ecosystems need to breed and nurture connectors who are not just bridges to people and resources but are also energizers. We all know people whose daily *modus operandi* is to proactively connect people. (I would guess that most of those reading this fit that description.) On the other hand, we all know people who will happily connect you but it is transactional. The *liaison-animateur* is far more transformational.

Based on all this, it is not hard to see that one overarching umbrella, no matter how well-intentioned, will fall short and can even be risky. On the other hand, it is very tempting to assume that the top-down, institution-led “umbrella” is good enough. If local economies were more like an investment portfolio, it might even be true. So how might we change this dominant narrative?

One particularly evocative metaphor is the rain forest. Victor Hwang, late of Kauffman, and others argue persuasively that local communities are not like a well-managed farm where each crop can be tended separately. Instead, communities are far more like the chaos of a rain forest where everything is connected to some degree (and connect in changing fashion). But where is speciation more likely? New species and new adaptations (even exadaptions) arise in rain forests [Hwang & Horowitz 2012]. One can control a farm; one can only try to manage a rain forest. Again, is it not hard to see how a top-down model cannot easily manage a rain forest?

Another way to look at this is in terms of building **entrepreneurial potential**. For any community, its entrepreneurial potential is clearly a function of their potential entrepreneurs, both quality and quantity [Krueger 2020; Krueger & Brazeal 1984; OECD 2017]. How does a community increase the quality and quantity of its entrepreneurs, both current and prospective? From a psychological view, the intent to perform a behavior (including entrepreneurial) requires the actor to perceive the action as both desirable and feasible. This requires the communities focus on the intangible infrastructure to support entrepreneurship. The enabling conditions model tends to focus exclusively tangible infrastructure, while ecosystem builder model includes the social and cognitive infrastructures. What social and cultural norms and pressures support (or hinder) entrepreneurship?

Similarly, what is your community doing to grow entrepreneurial thinking? One does not have to be a neuroscientist to realize that it is imperative to grow the entrepreneurial mindset broadly and deeply across its citizens. To do so requires very different learning experiences than most institutions are equipped to provide [Krueger 2007; Krueger & Welpke 2014] but ecosystem builders can use their networks to identify the best resources to develop and deliver deep experiential learning via expert educators already in ESHIP (e.g., ICSB’s new certificate on teaching the SDGs).

## Implications for Policy

Two initiatives that spun out of the Kauffman-initiated efforts. First, a huge coalition of policy champions like Rise of the Rest, Center for American Entrepreneurship and Kauffman created a policy agenda called “America’s New Business Plan”[4] that provides policy ideas for federal, state, and local policymakers, both conceptually sound and evidence-based ([www.StartUsUpNow.org](http://www.StartUsUpNow.org)). From there, Victor Hwang has just launched “Right to Start” ([www.RightToStart.org](http://www.RightToStart.org)). The UN, its entities, and members should find these immensely useful.



## It Is Entrepreneurship Time. Part II: What Will We Do Together?

**So how else can ESHIP help the SDGs? Goal 1: Diversity and Inclusion.** A healthy entrepreneurial ecosystem engages everyone. It is difficult to envision a sustainably successful ecosystem that excludes large swaths of the citizenry. If the SDGs are to be reached, it is imperative that efforts reach all citizens. And if entrepreneurship is the key ingredient as many of these essays argue, then we need to grow a broad, rich pool of potential entrepreneurs. As Kauffman has found in their “zero barriers” efforts, it is difficult for some to see themselves as entrepreneurs. Expanding the role identity for under-represented groups is not easy but one avenue is developing data base of experts who not only reflect inclusion but also speak persuasively on key issues. The UN and its members are certainly welcome to suggest great speakers.

**Goal 2: Collaborative Culture.** Inclusion is not enough, just as in any innovation effort it is not enough to generate a rich, diverse set of ideas. How do we integrate disparate perspectives, skills, and experiences into productive action? Having shared values as tropes to organize around, not just task-specific, is often advised. For ecosystem building, the key principles are great rallying points but there needs to be a bigger “So what?” What better “So What?” than the SDGs?

**Goal 3: Shared Vision.** Shared values also need to be translated into shared vision. While every context requires unique responses, sharing a common vision is necessary to integrate one community’s efforts with others. Again, what better set of aspirational values than those represented by the SDGs?

**Goal 4: Connected Networks.** If ecosystems are networks of networks, what will it take to develop networks of networks of networks? Building a comprehensive, user-friendly tool kit is one Goal 4 objective. However, what has worked best so far is sharing great stories that accentuate successes, in particular, Goal 4 has created a remarkable series called “Unsung Heroes” to showcase success stories. In many cases, these unsung heroes are advancing the SDGs. The UN and its members are welcome to suggest truly unsung ecosystem builders who are focused on advancing one or more SDGs.

**Goal 5: Becoming More Evidence-Based.** We get what we measure. Given that we are operating in complex dynamic interconnected systems, great metrics are easier said than done. This team is working to ensure that our ‘go to’ metrics reflect more than economic activity. Goal 5 is crowdsourcing metrics, starting with first principles (e.g., definitions). Similarly, there is no shortage of purported “best” practices but how many really are? And how can we tell? For example, one of Goal 5’s proposals is to develop a “What Works Clearinghouse” similar to the US Department of Education’s own WWC.

Various UN entities offer great expertise and unique access to data that would advance Goal 5. In particular, data collection around the SDGs would be invaluable to integrate in our efforts.

**Goal 6: Universal Support.** How do we engage as many of the critical stakeholders in our communities? Once again, the power of the SDGs as shareable values should be invaluable for identifying viable value propositions for ecosystem builders to offer stakeholders. The UN and its members and entities have a bully pulpit to share the value of the ecosystem builder model globally.

**Goal 7: Build a Sustainable Field.** How do we make all these efforts sustainable? Ecosystem builders compete for resources with other entrepreneurial support **Storytelling:** Goal 4's efforts ultimately became its own Goal. They developed a resources hub for ecosystem builders and their allies, [www.ecosystembuilderhub.com](http://www.ecosystembuilderhub.com) where they can share a wide variety of useful intelligence, especially great stories, not only the *Unsung Heroes* project. The UN and its members and entities are welcome to contribute and to subscribe.

These thoughts on how the UN's SDGs and the ESHIP effort only touch the surface on how we can work together. Here are some more general opportunities to collaborate.

### **How can UN members help?**

The ILO and other UN entities are already helping. Did you know that ILO has done entrepreneur/small business training since the 1970s? The UN has also contributed to online education about their SDGs. For example, Dr. Chantal Line Carpentier of the UN and others developed and delivered a well-received certificate on teaching the SDGs via ICSB (see [www.icsb.org](http://www.icsb.org)) *Connector:* The reach of UN agencies and personnel is immense. They can help us identify great ecosystem builders and liaison-animateurs and connect them productively. In every member country, who are those driving a truly bottom-up, entrepreneur-led effort to grow their ecosystems? How do we connect them with ESHIP?

*Convenor:* In this virtual world, the UN is more able than ever to bring together the right voices (see above) to communicate. In the past, ICSB brought together top global experts from the World Bank, IFC, IMF, ILO, EU, GEN, and OECD (and from the USA, its EDA, SBA, and more)[5]. Even in DC, it's hard to convene them physically. But virtually? The sky is the limit. Former SBA economist Giuseppe Gramigna has called for such a convening around the question "how do we best help SMEs and entrepreneurs to exit this downturn effectively?" *Communicator:* The UN's bully pulpit is one of the most-heard global voices. Share what we know to be true (and not true) in formal and informal outlets.

### **How can you, dear reader, help?**

*Celebrate. Educate. Initiate.* Celebrate what your community has (not grips about what you lack). Learn from these successes and share the lessons learned. Use all this to inspire bold action.

Identify the great *liaison-animateurs*, the great bottom-up ecosystem builders in your community. Help them, celebrate them, maybe even become one of them. Let us know at ESHIP. Talk to your community's leaders and ask them to listen to the entrepreneurs and SMEs and hear what they are

actually saying. Ask your leaders to stop filtering that through the institutional players who never seem to get it right.

As a scholar, educator, and ecosystem builder, I am often asked about role conflict. How do we balance those different “hats”? Personally, I see these as synergistic. And all of it is driven by the epiphany that while entrepreneurship is always important, today it is the SMEs and entrepreneurs who will lead us out of the darkness. How can I not be energized? It is their time... and ours.

## About the Author



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The ICSB Gazette is a weekly edition of a key topic that ICSB will showcase. The content is varied from research, practice, policy, and education. The editors of the ICSB Gazette is Mr. Kyle Lyon, ICSB Junior Project Manager and Mr. Skye Blanks, ICSB Junior Project Manager He will be soliciting ideas and articles from ICSB members world-wide.



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This ICSB Gazette issue is featuring an article written by Norris Krueger

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