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# Building High-Impact Entrepreneurship and Investing Communities in Flyover Country | Part VII: A Multidimensional Challenge

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In the first six installments of this blog series, I talked about keys for flyover country communities, such as my own Northeastern Wisconsin, that want to develop self-sustaining regional communities of high-impact entrepreneurship and investing. Nothing on the scale of Silicon Valley, of course, but sufficient to drive a new generation of regional innovation and prosperity. In the next and final installment, I'll talk about ideas for doing that. Today, a quick look back at the many dimensions of the challenge.

I began with the thought that understanding what makes Silicon Valley tick is a good place to start. If you can figure out what's special about the environment in Silicon Valley (and I'm not talking about the weather, though it's pretty good), maybe you can get some of that – reproduce it, import it, whatever – in your community.

### The Elephant in the Room

The series began with the most visible thing that Silicon Valley has that most of the rest of us don't: the biggest pile of risk capital in the world, and the vast majority of it in the hands of investors who have been at the game for some time (see Part I: The Risk Capital Conundrum). Dozens of individual funds on the peninsula have pools of capital bigger than all of the venture funds put together in many States, including Wisconsin. Also, as do dozens of individual rounds of investment in Silicon Valley emerging companies.

In terms of the risk capital deficit, though, the challenge in flyover country isn't quite as bad as that. Rather than focusing on Silicon Valley's venture capital community today, and how it is managed and deployed, the focus should be on what Silicon Valley's funds looked like, and how they invested their capital and harvested their winners, in the formative years.

Way back when Silicon Valley was just getting going, the “big” funds were an order of magnitude – two orders in the very early days – smaller than they are today. So were the deals, and the exits. And most venture funds back then had a much different investing model than their peers today. The pioneer funds regularly got their hands dirty, often even before investing, helping less experienced entrepreneurs build towards exit transactions driven by profits rather than growth.

It was the age of the nurture venture capital paradigm. And that’s the venture capital model – including modest fund sizes, hands on investing, and profit-driven exits – that today’s emerging centers of high impact entrepreneurship and investing should focus on as they get started.

### Beyond the Price of Admission

If it was just a money problem, even a money management problem, it would be...plenty challenging. But it is much more than that, and a lot more challenging.

What separates Silicon Valley from flyover country is not so much the lack of capital, but the lack of attitude. Attitudes, really.

Attitudes towards risk and decision-making: not just about accepting risk, but also how risk is reflected in the way startups and their investors make decisions, and empower their employees. Also, how the broader community thinks about risk takers – win, lose, or draw (see Part II: Embracing Risk).

Attitudes towards competition: recognizing that strong competitors drive innovation, and that even fierce competitors can work together on occasion. That “cooptition” is a better strategic posture single-minded competition (see Part III: Embracing Cooptition).

Attitudes towards employee engagement and mobility – adapting lean, flat management structures to fit tasks, rather than force tasks to fit bloated management structures. And realizing that when technologies, markets, and companies move fast, so do team needs and organizational structures (see Part IV: Embracing Job Mobility).

And perhaps most problematically, attitudes towards wealth: realizing that creating wealth, and sharing it, is part of the ethos of high-impact entrepreneurship and investing. Thus, providing much of the fuel needed to keep the innovation engine rolling (see Part VI: Embracing Prosperity).

Next time, on to some thoughts about addressing all these challenges, and making it happen in our corner of flyover country, the New North.

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