



Assessment & Roadmap Report

Cleveland, Ohio

Developed by Techstars
May 2018



**Techstars Startup Community
Development Program**



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Power of the Techstars Network

Techstars is the worldwide network that helps entrepreneurs succeed. Techstars founders and their teams connect with other entrepreneurs, experts, mentors, alumni, investors, community leaders, and corporate partners who will help their companies grow.



Worldwide Network

Techstars is the Worldwide Network that helps Entrepreneurs Succeed



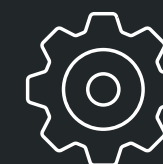
4,000
Events



150
Countries



10,000
Mentors



44
Accelerator
Programs



300K
Alumni



165
Portfolio
Exits



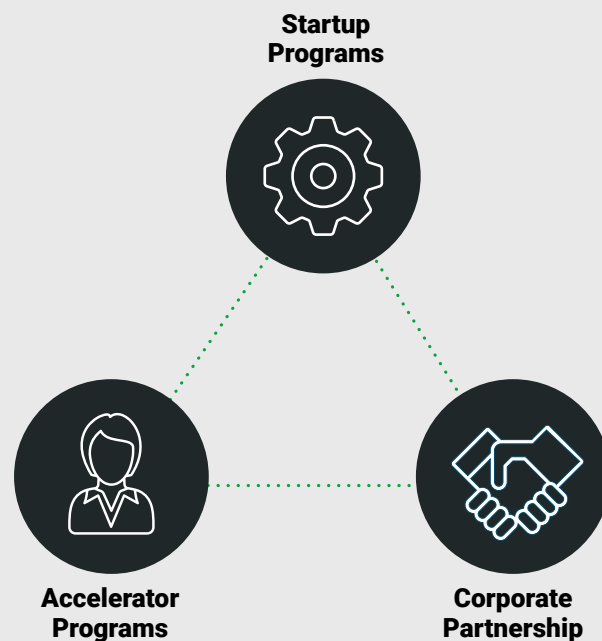
60+
Corporate
Partners



\$16B
Portfolio
Market Cap

Techstars operates three divisions:

- 1** **Techstars Mentorship-Driven Accelerator Programs** help founders do more faster. We operate 44+ Mentorship-Driven Accelerator Programs in 30+ cities globally.
- 2** **Techstars Startup Programs** inspire, educate and connect entrepreneurs. We facilitate close to 1,000 Startup Weekends around the world every year that impact over 30,000 motivated entrepreneurs, and 60+ Startup Weeks per year with over 100k attendees.
- 3** **Techstars Corporate Innovation Partnerships** help brands supercharge growth by accelerating innovation and cultural transformation. We work with companies like Ford, Target, Cedars-Sinai, Amazon Alexa, Barclays, Comcast and more than 50 other companies.



The Techstars Approach to Startup Communities

The Techstars approach to building startup communities has been developed over the past five years through programs, pilot engagements, and hundreds of conversations in communities around the world. Aided by the book, ***Startup Communities: Building an Entrepreneurial Ecosystem in Your City***, by Techstars cofounder Brad Feld, the Techstars approach is informed by the following principles:

- + ***Entrepreneur led***
- + ***All-inclusive***
- + ***Network over hierarchy***
- + ***#givefirst***



We use these principles as the foundation for a comprehensive framework that is used to assess the current health and maturity of the community. We then measure the community against a scorecard. Community building is difficult, long-term work, and there is no single model or playbook. We have modeled our collective experiences into a framework that represents the many aspects of a flourishing startup community, all from a founder-first perspective.

The Impact of Thriving Startup Communities

The success of forward-thinking cities and their leaders over the past ten to twenty years—such as the startup communities in Boulder, Colorado, or Durham, North Carolina—demonstrates that you can change your local economy through organic, home-grown company creation. Long gone are the days of relocating a large business entity to your region to create job growth. Entrepreneurs are the tip of the spear for company and job creation. They are critical for motivated communities to develop thriving innovation ecosystems.

“

Every city or region that wants to attract people, business and investment requires a startup community to serve as an integral part of its 21st century economy.”



Startup Communities are Complex Adaptive Systems

We believe that the understanding and practice of startup community building can be improved by incorporating insights from complex adaptive systems, a science used to explain the dynamics of physical, biological, social, and information networks. A complex adaptive system, in simpler terms,

is a system in which many independent elements interact, leading to outcomes that are difficult to predict by looking only at those individual elements. The system must be understood as a whole.

Using this framework, we can look at startup communities from a holistic perspective, taking into account how they naturally change, adapt, and evolve. This allows us to tease out what is, and isn't, working. This model isn't perfect (no model is!), but it provides us a way to evaluate a community across a standard set of criteria.

The model is based on the theory of complex adaptive systems, which describes two types of systems: complicated and complex. A startup community is often mistaken for a complicated system, but it actually is a complex system.

Typically, community leaders want to boil down the critical elements of community into a simple model in order to grow their startup ecosystem. These leaders want a Complicated system. Like sending a rocket to the moon, complicated systems are highly engineered. Success involves niche expertise applied in a controlled and organized

fashion, and the outcome is predictable and repeatable. We've observed that most community builders start by creating a slew of activities—such as pitch competitions, meetups, and coworking spaces—with the hope that the sheer number of activities will drive community growth. These tactics and activities are useful at the formative stages of community development, but have only a short-term impact. They are not the fundamental long-term catalyst everyone hopes for.

A thriving startup community, however, is a Complex system. Complex systems are 180 degrees different from complicated systems. Much like raising a child, there is no formulaic approach, outcomes are unpredictable, and guidelines are more useful than detailed plans. This approach runs counter to every business-building muscle that many leaders have built and trained for all of their lives. Those same muscles that make many successful in their careers—planning, budgeting, command & control, hierarchical management, etc.—are exactly the wrong muscles for community building. Complex systems require different principles, practices, mindsets and behaviors.



Startup communities **ARE NOT** complicated systems.



Startup communities **ARE** complicated systems.

COMPLICATED

- + A plan is necessary
- + First time is difficult, then easier
- + Requires a high level of expertise
- + Focuses on best practices
- + Outcomes are repeatable
- + Command and control leadership

Example: Sending a rocket to the moon.



COMPLEX

- + A plan has limited application
- + No formulaic approach
- + Expertise is not necessary
- + Uses guidelines
- + Unpredictable outcomes
- + Self-organizing

Example: Raising a child.



**Adapted from Brenda Zimmerman, 2002*

Techstars Community Development Guiding Practices

If you start with the right set of community principles, those principles serve as the positive catalyst of a 10- to 20-year community building journey. Let's explore the guiding principles and practices.

Get the attitudes right. Attitudes, such as being entrepreneur-led, #givefirst, all inclusive, and network over hierarchy, are the necessary foundation upon which all other growth emerges.

Put founders first. No entrepreneurs means no startup community. Entrepreneurs are the leaders of a great startup community.

Engage actors from across the community. Engage individuals from across the entire community, including startups, corporations, university/higher education, local/ state/national government, and media.

Layer in many activities. Use trial & error to develop a variety of well-intentioned activities that address all aspects of the startup community.

Be inclusive. A diverse set of people from across the community will drive meaningful interactions. The door should be open to anyone who wants to participate.

The road to startup community development is measured in years—not months. This is a long journey with many variables, many actors, and a myriad of activities that all come together with the goal of accelerating the growth of the community. It is a complex system and, as such, requires years of effort to create impact.

There are no shortcuts. You cannot skip steps or grow a community through an expensive, fancy marketing campaign. Like a scalable startup, it takes hard work with hundreds—if not thousands—of points of activity developed over a long period of time.

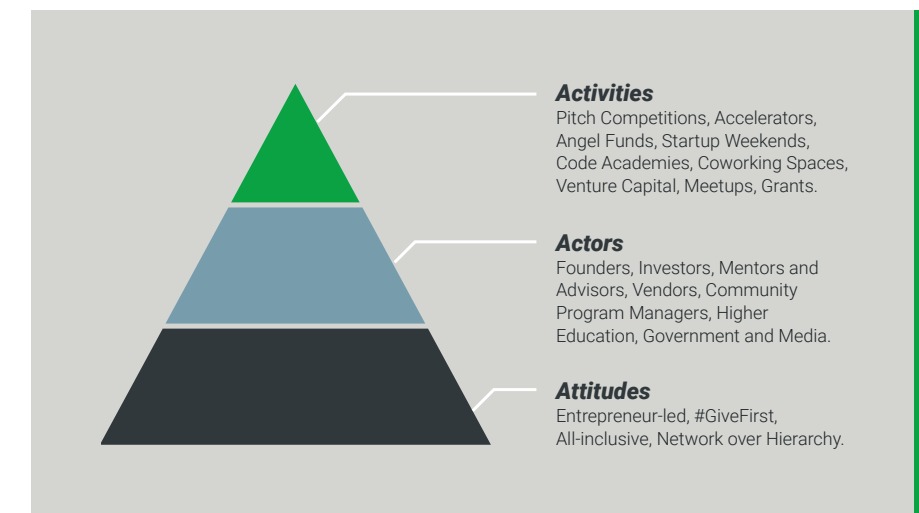
Techstars Startup Community Development Model

Mature startup communities are made up of activities, actors, and attitudes:

The **activities** bring people together and drive progress.

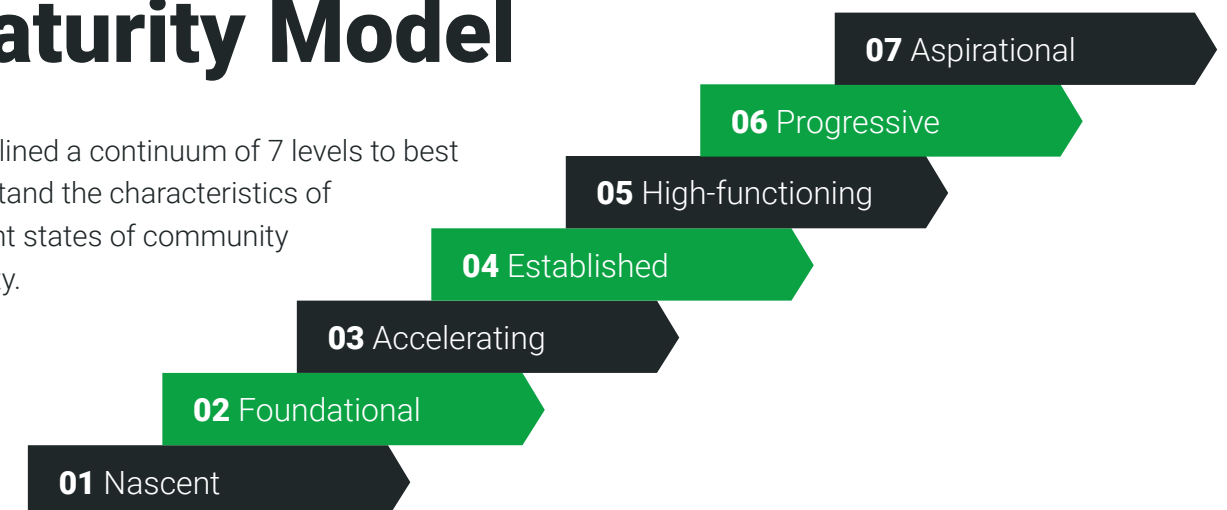
The **actors** come from all parts of the community, each with a role to play.

The community is built on a foundation of **attitudes** that contribute to long-term innovation.



Techstars Community Maturity Model

We outlined a continuum of 7 levels to best understand the characteristics of different states of community maturity.



5

major themes encapsulate the many factors critical for community building:



Talent



Density



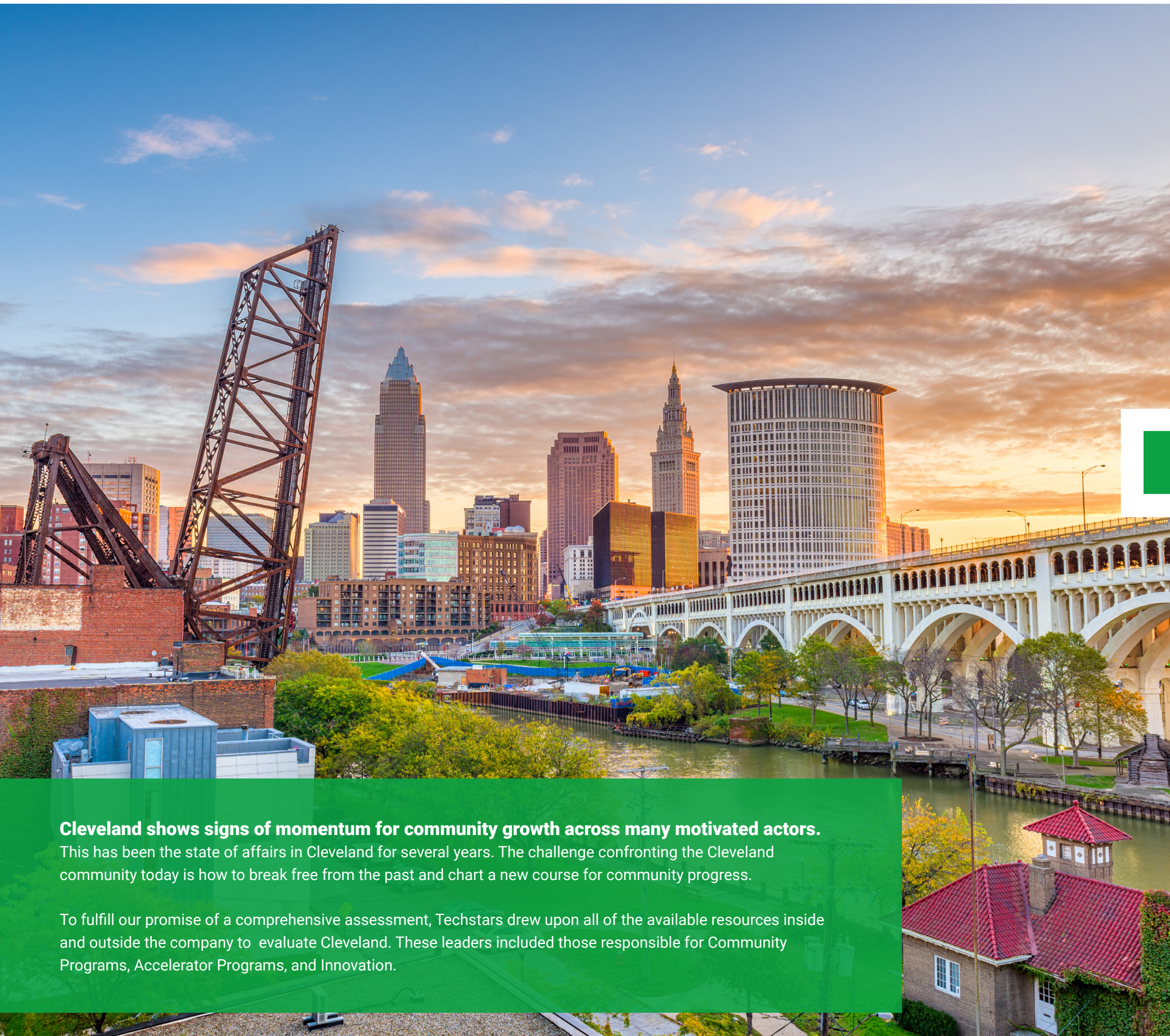
Culture



Capital



Institutions



Cleveland shows signs of momentum for community growth across many motivated actors.

This has been the state of affairs in Cleveland for several years. The challenge confronting the Cleveland community today is how to break free from the past and chart a new course for community progress.

To fulfill our promise of a comprehensive assessment, Techstars drew upon all of the available resources inside and outside the company to evaluate Cleveland. These leaders included those responsible for Community Programs, Accelerator Programs, and Innovation.



Cleveland OHIO

The Cleveland report includes three elements:

- + A complete, bottom-up inventory of the city's startup activities, actors, and attitudes;
- + An assessment of the inventory against the Techstars Community Maturity Model; and
- + A custom roadmap outlining specific recommendations to grow Cleveland's community.

In November 2017, Techstars visited Cleveland to gather in-depth insight about the community:

- + Stakeholders: Conducted 52 interview sessions of 30-45 minutes, with 61 individuals across almost all of the major actor categories
- + Space: Met at 3 coworking spaces across Cleveland
- + Convene: Hosted a fireside chat, attended events, and met for informal lunches

Current Maturity Level

Level 3

There are active high growth startups as well as a set of leaders in the startup community who are taking a long term (10+ year) view. A good number of potential startups are being formed. There are multiple events per month in which everyone with interest attends.

Future Growth

Levels 4 & 5

There is work to be done and an attitude of “all hands on deck” is required to achieve the goal of expanding Cleveland’s growing startup community. In order to best understand where to go from here, we selected the following factors that exist in maturity levels 4 and 5 as aspirational goals.

Activities for growth:

- ▶ There are multiple blogger/influencers showcasing the entire community
- ▶ A larger, more diverse set of entrepreneur leaders spearhead key activities
- ▶ There are 10+ entrepreneur/influencer/leaders that serve as “power nodes” in the network
- ▶ There is an open and obvious destination for startup actors to office, meet and event in
- ▶ There are 500+ startup founders; 100+ CS annual graduates; 25+ effective & accessible mentors
- ▶ Robust recruiting activities create entry points: entry level up to executive placement opportunities
- ▶ An angel group makes 4+ investments per year and a traditional accelerator is in operation
- ▶ At least 3 corporate partners are engaged with the community with some combination of investment, mentorship as well as serve as first/beta customers
- ▶ Founders are treated as “celebrities” and are accessible to other budding entrepreneurs



Cleveland Scorecard

Rated on a scale from 1-7



Talent

2.0



Density

2.3



Culture

1.6



Institutions

4.3



Capital

3.6



Cleveland's biggest opportunities for growth are density, culture and talent.

Density is a primary challenge and will be difficult to coordinate.

Culture is the most compelling factor in accelerating community. We need to focus collective energies here, as we believe the rest will begin to fall into place.

Talent development has many angles including the development of new founders, scaling up existing founders, and identifying and training mentors.

Cleveland

Scorecard Breakdown



Culture



- ▶ There is a relatively small network of startup enthusiasts for Cleveland's overall population.
- ▶ There are substantial nodes of people within the network. These are geographic (East-West), organizational, or stage dependent.
- ▶ Connectedness is either low or, if connected, the relative meaningfulness of the connections appears to be low.
- ▶ Individuals don't work together across the greater metro area. The region can best be classified as "slightly less than the sum of its parts." This is the biggest issue confronting the region today.

In terms of size, we calculated that there are 100-150 active entrepreneurs in the network. In order for the community to grow, the entrepreneur segment of the network should be in the 500+ range. There is some notion that the healthcare network is separate from the technology network, but we recommend that the overall startup network should not be divided by interest, stage, or sector.

The overall connectedness of the community has room for improvement; it is a task never completed. We observed definitive silos among various niche groups: the "old guard," the old-old guard; young first-time founders; East-Downtown-West spaces; and funding sources. We did not find evidence that there is regular connection between the leaders of these groups.

As some leaders aggressively spearhead entrepreneurial events, it is important that there is a strong, frequent and supportive relationship between all organizations in the area. For example, promoting each other's events is an easy activity with high impact.

We observed that individual super nodes do not frictionlessly make their network available to others in the region. We sense hesitation, or a lack of general awareness of how to add people to the network. Great communities have networks that operate with little to no friction.

Our favorite example is this simple task: when you see an opportunity to introduce two people, do you first ask permission from both parties, or do you go ahead and make the introduction? If you do the former, you create friction in the network. Founders need less friction, and quick, ready access to resources.

#givefirst is a core attitude shown by every member of a thriving community. Do you give without expectation of getting anything in return?

If there is friction in accessing resources such as introductions or mentorship, we put success at risk. By breaking down the barriers to finding and engaging key resources, the founders and startups will grow and prosper.

Silos are an accidental outcome of a growth community and should be addressed. With the success of JumpStart in trying to serve many elements of this community, some community members have begun to sour on JumpStart's role in generating/managing everything entrepreneurial. Unfortunately, this creates a ceiling or caps community growth and begins to have a negative effect.

Let's address the elephant in the room and talk about JumpStart. The feedback on the organization was pretty aggressive in many areas. There were a few positives, a bunch of neutral and a bucketful of negative points shared. Some of them were insightful, many were baseless or uninformed.

This is an amazing organization with a huge and difficult task. As Ohioans and Clevelanders, Jumpstart is a unique advantage. When it comes to JumpStart's statewide and regional support of entrepreneurship, there is really nothing like it that we have seen in the United States.

No organization is perfect. JumpStart does not serve every need in the region. Let's remember the organization's charter: jobs—and who it must serve: state government.

Drop the "us vs. them" mentality when it comes to Jumpstart. Do you see a need that is not being met? Figure out how to address it and reach out to JumpStart's leadership team. Are you frustrated with how the organization operates? Let them know directly and honestly, instead of taking a passive-aggressive stance. Figure out how to work with them instead of fighting against them.

Mentorship

Founders who have achieved a level of success through an exit or serial entrepreneurship are a key element of this aspirational "stack" because they can serve as mentors to new founders. New founders often get their start by connecting with experienced founders at an event, seeing them in a fireside chat, and talking honestly about the journey in a one-on-one meeting. This is why being both visible in the community and being open to mentoring are key activities. We suggest the following activities for entrepreneurs:

- ▶ Host open office hours for 15-30 minutes, once or twice per week.
- ▶ Commit to 2 or 3 coffee meetings per week.
- ▶ Volunteer to help run an event.
- ▶ Volunteer to speak, moderate, or emcee an event.

Events

We heard over and over again that the current slate of events does not provide a platform for "meaningful interactions" amongst community members. Tech Pint and Startup-Scaleup are exceptions. However, we would add that Tech Pint fails to consistently attract serial/successful founders and Startup-Scaleup fails to embrace first-time, new founders.

Cleveland doesn't need any more traditional events. It's time for more diversity of events that are created by new leaders who are identifying new niche opportunities. This is the natural progression of a growing community. If you can identify a need that is not yet being met – stand up, share the thought, and see if others agree with you. If there are others in agreement, organize around that

need and ask for help.

This process is very much like raising money for a startup: not everyone or everything will be "funded," or, in the case of events, not every event idea will be supported. As a leader in this community, it is your job to convince others to support you and give them a good reason to do so.

***Everyone has something to give.
If you have been working on
your startup for a year, you have
a years' worth of experience to
share with someone who has
not made the leap yet. There is
room for much more mentorship
activity in the region.***



Storytelling

One of the more underrated components of a mature ecosystem is strong community storytelling both for locals as well as interested outsiders. Cleveland should identify, encourage, develop, and fund storytelling amongst community influencers. This is something that JumpStart can help facilitate. This is something that each and every one of you can also start, today, through Twitter, Facebook, Slack, Instagram, your blog or whatever social media vehicle you are most comfortable with.

Every growing community needs to share their wins, their challenges and the stories of both. In mature communities, entrepreneurial influencer leaders do this through blogging, speaking, books, and social media. They also participate as guest speakers at colleges and local events. Storytelling is an inspirational tool for soon-to-be-founders. We get inspired by people. Traditional media can also play a key role. These influencers and leaders need do this inside their local geography as well as outside the area, which helps create out-of-region awareness for the community. We don't observe much of this happening in Cleveland. If it is, it is not happening at scale. Storytelling is older than Morris Wheeler—that's how old it is. And it works. The community cannot rely solely on the Cleveland Plain Dealer or Crain's Cleveland to tell the startup story. This is where the successful founders need to step up.

Attitude

Setting the right community attitude will be the best catalyst to take the community to the next level. It will take years of effort. And it starts with each person reading this report. Stop looking backwards and figure out how to work together. It's time to celebrate—in a humble manner—and stop complaining about what's happened in the past. Cleveland is not Silicon Valley, or Seattle or Austin. But in some respects, the opportunity is bigger here than in many of the places that get more airtime.

Cleveland needs...

1. More founders
2. A broader definition of entrepreneurship
3. More talent to support the break-out companies
4. A tighter, more integrated relationship with the local college & university
5. Formation of more supportive relationships with corporations in the region

But none of this will happen, or happen quickly enough, without an entrepreneurial “pull up your boot straps and let's get to work” attitude.

Share the stories of the Cleveland and regional startup community—without sharing the challenges. Pick the stats or stories you want to share, and share them. We refer to this as “positive contagion.” Confidence is contagious.

We want each of you (and we mean “you” as individuals, not as organizations) to have permission to be a leader. What do we mean by that? If you notice a void, a gap, a problem emerging, a frustration with how something is being done, stand up and do something. We need more leadership, not less. A growing community cannot rely on the same 5-8 people. New leaders must emerge and be supported in their efforts. There is room at every table for anyone who is willing to check their ego at the door, place their business agenda to the side and put in some hard work.

As you grow, you will need leaders. How to support new leaders? Show up to the events they host. Help market their ideas to draw a crowd. Listen to their ideas and give them honest feedback.

Upgrade Approach with JumpStart

JumpStart is a victim of its place in the community. You have a staff of hard-working, dynamic, and very passionate change agents. What JumpStart has helped facilitate over the past twelve or more years is significant. There is a healthy mix of experience and local knowledge. To the best of their ability, they are there to serve as your intellectual, emotional and financial partner. This is an organization created to serve specific aspects of the entrepreneurial journey. But, not every aspect. And sometimes the organization misses something and does not get it right.





Density

There is much to do to optimize the space and create a natural destination in and around Cleveland. We found the city and region to be fragmented with some entrepreneurs at LaunchHouse, some downtown at Flashstarts, and a few out on the west end. For the size and maturity level of the region, this fragmentation results in zero flywheel effect. Cleveland's goal is to identify an obvious destination for everyone with interest in the startup community. Don't underestimate the subtle power of place & destination.

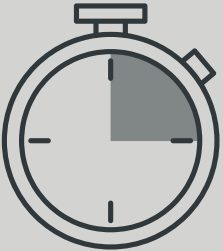


Density is crucial to the long-term growth of the community.

There is a clear trend that millennials and the creative class migrate to urban centers. This is a distinct Cleveland advantage.

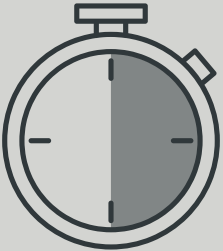
Because of Cleveland's current fragmentation of place and space, it will take some strategic thinking as well as coordination and compromise to create density. The great news is that there are motivated density "developers." The bad news is they are spread all over the city.

The challenge is how can Cleveland take a small step back in order to take a big leap forward? Creating density will require some near- and mid-term goals that will, over time, create a thriving, critical mass area where entrepreneurs, mentors, and other community members will naturally gravitate.



Near Term

We recommend that a group of real estate actors sit in a room with some entrepreneurial leaders and find common ground for coordination with an eye of creating a near-term critical mass destination. Set personal and business agendas aside, and choose a location that will be best for the entire community.



Mid Term

The city, county and other governmental and quasi-governmental organizations need to develop incentives to recruit as many mid-sized (5-50 people) growth companies as well as all current entrepreneurial organizations to a downtown destination or neighborhood.



Talent

Cleveland needs more founder talent in order to expand to a more mature level. The lack of founder talent is a classic pipeline problem. There are simply not enough new founders backfilling the community pipeline. With a typical exit time period exceeding 10 years, it is critical that the community continue to develop new founders. If there are 100 motivated founders in the region today, your target should be to increase to 200 founders in the next 3 years, or 500 founders in the next 5 years.



Where will they come from? We can start to answer that with an anecdote. We give talks to communities around the world, and frequently ask for a show of hands how many people have an idea for a new business in their head today. As you might expect, about 80% of the audience raises their hands. We don't think every single person is cut out to be an entrepreneur, but we do believe many people can become entrepreneurs. Some data suggests it is somewhere between 6% and 14% of community's population that can become entrepreneurs. In Cleveland, let's use a target of 2% of the current population; that means as many as 10,000 potential founders just in the city could become entrepreneurs. How do we let these people know that there is a place, a program, a community of like-minded people ready to share their experiences to help each other out?

Founders come in all shapes and sizes. Gender, ethnicity, educational attainment, and age are but a few characteristics of diverse founders. As such, the door or window that each entrepreneur walks through to get to the entrepreneurship is different. Focusing efforts on just one door for everyone to walk through limits the growth of the community. Inclusivity might look like creating multiple doors and multiple windows as entry points. JumpStart is one single door. There must be other doors and windows into the entrepreneurial room. Where is the cross-community support for founders of all backgrounds? Where is the aspirational leadership from mature founders? New entrepreneurs are inspired by other entrepreneurs, and for this reason, Cleveland must highlight and support entrepreneurial talent from all corners of the ecosystem.

Techstars Startup Weekends are a fantastic vehicle to drive new entrepreneur activity. It is 54 hours to try on the entrepreneur suite. In Cleveland, there has been 1 event in the last 3 years. For comparison, Los Angeles ran 16 Startup Weekend events last year. Cleveland can run more programs, which will in turn support the region's talent.

In Cleveland, the computer science and engineering academic programs are growing, but have room for growth. During our assessment, we learned that the local colleges are producing approximately 85-100 computer science graduates per year. Although there is growth in these programs, there is still room to increase these numbers. For comparison's sake, let's look at the 2015 data in similarly-sized metro areas: the Boulder/Denver, Colorado region has approximately 370 graduates per year; Raleigh/Durham, North Carolina has 650+ graduates, and Corvallis, Oregon has 270 graduates/year.

There are a couple top-producing code academies, including Tech Elevator and We Can Code It! This a great sign for the region. We did not observe any novel, game-changing thought leadership around identifying other key skill-set shortages and the subsequent ideas to solve those gaps in a meaningful way.

Cleveland can run more programs for new founders, which will in turn support the region's talent.

Invest in Talent Development Programs

Every community implicitly understands that tomorrow’s end-game is about talent. Significant leadership is required for the Cleveland startup community to expand and deliver intentional and proactive talent development as a top priority.

This region has an advantage over smaller communities: population size. There is an opportunity to leverage the relative size of Cleveland to quickly create unique and relevant talent development experiments that can later scale when that experiment is validated. Talent development experiments should be run monthly.

These activities must start with founder development. Cleveland’s opportunity is in developing a large, completely new approach to “top of funnel” activities targeting potential founders across age, gender, education and interest. There are no rules, only opportunities. It can be as simple as hosting a “learn how to get started” day every quarter. Make the focus metro-wide. Invite local startup leaders to volunteer a couple of hours. Celebrate entrepreneurship! Then be patient. Think outside of the box. Do things that no other community is doing. Brand Cleveland as a place where entrepreneurs go to to get started regardless of age, gender, race, or education.

As Cleveland grows its number of computer science graduates, ensure that every single one of them has access, training, and funding to find a role in a Cleveland company. Start that interaction from the first day of their first class until the day they graduate. Imagine the word-of-mouth impact if potential students knew that they were all but guaranteed a great job if they choose to attend one of the local colleges. Local startups should create internships and co-op programs that give students real experience.

For those of you operating in traditional organizations, such as college, government, or large corporations, we challenge you to put your day-job goals to the side help build the community through recruiting and matching talent. In the long run, the indirect benefits to you will be enormous. To be an effective community leader, you must sign up for the larger mission of the startup community and figure out how you and your organization can support that mission. For

example. rather than each organization individually competing for talent, imagine if Cleveland corporations collectively had 500 open software development positions available. This approach helps attract and retain talent.

Expand & Train Current/Existing Mentors

Great mentorship can come in many different shapes and sizes, just as mentees need mentorship in just as many different delivery vehicles.

The easy go-to mentor profile is a seasoned executive with lots of success under their belt who is part of a structured mentorship organization. This is important, but is just one type of mentorship. We suggest that more recent founders serve as mentors in both an organized and ad-hoc manners. The best advice is shared by those that have recently felt the pain that the mentee is experiencing right now. Tactical and specific advice beats general business advice at the formative stages of the startup journey.

Mentorship can easily slip into an ego thing—for the mentor. As a mentor, if you are asked a question that you have not directly experienced yourself, you should be careful about giving advice. This is an area where Cleveland can train up people from across the community to be ego-less, entrepreneur-focused mentors.

As more startup founders emerge, they will need both formal and informal mentoring in order to continue their growth. The network is there to serve the informal, ad hoc mentor need if the network is operating at full value. There are two components to the use of the network: the ask and the give. Cleveland must leverage both of these components in order to be most effective. In short hand this means: ask for help and be willing to give help.

The region is a bit too small to rely solely on local mentorship to address all of the issues confronting founders today. The solution to this is simple: build a bigger network where each founder in need can utilize mentor talent both inside and outside of the region.





Capital

During our assessment, we repeatedly heard that there are investment dollars sitting on the sideline. It would take much more investigation to determine whether this is true or not. Regardless of this, great founders with great ideas and some traction can find investment dollars. We have seen this play out in the region, with evidence that an entrepreneur can network into and close on approximately \$50k to \$250k locally—if they are an effective fundraiser. The challenge as the Cleveland startup community grows—and so do quality investment opportunities—is whether there is a frictionless, clear way to unlock more local dollars to meet these funding needs.



There are a number of relatively mature resources available to local CEOs, including angel investors, angel investment groups, and quasi-government supported micro VCs. The capital stack addresses up to the larger Series A level. This is appropriate for the maturity of the region. That is the good news.

We observed something that seems overly-structured, though. Be careful that these funding options do not begin to feel like new versions of the “old boys’ club.” This is traditional hierarchical thinking that limits your community’s growth. At the heart of your community, the first focus is to remove any perception that you need to “know somebody” to get funding. We recommend a network approach where the needs of both founders and investors are met. Be generous with introductions and emphasize the “ask/give” behavior mentioned earlier in this report.

The addition of Plug N Play is a great win for the area. Mature communities have many versions (incubator, accelerator, etc.) to serve great founders. We challenge each of you to find a way to help this program be successful. It can be as simple as attending an event at Plug N Play, offering to mentor a founder in the program, or using your social media platform to amplify the organization’s and startups’ news.

Over the last few years, Cleveland has decreased from 3 accelerators to 1, FlashStarts. The FlashStarts leadership team has worked hard to be a relevant enabler in the community. Is the Cleveland community doing everything it can to support that team? Even if you don’t agree with the business model or are skeptical of the impact, dive in and see where you can help, support, and cajole the leadership and the entrepreneurs in the program. A transparent and open dialogue can work wonders.

Larger funds may come to the region but they will need to see multiple examples of potential deal flow first. This is not a concern at the current maturity level. We see too many community leaders assume that an increase in capital will magically engineer successful companies and thus “put us on the map.” Capital is not a silver bullet to grow a mature startup ecosystem.

Networked Capital

We recommend a network approach where the needs of both founders and investors are met. Be generous with introductions and emphasize “ask/give” behavior.



Institutions

Mature startup communities have meaningful engagement from several types of institutions, including city, county, and regional government, colleges and universities, and large corporations. These entities can play a vital role for startup companies by investing capital into local funds, by encouraging employees to serve as mentors, and by teaching and programming entrepreneurial activities. In addition, governments have a responsibility to create a stable, predictable, and supportive regulatory environment for entrepreneurs and investors.



Government Engagement

The government and quasi-government organizations, with the exception of JumpStart, do not appear to be well connected to the startup community. The current approach of the city and county is traditional, top-down economic development. Cleveland needs its government leaders to embrace a grassroots, enabling vision. This is where some institutional support can make a difference: by getting behind and supporting motivated, local entrepreneurs.

- ▶ Cleveland has an opportunity right now.
- ▶ Success will be based on a fully collaborative effort across all actors.
- ▶ The city and county have the influence and means to address some of these issues.
- ▶ The city and county should be more clearly involved in startup community growth.

College/University Engagement

Case Western and Cleveland State University (30,000 student population combined) have a number of entrepreneurial programs, centers, and relevant research projects. In addition, Cuyahoga Community College has an enrollment of 30,000 students. During this project, we spent time at ThinkBox and found it to be a real asset to the community, largely because it does not require participants to be a member of the university. This approach promotes inclusiveness and cross pollination in the community, and we recommend more models like this.

A mature startup community will have have an integrated community where the staff and faculty of colleges and universities work alongside real world entrepreneurs. In Cleveland, there is more opportunity to support activities such as collaborative research and commercialization programs.

Corporate Engagement

Mature startup communities have a strong and multi-dimensional relationship with regional corporations.

There appears to be little to no relationships with local or regional corporations. This must be addressed. Plug n Play has a connection to the Clinic, but that is only one data point and opportunity. The companies headquartered in Cleveland are unique to the region. Nobody knows these companies and their executives like leaders from the communities do. It is never too early to create, augment or super-size those relationships. These are not just for the typical Fortune 500 companies, but should also include niche, mid-sized companies.

If we are to see the Cleveland's startup community mature, there must be a significantly stronger link between the startup community and the corporations and their staff. There are many ways that the corporate leaders can take a proactive role in the community:

- ▶ They can encourage and offer up their executives for mentorship
- ▶ They can show up at local events and create regional fellowship
- ▶ They can leverage entrepreneurial programs for internal innovation
- ▶ They can create internal incentives to beta-test local startup products & services
- ▶ They can invest from a smaller event (\$1,000) to a larger commit (\$3M) to drive progress.
- ▶ They can co-create a semi-annual corporate integration day with other community actors

The direct and indirect benefits to corporate participation in the startup community is real, obvious and measurable.

Local Infrastructure

The elements of local infrastructure elements we look at include:

- ▶ airline access (direct flights) to key locations in US
- ▶ high-speed bandwidth in key locations
- ▶ inner-city transportation, including parking, to key locations

At this time, Cleveland scores very high with direct flights to many Tier 1 and 2 cities (SF, NY, LA, Miami, Chicago). International flights (London, Tokyo, Paris, etc.) do not exist at this point. We experienced good bandwidth at coworking locations and discovered no issues with bandwidth during our interviews.

Currently, there are adequate transportation options for getting around town and specifically to key locations. Parking downtown is accessible but expensive. This is a point of friction with entrepreneurs. Entrepreneurs are a fickle group and you will need to stay on top of this through free/low-cost parking, public transportation with direct connections between key drop-off points around the city. Bicycle and scooter support as well as charging stations are other amenities that are emerging. If Cleveland can make some progress in terms of entrepreneurial density, these issues or potential issues should be easily resolved. Transportation is an area where government can positively influence community infrastructure.



Conclusion

If you're running the community based on the "old way"—stop. Start practicing the "new way." Each and every individual in the community is able to contribute to positive change in the Cleveland community.

Old Way
Top Down
Government Led
Hierarchical Structure
Command/Control
Assignments
Old-Boys Club
Detailed Plan
"or"
Design Strategic Plan

New Way
Grassroots
Entrepreneur Led
Network Structure
Experiments/Iterations
Self-Organized
Inclusive & Diverse
Mission is Plan
"and"
Stimulate Experts

Cleveland Challenges & Plan

	<div></div> <div>Priority Challenges</div>	<div></div> <div>Priority Plans</div>
1	Upgrade Your Personal Attitude & POV	New Leaders; Glass Half Full Mentality; Share Wins
2	Upgrade Your Approach With JumpStart	Two-Way; Connect & Share; Enable Over Own
3	Invest in Talent Development	New Founders; College/ Universities; Supersize Job Match
4	Increase Storytelling From Leaders	Community Platform(s); Out-of-Region Speaking
5	Level-Up Mentorship	Expand Mentor Network; Techstars Workshop
6	Coordinate Destination	Think Neighborhood
7	Harmonize With Government	Incentives for Companies and Organizations
8	Integrate Regional Corporations	Corporate Development Event(s)



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