

# Talent and Networks Drive Economic Development

Rich Bendis 12 July 2010

Even in this era of global markets, new ideas, new companies and new jobs are still created on a local level. One of the bright spots for the future of the U.S. economy is growing evidence that a culture of entrepreneurship is beginning to spread beyond Silicon Valley to urban and rural areas across the country.

States as diverse as Pennsylvania, Ohio, Kansas, and Georgia are among the regions bringing together three essential ingredients for innovation: specialized talents, networks and knowledge.

Yes, we are living through a time of economic transition. North Dakota, probably not the first state to come to mind, was a national leader in job growth in the last decade. Philadelphia, where I live and work, was once a major manufacturing center; now one of its major sources of jobs is the health care and life sciences industry, a stable employer even in tough economic times.

How well we emerge from this transition is likely to be determined by how well regional economies diversify, apply technology, and encourage entrepreneurship. Thankfully, there are signs that local and regional

economies are working to maximize their strengths and make those strengths relevant in the global market. Because as our world is faced with environmental concerns, climate change, social and economic transitions, the global market requires new products and services to be relevant, not merely workable

Here are some of the positive signs I see at work among state and regional economies:

Many are working to harness the benefits of investments in R&D and in the talents people develop through higher education in order to spur new business development. Jump Start, Inc, a Cleveland public-private partnership and Georgia Bioscience Commercialization Center are both focused on working with start-ups in their regions.

The entry point for entrepreneurship is lower than it has ever been thanks to technology and social media.

Entrepreneurship, as Peter Drucker has pointed out, "endows resources with a new capacity to create wealth."

Dorm-cubators are popping up at universities around the country and some campuses provide "value-added" services that help students collaborate and innovate.

Libraries, far from being obsolete, and powerful search engines provide fast, easy access to knowledge are becoming incubators of new ideas

Local economies are benefiting from networks. The instant sharing of information via social media and mobile

devices is facilitating collaboration at unprecedented levels. The ability to collaborate and partner helps develop innovation networks and builds the relationships of trust vital to bringing new ideas to market. Grass roots networks, which have been vital to the success of Boston and Silicon Valley, are now being spawned in other areas. Philly Startup Leaders is an unstructured, active local network of entrepreneurs who share information and advice.

Industries are using technology to modernize and become smarter. Existing enterprises, especially those we think of as non-tech, are modernizing. At an IBM hosted forum at Philadelphia's National Constitution Center, I heard enterprises as diverse as the City of Philadelphia, The Philadelphia Gas Works and the non-profit Philadelphia Education Fund discuss ways they are infusing the benefits of technology into their operations. This is happening in communities around the nation, helping to create more effective organizations

One area of caution and concern I see is access to capital. Only four percent of venture capital investment went into early stage companies last year. Experience shows us that these are the companies that will create the future jobs. Companies with less than 20 employees were the source of 107 percent of the new jobs created after the 2001 recession. Access to capital remains one of the crucial differences between self employment and the ability to build a business that creates new jobs.

Washington may set national economic policies, but local and regional economies build the bases of employment. We show every sign that we have the people, the creativity and the resources to come through this transition toward a strong, sustainable economy.

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**Mr. Bendis currently serves as the founding President and CEO of Innovation America (IA), a national not for profit, private/public partnership focused on accelerating the growth of the entrepreneurial innovation economy in America.**