

Entrepreneurship is key to growing B.C.'s economy

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Throughout North America and, indeed, around the world, governments and other managers of economies have recognized that in this century, innovation and knowledge, primarily in the form of technology, will be the main economic driver. For example, in March 2009, the *Harvard Business Review* suggested that the currency of global competition in the years ahead will be innovation.

Some cities and regions have leaped ahead in the economic race by actively encouraging this conversion to an innovative knowledge economy, primarily through the bolstering of entrepreneurship infrastructure for technology startups. Part of this emanates from legacy thinking about the nature of infrastructure. In the 20th Century, infrastructure meant roads, bridges, airports, hydro-electric facilities, and other bricks-and-mortar assets. These were critical elements of social and economic development, creating jobs, stimulating commerce, and assuring our competitiveness nationally and globally.

In the 21st century, however, the system of programs and resources to support technology entrepreneurship is emerging as a critical provincial infrastructure asset. B.C.'s economy is one of entrepreneurial small business, with a large number belonging to the tech sector. In fact, in 2007, 96 per cent of the estimated 8,225 technology companies were small businesses. Since innovative entrepreneurship emanates from an ever-growing number of startups, it seems reasonable to emphasize the importance of technology entrepreneurship both to the B.C. economy and its important innovative capacity.

The provincial government has taken great strides to help technology entrepreneurs, through the introduction of innovative investment tax credits, the Renaissance Fund, and through the work of the B.C. Innovation Council in support of the New Ventures BC business plan competition and other commercialization programs.

Competitive regions are also moving to create this important economic underpinning. Studies in the U.S. and by the Organization of Economic Co-operation and Development, Denmark and Britain have shown that innovation through technology entrepreneurship enhanced productivity and economic growth. For example, San Diego ranked as the seventh-largest high-tech metropolitan region in North America, according to the Milken Institute's Tech Economy Metro Area Rankings. Between 1990 and 1998, the technology sector in San Diego created over 46,000 new jobs, nearly all of them by

small firms. The region's success in creating and expanding technology businesses was driven by multiple factors, including a rich R&D base, strong university-industry linkages to drive commercialization of R&D, availability of a skilled workforce, an involved business community, investment capital, and strong public-sector support and leadership.

As an entrepreneurial economy, one way for B.C. to strengthen its current infrastructure to keep pace with other regions is by establishing a network of incubators and accelerators that guide, mentor and invest in early stage technology ventures.

Proof of concept for these types of organizations already exists. There are about 7,000 business incubation programs worldwide, many of which have city, state or national government as their main sponsor. According to the National Business Incubation Association, in 2005 alone North American incubators assisted more than 27,000 startups that provided full-time employment for more than 100,000 workers and generated annual revenue of more than \$17 billion. The East of England Development Agency provides grants up to £20,000 (\$34,800 Cdn) for market validation services, and offers "innovation vouchers" designed to help businesses purchase academic expertise from the region's universities. Enterprise Ireland funds in-market business development professionals. The Ontario Centers of Excellence Investment Accelerator Fund invests up to \$500,000 as convertible debt to help kick-start new technology companies in Ontario. While a variety of models are in use today, the investment model is preferred over grants.

Technology incubation and startup acceleration programs are becoming national priorities for leading innovation centres around the world as a way of growing their entrepreneurship infrastructure, attracting talent in science and technology research, and securing their relevance in the global economy. In conclusion, the pace of innovation in the 21st century will accelerate through entrepreneurship and the strength of a region's infrastructure in supporting it. The growth of startups will be the catalyst for this increasing pace.

Entrepreneurship infrastructure will be a vital asset to B.C.'s knowledge economy going forward, and requires all stakeholders to embrace increased collaboration and action.

B.C.'s ability to remain competitive as a technology centre is one of the keys to our future prosperity, and is increasingly dependent on the continued support this sector receives.

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