Encouraging High-Growth Entrepreneurship

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MIT’s Entrepreneurial Impact
Estimated Employment and Sales for All Active MIT Alumni Companies°

<table>
<thead>
<tr>
<th>Jobs</th>
<th>Percent of Companies</th>
<th>Median Employees</th>
<th>Median Sales ($Millions)</th>
<th>Estimated Total Employees</th>
<th>Estimated Total Sales ($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 10,000</td>
<td>0.3%</td>
<td>15,000</td>
<td>1,523</td>
<td>1,339,361</td>
<td>1,389,075</td>
</tr>
<tr>
<td>1,000-10,000</td>
<td>1.8%</td>
<td>1,927</td>
<td>308</td>
<td>1,043,932</td>
<td>235,532</td>
</tr>
<tr>
<td>Less than 1,000</td>
<td>97.9%</td>
<td>39</td>
<td>&lt;1</td>
<td>900,001</td>
<td>226,671</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>155</td>
<td>&lt;1</td>
<td>3,283,294</td>
<td>1,851,278</td>
</tr>
</tbody>
</table>

Two Key Findings and an Inference

University alumni impact is dramatically more important than direct tech transfer!

Only ~2% (~540) of the ~ 25,800 MIT alumni-founded active companies provide most (>70%) of the economic impact (>1000 jobs each). The rest average ~40 employees each!

Policies that focus upon the potential high-growth new/young innovative firms are the principal ones that may succeed in building the economy.
Policies to Encourage Entrepreneurial High-Growth Businesses (not just Small Businesses !)

Re-examine all policies of the Small Business Administration to place emphases on new businesses with high growth potential.
- Modify the SBIR Program
- Provide “per new employee” tax credits

Award 5-year post-degree visas to all foreign students in accredited university programs in science, technology and management.
Tax Policies

Reduce capital gains tax rates for long-term investments in U.S.-headquartered startup companies.

Make corporate R&D tax credit permanent, and increased for firms that grow their domestic R&D spending.
Stimulating Universities to Foster S&T Entrepreneurship

Fund 10 “model” entrepreneurship centers across the U.S. at S&T-based universities to develop, document and assist in nationwide dissemination of “best practices”.

Encourage entrepreneurship programs to be university-wide in order to integrate management students with science and technology students.

Eliminate from university rules and regulations any barriers to faculty/staff entrepreneurship.