The Pioneer Spirit: Missoula Entrepreneurship

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THE PIONEER SPIRIT: MISSOULA ENTREPRENEURSHIP

An Honors Research Project

Abstract
A research project analyzing entrepreneurial trends in Missoula and other locales around the United States. Mentored by Donald Gaumer, entrepreneur and professor at the University of Montana.

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ABSTRACT

Recent developments in technology and connectivity have allowed locations not typically thought of as hubs of entrepreneurship to grow and develop the entrepreneurial spirits within their cities. Locales such as Missoula and Albuquerque have recently made steps towards becoming more robust centers of startup culture while giants like Boston continue to set the standard for cities that foster entrepreneurship. No matter the location, each city takes a very similar approach to developing startup culture and businesses within their city, but each location has its own unique advantages and disadvantages when it comes to developing new businesses. Missoula is a unique locale that embodies the pioneer spirit that once drove people westward, and it is seeking to become a larger player in the entrepreneurial world. However, Missoula still has a variety of roadblocks to starting businesses that entrepreneurs in Missoula will have to overcome by seeking out new and creative ways of doing business. Startups originating out of Missoula will most likely never become the next nation-wide brand, but their founders can still achieve success in a different way.

This paper intends to compare and contrast different locations to achieve a better understand of how entrepreneurship works in small towns as well as major metropolitan areas. It addresses recent entrepreneurial trends while analyzing how the different locations can best take advantage of these trends. The paper also seeks to better understand how entrepreneurs in Missoula can feel the success of running their own business while still maintaining a healthy focus on quality of life.
The Pioneer Spirit: Missoula Entrepreneurship

When thinking of startup hot spots around the United States, a few locations instantly spring to mind. Silicon Valley, Boston, Los Angeles, San Francisco, and New York are all cities associated with high-tech startups, venture capital firms, and entrepreneurship. Indeed, many of these cities have entire colleges, networks, and companies dedicated solely to fostering startups in their cities. Nowhere on that list is the city of Missoula, Montana, but in many ways, Missoula is developing a startup culture of its own. With business plan competitions, professional launch pads, and venture networks, Missoula is looking to become a hub of entrepreneurship in the inter-mountain West. By leveraging a growing network of professionals and some unique resources, those who possess the pioneer spirit in Missoula are seeing success when it comes to starting a business in this city. While it is not completely ready to compete with the likes of Silicon Valley or Boston because of several challenges, Missoula offers young entrepreneurs looking to start their businesses the resources they need, and it is becoming a promising startup hub in the Northwest for several reasons.

Introduction and Background

Before exploring the entrepreneurial culture of Missoula and other locales, it is important to first understand entrepreneurship itself along with industry trends in recent years. Even in the past two decades, entrepreneurship and startup culture has changed drastically, especially with the invention and widespread adoption of the internet. As the world becomes increasingly
connected through all manners of web communication, new startup locations are able to spring up because less communication needs to be done face-to-face, and more work can be done remotely. Specifically, two recent trends enabled by the internet have allowed entrepreneurs to bring their ideas to fruition like never before: web-enabled communication and crowdfunding.

Politís would describe entrepreneurship as the development of necessary knowledge for being effective in starting and managing new ventures, so at its core, entrepreneurship is the process of taking an idea and turning it into a business (Politís). When viewed through the lens of a college student, this can be a daunting task, but the internet has provided a multitude of resources connected by web-enabled communication tools to help get ideas off the ground. Tools such as Skype, LinkedIn, social media marketing, online stores, and web-enabled commerce are ideal for young minds wanting to establish a business, reach their target customers, sell their products, and establish business connections in the industry. In a recent interview, Elizabeth Amini, CEO of Anti-Aging Games LLC, told Business News Daily that “Most people think being an entrepreneur is all about coming up with an idea, but that's just one part. It's also important to know, right from the start, how you will reach interested customers in an effective and affordable way,” (Fernandes). In addition, communication tools such as Skype, Twitter, Facebook, and other platforms allow entrepreneurs in remote locations to start their ideas without having to uproot to larger, metropolitan areas such as Silicon Valley or Boston. These resources are incredibly valuable to small-town startups, and they are pushing the limits of entrepreneurship to new heights.

One of the biggest challenges facing startups in these smaller locations is the lack of funding that is available, but the recent trend of crowdfunding has played a large role in helping these businesses succeed. Simply put, crowdfunding uses internet technologies to collect small
amounts of money from a large number of people in the interest of financing a startup (“Crowdfunding Definition”). Crowdfunding allows entrepreneurs access to capital beyond the typical three F’s of friends, family, and fools (although there are definitely some fools still out there) by putting their idea in front of millions of people on these crowdfunding sites. Kickstarter, one of the most popular crowdfunding sites along with GoFundMe, Indiegogo, and Tilt, has successfully funded 103,755 projects with $2.3 billion pledged from 11 million people since its inception in 2009 (“Kickstarter – About”). These projects (as well as their funding) come from all across the globe from people who may never have been entrepreneurs or angel investors without the accessibility that the internet provides.

This accessibility and enablement that web communication and funding provide entrepreneurs is driving more people towards starting their own businesses than ever before. In particular, Americans are choosing to start their own businesses rather than take jobs with established companies. Intelligent Office performed a study that showed “65 percent of workers would rather be an entrepreneur or independent employee than work in an office,” (Fernandes). However, despite the modern tools that are breaking down entrepreneurial barriers, starting a business is still no easy task. It requires hard work, dedication, passion for the business, problem solving, a healthy degree of learning from failure (whether that is your own or others’), and most of all, a good idea. Many ventures fail within the first few years of business, and the road to starting a business is not always a financially or emotionally stable one. Working in the recently unstable economy, people are less likely to take the chance of starting their own business, and the number businesses created in America is actually slowing down since 2008 (Hennessey). In recent years, it would seem that some of the best people to start a business are young, passionate, and tech-savvy people from universities and college towns.
Locale #1: Missoula

One of these college towns located in Western Montana is home to a college that has seen a great amount of success in the business world in recent years, especially when it comes to placing young students leaving college into great careers. Located in Missoula, Montana, the University of Montana’s business school plays host to massive companies such as the “Big Four” accounting firms (KPMG, PwC, Deloitte, and Moss-Adams), emerging consulting companies such as Advanced Technology Group (ATG), and many companies in various industries including Nike, Adidas, C.H Robinson, First Interstate Bank, and many others. These jobs at well-established companies are sought after by graduate and undergraduate students alike, but there are also students with entrepreneurial mindsets looking to start businesses in Missoula. While it is not without its fair share of challenges, Missoula provides a good opportunity for startup-style businesses by providing university-focused and professional-focused resources.

The university itself houses several programs designed to help students interested in starting their own business achieve this goal. While there is not a dedicated entrepreneurship major offered at the University of Montana, there is an Entrepreneurship and Small Business Management certificate program that is facilitated by the Montana Academy of Distinguished Entrepreneurs (MADE). MADE consists of entrepreneurs, investors, bankers, attorneys, and other faculty in the business school who have experience with providing students with the knowledge necessary for a business to succeed. MADE also provides students with special weekend entrepreneurship seminars to help entrepreneurial students overcome challenges faced by all startups. In addition to facilitating the certification program and weekend seminars, MADE also sponsors the John Ruffatto Business Startup Challenge which awarded $53,000 in prize money during the 2016 competition. This challenge has been hosted annually since 1989
and has produced several locally owned businesses in Missoula including Big Sky Brewing (approximately the 50th largest brewing company in the nation) ("History - Big Sky Brewing"), Five on Black (opening multiple restaurant locations in Missoula and Bozeman), and the Market on Front (popular downtown eatery and specialty food shop in Missoula). These businesses would not have been possible without the John Ruffatto Business Startup Challenge sponsored by MADE and hosted by the School of Business Administration.

Moving away from the Startup Challenge, the Blackstone Launch Pad is an organization that plays an important role in helping the Missoula community to start new businesses, including the Dram Shop (a Missoula taproom featuring 32 beers on tap). The Launch Pad at Missoula is part of a larger, campus-based network that is present on 18 campuses and accessible to over 500,000 college students. While the program is primarily focused around colleges, Launch Pads are open to any member of the community who needs help starting a business, and Launch Pads routinely host entrepreneurial networking events as well as provide entrepreneurs with resources and connections to help start their businesses. Directed by experienced entrepreneur Paul Gladen, the Missoula Launch Pad is an “idea agnostic” place where anyone from the community can receive advising, connections, and consulting for new business ideas. Along with Dawn McGee, Gladen also co-founded the Hellgate Venture Network which is an organization designed to facilitate network building, innovation, and entrepreneurship in Western Montana. These two organizations often work in tandem to facilitate entrepreneurship and network development for Missoula and its surrounding regions.

Missoula’s educational programs coupled with its professional networking organizations provide young entrepreneurs the education and the support they need to start their own business, but Missoula is not without its share of challenges. According to Paul Gladen, Missoula provides
several advantages when it comes to starting a business, not least of which is the number of experienced entrepreneurs that come to Missoula. These well-connected members of Missoula’s populace are often times professors at the university or members of the Hellgate Venture Network. In addition, Missoula provides a sort of test bed to determine how successful a business will be when it expands to the surrounding regions, according to Mr. Gladen (Gladen). This same advantage ties into Missoula’s biggest disadvantage: population density. With a standard metropolitan statistical area (SMSA) population of 112,684 in Missoula according to the Census Bureau, there is less access to seed capital that is so essential for starting a business (“Population Estimates…”). While there are a number of angel investors in the Missoula area including the Frontier Angel Network based in Whitefish, Montana, there are simply less angel than a large urban area would hold. To combat this lack of population density, Missoula entrepreneurs need to be ready to expand out of Missoula to gain access to larger markets or be ready to utilize crowdfunding to gain seed capital. In addition, the internet connectivity that allows Missoula to exist as a startup hub lags behind other parts of the nation. The Great Falls Tribune reports that, “Data from Internet-performance testing firm Ookla that averaged download speeds for the first six months of 2013 showed the entire state of Montana at under 7.3 Mbps during that period, compared with the U.S. average of 18.2,” (Stergionis). While Missoula does provide some distinct benefits in the form of education and professional connection, it remains lacking in internet speeds as well as population density to provide seed funding to entrepreneurs.

**Locale #2: Albuquerque**

Aside from Missoula, another surprising entrepreneurial location is the city of Albuquerque, New Mexico. As a town in the western United States that holds under a million people located on a major east-west interstate (I-90 through Missoula, I-40 through
Albuquerque) with a Division I university, the two towns are surprisingly similar, and they both have surprisingly similar aspirations. In late 2013, Albuquerque Mayor Richard Berry appointed Gary Oppedahl to the position of Economic Development Director with the ambitious goal of making Albuquerque the “most entrepreneurial city in America,” ("Mayor Appoints…”). In the past several years, the city and its university have expanded on existing programs and taken new steps to establish the city of Albuquerque, New Mexico as a great place for entrepreneurs to start their own businesses.

Located within Albuquerque, the University of New Mexico (UNM) is a crucial asset to the success of Albuquerque’s entrepreneurship efforts. UNM’s Anderson School of Management offers bachelors and masters programs with entrepreneurial concentrations to help prepare its students for the challenges of starting a business. In addition to the formal education the UNM provides, there is an interesting non-profit organization known as STC.UNM owned entirely by the University of New Mexico’s Board of Regents. Similar to the MADE organization at the University of Montana, STC.UNM is committed to developing entrepreneurship at the University of New Mexico, especially in the high tech and biotech fields. STC.UNM boasts 57 active startup companies that it has helped develop, and these companies operate not just in New Mexico, but across the United States and even into Canada ("STC Active Start-up Companies"). STC.UNM seeks to create a hub for entrepreneurship in New Mexico by connecting students and entrepreneurs with good ideas to the necessary funding and industry connections needed to start their own businesses.

In addition to STC.UNM itself, there are several offshoots of this non-profit that also help entrepreneurs advance their businesses. One of these is the Joseph L Cecchi VenturLab (CVL) that is somewhat similar to the BlackStone Launch Pad. The CVL provides meeting space, office
facilities, mentoring, advice, and laboratories for science-related startups ("Joseph L. Cecchi VentureLab"). In connection with the CVL, STC.UNM also works tightly with another non-profit founded by the UNM Board of Regents called Innovate ABQ. ABQ is the abbreviation/nickname for the city of Albuquerque, and Innovate ABQ seeks to bridge the gap between the University of New Mexico and the professional setting in Albuquerque. This organization is both a non-profit that seeks to connect entrepreneurs with much-needed resources and a small, innovation district located right next to downtown Albuquerque that provides a “business incubation [site]” very similar to the sites that STC.UNM provides ("About"). These two organizations operate in the space between the University of New Mexico and the professional world to ensure successful transitions between the two.

Moving away from organizations purely related to the University of New Mexico, there is one important organization based out of Albuquerque that is essential to the city’s startup culture. ABQid is an organization dedicated to supporting entrepreneurs by providing a formal entrepreneurial curriculum outside the university setting. ABQid provides two different settings for entrepreneurs from the Albuquerque area to gain training and familiarization with starting their businesses. The ABQid Accelerator program is very similar to a semester long class available to university students, except it welcomes people of all ages to participate. By exposing the participants to a network of mentors/advisors as well as user testing and interviews, the Accelerator program gives participants much-needed feedback and market validation for their products. In addition, the Accelerator program operates similar to the John Ruffatto Business Startup Challenge in the fact that it is a competitive program that awards seed funding ("ABQid Accelerator"). The other program that ABQid hosts is the Entrepreneur Bootcamp. ABQid hosts multiple boot camps that are “coordinated in conjunction with community partners…to provide
aspiring entrepreneurs an introduction to the Business Model Canvas and overview of the Lean Startup methodology, with a particular focus on customer validation,” (“Entrepreneur Bootcamps”). These two programs sponsored and hosted by ABQid are resources that anyone from around the Albuquerque community can leverage to gain more insight and visibility into the process of starting a business.

Taken as a whole, the city of Albuquerque is a very viable place for entrepreneurs to start a business, and it provides many advantages (with very few weaknesses) to help these businesses get off the ground. Its strengths include its high growth and visibility on a nation-wide scale when it comes to entrepreneurship. Forbes contributor Victor Hwang comments that Albuquerque is rapidly developing “the right mix of social, business, government, and cultural factors to spark together,” and asserts that the University of New Mexico’s distinction as a well-respected center combined with a business-friendly government have been keys to Albuquerque’s recent success (Hwang). In addition, Inc.com has recognized Albuquerque as making significant progress towards becoming a startup hub because of its partnerships with the university, access to venture networks, and venture capital funding through a recent partnership with the Kaufman Foundation (Hensel). In the past year, Albuquerque-based point-of-sale application company Lavu was awarded $15 million from Aldrich Capital Partners of Washington, D.C. (Mayfield) while the Kaufman Foundation has begun to support the Mayor’s Prize for Entrepreneurship that awards $200,000 to several promising entrepreneurs. Aside from its strengths, Albuquerque’s main weaknesses is the convoluted nature of its professional networks that have been established in recent years. Because of the many different organizations at both the university and the city of Albuquerque, it makes it difficult for entrepreneurs to find a “one-stop-shop” for their needs in the field of business startups. Because of these large strengths
and few weaknesses, Albuquerque is a surprisingly strong place to start a business, especially in high-tech or biotech, and it will be exciting to see how this locale continues to develop as an entrepreneurial hub.

**Locale #3: Boston**

While Missoula and Albuquerque are not typically thought of as hubs of entrepreneurship, Boston, Massachusetts is certainly one of the top locations in the startup industry. With 35 colleges located in Boston proper and prestigious institutions such as Harvard and Massachusetts Institute of Technology (M.I.T) located right across the Charles River, Boston is rich with young students looking to turn their ideas into successful businesses. In addition, there are 42 venture capital firms that serve Boston’s entrepreneurs by providing venture capital to businesses in their early stages of funding (“Compare Boston…”). By coupling young, creative minds with powerful venture capital funding, Boston has created an environment for entrepreneurship that is nearly unmatched in the United States.

There could be volumes written on the formal entrepreneurial education provided by Boston’s universities, but this educational section will attempt to give a high-level perspective on the subject by focusing on one public university (University of Massachusetts Boston) and one private university (Babson College). Much like the University of Montana and the University of New Mexico, the University of Massachusetts (UMass) Boston offers formal education in entrepreneurship, and has several organizations dedicated to helping bridge the gap between college and the professional world. UMass Boston offers a Bachelor of Science in Management with a concentration in entrepreneurship (among other concentrations) as well as Flex MBA with an entrepreneurship focus. These programs are supported by UMass Boston’s Entrepreneurship Center which is an organization inside the university that provides curriculum, support, and
networking for its entrepreneurial students. The Entrepreneurship Center has been successful in bringing new courses in both the graduate and undergraduate level to the entrepreneurship programs, and it also sponsors events and workshops that bring in innovators and entrepreneurs for its students (“NEW - Entrepreneurship Concentration”). In addition, the new Director of the Entrepreneurship Center, Erin McCormick is a distinguished entrepreneur herself, and she also serves as a consultant at the International Entrepreneurship Center located in Boston’s greater metropolitan area.

Located on the other side of this metropolitan area lies Babson College, a private college that is entirely dedicated to business education and focuses almost entirely on entrepreneurship. Babson College dedicates itself to entrepreneurship by offering a variety of classes across all the disciplines necessary to starting a business. In addition to the traditional academic curriculum, Babson offers a unique, year-long course called “Foundations of Management and Entrepreneurship” where students are given the task of developing, launching, and managing a real business. Students are given a loan of up to $3,000 from the college itself to start and run the business for its first year of operation, and any profits from the businesses are donated to local service organizations. Since 1999, these businesses have donated over $430,000 to charities in the Boston area (“Foundations of Management and Entrepreneurship”). Babson College is an unparalleled college when it comes to the entrepreneurial education because of its formal programming and its unique approach to out-of-classroom learning.

These two colleges (and many others) lay the educational foundation that is often necessary to start a business, but once businesses move to the professional world, there is still a variety of networks and organizations that support their endeavors. Boston is rich with venture
networks, angel investors, and entrepreneurial support, so in the interest of brevity, this section will focus only four organizations out of the many that exist in Boston.

One of these organizations is the Boston Entrepreneurs’ Network that plays the traditional role of hosting entrepreneurs and connecting startup businesses with valuable industry contacts. A unique feature of the Boston Entrepreneurs’ Network when compared to other networks is its paid membership. Because of the high concentration of entrepreneurs and businesses in the Boston area, the network is able to charge its members because there is so much demand for its services ("Boston Entrepreneurs' Network – Home"). A similar organization known as the Boston Region Entrepreneurship World (BREW) provides many of the same networking functions as the Boston Entrepreneurs’ Network, but with an interesting twist. Instead of holding large sessions with key speakers, BREW actually pairs entrepreneurs up with mentors that have volunteered for their network. These mentors are often founders, CEOs, and owners of companies in the Boston area, and they are introduced to entrepreneurs via BREW through their mentor lunch program ("What Is BREW Mentor Lunch?"). Another organization known as The Indus Entrepreneurs (TiE) takes the networking and event hosting to another level by providing incubation space and venture capital funding in Boston. TiE is a non-profit organization that has 61 chapters located in 18 countries focused on “generating and nurturing out next generation of entrepreneurs,” ("ABOUT US - TiE Global"). Another valuable organization for entrepreneurs is The International Entrepreneurship Center (IEC) that offers consulting, outsourced services, and educational programs to aspiring businesspeople. This organization partners tightly with UMass Boston and it hosts educational sessions as well as providing office and incubation space for businesses that lack these resources ("IEC
Offerings…”). These organizations are all instrumental in helping new businesses turn their ideas into reality.

The organizations and educational institutions that serve the city of Boston’s entrepreneurs are wide-ranging, robust, and impressive when compared to the other locations explored in this analysis. There are several advantages and disadvantages that entrepreneurs would face if they started a company in Boston, Massachusetts. The overwhelming advantage that Boston has when compared to the other locations is population density. This allows for more funding, more professional organizations dedicated to entrepreneurship, and more educational institutions. These are all key factors that make a location an entrepreneurial hub, and Boston dominates the space in all three categories. This population density is also somewhat of a disadvantage because of oversaturation of entrepreneurship. Because of the large number of startups that are created in Boston, there is a very high amount of competitive rivalry amongst existing businesses. Boston also has both an advantage and a disadvantage when it comes to physical location. Boston has a major international airport within its city limits, and its close proximity to other major cities such as Washington D.C. and New York provide it even more access to entrepreneurial resources. However, this location provides a slight disadvantage when it comes to its notoriously gloomy weather. While it may not seem like a major consideration, weather has the potential to affect the moods of entrepreneurs in a major way. Exposure to sunlight and higher temperatures increase happiness and positivity levels while rain and darkness can increase the brain’s melatonin production (Loewen). This melatonin release makes humans sleepier and lowers energy levels. Considering the fact that nearly all startup businesses take a large level of optimistic thinking coupled with a lot of hard work, the weather is an important
consideration for Boston. These advantages and disadvantages are important factors to consider when starting a business in the city of Boston.

Conclusions and Reccomendations

Whether it was Boston, Albuquerque, or Missoula, there were several common themes that were present at each hub of entrepreneurship. Young minds looking to start their own business were often formally educated at universities located in the cities. These universities offered both undergraduate and graduate level business education with specific concentrations for entrepreneurship. There were a number of organizations located on these campuses that help these entrepreneurs develop their new business ideas by providing network connections, consulting, and incubation space. These organizations were supported by off-campus counterparts that helped entrepreneurs make the transition from college to the professional world. These organizations were often times part of larger companies with many different chapters in widespread locations. The final puzzle piece were venture capital firms that provided these startups with the seed/early stage funding they need to succeed. This seemed to be the “tried and true” formula across all three locales.

When compared to the other two locales, Missoula provides similar organizations, connections, and opportunities, but it still has a long way to go before it can truly call itself an entrepreneurial hub. Missoula’s biggest challenge is still the lack of population density that prevents access to that elusive seed funding that startups so desperately need. To combat this challenge, Missoula entrepreneurs should look for new and non-traditional means of funding such as web-enabled crowdsourcing.

In addition, Missoula’s flagship college, The University of Montana, should foster more interest in entrepreneurship by providing more formal education surrounding the challenges of
starting a business. Perhaps the University of Montana can take a page from Babson College and have interested students start a real business, but most likely on a smaller scale than Babson. These actions would increase the preparedness of students leaving its undergraduate programs, and they would eventually result in more successful businesses started from Missoula. Also, Missoula’s city government could take steps similar to the ones that Albuquerque took just a few years ago and make a dedicated effort to expand startup culture in its city. These actions would be the first steps to improving the entrepreneurial culture in Missoula, and it will be exciting to see how this location develops into a startup hub.

Missoula will never rival locations like Boston or Silicon Valley, but there is an aspect to Missoula’s startup culture that makes successful in a different light. The business that are started in Missoula may not go nationwide, or even state-wide, but their owners are often content with that. Many businesses are started in Missoula because of that pioneer spirit and the desire to get away from a busy lifestyle. Missoula is often attractive for entrepreneurs who want to start a smaller business in a beautiful location, and that is exactly what Missoula provides. It provides somewhat of a beta test for regional expansion, or it provides a small market space where entrepreneurs looking to settle down can start their own smaller businesses. These qualities make Missoula different from the other locations, and they make Missoula a good place for entrepreneurs to focus on work-life balance that is often difficult to achieve.
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