



KAUFFMAN
The Foundation
of Entrepreneurship



The OECD Kansas City Workshop Message:

“High-Growth SMEs and Innovation fuel the Entrepreneurial Engine”

Kansas City, Missouri, United States, 8 May 2008

Towards entrepreneurial economies and societies

Entrepreneurship is a driver of economic growth as work by the OECD and the Ewing Marion Kauffman Foundation, a leader in promoting entrepreneurship globally, has emphasised. Moreover, countries have become increasingly aware that the “*entrepreneurial engine*” contributes to sustainable growth and social cohesion.

Therefore, many governments nowadays seek eagerly to transform their economies into entrepreneurial ones, driven by dynamic firms such as *high-growth small and medium-sized enterprises* (HGSMEs). These new entrepreneurial firms that exhibit extraordinary growth can be crucial in creating new jobs. They also help introduce new products, processes, and business model innovations and develop new markets. Some of them, the *high-impact firms*, have changed the rules of the game in their industries; their spill-over effects have been enormous; and the advancements they have made have affected the operations of companies and the lives of individuals around the world.

Organised with the overriding aim of better understanding the strategies new and small businesses use to achieve successful fast growth and the policies governments can follow to facilitate this process, the Kansas City Workshop could be referred to as a “*best practice partnership*” between the OECD, the U.S. Department of Commerce and the Kauffman Foundation. The presentations and debates were informative and lively and allowed the workshop participants to put forward their views and make viable policy recommendations for governments.

Innovation, higher education, networking, higher management skills, and growth liquidity are key factors for the successful fast growth of small firms.

HGSMEs play an important role in introducing and commercialising radical innovations, which are essential for economic and employment growth, while large, well-established firms remain necessary to refine and mass produce radical innovations. HGSMEs are also useful as direct tools for changing mindsets and rules.

Entrepreneurship-university interaction requires more than a Technology Licensing Office (TLO), which is responsible for managing intellectual property assets. Human interactions represent the most effective and rapid way to transfer knowledge, and spin-

offs can complement patents. Non-centralised technology transfers by faculties and rapid introduction to market of patent and non-patent innovations are important.

For SMEs to go through the high-growth process, network contacts and relationship with large companies are crucial. Knowledge transfer, or division of innovative labour between new firms and large companies, occur on a global basis and are instrumental to high growth.

Beyond the startup period, the business fast growth phase – which involves market competition and evolutionary selection processes (the so-called “Darwinian Sea”) – requires higher management skills and “growth liquidity” to avoid cash-flow problems.

There is a role for governments in partnership with other key actors and the OECD can be a vector...

HGSMEs, as catalysts of innovation and “social transformers,” are important assets for economies to adapt quickly and effectively to the challenges of globalisation and to reap its benefits.

Governments and the business community, as well as other stakeholders, can share knowledge and seek innovative and effective solutions to promote the most favourable environment for the fast growth of small innovative firms.

In strengthening its cooperation with innovative institutions such as the Kauffman Foundation, the OECD will further fulfill its mandate to be a hub for the dialogue on global issues and contribute to solutions that make economic sense and are politically viable.

The wealth of findings and proposals of this workshop will feed directly into the **OECD Innovation Strategy** and contribute to the formulation of policy recommendations for governments. The OECD Innovation Strategy initiated in 2007, in responses to a mandate by ministers, includes cross-disciplinary, mutually reinforcing packages of policy elements and recommendations to boost innovation performance. The Strategy will help OECD member and non-member economies to address one of the key challenges they face: adapting to the changes wrought by globalisation.