

January 2013

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Recommended Citation

Kaufman, Matthew D. (2013) "If You Build It, Will They Come: A Critical Look at the Policy Approach to Encouraging Entrepreneurship in Wyoming," *Wyoming Law Review*. Vol. 13: No. 2, Article 7.
Available at: <https://scholarship.law.uwyo.edu/wlr/vol13/iss2/7>

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WYOMING LAW REVIEW

VOLUME 13

2013

NUMBER 2

IF YOU BUILD IT, WILL THEY COME?: A CRITICAL LOOK AT THE POLICY APPROACH TO ENCOURAGING ENTREPRENEURSHIP IN WYOMING

*Matthew D. Kaufman**

INTRODUCTION

Of much interest in today's ever-changing and increasingly technology-driven economy is the role of entrepreneurialism. The small businessperson and innovator are endlessly thrust into policy, legislative, and marketplace discussions. Whether from a local, state, national, or even an international perspective, there seems to be a constant macro-evaluation of how the entrepreneur works, thinks, and decides where to locate.

Numerous scholars and commentators attempt to define the attributes of entrepreneurs by focusing on three general areas: first, how policy can be structured to maximize creativity and ingenuity; second, what environments attract entrepreneurs; and third, how policy affects the development of entrepreneurial epicenters. The existing literature focuses primarily on the major entrepreneurial thoroughfares such as Silicon Valley, New York City, Route 128, the Research Triangle, Austin, Texas and, to a lesser extent, but more regionally, Boulder, Colorado.¹ Very little literature localizes this analysis to rural economies such as Wyoming.

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¹ Locations such as Silicon Valley, New York City, and Boston's Route 128 have garnered much national attention as major centers for entrepreneurial activity. Proximity to numerous research institutions, the presence of high-technology companies and skilled employees, and the access to private investment capital are just a few of the factors commonly cited that contribute to

Wyoming has long been a pioneer in business law and policy. As the first state to create the limited liability company, one of the most widely used business entities in the United States today, Wyoming has demonstrated its leadership and forethought in business policy.² Yet perhaps the next frontier of law and policy in Wyoming is the entrepreneur. Policy makers should care about entrepreneurs because they drive the basic engine of economic prosperity. Economic prosperity correlates strongly with technological progress.³ Technological progress requires innovation.⁴ Innovation requires stimulation from new ventures.⁵ New ventures require entrepreneurs. At a foundational level, Wyoming must encourage entrepreneurs in order to foster economic prosperity.

This article examines whether Wyoming's current policies aimed at spurring and developing entrepreneurialism have the desired effect, and if not, whether a different policy focus could be more fruitful. Almost all Wyoming policy efforts intended to encourage and build entrepreneurship center more or less exclusively around product-type incentives—such as grants, training resources, office space—and financial or tax incentives.⁶ A closer examination of entrepreneurs, however, reveals product-type policy programs often fail to encourage entrepreneurs to pursue new ventures.⁷ Entrepreneurs primarily need and desire access to like-minded people, access to other entrepreneurs, and access to human capital and expertise—in essence, access to a network of entrepreneurialism.⁸

the attraction these locations provide new businesses. In a 2009 study by Jonathan Sallet, Ed Paisley, and Justin Masterman, California, Massachusetts, and Colorado are among the top five states in venture capital investing. Jonathan Sallet et al., *The Geography of Innovation: The Federal Government and the Growth of Regional Innovation Clusters*, SCIENCE PROGRESS, Sept. 2009. Similarly, this same study indicates that California and Colorado are also among the top five states for numbers of patents issued per capita. *Id.*

² See *Kaycee Land & Livestock v. Flahive*, 46 P.3d 323, 326 (Wyo. 2002) (“We note that Wyoming was the first state to enact LLC statutes.”); Karin Schwindt, Comment, *Limited Liability Companies: Issues in Member Liability*, 44 UCLA L. REV. 1541, 1543 (1997) (“LLCs were first introduced in the United States in 1977 with the passage of the Wyoming Limited Liability Company Act.”).

³ JOSH LERNER, BOULEVARD OF BROKEN DREAMS: WHY PUBLIC EFFORTS TO BOOST ENTREPRENEURSHIP AND VENTURE CAPITAL HAVE FAILED AND WHAT TO DO ABOUT IT 43 (2009).

⁴ *Id.*

⁵ *Id.*

⁶ See *infra* notes 69–74 and accompanying text (discussing the need for policy makers to focus on the process of entrepreneurial networks rather than specific products to foster economic growth).

⁷ See *infra* notes 69–74 and accompanying text (emphasizing the need for policy makers to focus on the process of entrepreneurial networks).

⁸ See generally Norman D. Bishara, *Covenants Not To Compete in a Knowledge Economy: Balancing Innovation from Employee Mobility Against Legal Protection for Human Capital Investment*, 27 BERKELEY J. EMP. & LAB. L. 287, 297–99 (2006) (discussing generally the effects of government policy on human capital and trade secrets in the context of non-compete contract clauses). “[I]n the broadest sense, human capital ‘refers to the acquired skills, knowledge, and abilities of human

While a network-focused policy approach may seem intangible and almost utopian, many scholars, policy makers, and entrepreneurs advocate that governmental support to build human networks designed to meet entrepreneurs' needs can, and does, increase entrepreneurial activity.⁹ Although government policies cannot dictate innovation and entrepreneurial growth, a favorable policy regime fostering entrepreneurial networks will help cultivate growth and economic prosperity.¹⁰

This article proceeds in three sections. The first section examines entrepreneurial ecosystems by defining terms critical to an entrepreneurial discussion, analyzing agglomeration effects of entrepreneurial networks, and discussing policy techniques beneficial for building local and regional entrepreneurial networks.¹¹ The second section describes and analyzes Wyoming's salient entrepreneurial laws and policies.¹² The third section concludes with suggestions for encouraging future Wyoming laws and policies that focus on building entrepreneurial networks to foster economic prosperity.¹³

ENTREPRENEURIAL ECOSYSTEMS

The discussion of entrepreneurial ecosystem starts with a thorough understanding of the aspects of entrepreneurialism that drive economic growth. This section starts first with a working definition of the entrepreneur¹⁴ and the entrepreneur's tool for creating economic growth—the start-up company.¹⁵ Once the entrepreneur and start-up are defined, the discussion moves to the characteristics of the entrepreneur that drive their decision-making.¹⁶ Accelerated economic growth results from entrepreneurs' characteristic of favoring collabo-

beings . . . ' Specific human capital is an individual employee's earning potential and skills that are only useful in a specific work situation." *Id.* at 300.

⁹ See *infra* notes 85–121 and accompanying text (referencing the importance of policy making in building human entrepreneurial networks and suggestions on how to build the network).

¹⁰ Sallet et al., *supra* note 1, at 1.

¹¹ See *infra* notes 21–121 and accompanying text (outlining the relevant definitions for this article, characteristics of entrepreneurs, and policy approaches to building an entrepreneurial network).

¹² See *infra* notes 123–82 and accompanying text (outlining Wyoming's entrepreneurial policies with critiques and suggestions on how to improve the policies to encourage entrepreneurial networks).

¹³ See *infra* notes 183–96 and accompanying text (concluding the article and advocating for changes to Wyoming's entrepreneurial policies).

¹⁴ See *infra* notes 21–24 and accompanying text (defining entrepreneur for purposes of this article).

¹⁵ See *infra* notes 25–28 and accompanying text (describing start-up companies for the purposes of this article).

¹⁶ See *infra* notes 29–46 and accompanying text (discussing the characteristics of entrepreneurs and what drives their decisions).

rative access to other entrepreneurs, an effect known as agglomeration.¹⁷ This section argues that policy makers must view the creation of entrepreneurial networks, which lead to agglomeration, as a process.¹⁸ If policy makers focus on the process behind entrepreneurial networks, that process can be applied to any entrepreneurial geography.¹⁹ Once policy makers understand the entrepreneur's characteristics, the effects of agglomeration, the process of fostering growth, and entrepreneurial geography, policy makers can build and maintain a thriving regional entrepreneurial network.²⁰ Ultimately, a thriving entrepreneurial network creates a booming entrepreneurial ecosystem and economic growth.

The Entrepreneur Defined

Understanding entrepreneurial networks requires a precise definition of "entrepreneur." For purposes of this article, an entrepreneur is an individual with specific high-growth, scalable, and often high-risk business objectives and ideas, who, through the launching of a business venture, seeks capital to monetize the business objectives and ideas.²¹ Whether the capital is money, human, specific expertise, or other resources, entrepreneurs look for avenues to leverage capital to create business growth.

While entrepreneurs may be anyone from the local hardware store owner to the technology start-up, and while entrepreneurship includes a variety of industries, from agriculture to nanotechnology, this article focuses on the entrepreneurial ventures with high-growth potential in Wyoming. Different in nature from a lifestyle business, wherein the entrepreneur may intend to conservatively grow a business to support herself or himself and a family,²² the entrepreneurs

¹⁷ See *infra* notes 47–68 and accompanying text (explaining the accelerated economic and entrepreneurial growth, agglomeration, that results from clusters of entrepreneurs).

¹⁸ See *infra* notes 69–74 and accompanying text (outlining the proper focus on entrepreneurial growth as a process, not a product-type approach, such as access to information, office space, or tax incentives).

¹⁹ See *infra* notes 75–91 and accompanying text (discussing the certain idiosyncratic entrepreneurial characteristics of regions and how policy makers can maximize them).

²⁰ See *infra* notes 92–121 and accompanying text (advocating for certain policies to help build an entrepreneurial network).

²¹ This definition is given only for purposes of the discussion herein and was blended from a combination of sources. See generally RICHARD FLORIDA, *THE RISE OF THE CREATIVE CLASS: AND HOW IT'S TRANSFORMING WORK, LEISURE, COMMUNITY AND EVERYDAY LIFE* (2002); LERNER, *supra* note 3.

²² Abraham J.B. Cable, *Fending for Themselves: Why Securities Regulation Should Encourage Angel Groups*, 13 U. PA. J. BUS. L. 107, 111 (2010) ("This definition distinguishes startup companies from 'livelihood businesses,' which generate income for the company founders and employees.")

contemplated herein seek higher levels of risk, quick growth opportunities, and large markets.^{23, 24}

Recognizing this definition is imprecise and completely subjective, it is, nonetheless, an important distinction. This article distinguishes how the high-growth potential entrepreneur has fundamentally different needs and expectations in a local economy than those of a lifestyle entrepreneur, and how the needs of high-growth venture entrepreneurs should inform policy.

With a working definition of “entrepreneur,” the discussion also requires a clear definition of “start-up.” For this article, a start-up is a newly formed company or venture that is either just beginning or in the early stages of operation.²⁵ Start-ups tend to be made up of a few individuals, but can be composed of any number of individuals or organizations who come together to monetize a product or service.²⁶ Start-ups may be financed through debt, equity, or bootstrapped²⁷ through the founders’ own efforts. Regardless of how a start-up is defined, the challenges presented to any start-up are often similar and usually emanate from uncertainty: uncertainty regarding the people involved in the venture and the people necessary

²³ Commonly used examples of high-growth start-ups include the obvious companies such as Facebook, Apple, Microsoft, and Skype. See generally Jefferson Graham, *Top Cities for Technology Start-Ups*, USA TODAY, Aug. 15, 2012, available at <http://usatoday30.usatoday.com/tech/columnist/talkingtech/story/2012-08-22/top-tech-startup-cities/57220670/1> (discussing the amazing job growth in San Francisco due to high-growth companies like Facebook, Google, Yahoo, Zynga, Apple, and Pinterest).

²⁴ Examples of Wyoming ventures that fit this definition include PitchEngine, That'sWy.com, Universal Nanotech Corporation, McGinley Orthopaedic Innovations, LLC, and Language I/O, just to name a few. See generally PITCHENGINE, <http://support.pitchengine.com/?p=2331> (last visited Apr. 30, 2013) (linking to a Wyoming Public Media broadcast characterizing the Lander-based tech start-up company as unique to the “Cowboy State”); *Our Story, About Us*, THAT'SWY, http://thatswy.com/index.php?option=com_content&view=section&id=3&Itemid=10 (last visited Apr. 29, 2013) (listing that'sWy's development as a Wyoming company providing technology and media services); *Contact*, UNIVERSAL NANOTECH, http://unanotech.com/?page_id=14 (last visited Apr. 29, 2013) (listing the contact address for Universal Nanotech in Cheyenne, Wyoming); MCGINLEY ORTHOPAEDIC INNOVATIONS: ENGINEERING MEDICAL PROGRESS, <http://mcginleyorthopaedicinnovations.com/> (last visited Apr. 29, 2013) (listing McGinley Orthopaedic as a Wyoming LLC); *Contact Us*, LANGUAGE I/O, <http://www.languageio.com/contact-us/> (last visited Apr. 29, 2013) (listing Language I/O's contact address in Cheyenne, Wyoming).

²⁵ Cable, *supra* note 22, at 111–12 (“A startup company is a new venture with an innovative product or business model that targets rapid growth.”). See also Amanda M. Spratley, *Connecting Law and Creativity: The Role of Lawyers in Supporting Creative and Innovative Economic Development*, 8 HASTINGS BUS. L.J. 221, 237–38 (2012) (including microenterprises in the definition of start-up). Start-up includes microenterprises, which are generally small businesses with \$35,000 or less in start-up capital and five or fewer employees. *Id.*

²⁶ See Cable, *supra* note 22, at 111–12 (discussing the prospects for start-ups to generate high returns from initial public offerings); Spratley, *supra* note 25, at 237–38 (defining micro-enterprise start-ups to include five or fewer employees).

²⁷ In the context of funding a business, “bootstrapped” is a term commonly used to describe efforts of an entrepreneur to piece together necessary funding from any and all available sources. BLACK'S LAW DICTIONARY 208 (9th ed. 2009) (defining “bootstrap” as: “To succeed despite sparse resources”).

to make the venture successful; uncertainty regarding the product or service of the venture; uncertainty of the market for the product or service; uncertainty of the sources of funding and likelihood of success.²⁸

Characteristics of the Entrepreneur

With a working definition of entrepreneur and start-up, the focus of this discussion transitions to understanding the unique and defining characteristics of an entrepreneur as an individual. Over the past decade, scholarly work has emerged seeking to pinpoint some of the key characteristics of entrepreneurs. Richard Florida, a professor at the University of Toronto, authored one of the seminal works isolating numerous common denominators of successful entrepreneurial demographics.²⁹ Florida's work helped define the kind of people often found at the center of entrepreneurial activity.³⁰ In fact, Florida has gone so far as to dub these particular entrepreneurial people as a new social class.³¹ Florida refers to these people as the "creative class."³² The creative class includes people with skills and interests in science, engineering, architecture and design, education, arts, music and entertainment, and those whose economic function is to create new ideas, new technology, and/or new creative content.³³ Unsurprisingly, Florida determined the creative class is often found at the center of entrepreneurial activity.³⁴

According to Florida, the creative class is responsible for much of the economy's ingenuity, innovation, and creativity.³⁵ Fostering an entrepreneurial culture hinges upon an understanding of how the creative class behaves.³⁶ However, identifying the people most often behind entrepreneurial momentum does not stop with just the creative class. Florida also defines a broader group of people, "creative

²⁸ See Cable, *supra* note 22, at 112 ("Statistically, a startup company will probably fail. Even considering only those companies that obtain funding, approximately two-thirds do not generate positive returns to investors."). For purposes of this article, a start-up is not a franchise, a new location of an existing company, or even a traditional service or retail business. Start-ups, in this context, are businesses utilizing technology to provide new products or services not commonly available through existing local businesses. See generally ERIC RIES, *THE LEAN STARTUP: HOW TODAY'S ENTREPRENEURS USE CONTINUOUS INNOVATION TO CREATE RADICALLY SUCCESSFUL BUSINESSES* 25 (2011).

²⁹ Richard Florida, *The Rise of the Creative Class: Why Cities Without Gays and Rock Bands Are Losing the Economic Development Race*, WASH. MONTHLY, May 1, 2002, at 16.

³⁰ *Id.* at 18.

³¹ *Id.*

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.* at 20.

professionals,” distinguished through their work rather than just educational credentials.³⁷ Creative professionals engage in complex problem solving that involves extensive independent judgment and requires high levels of education or human capital.³⁸ Creative professionals may include individuals in education, business, finance, law, or health care. Like the core of the creative class, creative professionals share common values such as creativity, individuality, diversity, and merit.³⁹ Thus, when considering the type of person responsible for, and at the epicenter of, entrepreneurial culture, both types of people must be included.⁴⁰ For Wyoming to develop and bolster entrepreneurialism, policy makers must first understand and identify who the creative class and creative professionals are and where they are located within the state.

The next step in fostering the creative class requires understanding what attracts these creative professionals to a geographic region.⁴¹ Policy makers must look beyond how the attributes of a geographic location affect entrepreneurial development and begin to consider how community development efforts, economic policy, and even social policy affect the creative class’s decision-making.

Florida gathered data measuring the creativity of various metropolitan areas.⁴² Interestingly, one of the keys to economic growth lies not just in the ability to attract the creative class, but also in garnering creative economic outcomes in the form of new ideas, new high-tech businesses, and regional growth.⁴³ Not surprisingly, research points toward a predictable, but nonetheless important,

³⁷ *Id.* at 18.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ *Id.* Florida also distinguishes between what those in the creative class do as compared to what those who are not in the creative class do. Those in the creative class are primarily paid to create and have considerably more autonomy and flexibility than those in the working class and the service class, who are primarily paid to execute according to a plan.

⁴² *See id.* at 17, 19, 21 (compiling Florida’s creativity data).

⁴³ *Id.* at 24. Florida states:

How do you build a truly creative community—one that can survive and prosper in this emerging age? The key can no longer be found in the usual strategies. Recruiting more companies won’t do it; neither will trying to become the next Silicon Valley. While it certainly remains important to have a solid business climate, having an effective people climate is even more essential. By this I mean a general strategy aimed at attracting and retaining people—especially, but not limited to, creative people. This entails remaining open to diversity and actively working to cultivate it, and investing in the lifestyle amenities that people really want and use often, as opposed to using financial incentives to attract companies, build professional sports stadiums, or develop retail complexes.

Id.

conclusion: creative people like to be around other creative people.⁴⁴ In fact, the ability of creative class people to live in a community with other creative people may be a driving force behind the attractiveness of certain locations for entrepreneurs.⁴⁵ Therefore, the creative class in Wyoming must be visible to other creative class members.

Although the conclusion that like-minded individuals are drawn to locations with other like-minded individuals is hardly groundbreaking, it nonetheless brings to light a critical, foundational element for building entrepreneurship in Wyoming: entrepreneurs want to locate in a community with other entrepreneurs. If entrepreneurs are attracted to locations with a thriving creative class (i.e., other entrepreneurs), the next question is: how does the clustering of these creative people happen?⁴⁶ Aside from beautiful locations with a nice climate and rich artistic culture, what encourages clusters of entrepreneurs to form?

Agglomeration

Entrepreneurial and innovative activity tends to occur at an accelerated rate around other entrepreneurial and innovative activity.⁴⁷ The synergistic effect of a large entrepreneurial community is called “clustering.”⁴⁸ Clustering of entrepreneurs may occur if for no other reason than creative people want to be around other creative people.⁴⁹ However, this alone does not explain how or why, aside from the tendencies of creative people, clusters of entrepreneurial activity tend to magnetically attract more entrepreneurs.

Building upon the work of Alfred Marshall, AnnaLee Saxenian offers useful insights on how “economies of scale”⁵⁰ explain regions of entrepreneurial activity.⁵¹ Saxenian discusses how the success of an innovation center or cluster can be

⁴⁴ *Id.* at 20.

⁴⁵ *Id.*

⁴⁶ “Creative,” as it is used in this article, is not the common meaning of “creative.” This article’s discussion is focused on “creative” people as defined by Richard Florida. See Florida, *supra* note 29, at 18 (defining the creative class).

⁴⁷ Sallet et al., *supra* note 1, at 2.

⁴⁸ *Id.*

⁴⁹ Florida, *supra* note 29, at 20.

⁵⁰ “Economies of scale” generally refers to lower marginal costs and increased output resulting from shared or increasing resources. BLACK’S, *supra* note 27, at 590 (defining “economy of scale” as: “A decline in a product’s per-unit production cost resulting from increased output, usu. due to increased production facilities; savings resulting from greater efficiency of large-scale processes.”).

⁵¹ See AnnaLee Saxenian, *Inside-Out: Regional Networks and Industrial Adaptation in Silicon Valley and Route 128*, CITYSCAPE, May 1996, at 41–49 (2006) (citing ALFRED MARSHALL, *INDUSTRY AND TRADE* (1920)).

explained, at least partially, by agglomeration.⁵² In doing so, Saxenian compares two of the largest entrepreneurial clusters in the United States and explains why economies of scale, not unlike creative class clustering, tend to encourage more growth.⁵³ Saxenian's research establishes that economies of scale and creative class clustering create an effect referred to as agglomeration.⁵⁴

In the classic view, "external economies of scale" refers to the sources of increased productivity that lie outside individual firms.⁵⁵ Effectively, firms derive external benefits by sharing the fixed costs of common resources such as infrastructure and services, skilled labor pools, specialized suppliers, and a common knowledge base.⁵⁶ Saxenian further states, "[w]hen these factors of production are geographically concentrated, firms gain the additional benefits of spatial proximity, or 'agglomeration economies.'"⁵⁷ When examined in light of the concept of "external economies of scale," agglomeration may be defined as the benefit derived from economies of scale, which occurs when people, services, and activities in close proximity produce greater and more efficient expertise.⁵⁸

Multiple entrepreneurs merely living in close proximity does not guarantee the success of an entrepreneurial culture. Human networks of entrepreneurs and professionals may be just as important to the creation of an entrepreneurial cluster as any other factor.⁵⁹ Saxenian's critical examination of Silicon Valley and Boston's Route 128 revealed salient characteristics in how the two locations experienced dramatically different growth.⁶⁰ Despite major downturns during the 1980s in

⁵² See *id.* at 42–45.

⁵³ See *id.* at 42–46. For purposes of this article "agglomeration" refers to the compounding economic benefits that occur with clusters of entrepreneurs and entrepreneurial activity. WEBSTER'S INT'L DICTIONARY 41 (Phillip Babcock Gove ed., 3rd ed. 1971) (defining "agglomerate" as: "to gather into a mass or cluster").

⁵⁴ See Saxenian, *supra* note 51, at 42–46.

⁵⁵ See *id.*

⁵⁶ See *id.*

⁵⁷ See *id.*

⁵⁸ *Id.* Saxenian also states:

Students of regional development typically treat Silicon Valley and Route 128 as classic examples of the external economies that are derived from industrial localization. They are seen as cumulatively self-reinforcing agglomerations of technical skill, venture capital, specialized input suppliers and services, infrastructure, and spillovers of knowledge associated with proximity to universities and informal information flows.

Id. at 42. See Sallet et al., *supra* note 1, at 2 ("Clusters are geographic concentrations of companies, suppliers, support services, financiers . . . whose competitive strengths are improved through the existence of shared advantages.").

⁵⁹ See Saxenian, *supra* note 51, at 45.

⁶⁰ *Id.*

both locations, Silicon Valley recovered quickly while Route 128 has shown few signs of reversing the decline.⁶¹ In reviewing data on the relative growth of the two regions, Saxenian identifies a few key dynamics existing in Silicon Valley, possibly at the root of the different recoveries.⁶² Saxenian found:

Silicon Valley has a regional, network-based industrial system that promotes learning and mutual adjustment among specialist producers of related technologies. The region's dense social networks and open labor markets encourage entrepreneurship and experimentation. Companies compete intensely while at the same time learning from one another about changing markets and technologies through informal communication and collaborative practices.⁶³

In the Route 128 region, however, autarkic companies are more prevalent.⁶⁴ Autarkic companies tend to celebrate a culture of self-reliance and independence, be more secretive, and only encourage the internal flow of information.⁶⁵ In stark contrast to the collaborative culture of Silicon Valley, Route 128 social and technical networks more often exist only with rigid, distinct boundaries between companies.⁶⁶

Saxenian's observations are critically important in understanding how the development of entrepreneurial clusters can be nurtured. By viewing regions and clusters as networks of relationships rather than as collections of internally focused firms, a clear advantage can be gained within both an industry and a region.⁶⁷ A geographical region benefits from hosting a network of interrelated individuals by

⁶¹ Saxenian states:

The rapid growth of a new wave of start-up businesses and the renewed dynamism of established companies such as Intel and Hewlett-Packard (HP) were evidence that Silicon Valley had regained its former vitality. By contrast, start-ups along Route 128 failed to compensate for continued layoffs at the Digital Equipment Corporation (DEC) and other minicomputer companies. By the end of the 1980s, Route 128 producers had ceded their longstanding dominance in computer production to Silicon Valley.

Id. at 42.

⁶² *Id.*

⁶³ *Id.* at 45.

⁶⁴ *Id.* See WEBSTER'S, *supra* note 53, at 46 (defining "autarky" as: "a policy of establishing a national economy that is completely self-sufficient and independent of imports from other countries").

⁶⁵ Saxenian, *supra* note 51, at 45.

⁶⁶ *Id.* See also Jason S. Wood, *A Comparison of the Enforceability of Covenants Not To Compete and Recent Economic Histories of Four High Technology Regions*, 5 VA. J.L. & TECH 14 (2000).

⁶⁷ Saxenian, *supra* note 51, at 46, 57.

sharing entrepreneurial activity within a community.⁶⁸ Further, entrepreneurial agglomeration in a community not only makes the regional network stronger, but also allows entrepreneurs easier access to information, relationships, resources, and expertise that may not be otherwise available.

Local Entrepreneurial Policy as a Process

Richard Schragger adds to the idea that open and organized networks of entrepreneurs provide needed access to information, people, and expertise.⁶⁹ Schragger argues that policy makers should view cities and local economies more as processes than products.⁷⁰ Although speaking more directly about urban populations, Schragger's thesis arguably applies on a broader scale. Instead of cities and local economies viewing policy development and implementation as a competition with other cities and local economies, policy makers could achieve more tangible entrepreneurial growth by considering the local economy as an economic process.⁷¹ Schragger argues that thinking of economic development as a product to be provided tends to cause policy makers to misdirect attention and ends up failing to address fundamental problems in a given economy.⁷² Further, Schragger argues that viewing the economy as a product often results in the enactment of policies that may not fit with the relative progress of a given economy.⁷³

Considering Saxenian's and Florida's findings that open industrial and geographic networks provide entrepreneurs better access to necessary resources such as human capital, expertise, and information,⁷⁴ Schragger's concept of viewing policy making geared toward building entrepreneurial clusters as a process rather than a product makes a lot of sense. The effect of a network of entrepreneurs working within a certain industrial or geographic region, in theory, both satisfies some needs of the creative class by providing an appropriate creative community and enhances the region's entrepreneurial activity. In addition, by viewing entrepreneurial policy as a process, single policy actions designed to

⁶⁸ *Id.* at 57.

⁶⁹ See generally Richard C. Schragger, *Reassessing the State and Local Government Toolkit: Rethinking the Theory and Practice of Local Economic Development*, 77 U. CHI. L. REV. 311 (2010).

⁷⁰ *Id.* at 338.

⁷¹ *Id.*

⁷² *Id.*

⁷³ *Id.*

⁷⁴ See also Thomas S. Ulen, *Why Do Entrepreneurs Appear and Flourish*, 28 COMP. LAB. L. & POL'Y J. 775 (2007). Ulen states that for entrepreneurs to engage in activities there must be "tolerably good capital markets through which to raise funds for an initial investment, a tax system that allows them to realize and retain the profits of their success" and "a cultural disposition to value their activities." *Id.* at 776.

recruit businesses or government-created incentives are likely not going to make entrepreneurial communities and regional agglomeration spontaneously appear.

Entrepreneurial Geography

Clustering and the agglomeration effects of a developing regional network require not only the right people, but an element of location as well.⁷⁵ Wyoming policy makers may not be able to create entrepreneurial clusters out of good policy choices alone. Rather, broader nascent regional networks must also be taken into account. Perhaps by finding burgeoning clusters of activity and tapping into those larger regional trends, local organic growth of entrepreneurial clusters can be spring boarded and more quickly developed.

To successfully develop new clusters of entrepreneurs in Wyoming, there must be support for the cluster. Jonathan Sallet describes common challenges of developing networks by highlighting the problems common to young companies and start-ups.⁷⁶ Not surprisingly, many of the challenges faced by developing clusters and networks are the same challenges faced by new start-ups. Those challenges include: lack of commercialization expertise; lack of access to seed-stage and early stage venture capital; lack of management talent, workforce talent, and industry specific talent; lack of a critical mass of supportive individuals and businesses in these arenas.⁷⁷

For policy makers to effectively address the challenges of creating an entrepreneurial cluster, two important factors must be considered. First, the on-the-ground conditions, such as the physical and geographical resources of a locality or region, heavily influence entrepreneurial locating, decision-making, and success.⁷⁸ On-the-ground resources heavily influence where entrepreneurs locate and whether new ventures succeed. Sallet argues that without a base of local and regional support for innovation by the community at large, the business community, or even the local government, a company will fail or, potentially, never come into existence.⁷⁹ In contrast, regions where local businesses, universities, and

⁷⁵ Sallet et al., *supra* note 1, at 10–11. Sallet’s article highlights some of the key elements in deciding where clustering might just happen, and more importantly how its growth might be encouraged. *See id.*

⁷⁶ *See id.* at 10.

⁷⁷ *See id.* at 10–11.

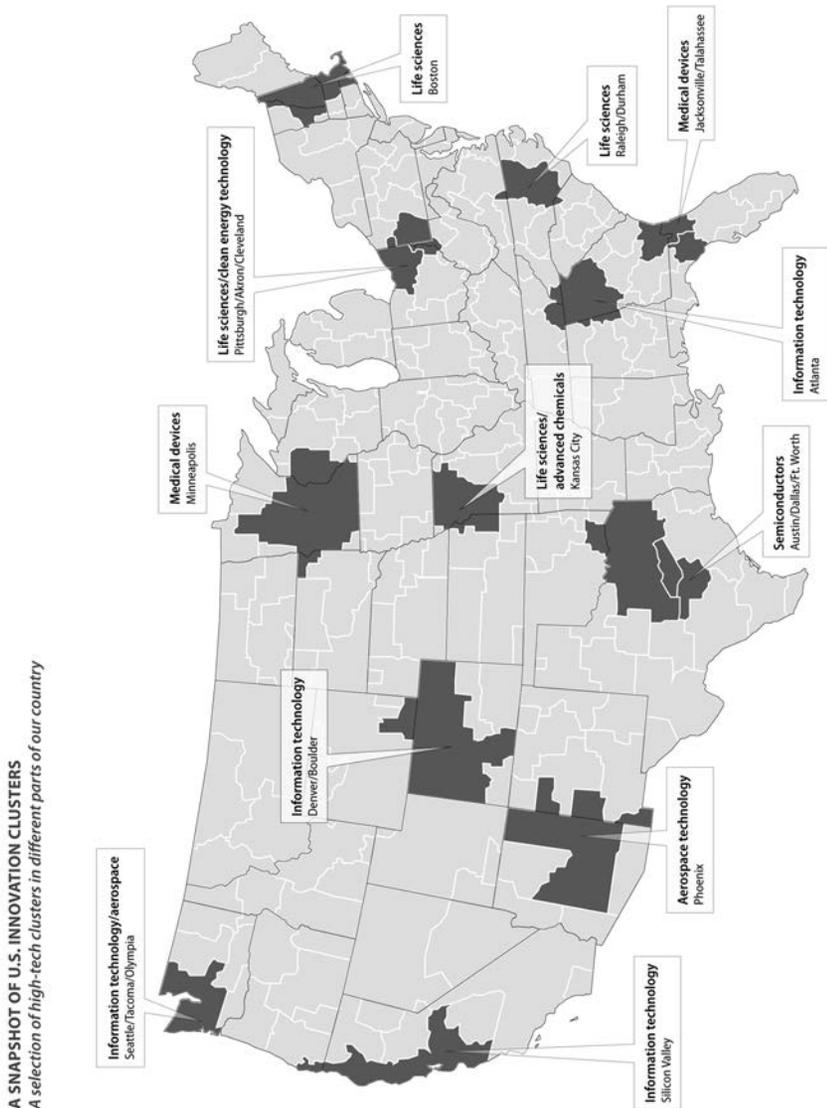
⁷⁸ *Id.* at 10; *see also* Maryann Feldman, *Place Matters: Innovation Springs from Many Seeds, But Soil Is Equally Important*, SCIENCE PROGRESS, Fall–Winter 2008–2009, at 10–11, <http://www.scienceprogress.org/wp-content/uploads/2009/01/issue2/feldman.pdf> (discussing the effects of “place” on the local and regional development of entrepreneurial economies).

⁷⁹ Sallet et al., *supra* note 1, at 10.

communities support clusters and networks, entrepreneurial clusters thrive. In locations with entrepreneurial support, a spillover occurs between members and companies within the cluster or network, and success becomes more likely.⁸⁰

According to Sallet, key pieces of infrastructure must exist for a cluster to emerge.⁸¹ The most obvious infrastructure components include research institutions, committed government, research and business leadership, management

⁸⁰ *Id.* at 8–10. According to Sallet, certain innovation clusters have emerged across the continental United States. Sallet created a map of the United States demonstrating the location of these emerging innovation clusters. At least part of Wyoming, particularly Southeastern Wyoming, has specifically been included as part of an emerging information technology cluster:



Source: Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School. Copyright © 2005 President and Fellows of Harvard College. All rights reserved.

Id. at 8.

⁸¹ *Id.* at 10.

and workforce talent, risk capital and debt financing, and a regional innovation network of similarly situated companies.⁸² Other on-ground characteristics such as geography, existence of institutions, availability of capital, and the presence of labor all play a role in entrepreneurial clustering, but the importance of developing human networks cannot be ignored.

Second, the existence of a human entrepreneurial network and governmental policies furthers the agglomeration effects caused by entrepreneurial clusters.⁸³

Policy makers must not overlook the importance of human networks in attracting and encouraging entrepreneurial clusters. Sallet considers the development of human networks a basic infrastructure component of an entrepreneurial cluster.⁸⁴ Human networks, both physical and virtual, drive the development of industry clusters.⁸⁵ Sallet states, “[n]etworks are important because collaboration is important.”⁸⁶ The entrepreneurial creative class requires collaboration with like-minded and similarly situated individuals and professionals.⁸⁷ “Scholars, policymakers, and others who study the origination and development of industry clusters have highlighted the importance of networks—of regional, multi-stakeholder relationships—on the success of a cluster.”⁸⁸

Although one policy cannot artificially create all necessary infrastructures, effective policies play a vital role in the infrastructure development. Sallet reinforces the necessity of “[i]deal government innovation policies [that] encourage local strengths, stimulate shared advantages, encourage the creation of development of human networks, and always galvanize public education and research institutions.”⁸⁹ Admittedly, policy and governmental intervention focused on encouraging and creating human networks appears to be a somewhat altruistic and intangible endeavor. However, the concentrated efforts of a few may

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.* at 14.

⁸⁶ *Id.*

⁸⁷ Florida, *supra* note 29, at 18. Additionally, Sallet discusses that one of the first to comment on the relational networks between companies and entire industries was economist Alfred Marshall, who in his 1890 *Principles of Economics* highlighted the agglomeration of certain industries into districts across England. Sallet et al., *supra* note 1, at 14. These ideas were further developed in the 1990s by Michael Porter’s work on the role of clustering in economic development. See generally MICHAEL PORTER, *THE COMPETITIVE ADVANTAGE OF NATIONS* (1990).

⁸⁸ Sallet et al., *supra* note 1, at 14.

⁸⁹ *Id.* at 10.

develop, or at least improve, human networks.⁹⁰ In considering strategies to spur economic development and the growth of regional centers of innovation, policy makers must focus on the development and strengthening of regional networks.⁹¹

Building a Regional Network

Policy makers may encourage economic growth by fostering the development of regional entrepreneurial networks. Daniel Isenberg, a professor at Babson College, provides insight into what the government's role should be in building entrepreneurial momentum.⁹² Similar to Sallet, Isenberg identifies the components of an entrepreneurial ecosystem or network.⁹³ When considered individually, each component—leadership, culture, capital markets, and open minded customers—is conducive to entrepreneurship, but none alone can sustain it.⁹⁴ Isenberg provides nine unique prescriptions for creating an entrepreneurial ecosystem or network, which, when present with all of the aforementioned components, can turbo-charge venture creation and growth.⁹⁵

Recognizing that governments often take a misguided approach to building entrepreneurial ecosystems, Isenberg argues that governments focus too much on policies to create an ideal ecosystem in economies that are completely different from their own.⁹⁶ Isenberg encourages governments to focus on development of

⁹⁰ *Id.* at 11. Sallet acknowledges that clusters cannot be instantaneously generated. *Id.* Different regions have fundamentally different strengths that policy makers must recognize. Similarly, with the existence of institutions, the presence and locations of existing colleges and universities is a factor that cannot often be controlled. Sallet also highlights some of the obvious downfalls to a lack of capital for new companies. *Id.* at 13. Particularly with the economic downturn in the past several years and the increasing difficulty new companies have in obtaining debt financing, without risk capital from venture capitalists, angel investors, and other sources of private capital, the growth of small companies will likely be hampered. *Id.* at 13. Lastly, highly skilled workers are obviously needed in any burgeoning cluster. However, as with many of the factors essential to an innovation cluster, some cannot be easily changed. The presence or lack of educated workers is one of those factors that can only be affected over time. *Id.* at 11.

⁹¹ *Id.* at 15.

⁹² Daniel Isenberg, *How To Start an Entrepreneurial Revolution*, HARV. BUS. REV., June 2010, at 3.

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.* Isenberg's nine prescriptions include: (1) Stop Emulating Silicon Valley; (2) Shape the Ecosystem Around Local Conditions; (3) Engage the Private Sector from the Start; (4) Favor the High Potentials; (5) Get a Big Win on the Board; (6) Tackle Cultural Change Head-On; (7) Stress the Roots; (8) Don't Overengineer Clusters; Help them Grow Organically; and (9) Reform Legal, Bureaucratic and Regulatory Frameworks. *Id.* at 3–9. While many of these prescriptions would make fascinating and informing articles in and of themselves, this article focuses only a select few of the prescriptions set out by Isenberg.

⁹⁶ *Id.* at 3.

the present on-the-ground resources and conditions in their individual, specific, unique economies instead of trying to manufacture conditions.⁹⁷

A few of Isenberg's prescriptions for creating an entrepreneurial ecosystem particularly apply to Wyoming and warrant detailed discussion. The first of these prescriptions is to "Stop Emulating Silicon Valley."⁹⁸ At first blush, this prescription may not seem applicable to Wyoming policy makers. After all, Wyoming hardly attempts to duplicate Silicon Valley practices. However, nearly every aspiring entrepreneurial community emulates the droves of technology start-ups that exist in Silicon Valley. While attracting industry giants that require massive labor pools to Wyoming may not be realistic, there is a common envy of Silicon Valley's ability to easily attract high-growth companies. Wyoming needs to focus more policy attention on organic growth rather than simply recruitment. Recruiting businesses is not pointless; quite the contrary, it is an important piece of economic development. However, Wyoming policy makers must first address the cultural aspects of the state's weak entrepreneurial ecosystem and networks. Once addressed, Wyoming can foster an authentic network of entrepreneurs, which will spur long-term and sustainable growth, and hopefully attract more companies. Only then will recruitment yield far better results.⁹⁹

Another of Isenberg's prescriptions is to "tackle cultural change head-on."¹⁰⁰ Cultural change is a specific reference to the local tolerance for failure.¹⁰¹ Without question, some of the most vibrant entrepreneurial locations in the United States have created sub-cultures wherein communities accept failure and tolerate higher levels of risk-taking. Isenberg highlights outlets, such as the media, as important tools for informing the public of not only the opportunities entrepreneurship presents, but also the tools required for successful entrepreneurialism.¹⁰² Positive

⁹⁷ *Id.*; see also *supra* notes 78–91 and accompanying text (outlining the regional on-the-ground conditions that encourage entrepreneurial clusters and the ideal governmental focus on building a human network).

⁹⁸ Isenberg, *supra* note 92, at 3.

⁹⁹ This discussion is directed towards early stage start-ups, not established businesses merely seeking a location for a branch office or facility. See Spratley, *supra* note 25, at 237–38 (addressing the sizes and characteristics of start-up companies and micro-enterprises); *supra* notes 21–28 and accompanying text (discussing and defining the entrepreneur and start-ups for the discussion in this article). Wyoming policy makers should always pursue established businesses; however, this article focuses on the recruitment of entrepreneurs, which requires a different method.

¹⁰⁰ Isenberg, *supra* note 92, at 7.

¹⁰¹ *Id.* at 8.

¹⁰² *Id.*

publicity and informational awareness have the potential to change the public's perception of entrepreneurship, but they may also increase failure rates by attracting more entrepreneurs.¹⁰³

Next is one of Isenberg's less delicate prescriptions: the idea of favoring high potential opportunities.¹⁰⁴ As is the case with most government or state-funded programs, money is always a limited resource. Isenberg, however, states that especially if resources are limited, "programs should try to focus first on ambitious, growth-oriented entrepreneurs who address large potential markets."¹⁰⁵ While the target business may not necessarily be a 500-person technology company, "[n]ot all high-potential ventures are technology based."¹⁰⁶ In fact, the majority of high-growth companies are not large technology companies.¹⁰⁷ Policy makers should not disregard the strengths of local on-ground conditions and focus solely on technology; government actors should do just the opposite.¹⁰⁸ Isenberg advocates for a government to "tailor the suit to fit its own local entrepreneurship dimensions, style, and climate."¹⁰⁹

¹⁰³ It is important to acknowledge that business start-ups often fail. *See, e.g.,* Cable, *supra* note 22, at 111–12 ("Statistically, a startup company will probably fail."). Conversationally most anyone would admit to this basic notion. However, acceptance and tolerance of failure is something different. In many smaller and often more traditional local economies, a failed business is a tarnished reputation. This may be well deserved in many instances, if, for example, the failure was due to poor management, poor business judgment, or bad decision-making. But Isenberg is specifically talking about fostering a culture wherein new ventures, specifically new kinds of businesses focused on new products or new services and utilizing new technology, intrinsically have a different type of failure risk. Isenberg, *supra* note 92, at 7. This kind of failure is what needs to be more tolerated. *Id.* at 7–8.

¹⁰⁴ Isenberg, *supra* note 92, at 6. For the purposes of this article, "high-potential" are those companies or ventures with an obvious higher growth potential, larger market potential, new technology potential, or some other economic uniqueness. *See* Cable, *supra* note 22, at 111 ("A startup company is a new venture with an innovative product or business model that targets rapid growth."). High-potential opportunities may be contrasted with those businesses which, from the outset, may be more easily classified as lifestyle companies. *Id.*

¹⁰⁵ Isenberg, *supra* note 92, at 6. Isenberg writes that:

[T]he social economics of high-potential ventures and small scale employment alternatives are significantly different. Whereas 500 micro financed sole proprietors and one rapidly globalizing 500-person operation create the same number of jobs, many experts argue that the wealth creation, power to inspire other start-ups, labor force enrichment, and reputational value are much greater with the latter.

Id. at 6.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* at 4.

¹⁰⁹ *Id.* Isenberg has created a survey to determine whether a locality has a strong entrepreneurship ecosystem. *Id.* at 5. The survey is admittedly not exhaustive, but the questions of the survey are designed to help evaluate the relative progress of an ecosystem. *Id.* The questions include:

1. Do Public Leaders: Act as strong, public advocates of entrepreneurs and entrepreneurship?

Wyoming policy makers have already begun exploiting a specific entrepreneurial sector. Researchers consider at least a portion of Wyoming to be located within a developing regional cluster in information technology.¹¹⁰ Although favoring a particular industry over another is not always a popular political move, Isenberg argues it sometimes has to be done.¹¹¹ Policy makers should not discard or devalue a specific industry; rather, they should make a conscious effort to build upon the momentum of an industry to create growth. One great example of this in Wyoming is the institution of incentive programs for attracting data centers.¹¹² Wyoming's approach to recruiting data centers is precisely the type of policy maneuver Isenberg advocates to leverage the region's existing strengths and build additional momentum.

Building an entrepreneurial ecosystem requires policy makers to over-celebrate the successes.¹¹³ In fact, Isenberg states, “[g]overnments should be bold about celebrating thriving entrepreneurial ventures.”¹¹⁴ Regardless of the

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2. Do Governments: Create effective institutions directly associated with entrepreneurship (research institutes, overseas liaisons, forums for public-private dialogue)?
 3. Does the culture at large: Tolerate honest mistakes, honorable failure, risk taking, and contrarian thinking?
 4. Are there visible success stories that: Inspire youth and would-be entrepreneurs?
 5. Are there enough knowledgeable people who: Have experience in creating organizations, hiring, and building structures, systems and controls? Are there enough knowledgeable people who: Have experience as professional board members and advisors?
 6. Are there capital sources that: Provide equity capital for companies at a pre-sales stage? Are there capital resources that: Add non-monetary value, such as mentorship and contacts?
 7. Are there nonprofits and industry associations that: Help investors and entrepreneurs network and learn from one another?
 8. Are there venture-oriented professionals, such as: Lawyers, accountants, and market and technical consultants who will work on a contingency basis, or for stock?

Id.

¹¹⁰ See Sallet et al., *supra* note 1, at 10.

¹¹¹ Isenberg, *supra* note 92, at 6–7.

¹¹² See Stephanie Simon, *Wyoming Plays It Cool: State Hopes Brisk Climate, Low Energy Costs Will Attract Huge Data Centers*, WALL ST. J. (Mar. 8, 2011), <http://online.wsj.com/article/SB10001424052748703883504576186812130179934.html> (highlighting Wyoming's attempts to attract data centers by leveraging low energy costs and a cool climate); *WBC Hosts Data Center Feasibility Webinar*, WYOMING BUSINESS COUNCIL (May 16, 2012), <http://www.wyomingbusiness.org/calendar/event/wbc-hosts-data-center-feasibility-/6343> (discussing Wyoming's successful recruitment of large data centers from companies such as Microsoft, NCAR, Echostar, and Verizon). See also 085-003-001 through -003 WYO. CODE R. (Weil's 2012) (containing the rules and regulations for Wyoming's program aimed at attracting data centers).

¹¹³ Isenberg, *supra* note 92, at 7.

¹¹⁴ *Id.*

form of publicity, positive attention from the media, informed by government officials, helps reduce entrepreneurs' perception of barriers and risks within their community.¹¹⁵ Currently, only snippets of this type of publicity occur in Wyoming. Policy makers must devote more resources to bring attention and focus to the successes of Wyoming ventures. Local Wyoming ventures such as PitchEngine, McGinley Orthopaedic Innovations, LLC, That'sWy.com, Language I/O, and Universal Nanotech Corporation, are just a few examples of high-growth potential start-ups in Wyoming accomplishing new and exciting milestones.¹¹⁶ However, until policy makers over-celebrate local success stories and make them highly visible, the network building effect of these successes will not be fully utilized.

Finally, the last of Isenberg's prescriptions applicable to Wyoming is that policy makers should not over engineer clusters.¹¹⁷ Instead, they should strive to help them grow organically.¹¹⁸ Isenberg advocates:

Government . . . should reinforce and build on existing and emerging clusters rather than attempt to create entirely new ones In fact, most clusters form independently of government action—and sometimes in spite of it. They form where a foundation of locational advantages exists. To justify cluster development efforts, some seeds of a cluster should have already passed a market test¹¹⁹

¹¹⁵ *Id.*

¹¹⁶ See generally PITCHENGINE, <http://support.pitchengine.com/?p=2331> (last visited Apr. 30, 2013) (linking to a Wyoming Public Media broadcast characterizing the Lander-based tech start-up company as unique to the “Cowboy State”); *Our Story, About Us*, THAT'S WY, http://thatswy.com/index.php?option=com_content&view=section&id=3&Itemid=10 (last visited Apr. 29, 2013) (listing that'sWy's development as a Wyoming company providing technology and media services); *Contact*, UNIVERSAL NANOTECH, http://unanotech.com/?page_id=14 (last visited Apr. 29, 2013) (listing the contact address for Universal Nanotech in Cheyenne, Wyoming); MCGINLEY ORTHOPAEDIC INNOVATIONS: ENGINEERING MEDICAL PROGRESS, <http://mcginleyorthopaedicinnovations.com/> (last visited Apr. 29, 2013) (listing McGinley Orthopaedic as a Wyoming LLC); *Contact Us*, LANGUAGE I/O, <http://www.languageio.com/contact-us/> (last visited Apr. 29, 2013) (listing Language I/O's contact address in Cheyenne, Wyoming).

¹¹⁷ Isenberg, *supra* note 92, at 9.

¹¹⁸ *Id.* Isenberg defines a “cluster” as “those concentrations of interconnected companies, specialized suppliers, service providers, training institutions, and support organizations formed around a technology or end product within one area or region.” *Id.* See generally *supra* notes 47–68 and accompanying text (outlining the characteristics of entrepreneurial clusters and agglomeration).

¹¹⁹ Isenberg, *supra* note 92, at 9. Isenberg, quoting an article published in *The Economist*, states: “[t]ypically governments pick a promising part of their country, ideally one that has a big university nearby, and provide a pot of money that is meant to kick-start entrepreneurship under the guiding hand of benevolent bureaucrats It has been an abysmal failure” *Id.* (quoting *The Fading Lustre of Clusters*, ECONOMIST, Oct. 11, 2007, <http://www.economist.com/node/9928211>). Isenberg goes on to state, “[t]he problem is that over the years people have mistaken Porter's description of the benefits of clusters for a prescription to go out and build them from scratch.” *Id.*

Isenberg concludes that governments would be “better advised to remain sector neutral and to unleash rather than harness people’s entrepreneurial energies.”¹²⁰ A government can achieve this by allowing entrepreneurial activity to dictate what direction governmental support should go, rather than determining the type of desired entrepreneurial growth and attempting to manufacture ways to promote it.¹²¹ This prescription is not contrary to the prior discussion of having to sometimes pick favorites.¹²² Rather, Isenberg’s point is that while favorites may have to be picked to best allocate resources, government action cannot artificially determine where particular industries and sectors may thrive. Wyoming policy makers must allocate resources to building a visible entrepreneurial network accessible to new start-ups. Once Wyoming policy makers embrace the benefits of an entrepreneurial network, clustering and agglomeration will drive economic growth.

WYOMING ENTREPRENEURIAL POLICY

Localizing the Discussion

Certainly, a variation of an entrepreneurial ecosystem already exists in Wyoming, and policy makers have enacted valuable policies furthering that goal. This section examines the efficiency of Wyoming’s traditional approach to entrepreneurial policy and determines whether the expected outcomes comport with reality.¹²³ An examination of Wyoming’s entrepreneurial policy requires a survey of the key statutes, programs, and existing policies. This article specifically examines the Wyoming Business Council,¹²⁴ the Wyoming Small Business Investment Credit Program,¹²⁵ business incubators,¹²⁶ and Wyoming’s business climate.¹²⁷ The examination of the current statutes, programs, and policies applies

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Compare id.* at 3–9 (advocating that policy makers must engineer their entrepreneurial policy to remain neutral in the industries and business sectors that may arise to unleash rather than constrain entrepreneurs), *with supra* discussion accompanying notes 104–12 (emphasizing the need to maximize limited government resources in focusing entrepreneurial policy, which may entail favoring one existing or well suited industry over another).

¹²³ For purposes of this discussion, efficiency is considered to be the measurable effect of any given policy on the growth or increase in entrepreneurial activity.

¹²⁴ *See infra* notes 129–39 and accompanying text (discussing the Wyoming Business Council).

¹²⁵ *See infra* notes 140–61 and accompanying text (analyzing the Wyoming Small Business Investment Program).

¹²⁶ *See infra* notes 162–75 and accompanying text (advocating for business accelerators as opposed to the traditional business incubator).

¹²⁷ *See infra* notes 176–82 and accompanying text (emphasizing that low tax rates do not necessarily correlate with a high level of entrepreneurial activity; rather, entrepreneurial networks influence entrepreneurs more).

the theories discussed in the preceding section to Wyoming.¹²⁸ Ultimately, to foster an entrepreneurial ecosystem in Wyoming, policy makers must abandon the traditional product-type policy approach and focus on building an entrepreneurial network that will lead to agglomeration and entrepreneurial momentum.

Wyoming Business Council

Perhaps one of the best-known and most widely celebrated efforts to spur business growth in Wyoming was the enactment of the Wyoming Economic Development Act in 1998 (WEDA).¹²⁹ WEDA created the agency known as the Wyoming Business Council (WBC).¹³⁰ Chartered with the daunting task of facilitating Wyoming's economic growth, the WBC currently engages in some of the most targeted activity of any government actor in Wyoming to promote entrepreneurial growth within the state.¹³¹ The WBC administers efforts ranging

¹²⁸ See discussion *supra* ENTREPRENEURIAL ECOSYSTEMS.

¹²⁹ Wyoming Economic Development Act, 1998 Wyo. Sess. Laws 313 (codified as amended at WYO. STAT. ANN. §§ 9-12-101 to -1312 (2012)).

¹³⁰ WYO. STAT. ANN. § 9-12-105(a) (2012) (listing the duties and responsibilities of the WBC). Among other duties, the WBC is statutorily mandated:

(i) To see that there are prepared and carried out effective economic development marketing and promotional programs;

(ii) To make available, in conjunction and cooperation with localities, chambers of commerce, industrial authorities and other public and private groups, to prospective new businesses basic information and pertinent factors of interest and concern to such businesses;

(iii) To formulate, promulgate and advance programs throughout the state for encouraging the location of new businesses in the state and the retention and growth of existing businesses;

(iv) To encourage and solicit private sector involvement, support and funding for economic development in the state;

(v) To encourage the coordination of the economic development efforts of public institutions, regions, communities and private industry and collect and maintain data on the development and utilization of economic development capabilities;

(vi) To establish such offices within and without the state that are necessary to the expansion and development of industries and trade. The council shall establish economic development regions and offices within the state upon socioeconomic and geographic similarities;

(vii) To encourage the export of products and services from the state to national and international markets; and

(viii) To advise the University of Wyoming and the Wyoming community college commission in designating technical training and other educational programs in Wyoming's community colleges and the University of Wyoming beneficial to economic development activities in this state.

Id.

¹³¹ *The Mission of the Wyoming Business Council*, WYOMING BUSINESS COUNCIL, <http://www.wyomingbusiness.org/content/about/mission> (last visited Apr. 29, 2013).

from workforce development and skills training programs to funding assistance and technical advising.¹³² Robert Jensen, the Chief Executive Officer of the WBC, states that the focus of his agency is to accomplish two main tasks: first, the recruitment of new business ventures to Wyoming; and second, the administration of programs and grants that provide businesses access to information, training, and tools helpful to success.¹³³ Jensen freely admits the WBC cannot focus solely on entrepreneurs, but must encompass the broader spectrum of business needs within the state.¹³⁴

The WBC serves a vital role as the state's only agency charged with building and attracting business development in Wyoming. In this respect, the legislature tasked the WBC with an impossibly expansive mandate. Despite the broad mandate, a portion of the WBC's focus may be refined to improve economic growth through building an entrepreneurial network. One of WEDA's primary approaches to attracting businesses and entrepreneurs to Wyoming is to provide readily available assistance and information.¹³⁵ However, the expected outcome of the WBC's efforts spans far beyond reason. Undoubtedly, many policy makers and interested citizens in Wyoming look almost solely to the efforts of the WBC and their local chambers of commerce or economic development organizations to somehow produce organic growth of entrepreneurial clusters in Wyoming. This expectation seems unreasonable based on an analysis of entrepreneurial needs and the mechanics of developing an entrepreneurial network.

Jay Kayne, of the Kauffman Center for Entrepreneurial Leadership, found that even in 1999, states were commonly "taking a more macro-economic approach" to policies affecting entrepreneurs.¹³⁶ Expecting information

¹³² The WBC lists the following programs under its network guide: (1) Wyoming Small Business Development Centers (SBDC); (2) Wyoming SBIR/STTR Initiative; (3) Wyoming Research Products Center (RPC); (4) Wyoming Procurement Technical Assistance Center (PTAC); (5) Wyoming Market Research Center; (6) Wyoming Economic Development Association; (7) Wyoming Chamber Partnership; (8) Wyoming Business Leadership Institute; (9) Manufacturing-Works; (10) Wyoming Council for Women's Issues; (11) WBTC; (12) Wyoming Workforce Services; (13) Wyoming Women's Business Center; (14) Wyoming Office of Tourism – Consumer Site; (15) Wyoming Office of Tourism – Industry Partner Site; and (16) Wyoming Business Report. *Wyoming Business Council – Business Resource Network*, WYOMING BUSINESS COUNCIL, <http://www.wyomingbusiness.org/resources> (last visited May 7, 2013).

¹³³ Interview with Robert Jensen, Chief Executive Officer of the Wyoming Business Council (May 18, 2012).

¹³⁴ *Id.*

¹³⁵ See WYO. STAT. ANN. §§ 9-12-101 to -1312 (2012). A survey of the WEDA demonstrates that much of the act is focused on financial aid, loans, assistance programs and grant opportunities. See *id.*

¹³⁶ JAY KAYNE, EWING MARION KAUFFMAN FOUND.: KAUFFMAN CENTER FOR ENTREPRENEURIAL LEADERSHIP, STATE ENTREPRENEURSHIP POLICIES AND PROGRAMS 19–20 (1999).

accessibility and the creation of government assistance programs to produce entrepreneurship misplaces emphasis on the product of entrepreneurial growth, rather than the process.¹³⁷ Small businesses need and utilize government-provided assistance and information, but placing reliance on these specific products to create entrepreneurial growth completely disregards the need of the entrepreneur. The policy assumes a macro-economic approach, emphasizing the availability of certain services and information, will attract entrepreneurs. This approach ignores the community and networking needs of the entrepreneur and places incredible limitations on what entrepreneurs in Wyoming can do.

The WBC can only provide so much guidance to entrepreneurs; it cannot provide all the resources needed by an entrepreneur to fully realize an idea. While providing training and skills to new businesses and entrepreneurs in Wyoming undoubtedly fills a need for certain types of businesses at certain stages, these programs are not meeting the early stage human capital and resource access needs of entrepreneurs. Rather, networks of entrepreneurs primarily provide the early stage human capital and resource needs. Entrepreneurial networks provide collaborative access to other entrepreneurs.¹³⁸ Through entrepreneurial networks, entrepreneurs find technical support, professional service support, access to capital, and necessary advice. Once entrepreneurs gain the agglomeration effects of an entrepreneurial network, entrepreneurs will be better positioned to fully utilize all the WBC's services.

Policies that are ideal for spurring innovation must first encourage the creation and development of human entrepreneurial networks.¹³⁹ The creation of a network must be viewed as one of the first steps in the process of creating entrepreneurial growth in Wyoming. If Wyoming policy focuses more on providing a product to entrepreneurs, rather than fostering a homegrown network for entrepreneurs to tap into, Wyoming becomes vulnerable to entrepreneurs tapping into outside networks and eventually leaving for locations where they have better access to better resources.

Wyoming Small Business Investment Credit Program

The Wyoming Small Business Investment Credit Program (WSBICP) is another example of legislation attempting to spur entrepreneurship and new ventures.¹⁴⁰ The WSBICP creates a mechanism to certify a small business

¹³⁷ Schragger, *supra* note 69, at 338.

¹³⁸ Sallet et al., *supra* note 1, at 15.

¹³⁹ *Id.*; see *supra* notes 47–68 and accompanying text (discussing the agglomeration benefits gained from clusters of entrepreneurs and entrepreneurial networks); *supra* notes 92–121 and accompanying text (outlining areas of focus for policy makers to create entrepreneurial networks).

¹⁴⁰ WYO. STAT. ANN. §§ 9-12-1301 to -1312 (2012).

investment company.¹⁴¹ Once qualified as a small business investment company, the company can apply to receive state-held tax credit money to invest in Wyoming-based ventures.¹⁴²

At first glance, this program appears to have no downside.¹⁴³ It opens up a pool of available capital within the state for investment in Wyoming ventures and simultaneously incentivizes professionals to invest directly in Wyoming companies.¹⁴⁴ However, the program fails to acknowledge one of the critical problems of any investment professional in Wyoming: lack of deal flow.¹⁴⁵ The WSBICP fails to address the fundamental problem of how the state can efficiently network entrepreneurs and investment professionals to help facilitate deal flow.¹⁴⁶ Although these connections may be occurring in Wyoming, there is little evidence that entrepreneurs have access to investment professionals outside of a few small networks of individuals.¹⁴⁷

The availability of capital is an essential component of building an entrepreneurial ecosystem, but without an efficient network for investment professionals to access companies and entrepreneurs, available capital will

¹⁴¹ 085-050-001 WYO. CODE R. §§ 1, 4 (Weil's 2012), available at <http://soswy.state.wy.us/Rules/RULES/8045.pdf> (last visited May 1, 2013).

¹⁴² *Id.* §§ 1, 4–5.

¹⁴³ See generally Darian M. Ibrahim, *Financing the Next Silicon Valley*, 87 WASH. U. L. REV. 717, 731 (2010) (arguing that companies and entrepreneurs do seek locations where they perceive funding to be more readily available).

¹⁴⁴ There has been much scholarship on the use of state-administered venture capital and private equity funds, and the success and failure of those funds. See Brian Krumm, *Understanding the New Tennessee Small Business Investment Company Credit Act: Stimulating Economic Growth at the Intersection of Free Market Capitalism and Government Intervention*, 11 TRANSACTIONS: TENN. J. BUS. L. 93, 109–11 (2010) (discussing criticisms of state-managed venture capital programs and how Tennessee attempted to alleviate those concerns); see also CROMWELL SCHMISSEUR LLC, INFORMATION AND OBSERVATIONS ON STATE VENTURE CAPITAL PROGRAMS 33–35 (2013), available at <http://www.treasury.gov/resource-center/sb-programs/Documents/VC%20Report.pdf> (listing suggestions for successful state-run venture capital funds submitted to the U.S. Treasury). The WSBICP is slightly different than traditional state-run venture capital funds, in that the WSBICP simply allows private companies to apply for use of the funds and does not allow the state to invest the money itself. However, the WSBICP is still in the early stages and may experience problems similar to state-run investment funds in the long run.

¹⁴⁵ “Deal flow” is a common industry term of art relating to venture capital, angel, private equity, or investment bank investing, referring to the amount or number of investment opportunities (or deals) a particular investor is presented with. See generally *Deal Flow*, NASDAQ, <http://www.nasdaq.com/investing/glossary/d/deal-flow> (last visited Apr. 10, 2013) (“[T]he rate at which new deals are referred to a brokerage firm.”).

¹⁴⁶ See CROMWELL SCHMISSEUR LLC, *supra* note 144, at 30 (“The potential comprehensive benefits of a state venture capital program will be limited if the program operates as a stand-alone initiative rather than integrating into a larger small business support system.”).

¹⁴⁷ See generally *id.* at 2–3 (discussing the nationwide difficulty in obtaining venture capital funding and the nationwide decrease in available funds).

be underutilized.¹⁴⁸ For the investment funds to be effectively deployed, an investment professional first needs access to companies seeking capital.¹⁴⁹ Without an entrepreneurial network, an investment professional lacks access to Wyoming entrepreneurs and corresponding investment deals.¹⁵⁰

More problems exist for state-sponsored investment funds in addition to a lack of deal flow.¹⁵¹ Josh Lerner, a professor at Harvard Business School, wrote a report addressing some of the common pitfalls of state-sponsored investment funds.¹⁵² While the WSBICP is not a true state-sponsored fund, the common pitfalls discussed by Lerner are still applicable. In his discussion of civic leaders whose actions are sometimes off target, Lerner emphasizes that neglecting to “set the table” for, or failure to create favorable environments for, entrepreneurship is a common fault of public officials.¹⁵³ Without a targeted method to engage an entrepreneurial network and receive deal flow, state-sponsored investment funds face an immediate disadvantage.¹⁵⁴

Lerner also provides an in-depth discussion of the many ways in which state-sponsored investment funds fail.¹⁵⁵ Professor Lerner recognizes, “[g]overnment initiatives to stimulate new venture activity can be divided into three broad categories. The first two focus on creating a more hospitable environment in which entrepreneurs and venture capitalists can operate; the final one encompasses direct interventions to boost the availability of financing.”¹⁵⁶ Once again, Lerner emphasizes the theme of stimulating entrepreneurial activity as a process—a process in which the first focus has to be on creating an environment for entrepreneurs to succeed.

The creation of the WSBICP moves Wyoming entrepreneurial policy in the right direction, but policy makers expect an outcome from the program that exceeds any plausible scenario. With the creation of the WSBICP, policy makers

¹⁴⁸ Isenberg, *supra* note 92, at 10; Sallet et al., *supra* note 1, at 14–15.

¹⁴⁹ See CROMWELL SCHMISSEUR LLC, *supra* note 144, at 30 (advocating that supply and demand for investment must be understood in a region and that without an entrepreneurial network, state-run investment funds are less efficient).

¹⁵⁰ *Id.*

¹⁵¹ See generally JOSH LERNER, HARVARD KENNEDY SCH. OF GOV'T, GEOGRAPHY, VENTURE CAPITAL, AND PUBLIC POLICY, 2010, available at http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/taubman/PB_final_lerner_vc.pdf.

¹⁵² See generally *id.*

¹⁵³ *Id.* at 6.

¹⁵⁴ See generally Krumm, *supra* note 144 (discussing a state-sponsored investment program similar to the WSBICP).

¹⁵⁵ LERNER, *supra* note 3, at 89.

¹⁵⁶ *Id.*

took the first steps in encouraging entrepreneurs and investment professionals, but the existing framework must further develop a true entrepreneurial network.¹⁵⁷ The WSBICP cannot succeed without two crucial elements.¹⁵⁸ First, the WSBICP requires qualified investment professionals with the credentials, experience, and financial capability to invest professionally.¹⁵⁹ Second, the WSBICP requires deals, i.e., entrepreneurs and start-ups.¹⁶⁰ For the WSBICP to succeed and provide the impact its supporters hope for, investment professionals need access to a functional entrepreneurial network to efficiently deploy investment capital.¹⁶¹

Business Incubators

Local business incubators comprise a third, and often-celebrated, aspect of entrepreneurial recruitment in Wyoming. Business incubators, such as the one housed in the Wyoming Technology Business Center (WTBC) at the University of Wyoming, or the Casper Area Innovation Center, are tremendous tools for developing early stage, high-growth potential companies.¹⁶² Business incubators

¹⁵⁷ See generally Ibrahim, *supra* note 143. Ibrahim states that financing is a critical piece in a region's entrepreneurial development because while certain regions may lack a talent pool, other regions have become home to high-quality entrepreneurs solely because of the region's proximity to financing sources. *Id.* at 720. While this article certainly does not take the position that providing alternative funding sources is not productive or even important, the criticisms herein target the circumstances under which the funding is accessible by entrepreneurs. Additionally, Ibrahim reaches some very interesting conclusions that for non-tech regions, the rise of angel investment groups present a very viable funding solution. *Id.* at 739. However, the unorganized and unassociated nature of many angel investors and groups underscores the importance of established entrepreneurial networks giving entrepreneurs access to angel investors as funding sources. See Cable, *supra* note 22, at 109 (discussing how traditionally unorganized angel investors are forming affiliations in an attempt to help fill start-up investment gaps).

¹⁵⁸ As of the date of publication, WBC personnel have told the author only one applicant has even applied for any WSBICP funds. Interview with Robert Jensen, *supra* note 133.

¹⁵⁹ CROMWELL SCHMISSEUR LLC, *supra* note 144, at 31 (“[S]uccessful programs are built on the understanding that success is determined largely by who is involved with managing funds.”).

¹⁶⁰ See WYO. STAT. ANN. §§ 9-12-1301 to -1312 (2012) (containing the requirements for investment companies to gain state certification to access the WSBICP).

¹⁶¹ One of Lerner's criticisms is that bureaucratic rules associated with similar programs have scared away talented individuals. LERNER, *supra* note 3, at 39. The WSBICP Rules create large financial and operational hurdles for investment professionals looking to utilize the program. Some of these hurdles, such as program fees, annual certification fees, and the limitations imposed on fund management fees, are likely to be unattractive to investment professionals. See 085-050-001 WYO. CODE R. §§ 4-8 (Weil's 2012), available at <http://soswy.state.wy.us/Rules/RULES/8937.pdf> (last visited May 1, 2013) (containing the requirements for certification, reporting, and renewing certification as a “Wyoming Small Business Investment Company”); 085-050-002 WYO. CODE R. § 3 (Weil's 2012), available at <http://soswy.state.wy.us/Rules/RULES/8937.pdf> (last visited May 1, 2013) (listing the annual fee for certification, currently \$114,405).

¹⁶² See *Wyo. Tech. Bus. Ctr.*, UNIV. OF WYO., <http://www.uwyo.edu/wtbc/> (last visited Apr. 29, 2013) (highlighting recent events, successes, and programs available at the WTBC); *Casper Area Innovation Center*, CASPER AREA ECON. DEV. ALLIANCE, INC., <http://www.caeda.net/caic.shtml> (last visited Apr. 29, 2013) (listing the mission statement, demographics, and goals of the Casper Area Innovation Center).

seek to accomplish, on a very small scale, exactly what agglomeration and clustering accomplish on a larger scale: the sharing of resources to create efficiency and refined expertise. Generally, incubators provide entrepreneurs with physical space and logistical resources, tools often lacking at the early stages of development.¹⁶³ Little criticism can be given to these incubators and their intent.

But while incubators are a nice product to offer entrepreneurs and businesses, there is little evidence that incubators significantly contribute to the creation of new ventures.¹⁶⁴ Moreover, it seems many policy makers expect results from incubators similar to the success of business accelerators.¹⁶⁵ Brad Feld, a well-known venture capitalist in Boulder, Colorado, draws a sharp distinction between incubators and accelerators and their respective uses.¹⁶⁶ Feld states, “[i]ncubators were originally created to foster economic development. They provided entrepreneurs space, infrastructure, and advice in exchange for a fee.”¹⁶⁷ Incubators are often attached to a university or governmental entity, are “typically non-profit,” “operate year round and continuously,” and exist to “fill up their space with paying customers.”¹⁶⁸ Accelerators, on the other hand, focus more on helping entrepreneurs through a mentor-driven approach.¹⁶⁹ Accelerators aim to grow the venture by quickly graduating the entrepreneur from the accelerator.¹⁷⁰ Accelerators emphasize plugging the entrepreneur into a network of individuals who can mentor and provide resources and access to capital, while incubators often focus only on the physical space and money that can be generated from tenants.¹⁷¹

Another key distinguishing characteristic of the accelerator is the common work environment for entrepreneurs. A common work environment creates an

¹⁶³ See *Business Incubation, Wyo. Tech. Bus. Ctr.*, UNIV. OF WYO., <http://www.uwyo.edu/wtbc/incubation/> (last visited May 7, 2013) (“The WTBC is a business development program located on the campus of the University of Wyoming. Opening in 2006, our 30,000 square-foot facility offers laboratory, office, and shared conference room space for client companies as well as collocation space in a state-of-the-art data center.”).

¹⁶⁴ EWING MARION KAUFFMAN FOUND., *STARTUP ACT FOR THE STATES 5* (2012), available at http://www.kauffman.org/uploadedfiles/soe_address_2012.pdf (hereinafter KAUFFMAN FOUND.) (“While incubators are a favorite tool of public policymakers, this analysis found few benefits—in fact, incubators served, in many cases, to subsidize firms that might otherwise fail.”).

¹⁶⁵ *Id.* There have been no state-sponsored efforts in Wyoming to form any business accelerators. Rather, the focus of local economic development has been comprised of building business incubators, which provide space and shared resources to businesses, usually at a cost. See *id.* (referencing policy makers’ preference for business incubators in a general context).

¹⁶⁶ BRAD FELD, *START-UP COMMUNITIES: BUILDING AN ENTREPRENEURIAL ECOSYSTEM IN YOUR CITY* 115 (2012).

¹⁶⁷ *Id.*

¹⁶⁸ *Id.* at 115–16.

¹⁶⁹ *Id.* at 115.

¹⁷⁰ *Id.* at 116.

¹⁷¹ *Id.* at 117.

instant community of other entrepreneurs working toward the common goal of launching a venture.¹⁷² Considering the scholarship of Florida and Saxenian, accelerators target the most important areas of developing entrepreneurial networks: access to other like-situated and like-minded individuals and collaborative information flow between entrepreneurs.¹⁷³

Without overemphasizing the academic distinction between an accelerator and an incubator, it is nonetheless easy to see how incubators may miss the mark in creating entrepreneurial momentum.¹⁷⁴ While incubators fulfill an important role, alone they cannot create, replace, or substitute for a network of entrepreneurs. Expecting dramatic increases in entrepreneurial activity and innovation through the creation of incubators alone is not a realistic outcome.¹⁷⁵

Business Climate

Wyoming policy makers tend to rely too heavily on a favorable tax and business climate to attract entrepreneurs and entrepreneurial activity.¹⁷⁶ No state income tax, low cost regulatory schemes, and legislatively created incentives are examples of often-celebrated policies commonly treated as the centerpieces in attracting new businesses.¹⁷⁷ Relying solely on a favorable business climate, as measured by taxes, regulations, and legislative incentives, to increase entrepreneurship and economic growth fails to address the basic needs of entrepreneurs. Zoltan J. Acs and Edward J. Melecki performed a study addressing entrepreneurial activity across the nation.¹⁷⁸ According to the study, entrepreneurial culture was a factor affecting

¹⁷² *Id.* at 118.

¹⁷³ See FLORIDA, *supra* note 21, at 18–20 (explaining that creative people thrive on other creative people, and that to have a building effect, creative people need to be able to interact and collaborate with one another); SAXENIAN, *supra* note 51, at 57 (demonstrating that the open flow of information between companies and individuals contributes to network building within an entrepreneurial cluster).

¹⁷⁴ See KAUFFMAN FOUND., *supra* note 164, at 19 (“[T]hings like science parks, traditional incubators, and targeted tax incentives historically have experienced modest and negative outcomes.”).

¹⁷⁵ *Id.* at 18 (emphasizing the importance of entrepreneurial networks providing access to other entrepreneurs, potential employees, funders, lawyers, and accountants as the most important factor in success of new start-ups).

¹⁷⁶ See *Unparalleled Beauty, Unrivaled Opportunity: Wyoming Makes It Easy To Work Where You Want To Live*, WYO.: BUS. IMAGES, 2013, at 8, available at <http://businessclimate.com/wyoming-economic-development/magazine> (“Among Wyoming’s key benefits is a highly advantageous tax structure. Wyoming does not have corporate, inventory or personal income taxes.”).

¹⁷⁷ See *id.* (praising Wyoming’s low tax structure, low regulatory costs, and highly efficient state government as factors favoring business development).

¹⁷⁸ Zoltan J. Acs & Edward J. Malecki, *Entrepreneurship in Rural America: The Big Picture, in MAIN STREETS OF TOMORROW: GROWING AND FINANCING RURAL ENTREPRENEURS* 21 (M. Drabenstott ed., 2003).

a region's innovation and competitiveness.¹⁷⁹ Aspects such as the entrepreneurial orientation of the local population and the distribution of entrepreneurial characteristics weighed significantly on location desirability.¹⁸⁰ Conspicuously, tax rates, regulatory schemes, and government incentives lacked any significant correlation with new company creation.¹⁸¹ This finding comports with the tax and regulatory characteristics of the largest concentrations of entrepreneurial activity. Locations such as New York, Route 128, Silicon Valley, and to a lesser extent, Austin and Boulder, would hardly be considered locations with favorable tax rates, light regulatory schemes, and ample governmental support.¹⁸² Rather, these locations possess developed entrepreneurial networks that entrepreneurs can access and utilize to start, develop, and grow a business. More than a favorable business tax climate and low regulatory hurdles, the presence of a visible and accessible entrepreneurial network influences an entrepreneur's decision on where to locate his or her business. Low taxes and light regulatory schemes are nice selling points to entrepreneurs, but to assume that these policies are, or should be, the *primary* selling point to entrepreneurs misunderstands the actual needs of the entrepreneur. Although a favorable business tax climate and a light regulatory burden comprise important aspects of business policy, little evidence suggests this policy approach has increased entrepreneurship in Wyoming.

CONCLUSION

So Where Should the Focus Be?

Wyoming is a unique state when it comes to entrepreneurial activity. With its primarily rural population, Wyoming lacks a major metropolitan area and a population to support the kind of activity seen in major innovation clusters. However, at least a portion of Wyoming already lies directly within an emerging and growing innovation cluster.¹⁸³ This fortuitous geographic position, combined with Wyoming's immense natural resources and, yes, its favorable business climate, indicate there is no reason why Wyoming cannot establish and build a healthy entrepreneurial ecosystem. As academics such as Sallet, Isenberg, and Florida

¹⁷⁹ *Id.* at 22.

¹⁸⁰ *Id.* (citing entrepreneurial characteristics such as, "community/regional political leadership, financial institutions, and educational institutions"). This study states that from 1994–1996, Laramie, Wyoming had one of the highest company birth rates in the nation. *Id.* The study also addressed and controlled for variations in the local labor markets and demographic data. *Id.*

¹⁸¹ *Id.*

¹⁸² See Scott Drenkard & Joseph Henchman, *2013 State Business Tax Climate Index*, TAX FOUND. BACKGROUND PAPER, Oct. 2012, at 1, available at http://taxfoundation.org/sites/tax-foundation.org/files/docs/2013_Index.pdf (listing California, New Jersey, and New York as the three worst states for business tax climate in the United States). However, the Tax Foundation does list Wyoming as the best state for business tax climate. *Id.*

¹⁸³ See Sallet et al., *supra* note 1, at 8.

make clear, a common and essential thread required to build an entrepreneurial ecosystem emerges:¹⁸⁴ there has to be an active, visible, and accessible entrepreneurial network. Without an established network, entrepreneurs will not have what they need to succeed.¹⁸⁵

Entrepreneurial networks provide opportunities for community, collaboration, cooperation, and shared resources. As members of the creative class, entrepreneurs need these types of opportunities to develop a culture of entrepreneurship.¹⁸⁶ A simple step to attract creative class people could be anything from downtown rejuvenation projects to cultural events. Regardless of the specific steps taken, the point remains the same: Wyoming must consider its attractiveness to the creative class.

Multiple parties must contribute to the network.¹⁸⁷ Academia, private businesses,¹⁸⁸ government, and entrepreneurs all must pool resources into building and developing an entrepreneurial network within Wyoming. As Brad Feld suggested, there are many ways to begin the process of building an entrepreneurial network.¹⁸⁹ Community events, university events, government-sponsored events, or other measures begin the process of organizing entrepreneurs and creating visibility and connectivity.¹⁹⁰ Wyoming is already taking steps in the right direction through the efforts of the Wyoming Business Technology Center's e2e network,¹⁹¹ Senator Enzi's inventor conference, the University of Wyoming,

¹⁸⁴ See generally FLORIDA, *supra* note 21; Isenberg, *supra* note 92; Sallet et al., *supra* note 1.

¹⁸⁵ See FLORIDA, *supra* note 21, at 20. For a direct example of a Wyoming start-up expressing lack of resources in Wyoming, see Rebecca Martinez, *UPSTARTS: Lander Native's Software Company Develops Far-Reaching Demand While Working Close to Home*, WYO. PUB. MEDIA, available at <http://wyomingpublicradio.net/post/upstarts-lander-native-s-software-company-develops-far-reaching-demand-while-working-close-home>.

¹⁸⁶ See FLORIDA, *supra* note 21 at 20.

¹⁸⁷ See Isenberg, *supra* note 92.

¹⁸⁸ Spratley, *supra* note 25. This article serves as a wonderful model of the role legal professionals can and should be playing in economic development. As a proponent of legal professionals as leaders in economic development, I have sought to put the central thesis of this article to practice. As of the date of publication, I have begun organizing an informal association of Wyoming tech-related start-up companies and professionals. Not surprisingly, the reception for such a group has been tremendous and membership is growing rapidly.

¹⁸⁹ See generally FELD, *supra* note 166, at 73–108 (discussing activities and events that help to build and bolster a nascent entrepreneurial network).

¹⁹⁰ *Id.*; see KAYNE, *supra* note 136, at 25–28 (advocating for greater state sponsorship of entrepreneurial coursework in secondary and collegiate curriculums).

¹⁹¹ The e2e network is a program hosted by the WTBC and is an educational networking program. See *e2e Wyoming*, *Wyo. Tech. Bus. Ctr.*, UNIV. OF WYO., <http://www.uwyo.edu/wtbc/e2e-wyoming/> (last visited May 7, 2013) (listing the goal of the e2e network to improve the climate for start-ups and entrepreneurs).

and the WBC's various conferences and networking events, but these types of events and gatherings need resources, organization, and the attention of policy makers. These types of events must be made central pieces of Wyoming's effort to foster entrepreneurship.¹⁹²

An established entrepreneurial network will help bridge the gaps and build upon the low agglomeration benefits and clustering trends Wyoming currently faces. The network will help make entrepreneurship more visible, make deals more accessible, and create momentum that will help draw other creative individuals and entrepreneurs.¹⁹³

Finally, policy makers within Wyoming must understand that simply creating new products for entrepreneurs, such as incentives and programs, will not alone create entrepreneurial activity.¹⁹⁴ Entrepreneurial growth in Wyoming must be treated more like a process and less like a product. Wyoming cannot change its location, economy, or population, but it does not need to. Wyoming already hosts a tremendous amount of resources and creative class individuals. Now, policy makers need to realize how important it is to connect Wyoming's entrepreneurs with each other. The more connected Wyoming entrepreneurs become, the more the State's entrepreneurial ecosystem will grow. This growth will help entrepreneurs access specialized professionals, labor pools, and capital, and will help maximize other governmental incentives.¹⁹⁵

If Wyoming policy makers embrace the needs of the entrepreneur and focus policy on fostering an entrepreneurial ecosystem, Wyoming may become a dynamic entrepreneurial ecosystem with tremendous economic growth.¹⁹⁶ Wyoming has a unique resourcefulness and intellect when it comes to business. With an understanding of the modern entrepreneur and more focused policy, Wyoming can lead the way in creating a new brand of entrepreneurial network.

¹⁹² See generally FELD, *supra* note 166, at 73–108 (discussing the necessity of activities and events that help to build and bolster a nascent entrepreneurial network).

¹⁹³ In the author's opinion, this network can and probably will be largely virtual, particularly considering the geographic expanse of Wyoming. See KAUFFMAN FOUND., *supra* note 164, at 11 (discussing the benefits of "Digital Firm Formation" to start-ups and how policy makers can help).

¹⁹⁴ See *supra* notes 69–74 and accompanying text (emphasizing that policy makers should focus on the process of fostering entrepreneurial networks, rather than providing only products to entrepreneurs).

¹⁹⁵ See CROMWELL SCHMISSEUR LLC, *supra* note 144, at 30 (emphasizing that specific entrepreneurial policies function better as a part of a diverse entrepreneurial ecosystem).

¹⁹⁶ See generally Ulen, *supra* note 74 (citing a widely held economic belief that growth necessitates creating an environment in which entrepreneurs can prosper).