



Volume 37, Number 35

November 20, 2015

Dear Client:

**Step back a minute. Let the news of the day (as disturbing as some of it is) shift to the recesses of your mind. Now, project your thoughts forward a few decades. If you continue to live in the Austin area, you will witness a stunning historic transformation – that will far surpass the dramatic changes you have already lived through.**

It doesn't take a lot of imagination when you consider the area's past trajectory. **However, when you look at it in cold black and white type, it somehow seems a bit mind-boggling.** We're not talking about the small geographic area of which Austin is currently an economic part -- Travis, Williamson and Hays County, with nearby smaller counties of Bastrop, Caldwell and Burnet thrown in for good measure.

**It's likely the *entire* IH35 area from Waco to the north, through Austin and on past San Antonio to the south, will be one humongous, wall-to-wall unit that will be a massive trading gateway to Mexico.** It may take several decades before it reaches that level of concentration – maybe as many as 50 years – but, mark it down. It. Will. Happen.

The speed with which this is realized will, in part, depend upon how the **leadership of these robust areas responds to the challenge of more people and more businesses coming to the area.** And, believe me, they will come.

Huge cooperative decisions need to be made and implemented. **Integrated transportation is just one vitally important part of the equation.** Another is the way an **interlocking economy, with a large number of governmental entities** (cities, schools, counties, taxing districts, etc.), work together -- with boundaries sure to change due to the growth. You get the picture.

**Knowing this mega-region is likely to become a reality should be informing current local decisions. But, do you know how difficult that is?** Elected officials and civic leadership change on a regular timetable. And, given the crises and concerns of the moment, it is normal for them to focus on the problems at hand. As far as we know, **no one has put forth a strategic plan, or guidelines, to point the way. This needs to be done.** Or else, haphazard self-serving solutions will lead to decisions that are not optimal for the big picture. The time is now to plan for the future to avoid being caught up in crisis management situations.

**Austin has a nationwide reputation as a great area for entrepreneurs. In fact, Austin not only leads all other markets in startup activity, it includes a strong representation of funding sources for seed and early stage startups. But, compared to other major entrepreneurial-friendly metros, it falls short in one important aspect – funding for companies that are ready to emerge from startup status. And this represents an opportunity.**

A recent report, conducted by St. Edward's University, the Austin Technology Council (ATC) and the Austin Chamber of Commerce (ACofC), provides a **comprehensive, first-time view of the capital investment landscape in the Central Texas technology industry** as compared to nine other major metro areas. The eye-opener:

The report reveals that **Austin's smaller number of later stage capital sources is inhibiting companies from reaching their full potential.** The size of Austin's funding source network is significantly smaller than other markets. As a result, Austin's startups and early stage companies are **missing out on the network effect experienced by other innovation centers.**

The report also shows a strong relationship between the number of funding sources and the total amount of investment and average deal size within a city. It exposes the **"urgent need to proactively attract more late stage and mezzanine venture sources to the city."** This includes private equity and investment banks. Development of these sources is what is meant by "opportunity."

"While we have a healthy and growing capital investment network in Austin, it is not as over-developed as other metros," said St. Edward's **David Altounian**, who led the research study. "This, coupled with the fact that our startups are currently funded at lower levels than competition in larger markets, **provides a tremendous opportunity for investors to get in early and establish a presence in Austin.**"

Okay, how will this happen? "We need to make a concerted effort to engage our existing funding network and **recruit additional capital investment sources to Austin,**" said ACofC SrVP **Michele Skelding**. And the ATC and ACofC have announced they will work together to encourage the expansion of later stage investment sources in Austin and the activation of existing companies.

**Your Thanksgiving air travel through Austin-Bergstrom International Airport just got a bit easier this week. You may recall, the air traffic control tower was damaged during the heavy flooding Oct 30, 2015. Well, it was fixed this week – two weeks ahead of schedule.**

How could an airport control *tower* be impacted by flooding, you ask? Good question. The **radar control room** was located at the *base* of the air traffic control tower.

**Didja ever wonder how a 37-year Navy SEAL (who went on a mission prior to retiring as a 4-star Admiral) would use his military leadership experience as the CEO of 14 institutions in The University of Texas System? Well, you may gain a little insight through examination of some of Chancellor Bill McRaven's words.**

You could call McRaven a fearless, take-charge leader. After all, he flew to a remote airport to personally examine the dead body of Osama bin Laden, in order to **confirm that the men he personally selected to go after bin Laden had indeed killed the world's most notorious terrorist.** Dangerous night-time mission accomplished.

**This is not meant to be a definitive examination of McRaven's management style in his new world of academia.** But by looking at a recent report he personally wrote (after all, he got a journalism degree at UT Austin before embarking on his SEAL career), you get a glimpse at how **his military management background impacts his academic management style.** Check out his language in these report snippets:

He began by saying: "I harkened back to my **experiences over the past 14 years in combat** and how the Special Operations Community built a **'Team of Teams' to tackle complex problems.**" Other phrases: "mission statement" ... "achieve our goals and our new decision process" ... "disciplined approach we take to our daily, weekly and monthly collaboration."

Also: "strategic assessment, our view of the terrain" ... "bold initiatives" ... "quantum leaps" ... **"actively engage with leaders ... in ways never before envisioned in higher education"** ... "work aggressively." And then this:

"We will look to build a brick and mortar leadership institute that can provide **executive level leadership training** to all those who desire to improve the skills necessary to run today's complex organizations. **We will be known nationwide for developing great leaders.**"

Speaking of faculty: **"There is a war for talent, and we intend to win it."**  
Speaking of what he called a "brain health revolution," he said **"We don't want to just participate in this revolution, we want to lead it."**

How about these timely McRaven words: **"We have more than 40 centers and institutes focusing on national security issues today.** We will seize the opportunity to take the work being done all around our system and leverage it into something of international value. **We will establish the UT Network for National Security,** a systemwide alliance that will address the most vexing problems – raise them to national prominence, convene world forums, write, discuss, debate and present solutions. **The UT System will be the national authority on scholarly activities in national security."**

There are more examples. But you can see how he is using his military leadership in academia.

**Even before the quick, windy burst of rain earlier this week, the Lower Colorado River Authority (LCRA) reported Lakes Travis and Buchanan were around 79% full. These lakes are the major water supply for the region. Importantly, more than a million people depend on these lakes, as do businesses, power plants, the environment and agriculture interests. Here's a perspective on what has happened this past year, that began with drought conditions.**

First of all, consider the water stored in these reservoir lakes almost doubled this year alone. Or let's express it visually. **Early this month, Lake Travis was more than 47 feet higher than it was January 1, 2015 (now 85% full). And the much wider Lake Buchanan was about 21 feet higher (now 71% full).** No matter how you state it, that's a lotta water.

With the weather-maker El Nino still in full swing, are you skeptically wondering if the 79%-full lakes are in danger of major flooding? Well, that's always possible. It happened as recently as **Christmas Day, 1991, when Lake Travis reached its historic high of 710'4" above mean sea level (msl).**

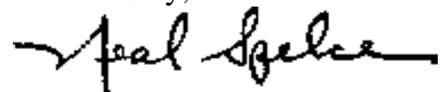
**The Mansfield Dam spillway level is 714' msl. Lake Travis this week was 671' msl, so we're a long way from that.** By the way, when the LCRA reports the *combined* storage of the two lakes is 79% "full," that doesn't mean they are near spillway level. "Full" is the category that allows for collection of much more water, to allow the LCRA to control flooding.

**Hey, have you seen those Google self-driving cars on Austin streets? Well, a self-driving car was pulled over by police recently. What was that all about?**

Turns out a cop in Google's home town of Mountain View, CA, pulled over the self-driving car for **going too slow. No ticket was given.** Seems the prototype cars are capped at 25 mph.

**Dr. Louis Overholster** points out Austin's rush hours are from 6 am-10 am and from 3 pm-7 pm. Friday's rush hour starts Thursday morning!

Sincerely,



Editor/Publisher