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Dear Client:

There's a selflessness and a willingness for anyone in Austin to help anyone else, however they can – regardless of what they get out of it. Because when they win, Austin wins. Could this observation be a major reason for Austin's entrepreneurial successes?

A company that is known worldwide – in fact, it has been called “the world's most valuable brand” – has branded **Austin as sitting atop the next wave of US startup hubs**. We're talking about **Coca-Cola**, a company that built its brand and business starting 127 years ago by **doing what all great entrepreneurs do: create something out of nothing**.

And that *something* is really something. Coca-Cola is the world's largest beverage company, whose 700,000 system employees distribute 500 different sparkling and still brands to consumers around the world. Sixteen of those products are billion dollar brands, such as Diet Coke, Minute Maid, Sprite, etc. So when Coca-Cola says “**we are entering a new era of innovation**,” you sit up and pay attention.

Especially when Coca-Cola backs up this assertion by **going all-in with a “goal to unleash 100,000 more entrepreneurs around the world**. As a global company operating on a local scale in 207 countries, that's what we do. It's in our DNA,” said Coca-Cola.

And it tapped **Austin as the top emerging hotbed of startup innovation**. It didn't just throw a dart at the wall to pick the Capital City of Texas. A careful analysis with a lot of time spent on the ground in Austin was part of the company's decision-making process.

“**Thanks to a thriving ecosystem of entrepreneurs, incubators and investors**, Austin continues to make headlines as a pro-business city in a pro-business state,” wrote **Jay Moyer**. “Austin's reputation as a live music mecca and magnet for BBQ buffs may have put the Texas state capital on the map, but **its status as a hub for high tech startups** will likely keep it there for years to come.”

This is all well and good, but to pick up a Coca-Cola reference, **what is in Austin's DNA that has caused this rare situation to develop?** The company learned a lot about Austin's collaborative makeup, personality and collegiality. Check out the quotes in the next item.

As far back as 1989 a formal structure for tech entrepreneurs came into being in Austin. And from that point forward the synergism generated by like-minded newbies and veterans alike has moved Austin to the head of the startup pack. A unique “spirit” is at the heart of it all.

Thanks to the vision of the late **George Kozmetsky**, the Austin Technology Incubator (ATI) was born. Kozmetsky was a super-successful California industry leader who shucked it all to come to Austin as the Dean of UT Austin’s business school. **His brilliance, leadership and foresight led to major transformations in the town-and-gown communities in Austin.**

ATI was founded as a commercialization arm of the university – recognizing and guiding startups prior to kicking them out of the nest to go on their own. This was a big-time catalyst that pushed Austin entrepreneurship to where it is today.

But similar actions were taken in other cities and regions. So, that question surfaces again: **just what is it about Austin?** Ask just about anyone in Austin’s entrepreneurial community and they’ll tell you **it’s more inclusive and inviting in Austin than in other tech hubs.** In many recognized cities, startups compete with other startups, regardless of industry.

In Austin you don’t have as much of that, says **Sam Decker**, who left Dell to found a couple of startups. “There’s more of a community feel ... a focus on the customer and on building a company people want to be a part of.” Then he added this kicker: **“It’s culturally normal to help each other here.”** He also said “this spirit (there’s that word again) of all-boats-will-rise camaraderie builds loyalty.”

The cycle of giving and pay-it-forward mentality are pervasive says Scott Robinson, who chairs the Austin chapter of the Startup America Partnership (SAP). SAP is a network dedicated to helping young companies grow and to build entrepreneurial communities.

Step back a minute so we can remind you that the biggest brand of them all, Coca-Cola, is the company that unearthed these observations as it **analyzed what made Austin the top dog in this newest wave of innovation.**

“It’s just easier here,” **Andy Sernovitz**, CEO of SocialMedia.org, told Coca-Cola. “And, as a result, there’s an associated **psychological lift – and an extra layer of energy – that goes towards being successful.**”

Austin’s **collaborative culture** has been cited time and again since high tech took off in Austin back in 1983. And now, after ATI triggered the concept in Austin in 1989, the nation is focused on the *current* entity – Austin’s **Capital Factory**. Would you believe that, as we speak, about **250 entrepreneurs representing 100 startups are energizing each other** in 20,000 sq.ft. of space overlooking downtown Austin. More about this startup accelerator in the next item.

The center of gravity of startup stuff happening in Austin is a factory. Not your “factory” in the old-fashioned industrial manufacturing sense, but a building full of entrepreneurial stimuli that is creating the *next* industrial revolution.

Austin’s Capital Factory pairs *first-time* entrepreneurs with *serial* entrepreneurs and angel investors who have founded successful companies and are eager to share what they’ve learned – and, importantly, *who* they know – with the next generation. This is a perfect example of the “selflessness” and “willingness” for anyone in Austin to help anyone else.

Capital Factory’s 30 mentors have built large companies and created more than 10,000 total jobs in Austin. Now they spend a significant amount of their time and money helping seed-stage entrepreneurs. “Having a great mentor with relationships and contacts can be pretty critical to a small company. **Working with someone who has walked in your shoes can save you a lot of time,**” **Joshua Baer**, Capital Factory’s managing director was quoted as saying.

“Every night of the week, a couple hundred engineers and programmers are here for meet-ups, events and hack-a-thons, and investors and press are coming through all the time,” Baer continued. “All of this creates a **melting pot of ‘startup goo’ that makes good things happen.**”

Beyond Capital Factory, **the Austin area is teeming with seasoned entrepreneurial veterans.** Several top Austin entrepreneurs worked at bigger companies in the area before branching off to start their own firms or to take senior roles at fast-growing startups. As a result, Austin’s crop of entrepreneurs skews a bit older and more experienced compared to, say, the dot.com boom of the 90s when 20-somethings launched companies from their dorm rooms. **“We’re the same people, just 20 years smarter. Instead of kids doing this for the first time, we’re doing it for the fourth and fifth time,”** said Social Media.org’s CEO, **Andy Sernovitz.**

Again, where does Coca-Cola fit into all of this? The beverage giant says we are “entering a new era of innovation, (where) companies that adapt fast enough can **revolutionize their industries and uncover new growth opportunities in other industries.**” The 127-year-old global leader wants to be one of those companies: **“And being part of this revolution means learning from and collaborating with others.”** This led them to the Texas capital city and to designate Austin as the best example in the US of this new wave.

A key element that has propelled Austin to this point is a **“balance of startup intensity and a family-friendly lifestyle,”** noted one local entrepreneur. This gives Austin an edge over other cities. As he put it: **“Austin has an appreciation of working to live, not living to work.”** Who is living this life in Austin? A rich talent base of engineers, programmers, designers and marketers who want to work on a *small* team and make a *big* impact. Stir these ingredients together and you have **Austin as a leading hotbed of the next industrial revolution.**

An economic index that examines 102 major US metros ranked Austin #1 for the fifth month in a row.

Each month the On Numbers Economic Index measures the relative economic vitality in metros with a population of more than a half-million. It uses an **18-part formula** that assesses private-sector job growth, unemployment, personal earnings, house-price appreciation, and construction and retail activity. **Austin ranked #1 in June's report with an eye-popping statistic: a 5-year increase in private sector jobs of 10.5%.** Houston was the runner-up, way back at 7.8%.

Speaking of jobs, employers in the Austin metro added 2,300 jobs during the most recent reporting month, according to the Texas Workforce Commission.

This is impressive because, at the same time, *federal employers cut about 1,000 jobs* during the month – a likely fallout from the sharp, nationally-mandated federal budget cuts.

The Austin area's residential real estate market continued a torrid sales pace during May.

In fact, the most home sales ever recorded in May in the Austin metro approached 3,000. To be precise, 2,991 single-family homes were sold. This is a **29% jump** from the same month a year ago, according to the Austin Board of Realtors. Another indication of the red-hot sales pace is that homes, on average, kept a for-sale sign in the front yard for only 44 days – much quicker than a year ago. **This fast sale pace coupled with high demand/low inventory pushed the average sales price up by 8% over a year ago.**

Dr. Louis Overholster, upset when the Tex-Mex restaurant's mariachi band drowned out his conversation, called the waiter over and asked if the band could play anything. When the waiter said "of course," the good doctor said "great, ask them if they would please play chess!"

Sincerely,



Editor/Publisher