

## Startups and entrepreneurs vital for new job creation in U.S.

In the midst of record unemployment, a new report from the Ewing Marion Kauffman Foundation suggests the nation's economic recovery lies with startup companies because they are the primary drivers of job generation in the U.S.

The study, "Where Will the Jobs Come From?" shows that newer companies have historically created more jobs than their older counterparts, and the difference is particularly significant during economic recessions. The authors say this demonstrates that young businesses will be the key to economic recovery. "Job creation is the number one issue facing families and policymakers during this economic recession, and this study shows that new businesses and entrepreneurs are the critical factor in adding new jobs," said Carl Schramm, president and CEO of the Kauffman Foundation. "If the U.S. economy is going to have a sustained recovery, it will be up to entrepreneurs to lead the way."

Columbus-area entrepreneur Patrick Murphy, CEO and founder of Brand

Thunder in Dublin, Ohio, says his company is living proof of this. As an Internet service, Brand Thunder creates "extreme makeovers" for browsers. Through an easy-to-install browser add-on, end users can transform their drab Web browser into an immersive experience branded with their favorite sports team, entertainment franchise or Internet site.



Brand Thunder continues to add employees as revenue grows.

"Given our business model and product, and because we target Web advertisers, we have not been greatly impacted by the economy," Murphy said. "We've been seeing a nice little climb in our revenue stream."

Murphy was the company's only employee when he founded Brand Thunder just two years ago with \$250,000 from TechColumbus' Regional Commercialization Fund and angel funding. The number of professionals working at the Dublin office of Brand Thunder grew to four during its first year and doubled this year. Murphy says he plans in 2010 to add at least three more employees, plus additional contract workers outside of Ohio.

"It sounds small, but the trend is there – we're living it," Murphy said. Indeed, the Kauffman study indicates that the age of a company and not its size is a determining factor, with the most net job generation occurring within businesses that are one to five years old. The data, a special tabulation from the U.S. Census Bureau, show these firms created more new net jobs than older companies, as well as a higher average number of jobs per firm.

Columbus-based Syscom Advanced Materials Inc. fits that profile exactly, says company President and CEO Joseph Reed. Located in the TechColumbus incubator, Syscom is the creator of AmberStrand, an exceptionally strong, light-weight flexible fiber that conducts electricity. "AmberStrand is much stronger, lighter and more flexible than copper wiring," Reed said.

The company has been extremely successful in honing in on its primary target market – the aerospace industry – and is expanding nearly a year earlier than expected. Since it began commercial operations in 2008, Syscom has grown to 12 employees and this year plans to add at least two more professionals, along with a second production line and workers to operate it. "We have become the market leader in aerospace and, despite the economy, we're gearing up to target new markets," Reed said.

### Startup support

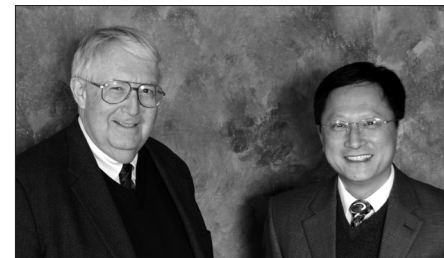
The Kauffman Foundation hopes the results of the study will garner governmental and private support for developing businesses. "This study sends an important message to policymakers that young firms need extra support in the early years of formation so they can grow into viable job creators," said Robert Litan, Vice President of Research and Policy at the Kauffman Foundation.

Support for startups has been and continues to be a strong commitment of Ohio Third Frontier and TechColumbus, and the results of their efforts support the findings of the Kauffman Foundation study. Ohio Third Frontier

was launched in 2002 by the state of Ohio as a \$1.6 billion, 10-year program to support technology-based economic development. A recent study by SRI International found the state's expenditures through Ohio Third Frontier of \$681 million generated \$6.6 billion of economic activity, 41,300 jobs and \$2.4 billion in employee wages and benefits. This represents a nearly \$10 return on every dollar of the state's investment.

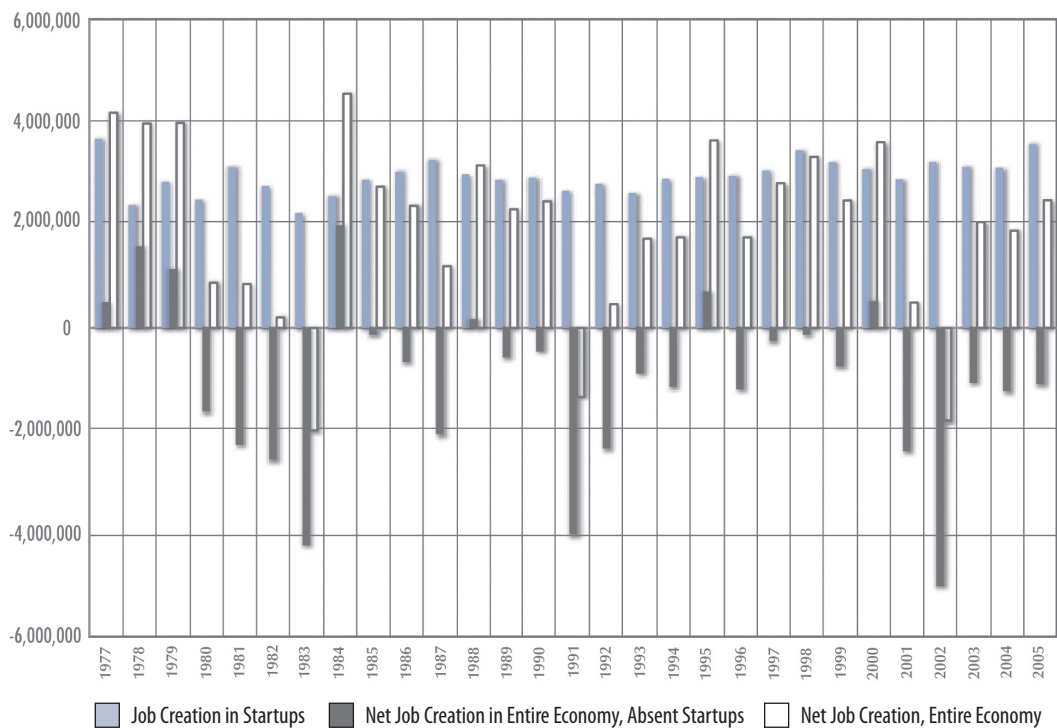
As an organization that channels Ohio Third Frontier funding to technology-based companies and entrepreneurs, TechColumbus is keenly aware of the impact young businesses have on the job market and the economy in general.

"Both the Kauffman report and SRI studies confirm what many have always thought about the critical role of startups," said Ted Ford, President and CEO of TechColumbus. "In the news, we tend to hear a lot about the impact of big, existing companies, but it's the growth and hiring of small businesses that drive the economy and will ultimately pull us out of recession."



Syscom Advanced Materials Company President and CEO Joe Reed, left, and founder Jar-Wha Lee.

### The First Source of Job Creation: Startups



Source: Ewing Marion Kauffman Foundation study, U.S. Census Bureau, Business Dynamics Statistics, at <http://www.ces.census.gov/index.php/bds>.

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