



Response

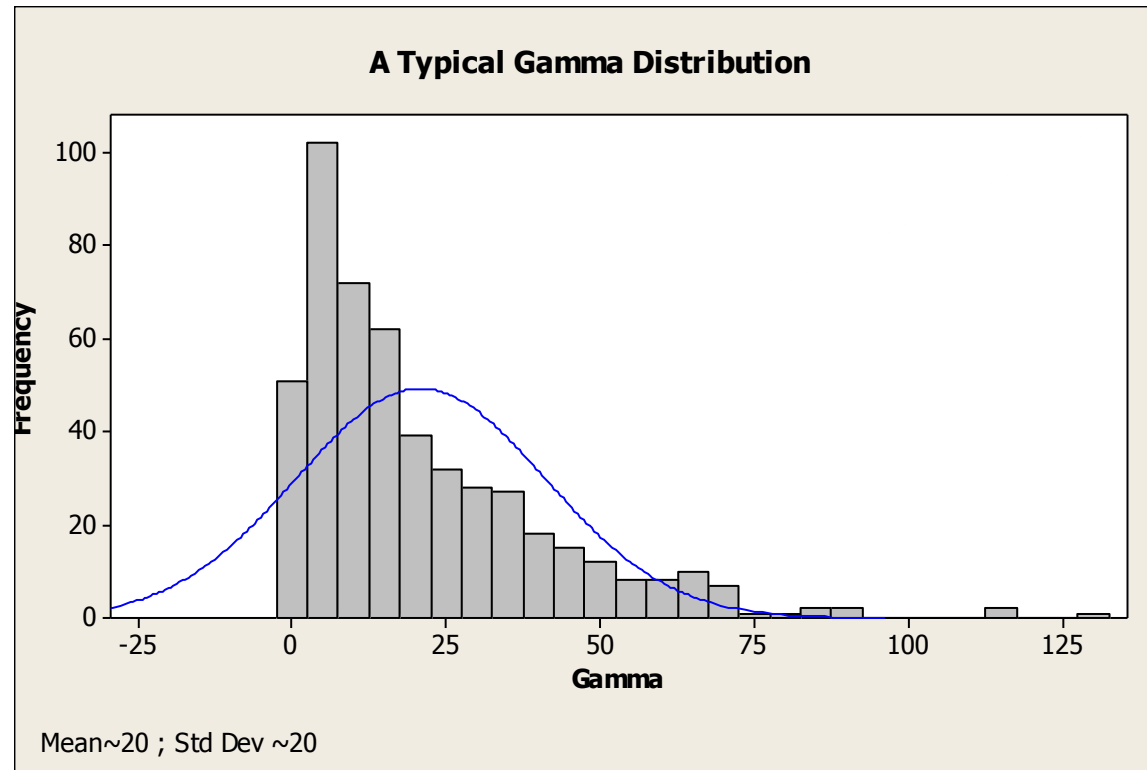
P. H. Longstaff
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Most Silicon Valley startups are doomed.

- 75 percent of start-ups **fail quickly**.
- Another 21 percent get acquired by a larger company.
- That leaves just 4 percent with the chance to make it big on their own. Startups that turn into billion-dollar companies are so rare that they've acquired the nickname **“unicorns.”**
 - According to *CB Insights*, which tracks the venture-capital industry, (2014)

A power law business. Welcome to our world!





It works at INDUSTRY level when

- Diversity – many tries, many ideas
- Right balance of Tight/Loose Coupling
- Intervention at the right scale– different impacts
- Adaptive capacity – mechanisms for “learning” (changing, remembering)
- Innovation re-evaluated
 - The Disruption Machine in *The New Yorker*
 - June 23, 2009

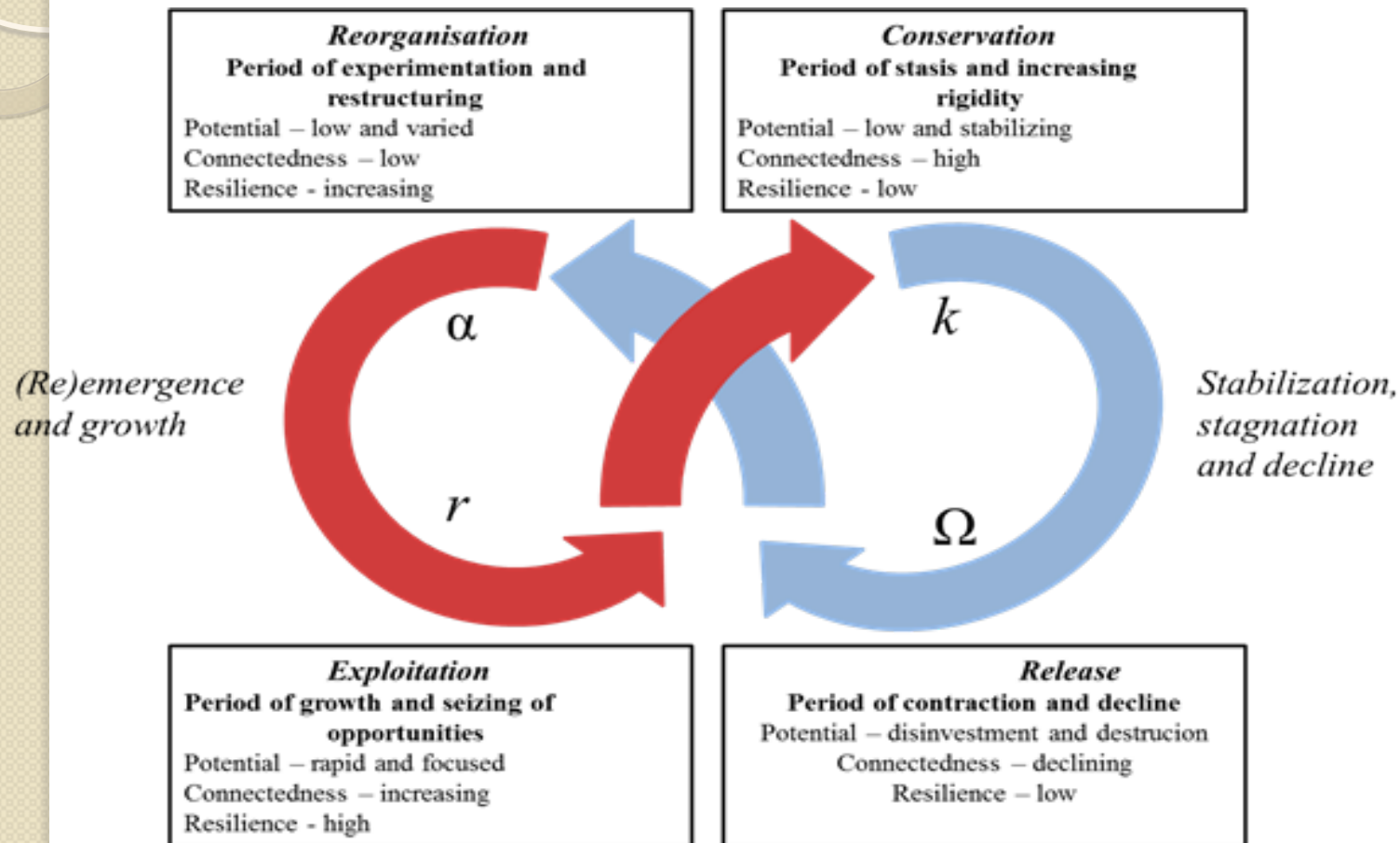


Innovation techniques

- **Just do it**
 - trial and error w/o management
- **The Lean Start-up (Eric Ries)**
 - “...validated learning - a rigorous method for demonstrating progress when one is embedded in the soil of **extreme uncertainty**.”
 - to find a business model and to validate it through iterative experimentation and early interaction with the market/customer to check and adjust assumptions.
 - <http://theleanstartup.com/principles>

Seeing the cycles

Gunderson and Holling, 2002





Government's Role? For old wood and green shoots

- Make it possible to **Fail Safely** (not requiring Failsafe policies or plans) for new products/services.
- **Adaptable** regulation that discovers unintended consequences with minimum uncertainty.
- Incorporate variable rules for firms in different parts of **cycles and different scales**.