A New FRONTIER:
ENTREPRENEURSHIP ECOSYSTEMS IN BOZEMAN AND MISSOULA, MONTANA

by Yasuyuki Motoyama, Christina Henderson, Paul Gladen, Emily Fetsch, Sharah Davis

OUR RESEARCH COALITION
This report is a result of joint research by three academic researchers and three local support organizations (Montana High Tech Business Alliance, MonTEC, and the Blackstone LaunchPad at the University of Montana, Missoula) and is funded by the Ewing Marion Kauffman Foundation, a nationally leading philanthropic organization on entrepreneurship. Our findings are primarily based on 42 interviews of local entrepreneurs and support organizations and a survey of 178 companies in the region.

HIGH LEVELS OF ENTREPRENEURIAL ACTIVITIES IN MONTANA
Our analysis, as well as various other data, demonstrate that both Bozeman and Missoula present a very high level of entrepreneurship:

- The proportion of Inc. high-growth firms is particularly high in Bozeman, higher than Denver (9th in the nation) and almost compatible with Washington, D.C. (1st in the nation).
- Montana has been quite successful bringing in external venture capital investment considering its scale, but it accelerated even more in the mid-2010s, particularly after the establishment of a local source, Next Frontier Capital.
- Compared with Thumbtack.com’s nationwide survey, the perception of business climate in Montana is highly favorable.
- Montana further demonstrates vibrant a) spinoff activities originated from RightNow Technologies and b) clusters of photonics companies.
- Research by other scholars also highlights that Missoula and Bozeman ranked 9th and 12th highest in startup rates among 394 areas in the country.
UNIQUE LOCAL ASSETS BOOST ENTREPRENEURSHIP LEVELS

- Montana's high level of entrepreneurship is leveraged by dense networks of active local support organizations (non-profits, university-related, government, and individuals), which were well perceived and utilized by entrepreneurs.
- Entrepreneurs in Montana seek out resources, participate in events, meet mentors beyond their hometowns, often 200-300 miles away.
- Entrepreneurs in Montana have diverse backgrounds, coming from all over the country, with Silicon Valley or international experiences.
- With exception of a few companies specifically working in the local environment, Montana companies target national and international markets and procure their inputs globally.
- Montana companies enjoy the high level of workforce locally with a high retention rate built upon the quality of life offered in the region.

RECOMMENDATIONS

- Keep building the Montana-unique ecosystem for Montana companies. Do not imitate Silicon Valley, Denver, or other places because Montana companies enjoy different and unique Montana assets.
- Identify regional strategies for recruitment of qualified employees. While many companies were satisfied with the quality of recruited workers, other companies expressed concerns over hiring specific kinds of workers or recruitment on a large scale. However, there is a range of identified and needed skills by different companies (such as software engineers, managers, young talent, experienced talent, etc.), and it is rather unrealistic to expect local universities to produce the talent, especially in the short term. If Montana companies decide to recruit the talent externally, the region needs to embrace an environment to accommodate diversity, including foreign-born workers and entrepreneurs.
- Review air access. Limited air access and high airfare prices may hinder the connections of Montana entrepreneurs. Various options should be discussed between users, government, and airlines.
- Expand the support networks beyond political boundaries. Our survey identified four kinds of communities within the region. While it is natural to provide referrals and support people you know, these four identified groups seemed to reflect somewhat political divisions within the state. We should not limit our support system based on such political divisions because entrepreneurship will benefit the whole economy.

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