MISSOULA - Conversations about entrepreneurship often focus on Silicon Valley, Boston or other major metropolitan areas, yet Missoula and Bozeman, Montana enjoy some of the highest levels of entrepreneurship in the nation in terms of startup and high-growth companies, as well as spinoff activities, according to a report funded by the Ewing Marion Kauffman Foundation.

Missoula and Bozeman rank 9th and 12th highest in startup rates among 394 areas in the U.S., and the proportion of 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), according to the report. Montana also demonstrates vibrant spinoff activities originated from RightNow Technologies and clusters of photonics companies in Bozeman, with former RightNow employees creating at least 15 companies and the photonics cluster generating a series of companies every decade since the 1980s.

“A New Frontier: Entrepreneurship Ecosystems in Bozeman and Missoula, Montana” is the first-ever study of the Montana ecosystem and is important because there have been few studies of entrepreneurship in small towns and rural areas. The report is a result of joint research by the Montana High Tech Business Alliance, MonTEC, the Blackstone LaunchPads at the University of Montana and Montana State University, and Kansas researchers Yasuyuki Motoyama, Ph.D., Emily Fetsch and Sharah Davis and is based on 42 interviews of Montana entrepreneurs and support organizations and a survey of 178 companies in the region.

“This report overturns common assumptions about entrepreneurship in smaller metros and rural areas,” said Christina Henderson, executive director of the Montana High Tech Business Alliance and a co-author of the study. “Montana's recent startup boom shows that disruptive technology is bringing
high-paying jobs to rural communities, that Montana’s high quality of life and beautiful landscape are a magnet for knowledge workers, and that it is possible – even common – for entrepreneurs to build global businesses in very small towns.”

The study found that Montana’s high level of entrepreneurship is leveraged by dense networks of active local support organizations – non-profits, university-related organizations, government and successful entrepreneurs serving as mentors to a younger cohort of entrepreneurs.

Active non-profit business support resources ranged from universities (University of Montana and Montana State University), industry networks (Montana High Tech Business Alliance and Montana Photonics Industry Alliance), publicly funded organizations (Montana Manufacturing Extension Center) and other organizations such as Montana Code School or 1 Million Cups.

“This report examines what’s behind thriving entrepreneurial communities in places outside expected hubs and reinforces the idea that anyone can start a company regardless of where they live, or of their gender, race or economic background,” said Victor Hwang, Vice President of Entrepreneurship at the Kauffman Foundation.

The University of Montana and Montana State University were mentioned by entrepreneurs as top business resources, particularly the Blackstone LaunchPads located at both universities; business incubators MonTEC at UM and TechRanch at MSU; and events such as the Business Startup Challenge that is affiliated with the University of Montana. Montana entrepreneurs also relied on both universities, as well as other colleges in the region, to supply a steady number of graduates with critical thinking skills and processes to fill jobs at their rapidly growing high-tech firms.

“Montana is the Treasure State, and among our treasures are the innovators, entrepreneurs and those who pursue their passion with bold enthusiasm,” UM President Sheila Stearns said. “Helping build businesses and opportunities in Montana is exciting and benefits our students, alumni and Montanans across our state.”

In addition, entrepreneurs mentioned many active role-model entrepreneurs who have successfully run companies and mentored the next generation of entrepreneurs, including Greg Gianforte, founder of RightNow Technologies.

“What we achieved with RightNow Technologies was the result of Montana’s entrepreneurial spirit and work ethic,” Gianforte said. “You can’t find it anywhere else in the world, and the results of this study prove it. The talent being harnessed here from Bozeman to Missoula to our rural communities has
made Montana a leader in start-ups and job creation. It’s proof that there’s no better place to build a business and enjoy our incredible way of life.”

Entrepreneurs in Montana also mentioned various supports provided by government. In sharp contrast to cases in other larger cities where government and regulations were often mentioned as being a barrier to entrepreneurship, Montana entrepreneurs reported referrals from Gov. Steve Bullock, Sen. Jon Tester, and Sen. Steve Daines and former Sen. Max Baucus and considered them “champions of entrepreneurship.”

According to Paige Williams, founder and CEO of The Audience Awards in Missoula, “The good thing about Montana being a small town is I know the governor. I know Sen. Tester. Because it’s a small town, you get major access to your leaders. And they really help support you in any way that they can and also talk about you a lot.”

"We recently learned Montana leads the nation in job growth. Our unemployment rate is nearing historic lows while more Montanans are at work than ever before," said Governor Steve Bullock. "I’m pleased to see Missoula, Bozeman, and all of Montana recognized as leading engines of economic growth across the country. Our efforts to create a strong business environment are paying off for Montana businesses and workers through innovation, good-paying jobs, and economic success."

According to Sen. Jon Tester, “There is no better place in the country to start a business, launch a career and create jobs than right here in Montana. Because of our top-notch workforce, friendly tax environment, and our unmatched access to outdoor recreation, this news once again shows that Montana is open for business.”

The study also found unique local assets that boost entrepreneurship levels, including:

- Montana entrepreneurs have diverse backgrounds, coming from all over the country, with Silicon Valley or international experience;
- Entrepreneurs in Montana seek out resources and mentors beyond their hometowns, often 200-300 miles away;
- With exception of a few companies specifically working in the local environment, Montana entrepreneurs target national and international markets and procure their inputs globally;
- Montana companies have a high level of workforce locally with a high retention rate built on the quality of life in the region.

Some interviewees used the term “Montana mystique” to describe what attracted entrepreneurs to the state and cited outdoor and recreational opportunities, mountains, hiking opportunities and proximity to great national parks.
According to Molly Bradford, cofounder and CEO of GatherBoard in Missoula, “People are outside walking their dogs, mountain biking, hiking, on the river, surfing on their lunch break. That’s a celebration of balance that we don’t work to live and live to work, but both.”

A number of company founders expressed the common sentiment that Montana’s untamed landscape, and the type of people who are drawn to it, have shaped the state’s business culture and its inclination toward entrepreneurship.

Based on the survey findings, policy recommendations include:

- Keep building the Montana-unique ecosystem for Montana companies;
- Identify regional strategies for recruitment of qualified employees;
- Review air access;
- Expand the support networks beyond political boundaries.

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Additional 2017 Report Press Release Quotes from Montana Companies:

**BOZEMAN**

“The secret is out. Montana is firmly planted on the start-up and technology map both nationally and internationally,” said Andrew Hull, founder and president of Elixiter in Bozeman. “In my last ten new business calls, every potential client knew exactly the location of Bozeman including the quality of work and lifestyle. What was once a roadblock to client engagements in 2011 is one of our best-selling features. “A New Frontier: Entrepreneurship Ecosystems in Bozeman and Missoula, Montana” report is proof behind the swell of activity we sensed but couldn’t necessarily put numbers and research behind.”

- *Andrew Hull, founder and president of Elixiter*

**MISSOULA**

“The high-quality workforce plays a major role in the growth of our state’s technology sector. For ATG, this means a close partnership with the University of Montana, where ATG recruits graduates and alumni who have the opportunity to do world-class consulting work in Montana, have an exceptional standard of living, and still find time to go rafting and skiing on weekends. The study findings show that entrepreneurship can thrive in small communities, not just in Silicon Valley.”

- *Tom Stergios, senior vice president of Strategy and Corporate Development and general manager of Advanced Technology Group’s Missoula office*
"As a technology leader, Blackfoot is keenly aware of the role entrepreneurship and innovation play in Montana's booming high-tech economy. We see it every day – whether it's our customers, our employees or the companies we partner with in delivering leading-edge voice, data, cloud and technology solutions. We are proud to be part of the tremendous growth Montana has experienced in recent years and look forward to working with the Montana High Tech Business Alliance, Missoula Economic Partnership, the Missoula College and many others to support economic success for all business.”

- Jason B. Williams, Chief Executive Officer, Blackfoot

"Montana's entrepreneurs repeatedly speak about their commitment to community and their sense of place. This creates a highly collaborative and mutually supportive environment for entrepreneurs to grow and succeed."

- Paul Gladen, Director, Blackstone LaunchPad. University of Montana