

House Small Business Committee Meeting

Wednesday, November 20, 2013

Written Testimony Submitted by Adam Arredondo

About Me

Thanks so much for having me. I am very excited to be here and I'd first like to start by wishing you all a very happy Global Entrepreneurship Week!

My name is Adam Arredondo. I am an entrepreneur from Kansas City. I am the CEO & Co-founder of Hoopla.io, an internet startup.

As a Kansas City native, it's been incredibly exciting to be in the middle of all the entrepreneurial activity and momentum that has been building over the last several years. Kansas City is unique in that it's currently the only place in the world with Google Fiber, the world's fastest residential internet. However, the entrepreneur and startup community that has developed around it and the principles we have learned about building and nurturing it are applicable to any community across the country.

Kansas City Startup Village

Outside of running my company, I am a co-leader of the Kansas City Startup Village which is an organic, entrepreneur-led effort in the first neighborhood in the world to get Google Fiber. Startups congregate to work, network and live in this neighborhood on State Line Road, where Kansas and Missouri meet. My company is one of those startups.

It is first important to know that Kansas City Startup Village was not planned. We are not following any blueprint.

In late September of 2012, a string of serendipitous events occurred that resulted in three properties and five startup companies settling down half a block from each other in the first Google Fiberhood. One of these houses was purchased by a local startup leader who recruited hackers and entrepreneurs from around the country to live in his Google Fiber enabled house for three months rent-free to build their startups.

In the 14 months since, Kansas City Startup Village has grown to 13 properties and 25 startups within six blocks of each other. Entrepreneurs have moved from 12 different states to live and work in the Village. Delegates and business people from over 45 countries have visited. And, most importantly, the Kansas City Startup Village has created over 70 jobs ... All of this with ZERO outside funding.

There are three main reasons why the village has seen such rapid success and notoriety.

First, the efforts are 100% entrepreneur-led. We volunteer our time because we know that a strong Village makes for a strong Kansas City startup community which is better for every startup in it, including our own. Government, corporations and universities are absolutely critical in the sustainability of vibrant startup communities but those groups must allow the

entrepreneurs themselves to take the lead followed by direct engagement to find the support mechanisms.

A great example of this is my being here today. As an entrepreneur, neither my company nor I could afford to pay for this trip so I reached out to supporters around Kansas City and it was Greg Kindle with the Wyandotte County EDC that made sure we were afforded this opportunity to tell our story.

Second, we have created startup density. In the Village, we talk about “serendipitous collisions” all the time; unplanned interactions between fellow entrepreneurs which often lead to new ideas and collaboration. Events are great for creating startup density, but are temporary. Kansas City Startup Village offers startup density on a daily basis.

Finally, it’s important to know that although Google Fiber may start the conversation and perk initial interest, it’s the welcoming, collaborative community that gets people to stay. A perfect example of this is Mike Demarias, a 22-year old entrepreneur from Boston. Mike said, “I came to Kansas City for Google Fiber and free rent, but I decided to stay for of the awesome community.”

Startup vs Small Business

One of the big questions we get asked all the time is “Is there a difference between a startup and a small business”. The answer is definitely, “Yes”.

Although a startup can be categorized as a small business, very few small businesses can be categorized as a startup.

No startup aspires to only become a small business. Startups want to scale rapidly. Startups want to become the next big thing. Startups want to disrupt the status quo. Startups want to innovate.

Startups also have different needs than small businesses.

Startup Needs

A need of most small businesses is access to capital to get the business off the ground. Startups are no different. However, startups rarely qualify for traditional financing through banks and other financial institutions leaving entrepreneurs to scramble to find other funding options. And unfortunately, those funding options are few and far between.

My company has been lucky enough to find two grants through local organizations.

We were selected to receive funding through the Digital Sandbox which is the result of a \$1M federal i6 grant. Thanks to this grant the Digital Sandbox has been able to provide startup capital to over 20 startups in the Kansas City area.

We were also lucky enough to discover a grant through Workforce Partnership funding through the H-1B program. This allowed our company hire six new employees. This has had a huge impact on the the progress of my company. In all, over 23 jobs were created in the Kansas City

Startup Village alone, thanks to that grant.

The important point here is that I accessed these grants through local organizations that interact with the startups on a regular basis and are best equipped to understand a startup's needs, effectively distributing funds.

My recommendation to you is to provide local EDCs like Wyandotte County EDC, workforce development organizations like Workforce Partnership and startup focused efforts like the Digital Sandbox with the funds they need to continue the good work they do on a daily basis.

No community is the same. Please, focus on providing the resources to those that know their community best and allow them to continue their good work.

Thanks for listening. Onward and upward!



Kansas City Startup Village

is an entrepreneur-led, organic initiative helping to bolster the Kansas City startup community by building a dense startup location where community and collaboration can be fostered.



THE WALL STREET JOURNAL.

VentureBeat

FASTCOMPANY

The Washington Post

Mashable Inc.

KANSAS CITY STARTUP VILLAGE

- SETTLED 2012 -

Talent Recruited from

12 States



Amount of states people have moved from

70 Jobs & Growing



25 Companies



Investment Info

\$4B

Investors Toured

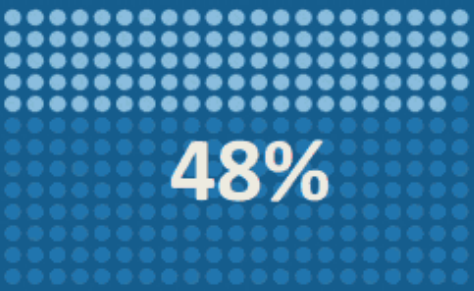
7M+

Total Investment

12

Companies

Companies with Funding



48%

Investor backed | Boot Strapping

Industries



Visitors

Senator Moran
 Congressman Yoder
 Governor Brownback
 Delegates from 30+ countries
 Media & guests from 15+ countries
 Many student groups

kcsv.org

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The Entrepreneur Support Ecosystem

Special thanks to the Enterprise Center of Johnson County
for the following research and graphics.

Creating a robust startup community is on the forefront of many people's minds across the country. In order to do so effectively, you've got to address all the pieces of the puzzle in order to create the environment where entrepreneurs thrive.

Outside of the startups themselves, the support ecosystem for startups can be broken down into the following buckets:

- Consulting & Support
- Capital Funding
- Office Space & Co-Working

Illustrated by the evolution of the Kansas City entrepreneur support ecosystem, you'll be able to see how Kansas City has begun filling in the gaps, moving toward the nurturing entrepreneurial environment that all cities desire.

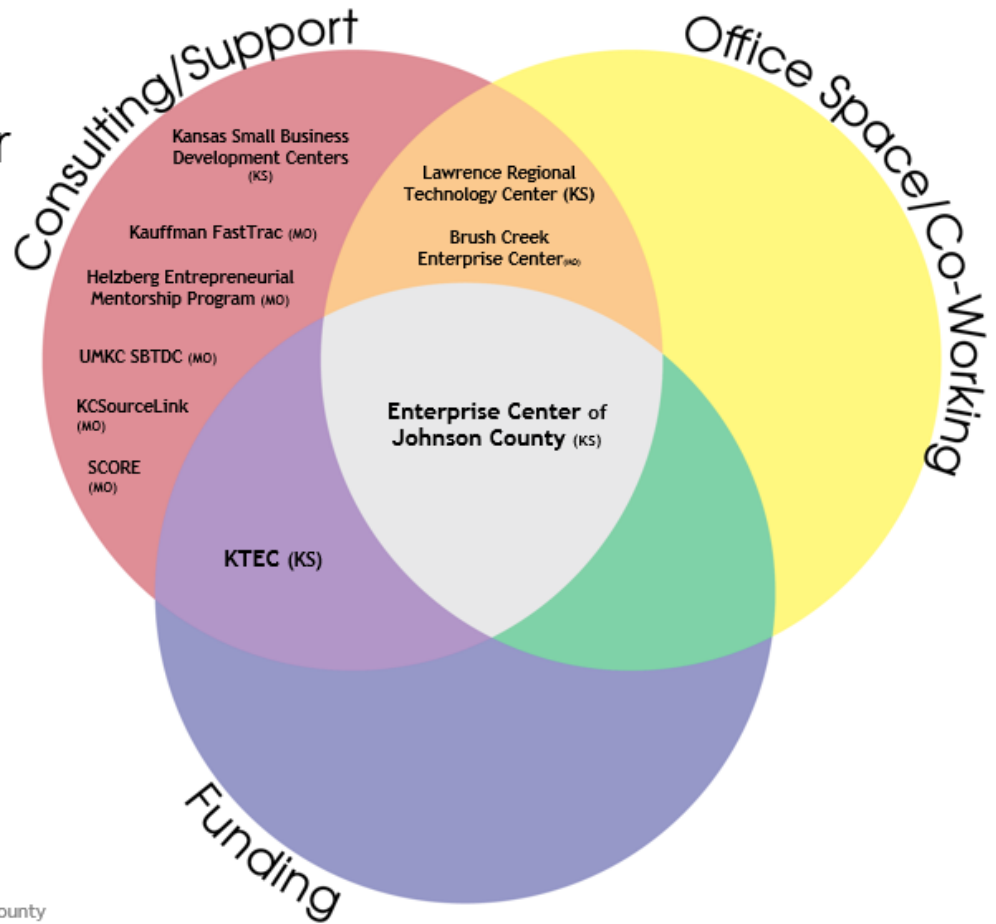
Although the progress is Kansas City is impressive, in no way is Kansas City at the finish line.

The Entrepreneur Support Ecosystem



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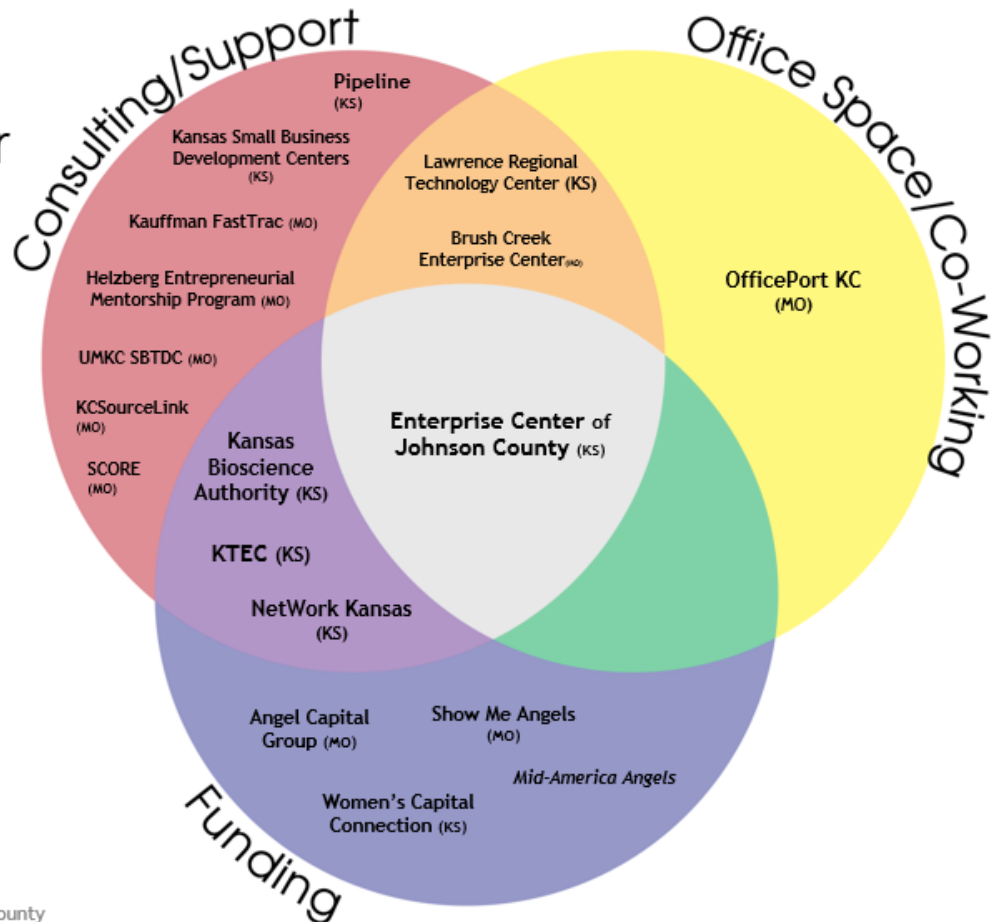
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The Entrepreneur Support Ecosystem

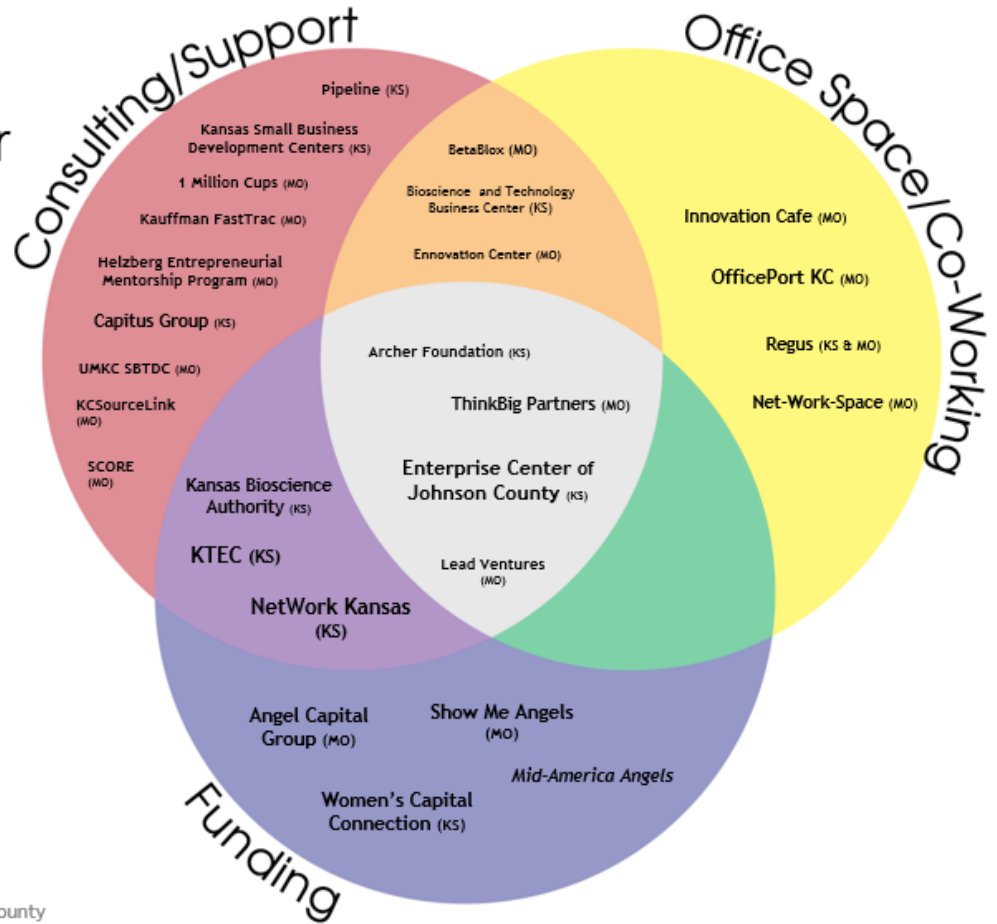
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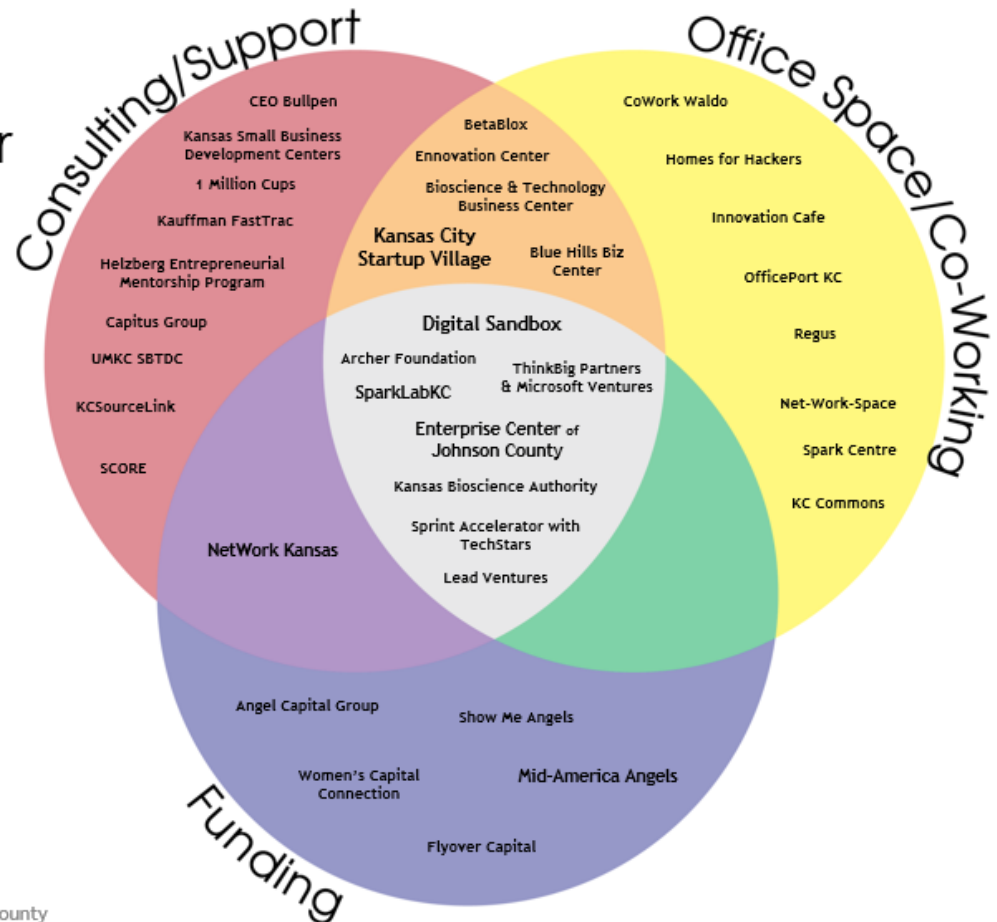
2012



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The Entrepreneur Support Ecosystem

TODAY



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