



## [EXCLUSIVE] Interview with Daniel Isenberg on Scale Up Ecosystems



Daniel Isenberg has been a pioneer of understanding and impacting entrepreneurship ecosystems and has led the development of the Scale Up® Ecosystem methodology for economic growth and broad-based prosperity. Dan is founding executive director of the Babson Entrepreneurship Ecosystem Platform and adjunct professor at Columbia Business School. From 1981-7 and 2005-9 Dan was a professor at the Harvard Business School. In the interim (1987-2005) Dan was an entrepreneur and venture capitalist and since 2009 has made investments in over two dozen technology startups in the US, Europe,

Asia, and Africa, as well as three funds. Dan authored *Worthless Impossible and Stupid: How Contrarian Entrepreneurs Create and Capture Extraordinary Value* (Harvard Business Review Press 2013) and over 30 digital and print articles on entrepreneurship in the Harvard Business Review. He has been featured in the Economist, Forbes, Bloomberg, Wall Street Journal, Financial Times, etc. Dan and colleagues have founded and directed Manizales-Mas, Scale Up Milwaukee, Scale Up Rio, Scale Up Atlantic Canada, Scale Up Guatemala, and ScaleratorNEO. Dan has conducted World Economic Forum events at Davos, Africa, Europe, Latin America and China, was an associate at the Harvard Kennedy School of Government's Growth Lab (2016-2017), and has lectured at MIT. In 2012 Mikhail Gorbachev awarded Dan the Pio Manzu Award for "Innovations in Economic Development." At Babson Executive Education, Dan created the 3-day program, Driving Economic Growth Through Scale Up Ecosystems. Dan holds the Ph.D. degree in social psychology from Harvard University.

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Based on your experience, what would be the best definition of a scaleup within the context of accelerating regional economic growth?

It is more beneficial to define the dynamic process of scaling up than to designate scale ups per se. The trajectory of new, more rapid growth is what is important, and we should encourage and support more and more local firms to grow more and more rapidly. It is when that dynamic becomes part of the culture and when it is supported by programs and institutions that it can contribute to diverse forms of growth, and that in turn leads to a more economically complex and diversified ecosystem. Focusing on the dynamic of scaling up has the added advantage of being more inclusive because it recognizes that all forms of more rapid growth contribute to the entrepreneurs as well as to society. Designating scale ups has the negative unintended consequence of ignoring many growth events that should be recognized, celebrated, and repeated.



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## How can scaling up drive the economic growth/development of a region or a country?

Scale Up Ecosystems™ are local, not national (usually). When more and more local firms enter into new growth trajectories, it naturally enriches and deepens local supply chains, provides dignified employment (directly and indirectly), injects dynamism and optimism into a region, and creates a culture of ambition and pride. It is noteworthy that a scale up ecosystem is intrinsically broad-based, so that more opportunities of many kinds are created for more people.

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## Does it make a difference whether it is technology/innovation firms that are scaling up when it comes to achieving the overarching socio-economic prosperity?

It is the broad-based, new growth trajectories that create multiple benefits. Most of these scaling firms will need to use technology in some form – without it they cannot be competitive and serve customers. As local scale up ecosystems evolve and emerge, they naturally produce innovation (e.g. processes and products) and leverage innovative assets (e.g. IP). Growth produces and enables innovation. Innovation enables growth. However, neither innovative products nor technology are necessary to begin the process of scaling up. It is important to keep in mind that at the early stages, many successful firms may look and in fact be quite traditional and take years to develop their innovative capacity. Innovation and technology may be inputs and outputs. The critical process is scaling up.

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## Should government initiatives focus more on scaleups than startups?

In an ideal world, it is not either-or. Scale up, start up, and other more specialized programs should be synergistic. But it is a question of where do you get the best and fastest leverage for growth and economic diversification. Furthermore, startups are of better quality when there are scaling companies nearby – they serve as role models, sources of knowledge, customers, mentors, sources of senior talent, and business partners. At present, the vast majority of public resources everywhere are targeted to starting more and more new firms. This needs to be balanced with creating new growth trajectories (scaling up) of firms of all ages who can show new growth with only a few months, given the right training and (usually) non-financial support. Although it is somewhat of an exaggeration, to make a point I often say, if you take care of scaling up, the startups take care of themselves. Scale Up Ecosystems naturally encourage good quality startups.

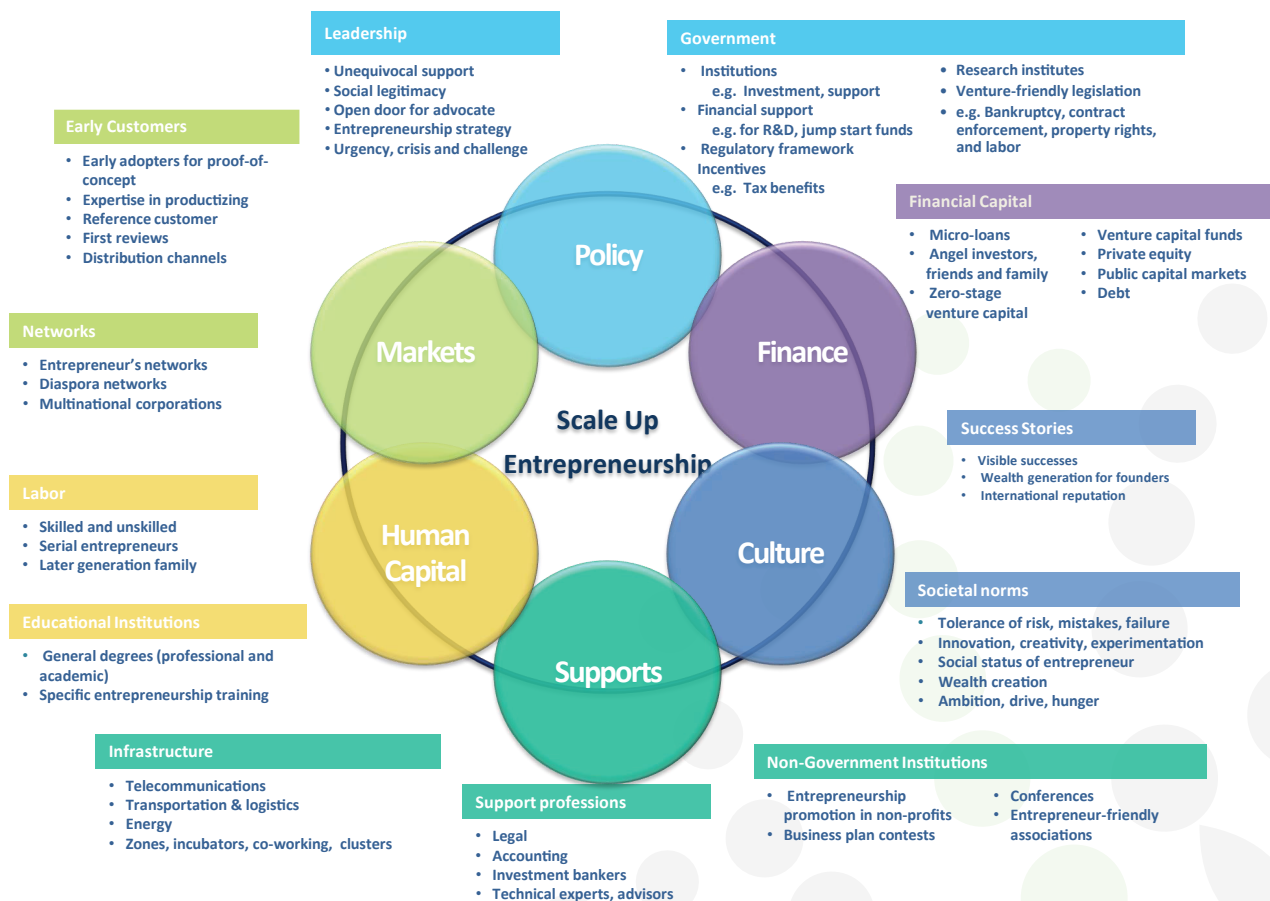


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## What are the elements of a Scale Up Ecosystem and the key pillars that underpin such an ecosystem?

There are quite a few elements but at a high level: A Scale Up Ecosystem forms in specific locations (e.g. cities) when more and more local firms grow more and more rapidly. For that to happen, six domains, not in any particular order need to be strengthened and aligned – cultural norms, policy makers, educators/human capital, access to markets, financial actors, and support organizations and events. For those six domains to be strengthened and achieve a new level of dynamism, you need to create or strengthen four pillars of activity – demonstrating quickly that new growth can happen, communicating that growth throughout the community, aligning and engaging the actors within of all six domains, and building a broad infrastructure to sustain and accelerate the process.

## Domains of the Scale up Ecosystem





## 6 How are Scalerators® different from accelerator programs?

The Scalerator, which we have developed over a decade and completed over 20 times in six different economies with the same results, is a very structured growth program, kind of a boot camp for companies who want to profitably increase their growth almost immediately. The Scalerator takes place over six months during which new real growth begins to occur within weeks. The difference with most accelerator programs is that Scalerator participants are companies with revenues, they bring their teams, they keep running their ongoing businesses throughout the Scalerator, and they do not relocate but come once a month. But the critical difference is that all of the Scalerator participants tangibly grow their business activity – profitable sales – within the Scalerator.

## 7 What are some of the impacts and results such Scalerators were able to generate?

Over 90% of the participating firms grow more rapidly within 2 years, 75% growth within the six months of the Scalerator, 50% of them show some new growth within the first two workshops. 100% are more effectively communicating growth within their companies and communities by the end of the Scalerator. 100% have robust plans for sustained growth when they graduate. When combined with ecosystem training and communications, which are separate Scale Up programs, all of this growth has a huge uplifting effect on the entire community – a Scale Up Ecosystem forms. All of this has measurable impact on the hard and soft measures of growth – profits, expansion of facilities, increased talent, exports, pride in one's city, and the like.

### Saudi Entrepreneurial Ecosystem Lab (SEE Lab)

Saudi Entrepreneurial Ecosystem Lab (SEE Lab) is an integrated initiative that aims to drive the growth of local entrepreneurship through three key levers:



#### Enabling

the interaction between the different entrepreneurship ecosystem stakeholders.



#### Engaging

the entrepreneurial community in generating and localizing needed initiatives and programs.



#### Educating

the stakeholders about trends and issues in the ecosystem for potential improvements.