A Public-Private Partnership Could Be Key to Your Startup's Survival



Funding from public-private partnerships is there for the taking — but it often focuses on startup launches rather than startup sustainability.

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Despite what many of us might think, there are a lot fewer startups than there used to be. According to the Brookings Institution, the number of fledgling companies is in decline across nearly every industry in the United States. Overall, that drop in numbers adds to a pattern of declining startup numbers over the past 13 years.

And this is a problem for all of us, because as startups' percentage of the economy grows smaller and smaller, they become less of a true economic-growth engine.

Surprisingly, one segment here – the one that includes collaboration between startups and local governments – hasn't stalled at all in terms of numbers. And atitudes have become more collaborative. But these partnerships aren't panning out in the long run. So, why is that? And how do we get things back on track?

To fuel innovation, we'll need to make startups a lot more viable. As National Small Business Month draws to a close, this is a good time to talk about this issue.

Not just launching, but sustaining

Let's consider technology startups, as they have a particularly robust track record. According to data from the Information Technology and Innovation Foundation, the number of tech startups actually *grew* by 47 percent and *their own employment increased* by 20 percent between 2007 and 2016.

Many factors may have contributed to thisgrowth, including the willingness of new tech startups to accept funding from public-private partnerships.

Resource-strapped companies often look toward government programs to provide those resources, and these companies promise jobs and economic growth in return. However, opportunities with public-private partnerships often revolve more around *launching* new businesses rather than *sustaining* them over the long term. It's clear that the funding is already there,businesses need to seek the right help and speak up about this sustainability problem.

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Growing gracefully

Launch Tennessee is a great example of how strategic support from a public-private state partnership can help startups grow gracefully. The state gives qualifying entrepreneurs access to capital and business guidance, with the overarching goal to help companies make it through the turbulent early stages. If all goes according to plan, they'll become sustainable businesses and boost the state's economy.

The organization also works to develop talent pipelines, including a technology track. To achieve this, it offers my nonprofit company, LaunchCode's ,free part-time computer programming course to workers looking for a career switch.

Tennessee's holistic view is a great idea – but not enough states are taking similar steps. In fact, Tennessee is one of the *only* states with a formal infrastructure in place for supporting entrepreneurs.

Although we need to expand this infrastructure across local, state and federal governments as a whole, it's also critical to examine its scope. Helping startups grow into healthy, mature companies over the long run is much more sustainable than merely fostering them through the early stages, then releasing them into the wild.

Why talent pipelines matter

Growing sustainable companies requires well-rounded workforce development programs similar to Launch Tennessee's. Coastal U.S. startups typically have access to much deeper talent pools than do ones in, say, inland states. Because coastal startups also often operate in areas with vibrant venture capitalist ecosystems, it's no surprise that many of today's most successful startups got their start in Silicon Valley or New York City.

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Elsewhere, many startups move (or fail) simply because of this lack of local talent. Public-private partnerships, however, offer a way to build healthier talent pipelines across the country by ensuring that geography isn't a limitation.

Governments, in fact, often have a stronger ability to develop the workforce their local economies need: States like Michigan and New Hampshire are already looking to build on public-private partnerships that can help out.

No startup has to be isolated.

For startups, having access to support is key for growth — but it's even more critical to seek out the right help at the right time. Young companies can start by tapping public-private partnerships for assistance with everything from workforce-development pipelines to skills-training programs. By using these resources, startups can mature past their initial growing pains and become established employers; at that point, public-private partnerships can provide meaningful support to them as rapidly scaling startups.

Consider the following common challenges, all of which can be mediated through strategic support from public-private partnerships:

1. When finding great talent feels like a never-ending journey

The combination of low unemployment and high demand for skilled workers makes it extremely challenging for startups to find the right talent as they grow.

Instead of hunting for the elusive perfect candidate, though,

startups can checkg the pipelines governments have already created. Louisiana's LED FastStart training program, for example, uses learning tech to keep its workforce-evelopment programs up to date and agile. Many governments are involved with workforce development in some capacity – and as the knowledge economy continues to expand, government-retraining programs are likely to increase.

2. When investments are few and far between

Without a steady stream of cash, it's impossible for early-stage startups to get off the ground and for larger startups to sustain operations. Statista reported that in 29 percent of cases it surveyed, startups failed because they simply ran out of money. So every funding source needs to considered.

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Rather than just courting venture capitalists, companies should look for programs that connect them with funding from public-private partnerships. At the least, such funding often has fewer strings attached than do private investments alone.

To find public-private partnership funding, companies should search for economic development organizations within their specific city, region or state. The U.S. Economic Development Administration's online portal is a great place to start.

3. When building brand awareness seems tricky

Generally speaking, people – think customers, suppliers, competitors and other players in the local market – need to know about a startup in order for it to grow, right?

Thankfully, governments (and chambers of commerce in particular) are great at facilitating these connections for free. For example, some programs hosted by StartupAmsterdam in the Netherlands serve primarily as networking events for local startups. Because young startups are often on a bootstrapping budget, they have no reason not to participate in such free opportunities.

In sum, launching a startup is an incredible achievement, but sustaining it is the hardest part. Independence — though it provides a feeling of accomplishment — is always an obstacle.

Instead of aiming only for investment from venture capitalists, young companies should seek out ways to work with public-private partnerships. Unlike what happens with private investors, founders working with public partners will be free to focus on building their business from where it stands rather than shaking up its entire business model.

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