



Entrepreneurship in Missouri, Part 1: Techweek Masks Tough Times for Kansas City's Entrepreneurs

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By: Michael Austin

[Today is the final day of the Techweek conference in Kansas City](#) . This week-long event fosters and promotes entrepreneurship and innovation, and it is considered one of the [best festivals for entrepreneurship networking in the nation](#) . In recent years, Kansas City has worked to position itself as a hub of entrepreneurship, and Techweek reinforces that image.

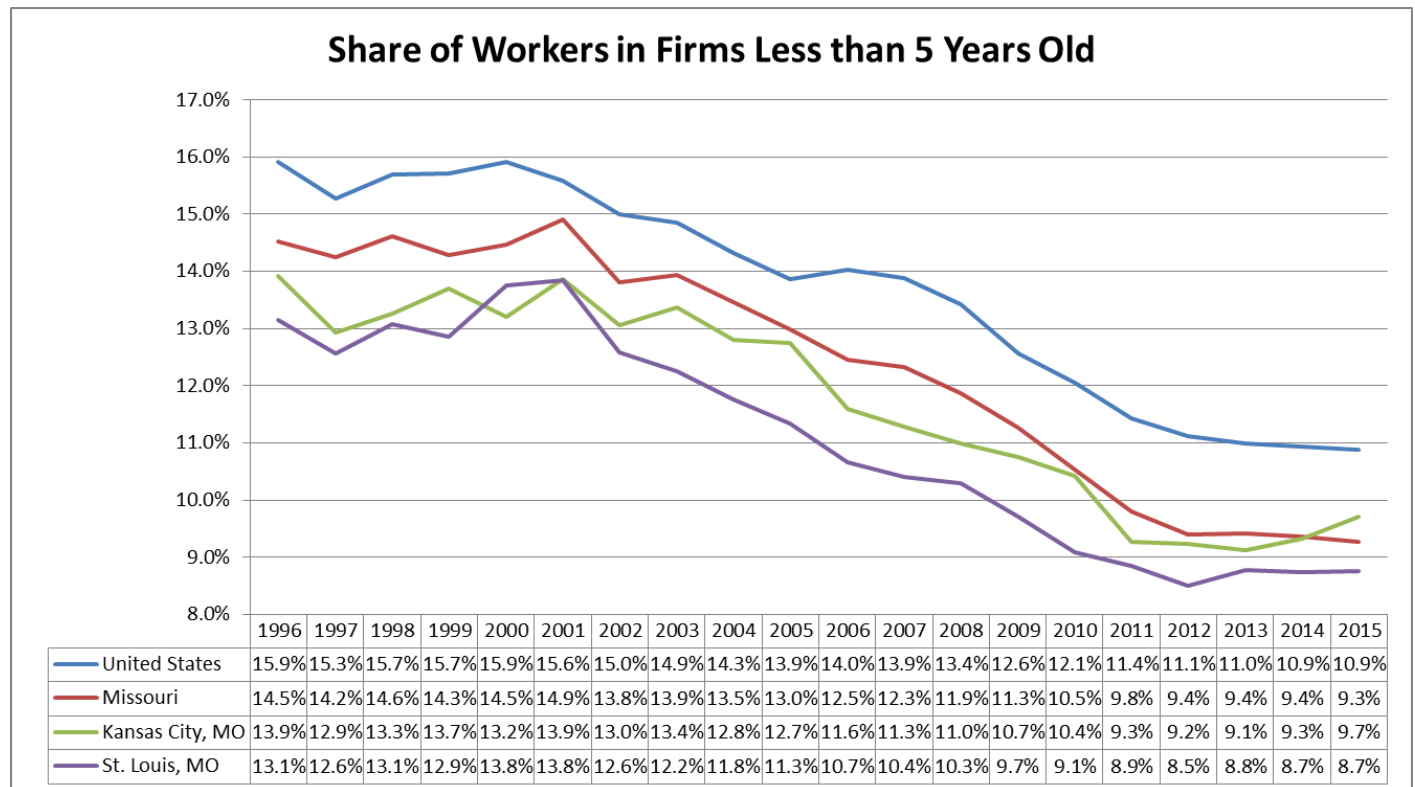
Unfortunately, during the other 51 weeks of the year, Kansas City (like the rest of Missouri) seems to be struggling in this regard. Since at least 2013, businesses in Kansas City have been [taking a long look](#) at whether they should remain in Missouri or move, in many cases across the border into Kansas. Greg Allen, President of Allen Financial Corporation in Kansas City, summed up the concerns facing these businesses nicely:

... one of the problems in the central city is we have an escalation of costs. . . . We need to be smarter about resources in the central city. We don't need to be building more Power and Light districts.

Happily, as of this writing Allen's company is still located in KC-MO, but as I show below, the data indicates that entrepreneurial activity is down in Kansas City and across the state since the recession ended.

A good way to measure the vitality of the entrepreneurial sector is to look at startups. Startups are the backbone of the economy, and they are the businesses we deal with every day in our local communities.

At the national level, the share of workers in firms less than 5 years old is now at 10.9%, [the lowest it has been on record](#). The trend prevails in Missouri as well—the state now sits at 9.3%. A look at the table below shows that Missouri and its two largest population centers were growing with the U.S. average share until 2001. Since then, Missouri, has lost a larger percentage of its startup workers than the nation, and Kansas City and St. Louis have lost a larger percentage than Missouri.



(Data from U.S. Census Bureau)

Startup firms aren't necessarily the key to our economy—growth in long-established companies could conceivably make up for less-impressive results among startups. But if we aren't comfortable relying on older businesses to revive our economy, it's time to ask some questions about the environment in which Missouri's startups operate.

We can start with an attempt to locate the problem geographically. Where in the state are we seeing the starkest drop in startup growth? Is it tied to one particular region, or are startups struggling across the state? Next week, I'll examine entrepreneurship across Missouri's major population centers in Part 2 of my "Entrepreneurship in Missouri" series.

About the Author



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Michael Austin was a Policy Analyst at the Show-Me Institute specializing in state and local budgets, taxes, and economic growth. Michael graduated with a BBA in business management and economics from Washburn University in Topeka, Kansas, and holds an MA with honors in economics from the University of Kansas.

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