TOWARD A MORE ENTREPRENEURIAL, CONNECTED, AND GENERATIVE OREGON

Systems-Based Framework to Evaluate Oregon's Innovation Strategy and Build Oregon 2035

Respectfully submitted,

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(any errors herein are my responsibility not theirs)

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TL;DR

- Oregon does not need more economic programs.
- A stronger ecosystem allows a capable entrepreneur to rapidly discover opportunities, access resources, build relationships, mobilize support, and create value.
- The ultimate question is not whether individual state organizations performed their duties.
- The true measure of success is whether Oregon became a place where building a business became easier, more productive, and more inclusive.
- This will require a significant change in culture where strategic and tactical decisions are driven by the innovators and entrepreneurs themselves

Executive Summary

Oregon must fundamentally shift its economic strategy from building isolated components to strengthening connective capacity. The state's 2021 Innovation Plan represented an important step forward in innovation-driven economic development. The plan correctly recognized entrepreneurship, talent, commercialization, inclusion, access to capital, and regional collaboration as important drivers of long-term prosperity. It deserves considerable credit for identifying many of the key components associated with successful innovation economies. The Governor’s Prosperity Council report has added strong recommendations that will be helpful for Oregon’s future. However, neither report truly embraces what entrepreneurial ecosystems need:

Identifying individual components and building healthy ecosystems are <u>not</u> the same thing.

Oregon's next great economic opportunity lies not primarily in creating additional programs, organizations, or initiatives. Rather, our greatest opportunity lies in strengthening what we call **connective capacity**. This is the collective ability of entrepreneurs, investors, universities, support organizations, regions, and communities to discover one another, collaborate effectively, and transform raw resources into scalable opportunities.

The central argument is straightforward:

> *Oregon's first-generation innovation strategy focused on building components, whereas Oregon's next-generation innovation strategy must focus on strengthening connections.*

Most innovation plans evaluate programs, but entrepreneurial ecosystem assessments evaluate *systems*. If programs represent activities, then systems represent relationships. Programs can easily succeed while the broader ecosystem remains fragmented. As long-time Oregon innovation leader Dwayne Johnson observes, the current system reliably produces cliques, silos, and fragile networks. This dynamic quietly and structurally punishes the people trying to build bridges instead of islands.

For example, to evaluate whether Oregon has truly become more capable of generating entrepreneurship, we must move beyond conventional bureaucratic metrics. We must rigorously assess seven core dimensions: *entrepreneurial dynamism, founder experience, ecosystem governance, network connectivity, ecosystem resilience, connector capacity,* and *connective capacity*.

This report synthesizes the state of the art of scholarly research, policy expertise globally, and the insights of grassroots entrepreneurial ecosystem builders. We look forward tobroad, rich conversations moving forward.

Introduction: The Evolution of Innovation Policy

Traditional economic development policy fails because top-down political structures systematically misread how dynamic innovation ecosystems actually work. In 2021, Oregon embarked upon an ambitious effort to strengthen the state's innovation economy. The resulting Innovation Plan sought to improve commercialization, increase entrepreneurial activity, strengthen regional innovation systems, expand access to capital, improve inclusion, and develop talent.

In 2025, the EU delivered the Draghi report, a white paper on how to improve innovation in Europe. In 69 pages, how many times did we read “entrepreneurship”? **Zero.**[1]

We might chuckle at that but Oregon[2] and Washington[3] both recently proposed even more top-down efforts and blithely excluded founders and small business owners. That must change. Their voices must take priority.

Innovation policy itself is evolving. Traditional approaches focus heavily on institutions, programs, and isolated sectors. Contemporary ecosystem research suggests that innovation is an organic, non-linear phenomenon emerging through complex interactions among founders, investors, universities, and communities. Planners frequently treat innovation like a linear factory input where

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[1] Draghi report: https://commission.europa.eu/topics/strengthening-european-competitiveness/eu-competitiveness-looking-ahead_en

[2] https://siliconflorist.com/2026/06/29/koin-on-oregon-prosperity-council/

[3] https://www.geekwire.com/2026/opinion-governors-new-economic-council-snubs-startups-forgets-ai/

adding funding to one end automatically spits out jobs at the other, but real ecosystems require a relationship-driven architecture. Effective innovation

The immediate challenge is not simply assembling assets. The true challenge lies in enabling those assets to function as an integrated system. That will require significant changes to the culture surrounding economic development.

The Culture of Innovation

Ecosystems are not well-understood or managed without understanding that ecosystems are inherently and unavoidably complex dynamic and adaptive systems. Trying to manage via silos and hierarchies borders on a fool's errand (e.g. https://www.ianhathaway.org/blog/2019/5/14/platforms-versus-pipes). That our results are fragmented, why our ecosystem is fragmented results from the misconception that we can somehow organize our efforts in carefully-delineated programs and processes. A truly innovative culture embraces the messy, uncertain nature of innovation. The good news is that once we recognize this, all it requires is the political will to embrace the realities. Changing the system isn't enough, we must change the system (e.g., https://heivly.com/community/system-change/).

Are We Actually Helping?

Very recent data from Victor Hwang and Right to Start from a national survey showed that across the USA, prospective and current entrepreneurs find that government is NOT helpful, whether local, state, or national [https://www.righttostart.org/american-entrepreneurship-survey] However, if you ask the entrepreneurial support organizations, too often they claim positive impact. **Again, the voice of the entrepreneur is what matters.** A huge first step for Oregon is to embrace this.

What This Report Is Not

This report serves as a systems analysis rather than a bureaucratic performance audit. It does not evaluate any specific university, innovation hub, support organization, economic development initiative, or public agency. Nor do we argue against public investment in innovation. Rather, we seek to understand how Oregon's innovation assets interact so that Oregon's entrepreneurial ecosystem can become more effective over time.

Programs can succeed while ecosystems remain fragmented. Organizations can perform effectively while entrepreneurs continue struggling to navigate the system. The objective of this report is to assess the health and performance of Oregon's entrepreneurial ecosystem.

My colleagues and I want to stress that the resources and world-class expertise are at Oregon's fingertips. There is nothing we would want more than an incredibly innovative, entrepreneurial Oregon. We are at your service.

State of the Art Innovation Cultures

Part I: From Components to Connections: Why Many Innovation Plans Fail

Regions possessing identical resources achieve dramatically different entrepreneurial outcomes because traditional innovation plans focus on components rather than systems. Across the United States and around the world, governments have invested billions of dollars in innovation infrastructure. Research parks have been built, accelerators have proliferated, seed funds have been capitalized, and commercialization programs have expanded. Yet, many of these investments generate disappointing results.

Many innovation plans assume that building more assets automatically creates outcomes. They follow a linear logic: build more assets, generate more outcomes, create additional programs, and expect additional innovation. Entrepreneurial ecosystems rarely function this way. Innovation emerges when those actors interact effectively. Assets matter, but relationships determine whether those assets create lasting economic value. Those relationships grow bottom-up and usually outside formal channels.

Oregon Reality Check #1: The Innovation Archipelago

Oregon suffers from a severe fragmentation of existing resources rather than a shortage of organizations. The state possesses excellent universities, investors, entrepreneurial support organizations, accelerators, innovation hubs, and community partners.

The structural challenge, as Dwayne Johnson explicitly diagnoses, is that **"Oregon doesn't have an innovation ecosystem, it has an innovation archipelago: islands everywhere and bridges nowhere."** The local economic culture reflexively suffers from a "replicate, don't integrate" mindset. When an ecosystem asset works, the institutional response is often to build an overlapping, competing version rather than funding and strengthening the existing bridge. This dynamic fractures the state into isolated cliques and duplicative pilot projects.

How HAS Oregon Done? What Do the Numbers Say? (a snapshot)

New and small businesses play an outsized role in the strength and resilience of local economies. **Firms less than 5 years old create more than 100% of jobs. Over the last 25 years, small firms created 2/3 of jobs.** We ignore this at our peril.

A rigorous look at empirical data reveals the quantifiable stagnation caused by Oregon's structural fragmentation. Bureau of Labor Statistics (BLS) Business Employment Dynamics (BED) and local capital scans lay bare the divide between organizational activity and economic reality:

- **Startup & Small Business Declines:** Both business entries and young firm employment (firms aged 1 to 5 years) have dropped since 2021. Oregon is losing ground to dynamic neighboring states.

- **The Mid-Stage Capital Chasm:** Oregon's software sector productivity grew at an incredible 163 percent, outpacing the national average. Yet, the state captured a microscopic **0.8 percent of national mid-stage startup deal count** and a mere **0.02 percent of national mid-stage venture dollars**. We produce world-class innovation but cannot finance our own growth because our components do not connect.
- **The Federal Funding Deficit:** Oregon ranks second in the nation for semiconductor productivity. However, the state's lack of meso-layer connective infrastructure resulted in capturing **less than 0.002 percent of available federal CHIPS Act R&D funds**.
- **The Predictive Reality:** Young knowledge-intensive firm employment is the single most potent predictor of future state GDP velocity. Stagnation in this metric guarantees lagging state revenue by 2030.
- **How Has Portland's Rankings Changed:** Essentially flat, slightly down from 2021 (from 53rd to 56th in Startup Blink's ranking, see below.) Other rankings are similar. *(For much more, please see Appendix I.)*

(there is much more data available, a partial list is located in the appendix.)



Part II: Entrepreneurial Ecosystems as Systems of Relationships

One serious and pervasive problem is that civic leaders simply have not understood what drives innovation.[4] Places with similar institutions produce radically different entrepreneurial outcomes because successful ecosystems are fundamentally systems of relationships. Over the past two decades, entrepreneurial ecosystem research has transformed how scholars, policymakers, and practitioners understand regional economic development. The ecosystem perspective emerged from a simple observation: some regions consistently generate entrepreneurial dynamism and economic renewal, while others struggle despite possessing many of the same physical assets.

The difference lies entirely in how those assets interact. The core ecosystem question is straightforward: how effectively are resources connected?

[4] Andrew Maxwell (one of the architects of the powerhouse ecosystem in Waterloo, Ontario and long-time student of entrepreneurial development) argues that politicians do not understand innovation and how to improve it, in part because they are constrained by the strong beliefs of dominant institutions: https://innovationdoctor.substack.com/p/politicians-dont-understand-innovation

To answer this question, our framework draws upon a deep body of economic and sociological research:

- **Erik Stam** emphasizes productive entrepreneurship as the ultimate measure of ecosystem success.
- **Maryann Feldman and Ted Zoller** highlight the critical role of "dealmakers" who connect entrepreneurs, investors, institutions, and opportunities.
- **Ron Burt** demonstrates that innovation frequently emerges at the boundaries, or structural holes, between otherwise disconnected groups.
- **AnnaLee Saxenian** shows how regional network structures produce dramatically different outcomes despite similar institutional resources.
- **Christina Theodoraki** emphasizes that ecosystems have micro, macro, AND meso layers.
- **Elinor Ostrom** demonstrates the importance of governance systems built upon trust, participation, local knowledge, and distributed decision-making.

Collectively, these perspectives point toward a common conclusion: assets matter, but relationships drive system performance.

Oregon Reality Checks #2 to #5

- **Check #2:** Oregon's greatest innovation challenge is increasing the value generated by assets that already exist, not creating additional assets. In many ecosystems, the largest gains come from improving how existing organizations interact. This is the essence of connective capacity.
- **Check #3:** Many entrepreneurial resources exist, but founders still do not know they exist. An ecosystem that cannot be navigated efficiently imposes massive, hidden discovery costs on entrepreneurs. The existence of a resource does not guarantee access to that resource.
- **Check #4:** The greatest ecosystem bottleneck in Oregon is navigation, not capital. Founders spend substantial time determining where to go, who to trust, how to access support, and which organizations matter. Strong ecosystems reduce search costs, while weak ecosystems increase them.
- **Check #5:** Some regions are led by institutions, while others are led by relationships. Relationships create more value than institutions because relationships determine whether institutional resources can be accessed and utilized.

Part III: The Missing Meso Layer & Economic Infrastructure

Ecosystems do not function automatically, they require a deliberate meso layer of human connectors to turn components into systems. Most innovation strategies identify macro-level institutions and micro-level entrepreneurs. Far less attention is devoted to the people whose primary role is

connecting these actors together. Trust requires cultivation, networks require active maintenance, and opportunities require cross-sector translation.

Between the macro world of public institutions and the micro world of founders sits a critically important **meso layer**. This layer is composed of ecosystem builders, connectors, brokers, conveners, dealmakers, and trusted intermediaries.

Figure 1 below illustrates the differences between the macro and micro (and thus the need for a healthy meso and the need to move the locus of governance away from the macro.)

Another important reality is that ecosystems are unavoidably complex dynamic adaptive systems (in Victor Hwang's great metaphor, much more like a rain forest than a manicured farm, ecosystem builders embrace the former while traditional economic development embraces the latter. Processes in complex systems are also significantly nonlinear. Managing and measuring in such systems is **very** different.

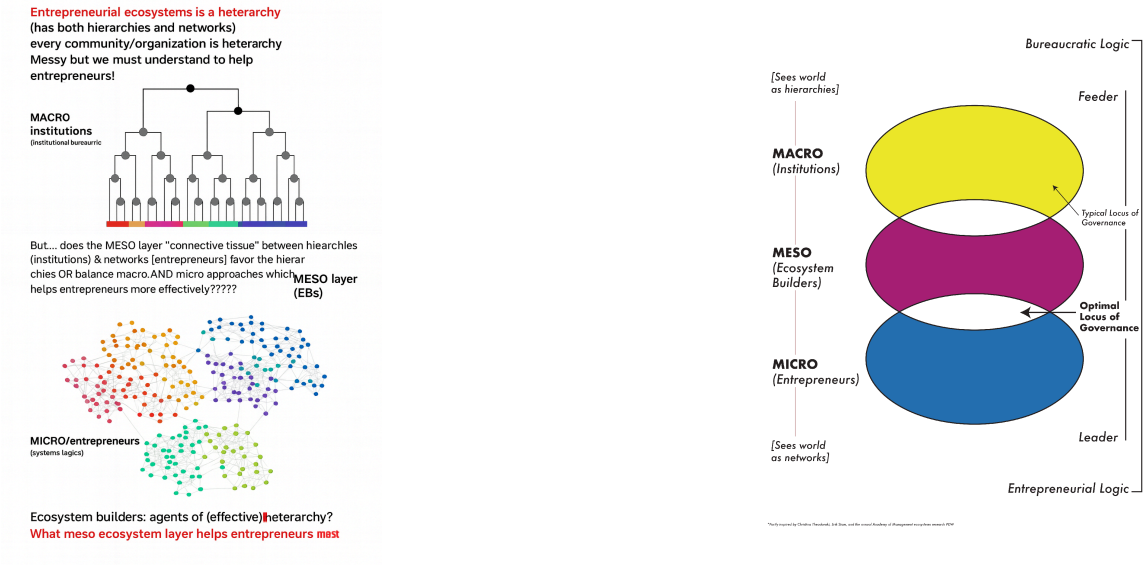


Figure 1. Macro, Meso, and Micro Governance Structure *(source: author and Global Entrepreneurship Congress)*

Why Connectors Connect

The underlying motivation of network actors dictates whether an ecosystem stagnates or thrives. Most traditional institutional actors operate on a *tertius gaudens* ("the third who rejoices") model. These are selfish brokers who extract value by keeping groups apart, gatekeeping access to resources, and reinforcing their control over valued turf to protect a siloed agency budget or grant line item.

In contrast, true ecosystem builders exhibit a *tertius iungens* ("the third who joins") orientation. They intentionally bring people together for mutual, collective benefit without demanding an extractive transaction fee. Rather than accumulating resources, connectors facilitate resource flow. Rather than controlling opportunities, connectors create opportunities.

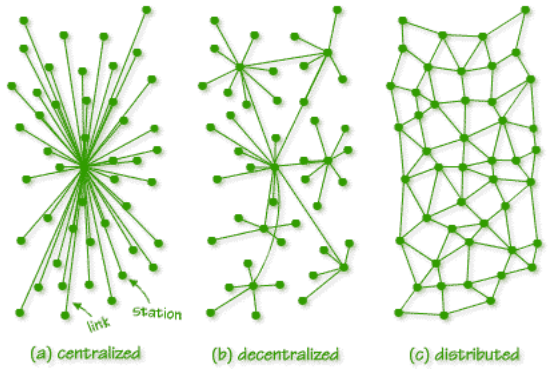
As Dwayne Johnson outlines in his analysis of Oregon's economic history, these unselfish connectors act as *liaison-animateurs*. They are passionate, proactive, and professional operators who treat trust as an economic asset and relationships as baseline economic infrastructure. Roads move goods, broadband moves information, and ecosystem builders move opportunities.

We must view ecosystem builders as public assets. When a connector creates value, many participants benefit simultaneously. Entrepreneurs benefit, investors benefit, and communities benefit. Yet, the connector captures only a fraction of the value created. As a result, ecosystems frequently under-invest in ecosystem builders despite their importance.

The Tyranny of Experts & The Connector Paradox

Top-down state policy fails when it falls into the "Tyranny of Experts," allowing anointed insiders to control both the economic narrative and the metrics of success. Whoever gets anointed as the expert gets to control the narrative[5]. By extension, they get to control the metrics. In Oregon, institutional gatekeepers control the narrative, but the connectors and the entrepreneurs themselves should control it.

Consider the three archetypes of network: (a) Centralized, (b) De-centralized, and (c) Distributed (or flat). Top-down approaches assume that centralized networks are best (and they are for the institutions), healthier communities evolve into a more de-centralized communities, but truly healthy communities develop flat (or distributed) networks but these require more and better (and more unselfish) connectors. Would you be surprised that Silicon Valley looks a lot more like (c)?



This creates the **Connector Paradox**: the individuals most responsible for creating real ecosystem value typically possess the least formal authority. They do not control multi-million dollar public

[5] Long-time development economist William Easterly's pithy phrase (he also coined another phrase applicable here, "the cartel of good intentions").

budgets, yet the network's health depends heavily upon them. When defensive institutions feel threatened by organic, founder-led networks, they frequently resort to turf-grabbing, bureaucratic stonewalling, or active exclusion.

> **The Entrepreneurial Oregon Test:** Consider a scenario where an unselfish, local connector successfully convenes dozens of disparate regional players to collaborate on improving entrepreneurship development, only to find themselves **explicitly excluded** from the table by institutional incumbents who want to claim the credit. In town halls across the country, when this pattern was described, leaders from entirely different cities spoke up to say, "That is exactly what happened in my community."[6] And the incumbents feel perfectly justified. That is NOT a culture that fosters innovation and entrepreneurship.

This institutional bullying and defensive turf protection forces organizations to fiercely compete over a minor $200,000 grant rather than scaling together, fracturing the state into an innovation archipelago. To reverse this, state leaders must internalize the core thesis popularized by Brad Feld (2012) during the formation of the Boulder ecosystem: **Institutions must act as feeders, not leaders. Entrepreneurship initiatives must be led by the entrepreneurs and innovators themselves. Every thriving ecosystem in the world follows this rule.**

Part IV: Measuring What Matters: Advanced Assessment Frameworks

Oregon must stop counting bureaucratic activities and start measuring systemic capability. Traditional innovation assessments focus heavily on implementation metrics. They ask: how much funding was deployed? How many programs were launched? How many participants were served? How many events occurred? How many grants were awarded? These questions are useful for accounting, but they reveal relatively little about ecosystem health.

A healthy entrepreneurial ecosystem is defined by capability, not by activity alone. The central assessment question must become: did Oregon become more capable of generating entrepreneurship, innovation, and opportunity? **Ask: How many survived? How many grew?**

Answering that question requires evaluating dimensions that conventional assessments often overlook, including founder experience, network connectivity, ecosystem governance, connective capacity, ecosystem resilience, and entrepreneurial culture. To execute this, our updated framework establishes three advanced, multi-dimensional assessment systems.

1. Founder Experience as Ground-Zero Truth

Most innovation assessments occur from the perspective of institutions, but entrepreneurs experience ecosystems through the lens of daily friction. Founders rarely care how many programs exist on paper. They care whether they can efficiently find customers, recruit talent, access capital, locate mentors, navigate support systems, and scale companies. Consequently, founder experience should become the primary lens through which ecosystem performance is evaluated.

[6] https://heivly.com/community/i-wasnt-invited/

Every state initiative should face the **Founder Test**: *Does this program make entrepreneurship easier on the ground?* If the answer is no, policymakers should ask why.

To execute this, Oregon should implement **Founder Journey Analysis** to reconstruct the empirical experiences of entrepreneurs as they move through the ecosystem:

Stage of Journey	**Key Systemic Variable to Evaluate**	**Friction Points to Isolate**
1. Opportunity Discovery	Resource Discoverability & Search Costs	Is the network transparent to outsiders, or is access gatekept by insider cliques?
2. Validation	Peer-to-Peer Networks & Feedback Loops	Can founders easily connect with experienced peers for rapid framework stress-testing?
3. Early Customers	Industry Cross-Connectivity	Are local institutions, anchor corporations, and state agencies accessible to early startup procurement? Do the self-described anchors actually show up?
4. Capital Access	Seed & Mid-Stage Funding Structural Gaps	Are local connectors bridging the gap to out-of-state capital to resolve venture dollar shortfalls?
5. Growth & Scaling	Talent Mobility & Meso-Layer Support	Is there a professionalized succession pipeline for builders to preserve network knowledge?

2. Social Network Analysis (SNA)

Oregon should become one of the first states to routinely use graph theory models to map economic relationships, shifting from mapping organizations to mapping connections. Organizations reveal structure, but relationships reveal function. SNA allows the state to mathematically isolate four critical structural metrics:

- **Network Density:** This measures the degree to which ecosystem participants are connected. Higher density produces faster information flow, stronger trust, greater collaboration, and improved opportunity discovery. Are founders connected to founders? Are support organizations connected to one another? Are universities integrated into entrepreneurial networks?

- **Centralization (The Portland Question):** This identifies whether the state's primary economic engine is functioning as a generative hub, a supportive bridge, or a structural bottleneck. If opportunities and capital flow efficiently between Portland and rural or secondary regions, Portland strengthens the statewide ecosystem. If opportunities become concentrated or trapped within a self-referential metro clique, Portland may unintentionally function as a bottleneck. This question must be investigated rather than assumed.
- **Brokerage and Structural Holes:** Ron Burt's work suggests that innovation frequently emerges at the boundaries between otherwise disconnected groups. Oregon must identify the unselfish brokers, connectors, and bridge-builders who connect otherwise disconnected communities, bridge urban and rural ecosystems, and facilitate cross-sector collaboration. SNA lets the state mathematically identify who is doing the heavy lifting of connection versus who is acting as a defensive gatekeeper.
- **Network Resilience:** A frequently overlooked question is what happens if key connectors disappear? Strong ecosystems are resilient because network knowledge is institutionalized. Weak ecosystems depend heavily upon a few individuals and risk collapsing if major connectors leave. Are succession pathways in place?

3. Ostrom Governance Scorecard

Ecosystem governance determines whether public investments remain adaptive, inclusive, and trusted over multiple budget cycles. Drawing upon the Nobel-prize winning work of Elinor Ostrom, Oregon should evaluate five key indicators of ecosystem governance:

- **Participation:** Who participates in resource design? Are active entrepreneurs, frontline ecosystem builders, and under-served rural communities granted structural votes, or are decisions made entirely by defensive institutional incumbents?
- **Legitimacy:** Do grassroots stakeholders genuinely trust the transparency of public decision-making, or are state allocations viewed as insider deals that favor defensive gatekeepers who use legacy metrics to preserve institutional turf?
- **Accountability:** Are state-funded entities held accountable for the actual health and connectivity of the network they claim to serve, or are they insulated by simple, self-reported activity tallies?
- **Adaptability:** Can the ecosystem learn? Adaptive ecosystems consistently outperform rigid systems. Are feedback loops present, is experimentation encouraged, and are failures examined constructively to guide policy realignment?
- **Conflict Resolution:** Healthy ecosystems experience disagreement. The key question is whether those disagreements can be resolved productively through neutral, accessible mechanisms before they degrade into bitter, zero-sum fragmentation.

Part V: Oregon Through an Ecosystem Lens

The 2021 Innovation Plan represents a strong first-generation innovation strategy that assembled the right components but missed the connective tissue. The purpose of this report is not to determine whether Oregon's Innovation Plan succeeded or failed, as such binary judgments are rarely useful. The more important objective is to move from *whether* the plan worked to *where* it worked, identifying what Oregon learned and what Oregon should do next.

What Oregon Got Right

- **Entrepreneurship Matters:** Many innovation strategies continue to focus primarily on legacy research institutions, technology transfer, and large employers. Oregon's plan explicitly recognizes entrepreneurship as a baseline driver of economic growth and innovation. This remains one of its greatest strengths, provided this focus is maintained as a core operational directive rather than administrative lip service.
- **Regional Innovation Matters:** The Regional Innovation Hub concept acknowledges an important reality: entrepreneurship is inherently place-based. Portland is not Bend, Bend is not Medford, and Medford is not Pendleton. Different regions possess different strengths, challenges, cultures, and opportunities. The regional approach aligns strongly with ecosystem thinking.
- **Inclusion Matters:** The plan recognizes that innovation opportunities should extend beyond traditional participants. Healthy ecosystems expand access to opportunity by widening their borders. This emphasis should remain central to all future architecture.
- **Capital Matters:** The plan correctly identifies gaps in seed capital, angel capital, commercialization funding, and early-stage investment. These remain important constraints. However, traditional top-down solutions assume that public matching funds alone solve this issue; in high-performing ecosystems, it is the density of local connectors that organically uncovers hidden capital pools.

What Oregon Missed

- **The Missing Connector Question:** Throughout the Innovation Plan, one question remains largely absent: who connects Oregon's innovation ecosystem? The plan inventories organizations, but it rarely inventories the human connectors, dealmakers, brokers, conveners, and trusted intermediaries who help entrepreneurs navigate complexity. Because these actors remain statistically invisible, they are routinely unappreciated and left unprotected from entrenched interests.
- **The Navigation Problem:** How do we ensure that entrepreneurs at every stage and in every setting get the right information, mentoring, and financing? Many ecosystem failures are not resource failures, they are navigation failures. Entrepreneurs frequently report that support systems are difficult to discover, difficult to understand, and difficult to navigate. Consequently,

resources that technically exist often remain functionally inaccessible. Connectors solve this issue by reducing navigation costs and accelerating learning.

- **Hub Performance Deficits:** Regional Innovation Hubs should not be evaluated primarily according to quantity-based metrics like activities, attendance, internal budgets, or the number of organizations participating. Instead, hubs should be evaluated according to whether they strengthen relationships. Are founders more connected, are investors more accessible, and is trust increasing? Strong hubs create strong networks, but they do not seek to own them; true hubs serve networks.

Part VI: Oregon 2035: Building Connective Capacity

To construct a highly generative economy by 2035, Oregon must move from building static nodes to deliberately optimizing edges. The objective is evolving the current strategy rather than replacing it. The future of Oregon's innovation economy depends less on creating additional programs and more on strengthening the relationships that allow entrepreneurship to flourish. Our tactical directives are split into a clear framework: Keep, Fix, Stop, and Add.

1. KEEP

- **The Foundational Priorities:** Maintain absolute focus on entrepreneurship, regional innovation, inclusion, commercialization, and access to capital. These priorities remain essential; the next step is integrating them more effectively to accelerate network velocity.

2. FIX

- **Regional Innovation Hubs:** Overhaul hub performance metrics away from simple activity tracking toward verified network relationship density and lower founder search costs.
- **Governance Structures:** Expand participation beyond defensive public agencies and institutional incumbents. Shift governance boards to give clear majorities to active entrepreneurs, innovators, and frontline regional connectors.
- **The Regulatory and Tax Burden:** As identified in the June 2026 report by the Governor’s Prosperity Council, overhaul Oregon’s uncompetitive business climate by implementing the core short-term mandates of the 2026 Prosperity Council report. First, the state must slash total regulatory and administrative burdens by 20% by 2029. It can achieve this by systematically removing outdated and duplicative regulations across state agencies. Second, lawmakers must immediately enact revenue-neutral tax reforms to protect scaling startups, e.g., raising the Corporate Activity Tax (CAT) filing threshold to $2 million, reconnect its policies to the federal Qualified Small Business Stock (QSBS) guidelines to prevent emerging companies from fleeing. Finally, Oregon needs to expand the Research & Development tax credit to 15% for company-led R&D while increasing the estate tax exemption threshold to a modern range of $3 to $5 million. More here:

https://medium.com/@josh_carter/oregon-keeps-legislating-its-way-out-of-competitiveness-it-doesnt-have-to-fb0b032e850d?postPublishedType=initial

The Regional Competitive Threat (Idaho and Montana): Oregon no longer competes in a vacuum. Neighboring states are aggressively weaponizing lean regulatory frameworks to siphon away our entrepreneurial talent. For example, Idaho recently simplified or removed over 75% of its administrative regulations. This bold reduction in red tape helped trigger the fourth-fastest economic growth rate in the entire country. Similarly, Montana maintains the 13th lowest tax burden in the nation as a percentage of income. Montana also features no general sales tax and a highly competitive, business-friendly environment. Oregon's complex regulatory barriers and punitive taxes like the CAT create an existential flight risk. Our founders can easily cross a state border to find a more predictable economic home. Oregon must modernize its code immediately or watch its most innovative startups migrate to Boise and Missoula.

3. STOP

- **The Activity Illusion:** Oregon must stop assuming that more bureaucratic activity automatically produces stronger ecosystems. More programs, more events, and more overlapping organizations are not economic outcomes; they are often indicators of intense system fragmentation.
- **Siloed Grant Funding:** Stop forcing local ecosystem organizations to enter zero-sum, disruptive turf battles over tiny, isolated grant lines. This behavior destroys inter-organizational trust and forces entities to become fierce competitors over a minor $200,000 grant rather than scaling together.

4. ADD

- **The Oregon Ecosystem Builder Initiative (EBI):** Create a statutory mechanism to directly fund and professionalize frontline connectors through fellowships, training programs, peer-learning networks, and dedicated connector grants. Oregon’s economic history confirms the massive leverage of this approach: during the ETIC and early Oregon InC eras, focusing public support on the meso layer generated $2.8 billion in private and federal leverage against an initial state investment of just $50.8 million.
- **Mandatory Regional Listening Sessions:** Enact a statutory requirement forcing state economic development officials to conduct ongoing, structured listening sessions across the regions of the state and have them led exclusively by grassroots connectors (not incumbent institutions). State agencies suffer from severe insularity but these sessions can deploy the Prosperity Council’s official facilitated meeting protocols to gather direct grassroots data. The feedback loop must be mandatory. Agencies will be legally required (and rewarded) to modify their regional grant architectures based on the friction points exposed by local founders and front line connectors during these sessions.

- **Youth entrepreneurship training:** Multiple countries have had almost immediate impact by adding best-in-class entrepreneurship and innovation training into K-12. Wales and Denmark have well-established programs and very recently Japan has introduced great entrepreneurship education into their K-12, featuring students as co-teachers/"ambassadors". It is already nudging forward a more entrepreneurial culture, including in rural areas. The EU and OECD want to see more citizens with the skills to turn ideas into reality. The architects of the European and Japanese models are at Oregon's fingertips.
- **Interconnected Community Dashboards:** Subcontract local ecosystem-building organizations to operate regional digital dashboards. These platforms will serve as localized, real-time command centers, aggregating regional metrics, hosting unified events calendars, and maintaining community-wide messaging threads. This gives civic leaders an instant infrastructure to quickly poll the delegation on pending policy choices.
- **Predictive Policy Simulators:** Embed advanced digital assessment tools directly into state planning infrastructure, such as the OECD's *Better Entrepreneurship Policy Tool* or Heartland Forward's *Predictive Capacity Index Tool*. This allows public planners and regional coalitions to collaboratively model how specific adjustments to policy inputs will mathematically shift local startup velocity, state GDP, and long-term job creation.
- **The Informal "Kitchen Cabinet":** Form an unscripted, direct advisory council consisting of Oregon's most active, trusted ecosystem nodes (such as Rick Turoczy, Stephen Green, Jason Schneider, Dwayne Johnson, Marina Kim, David Chen). This group will serve as a rapid-response advisory body, connecting state leadership directly to national/global data networks (such as Lightcast and Startup Genome) to bypass institutional gatekeepers.
- **Small Business Matters Too:** While startups and existing small firms (nonprofits also) have overlapping interests, they have different needs and wants. Given the immense impact of small firms on local economies, this is vital. Established smaller firms are also a remarkable source of insights into the economy's functioning. Small firms face even more excess regulatory burdens (a recent study found that small manufacturers face 2X the burden of large firms, much of which is unnecessary) and this is a potent common cause for small firms and startups alike. We recommend below that Oregon immediately undertake significant regulatory reform like its neighbors to the east, Montana and Idaho. We also would make a top priority entrepreneur-only listening sessions (excluding those who feel entitled to speak for them) and not just for the sexy high-tech ventures - need to support the entire pipeline.

Appendices

Appendix A: Expanded Ecosystem Health Dashboard

The assessment of Oregon's innovation economy must graduate from tracking isolated, bureaucratic activities to monitoring a dynamic, real-time index of system capability. The Oregon Ecosystem Health Dashboard utilizes a six-dimension matrix to quantify the vitality, density, and resilience of the state's entrepreneurial infrastructure.

Core Metrics Matrix

Dimension	Core Analytical Objective	Recommended Data Repositories & Tools
1. Entrepreneurial Dynamism	Quantify the baseline entry, exit, and expansion velocity of young, high-potential firms.	Bureau of Labor Statistics (BLS) BED, Census Bureau BDS, Startup Genome, National Establishment Time-Series (NETS).
2. Network Connectivity	Mathematically map the density of relationships, cross-sector bridges, and resource discoverability.	Social Network Analysis (SNA) Graph Data, Founder Resource Search-Cost Index surveys.
3. Systemic Inclusion	Measure the demographic and geographic distribution of capital, mentorship, and support.	Census Bureau data, regional founder demographic surveys, rural-serving capital deployment logs.
4. Connector Capacity	Track the density, financial stability, and succession readiness of local *liaison-animateurs*.	Connector Capacity Audits, Oregon Ecosystem Builder Initiative (EBI) fellowship registries.
5. Governance Quality	Evaluate the transparency, institutional accountability, and structural legitimacy of decision-making.	Ostrom Governance Scorecards, stakeholder participation audits.
6. Entrepreneurial Culture	Assess regional norms regarding cross-organization collaboration, risk-tolerance, and peer support.	OECD Better Entrepreneurship Policy Tool, multi-region founder sentiment indexes.

Appendix B: Founder Journey Assessment Protocol

Traditional programmatic evaluations look downward from the perspective of state agencies; this protocol looks upward from the ground-zero truth of the founder's experience. By mapping individual trajectories, evaluators can isolate where the system accelerates momentum and where institutional friction introduces hidden costs.

- **Stage 1: Opportunity Discovery**
    - *Systemic Variable:* Evaluating resource discoverability and structural entry barriers.
    - *Core Diagnostic Question:* Can an un-networked founder easily identify relevant resources, or is access gatekept by insider cliques?
- **Stage 2: Validation**
    - *Systemic Variable:* Measuring the speed and presence of feedback loops and peer-to-peer connectivity.
    - *Core Diagnostic Question:* Are early-stage founders systematically connected to experienced peers for rapid framework stress-testing?
- **Stage 3: Early Customers**
    - *Systemic Variable:* Evaluating the cross-connectivity between regional startup networks and established corporate incumbents.
    - *Core Diagnostic Question:* Are local institutions, anchor corporations, and state agencies accessible to early-stage procurement?
- **Stage 4: Capital Access**
    - *Systemic Variable:* Mapping the continuity of the local capital stack from seed to growth equity.
    - *Core Diagnostic Question:* Are local connectors effectively bridging early ventures to national and global capital pools to address mid-stage venture dollar shortfalls?
- **Stage 5: Talent Acquisition**
    - *Systemic Variable:* Assessing the fluidity of specialized talent matching and university-industry integration.
    - *Core Diagnostic Question:* Do regional universities actively integrate students and research output into the frontline startup network?
- **Stage 6: Growth & Scaling**
    - *Systemic Variable:* Measuring the maturity of the regional meso layer and corporate structure evolution.

- *Core Diagnostic Question:* Are scaling companies supported by professionalized networks, or must they migrate out-of-state to sustain growth?

Appendix C: Connector Capacity Audit

Because entrepreneurial ecosystems rely heavily on a small number of highly connected individuals, Oregon must systematically audit and de-risk this invisible human infrastructure.

1. Identification of Active Meso Nodes

- Locate and catalog the state's functional ecosystem builders, unselfish brokers, dealmakers, conveners, and *liaison-animateurs*.
- Differentiate between institutional administrators who manage top-down programs and organic network connectors who actively move opportunities across boundaries.

2. Resource and Burnout Assessment

- Evaluate the financial stability, operational capacity, and professional support available to active connectors.
- Identify regions or demographic sectors overly reliant on a single individual, which introduces severe systemic vulnerability if that connector departs.

3. Protection and Insulation Analysis

- Assess whether frontline connectors are being structurally marginalized, excluded, or subjected to character assassination by defensive institutional incumbents seeking to protect legacy grant line items.
- Implement formal institutional guardrails to protect unselfish connectors from defensive turf warfare.

4. Succession Pipeline Design

- Audit the existence of formal succession pathways for critical network roles.
- Determine how ecosystem memory, network trust, and social capital are transferred to the next generation of builders.

Appendix D: Advanced Social Network Analysis (SNA) Framework

This framework utilizes graph theory to translate abstract economic relationships into precise mathematical models, focusing on the configuration of network edges rather than the presence of isolated nodes.

- **Network Density (D):** Measures the actual number of relationships divided by the total possible connections within the state network. Higher density values correlate with accelerated trust formation, lower search costs, and a collapse in information asymmetry.

- **Centrality Measures (C):** Isolates the degree, closeness, and betweenness centrality of major organizations. This mathematically tests the Portland Question, demonstrating whether the urban core acts as a generative engine or a structural bottleneck that traps resources.
- **Brokerage and Structural Holes:** Identifies the precise locations where distinct economic subnetworks are disconnected. This highlights the unselfish connectors translating opportunities across urban-rural divides, cultural communities, and distinct industry verticals.
- **Fragmentation Index (F):** Quantifies the degree to which Oregon's innovation architecture has degraded into Dwayne Johnson's diagnosed innovation archipelago, meaning islands of activity with no structural bridges.
- **Network Resilience (R):** Simulates targeted attacks or node-removal scenarios (such as the burnout or departure of key regional builders) to measure whether the remaining web can maintain information flow and resource transfer.
- **Geographic Convergence:** Maps the velocity of opportunity and capital flow between metropolitan hubs and rural or secondary economic zones, diagnosing structural isolation.

Appendix E: Ostrom Governance Scorecard

Based on the political economy principles established by Elinor Ostrom, this scorecard evaluates whether Oregon’s innovation investments are governed as an inclusive common-pool resource or an exclusionary insider game.

- **Indicator 1: Participation**
    - *Assessment Rule:* Measure the percentage of structural votes held by active entrepreneurs and frontline connectors versus entrenched institutional incumbents. True governance must exclude defensive bad actors and elevate real ecosystem practitioners.
- **Indicator 2: Legitimacy**
    - *Assessment Rule:* Evaluate stakeholder trust in public funding allocations. Determine if resource design is transparent and fair, or if it rewards defensive gatekeepers who use legacy metrics to preserve institutional turf.
- **Indicator 3: Accountability**
    - *Assessment Rule:* Check whether state agencies and regional hubs are judged based on broader ecosystem connectivity or on insulated, self-reported activity tallies.
- **Indicator 4: Adaptability**
    - *Assessment Rule:* Measure the presence and execution of fast feedback loops. Audit whether the state systematically studies programmatic failure to guide policy realignment, or rigidly enforces compliance to the detriment of experimentation.

- **Indicator 5: Conflict Resolution**
    - *Assessment Rule:* Map the availability of neutral, accessible mechanisms to resolve regional or institutional disagreements before they degrade into zero-sum fragmentation.

Appendix F: The Kitchen Cabinet Network

To ensure Oregon's economic design remains globally competitive, state leadership must bypass defensive institutional channels and anchor strategy in world-class academic research, policy design, and practitioner insights.

Academic Scholars

- **Erik Stam:** Formal ecosystem taxonomies and expert on metrics.
- **David Audretsch:** Most-cited expert on innovative entrepreneurship and growing entrepreneurial societies.
- **Maryann Feldman / Ted Zoller:** Leading authorities on the structural layout of dealmakers and regional economic transformations.
- **Christina Theodoraki**: A pioneer in demonstrating that ecosystems have micro, macro, and meso layers.
- **Andrew Maxwell:** Co-architect of Waterloo's powerful tech ecosystem and long-time scholar and educator, especially technology commercialization (https://innovationdoctor.substack.com)
- **Norris Krueger:** Expert in the microfoundations of entrepreneurial ecosystems, cognitive infrastructure, and mindset metrics. Teaches ecosystem college courses and board member of www.icsb.org, and past officer of the Academy of Management. Consultant to OECD, EU, and UN[7]. Leadership council of ESHIP Alliance.
- **Bernd Wurth:** Expert in ecosystem evolution, spatial dynamics, and complex adaptive economic structures.

Policy & Data Institutions

- **OECD Centre for Entrepreneurship (CFE):** Global architecture for multi-stakeholder diagnostic toolsets and international policy comparisons.
- **Startup Genome / StartupBlink:** Providers of deep-metric benchmarking, regional data tracking, and global node mapping. (www.startupgenome.com; www.startupblink.com)

[7] 2025 policy brief for UN's Global MSME Day:
https://www.un.org/sites/un2.un.org/files/2025globalmsmesreporticsb.pdf
pp/ 72-85

- **Heartland Forward / Ross DeVol:** Pioneers of predictive capacity indexing, linking young firm employment directly to state GDP velocity. (www.heartlandforward.com)
- **Lightcast:** Leaders in regional labor analytics, real-time talent migration tracking, and skills-gap mapping. (www.lightcast.io)
- **Right to Start:** The national campaign to expand entrepreneurial entry, eliminate structural barriers, and establish pro-founder statutory baselines. (www.righttostart.org)
- **UNCTAD / ILO:** International agencies tracking macroeconomic resilience, inclusive enterprise development, and micro-business health.

National Ecosystem Architecture, Mapping & Scaling Resources

- **SourceLink:** The premier infrastructure tool for mapping, organizing, and measuring regional entrepreneurial networks. Www.joinsourcelink.com
- **EcoMap Technologies:** Advanced platform providers specialized in dynamically visualizing asset maps and navigating complex local resource webs. Www.EcoMap.tech
- **Make Startups (Eric Parker and Grace Belangia):** National trailblazers in certifying entrepreneurship training programs, setting quality standards, and scaling local capital support models. www.makestartups.com

Practice and Social Infrastructure Specialists

- **Victor Hwang:** Co-author of *The Rainforest*, pioneer of ecosystem-building science, and architect of the ESHIP Alliance. Www.righttostart.org
- **Brad Feld:** Co-founder of Techstars, author of *Startup Communities*, and champion of the Boulder Thesis that institutions must be feeders, not leaders.
- **Chris Heivly:** Author of *The Build the Fort Tribe*, operational specialist in activating early-stage regional networks. www.heivly.com
- **Dell Gines:** Creator of the *Meso-Economic Development* model and national authority on rural and urban inclusive ecosystem expansion.
- **Paul O'Brien:** Tech entrepreneur, economic development strategist, and specialist in mid-stage startup capital architecture. https://www.youtube.com/watch?v=apGx7GnupzU
- **Anika Horn:** Expert on social infrastructure, ecosystem building processes, and network trust. Architect of the Unsung Heroes (ecosystem builders) project. Leader in the ESHIP Alliance, national organization of grassroots ecosystem builders. Useful book forthcoming (September): "*It Takes a Valley: How to Build Thriving, Equitable Entrepreneurial Ecosystems in Your Community*".
- **Jessica Edwards:** Applied builder and strategist dedicated to network orchestration, operationalizing trust, and regional ecosystem execution.

Oregon Frontline Leadership & Ecosystem Architects

- **Rick Turoczy:** Co-founder of Portland Incubator Experiment (PIE), relentless chronicler of Oregon startup history, and core network bridge.
- **Stephen Green:** Founder of PitchBlack, champion of capital deployment for underrepresented innovators, and trusted meso convener.
- **Jason Schneider:** Ecosystem design architect, deep-network facilitator, and pioneer of regional stakeholder alignment strategies.
- **Dwayne Johnson:** Long-time Oregon innovation leader, policy analyst, and expert on systems leverage and state innovation architecture.
- **Marina Kim:** Co-founder of Ashoka U, global pioneer in social entrepreneurship education, and expert in institutional systems-change frameworks.
- **David Chen:** Managing Director of Equilibrium Capital, private-sector connector, and a foundational architect of the original, highly leveraged Oregon InC framework.
- **Josh Carter:** Upstart Collective founder and startup champion.

Appendix G: Ecosystem Mindset and Middle-Out Development

A high-performing ecosystem cannot be built using top-down mandates or disconnected bottom-up noise, it requires a coordinated middle-out approach driven by shared cognitive architecture.

- **The Middle-Out Logic:** Top-down systems optimize for administrative control, real estate infrastructure, and check-the-box activity tallies. Bottom-up systems feature brilliant, isolated energy but frequently lack the coordination to scale. Middle-out systems use the meso layer to channel public capital into organic networks, accelerating opportunity velocity without suffocating it with bureaucracy.

- **Shared Assumptions of Collaboration:** Thriving networks possess a cultural baseline of radical reciprocity, such as the Give First ethos popularized by Brad Feld. Participants view regional economic growth as a positive-sum game rather than a zero-sum battle for agency turf.

- **The Power of Intangible Infrastructure:** A community can overcome poor physical infrastructure if its social infrastructure (dense relationships) and cognitive infrastructure (shared mindset and high trust) are resilient. Conversely, building state-of-the-art incubation facilities or innovation districts is functionally useless if an ecosystem's relational tissue is defined by low trust, defensive gatekeeping, and institutional bullying.

Appendix H: Why Connectors Connect

The operational value of the meso layer stems from the unique orientation of its actors, who prioritize long-term system health over short-term transaction fees.

- **The Orientation Shift:** While most institutional agents ask "Who can help me?", unselfish connectors ask "Who should meet whom?" Their behavior shifts networks from closed, extractive loops into open systems.

- **Value Multipliers:** Connectors capture only a tiny fraction of the immense economic value they generate for a state. When a *liaison-animateur* bridges a founder to an investor, a university researcher, or an early customer, the entire region captures the compounding tax base and job growth.

- **The Rationale for Public Support:** Because unselfish connectors operate as classic public goods, traditional markets systematically under-invest in them. Direct state funding through mechanisms like the Oregon Ecosystem Builder Initiative is a high-yield investment. Supporting the meso layer lowers systemic risk and unlocks private and federal capital across the entire economy.

Appendix I: Empirical Data Foundations & Ecosystem Metrics

State leaders must confront the divergence between organizational activity and structural economic outputs to move the narrative of all this from anecdotal critique to undeniable reality. The metrics below provide the baseline for our proposed Ecosystem Health Dashboard.

1. Business Employment Dynamics (BED) & Firm Age Analytics

Data from the Bureau of Labor Statistics (BLS) and the U.S. Census Bureau's Business Dynamics Statistics (BDS) highlights core vulnerabilities in Oregon's business lifecycle:

- **The Birth-to-Death Ratio:** While raw business applications remained elevated post-2021, the actual conversion rate of applications into employer firms with payroll has stagnated.
- **Young Firm Employment Velocity:** Jobs created by firms less than five years old represent the primary engine of net new employment in Oregon. This specific metric has experienced a downward shift since 2021, indicating that while we are creating tiny lifestyle nodes, we lack the connective tissue to help them scale into mid-market employers.

- **The Geographic Divide:** Shift-share analysis demonstrates that net job creation by young firms is increasingly concentrated in hyper-local pockets of the Portland metro area, while rural and secondary regions are suffering structural stagnation due to complete network isolation.

2. The Capital Flow Paradox (Oregon Capital Scan Insights)

The structural fragmentation of Oregon's Innovation Archipelago is mathematically proven by the massive mismatch between our raw innovation output and our capital retention:

- **Software GDP vs. Growth Venture:** Oregon's software sector productivity grew at 163 percent over the analyzed window, yet the state captured less than one-fiftieth of one percent (0.02 percent) of national mid-stage venture dollars. The ideas are here, but the networks to scale them are missing.
- **The Micro-Grant Trap:** Organizations across the state remain locked in defensive competition over static public allocations, with agencies fighting to protect $200,000 line items. This zero-sum behavior starves the ecosystem of the collaborative scale needed to attract institutional Series A and B venture funds.

3. The Connective Leverage Multiplier (Historical Baseline)

When Oregon funds the edges (connectors) instead of just the nodes (real estate and isolated agencies), the fiscal return to the state is historic. Dwayne Johnson's economic analysis isolates the compounding logic of Oregon's past successful initiatives:

Leverage Ratio=State Seed Funding Invested / Federal Funds Secured+Private Capital Attracted

- **The ETIC Framework (1997):** Bipartisan legislative commitment directly funded the connective tissue between industry needs and engineering university capacity, tripling Oregon State University's research expenditures to $37.2 million.
- **The Oregon InC & ONAMI Architecture (2005):** Driven by private-sector ecosystem connectors like Dave Chen and Skip Rung, a state investment of $28.2 million created ONAMI, OTRADI, and VertueLab. This meso-layer connective infrastructure went on to pull in **$2.45 billion in total financial leverage**, with 95 percent of it coming from private capital sources.
- **The Systemic Bottom Line:** Across the ETIC and early Oregon InC eras, directly supporting meso-layer connectors generated **$2.8 billion in federal and private capital leverage against just $50.8 million in state seed funding**.

4. Oregon Private Sector Dynamics (2020–2025)

Recent Bureau of Labor Statistics (BED) data exposes **a high-churn economic landscape where raw business formation masks a shrinking employment footprint per firm.** Standard economic reports often celebrate raw business creation. However, a deeper look at the data reveals structural vulnerabilities in Oregon's job-generating capacity.

- **Establishment Growth:** The total number of business units in Oregon expanded from 156,144 in the first quarter of 2019 to 181,056 by the first quarter of 2025. This represents a solid gain of approximately 15.9 percent.
- **Net Employment Contraction:** The state recorded a net negative change of 5,984 private sector jobs during the fourth quarter of 2024. Opening and expanding establishments successfully generated 105,056 jobs. Unfortunately, closing and contracting establishments simultaneously eliminated 111,040 jobs. Gross losses overrode gross gains.
- **Pandemic Volatility:** Oregon shed a net 204,971 jobs in the second quarter of 2020. Contractions and closures spiked violently during this window. Contractions tripled to 235,300, while structural closures doubled to 51,251.
- **Underlying Resilience:** Opening establishments remained a reliable source of new positions even during absolute economic lockdowns. They contributed 16,639 jobs in the second quarter of 2020. This represents a microscopic 1.4 percent decline compared to the pre-pandemic baseline of 2019. The entrepreneurial spark did not die.

Comparative Trend Matrix: Oregon vs. United States

The table below contextualizes Oregon's performance against broader national shifts:

Evaluation Metric	Oregon Trend	National Comparison
Business Applications	Applications without planned wages peaked in late 2023.	United States applications trended downward through 2024 and 2025.
Jobs per Business	Average jobs per business shrank from 10.8 down to 9.5 between 2019 and 2025.	The broader nation matches this specific pattern of more businesses carrying fewer total employees.
Market Tightness	The state registered 2.4 unemployed persons for every single job vacancy in late 2025.	The national labor market stayed tighter, averaging roughly 1.2 unemployed individuals per job opening.

Structural Insights from the Macro Data

- **The Reality of High Churn:** Oregon's labor market mirrors nearby dynamic states like Idaho. High structural churn defines the landscape. Gross job gains from fresh openings face immediate offsets from aggressive contractions and closures.
- **The Solopreneur Surge:** The sharp rise in business applications without planned wages points to a booming gig economy or a wave of solopreneurs. Oregonians are creating small side ventures to navigate broader macroeconomic uncertainty.
- **The Core System Challenge:** The opening and expanding side of the Oregon economy creates jobs consistently. It does this even when national metrics drag the net state numbers into the red. State policy must therefore stop protecting legacy contracting nodes. It must focus entirely on accelerating the velocity of these highly resilient opening segments.

5. Benchmarking Oregon Against Global and National Indices

Global economic indexes prove that Oregon produces world-class early-stage innovation but fails to scale or distribute that momentum beyond its urban core. When evaluated by external research organizations, the state shows a clear disconnect between raw talent and system execution.

A. StartupBlink Ecosystem Insights

- **The Metro Concentration:** The Portland startup ecosystem carries the state's global ranking. It ranks 56th among cities worldwide.
- **National Standing:** Portland ranks 19th strongest nationally in the United States. It sits just behind Phoenix and directly ahead of Detroit.
- **The Archipelago Effect:** While Portland climbed three spots globally, secondary cities like Bend, Eugene, and Medford remain structurally isolated from this growth. The state lacks the network density to push Portland’s venture velocity into rural regions.

B. Startup Genome Assessment

- **Early-Stage Funding Success:** Oregon scores exceptionally high in early-stage funding access and raw research output. The state reliably births innovative concepts and initial proofs of concept.
- **The Scaleup Bottleneck:** The data reveals a steep drop-off in ecosystem performance as firms transition from seed stage to scaleup status. Local founders face a severe deficit in local Series A and Series B venture capital networks. This forces our highest-potential companies to look to California or Washington to survive.

C. OECD Centre for Entrepreneurship Metrics

- **The Inclusive Policy Gap:** Application of the OECD *Better Entrepreneurship Policy Tool* reveals structural friction in Oregon's resource navigation. Underrepresented and rural founders experience significantly higher search costs than insider networks.
- **The Activity Trap:** OECD frameworks flag Oregon's economic strategy as overly reliant on top-down, real-estate-heavy infrastructure. The data recommends shifting funding away from rigid public agencies and redirecting it to the human connectors in the meso layer.

D. Heartland Forward Predictive Capacity Index

- **The GDP Velocity Predictor:** Heartland Forward research demonstrates that young, knowledge-intensive firm employment is the single most potent predictor of future state GDP growth.
- **The Looming Revenue Risk:** Oregon's current stagnation in young firm expansion directly threatens the state's long-term tax base. If the state does not fix its high structural churn and shrinking employee footprint per firm, state revenue velocity will fall behind the rest of the Pacific Northwest by 2030.

E. Forward-Looking Predictive Toolsets

To operationalize this data, the Ecosystem Builder Initiative will replace backward-looking lagging indicators with interactive simulation tools:

- **OECD Better Entrepreneurship Policy Tool:** (Qualitative) Implemented at the regional hub level to allow multi-stakeholder coalitions to collaboratively benchmark local regulatory and network friction against global standards.
- **Heartland Forward Entrepreneurial Capacity Index Tool:** (Quantitative) Utilized to simulate how changes to specific policy inputs (such as increasing access to early-stage growth capital or expanding the density of regional connectors) will directly move the needle on young-firm job creation and state GDP velocity over a 10-year horizon.

Appendix J. Where Our Report Supports The Prosperity Council Report

We enthusiastically back many of their structural and entrepreneurial baseline recommendations:

- **Overhauling Business Oregon:** Their push to transform Business Oregon into a leaner, more accountable entity (the proposed Oregon Commerce Authority) aligns perfectly with our critiques of the agency's fragmentation. They explicitly note it has become an underperforming "infrastructure finance authority" managing too many diffuse programs.

- **Defending Early-Stage Capital & Innovation:** Their immediate demands to reconnect the **Qualified Small Business Stock (QSBS)** policies to the federal tax code and modernize **Research & Development (R&D) tax credits** for small-to-medium enterprises are highly supportive of founder retention.

- **Higher Education & Commercialization:** Their commitment to locking in $20 million per biennium for the **University Innovation Research Fund (UIRF)** to leverage federal investments and support commercialization is right down our alley.

2. Where We Add to the Report

This is where our focus on the **meso layer** and **entrepreneurial ecosystems** directly challenges their traditional, top-down approach.

- **Physical Sites vs. Relational Ecosystems:** The Council leans heavily on old-school "smokestack chasing" real estate plays, allocating $250 million for physical site readiness and expanding Urban Growth Boundaries by 2% for industrial targets. Our report counters that economic resilience isn't built on shovel-ready dirt alone; it is built on **local connectors** and the relational infrastructure that bridges the macro (institutions) and micro (entrepreneurs/innovators).

- **Transactional Incentives vs. Ecosystem Metrics:** They focus significantly on classic "business climate" metrics (cutting regulatory burdens by 20%, shifting tax burdens). We argue that their metrics fail to capture the health of the entrepreneurial pipeline. We need to measure ecosystem density and connectivity, not activities that traditionally favor out-of-state corporate attraction over organic, home-grown scale.

- **Top-Down Authorities vs. Grassroots Sensemaking:** While they want to build massive centralized structures like a new Governor's Cabinet of Economic & Talent Development, our framework emphasizes a Karl Weick-style sensemaking approach: Enact economic policy from the ground up by empowering regional entrepreneurial nodes rather than adding another bureaucratic layer at the peak. Frequent entrepreneur-only listening sessions.

3. Blind Spots: Areas They Cover That Our Report Omits

- Because the Prosperity Council consists of mostly corporate executives, labor consultants, and builders, they dive deep into macro-fiscal & structural mechanics that our report leaves aside:

- **Granular Tax Fixes:** They provide explicit frameworks for restructuring the **Corporate Activity Tax (CAT)**, updating the Estate Tax for family businesses and **restoring QSBS**.

- **Deep regulatory reform:** Neighboring Idaho and Montana have slashed regulatory burdens dramatically with little pushback. The PO report also calls for implementing strict permitting "shot clocks".

A Combined Call to Action

- We call on the state's economic leadership to move past top-down, real-estate-heavy models and focus on the **meso-layer connectivity** that transforms raw inputs into a thriving, resilient economy.

- **1. Champion the Immediate Fiscal & Legislative Wins (The Baseline)**

- We must throw our full weight behind the Council's most practical, high-impact recommendations to preserve and unlock early-stage capital:

- **Realign and Defend QSBS:** Immediately reconnect Oregon's **Qualified Small Business Stock (QSBS)** policies to the federal tax code to prevent founder/investor flight.

- **Protect R&D and Commercialization:** Codify the $20 million biennial commitment to the **University Innovation Research Fund (UIRF)** to ensure federal matching dollars keep scaling home-grown technologies.

2. Launch "Zero-Based" Regulatory Overhaul (The Competitive Edge)

- While the Council calls for generic regulatory relief, Oregon must look to neighboring innovators like **Idaho and Montana** to structurally dismantle administrative red tape:

- **Enact Zero-Based Regulation (ZBR):** Implement Idaho's proven ZBR model. Force every state agency to justify their administrative rule chapters from the ground up on a rolling schedule, treating no rule as permanent. (Idaho utilized this framework to cut or simplify 95% of its regulations, becoming the least-regulated state in the nation).

- **Establish Regulatory "Shot Clocks" and Waivers:** Move beyond simple permitting targets by creating clear statutory pathways for businesses to petition for rule waivers, allowing rapid innovation without bureaucratic permission slips.

- **3. Shift from "Smokestack Chasing" to Ecosystem Building (The Disconnect)**

- Industrial land expansion ($250 million for site readiness) means nothing without a vibrant community of builders to occupy it.

- **Fund the Connectors, Not Just the Concrete:** Shift the focus from pure physical infrastructure to relational infrastructure—supporting the local "connectors" who bridge the gap from the public commons to commercial scale.

- **Mandate Entrepreneur-Only Listening Sessions:** Traditional economic development panels are dominated by corporate executives and institutional lobbyists. We demand the state implement a series of raw, unvarnished **entrepreneur-only listening sessions** to let actual founders guide the "enactment" of local economic policy.

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