

MIAMI'S COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP

HOW TO USE ENTREPRENEURSHIP TO
CREATE A MORE KNOWLEDGE-INTENSIVE
ECONOMY WITH HIGHER-PAYING JOBS

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ABOUT ENDEAVOR INSIGHT

Endeavor Insight is the research division of Endeavor, a nonprofit organization that supports high- impact entrepreneurs across the world.

Its work seeks to answer three questions:

1. How do entrepreneurs reach scale at their companies?
2. How do entrepreneurs reach scale in local networks or ecosystems?
3. What can policymakers, philanthropic leaders, investors, support organizations, and other stakeholders do to empower more entrepreneurs to reach scale in their communities?

The methodology utilized in this study builds on previous Endeavor Insight research supported by the Omidyar Network, the Kauffman Foundation, and the Heron Foundation.

ABOUT THE JOHN S. AND JAMES L. KNIGHT FOUNDATION

Knight Foundation is a national foundation with strong local roots. We invest in journalism, in the arts, and in the success of cities where brothers John S. and James L. Knight once published newspapers. Our goal is to foster informed and engaged communities, which we believe are essential for a healthy democracy. For more, visit kf.org.

SPECIAL THANKS

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EXECUTIVE SUMMARY

The goal of this report is to identify and highlight Greater Miami's competitive advantages in entrepreneurship. This report is based on analyses of new data on more than 20,000 companies, and was conducted by Endeavor Insight thanks to the generous support of Knight Foundation and its staff. This research yielded four major conclusions.

❶ Greater Miami has grown rapidly in recent years, but its economy needs solutions to reduce its reliance on low-paying service jobs.

Miami's economy continues to lag behind other major cities.* Lower-paying service industries are more prevalent in Greater Miami than in the rest of the United States. Many local workers are also employed in industries that are projected to grow more slowly than the rest of the economy.

If Miami is going to reach its economic potential, decision makers must reduce the prevalence of lower-paying service industries by generating more high-paying, knowledge-intensive jobs in growing sectors.

❷ The most prosperous U.S. cities provide examples of how Miami can build a stronger economic future by generating more larger, high-value, entrepreneurial companies.

The U.S. cities with the highest incomes per capita and greatest productivity generate more of a specific type of local business: *larger, high-value, entrepreneurial companies*. These businesses bring a number of benefits to cities.

- ▶ **Larger:** Companies that have grown to 50 or more employees — often referred to as “scaleups” — create the vast majority of jobs in U.S. metropolitan areas. They also pay higher wages, on average.
- ▶ **High-Value:** Businesses in industries that generate greater productivity per employee are of high value to local communities. These companies generate larger proportions of knowledge-intensive jobs and also tend to draw in more revenues from outside their cities and regions.
- ▶ **Entrepreneurial:** Businesses created by local entrepreneurs reinvest a greater share of their sales within their communities compared to branches of companies that are headquartered elsewhere.

Unfortunately, Greater Miami has a lower proportion of these companies than many other major metropolitan areas. If local leaders wish to bring the benefits of these businesses to the city, they should work to accomplish two objectives: (1) increase the number of new larger, high-value, entrepreneurial companies, and (2) support existing larger, high-value, entrepreneurial companies as they continue to grow.

❸ The Miami area has a diverse set of competitive advantages in entrepreneurship that can be found in six types of local companies.

Though Greater Miami has a relatively low number of larger, high-value, entrepreneurial companies, those that do exist in the city are much younger than the ones found in other major cities, on average. This indicates that Miami has significant potential to generate more of these valuable companies in the next five years.

Decision makers should support the growth of new, larger, entrepreneurial companies in all high-value sectors. However, Miami is fortunate to have six types of companies that make up the city's specific competitive advantages in entrepreneurship. They are:

- ▶ *Passenger Transit and Transportation Services Companies;*
- ▶ *Financial Intermediary Businesses;*
- ▶ *Consulting Firms;*
- ▶ *Pharmaceuticals and Medical Device Companies;*
- ▶ *Software and Software-Enabled Companies; and*
- ▶ *Advertising Firms.*

Among these groups, Miami has as many as 2.9 times more larger, high-value, entrepreneurial companies than the rest of the country, relative to its population size. Almost all the industries in which these types of businesses operate are projected to increase employment and generate a greater-than-average share of knowledge-intensive jobs.

❹ Entrepreneur-Led Economic Development can help Miami's leaders to enhance competitive advantages in entrepreneurship and generate more high-paying jobs.

If local decision makers wish to create an economy that is less dependent on slower-growing, lower-paying sectors, they should offer more targeted support for founders building larger, high-value, entrepreneurial companies. The recommendations at the end of this report outline an approach for entrepreneur-led economic development that puts these founders at the center of the local entrepreneurship community. These actions can help to create a new pillar of local economic development based on Miami's competitive advantages in entrepreneurship.

The following pages of this report offer in-depth explanations of these findings, as well as detailed analyses based on data from thousands of businesses in the Miami area.

* The authors use “Miami” and “Greater Miami” synonymously to refer to the Miami-Fort Lauderdale-West Palm Beach, FL metropolitan statistical area throughout the study. This area consists of Miami-Dade, Broward, and Palm Beach counties as defined by the U.S. Census Bureau.

CONTEXT:

GREATER MIAMI HAS GROWN RAPIDLY IN RECENT YEARS, BUT ITS ECONOMY NEEDS SOLUTIONS TO REDUCE ITS RELIANCE ON LOW-PAYING SERVICE JOBS.

LOCAL GROWTH IN THE PAST DECADE

During the last 10 years, Greater Miami's population grew by more than 13 percent.¹ The local workforce has grown by over 300,000 and enrollment at local universities has increased substantially during this same period.²

Greater Miami has also seen a number of individual companies achieve significant success since 2008. TherapeuticsMD, a local pharmaceutical company, went public in 2016, raising \$125 million. Chewy.com, a pet goods eCommerce company in Broward county, was acquired for more than \$3 billion in 2017. This follows the success of other local businesses such as Terremark Worldwide, a data center and IT services company, and Mako Surgical, that were each purchased for more than \$1 billion in the 2010s.³ Public companies such as Heico, an aerospace and electronics company, and Citrix, a software company, have continued to expand employment and make acquisitions.⁴

Venture capital activity in the area has also increased. In 2018, nearly \$1.4 billion of venture capital was invested into businesses in the Miami area. By comparison, only \$607 million of venture funding was invested in the entire state just five years earlier.⁵ The expansion of venture capital

has been accompanied by new local support organizations focused on entrepreneurship. Since 2008, dozens of programs for Miami-based founders have launched in the community, including accelerators, business skills training programs, and angel investor networks.⁶

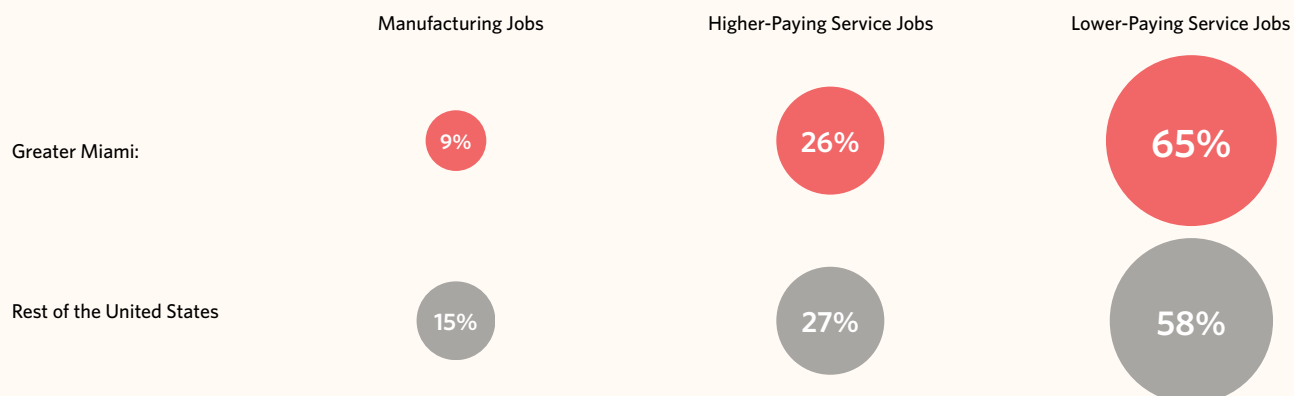
CHALLENGES IN THE LOCAL ECONOMY

Though there have been a number of individual positive developments in Miami's economy, data suggests that the community as a whole lags behind many other metropolitan areas. Greater Miami currently ranks 61st out of the more than 380 U.S. metropolitan areas in income per capita. In terms of productivity, the Miami area ranks 102nd in Gross Domestic Product (GDP) per capita.⁷

Miami's poor performance in these areas is likely linked to its historic reliance on service sectors like retail, restaurants, and other hospitality industries. Service jobs in these sectors tend to offer lower pay and generate less productivity than positions in knowledge-intensive industries.* **Unfortunately, Miami has a greater proportion of local employees working in lower-paying service industries than the rest of the United States.**⁸

LOCAL EMPLOYMENT IN GREATER MIAMI VS. REST OF UNITED STATES

Percentage of Local Jobs in Each Category

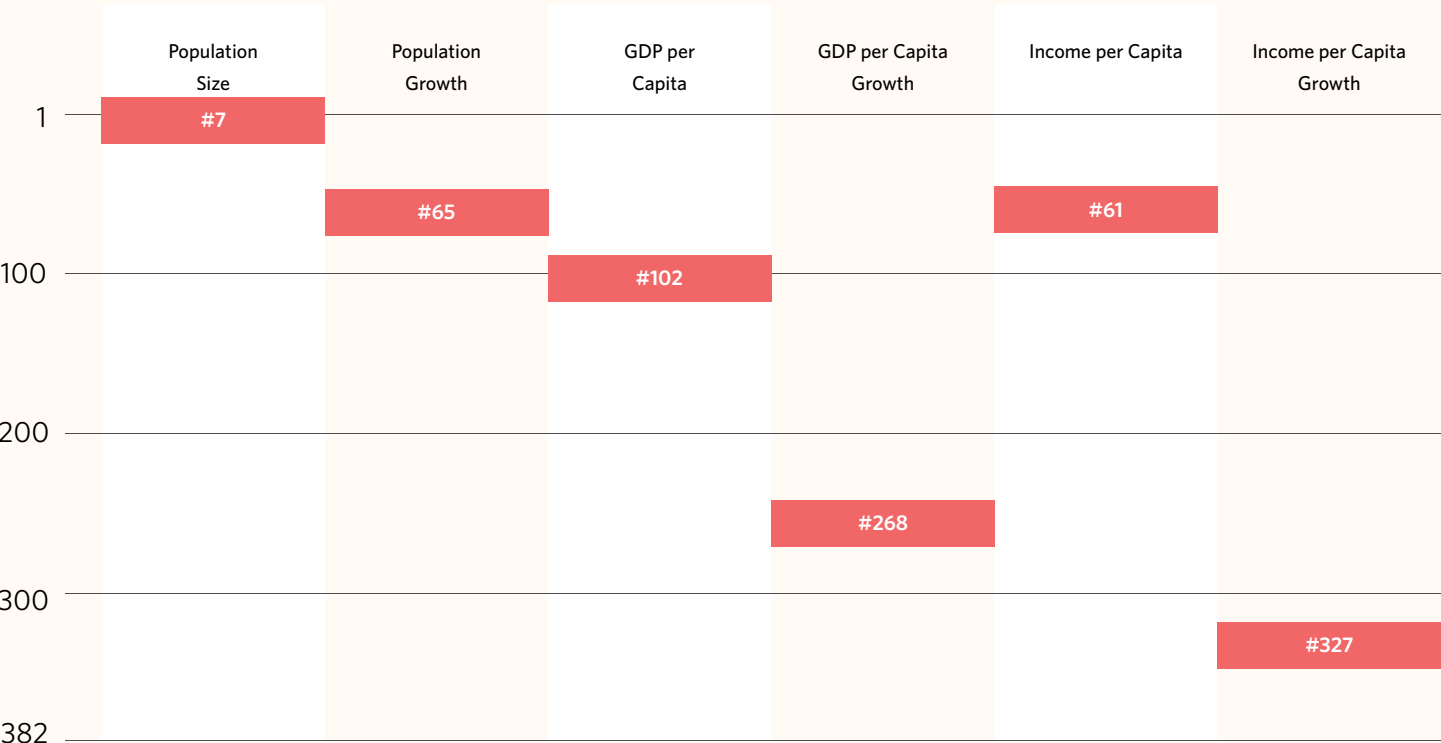


Note: Job totals are based on private-sector, non-farm employment. Higher-paying service sector jobs are those in industries with average wages of \$60,000 or more. Lower-paying jobs are those in industries with average wages below \$60,000. Source: U.S. Census Bureau

* Knowledge-intensive jobs are those that require greater levels of education, on average.

GREATER MIAMI'S ECONOMIC PERFORMANCE

Rank Compared to Other Metropolitan Areas in the United States



Note: The analysis is based on 2017 data, except Income per Capita, which is based on 2016 data. Growth and improvement rankings indicate the rate of change between 2008 and 2017, except Income per Capita Growth, which is between 2008 and 2016.
Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis, and Endeavor Insight analysis.

The local reliance on these types of service sectors has also slowed the region’s recovery from the 2008 Financial Crisis. During the last decade, income per capita in Greater Miami has grown more slowly than that of 326 other U.S. metropolitan areas. Comparative data on productivity is also concerning. Between 2008 and 2017, the average major U.S. metropolitan area saw an

increase of more than 3 percent in GDP per capita.* During that same period, Miami’s GDP per capita *declined*.⁹ If these trends are not reversed, the Miami metropolitan area will continue to fall further and further behind other U.S. communities. The impact of this economic lag is especially apparent among the most vulnerable people in the area.

In Greater Miami, individuals with income below the poverty level make up 14 percent of the population, which is higher than the rate in most other larger metropolitan areas. Greater Miami ranks in 209th place among U.S. metro areas in terms of the proportion of the local population living above the poverty line.¹⁰

* Major metropolitan statistical areas are those with populations of 500,000 and more.



DIFFICULTIES ON THE HORIZON

Miami's current economic challenges are complicated by the fact that many of the industries that dominate its economy are not projected to keep pace with the rest of the country.

Close to 35 percent of local workers are employed in sectors that are expected to grow more slowly than the labor force as a whole. This is a larger share than what can be found in the rest of United States.¹¹

In addition, several sources that are sometimes seen as drivers of new economic growth have much lower potential than many decision makers realize. One example of this can be found in the number of new businesses that start operating in the city each year. Recent national rankings have placed Miami among the top U.S. cities for new business creation, but this activity has not substantially improved local economic outcomes.¹²

Though some new businesses go on to become important to the economy, most of these companies exist only for a short time. Half of new businesses created in the Miami area fail before reaching three years old. Of those that remain, most go on to employ fewer than 10 people, limiting the benefits they can provide to the community.*

Small businesses are also held up as potential sources of local economic growth. Though small businesses are

* The local rates of new business failure are similar to those seen the rest of the United States. See Supporting Analyses on page 36 for more information.



numerous, they have relatively low impact if they remain small. Over 80 percent of companies operating in Greater Miami are small businesses with one to nine employees.* However, these companies have created less than 15 percent of total employment in the area.¹³ In addition, national data shows that very small businesses like these pay lower wages than larger companies and generate much less revenue per employee.¹⁴

Greater Miami faces a major challenge. **How can local leaders create an economy that is less dependent on slow-growing, lower-paying service industries and capable of generating more high-paying jobs in knowledge-intensive sectors?** Increasing the quantity of new businesses or small companies is not likely to do this. However, analyses of new data indicate that local leaders can use a specific form of

entrepreneurship to accomplish this goal, as the next sections will illustrate.

* The percentage is based on the total number of local establishments that have created at least one job.

THE MOST PROSPEROUS U.S. CITIES PROVIDE EXAMPLES OF HOW MIAMI CAN BUILD A STRONGER ECONOMIC FUTURE BY GENERATING MORE LARGER, HIGH-VALUE, ENTREPRENEURIAL COMPANIES.

SOLUTIONS FOR HIGHER-PAYING, KNOWLEDGE-INTENSIVE JOBS

One way to identify strategies for improving Miami's economy is to examine U.S. metropolitan areas that have a larger proportion of higher-paying jobs and greater overall productivity. These cities can offer important examples, especially if one looks closely at how they are different from other metropolitan areas.

The U.S. cities with the highest incomes and greatest productivity share a common trait. They all generate more of a specific type of local business: larger, entrepreneurial companies operating in high-value industries. These locally owned businesses have 50 or more employees, making them larger than the vast majority of all U.S. companies.¹⁵ Moreover, the high-value industries in which they operate create large numbers of knowledge-intensive jobs and generate greater-than-average productivity.¹⁶

Metropolitan areas with the highest income per capita and GDP per capita, such as San Jose, California or Bridgeport, Connecticut, are home to a great deal of these larger, high-value, entrepreneurial companies. Poorer communities like Flint, Michigan and Riverside, California contain very few of these companies, even when adjusting for differences in the sizes of local populations.

BENEFITS OF LARGER, HIGH-VALUE ENTREPRENEURIAL COMPANIES

The characteristics that define larger, high-value, entrepreneurial companies bring distinct benefits to their local communities.

LARGER: Larger companies, or “scaleups” — defined here as those with 50 or more employees — pay employees 20 percent more in wages than smaller businesses.¹⁷ Only 5 percent of the companies operating in Greater Miami have 50 or more employees, but they have created more than 70 percent of the jobs in the community.*

HIGH-VALUE: These larger businesses also operate in industries that generate greater productivity per employee than most others. These are often sectors that are more knowledge-intensive, such as information technology, financial services, and professional services.[†] Companies in these types of industries tend to sell to customers from outside of their immediate geographies. The revenue they bring in from other areas increases the size of the local economy.¹⁸

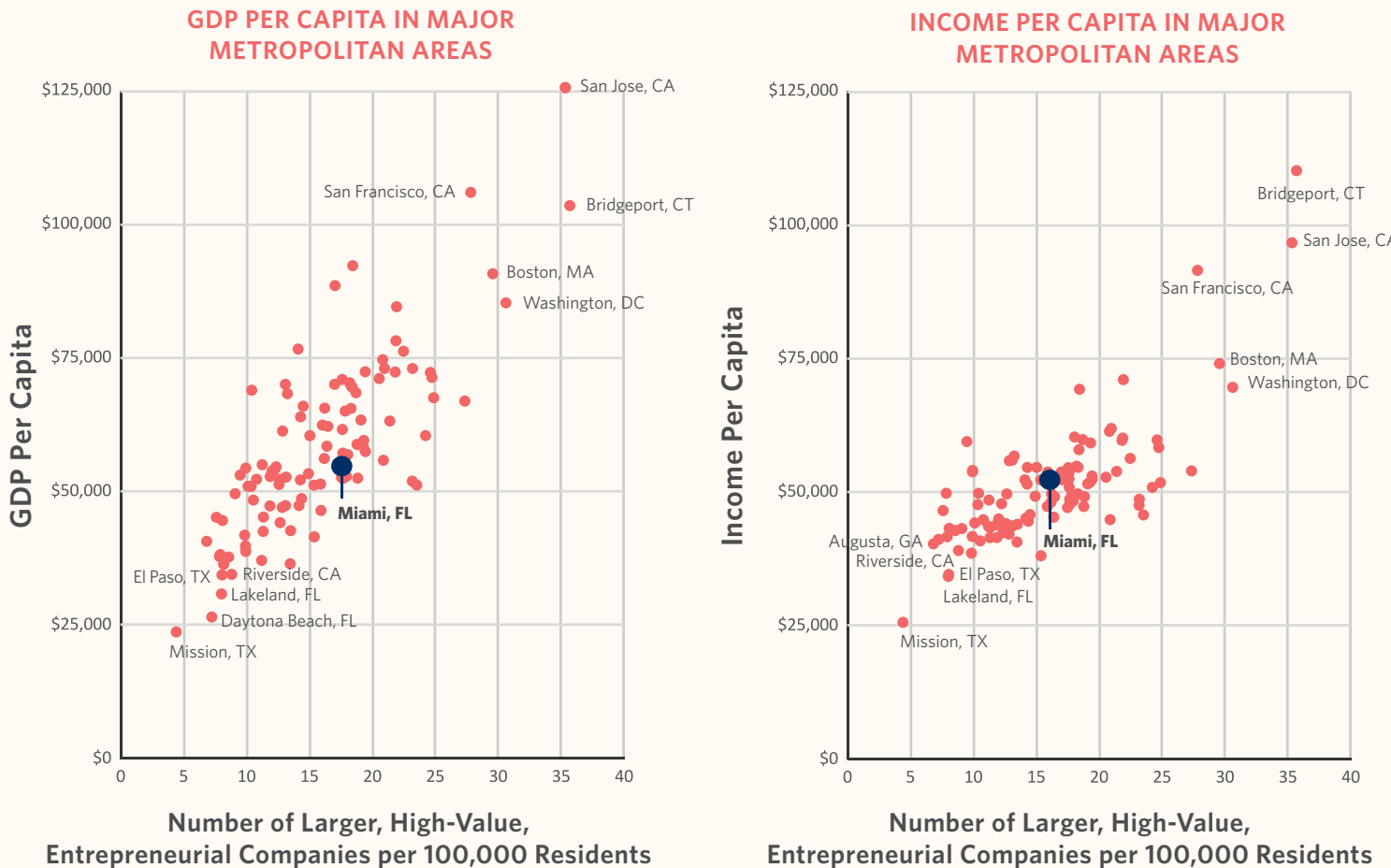
ENTREPRENEURIAL: Businesses with local founders reinvest a greater share of their sales within the region when compared to branches of companies that are headquartered elsewhere. The investors and senior executives of entrepreneurial companies are often members of the local community as well, which can create a number of positive spillover effects if a company is sold or goes public.

* When companies grow to reach 50 employees they often continue to expand. The typical U.S. company with 50 or more employees has more than 200 people working within it, which enables the company to take advantage of economies of scale. These businesses are sometimes referred to as “second-stage” companies in terms of size. Many would be considered small- or mid-cap companies by investment firms. See the Supporting Analyses on page 37 for more information.

† Other high-value sectors include logistics, specialty manufacturing, publishing, and natural resource-based industries, such as mining and logging. A full list of these high-value industries is available in Appendix 2 of this report.

LARGER, HIGH-VALUE, ENTREPRENEURIAL COMPANIES AND ECONOMIC OUTCOMES

Comparative Performance of Major Metropolitan Areas in the United States



Note: The R^2 for the model on the left is 0.64, while the R^2 for the model on the right is 0.58. Major metropolitan areas are those with populations of 500,000 or more. GDP, income, and population data are based on 2017 figures. Data on larger, high-value, entrepreneurial companies was collected in 2018.
Source: Endeavor Insight forthcoming paper, U.S. Census Bureau, U.S. Bureau of Economic Analysis, and Dun & Bradstreet.

The relationship between developing a greater proportion of these local companies and increasing productivity is quite strong, as the charts above illustrate. Analyses indicate that the number of larger, high-value, entrepreneurial companies per 100,000 residents accounts for 64 percent of the variation in GDP per capita and 58 percent of the variation in income per capita among major cities.¹⁹

The explanatory power of larger, high-value, entrepreneurial companies is especially impressive when compared to other potential drivers of local economic growth. Even well-known factors — such as research and development spending, patent filings, and venture capital investment — can each explain a much smaller percentage of the variation in GDP per capita and income per capita levels among major metropolitan areas.²⁰

APPLYING THESE LESSONS TO MIAMI

The Miami area has a lower proportion of larger, high-value, entrepreneurial companies compared to many other U.S. communities. While highly productive metropolitan areas tend to have close to 30 of these companies for every 100,000 residents, Greater Miami has only 17.6 for every 100,000 local residents.²¹

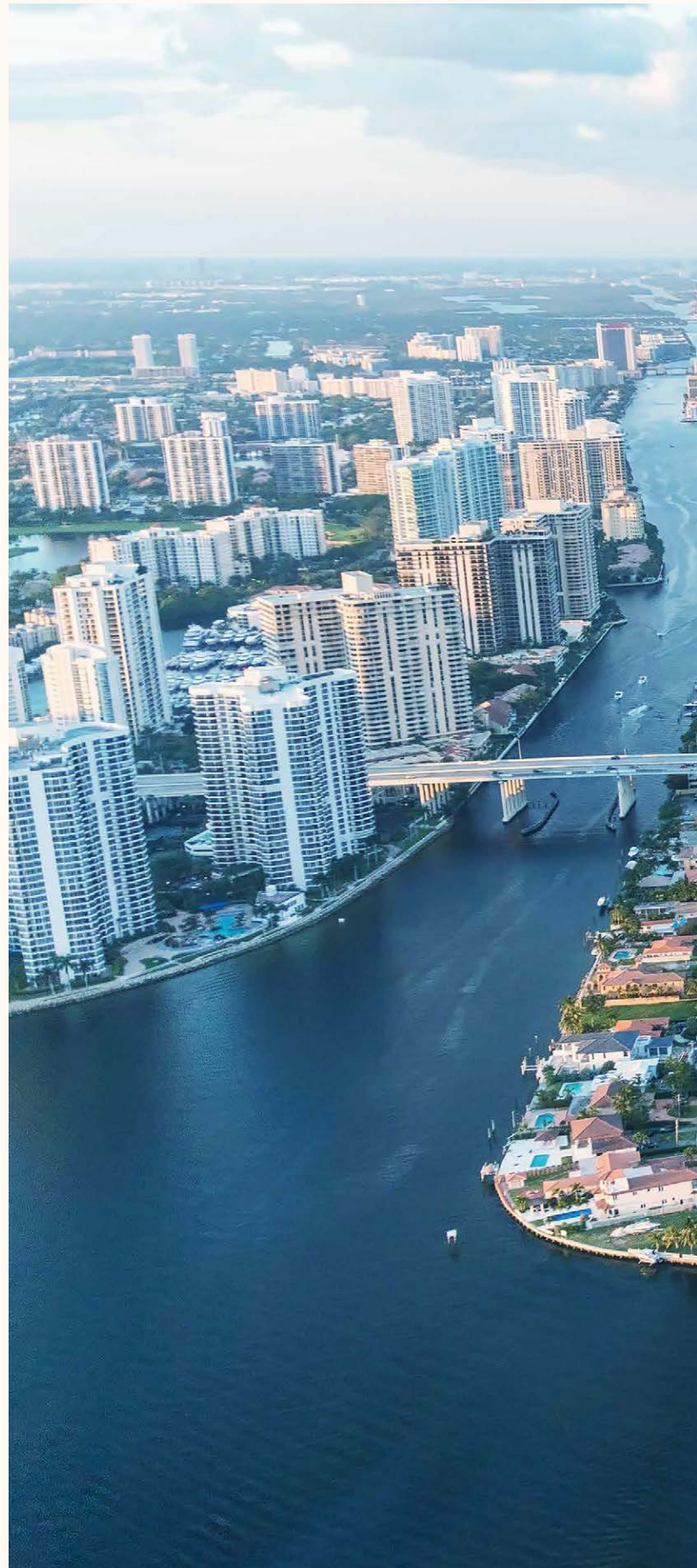
In order for the city to become less dependent on lower-paying service industries and capable of generating more high-paying jobs in knowledge-intensive areas, decision makers should focus on the two objectives below. These strategies can help cities like Miami catch up to better-performing peers by focusing local strengths on the types of businesses that provide the greatest benefits to the community.

1. Increase the number of new larger, high-value, entrepreneurial companies. Greater Miami already has thousands of young, entrepreneurial businesses working in high-value industries. National data suggests that if 100 of these young companies grow larger, the high-paying jobs they create would increase the average income of the 6 million residents in Miami by more than \$1,000 per person. Their productivity would also expand the size of the entire economy by nearly 4 percent.²²

The benefits of the jobs that new companies create have the potential to be far reaching. Studies have shown that younger entrepreneurial businesses are more likely to hire underrepresented workers such as those without a college degree or unemployed individuals.²³

2. Support existing larger, high-value, entrepreneurial companies as they continue to grow. The average number of employees at a larger, high-value, entrepreneurial company is more than 200, which indicates that the majority of the job growth at these companies comes after they reach 50 employees.²⁴ Helping larger, high-value companies continue to grow to 100, 200, or even 1,000 employees would create large numbers of high-paying jobs.

So how can local decision makers best take advantage of these opportunities? While all larger, high-value, entrepreneurial companies are beneficial to the economies of cities like Miami, analyses indicate that some specific types of these local companies deserve special focus. The next pages will highlight larger, high-value, entrepreneurial companies that are connected to the distinct strengths of the Greater Miami region and offer detail on how decision makers can best support them.





THE MIAMI AREA HAS A DIVERSE SET OF COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP THAT CAN BE FOUND IN SIX TYPES OF LOCAL COMPANIES.

POSITIVE MOMENTUM IN THE LOCAL ECONOMY

Though Greater Miami has a relatively low number of larger, high-value, entrepreneurial companies, analyses of new data on more than 20,000 local businesses revealed some important and positive characteristics of entrepreneurship in the region.

Larger, high-value, entrepreneurial companies in Greater Miami are significantly younger than those found in most other U.S. metropolitan areas. More than half of the local larger, high-value, entrepreneurial companies were founded between 1998 and 2017, compared with an average of 37 percent founded in the same period in other major metropolitan areas.²⁵

This is a signal that the community has the capability to generate even more of these companies in the next few years. It also indicates that many of the existing larger, high-value, entrepreneurial companies in Greater Miami are quite young and therefore have significant capacity to keep growing.

Decision makers in Greater Miami should support the development of new, larger, entrepreneurial companies in every high-value industry, as well as the continued growth of existing larger, high-value, entrepreneurial companies. However, several groups of local entrepreneurial businesses have demonstrated better-than-average potential in the local region.

MIAMI'S COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP

Larger, high-value, entrepreneurial companies can be found in a variety of sectors, but they tend to be concentrated in ways that reflect the economic assets and entrepreneurs in their communities.

For example, in the San Jose, California metropolitan area, many of the larger, high-value, entrepreneurial companies are software businesses, while the Bridgeport, Connecticut metropolitan area includes many larger, entrepreneurial companies working in investment banking. These groups of companies represent competitive advantages in entrepreneurship for the communities where they operate.

Competitive advantages in entrepreneurship can be found in regions by identifying groups of companies that meet two criteria: the **local concentration** of larger, entrepreneurial businesses in their specific high-value industry is greater than the proportion found in the rest of the United States, and the **local dynamism** of those businesses can be confirmed by identifying one or more examples of larger, high-value, entrepreneurial businesses founded in the last decade.

There are six types of larger, high-value companies that make up Miami's competitive advantages in entrepreneurship. They are:

- ▶ *Passenger Transit and Transportation Services Companies,*
- ▶ *Financial Intermediary Businesses,*
- ▶ *Consulting Firms,*
- ▶ *Pharmaceuticals and Medical Device Companies,*
- ▶ *Software and Software-Enabled Companies, and*
- ▶ *Advertising Firms.*

GREATER MIAMI'S COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP

Concentrated and Dynamic Groups of Larger, High-Value, Entrepreneurial Companies

Types of Companies and Prominent Subsectors	Local Concentration vs. Rest of U.S.	Local Dynamism in Last Decade vs. Rest of U.S.	Number of Local, Larger, Entrepreneurial Companies	Projected National Growth of Industry
Passenger Transit and Transportation Services Companies <i>Passenger Airlines, Aviation-Related Services, Specialty Cargo and Freight</i>	2.9x	Greater Than Average	40+	Moderate
Financial Intermediary Businesses <i>Investment Banking, Digital Payments and Loans, Retail Banking</i>	1.4x	Average	50+	Slow but Positive
Consulting Firms <i>Healthcare Consulting, Financial Services Consulting, IT Consulting</i>	1.3x	Greater Than Average	50+	High
Pharmaceutical and Medical Device Companies <i>Prescription Drugs and Treatments, Medical Devices, Other Manufacturing including Supplements and Vitamins</i>	1.3x	Greater Than Average	15+	Slightly Negative
Software and Software-Enabled Companies <i>SaaS, eCommerce</i>	1.2x	Greater Than Average	50+	High
Advertising Firms <i>Online Marketing, Advertising and Branding Agencies</i>	1.1x	Greater Than Average	15+	Slow but Positive

Note: Concentration is the ratio of larger, high-value, entrepreneurial companies in Greater Miami compared to those in the rest of the United States, adjusted for differences in population. Local dynamism is a measure of the proportion of larger, high-value, entrepreneurial companies founded locally within the last decade compared to the proportion of similar companies founded nationally within the same time period. Projected national growth is the expected employment growth for industries between the years 2018 and 2026. See the Industry Profile Notes and Sources on page 35 for more information.

Source: Endeavor Insight forthcoming paper, U.S. Bureau of Economic Analysis, and Dun & Bradstreet.

As the table above illustrates, the local concentration of these types of companies is up to 2.9 times greater than what is found in the rest of the United States. Local dynamism among these businesses — as measured by the proportion of larger, local companies founded in the last decade — is equal to or greater than that found in the rest of the country. In all but one case, the high-value industries in which these companies operate are also expected to increase employment in the next few years.

The prominent subsectors listed in the table indicate the areas in which entrepreneurs in Miami stand out the most compared to other cities with similar advantages. In many instances, these are linked to distinctive strengths in the community, such as the Port of Greater Miami, the presence of international media companies, or the city's close ties with Latin America. The entrepreneurs leading larger companies in these sectors are some of the most valuable economic resources in the region.

All of the types of companies that make up the competitive advantages listed above also create large numbers of knowledge-intensive jobs. The industries they operate in tend to hire greater numbers of college graduates than other sectors. The average wage paid by these groups of companies is estimated to be more than \$75,000 per year, which is \$20,000 above the average personal income of Miami residents.²⁶

The next section of this report will share more in-depth data on these competitive advantages in entrepreneurship. This includes the number of large, local companies in each of the six groups, data on their concentration compared to other benchmarks, the projected national employment growth, and information on the most common employment opportunities these companies provide.

PASSENGER TRANSIT AND TRANSPORTATION SERVICES COMPANIES

Businesses that offer transport to passengers, as well as those providing transportation support, such as fulfillment services, transport fueling, and maintenance

PROMINENT LOCAL SUBSECTORS

- ▶ Passenger Airlines
- ▶ Aviation-Related Services
- ▶ Specialty Cargo and Freight Providers

LOCAL SIZE	CONCENTRATION VS. REST OF U.S.	CONCENTRATION VS. NEARBY METROS	LOCAL DYNAMISM	PROJECTED INDUSTRY GROWTH
40+ <p>Local entrepreneurial companies with 50 or more employees</p>	2.9x <p>More entrepreneurial companies with 50 or more employees than expected compared to the rest of the U.S.</p>	4.0x <p>More entrepreneurial companies with 50 or more employees than expected compared to other metros in the surrounding area</p>	GREATER THAN AVERAGE <p>Proportion of local entrepreneurial companies with 50 or more employees launched in last decade</p>	MODERATE <p>Projected growth for national industry in coming years</p>


KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

▶ Proportion of Roles Requiring Less Than a Bachelor's Degree: Average

Most common occupations: Flight Attendants, Material Movers, Ticket Agents, Truck Drivers, Cargo and Freight Agents, Aircraft Mechanics, Service Technicians

▶ Proportion of Roles Requiring a Bachelor's Degree or Higher: Average

Most common occupations: Aircraft Pilots, Flight Engineers, Operations Managers, Accountants, Auditors, Business Operations Specialists, Logisticians



Miami is a transportation hub with one of the largest ports in the United States. It is commonly referred to as the “cargo gateway of the Americas.” Miami has nearly three times as many passenger transit and transportation service companies compared to the rest of the United States and four times as many companies compared to other nearby metropolitan areas.

The prominent larger, entrepreneurial businesses include passenger airlines such as Spirit Airlines founded in 1980 and XTRA Airways that offers group-chartered flights. Greater Miami also has larger, entrepreneurial companies providing aviation-related services, such as Jetstream Ground Services, which offers ground handling and ramp services, and Commercial Jet, which provides maintenance.

The larger, entrepreneurial companies in Miami operating in specialty cargo and freight include World Fuel Services, a fuel logistics company founded in 1984; the air freight specialists Cargo Force and Skylease Cargo; and the shipping fulfillment company ShipMonk.

The average wage per employee in this sector is not as high as other larger, high-value, entrepreneurial groups like consulting, but at \$61,000, it is still above the average local wage. These types of companies also offer a significant number of positions to people with lower levels of education in roles, such as customer service agents and maintenance mechanics.

Dynamism among this group of larger, high-value, entrepreneurial companies is quite high. It is expected that these companies will continue to benefit Miami and other cities that have a competitive advantage in producing passenger transit and transportation service companies. These types of companies are projected to create new jobs at an estimated growth rate of 6.1 percent over the next eight years, a rate that will outpace the general labor market.

FINANCIAL INTERMEDIARY BUSINESSES

Companies providing financial intermediation including investment banking, credit, and payment processing

PROMINENT LOCAL SUBSECTORS

- ▶ Investment Banking
- ▶ Digital Payments and Loans
- ▶ Retail Banking

LOCAL SIZE	CONCENTRATION VS. REST OF U.S.	CONCENTRATION VS. NEARBY METROS	LOCAL DYNAMISM	PROJECTED INDUSTRY GROWTH
50+ Local entrepreneurial companies with 50 or more employees	1.4x More entrepreneurial companies with 50 or more employees than expected compared to the rest of the U.S.	2.6x More entrepreneurial companies with 50 or more employees than expected compared to other metros in the surrounding area	AVERAGE Proportion of local entrepreneurial companies with 50 or more employees launched in last decade	SLOW BUT POSITIVE Projected growth for national industry in coming years

KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

▶ **Proportion of Roles Requiring Less Than a Bachelor's Degree: Below Average**

Most common occupations: Tellers, Customer Service Representatives, Loan Interviewers, Bookkeepers, Bill and Account Collectors

▶ **Proportion of Roles Requiring a Bachelor's Degree or Higher: Above Average**

Most common occupations: Credit Counselors, Loan Officers, Financial Analysts and Advisors, Sales Agents, Software Developers, Credit Analysts, Accountants, Auditors



Miami's geographic proximity to Latin America has boosted its role as a financial hub for individuals and companies based in the region. This has led to the emergence of a number of larger, entrepreneurial companies including investment firms such as H.I.G. Capital.

The most dynamic of the larger, high-value, entrepreneurial companies operating as local financial intermediaries are in digital payments and loans. This includes companies such as NovoPayment, which offers a cloud-based platform and has grown to more than 100 employees, and BFS Capital, a technology-enabled financing platform for small businesses that has raised \$184 million since its founding in 2002. The largest, high-value companies also include retail banks such as Ocean Bank that has more than 600 employees and BankUnited that went public in 2011.

About half of the roles that these larger, high-value financial intermediaries employ typically require higher levels of education. Roles needing at least a bachelor's degree include financial analysts and lending officers. The other half of the roles typically do not require a bachelor's degree. These include tellers and other client representatives.

Cities like Miami that have a competitive advantage in producing financial intermediary businesses benefit from the above-average wage in this industry. At \$108,000, this is nearly double the average local wage.

The local larger, entrepreneurial companies that are financial intermediaries are older on average than those in other high-value industries. Greater Miami's larger, entrepreneurial companies demonstrate average dynamism when compared to similar companies in the rest of the United States. It is worth noting, however, that Miami's concentration of financial intermediary companies is significantly higher than what can be found in the neighboring metropolitan areas.

The expected national growth of financial intermediaries is slower than other high-value industries highlighted here, but still positive at nearly 4 percent. In Miami's case, the prominence of the sector and newsworthy investment activity may continue to support Miami's local industry so that the local companies collectively outperform this projected national growth rate.

CONSULTING FIRMS

Businesses that provide teams of consultants in areas such as business management, human resources, engineering, and information technology (IT)

PROMINENT LOCAL SUBSECTORS

- ▶ Healthcare Consulting
- ▶ Financial Services Consulting
- ▶ IT Consulting

LOCAL SIZE	CONCENTRATION VS. REST OF U.S.	CONCENTRATION VS. NEARBY METROS	LOCAL DYNAMISM	PROJECTED INDUSTRY GROWTH
50+ Local entrepreneurial companies with 50 or more employees	1.3x More entrepreneurial companies with 50 or more employees than expected compared to the rest of the U.S.	1.4x More entrepreneurial companies with 50 or more employees than expected compared to other metros in the surrounding area	GREATER THAN AVERAGE Proportion of local entrepreneurial companies with 50 or more employees launched in last decade	HIGH Projected growth for national industry in coming years

KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

▶ **Proportion of Roles Requiring Less Than a Bachelor's Degree: Below Average**

Most common occupations: Customer Service Representatives, Administrative Assistants, Bookkeepers

▶ **Proportion of Roles Requiring a Bachelor's Degree or Higher: Above Average**

Most common occupations: Management Analysts, Market Researchers, Software Developers and Programmers, Business Operations Specialists, Accountants, Auditors

There are several larger, high-value consulting firms in Miami that complement the area's other sectors. This includes companies that offer professional services to the healthcare industry, such as Molekule Consulting, and others that support the financial services sector, such as Cortera. Founded in 1993, Cortera is a data analytics agency that employs more than 150 people and has raised more than \$500 million.

Other noteworthy consulting companies in Miami include the information technology consulting firms such as The Hackett Group, which was founded in 1991. It went public in 1998 and has since acquired five companies. Hackett now employs more than 1,000 people.

Similar to Miami's financial intermediaries, jobs with larger, entrepreneurial consulting firms typically require a higher level of education. The most prominent roles such as business analysts and consulting managers ask for a bachelor's or post-graduate degree. These companies also employ large numbers of people with lower levels of education in roles such as administrative assistants and staffing specialists. The average wage per employee of \$90,000 far exceeds the typical local income of about \$54,000.

The businesses that have launched more recently in Miami are contributing to this sector's above-average dynamism, including the Chameleon Collective founded in 2015.

Consulting is an important high-value industry in the broader region as well, where more than 100 additional companies have scaled. Even so, Miami has a higher concentration of larger, entrepreneurial consulting firms than metropolitan areas in the surrounding regions, making it an anchor of the area's broader sector.

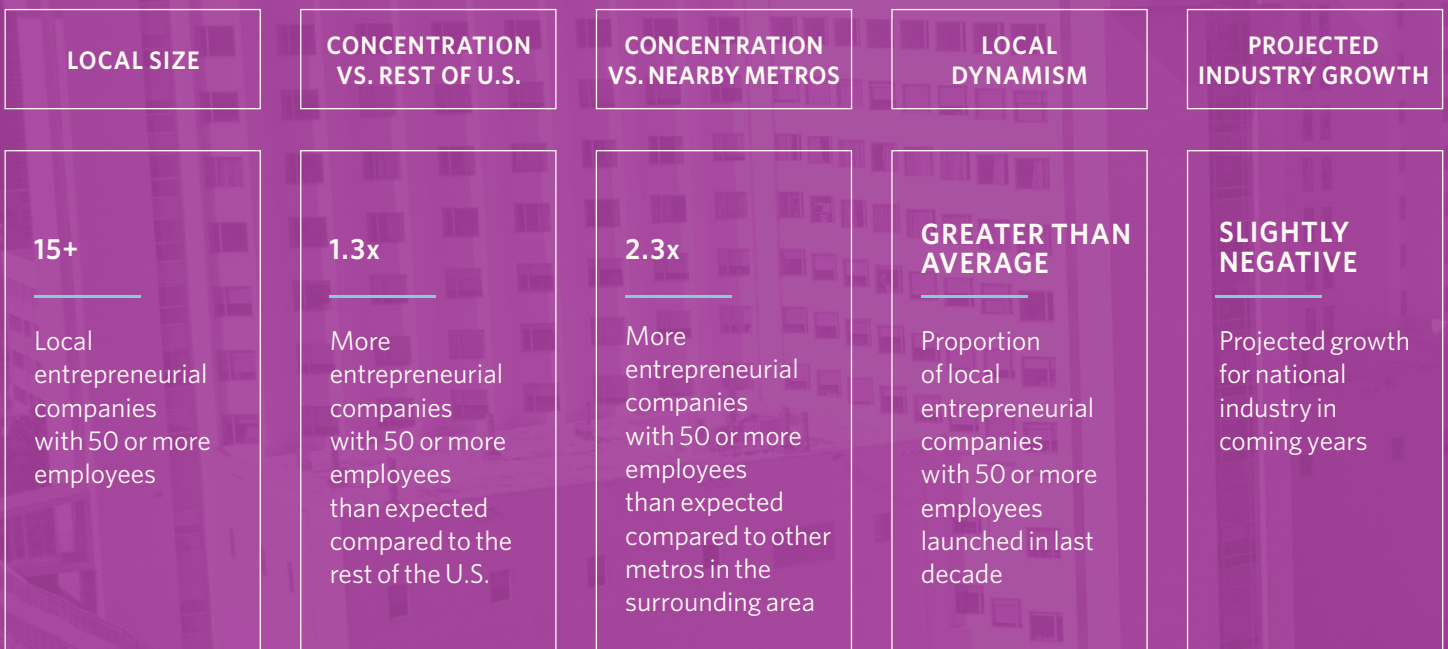
The strengths of the established businesses and positive employment figures will help carry this industry forward. Consulting firms have the second highest projected growth rate among the six competitive advantages in entrepreneurship (at above 15 percent), just behind software and software-enabled companies. This means the consulting sector is well positioned to contribute to Miami's economy over the next several years.

PHARMACEUTICAL AND MEDICAL DEVICE COMPANIES

Businesses that develop medicines, instruments, and devices for healthcare purposes

PROMINENT LOCAL SUBSECTORS

- ▶ Prescription Drugs and Treatments
- ▶ Medical Devices
- ▶ Other Manufacturing including Supplements and Vitamins



KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

▶ **Proportion of Roles Requiring Less Than a Bachelor's Degree: Below Average**

Most common occupations: Assemblers, Packaging and Machine Operators, Chemical Processing Machine Operators, Inspectors, Production Supervisors

▶ **Proportion of Roles Requiring a Bachelor's Degree or Higher: Above Average**

Most common occupations: Software Developers, Programmers, Electrical Engineers, Chemists, Materials Scientists, Industrial Engineers, Mechanical Engineers, Biological Scientists

An aerial photograph of a city, likely Miami, showing a mix of urban development, including high-rise buildings, lower residential areas, and green spaces. The entire image is covered with a semi-transparent purple filter. The text is overlaid on the left side of the image.

Miami has a well-established healthcare industry. Several local pharmaceutical and medical device companies have built on this strength and demonstrated the entrepreneurial potential of the sector. This includes the prominent manufacturers of prescription drugs, such as TherapeuticsMD, a company focused on formulations for women's health that went public in 2016. Noven Pharmaceuticals, which was founded in 1987, specializes in medicines delivered through transdermal patches and was acquired in 2009.

Other entrepreneurial, high-value companies include those developing medical devices. Noteworthy examples include Cordis, a manufacturing company known for cardiovascular devices, that was bought by Johnson & Johnson and then acquired by Cardinal Health in 2015. Cordis is where the founders of Syntheon found their start before they launched their endoscopic device company. In 2018, Syntheon announced that it had raised \$10 million.

Another medical device company is Mako Surgical, a company that specialized in robotic-assisted surgery systems before it was acquired by Stryker in 2013.

In addition, there are private label manufacturers specializing in dietary supplements and vitamins like Arnet Pharmaceutical and Florida Supplement.

These are examples of how high-value, entrepreneurial companies operating in the pharmaceutical and medical device industries can boost local economies. These types of companies offer high average wages of \$94,000 per employee. This also represents a knowledge-intensive sector with its above-average proportion of roles that require a bachelor's degree.

Looking ahead, the sector is expected to shrink somewhat (less than 3 percent) over the next eight years. This national projection about the sector as a whole may not determine Miami's path. Despite this national projection, the particular group of local entrepreneurial companies in this sector have demonstrated their competitive position and have the potential to increase their contribution to the local economy.

SOFTWARE AND SOFTWARE-ENABLED COMPANIES

Companies that develop and sell software-enabled services to business clients, use software to sell consumer products online, or develop custom software applications for businesses

PROMINENT LOCAL SUBSECTORS

- ▶ SaaS, particularly for prominent local industries (e.g., Healthcare, Construction, Finance)
- ▶ eCommerce

LOCAL SIZE	CONCENTRATION VS. REST OF U.S.	CONCENTRATION VS. NEARBY METROS	LOCAL DYNAMISM	PROJECTED INDUSTRY GROWTH
50+ Local entrepreneurial companies with 50 or more employees	1.2x More entrepreneurial companies with 50 or more employees than expected compared to the rest of the U.S.	2.3x More entrepreneurial companies with 50 or more employees than expected compared to other metros in the surrounding area	GREATER THAN AVERAGE Proportion of local entrepreneurial companies with 50 or more employees launched in last decade	HIGH Projected growth for national industry in coming years

KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

- ▶ **Proportion of Roles Requiring Less Than a Bachelor's Degree: Below Average**

Most common occupations: Computer Support Specialists, Sales Representatives, Customer Service Representatives

- ▶ **Proportion of Roles Requiring a Bachelor's Degree or Higher: Above Average**

Most common occupations: Software Developers, Programmers, Computer and Information Analysts, Database and Systems Administrators, Network Architects

ADVERTISING FIRMS

Companies that create advertising campaigns and branding services

PROMINENT LOCAL SUBSECTORS

- ▶ Online Marketing
- ▶ Advertising and Branding Agencies

LOCAL SIZE	CONCENTRATION VS. REST OF U.S.	CONCENTRATION VS. NEARBY METROS	LOCAL DYNAMISM	PROJECTED INDUSTRY GROWTH
15+ Local entrepreneurial companies with 50 or more employees	1.1x More entrepreneurial companies with 50 or more employees than expected compared to the rest of the U.S.	1.8x More entrepreneurial companies with 50 or more employees than expected compared to other metros in the surrounding area	GREATER THAN AVERAGE Proportion of local entrepreneurial companies with 50 or more employees launched in last decade	SLOW BUT POSITIVE Projected growth for national industry in coming years

KNOWLEDGE INTENSITY OF TYPICAL EMPLOYMENT

▶ **Proportion of Roles Requiring Less Than a Bachelor's Degree: Below Average**

Most common occupations: Advertising Sales Agents, Product Promoters, Customer Service Representatives

▶ **Proportion of Roles Requiring a Bachelor's Degree or Higher: Above Average**

Most common occupations: Designers, Public Relations Specialists, Market Research Analysts, Marketing Specialists, Artists, Software Developers, Programmers, Writers, Editors



The advertising industry in Miami has grown up around the presence of Spanish-language television networks including Cisneros, Telemundo, and Univision. The entrepreneurial, high-value companies operating in this sector include online marketing firms such as Q Interactive, which specializes in online consumer acquisitions and was acquired by Fluent in 2016. Another example is VIX, an online content marketer that has raised more than \$73 million in capital.

The larger, high-value, entrepreneurial companies in the area also include full-service agencies such as Brandstar. Founded in 1995, Brandstar offers brand integration, as well as television production services. Another prominent agency is Republica, which was founded in 2006 before being acquired by Havas Group in 2018. Now known as Republica Havas, the agency specializes in culturally relevant communications and offers services ranging from brand strategy and promotional events to public relations through social media.

Cities with a competitive advantage in advertising can benefit from the high-paying jobs that these companies create. This industry has above average wages of \$72,000, which is well above Miami's average personal income.

About half of the roles in this industry require a bachelor's degree or higher, which is above the national average. These roles include market researchers, designers, and software developers. Even so, there are several roles for people with lower levels of education including sales agents and promoters. There are nearly twice as many larger, entrepreneurial firms that have scaled in Greater Miami compared to metropolitan areas in the surrounding region.

Across the nation, the projections for employment growth in the industry show only a slight increase over the next eight years. In Miami, the local group of advertising firms may be able to buck this trend. The local advertising agencies have above-average dynamism when compared to similar companies in the rest of the United States.

ENTREPRENEUR-LED ECONOMIC DEVELOPMENT CAN HELP MIAMI'S LEADERS TO ENHANCE COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP AND GENERATE MORE HIGH-PAYING JOBS.

Decision makers in Greater Miami have the opportunity to create an economy that is less dependent on lower-paying service industries and capable of generating more high-paying jobs in knowledge-intensive areas. The Greater Miami community is fortunate to have a diverse set of competitive advantages in entrepreneurship that can be utilized to support these objectives. Future efforts should focus on: (1) increasing the number of new larger, high-value, entrepreneurial companies in Miami, and (2) supporting existing scaleups in these high-value industries as they continue their growth.

Even a moderate increase in the number of new and growing companies could also help to create thousands of new knowledge-intensive jobs. National data suggests that if Miami could create 100 more entrepreneurial companies in high-value industries, the average

income would increase by more than \$1,000 per person, and the size of the entire economy would grow by nearly 4 percent.²⁷

Endeavor Insight has developed a set of principles for local decision makers through its work with the Bill & Melinda Gates Foundation, the Ewing Marion Kauffman Foundation, and other organizations. These principles make up an approach for "Entrepreneur-Led Economic Development" designed to help leaders across the world increase the productivity of local entrepreneurs.*

The following pages outline the principles of Entrepreneur-Led Economic Development that are most relevant for leaders in Greater Miami. For more information on these principles and the ways in which they can be applied, please contact the authors of this study.

1. AVOID THE "MYTHS OF QUANTITY."

Many decision makers assume that increasing the quantity of new or small businesses will automatically generate greater productivity in an entrepreneurship community. Data from the Greater Miami area, as well as other cities, shows that this is not the case.[†]

Most new businesses in Miami fail within a few years and the vast majority of those that do survive never employ more than a handful of people.²⁸ Small businesses that do not grow also have little local impact.

Even arbitrary increases in the number of support organizations can harm an entrepreneurship community, since these efforts usually include funding for programs run by people with little or no entrepreneurship experience.²⁹ Strategies that promote quantity



* For more information, see the Endeavor Insight report "Fostering Productive Entrepreneurship Communities" available at endeavor.org/fpec.

† See the Supporting Analyses on page 36 for more information.

for the sake of quantity also lead to actions that ignore the importance of quality. They tend to spread a community's resources too thin in an effort to generate tangible impacts. Some communities have even seen "crowding out" effects that cause more successful founders to lose influence and have difficulty accessing local resources because they are displaced by the large number of new companies and support programs.

2. FOCUS ON SCALE.

Larger businesses that reach the scale of 50 or more employees pay higher average wages than smaller companies.³⁰ This is one of the main reasons that supporting the development and growth of larger, high-value, entrepreneurial companies can have such significant impact.

Though the Greater Miami area is home to dozens of programs for entrepreneurs, analyses conducted by Endeavor Insight indicate that the majority of local support organizations currently focus exclusively on early stage entrepreneurs. There are likely

additional opportunities to direct more resources to initiatives that cater to growing businesses that have achieved scale already or are on track to become scaleups in the near future.

Decision makers can also give more attention to empowering local founders to reach scale by consistently evaluating local programs using metrics related to growth. Measuring results in this way will align the incentives of the leaders of these programs with the goals of scale in the community.

Generating even a moderate increase in the number of larger, high-value, entrepreneurial companies in the community would make a significant impact on the Miami area.





If the leaders of larger, high-value, entrepreneurial companies are well-connected to local networks, it increases the likelihood that their knowledge, capital, and other resources are reinvested into new founders in the city.

3. FOLLOW THE LEAD OF SUCCESSFUL LOCAL FOUNDERS.

Successful entrepreneurs are some of the most knowledgeable economic development researchers in any community. Each time a local entrepreneur grows their businesses to achieve scale, it offers valuable data on the type of company that can thrive in a city.

The high-value industries represented in Miami's competitive advantages in entrepreneurship are very likely to produce more entrepreneurial businesses that can continue to grow. Growing businesses in these industries would benefit from dedicated support. Unfortunately, with the exception of software-enabled companies, very few local entrepreneurship organizations specifically focus on supporting the six types of businesses highlighted in this report.³¹

Going forward, local leaders should continually reevaluate data on local larger, high-value, entrepreneurial companies to see if any new competitive advantages in entrepreneurship emerge. Founders of these larger, entrepreneurial companies can also provide even more nuanced insight into their entrepreneurship community.

Decision makers who wish to launch initiatives to support entrepreneurs should look to see what types of support programs these founders are currently utilizing. This may reveal opportunities to increase the capacity of existing initiatives that are already effective.



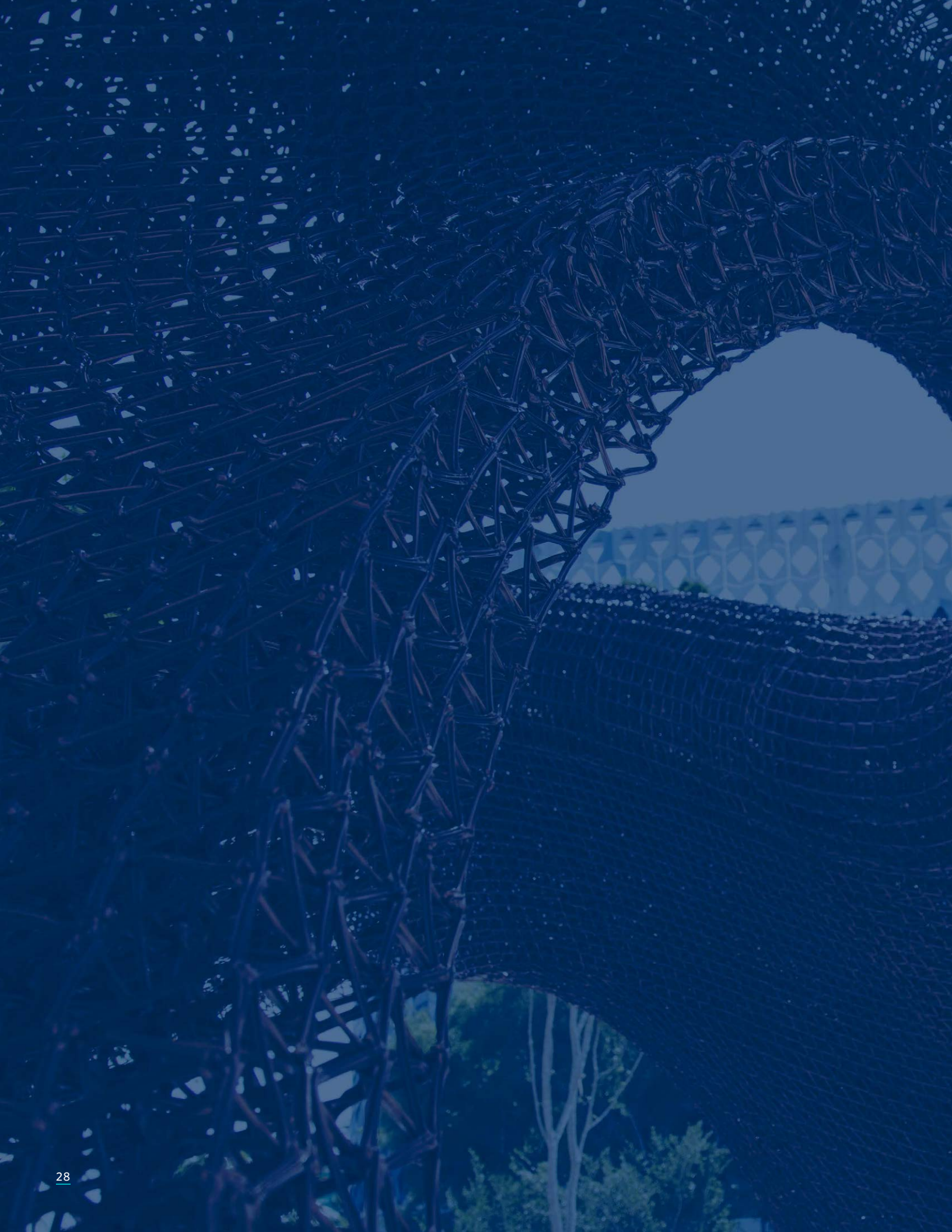
4. BUILD NETWORKS AROUND THE BEST LOCAL ENTREPRENEURS.

Data from previous research has shown that when entrepreneurs who have built companies that reached scale support upcoming founders, it increases the likelihood that those local businesses will succeed.³² The primary avenues that experienced entrepreneurs can follow to support newer founders are mentorship, investment, and leadership roles at local entrepreneurship support programs. Though these mechanisms are powerful, they are often underutilized.

Decision makers in Miami have an opportunity to build networks around local entrepreneurs who have reached scale and encourage new relationships between the entrepreneurs at local larger, high-value, entrepreneurial companies and upcoming founders.

By helping to create these connections, city leaders will be ensuring that the founders at successful companies are at the center of the local entrepreneurship community.

If the leaders of larger, high-value, entrepreneurial companies are well-connected to local networks, it increases the likelihood that their knowledge, financial capital, and other resources are reinvested into new founders in the city. Developing a virtuous cycle of entrepreneurial reinvestment is one of the best ways local leaders can create an environment where new larger, high-value, entrepreneurial companies can thrive. 



The background of the page is a dark blue gradient. It features a complex pattern of concentric circles and a grid-like structure, resembling a stylized fingerprint or a technical drawing. The pattern is more prominent on the left side and fades towards the right.

ENDNOTES, GLOSSARY, METHODOLOGY, APPENDICES, AND SUPPORTING ANALYSES

ENDNOTES

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- 12 Morelix, Arnobio, et al. "2017 Kauffman Index of Startup Activity: Metropolitan Area and City Trends." Ewing Marion Kauffman Foundation. May 2017. p. 9; Reedy, E.J., et al. "2016 Kauffman Index of Startup Activity: Metropolitan Area and City Trends." Ewing Marion Kauffman Foundation. August 2016. p. 11.
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- 18 Delgado, Mercedes, et al. "Defining clusters of related industries." *Journal of Economic Geography*, vol 16(1), 2016, p. 8; Jensen, J. Bradford & Lori G. Kletzer. "Tradable Services: Understanding the Scope and Impact of Services Outsourcing," *Working Paper Series WP05-9*, Peterson Institute for International Economics. 2005. p. 13-14.
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GLOSSARY

- ▶ **Dynamism:** A measure based on the proportion of larger, high-value, entrepreneurial companies founded within the last decade.
- ▶ **Entrepreneurial Companies:** Companies that are founder-led on the local level. This excludes entities such as governments and nonprofit organizations operating outside the for-profit legal framework and satellites of companies headquartered outside of the region.
- ▶ **Competitive Advantages in Entrepreneurship:** Groups of larger, high-value, entrepreneurial companies operating in a similar industry and given geographic area.
- ▶ **Gross Domestic Product (GDP):** The market value of goods and services produced by labor and property in the United States, regardless of nationality. (U.S. Bureau of Economic Analysis.)
- ▶ **High-Value:** Refers to companies operating in certain industries that are considered “tradable” (i.e., they tend to sell to customers from outside the immediate geography) and are associated with higher economic productivity than other industries.
- ▶ **Larger, High-Value, Entrepreneurial Companies (LHVE):** Companies employing 50 or more people, operating in industries that meet the “high-value” criteria, and were founded by individuals in the local area.
- ▶ **Local Concentration:** The ratio of larger, high-value entrepreneurial companies in the local area compared to a larger geography such as the rest of the United States or surrounding metropolitan areas, adjusted for differences in population.
- ▶ **Major Cities:** Metropolitan statistical areas with 500,000 or more in population.
- ▶ **Metropolitan Statistical Area:** A geographic area defined by the U.S. Census Bureau with at least one urbanized area of 50,000 or more inhabitants.
- ▶ **Microbusinesses:** Companies employing fewer than 10 people.
- ▶ **Network:** A group of actors working to support local entrepreneurs. This includes city leaders, investors, support organizations, foundations, and experienced entrepreneurs.
- ▶ **Productivity:** A measure of economic output quantified in this report by GDP per capita.
- ▶ **Projected National Growth:** Rates provided by the U.S. Bureau of Labor Statistics indicating expected employment growth for industries between the years 2018 and 2026.
- ▶ **Scaleups:** Companies that have grown to employ 50 or more people.
- ▶ **Startups:** New companies less than one year old with at least one employee. (Kauffman Foundation.)
- ▶ **Support Organizations:** Organizations offering skill-development programs, investment, mentoring or other support for entrepreneurs and startups. These include incubators, accelerators, and networks.
- ▶ **Venture Capital:** A type of investment typically for early stage businesses that have high growth potential. Venture capitalists (VCs) often provide expertise in finance and operations, in addition to capital.

METHODOLOGY

1. DETERMINING HIGH-VALUE

SECTORS: Endeavor Insight identified industries that met two criteria: (1) those that are considered “traded industries,” i.e., industries that tend to sell products or services to customers outside their immediate geographies; (2) those with higher GDP per employee. The full list of high-value sectors appears in Appendix 2.

2. DATA COLLECTION: Endeavor Insight analyzed data from Dun & Bradstreet to identify companies with 50 or more employees operating in “high-value” sectors (using the North American Industry Classification System), and that are headquartered within Greater Miami. We omitted branches, nonprofit organizations, and government entities.

3. CONCENTRATION

CALCULATION: Based on this data, we compared the number of larger, high-value, entrepreneurial companies (LHVEs) in Greater Miami to the rest of the United States adjusting for population size. Sectors in Greater Miami with a larger proportion of LHVEs vs. the rest of the United States — a concentration of more than 1.0 — remained in the study for further analysis. The sectors that had lower concentration levels were removed.

4. VERIFICATION: Endeavor Insight utilized data available on LinkedIn and company websites to verify the information provided by Dun & Bradstreet. This included reviewing location, employee size, year founded, operating status, and business purpose. In some cases, sectors were grouped to form a larger local industry type (e.g., pharmaceuticals and medical devices), especially if they shared common traits such as employee or investor pools.

5. DYNAMIC ENTREPRENEURIAL

HUBS: If sectors had fewer than 10 companies with 50 or more employees, they were dropped from the study to ensure that the recommended competitive advantages were substantive avenues for entrepreneurship. Only sectors with local dynamism, i.e., at least one company founded in the last decade, were included in the study.

6. PROJECTED NATIONAL

INDUSTRY GROWTH: Using U.S. Bureau of Labor Statistics projections, we identified the projected national industry growth rate for each hub between the years 2018 and 2026. Hubs with positive growth were included in the report, and those with negative projections moved forward for further analysis.

7. LOCAL DYNAMISM: For each hub, local dynamism is based on the proportion of companies founded between 2008 and 2017 using data from Dun & Bradstreet. We compared this to the national average dynamism of each hub. Local hubs with below national average dynamism and negative projected growth were removed from the study.

8. RECOMMENDED COMPETITIVE

ADVANTAGES: The results make up the six competitive advantages in entrepreneurship of the Miami area. Using Crunchbase and other sources, staff analyzed capital raised, acquisition or IPO activity, and employment growth to identify prominent local subsectors and companies that demonstrate the strengths of each of the six groups.

APPENDIX 1: GREATER MIAMI'S COMPETITIVE ADVANTAGES IN ENTREPRENEURSHIP

Competitive Advantage	North American Industry Classification System (NAICS) Description
Software and Software-Enabled Companies	Data Processing, Hosting, and Related Services; Software Publishers; Computer Systems Design and Related Services
Consulting Firms	Management, Scientific, and Technical Consulting Services; Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)
Logistics and Passenger Transportation Companies	Air Transportation; Water Transportation; Scenic and Sightseeing Transportation; Support Activities for Transportation
Financial Intermediary Businesses	Credit Intermediation and Related Activities; Securities, Commodity Contracts, and Other Financial Investments and Related Activities
Advertising Firms	Advertising, Public Relations, and Related Services
Pharmaceutical and Medical Device Companies	Electromedical and Electrotherapeutic Apparatus Manufacturing; Pharmaceutical and Medicine Manufacturing

APPENDIX 2: LIST OF HIGH-VALUE INDUSTRIES

Based on the 2012 North American Industry Classification System

Forestry and Logging	Electrical Equipment, Appliance, and Component Manufacturing
Fishing, Hunting and Trapping	Transportation Equipment Manufacturing
Support Activities for Agriculture and Forestry	Air Transportation
Oil and Gas Extraction	Water Transportation
Mining (except Oil and Gas)	Pipeline Transportation
Support Activities for Mining	Scenic and Sightseeing Transportation
Food Manufacturing	Support Activities for Transportation
Beverage and Tobacco Product Manufacturing	Couriers and Messengers
Paper Manufacturing	Publishing Industries (except Internet)
Petroleum and Coal Products Manufacturing	Motion Picture and Sound Recording Industries
Chemical Manufacturing	Data Processing, Hosting, and Related Services
Plastics and Rubber Products Manufacturing	Other Information Services
Nonmetallic Mineral Product Manufacturing	Credit Intermediation and Related Activities
Primary Metal Manufacturing	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
Machinery Manufacturing	Insurance Carriers and Related Activities
Computer and Electronic Product Manufacturing	Professional, Scientific, and Technical Services

APPENDIX 3: INDUSTRY PROFILE NOTES AND SOURCES

LOCAL SIZE

Source: Dun & Bradstreet. app.avenion.com. Accessed Oct. 2018.

CONCENTRATION vs. REST OF U.S.

Source: U.S. Census Bureau, Population Division. "Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2017." <https://factfinder.census.gov/bkmk/table/1.0/en/PEP/2017/PEPANNRES/0100000US.31000.005>. Mar. 2018; Dun & Bradstreet.

CONCENTRATION vs. NEARBY METROS

Note: This is represented by the nearest ten Metropolitan Statistical Areas (MSA) measured by the distance from the largest city in the MSA to downtown Miami. These are Cape Coral-Fort Myers, FL; Lakeland-Winter Haven, FL; Naples-Immokalee-Marco Island, FL; North Port-Sarasota-Bradenton, FL; Palm Bay-Melbourne-Titusville, FL; Port St. Lucie, FL; Punta Gorda, FL; Sebastian-Vero Beach, FL; Sebring, FL; Tampa-St. Petersburg-Clearwater, FL. The combined population of this region is 7,332,067.

Source: U.S. Census Bureau, Population Division; Dun & Bradstreet. Accessed Oct. 2018.

LOCAL DYNAMISM

Source: Dun & Bradstreet. Accessed Mar. 2019.

PROJECTED INDUSTRY GROWTH

Note: Rates indicated in the profiles have been calculated for the years 2018 to 2026.

Source: Endeavor Insight analysis; U.S. Bureau of Labor Statistics Employment Projections. "Table 2.7 Employment and output by industry, 2006, 2016, and projected 2026." 24 Oct. 2017.

PROMINENT LOCAL SUBSECTORS

Source: Endeavor Insight analysis; Dun & Bradstreet. Accessed Oct. 2018; LinkedIn.com. Accessed 21. Apr. 2019; Crunchbase.com. Accessed 21 Apr. 2019.

TYPICAL EMPLOYMENT

Source: Endeavor Insight analysis; U.S. Bureau of Labor Statistics, Employment Projections. "Table 1.7 Occupational projections, 2016–26, and worker characteristics, 2016." 24 Oct. 2017; U.S. Bureau of Labor Statistics, Employment Projections. "Table 1.9 2016–26 Industry-occupation matrix data, by industry." 12 Apr. 2019.

HIGHLIGHTED COMPANIES

Source: Details on acquisitions, IPOs, and capital raised were identified on Crunchbase.com (accessed 21. Apr. 2019). Employee numbers, histories, business purposes were identified on company websites and LinkedIn.com (accessed 21. Apr. 2019).

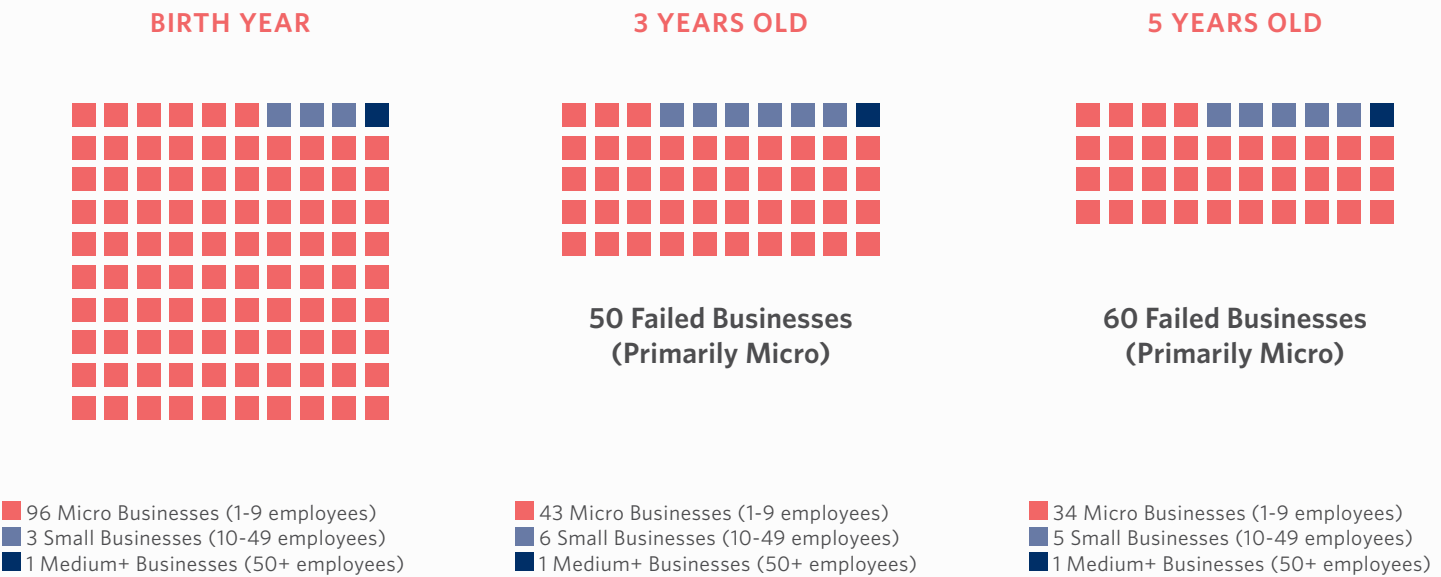
AVERAGE WAGES

Note: The national annual mean wage for all major occupation groups in 2017 was \$51,960, as of the May 2018 U.S. Bureau of Labor Statistics release. Industry average wages appearing in the text were calculated based on data from the U.S. Bureau of Labor Statistics. By comparison, income per capita in the Greater Miami area was \$53,732 according to the U.S. Bureau of Economic Analysis.

Source: Quarterly Census of Employment and Wages. "Employment and Wages Annual Averages, 2017." 3 Oct. 2018.

SUPPORTING ANALYSES

MOST COMPANIES IN MIAMI START SMALL AND REMAIN SMALL.
Expected Outcomes: 100 Startups in the Miami Metropolitan Area



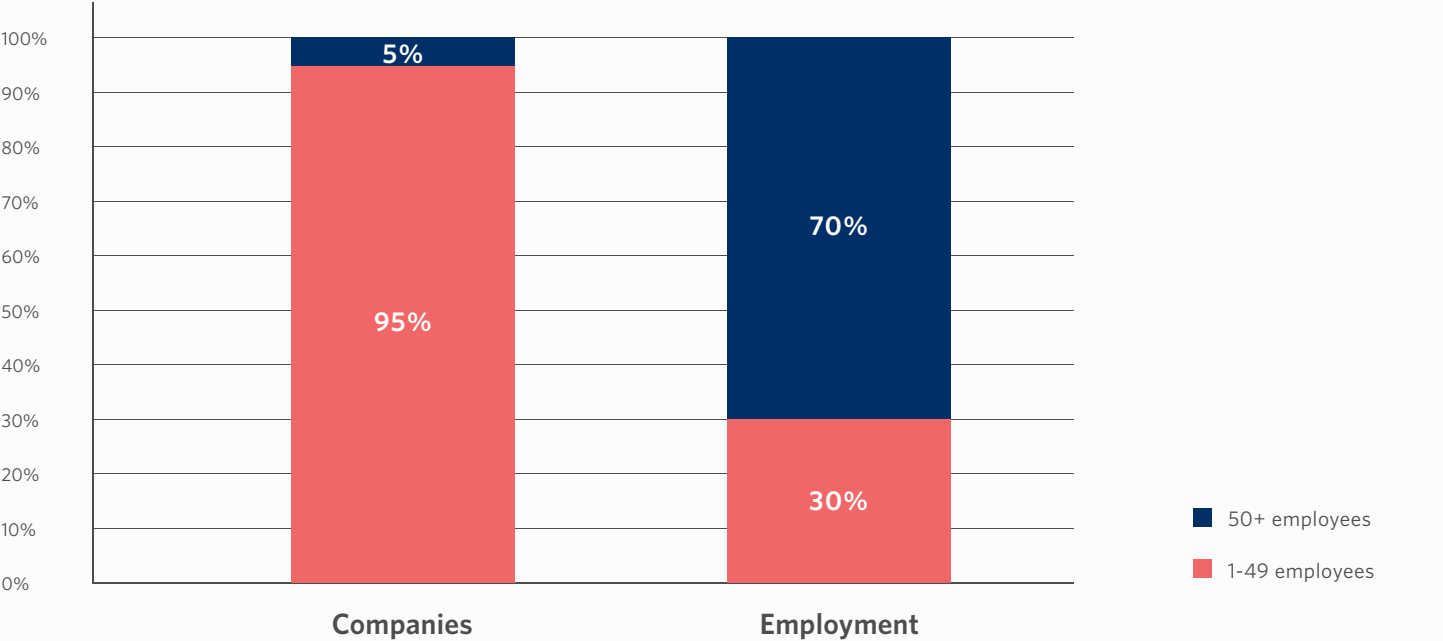
Note: The analysis is based on a ten-year average in the Miami metropolitan statistical area.
Source: Endeavor Insight analysis and U.S. Census Bureau, Business Dynamics Statistics.

Endeavor Insight analyzed ten years of data on Miami’s companies that showed the vast majority of new companies in the metropolitan area begin small (i.e., 96 out of every 100 companies employ 9 or fewer people in their birth year). Only one company out of every 100 achieved the scale of 50 or more employees in its first year.

On average, 50 percent of businesses failed after three years, primarily the smallest businesses employing fewer than 10 people. Of those that remained open past three years, only a small proportion grew to employ 10 or more people.

After five years of operation, 60 percent of Miami’s businesses closed. By this time, only a single company out of every 100 had grown to employ 50 or more people.

PERCENTAGE OF COMPANIES AND EMPLOYMENT IN MIAMI
Comparison by Size Class



Source: Endeavor Insight analysis and U.S. Census Bureau, Business Dynamics Statistics.

In the Miami metropolitan area, the small percentage of companies that do reach the scale of 50 or more employees are responsible for generating the bulk of jobs. While there are numerous small- and medium-size companies in Miami

(95 percent of all companies), they only make up 30 percent of total employment. On the other hand, the larger companies that make up 5 percent of all companies have generated 70 percent of the jobs.

