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Entrepreneurship isn't in Hawaii's future, it is Hawaii's future

By Robert J. Robinson

I've been in Hawaii for less than 4 months, and I've already heard all the knocks on the

state -- too small, too far from the mainland, too much "island culture," too much brain drain, not enough capital, etc. All true. But an entrepreneur is someone who pursues a vision without regard to immediate resources, and who sees challenges as opportunities.

My vision for Hawaii is one of a stream of startups coming out of the UH labs, worldclass as they are in fields such as biotech, optics, ocean sciences, astronomy, etc. These startups will be enthusiastically supported and initially funded by local sources. The successful startups will go on to later rounds of financing, as, aware of the burst of entrepreneurship, funds pour in from the mainland and the Pacific Rim economies.

The realization of this vision has become even more crucial since the Sept. 11 crisis hit an already-sagging local economy right in the solar plexus, threatening to plunge us into a nasty local recession.

Don't look to existing big business -- tourism, agriculture, real estate -- to pull us out of this tailspin. Eventually we could be restored to our pre-downturn mildly depressed economic state, but the fact is that mature industries become leaner and meaner with time, as they strive to increase productivity, shave margins and squeeze out extra revenue. From 1979 to 1995, Fortune 500 companies shed 4 million jobs, while at the same time, entrepreneurial companies created 24 million jobs.

These statistics show the best way to create jobs, thereby stimulating a local economy, is to create new, fast-growth companies.

With respect to the many fine retailers out there, this doesn't mean more T-shirt or taco shops. I'm talking about hi-tech companies like Cyanotech, Oceanit, HotU and Hawaii Biotechnology Council. These companies create jobs and attract local and mainland funds and research grants. They give scientists, researchers, and other professionals a reason to come to Hawaii, and to stay here.

Several players need to act to realize this vision. The state can increase funds for startups, and implement more innovative reforms such as the wonderful hi-tech tax credit. UH is moving rapidly to greater commercialization of research discoveries, while investing in entrepreneurial education.

The local business community needs to become more active in supporting local entrepreneurs through mentorship, support, and especially funding.

Despite the great reserves of local wealth in Hawaii, relatively few potential "angel investors" have earned their wings by investing in a local startup. I've already done so, and I invite those who can to join me. Paradoxically, statistics show that an economic downturn is the best time to start a company, or to invest in one. By this metric, Hawaii

has a heck of an opportunity.

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PHOTO COURTESY UH COLLEGE OF BUSINESS ADMINISTRATION
Guy Kawasaki, a 1972 Iolani School graduate, went on to work for Apple Computer and found Garage.com.

To succeed in business in Hawaii, you must understand the isles

By Johnson W. K. Choi

Guy Kawasaki, CEO of Garage Technology Ventures, made a presentation at the University of Hawaii at Manoa last week to a standing room only crowd estimated at over 200. Sponsored by the College of Business Administration, a live Webcast was offered for those unable to attend.

Guy's talk was divided into three topics: Starting a company in the new new economy, 10 reasons why its a good time to start a company and 10 thoughts for Hawaii.

I found the last topic most interesting, confirming many realities Hawaii must face. During the past 6 years, my direct participation in various chambers of commerce, business associations and software companies put me in direct conversation with experts on both sides of the Pacific Ocean. People who live outside of Hawaii are viewing many of the perceived advantages promoted by Hawaii very differently. When many of us present our view points to decision-makers in Hawaii, the typical answer is they do not understand Hawaii. They are outsiders!

Guy was a graduate of Iolani School in 1972, BA from Stanford University, MBA from UCLA as well as an honorary doctorate from the Boston College. He is the author of seven books. He worked for Apple Computer until 1997, founded Garage.com in 1997 with over \$430 million in venture funds under management and with strong family ties in Hawaii. We really cannot write him off as an outsider.

I was a little surprised, despite the standing room only crowd. News media was not visible.

His viewpoint is important enough that I wanted to share it with those who listen. Many venture capital firms, high-technology companies and investors have echoed Guy's message as follows:

- 1) Entrepreneurs, not capital, come first.
- 2) Entrepreneurs come from engineering schools and technology companies.
- 3) Build a world class engineering school in Hawaii.
- 4) Support internship at technology companies.
- 5) Allow our best children to go away (i.e. go to Singapore, Hong Kong, London) to get a worldwide perspective.
- 6) Broadband (i.e. cable lines passing through Hawaii) does not matter, is not a selling point.
- 7) People fly direct (i.e. no need to stop by Hawaii if people want to go to Silicon Valley). Is Hawaii's situation in the middle of the Pacific a real advantage?
- 8) Learn the rules of the game.
- 9) Look at Israel and learn from them.
- 10) Do your own thing. Being a copy cat does not work.

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director of the Hong Kong China Hawaii
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