AGE AND EXPERIENCE OF HIGH-TECH ENTREPRENEURS (INTERACTIVE PAPER)

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Principal Topic

There has been a recurrent debate about the relative importance of age and experience in high-tech entrepreneurship where the uncertainty of the markets and products may render experience less critical than in established industries. Are the famous entrepreneurs in their early and mid-twenties exceptions? Some recent studies claim that the average age of entrepreneurs is closer to 40. We revisited the topic and analyzed not only the age of founders but also their roles when the company reached success and the links with geography, fields of business and venture capital.

Method

We have empirically built data with 259 companies (mostly publicly-quoted) and identified 578 founders. The company SEC filings provided data and the Internet when it was missing. The definition of entrepreneurs is here that of founder of companies, even if a founder is not clearly defined in literature. Entrepreneurs are individuals creating companies (and recognizing themselves as such) and not their managers (if they were not at the origin of the companies). They are sometimes advisors or investors, particularly in biotechnology so that entrepreneurs are not always employees (specifically for the case of university professors). They may also be employees with no management responsibility.

Main Results

We obtained an average age of 38 and 36 for the first company created. The fact of being a university professor has a natural consequence on age (47) and status (advisor). One industry shows very different characteristics from the others: biotechnology. Their founders are the oldest (45.9) and the only ones above 40 for the first experience (43.7). The youngest entrepreneurs are in software (32) and Internet (33). Silicon Valley entrepreneurs are younger (36) than their East Coast counterparts (43) but surprisingly French ones are even younger (34). There is a tendency to higher ages in the last 10 years (above 40) than during the years 1995-2005, (38) or even the previous years (36). We cannot avoid mentioning a striking "Black-Swan" result: founders of companies with a market capitalization above $100 billion are younger than the others. It is 27. Indeed value creation is negatively correlated with age. Entrepreneurs are not all young but entrepreneurs who launch companies with disruptive innovations are younger.

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