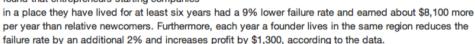# Startups Fail Less and Earn More in Their Hometown, Study Reveals

Posted by Knowlton Thomas on 2012-07-17 12:15:00 PM

A new study published today suggests that founders perform better when they launch (and keep) their startups in their hometowns.

Conducted by professors Olav Sorenson of the Yale School of Management and Michael Dahl of Aalborg University, **the study** examined how entrepreneurs fare between familiar places with family and friend roots versus the popular startup hubs like Silicon Valley and London.

Poring over the success and failure rates of more than 10,000 startups, the professors found that entrepreneurs starting companies in a place they have lived for at least six years had a 9% lower failure rate and earned about $8,100 more per year than relative newcomers. Furthermore, each year a founder lives in the same region reduces the failure rate by an additional 2% and increases profit by $1,300, according to the data.

"Ventures perform better—survive longer, generate greater annual profits and cash flows—when their founders locate them in their home regions where they have deep roots of family and friends," said Sorenson. "The effect we found is substantial. It's similar in size to the value of having prior industry experience."

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Knowlton is the managing editor of Techvibes. Based in Vancouver, Knowlton has been published in national publications and has also appeared on television and radio. Previously he was an editor for New Westminster weekly The Other Press and served on its board of directors. When not working, Knowlton enjoys playing tennis or otherwise enjoying the outdoors. *» more*

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