

Startups perform better closer to home

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Moving to New York, London, or another startup ecosystem to start your business? Hold off on packing those bags—startups are better off setting up shop right at home.

A study, conducted by professors Olav Sorenson of the Yale School of Management and Michael Dahl of Aalborg University, found that startups that locate in the founder's hometown or longtime residence fail less and make more money than startups that are new in town.

The advantage locally grown startups have is quite substantial. Sorenson and Dahl determined that each year a founder lived in the region translates into \$1,362 more in annual profits and reduces the startup's failure rate by 2 percent.

"Regional embeddedness might contribute to entrepreneurial success through a number of paths, but we suspect that having deep roots in the region matters most for raising the capital and recruiting the personnel necessary to start these ventures," Sorenson said in a statement.

If the study holds true, startups should use their funds to hire their hometown friends and get to work rather than on a plane ticket to Silicon Valley.



Startups make more money and are less likely to fail if they locate in a region familiar to its founder.

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