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Financing Entrepreneurial Growth

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Abstract

Despite recent innovations in entrepreneurial finance, particularly at the early stage of business creation, many new and young companies continue to face hurdles to acquire capital.

The Kauffman Foundation addressed current challenges and opportunities in financing entrepreneurial growth, a key driver of job creation and economic expansion, at its fourth annual State of Entrepreneurship Address on February 5, 2013. The event featured remarks from Small Business Administrator Karen Mills, U.S. Senator Jerry Moran and Kauffman President and CEO Tom McDonnell.

In his address at the National Press Club in Washington, McDonnell offered policy recommendations to increase financing of entrepreneurial ventures that are featured in a paper on the same topic. Key recommendations include: Crowdfunding: The Securities and Exchange Commission should approve rules under the JOBS Act that encourage experimentation without excessive regulation; IPOs: Greater use of auctions, such as the Dutch auction used by Google, rather than the more common practice of setting a specific price for new stock offerings; Bank Debt: Introduce more flexibility into the regulatory process—such as providing the Federal Reserve, Comptroller of the Currency and Federal Deposit Insurance Corporation the authority to make judgment calls at the local level; Regulation: Allow shareholders of companies the right to vote whether Sarbanes-Oxley accounting rules are necessary; Venture Capital: Create longer-term venture funds that include significant "skin-in-the-game" investment from General Partners, so their interests are aligned with Limited Partner investors over a reasonable time horizon.

Keywords: [finance](#); [entrepreneurial finance](#); [Venture Capital](#); [Entrepreneurship](#); [United States](#);

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