



L.A.'s High Approval Rate

City has top percentage of entrepreneurs, according to study.

By **Natalie Jarvey**

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Think Silicon Valley is where most entrepreneurs go? Think again.

The Kauffman Foundation's annual Index of Entrepreneurial Activity found that Los Angeles has the highest rate of entrepreneurs in the United States.

According to the study by the entrepreneurship foundation in Kansas City, Mo., Los Angeles had 620 entrepreneurs per 100,000 adults last year, the most among the country's 15 largest metropolitan areas. In 2009, L.A. came in sixth place with 470 entrepreneurs by the same measure.

Why the big uptick?

Study writer Robert Fairlie, a UC Santa Cruz professor, used jobs data from the U.S. Bureau of Labor Statistics, which also showed incremental population growth last year.

"Faster-growing areas have higher entrepreneurship rates," he said. "L.A. is not expanding as rapidly as it used to, but it might be growing faster than other cities."

But Steven Mednick, a professor of clinical entrepreneurship at the USC Marshall School of Business, said a better explanation would be that Los Angeles is home to industries that tend to produce entrepreneurial offshoots.

"We've got some of the hottest industries, like media, digital entertainment and technology, that lend themselves to entrepreneurship," he said. "It creates a really dynamic economic environment."

Kam Najmi, co-founder and chief executive of Zen Mobile Solutions in Palos Verdes, agreed with the latter analysis.

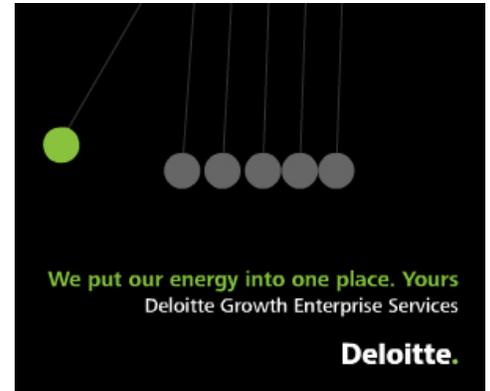
"I'm seeing a lot of companies opening up in L.A. and incubating here," he said. "There's a draw to that energy."

Najmi and co-founder Amir Esfahani started Zen Mobile last April. The company has developed an electronic business card that sends a text message with a person's contact information. The duo specifically decided to start Zen Mobile in Los Angeles instead of Silicon Valley.

"L.A.'s becoming a mobile Silicon Valley," Esfahani said. "It's always beneficial to be where the industry is so you can take advantage of the network."

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