

Anton Gelman, Small Business vs Startup

My name is Anton Gelman, I am the CEO of Cont3nt.com - a two-year old venture-backed startup based in Washington DC. We are building a market for breaking news that enables freelancers and media companies to sell their photo and video stories to media outlets around the world in realtime. We are eBay for breaking news - or put another way, we are trying to build a global Free Market for a Free Press.

Cont3nt.com officially launched a bit over a year ago and we now have 24,000+ journalists, and 2000+ media companies, in 25 countries around the world. I am responsible for creating 5 jobs in the USA (including my own), 5 internships, and an additional 4 jobs abroad. We are expanding rapidly and intend to have a presence in every country in the world by the end of next year.

I've been involved in entrepreneurship all my life - starting from "Anton Enterprises" - a landscaping company I started when I was 12, to the web development and strategy firm I ran throughout college, and all the way to the company I have right now. I have run small businesses, and I now run a startup. And I can tell you that there is a WORLD of difference between the two.

A "lifestyle business" is an organization that grows linearly and aims to provide an income and independence to the people that run it. I have tremendous respect for lifestyle businesses and the people that create them. However a "growth business" aka "startup" is NOT a lifestyle business and treating them the same (as we have been doing) does not allow us to provide services to this crucial element of the American economy.

A startup is "a temporary organization in search of a repeatable business model" (Definition by Steve Blank). This is a very strange definition for what we think of as a company. But it is very true.

Startups are not a storefront - it is a rocket-ship. I write this with all seriousness. The goal of a startup is to test a hypothesis that should take this idea worldwide and try and dominate a market segment previously un- or under- addressed. Their growth is never linear (if it is, they are dead), it is either exponential or out-of-business. As a consequence they tackle big

problems, run on intellectual property, and build jobs faster than is possible in any other industry.

Startups are usually technology-based, run on intellectual property, and (often) venture funding. A company goes from theory to operations in 1-12 months, and can scale from the original founding team to dozens or hundreds of employees within the same period. It is fast growing, fast iterating, and acts much more like IBM than a mom and pop shop. As a consequence - their needs are very different from what has been traditionally thought of as a small business.

Existing legislation is much too slow, based in existing banking-loan infrastructures, and cumbersome application processes. Startups don't have 6+ months to wait for program approvals, we have no physical collateral to back our bank loans, and the tax breaks given to research businesses usually pass us by. Because of the reliance on the old "lifestyle business" model - almost all previous legislation and programs have been ineffective in targeting startups.

As a consequence, aside from a very rare exception (like SBIR), I do not know any startups that are able to take any advantage of government programs - it is usually impractical to even think about it. This is a shame because for minimal investment startups provide exponential growth & world-changing services, and policy can help increase our competitiveness on the world stage.

With the adoption of the JOBS act, the beginnings of crowd-funding, and immigration reform - it is clear that this is becoming a mainstream issue, and we are all the happier for it. However as good as these efforts have been, they are in their infancy, and have yet to become truly useful to help the startup economy.

I would urge policy makers and legislators to quickly implement the changes needed to streamline small business programs and target startup companies with resources like R&D tax credits, access to funding (not reliant on traditional SBA loans), immigration reform, and a network of trusted organizations that could help dispense government offerings faster and in a way that is targeted at growth companies.