



Nothing to Lose

When Marco Gomes was five years old, his parents sent him to school in Brasilia, about 40 kilometers away from home. He'd ride the bus to town with his father, who had a job building sofas for the rich people who lived across the lake. Gomes' mother had already taught him to read, but she didn't know math, and she wanted him to learn it from the best public school she could send him to. That couldn't be found in his home village of Gama, and math would wind up being important for Gomes.

School let out before his father would get done with work. So five-year-old Gomes would walk a kilometer to the huge bus station in the middle of the 1960s-modernist architecture of Brazil's

capital city. Every day, his mother drilled his name and address into his head until he could recite it on command, but he could only do it if he recited the entire thing:

*Marco Gomes
Quadra 34, Numero 130,
Setor Leste,
Gama, DF,
Brasil*

He'd mutter it over and over to himself so he wouldn't forget. Remembering that address was his only thread home. "I was like a robot," he says, driving around Brasilia today in his old Fiat. "Trained like a dog."

One afternoon, Gomes fell asleep on the bus and missed his stop. He found a policeman, walked up to him, tugged on his sleeve, and demanded: "Take me to your general." The amused cop took the gangly five-year-old to the station, where Gomes informed the captain he'd missed his stop and recited his address. The captain gave him a ride home in the front cabin of a paddy wagon normally reserved for hardened drug runners and smugglers—the ones Gomes knew in his neighborhood and his extended family. The paddy wagon pulled into Gama, sirens blaring, and his frightened neighbors poured out of their homes to see what the trouble was. Five-year-old Gomes bounded out with his backpack, saying "It's just me, everyone!"

Lesson 1: No matter what happens, I can make it on my own.

Gomes stopped going to school in Brasilia at six years old. His family could no longer afford the cost of his taking the bus and buying lunch every day. He missed the teachers. In Gama, many kids couldn't read until their teens or later, and he was bored sitting in class with them. He missed chasing the pigeons in Three Powers Square once class had ended, his arms and legs flailing. He even missed the bus.

Six-year-old Gomes came home to his parents' wooden shack, one of many homes he shuttled between in his early life. His father was hunched over a plate in the middle of the room. "Marco! Get in your room!" his mother shouted at him. His eyes stung with tears. He didn't like being in trouble, and he didn't know what he'd done.

He would later realize that plate was filled with cocaine, and his dad was an addict. That white powder his mother had always shielded him from was the biggest reason his parents didn't have money for him to take the bus anymore. It was the reason his parents fought. It was the reason his father lost a string of jobs. In years to come, the men who peddled that drug would gun down Gomes' cousin. The level of lethal violence in Brazil's slums, or *favelas*, is comparable to that of a modern civil war zone. In the worst areas, one in every five people has lost a loved one, many blaming the police for an inability or unwillingness to control the situation.¹ Gomes lost only a handful of close friends growing up, but talking about death in Gama was as routine as talking about the weather.

"You remember that guy who stood on that corner all the time?"

"Did you hear what happened to that kid with the white bike?"

Lesson 2: The quick money of Brazil's drug trade wasn't as glamorous as it looked.

When Gomes was eight years old, a friend took him to an evangelical Christian church. Brazil is the world's largest Catholic country, but in the late 1990s, evangelical Protestantism took root in the country's poorest communities, where the Catholic veil-of-tears worldview was offering little hope. From 1991 to 2000, Catholicism fell by 10 percent in Brazil, and Protestantism increased from 9 percent to 15 percent of the population, according to the national census.

In places like Gama, the movement doesn't operate in opulent churches; it spreads out through holed-out rooms in concrete strip malls, next to convenience stores or barbershops. There's never a cross, because that's too Catholic. Instead, you can spot

an evangelical church by the rows of neat, white plastic chairs and the drum set.

Gomes fell in love with evangelical Christianity. He liked the stories, the songs, the feeling of community, the belief that there was something greater—someone up there watching and taking care of him. In a world where his peers were getting seduced by the quick money of the drug trade, Gomes found Jesus intoxicating.

He went home after church one night, and his parents were screaming at each other. They were on the verge of divorce. That night he began to convert them to Christianity. Over time he convinced his father to give up cocaine, and saved his parents' marriage. His dad has been clean ever since, and his parents are now evangelical ministers in Gama. "Outside it was still chaos, but at least inside the house it was better," he says.

Gomes can't explain what he said to his parents that night that was so powerful. "You can look at it from a psychological point of view and say that drugs had cost my father everything, and he was now about to lose his family, too," Gomes says a dozen years later. "Or you can look at it from the supernatural point of view and say God saved him. I don't care. He stopped doing drugs."

Lesson 3: No one was beyond redemption.

Gomes started building computers at 12 years old. His uncles were smugglers, buying toys in Paraguay and spiriting them across the Brazilian border, where they'd sell them on the black market. When his uncles got busted, they switched to smuggling computer parts; most of the parts were small, and they could reassemble them back in Brazil. Gomes loved to tiptoe around the parts while his uncles slept, teaching himself how to put the building blocks for opportunity and information together in the form of circuits, motherboards, and hard drives, like an elf repairing shoes while the cobblers slept in the next room.

A few years later, one of his uncles found himself racing through the jungle with six huge cathode-ray-tube monitors strapped around his torso, when he decided he needed to make a change.

After another bust, he went legit, opening a computer shop in a basement in north Brasilia, next to a sweat-soaked martial arts gym. He still assembled computers cheaply, but now he bought the parts in bulk through proper channels.

Gomes worked there every summer. He was yelled at when he made a mistake and teased ruthlessly in the way young boys are in a sprawling male-dominated family. But he made enough money to buy comic books and a skateboard, and he loved it.

His uncle's business—based entirely on word-of-mouth referrals—boomed. He was the richest person in Gomes' family. He had several houses, a car, and a speedboat that would cruise through Brasilia's crystal-clear, man-made Lake Paranoa, constructed in part to separate the rich government men from the poor. A single bus took the poor who worked for the rich across the lake in the morning, and a single bus took them back at night. They knew not to miss that bus. There was no other way across unless you had a car, or you had a boat like Gomes' uncle. "It was like the ones in *Baywatch*," Gomes says, adding sheepishly, "but unfortunately, we didn't have the girls."

Lesson 4: Crime doesn't pay, but computers do.

At 12 years old, Gomes got his first slow, dial-up Internet connection. He was as swept away as he'd been that first day in church. This connection introduced him to companies like Yahoo! and Google, and he read about the rich, powerful U.S. entrepreneurs behind these companies. He started teaching himself to code, not because he thought he'd be one of these entrepreneurs, but because he loved it the way he loved comic books and skateboards. The idea that he could build an Internet company was as ridiculous as the idea that he could become the next James Cameron just because he loved the *Terminator* movies. The thought didn't even occur to him.

It was like the days back when his father still had his sofa business, and Gomes would go on deliveries with him to the multi-million-dollar homes across the lake. Growing up in a world where degrees of poverty were measured by what the walls of your house

were made from, Gomes gawked at the opulence. He saw a television set as tall as he was and stared at the ants in the Coca-Cola commercial that was playing at the time. On his tiny set at home, he could barely tell what the ants were, but on this set they were huge, vibrant, and pulsating with life. He could barely take his eyes off the TV, but it wasn't because he wanted it. This reality was too far from his life for Gomes to feel anything like envy. Like starting an Internet company, this TV was for other people, not for poor, half-educated Marco Gomes.

That was Lesson 5, only this time the lesson was wrong.

Ten years since he got that Internet connection, Gomes has founded his own Internet startup, taken venture funding, moved to São Paulo, and become an icon to other would-be Web entrepreneurs countrywide. In spring 2010, Gomes was on a flight to Europe, where he planned to propose to his girlfriend in Paris, France, and then pick up an entrepreneur award in Barcelona, Spain. His hands were sweating thinking of both events, and he couldn't help but reflect on his dramatic change in fortune.

Gomes had a lot of people to thank for how differently his life had turned out from the way it started: his mom for her determination that he study, his dad for getting clean, his uncle who taught him entrepreneurship wasn't just for drug runners, that friend who took him to church, and of course, the people who started the Internet. But mostly, Gomes had the 21st century to thank. Simply because of *when* he was born, *where* he was born didn't matter.



This book is about great entrepreneurs—the brilliant, the crazy, the cocky, the driven—the people who create companies that change lives and do more to lift thousands out of poverty than most government programs or nongovernmental organizations. We're not talking about subsistence-level entrepreneurs operating off micro-loans. This book is about the kind of high-growth entrepreneurs who are the dreamers, visionaries, megalomaniacs, and arrogant

sons-of-bitches who see the world in a different way and set out to build businesses for reasons they can't always articulate; they just can't do otherwise. It's the kind of entrepreneurship that's created companies like FedEx, Apple, Google, and Microsoft and inspired millions more that they could do the same. And now, it's remaking the world.

Throughout corners of Asia, Eastern Europe, Africa, the Middle East, and Latin America, a combination of historical, geopolitical, technological, financial, social, and macroeconomic forces have created a primordial soup from which a new powerful generation of entrepreneurs are emerging. The West has two choices: Invest and partner with them or get shoved out of the way.

The world tends to think of Silicon Valley when it thinks of this type of entrepreneurship, but that's going to change in the next few decades, and the flow of money and talent is going to change with it. The point of this book isn't to discover the next Silicon Valley. There is no single next Silicon Valley. Communications and globalization has created a new world where the next great companies can come from anywhere, especially as a multibillion-person-strong, consuming middle class is rising, spread across geographies that were considered economic wastelands for much of the 20th century.

Because of the growth of Western multinationals in the developing world and the general meshing of cultures in the modern Internet age, this new entrepreneur is unlike what the world has seen before. This new entrepreneur is a mishmash between the mom-and-pop traders and retailers associated with the old world, contented to make enough to feed his or her family and little else, and the modern venture-funded, all-about-growth entrepreneurs of Silicon Valley.

These entrepreneurs live in a shrunken, globalized world. They may be grappling with emerging market problems, but their role models aren't someone in a nearby village. They are frequently names like Bill Gates, Steve Jobs, or even Donald Trump and Walt

Disney. These entrepreneurs have an inkling of how modern venture capital works. They know tiny companies can become huge powerhouses quickly. They know high risk can be highly rewarded. They know David can beat Goliath. And this new global entrepreneur has three big advantages.

The first one is the home field advantage. Americans may wish the next few decades' growth was in the American heartland where the demise of manufacturing has left millions unemployed and local economies sputtering, but it's not. It's in emerging markets. Goldman Sachs first argued this point to Wall Street in 2001 with a paper entitled "Building Better Global Economic BRICs,"² in which the investment bank predicted that Brazil, Russia, India, and China would make up more than 10 percent of the world GDP by 2010. By 2007, it was already 15 percent. So much for the all-important G7 nations of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States; by the middle of this century, the seven largest economies in the world will be China, the United States, India, Brazil, Mexico, Russia, and Indonesia.³

In these countries, growing middle classes are driving that growth, not simply the luxury purchases of the wealthy or corporate and government spending. Established U.S. companies with billions in resources would love nothing more than to pilfer those billions of new consumers for themselves. The problem is that they're not always good at it. For example, KFC may have dominated China's fast-food scene, but none of the Valley's Internet companies have done well there. The reality is that no place knows a big local market better than local entrepreneurs.

The second advantage is that in today's globalized world, money and talent don't have boundaries; they flow where the opportunity is. And the flow has already started to the emerging world. Right now, there is more than \$100 billion in venture capital and private equity hungry to make money off the developing world, especially after the zero stock market growth over the last decade in the United States.

Meanwhile, many of the immigrants who came to the United States over the last few decades seeking opportunity are returning home. Duke Researcher Vivek Wadhwa expects hundreds of thousands of immigrants will return home to China and India in the next five years. Many more are getting shoved out of the United States by an increasingly hostile attitude toward immigrants and H-1b Visa holders. Still more who might have come to the United States a few years ago for college or graduate school aren't coming now. The year 2009 was the first year that foreign-born admissions to top U.S. grad schools *fell*.

It's almost impossible to know what the opportunity cost would be if substantially fewer immigrants come to the United States, but it's a clear disadvantage when it comes to entrepreneurship. One-quarter of successful Silicon Valley companies were started by immigrants. If the United States hadn't been the land of opportunity, we wouldn't have Intel, PayPal, Google, Yahoo!, or a host of other industry giants, and that doesn't include the thousands of immigrants who fuel the management ranks and research-and-development (R&D) corps throughout the technology industry.

The final advantage is the hardest to quantify: These emerging markets and their entrepreneurs have nothing to lose. When a country, industry, or entrepreneur has nothing to lose, it is freed from all the normal restrictions of the way things are usually done. Having nothing to lose gives one the luxury of starting with a clean sheet of paper and far more freedom to take risk—or, as it's called in business circles, a *greenfield opportunity*. It's the reason South Korea has better broadband than the United States ever will. It's the reason I can get a clear cell phone signal amid pygmy huts in central Africa but not in my living room in San Francisco. It's the reason Japanese cities are connected by futuristic bullet trains that New York and Los Angeles may never have.

Look at entrepreneurs in the United States: Overwhelmingly, the most successful ones came from the most modest backgrounds: the immigrant who came to the United States with nothing, the

kid whose family couldn't afford a college education, the awkward D-student that no one believed in, and the most iconic Valley trope, the dropout. The more disenfranchised a person is, the more incentive he or she has to upend the established order. The American dream is the very idea that having nothing allows you to take enough risk that you can achieve anything.

There's paradoxical fickleness to the advantage of having nothing to lose, however. By its very nature, it doesn't last forever. And for those who realize they've lost it, it's impossible to get back.



This is not another book about globalization. You won't find accounts of whole middle classes being formed thanks to Western factories, research labs, and call centers. In the countries this book will take you to, we'll sidestep the gleaming office parks bearing well-known names like Google, Microsoft, and Oracle. Neither is this a book about how U.S. businesspeople can simply profit off of increasingly well-educated, hard-working, cheaper employees in developing nations.

That is where the story of this new wave of entrepreneurship begins. Just as the old imperialist empires sought to keep growing by annexing new territories rich with natural resources, so too have Western multinationals sought to use the emerging world to keep top lines growing, bottom lines shrinking, and stock prices soaring. The rise of global entrepreneurship has as much to do with the decline of growth in the United States as it has to do with the increase of opportunities in the developing world.

Let's examine the United States first. At some point in the last decade, the United States just stopped growing. From 2000 to 2010, very few jobs were created, and it was the first decade on record where the number of private-sector jobs actually *shrank*. The typical family got no economic boost at all from 2000 to 2010. There was no appreciation in home prices and zero gains in stocks, when averaged across all Americans.⁴

Of course, this zero growth is an average. In Silicon Valley, plenty of new millionaires and billionaires were minted from 2000 to 2010, and many more will continue to be minted in the future. The point isn't that no one in the United States made money, it's that those wins were the exceptions, and they came at the expense of so many others losing money that overall the United States flat-lined as a nation.

Perhaps the American dream just worked too well. Old industries like steel, railroads, and utilities had long ago run their course in the United States. So too had the buildout of department stores, malls, sprawling fast-food chains, and big-box retailers. Media—whether radio, TV, movies, or news—was also largely saturated. And most of the old, once-proud industries like automobile manufacturing hadn't innovated and kept up with what customers wanted and the environment needed.

This slowdown would have hit the United States far harder, far sooner if it weren't for the information technology revolution. A PC in every household and cubicle is an awful lot of PCs. Hello, new growth industry! And PCs on every desk lead to networks. That led to a multibillion-dollar wave of spending on corporate software that would mint dozens of new billion-dollar companies in a matter of years. On top of this, the unleashing of the Internet was a seminal moment for modern entrepreneurship. Growth in telecom, enterprise software, consumer software, laptops, and smartphones exploded. Meanwhile, the Internet injected new growth into many of the United States' most stagnated industries, such as retail, media, and travel.

The carnage from the March 2000 dot-com crash aside, a lot of real value was created during the 1990s, but the 2000s would be a different matter. In many ways, the economic recovery in the early 2000s did more damage than good. In the consumer sphere, growth was fueled by a housing boom and credit card debt. According to the St. Louis branch of the Federal Reserve Bank, household debt more than doubled from 2000 to 2010, rising from just above \$6 billion to peak at nearly \$14 billion.

In the corporate sphere, the post-2000 recovery was largely a jobless one led by huge gains in productivity. With rare exceptions like Google, Silicon Valley's great public company—generating machine all but ground to a halt, and the United States went through a sizable shift in its collective corporate culture, where layoffs were no longer a move of last resort for a dying company but a regular way to meet earnings estimates for even highly profitable companies.

Meanwhile, workers' output was continually squeezed, without much wage appreciation. From 2000 to 2005, the median hourly pay adjusted for inflation declined, according to the Economic Policy Institute, as worker productivity rose, according to the Bureau of Labor Statistics. By 2006, wages were at their lowest share of gross domestic product on record, whereas corporate profits were at their highest share in nearly 50 years, according to the Department of Commerce.

There are only so many hours you can pry out of U.S. workers, however, and there is only so little you can pay them. That's where outsourcing and the emerging world came in. It seemed too good to be true: high-quality workers who were happy to work long hours for a fraction of the cost. And thanks to that vast buildout of communications, computers, and the Internet, people argued that a globally flung, outsourced company could function as one tight organization.

The United States was lauded as something even greater than a place that could make things. It was becoming a so-called knowledge economy. The United States was the place that would dream up the big ideas, like iPods, smartphones, and eBook readers, and send them off for someone else to actually build.

Business professors like David B. Yoffie of Harvard Business School argued that we weren't outsourcing anything of value, as the United States was becoming more of a high-margin service economy. The high-value intellectual work—whether design, strategy, or engineering—was all still being done in the United States. If you

could get the low-value work done elsewhere at a fraction of the price, how was that a bad thing? Some pundits argued that these companies were helping humanity by giving poor people in the emerging world comfortable, comparatively high-paying jobs.

It was a flattened, globalized world, and this was the United States's new role in it. It was a modern imperial superpower for a new age. It was oh-so-benevolently allowing the rest of the world to do the work Americans didn't want to do, paying them more than they could make otherwise, teaching them valuable professional skills. And yet at the same time, U.S. companies could make more money, earn bigger profits, and have higher stock prices—a win-win situation. There would be one virtual workforce coursing throughout the globe, impervious to borders, like blood coursing through a body. Each organ would do what it was uniquely good at, and that blood would all flow back to the central control spot—the heart. Or, in the case of globalization—the United States.

Of course, like most things taught at business school, parts of this ideology are true, and parts only look good on paper. “The prevailing view of the past 25 years has been that the U.S. can thrive as a center of innovation and leave the manufacturing of products it invents and designs to others,” wrote Gary P. Pisano of Harvard Business School. “Nothing could be further from the truth.”⁵ There were two big gaps in reasoning. The first is that manufacturing couldn't be cleanly divorced from invention—it's the cycle of making things that spawns new ideas for how things can be made better. By not making anything anymore, the United States is losing touch with how to invent.

The second problem was that the emerging world wasn't just full of people who were only good at answering phones or low-level assembly, any more than all Americans were good at being big-idea visionaries like Steve Jobs. Pisano writes, “All this assumes your manufacturing partner is content to subsist on your table scraps. But what if they have their eye on the prime rib, too? Well, once they have learned to manufacture your product (and your ability

to manufacture has eroded), they are in a much better position to move up the food chain into manufacturing and designing more sophisticated components and subsystems and, eventually, the entire product.”⁶

Put more crassly—the world wasn’t full of grunts who would be forever grateful for the United States’s grunt work. The idea that China, India, and other areas of Southeast Asia would blithely recognize the United States’s right to dominate intelligent, highly valued labor was at best naïve and at worst racist. Ironically, in trying to use the rest of the world’s natural resources to grow, the United States jumpstarted that new entrepreneur class and the ecosystem it needs to grow without us—whether that’s local management talent, trained coders, newly wealthy local angel investors, or just the Western capitalist mentality.

The concept of the American dream may be our biggest cultural export—bigger than Coca-Cola, Coach, and KFC put together. The same communications tools that allowed a factory in China to be connected to, say, Apple executives in Cupertino, California, also showed this global emerging middle class the lifestyle of the West and the marvels of high-growth modern entrepreneurship.

Imagine you were a coder working for Amazon in India. The day you got the job, you couldn’t believe your luck. They were going to pay you \$12,000 a year to code in a comfortable office, and that’s far more than your parents ever made. To your family, it was greater prestige than becoming a doctor. Indian coders like these developed some of the most sophisticated circuitry that went into Amazon’s eBook reader, the Kindle. That’s a huge cost savings for Amazon and a job for the coder that’s much higher up the design chain than basic factory assembly. But very little of the *value* of that work actually stayed in India; the bulk of it flowed right back to Amazon’s coffers in Seattle, Washington. India got a few well-paying jobs, and that was pretty much it.

Just like that coder, India as a country was initially thrilled for all these high-dollar R&D jobs, and even now it’s difficult to find anyone who would argue that the sprawling high-tech office

complexes of Bangalore haven't been a tremendous boon for the country for the most part. But toward the end of the 2000s, the country and its most prominent businesspeople started to realize there was only one way to retain the value of their natural resources of labor and intelligence: local entrepreneurship.

One hundred years from now, when we look back on the 21st century, the dominant story won't be one of the emerging world graciously serving as the West's inexhaustible source of low-cost labor and growing middle classes hungry for new goods and services. It'll be the story of the formation of new, raw superpowers violently and chaotically bursting through the world's floorboards. And it won't be the story of politicians. It'll be the story of entrepreneurs like Marco Gomes.

Just as the exploration and colonization of the Americas set the stage for the rise of the United States and its 50-plus-year reign as the world's greatest superpower, so too is the exploration and exploitation of the emerging world's business resources leading to something new, exciting, and hugely powerful: an unprecedented tsunami of economic growth that will change the world's political and business landscape forever. While many entrepreneurial ventures will fail spectacularly—undoubtedly a higher percentage than those that will fail in the United States—there will be far larger overall growth.

When it comes to sectors, the opportunities are as varied as the challenges these countries face. Rapid industrialization and urbanization have spurred the need for a new, more modern infrastructure. New access to television and the Internet has meant that local media and entertainment are developing for the first time, and with it modern-day versions of Madison Avenue, Hollywood, and San Francisco all crammed together. Everything from basic manufacturing to consumer services as varied as driving schools or new fast-food chains are being built out for the first time, too.

In most developing countries, mobile telephony is a hothouse of innovation. Billions of people in the poorest villages may not have electricity or running water, but they have mobile phones,

and those phones are changing their lives. That's lead to a flurry of new services that couldn't be delivered before, such as banking, education, ecommerce, and even games. It's as if the industries that took decades to develop in the West are all growing at once in the emerging world, and not just in one country but across China, India, Latin America, Africa, Southeast Asia, and Eastern Europe.

But that very lack of basic infrastructure—and in many cases functioning governments—creates as much havoc as it does opportunity. Emerging markets are not for those with a weak stomach. Life and investing there is difficult. There's a cultural, business, and ethical quandary around every corner. As many of the Western world's businesses and investors have already realized, however, the promise is just too big to ignore, especially given the flattening growth in the West.

These new world entrepreneurs have friends in high places. In China, Jack Ma, CEO of ecommerce giant Alibaba Group, gives keynotes, mentors young entrepreneurs, and even starred in an *Apprentice*-style show to encourage more entrepreneurship in the country. In India, N. R. Narayana Murthy, founder of outsourcing juggernaut Infosys, sold 800,000 shares of his company to start investing in young, local entrepreneurs. In sub-Saharan Africa, eBay founder Pierre Omidyar launched a fund to make Western-style equity investments in startups, determined to give away some 90 percent of his eBay billions to make the world a more equitable place. In Latin America, Endeavor, a nonprofit organization, has mentored and helped raise funding for more than 400 entrepreneurs who generate a combined \$3.15 billion in annual revenues and have created more than 98,000 high-paying jobs. In Indonesia, 80-year-old real estate billionaire Ir. Ciputra has made it his mission to educate and mentor millions of local high-growth entrepreneurs. In Rwanda, President Paul Kagame courts investments from U.S. venture capitalists and businesspeople, and in Haiti, former President Bill Clinton has championed not donations, but equity-based venture capital as a way of finally pulling the beleaguered nation out of poverty.

These leaders aren't talking about feel-good social entrepreneurship. The idea is that real, greed-based startup investing is the best, sustainable way to dramatically improve poverty, quality of life, modernization, and even peace throughout the developing world. Investing in local entrepreneurship is not only the new handout; it's the new way out.



This promise of entrepreneurship in emerging markets is about more than the Wall Street-oriented BRIC ideology. Things like large bond issues to construct a mega-nation's infrastructure or a deal to privatize huge government-owned utilities are clear-cut opportunities that can be analyzed with a spreadsheet, but the world of high-growth entrepreneurship cannot.

Entrepreneurship is an inherently individualistic, cultural, and a frequently irrational phenomenon. If computers and math could predict innovation, Silicon Valley wouldn't be a unique phenomenon in the world. If it were that easy, we'd all be billionaires. The Valley is littered with companies that should have made it based on market opportunity, team, and timing, but for inexplicable reasons didn't. So, too, will the opportunities in the emerging world be uneven and unpredictable.

Similarly, emerging markets aren't emerging together in one monolith. Rather, they're emerging chaotically, in fits and starts and in distinct waves. Consider India and China: Early in the last decade, venture capital and private equity shops saw two huge countries with 1 billion people each that modernization had largely bypassed, and they saw huge opportunity.

Many prized India over China, given India's similarities to the West in language and politics. Those investors were wrong. China leapfrogged ahead of India in most industries, not to mention social change and infrastructure. But that doesn't make India any less of an opportunity—it's just on a different trajectory. In China, entrepreneurs have to build a company that can move incredibly

fast, whereas in India, entrepreneurs have to build a company that can survive as a market moves incredibly slowly. A one-size-fits-all investment approach won't work.

Nuances like these are part of what makes the trend more difficult to invest in but far more lucrative long-term. We're not dealing with one country showing growth anymore than we're dealing with one industry showing growth. Emerging markets can't be called a bubble. At worst, the trend represents many bubbles, and each of them popping at the same time is unlikely. In addition, these countries are all investing in and selling to one another. That means the money created in a country that's surging is frequently flowing back into the entire emerging-market ecosystem. And in many cases, an unaware United States is being left out.

Rather than just picking the four obvious BRIC countries, I wanted to give readers a more nuanced analysis of new world entrepreneurship, what's happening on the ground now, what it looks and feels like, where it's going, and where it's needed. Many of the reasons for selecting these countries can't be summed up in a spreadsheet. It's the result of the entrepreneurial stories and environments I found there. If the rise of Silicon Valley—once a sleepy 50-mile stretch of fruit orchards—has taught us anything, it's that the best string of returns don't always come from the places we expect.

A country even more emblematic of that unpredictability is Israel. Entrepreneurship expanded dramatically in Israel in the 1990s. Per capita, this tiny nation with few inherent advantages received twice as much venture capital as the United States and a whopping 30 times more than Europe. Israel is home to more NASDAQ traded companies than any other non-U.S. country. Even before global venture capital investing became fashionable, billions flowed into Israel for one main reason: Israelis made great entrepreneurs. To them, quitting your job to start a new company wasn't particularly risky. Israelis quite literally live like there is no

tomorrow, because that's how you survive on a sandy strip the size of New Jersey that's surrounded by enemies.

From there we go to China, a nation that is difficult to call emerging anymore. China is the largest, most modern, and wealthiest of all of these countries, and hence, it is the model even with its flaws. Right now, there's fear that China is a bubble waiting to pop, engorged by constant government spending and runaway housing prices. That may be the case, but even if it happens, China's run won't be over. The country has nearly \$3 trillion in cash reserves and an urban infrastructure that's the envy of even the developed world. Then there's the simple math: When you multiply 1.3 billion by any number, the result is big.

We'll then turn to India and Brazil, two nations struggling to maintain their growth and meet their burgeoning populations' social needs with semi-dysfunctional, young democracies. Although both have issues with corruption and poverty, little else in these countries is the same.

Then we'll take an unconventional turn toward more nascent emerging markets in Southeast Asia and Africa. We'll look at these economies through the examples of Indonesia, the world's largest Muslim country with 240 million residents, and Rwanda, the tiniest, most densely populated, poorest, and yet—for many investors—one of the most promising African countries right now.

But first let's start with the United States's own engine for growth, Silicon Valley. Understanding what the Valley has done well is crucial to understanding what these corners of the emerging world are seeking to build. We'll examine what emerging markets have gleaned from the Valley, why this growth engine has stagnated in the last decade, and what role the Valley elite hopes to play in this new global entrepreneurship drama.

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