With an election year in full swing, candidates across the country are vying for the chance to head to Washington. But it’s not just politicians who are eager to make new homes in the nation’s capital. Established in 1790 by virtue of land donations from Virginia and Maryland, the 68-square-mile power center known as the District of Columbia is increasingly attracting a vast array of innovators, from entrepreneurs to well-established companies to researchers, investors, and others.

Among the companies making the 2015 Inc. 5000, for example, DC ranked as a Top 10 city as measured by the concentration of fast-growing firms based there. The Kauffman Foundation, meanwhile, named DC among the top 20 US cities for business ownership in general, and among the top 30 for startups in particular, with some 134 startups per 100,000 residents.

So what makes this city so appealing to people with big ideas, and to companies eager to grow?

Proximity to the federal government
As home to the majority of federal agencies, Washington is where the nation’s purse strings open and close. While employment by the federal government dropped by about 6 percent between 2010 and 2013, according to research by real estate firm CBRE and the Bureau of Labor Statistics, government spending has continued apace, tallying some $3.7 trillion budgeted last year.

Being able to rub shoulders with decision makers for such contracts is often a big advantage for startups. “The close proximity to the Defense Department, the intelligence community, and the various federal civilian agencies made DC a fantastic city for my last company, SecureForce, where we supported the cyber security requirements of many agencies,” says Jonathon Perelli, a serial entrepreneur and investor who has long been based in DC.

In fact, by law some federal contractors must ensure that a percentage of the work they subcontract goes to small businesses. While a DC location isn’t essential to win such business, the networking value of doing business here can’t be ignored.

Being close to regulators helps, as well. Whether you need to search patent records to protect...
We’ve found that entrepreneurs thrive in DC entrepreneurs. easy, and having access to a network of founders. Starting a company is never lean on, and seek guidance from other communities where they can collaborate, lean Fortyt Ventures as well as an associated accelerator program.

Beyond financial resources, sometimes it does take a village to raise a startup — and among Washington, DC’s robust mentoring community, WDCEP leads one of the city’s top mentoring programs. AccelerateDC, which provides support to DC-area technology-based startups through a high-value network, educational seminars, and a confidential team-based mentoring service. With more than 100 volunteer mentors and specialists and 50 venture companies enrolled, AccelerateDC has created pathways for entrepreneurs through committed and unbiased expert guidance introductions to investors, and programming focused on funding options. Since the start of the program, companies enrolled in AccelerateDC have raised a collective $12 million in funding.

“We’ve found that entrepreneurs thrive in communities where they can collaborate, lean on, and seek guidance from other founders,” says Tiffany Thacker, senior director of tech & entrepreneurship for WDCEP.

Financial and mentoring resources
Thanks in large part to the backing of the city government, DC has developed a thriving business community that offers both financial and strategic support to growing companies. Approximately five years ago, “the city purposely made some investments in some early incubators,” says Brian Kenner, DC’s deputy mayor for planning and economic development. Those investments included incubator and investment firm 1776, which has now graduated some 500 startups that have gone on to raise more than $300 million in funding. Most recently, in March, the city announced that it will contribute nearly $1 million in grant funds to help build a new incubator providing affordable coworking space on the campus of Howard University.

That backing has spurred plenty of others to join in. ACL co-founder Steve Case, for one, is a major investor in the region, in part through DC-based investment firm Revolution LLC, which he co-founded in 2005. Local companies often get preferential treatment from DC investors. Of the 40 investments that Perrelli has made as an angel investor in the past several years, for example, 35 were based in the area, he says. “Angelis, not unlike many VCs, prefer to invest close to home. I refer to it as the “pop-in” factor,” says Perrelli, who previously founded and led Farty Ventures as well as an associated accelerator program.

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“We’ve found that entrepreneurs thrive in communities where they can collaborate, lean on, and seek guidance from other founders,” says Tiffany Thacker, senior director of tech & entrepreneurship for WDCEP. “Starting a company is never easy, and having access to a network of mentors that can guide you through failures and help celebrate triumphs provides tremendous value to DC entrepreneurs.”

Highly educated workforce
“You see a lot of innovation coming out of Washington, DC, because we have a talented, educated workforce,” says Julie Y. Weber, director of marketing and communications for WDCEP.

About half of the Washington DC’s workforce has a bachelor’s degree, according to the Census Bureau, and one-fifth have a master’s degree or higher. A report last year by the American Institute for Economic Research found that DC was the top destination for young college graduates among large metropolitan areas. Part of the allure may be that the city itself is an engine of graduates. DC boasts many well-known universities, including Georgetown University, George Washington University, and Howard University.

That kind of brainpower quite literally helps keep the trains running on time. Amtrak, which has been headquartered in DC since its founding in 1971, has about 2,500 employees in the city. The roles at headquarters range from finance and legal positions to government affairs and marketing — not to mention the many mechanical engineers and train operators it takes to keep DC’s Union Station (Amtrak’s second busiest stop after NY Penn Station) humming — and DC can generally provide them all.

“DC has been a great headquarters location for us, because it has the right combination of talent,” says Chris Sellars, president and CEO of the Washington, DC Economic Partnership, a public-private organization aimed at fostering new business opportunities in the city.

And Washington is not just a hub for US government resources — it’s also home to some 175 foreign embassies, as well as many international organizations and professional associations.

“If you’re looking for international opportunities, you pretty much have direct access,” says Chad Shulkey, senior vice president, research and real estate for WDCEP. In fact, the city recently launched a new initiative called ExportDC, aimed at helping DC-based small businesses find exporting opportunities.

In addition to providing a natural home for government contractors and exporters, DC has a burgeoning technology community. Not to mention many high-profile startups involved in education, healthcare, retail, and hospitality. Well-known companies in the area include education technology startup Blackboard, roadside assistance provider Urgent.ly, and hospitality software maker SociaTables.

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of schools, technology expertise, and well-educated, well-motivated employees,” says Matt Hardison, executive vice president of marketing and sales for Amtrak. “We have a tremendous pool of talent to draw from, not only from universities but also from other companies in the area.”

Diversity

Washington, DC, is not content to simply fashion itself into just another startup hub; the city is also consciously working to overcome many of the inequities that are common to the startup world.

According to the most recent Census data, more than one-third of DC-area businesses are owned by people of black or African-American descent, making it the top such location in the country. It is also known as a city that is welcoming to other minority entrepreneurs, and women entrepreneurs, particularly in the male-dominated world of science and technology.

“We want to be the leader nationally in inclusive innovation,” says deputy mayor Kenner.

Networking groups to support different facets of the population have taken off in recent years, says Shana Glenzer, who helped spearhead the DC FemTech group (which focuses on women in technology) about two years ago, as well as a DC chapter of the Vinetta Project for female founders. Meanwhile, a new group called Black Female Founders just launched in the city.

Support for such groups extends far and wide, with many local firms and investors sponsoring various events. “There is a huge outpouring of support from the community,” says Glenzer, who by day is chief marketing officer at MakeOffices.

Kenner notes that the new city-backed incubator at the historically black Howard University, slated to open this fall, will be in one of the most popular neighborhoods for startups in general, and that “it is not just for people connected with Howard; it’s for the range of underserved communities and including people who are physically disabled.”

Livability

A major reason that businesses want to locate or expand in DC is that it’s an increasingly desirable place to live. The city has seen an explosion of new retail and restaurant offerings in recent years, notes the WDCEP’s Shuskey, many of exceptional quality. World-renowned chef José Andrés bases his ThinkFood Group—which owns restaurants all over the globe—in the city, while last year Bon Appetit picked DC’s Thip Kao as one of its top 50 new restaurants in the nation.

Meanwhile the retail sector saw a 21 percent increase in employment between 2010 and 2015, while the hospitality industry saw a 17 percent jump. At the same time, Shuskey notes, the city’s population has grown by about 11 percent since 2010, according to the WDCEP’s most recent report on DC neighborhoods, in large part because “it’s a very livable city.”

At the epicenter of this activity is Amtrak’s Union Station, which is slated for a major overhaul that seeks to triple its capacity in the next 20 years. Recent planning studies suggest that there has been 25 percent population growth around the station since 2010, largely in the up-and-coming NoMa (North of Massachusetts Avenue) section of the city. “I don’t think that’s a coincidence,” says Hardison, noting the many restaurant and retail options that can now be found at and around Union Station, not to mention the convenience of living near such a major transportation hub.

With so many reasons to build and grow a business in DC, it’s no wonder that Petrelli is happy to sum it up by saying, “All the elements combine here to make DC a truly great city, in every way.”

For more on the companies and organizations cited in this special section, please visit the following:

- Amtrak
  amtrak.com
- Office of the Deputy Mayor for Planning and Economic Development
  dmped.dc.gov
- Washington DC Economic Partnership
  wdcep.com
- Department of Small and Local Business Development
  delbd.dc.gov
- US Small Business Administration
  sba.gov

WASHINGTON, DC is among the top US cities for America’s fastest-growing private companies, black-owned businesses, diversity in STEM-related jobs, and startup success. We are the top city for women in technology and have the lowest gender pay gap in the country. Declare your independence in Washington, DC.”

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