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MODULE #2 - ECOSYSTEM BUILDING BLOCKS & FOUNDATIONS OF SUPPORT

Matthew Wagner, Ph.D.
Chief Program Officer
Main Street America
mwagner@savingplaces.org



WHAT IS AN ENTREPRENEURIAL ECOSYSTEM AND BUILDER?



“An ecosystem builder is a person that takes a comprehensive view of the entrepreneurial assets in a community, connects them, and fills in the gaps where necessary in order to help entrepreneurs and small businesses launch, grow, thrive and even exit.”

7 FACTORS OF AN ECOSYSTEM



The **Place Factor** acknowledges that the external environment in which a business operates is extremely important relative to overall success. In addition, much of the programming and real estate components that serve to assist entrepreneurs and small businesses

tend to have a spatial element, commonly centered in a downtown, where commerce, civic functions, housing, and recreation converge.

Place Factors largely consist of the following examples:

- **Real Estate** — unique buildings (think breweries); move-in ready spaces; affordable start-up spaces, diversity of housing
- **Launch support spaces** — maker spaces, incubators/accelerators, shared-use food kitchens, night kitchens, mobile retail/food trucks, co-work spaces; entrepreneur hub centers
- **Programming** — pitch contests, pop-up programming, soup events
- **Third Spaces** — breweries, coffee houses, libraries - places that allow for entrepreneurs, remote workers, and small businesses to interact and accidental collisions.

7 FACTORS OF AN ECOSYSTEM



The Social Capital Factor examines the ecosystem at the relationship level, primarily focused on mentorship and networking. We also examine the formal or informality of how entrepreneurs and small businesses make connections, find information, and interact with stakeholders and fellow business owners. The Social Capital Factor largely consists of the following examples:

- **Networking events**
- **Entrepreneur and/or small business network groups**
- **Access to Service Corps of Retired Executives (SCORE)**

7 FACTORS OF AN ECOSYSTEM



The Financial Capital Factor looks at the availability and diversity of capital resources available to small businesses at all points of their life cycle; from early formation and launch, scaling and growing, maturity, and ultimately an exit or transition. Financial Capital for most communities needs to be evaluated locally, but also regionally, as many programs and tools tend to develop at a broader geographic scope than our own communities. The Financial Capital Factor largely consists of the following examples:

- **Personal equity (home, credit cards, personal savings, friends and family)**
- **Government loans and grants (local, state and federal)**
- **Bank lending tools**
- **Nonprofit entities (CDFIs, façade loan programs, low-interest loans from economic development groups)**
- **Private equity (angel and venture capital investors)**

7 FACTORS OF AN ECOSYSTEM



The Culture Factor is more qualitative and appears in local attitudes about entrepreneurship, support of small businesses, celebration of new business openings, and even our willingness to accept the risk of failure with new business ideas and concepts. The Culture Factor largely consists of the following examples:

- Media features on small business and new business announcements
- Presence of buy local and promotions like “Shop Small” campaigns
- New residents opening businesses
- Small business owners engaged in local civic organizations

7 FACTORS OF AN ECOSYSTEM



The Government/Regulatory Factor evaluates the policies, ordinances, and the experience of entrepreneurs and small businesses as they work with the public sector to launch and scale their business operations. In an unhealthy support system, entrepreneurs find the process for getting permits difficult and an environment focused on what you can't do rather than how do we find a solution. It also examines the prioritization of entrepreneurship as an economic development strategy. Examples of Government/Regulatory Factor to be evaluated include:

- **Community-specific web resources on how to start a business**
- **Economic development resources and capacity targeting small business development**
- **Zoning practices that provide for protections while allowing for a broader mix of uses and functions**

7 FACTORS OF AN ECOSYSTEM



The Education and Training Factor examines not only access and availability of educational resources for small businesses and entrepreneurs but should also evaluate these aspects from the perspective of the business life cycle. As such, there may be a great deal of workshops and on demand content for business planning or even digital commerce, but very little for how to think through business model shifts, succession planning, or even dealing with supply chain issues. Thus, examples of the Education and Training Factor consist of the following:

- Involvement and engagement from a Small Business Development Council (SBDC), Women's Business Center (WBC) and/or Minority Business Development Agency (MBDA)
- Annual small business needs assessment
- Diversity of access to education and training: traditional onsite, virtual, and on-demand
- Local colleges and universities with entrepreneurship training programs

7 FACTORS OF AN ECOSYSTEM



The Human Capital Factor is multi-faceted. As such, it examines a far range of human capital related variables including access to talent that might start and grow a business, the workforce necessary to support launching and growing businesses, and even the attraction of remote workers. Importantly, Human Capital also evaluates the level of equity and inclusiveness that enables women and minority businesses to engage in entrepreneurship. The Human Capital Factor consists of the following examples:

- Levels of minority and women-owned businesses as compared to local demographic profiles
- Youth entrepreneurship programming
- Engagement of local universities and colleges in workforce development matched to local market needs

ECOSYSTEM BUILDING: YOU AREN'T STARTING FROM SCRATCH...

- + Every community has an operating support system (“ecosystem”) for entrepreneurs....
- + The issues with most ecosystems:
 - Often inefficient
 - Often in organization silos
 - Often incomplete – only work in certain parts of the ecosystem
 - Often not aligned among all the key stakeholder organizations
 - Often not recognized by the users (entrepreneurs)
 - Often not driven by nor for local market strengths
 - Often not a focus nor owned by any organization
- + NOTE: An ecosystem can be targeted to a specific niche (technology, food industries, medical, outdoor recreation, etc).

THE ROADMAP/PROCESS WE'LL BE USING ONSITE TO HELP YOU IN BUILDING YOUR OWN COMMUNITY ENTREPRENEURIAL ECOSYSTEM

FACTORS OF AN ENTREPRENEURIAL ECOSYSTEM



How is the Entrepreneurial Ecosystem Community Assessment Audit structured?

1. The Audit provides an evaluation tool of 37 specific indicators that will help community leadership determine where they fall on a spectrum of support for local entrepreneurs and more importantly, where efforts can be made to strengthen that support.
2. The Audit is divided into seven factors (financial capital, social capital, culture, human capital and workforce, education and training, government policy and regulatory, and place-based factors).
3. For each of the 37 indicators, participants should rate on a color scale of Orange (Low Performance), Yellow (Neutral Performance) or Green (High Performance).
4. After you have completed the template, for those indicators that are in "orange" decide whether the solution is one that is best served locally, or on a regional level. For example, under Financial Capital you may be low performing in having a local crowdfunding program. Given your priorities, capacity, potential volume of activity, resources, and availability on a regional level, tag with an L or R, to suggest where this programming is best positioned.

ORGANIZATION NAME:

FINANCIAL CAPITAL FACTORS

Does your district offer incentives to drive targeted new entrepreneurial investments (e.g., Grants, Micro Loans, Contests, etc.)?

Performance Level
Low Neutral High L or R

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Does your district operate a local crowdfunding program for real estate and/or small business investments?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Does your district have a group of local angel investors formed or other non-family equity sources available for entrepreneurial investments?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Does your local banking community offer SBA and any other federal small business development funding tools?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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SOCIAL CAPITAL FACTORS

Are there district related clubs or networking activities for young professionals and entrepreneurs (i.e., the Kauffman Foundation's 1 Million Cups)?

Performance Level
Low Neutral High L or R

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Is there an active SCORE Chapter and/or other mentor program operating in your district?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Are current business owners supportive of entrepreneurs through relationshipbuilding, mentorship, referrals, etc.?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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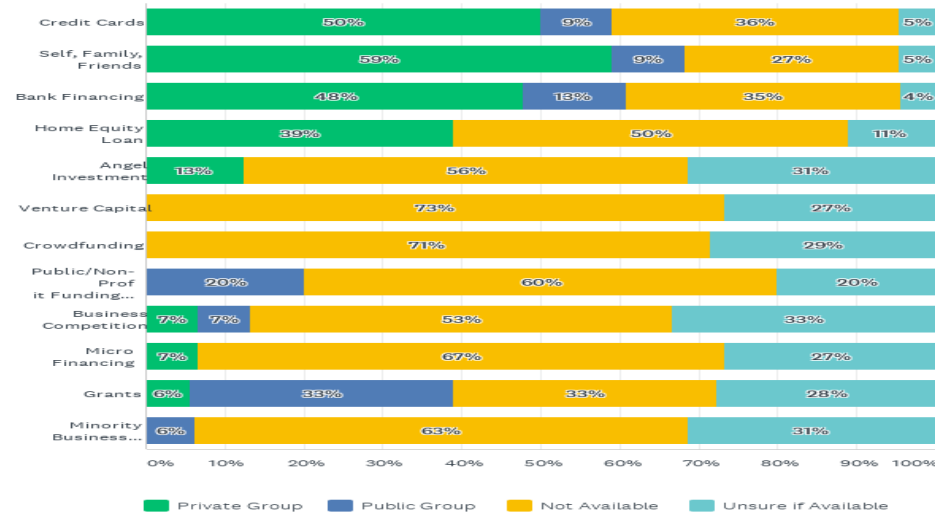
Are current business owners supportive of entrepreneurs through relationshipbuilding, mentorship, referrals, etc.?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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INPUT 1. PRE-SURVEY OF BUSINESSES (ALL STAGES)



Q6 What forms of financial assistance have you used as part of your entrepreneurial journal? For the following, please check all that apply:

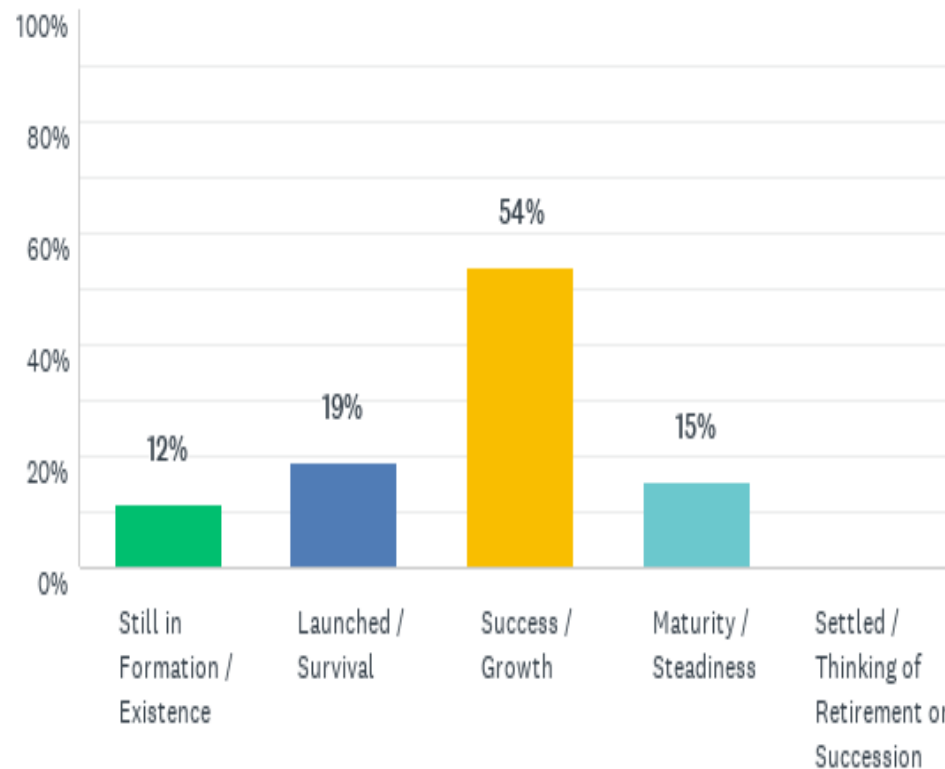


INPUT 2. FOCUS GROUP SESSIONS

- + Talk to your Entrepreneurs – Identify Key Challenges, Opportunities, Needs, etc.
- + Talk to your Key Stakeholders – Generally any entity who's mission it is to benefit and serve entrepreneurs and small businesses.
 - Understand via an inventory what is available?
 - Understand any disconnects between what entrepreneurs said and what is being offered

INPUT 3. PROGRAM INVENTORY BY STAGE OF THE BUSINESS LIFECYCLE

Q2 What stage best characterizes you and your business's current state?



Businesses often need different types of assistance at various stages of their journey, and in some cases different levels of sophistication of services.

Maine Grains Example....

INPUT 4. THE ECOSYSTEM AUDIT - GAPS

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2. The Audit is divided into seven factors (placed-based, government policy/regulations, financial capital, social capital, education and training, culture, and human capital/workforce).
3. For each of the 37 indicators, participants should rate on a color scale of Red (Low Performance), Yellow (Neutral Performance) or Green (High Performance)
4. *What Is Local vs. Regional?*

FACTORS OF AN
ENTREPRENEURIAL
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KAUFFMAN
FOUNDATION

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	Low	Neutral	High	L or R	Notes
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HOW TO IMPLEMENT: ALIGNING STAKEHOLDER ROLES

1. Just like in Main Street, there needs to be an organizational component to implementing a strong business support system.
2. The following exercise is intended to help you on that journey by examining your role in the ecosystem.
3. When you get home, talk with your partners about how they view themselves and address:
 1. Do you have gaps?
 2. Too much duplication?

ECOSYSTEM INVENTORY THROUGHOUT THE BUSINESS LIFE CYCLE

7 Factors of an Entrepreneurial Ecosystem	Development / Launch	Growth / Scaling	Maturity / Model Pivots	Decline / Exit / Rebirth
PLACE-BASED				
FINANCIAL CAPITAL				
SOCIAL CAPITAL				
GOVERNMENT POLICY / REGULATORY				
CULTURE				
HUMAN CAPITAL				
EDUCATION AND TRAINING				

SELECT SAMPLES	Business Pitch Contest, Pop Ups, SBDC Connect, Fall Fast Spaces	Façade Grant, Economic Gardening, New Forms of Capital, Workforce Development	Pop Ups (R&D), Rethinking Markets	Succession Plan, Assistance with Space Reuse, Connections with New Entrepreneurs, Ideation—New Uses/ Functions, Reopen Under New/Refreshed Brand
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ECOSYSTEM WORK PLANNING

Colonial Beach, VA – Entrepreneurial/Small Business Support System Inventory and Work Dashboard – 2022/23						
PLACE	FINANCIAL CAPITAL	EDUCATION/TRAINING	HUMAN CAPITAL	CULTURE	SOCIAL CAPITAL	GOVT REGULATORY
<ol style="list-style-type: none"> 1. Building inventory / available properties (DCB) 2. Business inventory (DCB) 3. Dodson property development (Phase 2 & 3) – mixed use space 4. Lennar development – housing 5. Undeveloped land available (Town) 6. Vendor program for mobile businesses – (Town) 7. Co-opt shared spaces (Dodson) and existing in-store pop-ups (private businesses) 8. Artist guild/ artist community – Art Walk First Fridays – art related co-location (Art Guild) 9. Peddlers Market & Artist studio in former motel 10. Available infill lots 11. The Hive – class space, art programming 12. Co-working space (Dodson) <p>NEW</p> <ol style="list-style-type: none"> 1. New Entrepreneur Recruitment – “Pipeline Programming” (DCB) 2. “Food truck court” 3. Supporting existing businesses (EDC) 4. Develop Community Business Launch through DCHD 5. Promoting Business Collaborations (DCB) 6. Promoting Historic district designation 7. Dodson development to come 8. Quick Response Team for Business Recruitment 	<ol style="list-style-type: none"> 1. GoVA Entrepreneur Funding 2. Premise Bank – local bank – SBA partners 3. Redco – SBA partners 4. Topside - NSWC Dahlgren – credit union 5. Community Bank – Dahlgren 6. Community Foundation – beautification, incubator for smaller organizations (radio), 7. Revolving Loan Fund (NNPDC) 8. Incentive plan for business (Town & Chamber) 9. Local individuals interested in investing (EDC connection point) 10. Investment Club (Dodson) 11. Historic Tax Credits that Leverage Historic District 	<ol style="list-style-type: none"> 1. SBA - SCORE 2. Mary Washington University business support 3. RCC 4. SBDC 5. Virginia Main Street 6. BJC 7. High school night classes for adult learners (pre-covid resource) 8. Apprenticeship program through high school (Chamber + Schools) 9. Educational programming/ training curriculum/ mentorship (previous - Chamber) – looking to reboot <p>NEW</p> <ol style="list-style-type: none"> 1. Apprenticeship program in the high school and Community College (EDC)& Virginia Workforce Center 	<ol style="list-style-type: none"> 1. VoTech – training for high school 2. NGO Alliance – volunteer newsletter/recruitment 3. RCC trades program in high school (EDC + school system) 4. Mentorship opportunities 5. Opportunity for college workforce in the summer (Town internship) 6. Apprenticeship program in coordination with the surrounding towns and counties (Town) 	<ol style="list-style-type: none"> 1. Festivals / opportunities for vendors (Chamber) 2. Visitor guide (Chamber), digital version <p>NEW</p> <ol style="list-style-type: none"> 1. Active artist guild, pursuing support grant 2. Market Colonial Beach Playhouse Theater 3. Osprey festival, eco-tourism activities (DCB) 	<ol style="list-style-type: none"> 1. Community Foundation – new resident meet-ups – highlighting businesses & guest speakers 2. Highlighting businesses – profile of owner (Town) 3. WanderLove itineraries (Town) 	<ol style="list-style-type: none"> 1. Enterprise Zone 2. Town Grant Writer 3. Website development – to be a better resource for the community 4. Economic Development Plan 5. Streamlined business license program 6. VMS 7. Signage/ wayfinding 8. Promotion of growth in Town 9. Housing Authority – getting started again with potential to carry out projects 10. DMO – accompanying grant funding 11. Collaboration among Town managers in the region for coordinated efforts – marketing 12. Zoning maps 13. parking study 14. HUB Zone <p>NEW</p> <ol style="list-style-type: none"> 1. Zoning for mixed-use development downtown 2. Resiliency committee – stormwater management (PDC) 3. Short term rental policy (PDC)