Building An Entrepreneurial Ecosystem

Foundations, Principals, and Process
There are as many definitions as there are opinions about what an Entrepreneurial Ecosystem is.

- **Entrepreneurship** – efforts by entrepreneurs, to conceive, plan, and develop a business, and is linked to job and wealth creation resulting in a positive impact on entrepreneurs, employees, and the community.

- **Ecosystem** – is the synergistic collaboration of stakeholders, who employ a holistic approach to mobilize resources needed to Enable, Empower, and Encourage entrepreneurship.
The inherent nature of Entrepreneurship creates many inhibitors that stifle economic growth

**Risk:**
- Undercapitalized
- Knowledge/Education
- Experience
- Access to markets
- Buying power
- Workforce
- Infrastructure
- Policies & Regulations

**Inhibitors:**
- Access to risk capital lending
- Access to education & training
- Access to professional advisors
- Local/state policies
- Workforce
- Local culture

*Sic Parvis Magna*

*From Small Beginnings, Come Great Things*

- Sir Francis Drake

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E² Framework

A Holistic Approach

Our Focus In This Presentation:

• Foundations
• Principals
• Lifecycle
E² Foundations

Aligning Strategy With Economic Context
## Strategic Context

**Why Do Municipalities Need A Strategy?**

<table>
<thead>
<tr>
<th>Broad Strategic Context</th>
<th>Symptoms</th>
<th>Strategic Questions</th>
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</table>
| **The Municipality In Decline** | • There has been a continuous outward migration from the municipality for several years.  
• Very high level of inactive population.  
• Very few income generating activities.  
• The municipality is not within commuter distance of a stable or growing economic center.  
• Consumer spending is leached by neighboring communities | ✓ What conditions or actions could create the basis for a turnaround?  
✓ Would it be possible to connect the municipality to broader market opportunities?  
✓ How can we consolidate existing resources to make the municipality viable for encouraging entrepreneurship?  
✓ How can we adapt services and cooperate with others to ensure provision of essential municipal services at lower costs? |
| **The Municipality In Transition** | • Some “key” industries have closed or reduced operations leading to high unemployment.  
• Municipal labor skills are too focused on old or obsolete industries/technology.  
• There are real opportunities and people with ideas, and some new fledgling businesses. | ✓ How can we assist the transformation?  
✓ How can we transform old industrial locations into new spaces for modern living, working, art, and culture?  
✓ How can we widen and adapt the local skill base to meet modern requirements of a modern economy?  
✓ How can we encourage new ideas and entrepreneurship? |
| **The Municipality Experiencing Growth** | • The municipality is successful and growing.  
• There is inward migration.  
• Existing infrastructure does not support the growing population | ✓ How can we provide adequate services and infrastructure for a growing number of people?  
✓ How can we maintain and ensure adequate quality of life and environmental standards for a growing population?  
✓ How can we ensure social integration and cohesion? |
| **The Municipality With Limited Resources** | • This situation might occur in any of the above-mentioned contexts. The municipality does not have the ways and means to generate sufficient income, and/or is not utilizing its resources efficiently. | ✓ How can we generate more income?  
✓ How can we make tax collection more effective?  
✓ How can we deliver more with less?  
✓ What are our big money wasters in the municipality?  
✓ How can we collaborate and share service provisions to become more efficient? |

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Strategic Economic Development Plan

Establishing Clearly Defined Goals & Objectives Focused on **Positive Measurable Impact**

**Poorly Conceived Plan**

- The vision is not aligned with the prevailing strategic economic context
- Long-term Goal(s) are convoluted and not aligned with infrastructure & resources
- Objectives are nebulous rather than SMART
- Failure to benchmark against successful communities
- No defined metrics to measure progress against interim objectives that support the strategic goal(s)

**Well Conceived Plan**

- The vision is clearly defined and aligned with to boarder economic context
- Long-Term Goal(s) are aligned with infrastructure and resources
- SMART Objectives that are aligned with the stated goals
- Defined metrics/KPIs are established to assess the progress of plans, programs, and initiatives

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Entrepreneurial Ecosystem Foundations

Access to Capital
- Business Lending: Banks, Alternative Lenders
- Venture Capital: Angel Investors, Venture Capital
- Friends & Family
- Private Equity

Workforce
- Labor: unemployment, skills, median family income, aging workforce
- Entrepreneurship
- Vocational and Technical Training resources

Infrastructure
- Water & Wastewater
- Power
- Broadband
- Affordable Housing

Access to Markets
- Leaching of retail dollars: Opportunities for offsetting leached retail $dollars
- Transportation: Modes and relative distance to external suppliers and customers
- Industries: supplier, contractor opportunities
- Export: Opportunities for establishing export sales (outside the community) to regional and international markets

Policy and Regulation
- Strategic plans & Objectives
- Local laws & regs
- Zoning
- Incentives

Support Network
- Legal, accounting
- Fed, Regional, State, and Local Resources: Certifications, Assistance, Training, Grants, Trade, Finance
- Professional services: TA & Training
- Mentorship: Local and regional mentorship network

Culture
- Community Pride & Identity: Community attitude for revitalization and growth
- Buy Local: strong community support for local businesses
- Formal & Informal Leadership: Are the community leaders united in supporting plans, policies, programs and initiatives to encourage and support Entrepreneurship

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Entrepreneurial Ecosystem

Holistic Framework

- **Capital**
  - Building
  - Development
  - Banks
  - Contract Lending
  - Leasing
  - Lending
  - Private Capital
  - Angel Investors

- **Infrastructure**
  - Broadband
  - Transportation
  - Space
  - Water & Wastewater
  - Power
  - Internet
  - Joint Ventures

- **Workforce**
  - Licensing & Certification
  - Skills
  - Trade Schools
  - High Schools
  - Universities
  - Unemployment

- **Access To Markets**
  - Trade Network
  - Retail
  - Export Opportunities
  - Raw Materials

- **Business/Professional Support**
  - Mentor
  - TA (Consulting)
  - Bookkeeping
  - Marketing

- Plans, Policies, Programs, & Initiatives

- Enable, Empower, & Encourage Entrepreneurship

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E² Principals

Begin With The End In Mind
E² Principles
Avoiding The Fish In The Fishbowl Phenomenon

Creating Jobs
- Target businesses and industries with potential to create new jobs paying a living wage
- Workforce training skills to align with targeted business/industry growth
- Business growth should look to the future relative to technology and market growth opportunity
- Promote businesses that reverses the exodus of youth, education, and entrepreneurial talent

Creating Wealth
- Seek business growth opportunities that generate a positive balance of trade for the community
- Identify business opportunities that offset the leaching of community wealth
- Promote businesses that have sales/revenue growth potential that can generate generational wealth
E² Lifecycle

Building a Sustainable Program
Rome wasn’t built in a day

Entrepreneurial Ecosystem Lifecycle

<table>
<thead>
<tr>
<th>Initial Planning</th>
<th>Build</th>
<th>Launch</th>
<th>Strategic Horizon</th>
<th>Scale-Up</th>
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<tbody>
<tr>
<td>Initial Planning</td>
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<tr>
<td>Asess Current State</td>
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<td>Year 1</td>
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<td>Year 2</td>
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<tr>
<td>• Identify the minimum viable initiative to launch to program</td>
<td>• Develop additional programs &amp; initiatives to support the growth of entrepreneurship</td>
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<tr>
<td>• Align required resources</td>
<td>• Expand resources and services</td>
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<td>Year 2</td>
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<td>Year 4</td>
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<td>Year 5</td>
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Adopt an Agile Iterative Planning Approach

- Set SMART Goals & Objective
- Develop programs & initiatives to achieve objectives (focus on eliminating inhibitors)
- Align resources with programs and initiatives
- Prioritize programs & initiatives
- Identify the Minimum Viable Program to launch the program
- Evaluate, Re-prioritize, & Implement in iterative cycles to scale up the program

Avoiding Paralysis by Analysis
Thank You

Dale Rutherford
(479) 443-2700
Dale.Rutherford@CommunitiesU.Org
Communities Unlimited, Inc