

Building Entrepreneurship Ecosystems: Policy & Practice

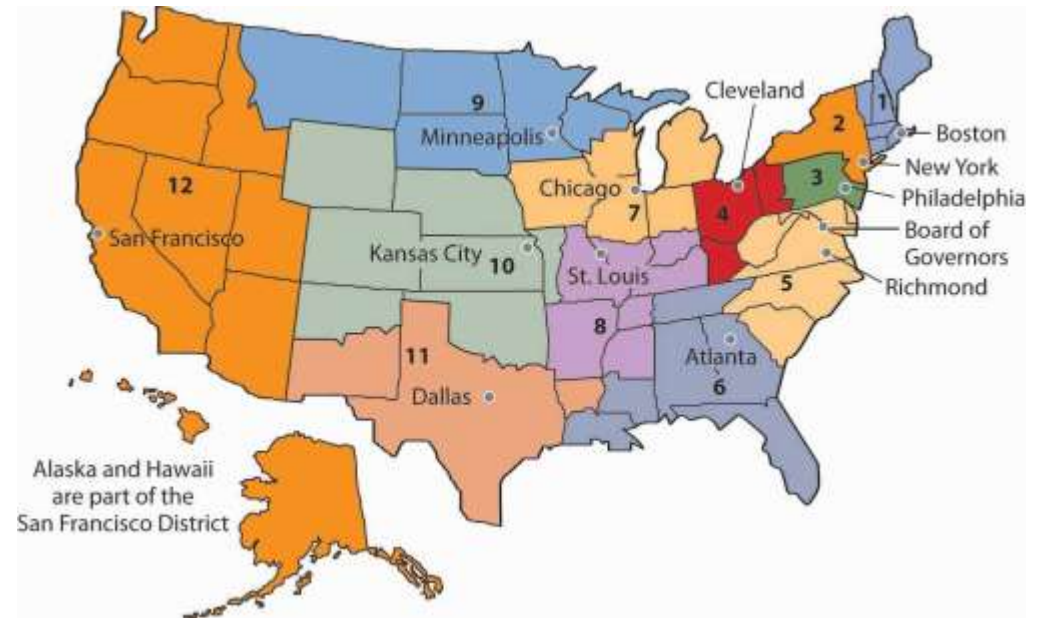


Dr. Dell Gines

Federal Reserve Bank of Kansas City

The Kansas City Fed

- Conducting national monetary policy.
- Supervising and regulating banks and other important financial institutions.
- Maintaining the stability of the financial system.
- Providing certain financial services to the U.S. government, U.S. financial institutions, and foreign official institutions, and playing a major role in operating and overseeing the nation's payments systems





1930s

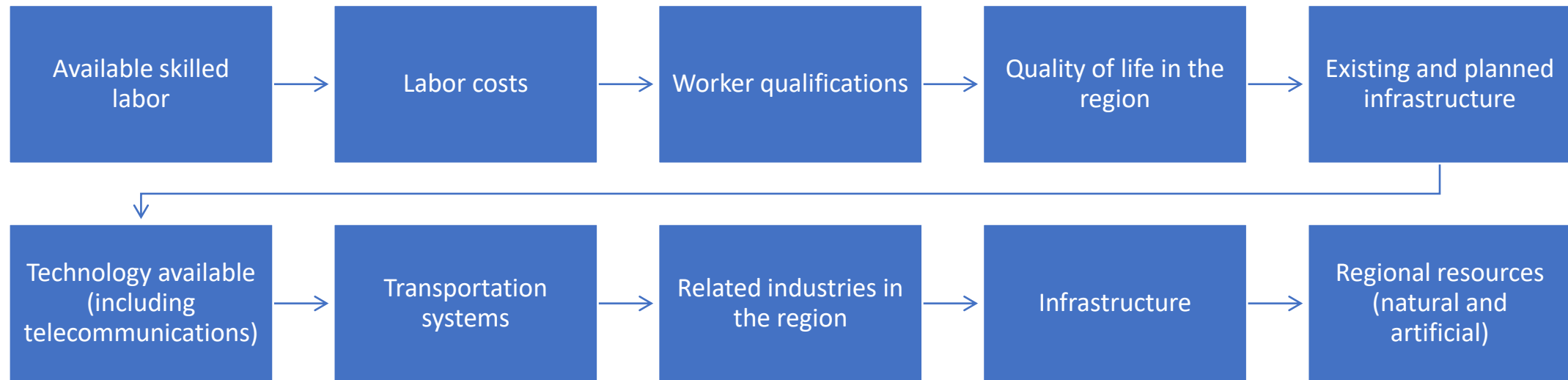
U.S.
Economic
Development
History



The Bachelorette Approach to Economic Development



What Industrial Attraction Site Selectors Look For Is Not What Many Communities Have



Why Industrial Attraction Based Economic Development has Failed Many

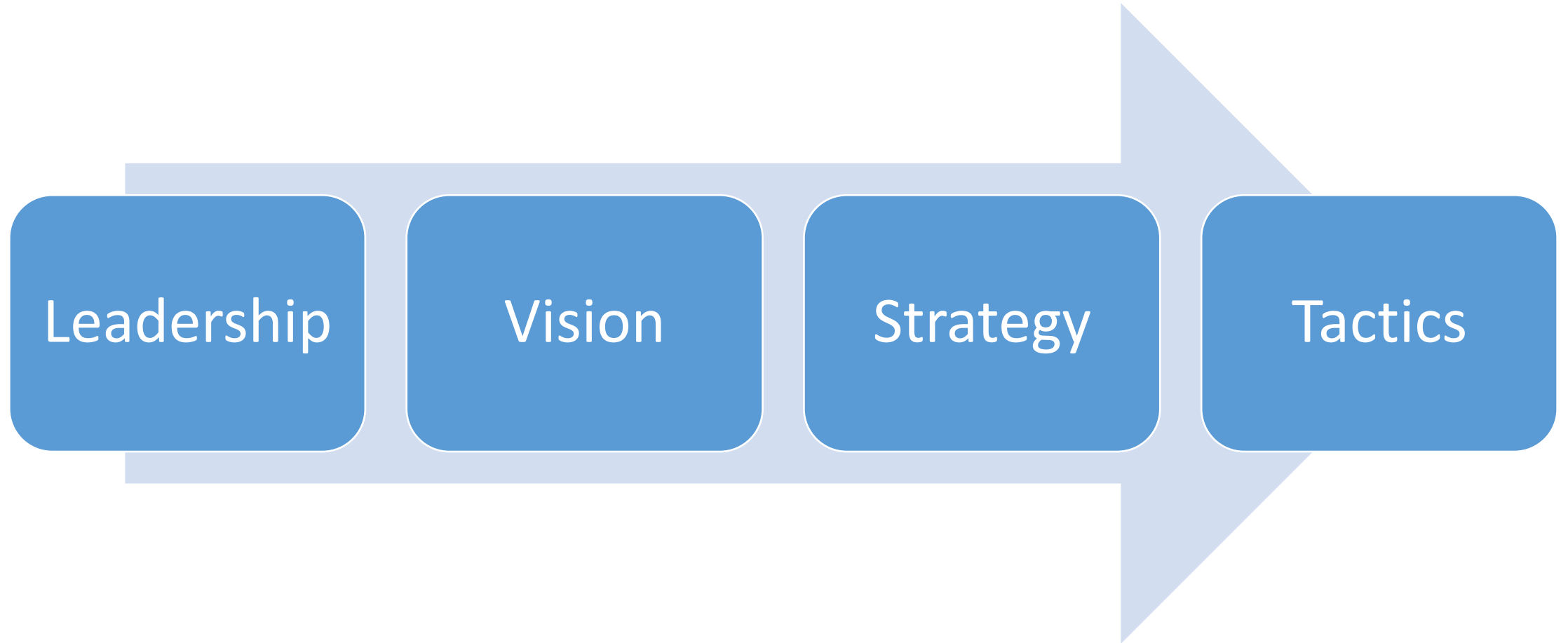
Primary Challenges

Structural unemployment

Transportation & Infrastructure

Community resiliency & identity

Economic Development at the 10,000 Foot Level



Economic Development at the 10,000 Foot Level – EDO Responsibilities



Leadership

Aligning key stakeholders around the creation of and mobilization towards a shared vision. This consists of connecting with, providing appropriate information too and create space for those critical and future leaders drive change.



Vision

Creating (with broad input) a compelling vision of what the community will look like in the future that can serve as a rallying point, a measurement stick and marketing tool.



Strategy

Determining the key ways in which economic development activities will be organized to achieve the future vision.



Entrepreneurship



Why Entrepreneurship Is Vital to Economies

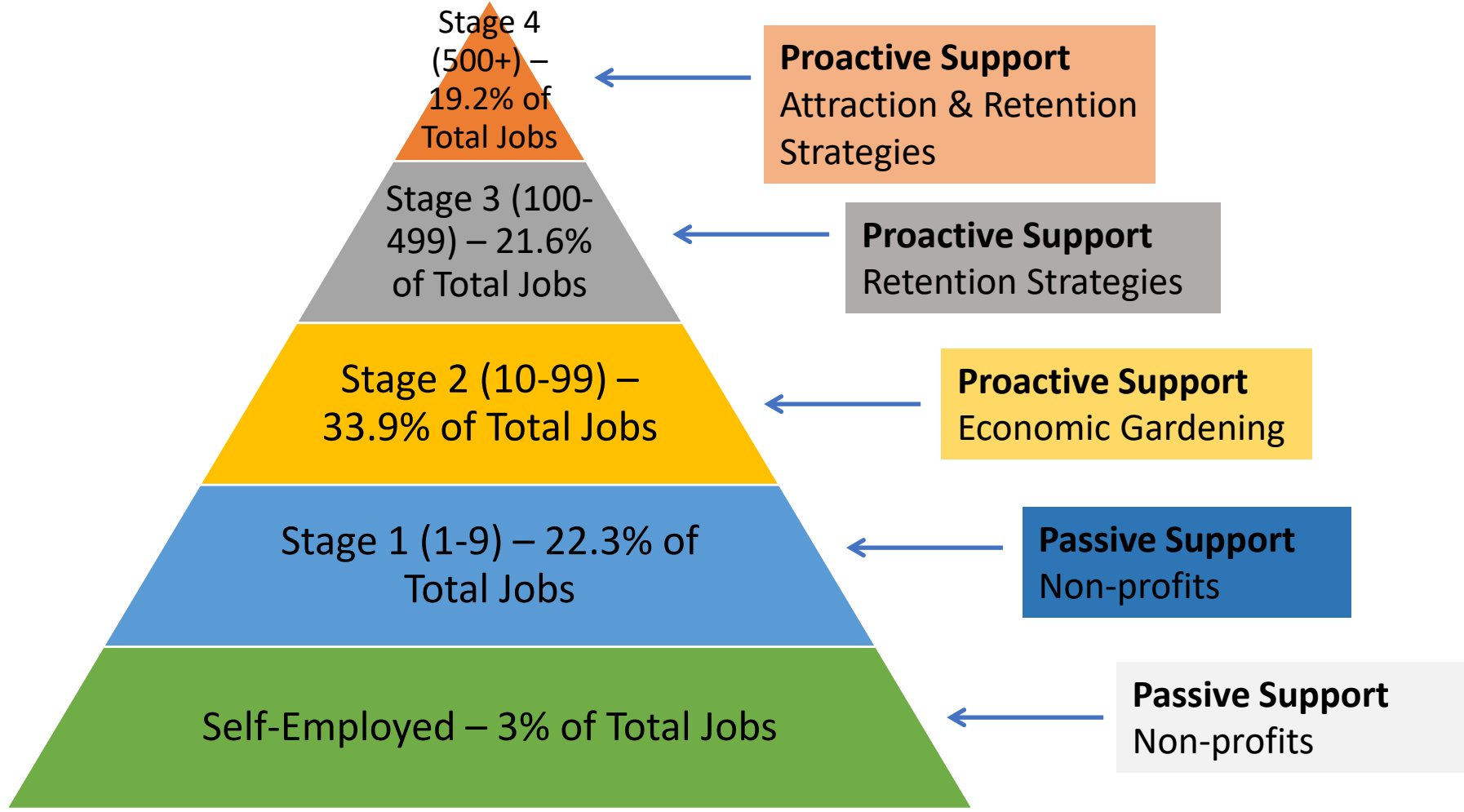
- Entrepreneurs create jobs, increase local incomes and wealth (Henderson, 2002).
- A higher ratio of entrepreneurial activity is associated strongly with faster growth of local economies
- Entrepreneurs connect communities to the larger, global economy.
- Local entrepreneurs are more likely than branch plants to reinvest their wealth locally.
- Entrepreneurs create a sense of place.
- The cost of job creation is lower (Edmiston, 2006)
- This kind of development is just a better “fit” for certain communities.

Why Focusing on Diverse Entrepreneurs is Important to Equitable Development

- Business ownership has historically been a strong wealth builder for communities of color. Nationally, the median net worth of Black and Latinx business owners is more than ten times that of their peers who don't own a business. – **Center for Global Policy Solutions**

Introduction

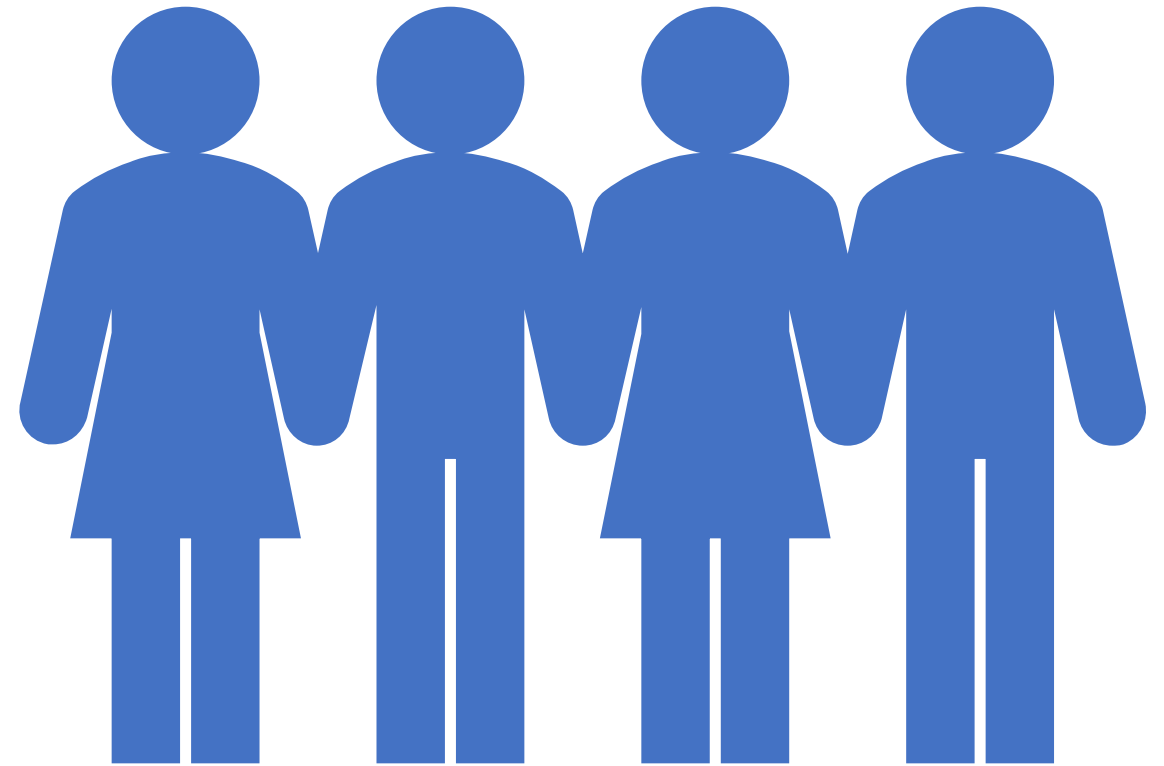
Business Stages by Size & Community Support



Stages Source: Edward Lowe Foundation



Entrepreneurship Ecosystems



What is an Entrepreneurship Ecosystem?

Defining the entrepreneurship ecosystem

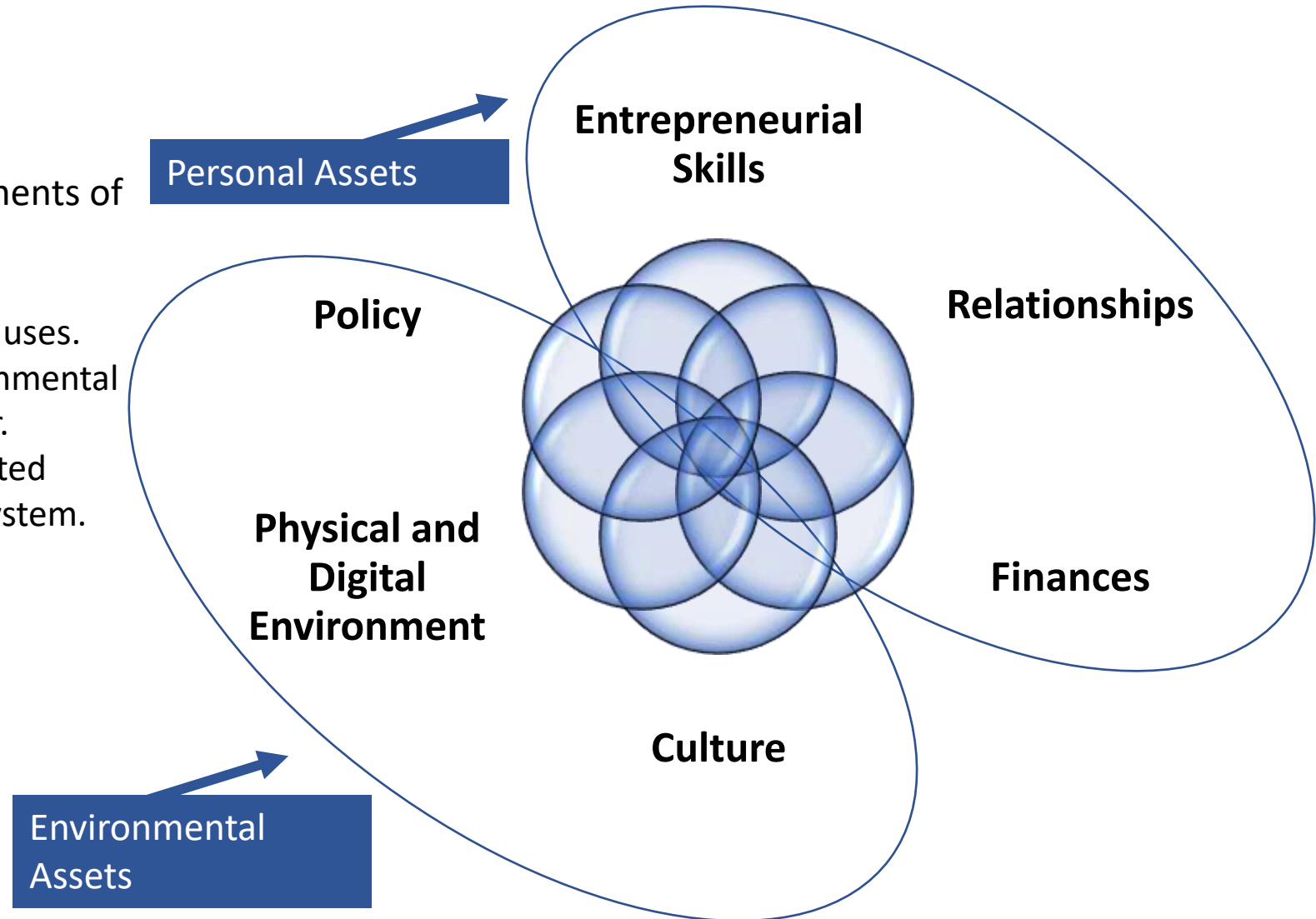
- An entrepreneurship ecosystem is how communities are organized and connected to support or hinder entrepreneurs as they start and grow companies.
- There are two main pieces to an ecosystem the things in a community that support entrepreneurs (**business context**), and how those things connect with each other and with entrepreneurs (**networks**) to create synergy.

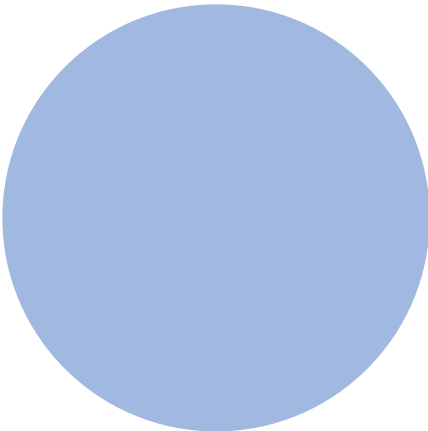
What is an Entrepreneurship Ecosystem?

Key Pieces of an Ecosystem

The following diagram shows the elements of an entrepreneurship ecosystem.

- Three of the elements are assets an entrepreneur develops personally or uses.
- The other three elements are environmental assets that support the entrepreneur.
- How they are developed and connected determines the strength of the ecosystem.





My
Entrepreneurial
Neighbors



Entrepreneurship Ecosystem Building as an Eco Devo Strategy

01

Primary —
Entrepreneurship is a primary economic development strategy for economic development organizations (EDOs).

02

Complementary —
Entrepreneurship is intentionally leveraged to enhance attraction and retention and drive new growth through innovation and capital mobilization.

03

Supplementary —
Entrepreneurship is left out of the general economic development activities or relegated to an underfunded afterthought by EDOs.

Entrepreneurship Ecosystem Policy

Key ecosystem policy considerations

If an entrepreneurship ecosystem economic development focus

1. Centers the entrepreneur
2. Focuses on the business context
3. Focuses on improving the network of individuals and organizations

Then entrepreneurship ecosystem building policy will by definition focus on one or all of those things.

Economic
Development
Policy
Framework

State Policy Example: Network Kansas

Network Kansas was established by the Kansas Economic Growth Act of 2004 as the Kansas Center for Entrepreneurship. It officially launched in 2006 as an independent 501c3 with the purpose of: “...developing an entrepreneurial ecosystem in Kansas that connects aspiring, emerging, and established businesses to a wide network of business-building resource organizations across the state”



E-Communities

- **Local leadership teams, committed to meeting regularly to provide the overall direction and leadership for the E-Community and to discuss ways to create a flourishing environment**
- Local financial review board, tasked with acting as the loan committee for E-Community loan applications
- **Locally-controlled revolving loan fund**
- Active engagement with local sources of public and private funding
- **Access to a statewide network of over 500 partners, focusing on connecting entrepreneurs and small business owners to the education, expertise and economic resources they need**
- Access to entrepreneurship programming designed to benefit different types of businesses
- A marketing fund to support the development and/or implementation of special projects and initiatives

Federal Policy Example: SBA Navigator Program

SBA Navigator Program is American Rescue Plan initiative designed to reduce the barriers many small businesses often face in accessing critical support... The Community Navigator Pilot Program will provide \$100 million in funding to 51 organizations ("hubs") that will work with over 400 local community groups ("spokes") to connect America's entrepreneurs to federal, state, and local resources so they can recover and thrive.

– U.S. Small Business Administration



Federal Policy Example: SBA Navigator Program

Hubs at the center of action

- **Hubs are responsible for coordination via regular meetings, joint planning, and collaborative strategy development.**
- Hubs drive communication strategy, including the planning of outreach events, webinars, and list building.
- The hubs develop training curricula to prepare spokes to work with businesses on 1-1 document preparation and application completion.
- **Hubs serve as a clearing house for best practices on outreach, education, and 1-1 counseling.**
- Hubs dedicated to serving hard-to-reach populations hire linguistically and culturally knowledgeable CPAs, attorneys, or other professionals to offer counseling for minority entrepreneurs.

Spokes are trusted ambassadors

- Spokes are nonprofits dedicated to engaging direct outreach and 1-1 document preparation for businesses.
- **These organizations are focused on reaching or exceeding agreed upon goals for participation in aid programs by targeted communities (Black, Latino, Native Americans, rural, veterans, individuals with disabilities, immigrants etc.).**
- **Spokes are dedicated to focused, grassroots outreach including phone calls, texts, emails, and door-to-door canvassing of businesses.**
- Effective spoke organizations work to amplify communications via earned and paid media and leveraging other trusted partners like schools, churches, and local elected officials.

Tweaking Existing Policies / Programs

Opportunities Zones

Community Development Block Grants

Small Business Development Centers

Minority Business Development Agency

Rural Extension

What would these look like if modified to support ecosystem networks?

10 Qualities of Network Centered Economic Developers

- Leadership Facilitator
- Vision Oriented
- Strategy guider
- Network weaver
- Information Discoverer & Broker
- Collaboration catalyst
- Culture Transformer
- Policy Advocate
- Long Run Focused
- Business Spectrum Champion

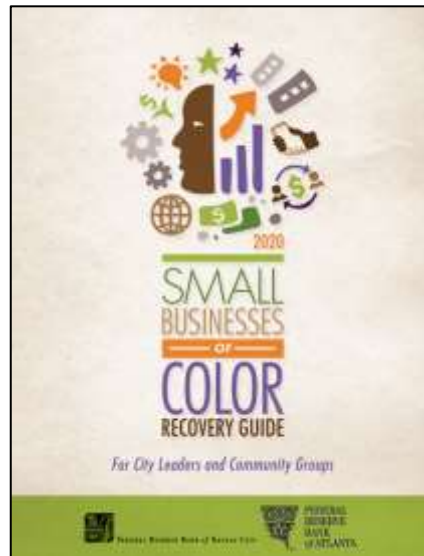
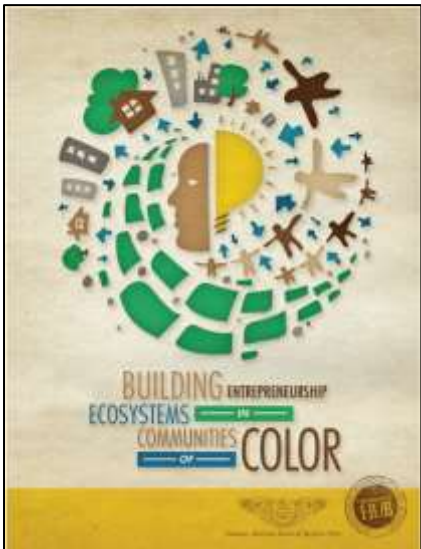
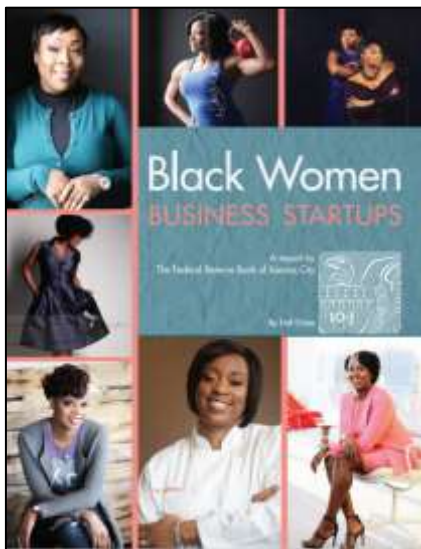
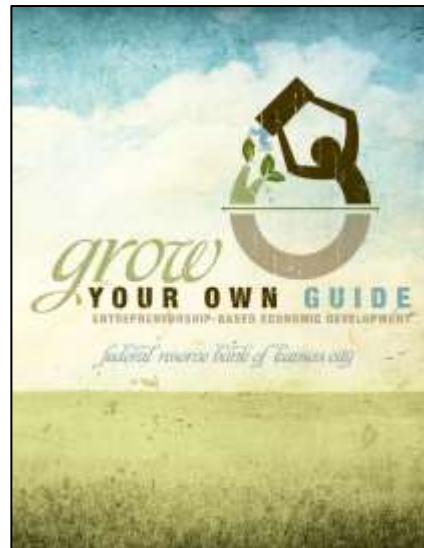
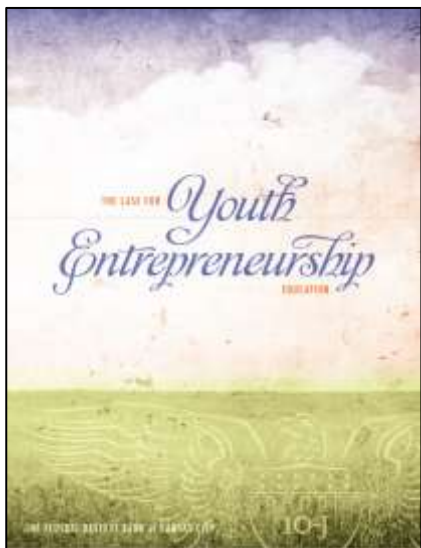
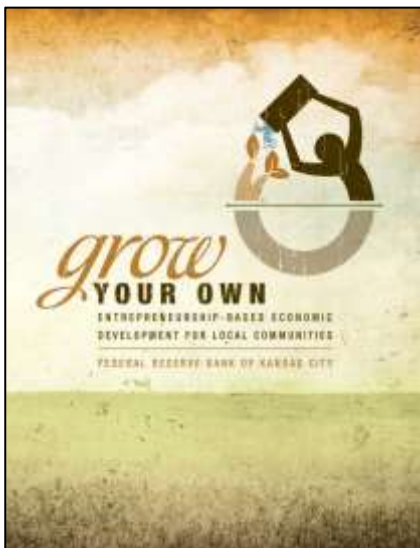




New Economic Developer Certification

IEDC Entrepreneurship Led Development
Certification

[Entrepreneurship Development Professional
- International Economic Development
Council \(iedconline.org\)](http://iedconline.org)



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www.kansascityfed.org/community

Contact