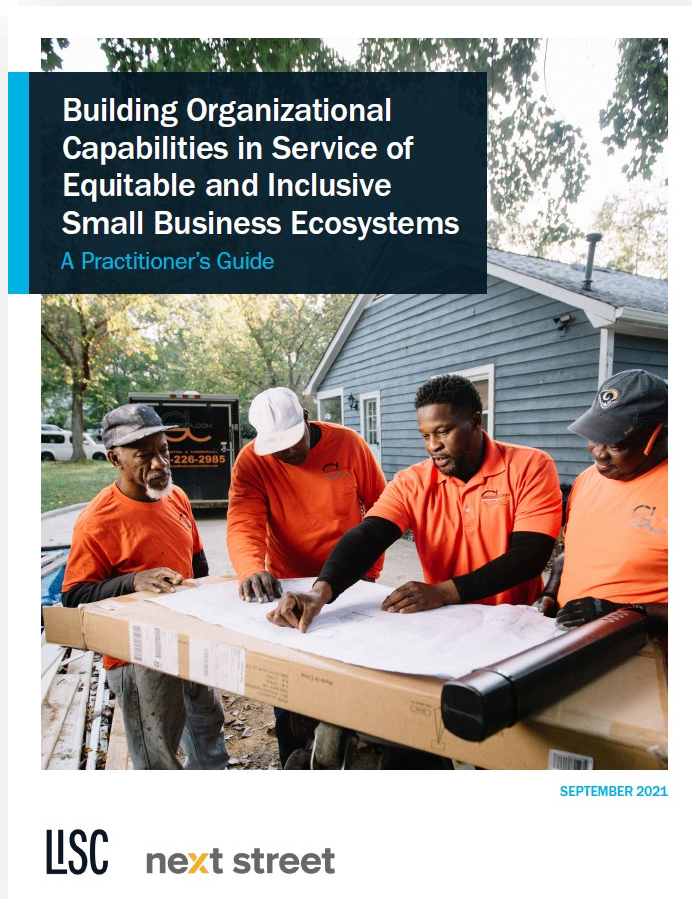


Building Equitable and Inclusive Small Business Ecosystems in Smaller Cities



Presented by:

LISC

next street

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Today's Objective

- We wrote the Practitioner's Guide, which we launched in fall 2021, with the following goals in mind:
 - Share best practices leading with equity and inclusion to help assess local market capacities and gaps
 - Outline the potential roles in which local stakeholders can adapt or intensify their efforts
 - Provide decision-making criteria to identify appropriate ecosystem roles for organizations and their partners
 - Offer guidance on how to create an implementation plan to execute
- Today, we want to go deeper in how these tools can be used in smaller US cities

Today's Agenda

Introductions & Objectives

*Ecosystem Mapping :
Assets & Needs*

*Ecosystem Development:
Developing a High
Functioning Ecosystem*

Q&A



Grounding in Shared Definitions

Small Businesses: Focus on employer businesses with 1-49 employees and non-employer businesses (i.e., sole proprietors)

Practitioner: An organization with an interest, existing program, and/or strategy to support diverse and unique small businesses; includes local and municipal government, grant makers, anchor institutions, business and community-based organizations and associations

Ecosystem: A set of *conditions* and *supports* that all entrepreneurs need *to thrive* – to launch and expand their businesses, and to sustain them in the face of impediments to growth and economic shocks

Equity: An approach that ensures all small businesses have access to the same opportunities, recognizes that advantages and barriers exist, and seeks to right the unequal starting place for business owners

See [Practitioner's Guide](#) for additional shared definitions



Community Engagement Principles Underlie Strategies

Realize Equity: Break down structural barriers to capital access and racial and economic wealth equality

Build on Strengths: Work at the intersection of locational advantages, existing partnerships, and growing industries and occupations

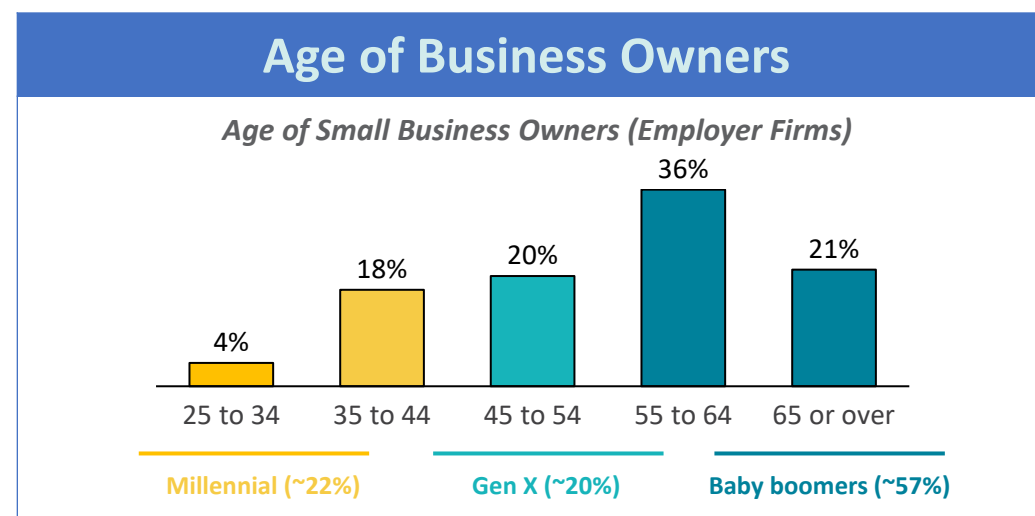
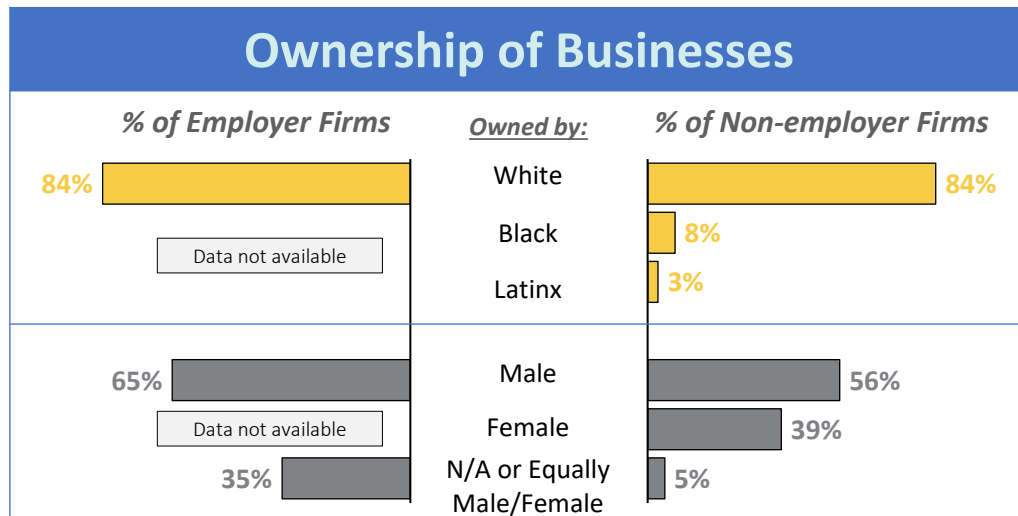
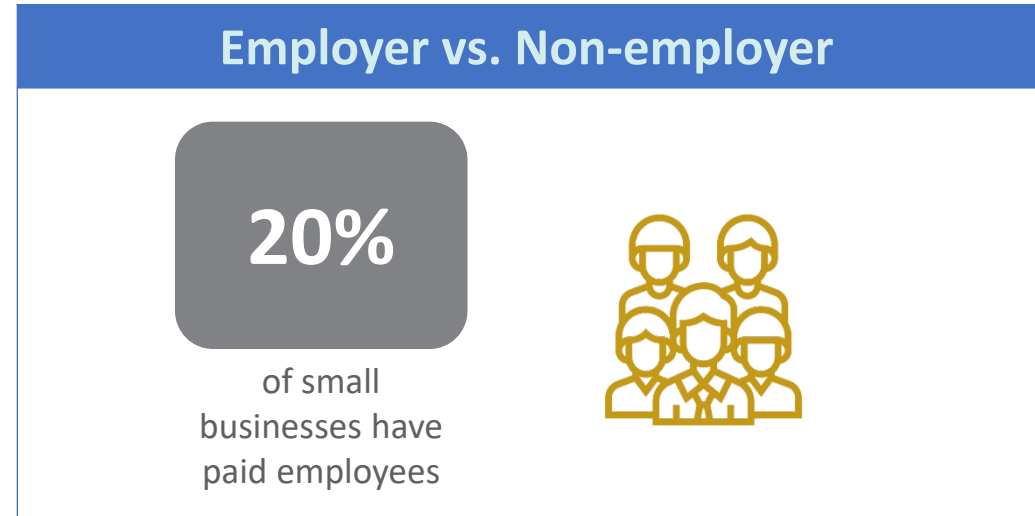
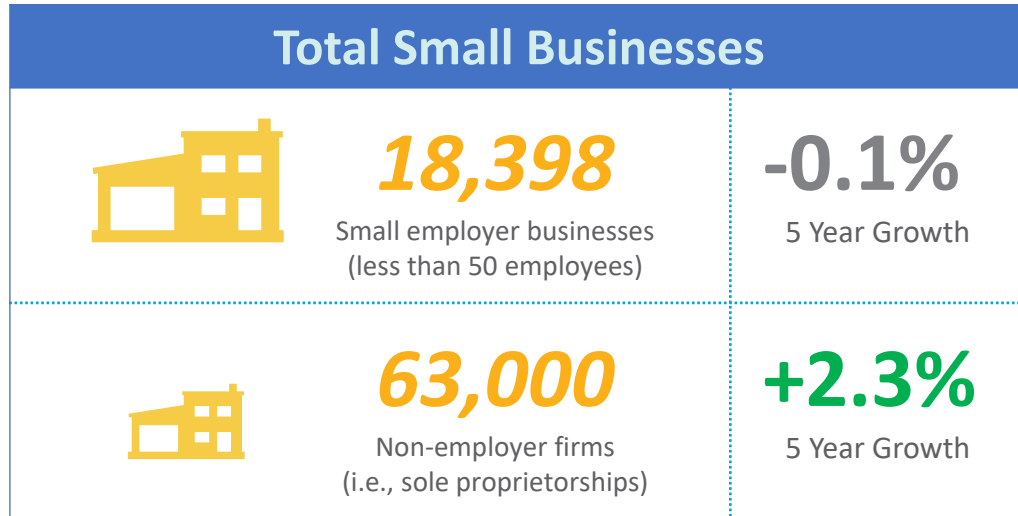
Develop Community-Based Solutions: Recognize that each solution works best when all solutions are pursued together, informed by one another, connected and influenced by broader strategies

Pursue Solutions Comprehensively: Invest in on-the-ground collaboration by coordinating and integrating resources and actors across sectors to develop and implement a shared action agenda that drives inclusive growth

Make a Commitment to Place: Focus on specific communities to address concentrated opportunity gaps in a more strategic and impactful way

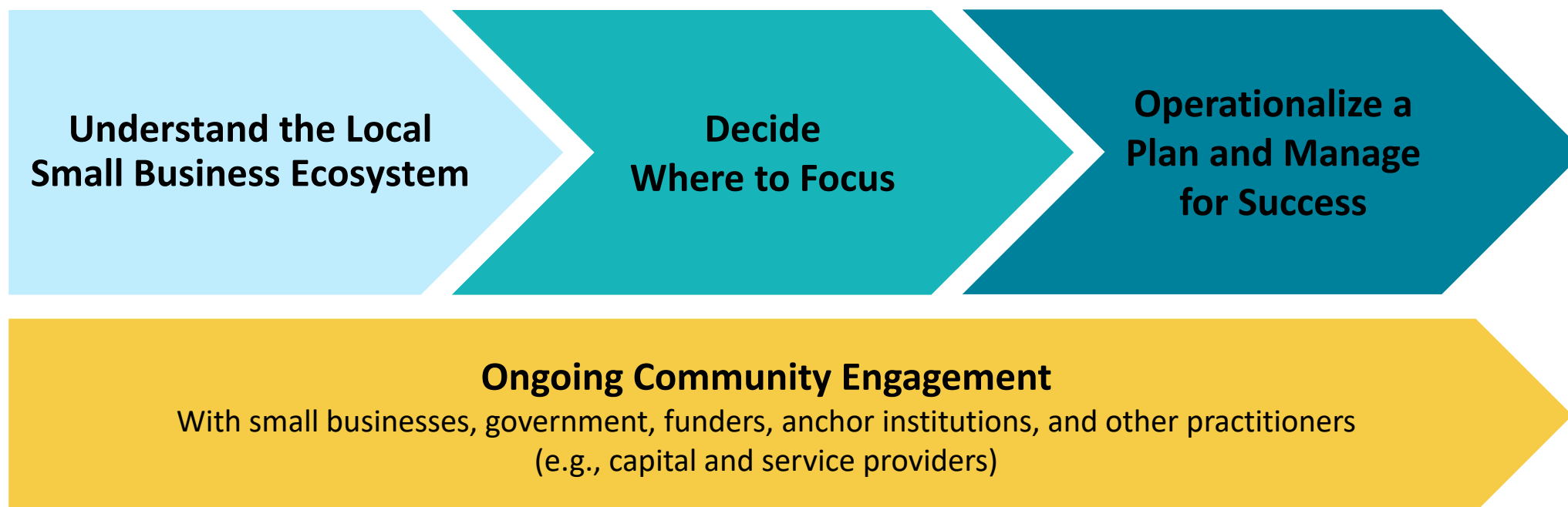
Create New Partnerships, Leverage Existing Ones: Invest in building authentic partnerships with stakeholders at all levels and sizes, identify shared goals, and leverage resources for maximum impact

Case Study Small Business Snapshot: Buffalo-Niagara Falls, NY MSA





Strategy-setting for Small Business Ecosystems





Understand the Local Small Business Ecosystem

What to do...

First, understand the existing literature, the small business demand landscape, and the small business supply landscape

Then, prioritize small business needs and develop solutions

How to do it...

- Conduct a literature review of prior reports
- Interview peer/local organizations, government partners, and funders
- Research state and local organizations' small business websites, partnerships, and social media

- Surface challenges faced by small businesses, with a focus on businesses owned by people of color
- Work with local ecosystem leaders to refine a priority list

Sample Questions to Answer

State of Small Business

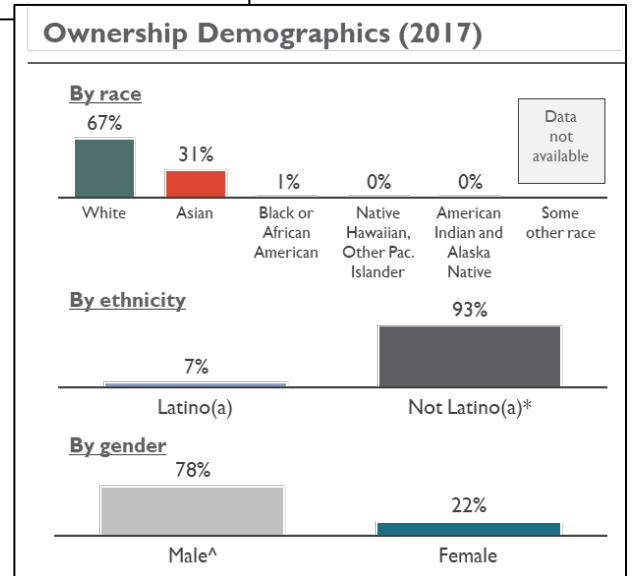
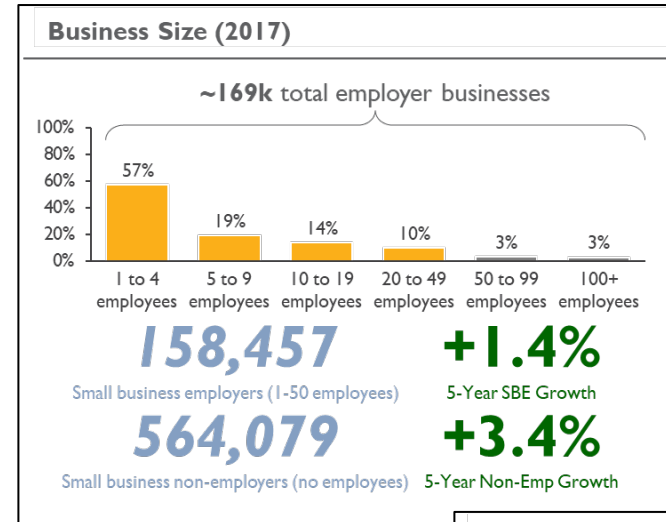
- How many small businesses exist in your local market?
- What are the relevant industries for small businesses in your local market?
- What are the owner demographics of businesses in your local market?

Services

- Who are the major service providers?
- What are the current needs of small businesses?

Capital

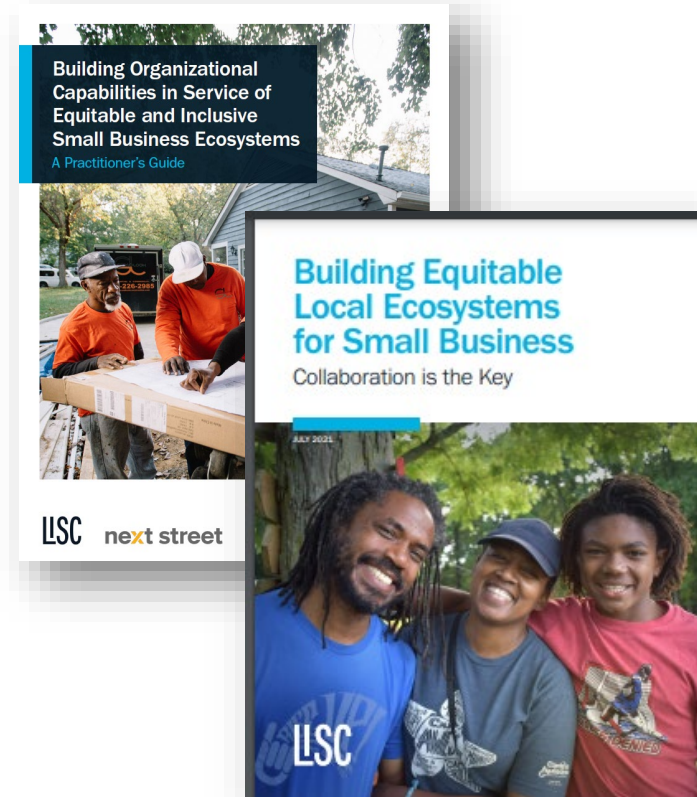
- Who are the major capital providers?
- What type and how much capital is available to small businesses?



Qualitative Data Sources

Qualitative Research

- Existing literature including (see illustrative list at end of presentation):
 - LISC reports
 - Next Street reports
 - Small Business Administration reports
 - Federal Reserve reports
- Interviews with local organizations, government partners, and funders
- State and local organizations' small business websites, partnerships, and social media

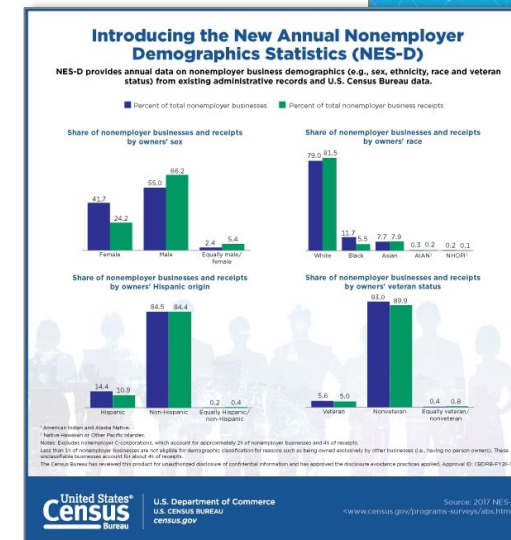
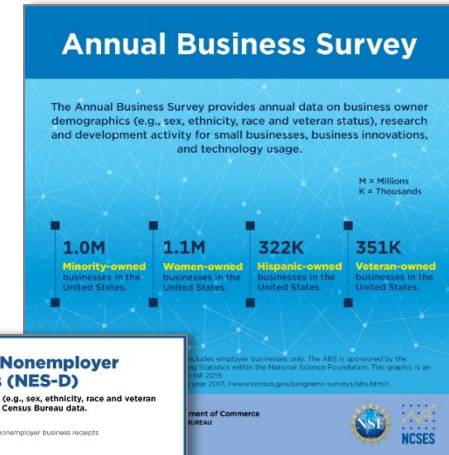


Quantitative Data Sources Available for Smaller Cities



Quantitative Research

- US Census
- Opportunity Insights Economic Tracker
- Crunchbase
- PolicyMap
- SourceLink
- Venture Forward
- Local government data, university studies, and local research
- Requested loan data from local banks and CDFI partners
- *Note: some of these data sources are at state or county levels*



Small Business Data Gathering Challenge

www.policymap.com

Using PolicyMap, answer the following questions and enter them into the chat

1. Using the “% of jobs at firms with fewer than 20 employees”, what areas of Laredo, TX (city) can you infer to have a relatively large concentration (>50%) of small businesses?
2. What was the PPP amount approved to “Hilltop Pools and Spas, Inc.” in Winston-Salem, NC and what was the originating lender?

Answers can vary:

1. **Central:** Between E. Saunders St and Clark Boulevard
2. **West:** Between Anna Avenue and Santa Ursula Ave
3. **South:** Between Zapata Highway and Cuatro Vientos Road

\$170,157;
Truist Bank



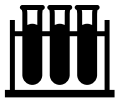
Ecosystem Roles



Services
Provider



Capital
Provider



Innovator



Capacity
Builder



Funder



Convener



Advocate



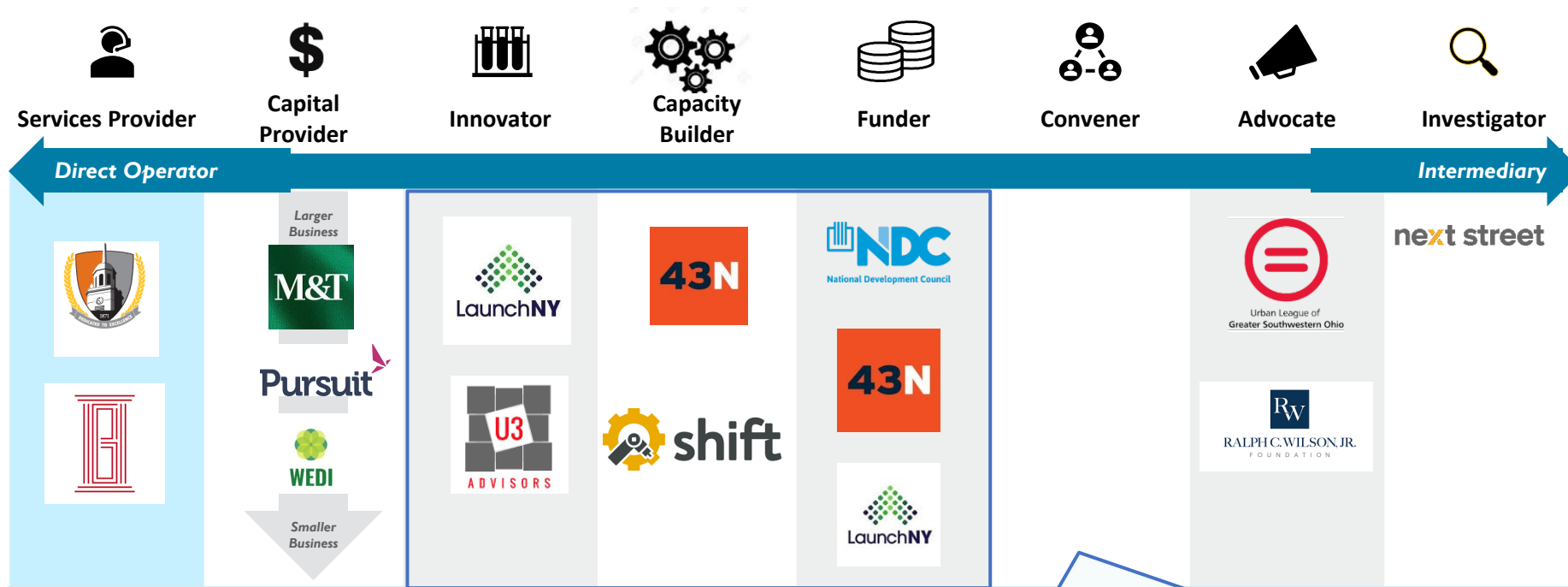
Investigator

Direct Operator

Intermediary

Example: Assessing Gaps in the Buffalo Ecosystem

In this example, the Buffalo local ecosystem has many organizations that fall into different roles, but some roles have more resources than others



Local Opportunity: Within the Buffalo ecosystem there are no organizations that focus on being a convener. While this may happen informally, without formal communication between organizations may lead to duplication of services, reduced referrals, and a weakening ecosystem











Developing Your Ecosystem

Strengthening relationships and moving them from an informal to a formal partnership will strengthen the local ecosystem and create more opportunities for your organization.

Partnership Level	Characteristics	Next Steps
Discovery	<ul style="list-style-type: none">• Limited knowledge of what the partner offers• Referral relationship is informal or nonexistent• Trust between organizations has not been created	<ul style="list-style-type: none">• Understand what the partner offers and how this compliments your services• Begin a referral relationship with highly vetted clients
Emerging	<ul style="list-style-type: none">• Concrete understanding of the partners products and services• Referral relationship happens but in an informal way• Connections have been made between organizations leadership	<ul style="list-style-type: none">• Ensure that referrals are tracked in a formal way• Begin to apply for joint funding opportunities
Developed	<ul style="list-style-type: none">• Strong knowledge of partners products and services• Referrals happen in a formal, tracked way• Deep connection between organizations	<ul style="list-style-type: none">• Highlight shared success stories• Deepen relationship by applying for larger funding opportunities

Capabilities Needed for Each Role



Key									
✓: Capabilities needed for ecosystem role		Services Provider	Capital Provider	Innovator	Capacity Builder	Funder	Convener	Advocate	Investigator
		← Direct Operator							Intermediary →
Execution	Small Business Service Delivery	✓							
	Small Business Capital Administration & Servicing		✓						
	Program & Product Design	✓	✓	✓	✓				
	Quality Control & Compliance	✓	✓	✓	✓	✓			
	Impact Measurement & Evaluation			✓					✓
Planning	Community Small Business Engagement	✓	✓				✓	✓	
	Fundraising	✓	✓			✓			
	Reputation & Credibility in Small Business Work	✓	✓		✓		✓	✓	
	Awareness Building							✓	
	Partner Management			✓	✓	✓	✓		✓
	Research & Analysis							✓	✓
	Strategy-setting							✓	✓



Exercise: Where Can You Grow Your Partners

Please take the next 25 minutes to work within your breakout group to focus on where you can grow with your partners.

Guiding Questions

- Who is playing what role within your ecosystem today?
- Are there capabilities or roles that your organization provides that are unique to the ecosystem?
- Where are there opportunities to fill any gaps using new partnerships or asking partners to play new roles?
- How could PolicyMap data inform the services you provide and/or the conversations you have with partners?



Additional Resources

This report builds on past research and growing momentum behind ecosystem building, including:

- [Cities and Businesses of Color Guide to Economic Growth Report](#)
- [JPMorgan Chase Global Philanthropy's Understanding US Small Business Ecosystems: Recommendations for Field Building and Funding at the Local Level](#)
- [Kauffman Foundation's Entrepreneurial Ecosystem Building Playbook](#)
- [Federal Reserve Bank of Kansas City's Building Entrepreneurship Ecosystems in Communities of Color](#)
- [Forward Cities E3 Equity for Every Entrepreneur Tool](#)
- [Main Street America's Entrepreneurial Ecosystems and the Role of Commercial Districts](#)
- [National Inclusive Metro Recovery Playbook](#)

Also, see:

- [Next Street Ecosystem Mapping Publications](#)
- [LISC's Equitable Small Business Ecosystems Framework](#)



Wrap up and Next Steps

What can you do?

Test your hypotheses on what Ecosystem Roles local organizations are playing through partner discussions and web research

Test your hypotheses on your organization's capabilities through staff and partner discussions

Develop strategic options for roles you and partners could play based on current or future capabilities

Connect to LISC and Next Street for additional support

LISC: econdevinfo1@lisc.org

NXST: contact@nextstreet.com