

2. Entrepreneurs

Goal: Encourage entrepreneurship and provide necessary resources to support startup growth.

STRATEGIC RECOMMENDATIONS: SUMMARY

- 2.1 *Develop a comprehensive database of small businesses in the community that can be used to support a survey-based component of the community's Business Retention and Expansion (BRE) outreach program that specifically targets small businesses.*
- 2.2 *Establish a privately-financed pre-seed microloan fund providing small loans to existing and potential future entrepreneurs that currently lack access to traditional bank financing.*
- 2.3 *Launch an angel investment fund and complementary forum for entrepreneurs to pitch their business to the fund's investors.*
- 2.4 *Establish a comprehensive entrepreneurship program(s) and a complementary student business incubator to promote student entrepreneurship.*
- 2.5 *Evaluate the viability of developing a Fabrication Lab (also known as a FabLab, TechShop, or MakerSpace) to provide budding entrepreneurs with a place to develop prototypes and advance concepts for marketable goods that could become viable businesses.*

Entrepreneurs: Strategic Recommendations

2.1 DEVELOP A COMPREHENSIVE DATABASE OF SMALL BUSINESSES IN THE COMMUNITY AND LAUNCH A SURVEY-BASED COMPONENT OF THE COMMUNITY'S BUSINESS RETENTION AND EXPANSION (BRE) OUTREACH PROGRAM THAT SPECIFICALLY TARGETS SMALL BUSINESSES.

There are hundreds of small businesses in Grand Island, many of which may be sole proprietors, and many of which may be unaware of available forms of assistance in the community, uneducated about basic principles or financial and business management, or unlikely to proactively seek help in growing their business. Small business service delivery is typically reactive in nature; an individual schedules a meeting or walks in the door, and the service provider reacts and responds to their request or need. However, there is a need to more proactively assist the hundreds of entrepreneurs and small business owners that may be unaware of the types of available assistance in the community. Proactive communication rather than reactive response is the foundation for improving awareness.

The first step in aiding small businesses and encouraging entrepreneurship in the community is to inventory the existing small businesses (less than 10 employees) in the community to fully understand the scale and scope of entrepreneurship. Many of the aforementioned entrepreneurs, sole proprietors, or small businesses may not be found in any existing contact database for organizations such as the Grand Island Chamber of Commerce, the Grand Island Area Economic Development Corporation, the Grand Island Convention and Visitors Bureau, or others. In these cases, proprietary databases such as ReferenceUSA and Dun & Bradstreet, as well as local sources such as license applications, can be utilized in an attempt to fill any gaps.

Together, these various sources should be used to compile contact information and relevant, public corporate information into a single comprehensive database that can be used to support proactive outreach efforts regarding available forms of small business assistance. The database should also be utilized to:

1. Contact all identified entrepreneurs and small business owners, either via electronic or postal mail, with a personalized letter that demonstrates the community's commitment to increasing the competitiveness of small businesses and providing necessary forms of assistance. It should also educate them about the community BRE program and an upcoming survey that will seek to better understand their needs and growth potential, and provide them with contact information for relevant providers of small business assistance in the community and state.
2. Circulate online surveys that are a component of the community's recommended approach to existing business retention and expansion (BRE) outreach (see recommendation 1.1). BRE surveys should be developed utilizing proprietary software that includes customizable questionnaires for entities implementing BRE programs (such as Synchronist and Executive Pulse).

2.2 ESTABLISH A PRIVATELY-FINANCED PRE-SEED MICROLOAN FUND PROVIDING SMALL LOANS TO EXISTING AND POTENTIAL FUTURE ENTREPRENEURS THAT CURRENTLY LACK ACCESS TO TRADITIONAL BANK FINANCING.

Many existing and potential future entrepreneurs have difficulty financing their business in the early stages for a variety of reasons. Some lack revenue streams or sufficient credit history required to secure traditional financing while others may not have a fully formed idea or marketable prototype. These individuals often rely on their personal savings and/or those of family members and friends to help finance their efforts. Challenges identifying

sources of capital are often exacerbated in smaller metropolitan areas (and especially rural areas) where there are often few if any alternatives to traditional bank financing. The development of a pre-seed microloan fund in Grand Island could help bridge this gap for some existing and potential future entrepreneurs that lack options, including sufficient personal savings to further develop their idea or launch their business.

Pre-seed funds target potential entrepreneurs with an established idea and business model but no existing revenues. They also often target individuals with little to no savings or credit history. These loans are often used to develop prototypes, test market viability, or make initial capital investments required for startup activities. Grand Island's business development community should work with business leaders to evaluate options for initial capitalization and management of a pre-seed microloan fund. Once interest is established and initial capital identified, investors and the administering entity should establish eligibility criteria and loan terms, define acceptable uses of monies, and establish a loan review committee. Companies and individuals that receive funds should be encouraged to seek guidance from providers of small business assistance services in the community.

2.3 LAUNCH AN ANGEL INVESTMENT FUND AND COMPLEMENTARY FORUM FOR ENTREPRENEURS TO PITCH THEIR BUSINESS TO THE FUND'S INVESTORS.

Angel investors can be another valuable source of non-traditional capital in communities of all sizes. Unlike venture capital which typically targets more mature firms with larger investments, angel investment often targets very early stage startups, providing relatively small investments (often between \$20,000 and \$50,000). Angel investors are typically high net worth individuals that seek to invest in businesses that are in their early stages in exchange for what is typically a small equity share in the business. When pooling individual resources, angel investors often form angel funds to collectively invest in businesses, and leverage the expertise of all investors when aiding the businesses and entrepreneurs in which they've invested. Such capital is an important complement to more traditional sources of capital that are often unwilling to take on the risk that angel investors are willing to assume.

Grand Island's business development community should continue ongoing efforts to develop an angel fund in partnership with Invest Nebraska. Invest Nebraska's Angel Sidecar Fund provides matching investments to companies receiving angel investments from an organized angel fund that includes at least three local investors. Potential investors in and around Grand Island will need to be identified and a formal fund will need to be established and promoted.

Once a pool of qualified investors have been identified and a fund developed, the fund should work with partners in the business development community develop and launch an annual forum whereby existing and potential future entrepreneurs can "pitch" their idea to the fund and its investors. Companies interested in pitching their idea or business to the angel investors should be paired with business mentors and advisors in the community and across the state to help them prepare their "pitch." Companies receiving investments will receive guidance from their investors; those that do not receive investments from the fund should be paired with other providers of small business assistance, mentorship, and guidance.

2.4 ESTABLISH A COMPREHENSIVE ENTREPRENEURSHIP PROGRAM(S) AND A COMPLEMENTARY STUDENT BUSINESS INCUBATOR TO PROMOTE STUDENT ENTREPRENEURSHIP.

Career Pathways Institute (CPI) was frequently mentioned by residents and community leaders as a source of pride and valued addition to the community's asset base. While CPI focuses heavily on preparing work-ready individuals out of high school for a variety of careers through hands-on learning, the Institute does not currently deliver entrepreneurship curriculum or provide real-life experience forming and developing a viable business.

There are a numerous models for formally integrating entrepreneurship education into the classroom, including but not limited to the Network for Teaching Entrepreneurship (NFTE), the National Federation of Independent Business Entrepreneur-in-the-Classroom, the Consortium for Entrepreneurship Education's National Content Standards, and the Young Entrepreneurs Academy (YEA). The community and its school systems should evaluate these programs and determine if they can efficiently and effectively meet the school systems' objectives as well as community objectives to nurture a culture of entrepreneurship. To evaluate possibilities, the community could convene a half-day workshop for area administrators and educators to review and discuss the choices available to them to expand entrepreneurship education.

A student business incubator could be developed at CPI or on campus at Grand Island Senior High School or Northwest High School to complement the formal curriculum. Student business incubators are becoming increasingly popular in two-year and four-year colleges and universities as these institutions attempt to provide students with opportunities to gain first-hand experience in all facets of starting, growing, and maintaining a business. However, their existence within high schools is relatively limited but occasionally found within charter schools that focus on leadership and entrepreneurship, and which have greater flexibility in terms of curriculum and instruction. The development of a student business incubator as a component of a broader entrepreneurship education program would represent another bold initiative for the community and its school system(s). The community and the school system(s) should reach out to local businesses to gauge their interest and willingness to support the establishment of the incubator in a variety of ways, potentially including but not limited to:

- ✓ serving as corporate sponsors of the incubation program;
- ✓ serving as mentors and instructors during the incubation program;
- ✓ reviewing student business plans and providing feedback;
- ✓ providing funds to support program development and management of the incubator, and;
- ✓ providing small investments to support the launch and development of student startups.

The development of a Student Business Plan Competition could be a lower-cost but likely less impactful alternative to the development of a formal student business incubator. Those graduating from the student business incubator and/or participating in a student business plan competition could potentially be provided with some financial incentive to continue working on their business idea following graduation. This could potentially include a partial scholarship to a local college or university and/or continued free mentorship and advice from the business community and relevant partners. Ultimately, the program should be intended to develop an entrepreneurial mindset and educate students about fundamental business principles. Any student-formed companies that become successful members of the Grand Island business community should be considered a positive byproduct of the program, but not its primary intent.

BEST PRACTICE: YOUNG ENTREPRENEURS ACADEMY (MULTIPLE LOCATIONS NATIONWIDE)

BEST PRACTICE: BUSINESS INCUBATOR STARTUP, BARRINGTON HIGH SCHOOL (BARRINGTON, IL)

2.5 EVALUATE THE VIABILITY OF DEVELOPING A FABRICATION LAB (ALSO KNOWN AS A FAB LAB, TECHSHOP, OR MAKERSPACE) TO PROVIDE BUDDING ENTREPRENEURS WITH A PLACE TO DEVELOP PROTOTYPES AND ADVANCE CONCEPTS FOR MARKETABLE GOODS THAT COULD BECOME VIABLE BUSINESSES.

Fabrication labs (also known as Fab Labs, TechShops, or Makerspaces) are spreading rapidly across the country and the world as the “maker movement” gains popularity. The maker movement describes the transition of what has typically been described as “do it yourself” (DIY) production into a more sophisticated process whereby the average individual, through technology improvements (such as 3-D printing, robotics, and automation) is now able to personally produce far more sophisticated prototypes and products. The culture has evolved into one that embraces hands-on learning, tinkering, and innovation.

In the most basic terms, fab labs are places where makers convene and tinker. They are equipped with a variety of tools and equipment where individuals with common interests in technologies and production techniques from computers to machining to 3-D printing can collaborate to develop an idea or independently work to advance their concept. They are often used by individuals that have a viable product idea but would otherwise lack access to the tools and resources that are provided by the fab lab. The Massachusetts Institute of Technology (MIT) started a Fab Lab movement and supports a network of labs around the world that are implementing a common approach, with standard tools, resources, and instruction based on MIT’s model. Countless others have formed around the country and operate independently from MIT’s model.

Grand Island clearly has a strong workforce with skills in production techniques and technologies that are taught, supported, and available to explore further at fab labs. Many individuals have acquired skills in machining, robotics, welding, wiring, and countless others production processes, and may have developed their own business ideas through their work experiences. A fabrication lab would provide them with an opportunity and venue to develop their idea further.

The Grand Island business development community should work with Central Community College (CCC) and area businesses to evaluate their interest and willingness to support the development of a Fab Lab in Grand Island. CCC is a logical location for such a laboratory to reside, and employers may be willing to provide monies to sponsor the program and/or donate depreciated or potentially near-new equipment to the laboratory. Fab labs typically contain equipment such as lasercutters, sign cutters and milling machines.

