

REGIONAL COUNCIL OF MAYORS

June 8, 2015

MAYORS' SUMMIT ON ENTREPRENEURSHIP

Entrepreneurs starting new businesses are an important engine of economic growth—and mayors can make a difference in whether entrepreneurs are attracted to their cities and ultimately successful there, according to research by the Ewing Marion Kauffman Foundation <http://www.kauffman.org>.

Jason Wiens, Yas Motoyama and Jon Robinson, all from the Kauffman Foundation, led the Regional Council of Mayors in a presentation, panel discussion and idea-sharing on how the mayors can encourage and support entrepreneurs.

ENTREPRENEURS MATTER

Across the nation, newer businesses, those started within the last five years or less, create the most new jobs, said Yas Motoyama, a director in research and policy at Kauffman Foundation.

But fewer new companies are being created. In 2006, just before the recent recession, well over 500,000 new businesses were started. In 2012, the number was just over 400,000. Minneapolis-St. Paul is doing better than the national average, and better than other Midwestern cities, but the number of new businesses being created is still declining. For economic prosperity over the long term, Motoyama said, we need entrepreneurs.

The “ecosystem” for entrepreneurs is generally thought of as having six elements, Motoyama said:

- Finance/risk capital.
- Incubators.
- Talent/skilled labor.
- Universities and research.
- Core customers.
- Support organizations and social capital.

“The conventional wisdom is that if you have a weak element, you should strengthen it,” Motoyama said. But research has found that’s not necessarily true. For example:

- Venture capital is not a factor for many new businesses, which instead find money from many sources, including friends and family and their own savings (or debt).
- Incubated companies last longer—but only if they remain in the incubated space. Once they leave, they tend to die more quickly than companies started outside incubators.

The real key to encouraging entrepreneurs is connectivity, Motoyama said. This means helping entrepreneurs get together with support organizations and individual mentors—and with each other. The connections are not about scientific knowledge, or about taking a course; “It’s about learning how to run a business from those who have.”

What can mayors do?

There are national and state initiatives, organizations and agencies, but cities have an important role in helping small businesses start and grow, Wiens said, whether that’s a new restaurant in the center of town or a high-tech company that may employ dozens of people initially.

Wiens outlined four important ways in which mayors can lead their cities to encourage entrepreneurship:

Welcome immigrants. Immigrants are nearly twice as likely to start a new business as those born in the United States. In 2011, 24 of the top 50 venture-backed companies in America had at least one foreign-born founder.

- The Welcoming America network <http://www.welcomingamerica.org> helps cities be more welcoming toward immigrants—and all residents—with ideas and best practices from communities around the country.
- The St. Louis Mosaic Project’s <http://www.stlmosaicproject.org> goal is “to transform St. Louis into the fastest growing metropolitan area for immigration by 2020 and promote regional prosperity through immigration and innovation.”

Streamline permitting and licensing.

- Create a one-stop shop for information and applications.
- Clearly define requirements.
- Be transparent in the approval process and timeline.
- Coordinate with state requirements.
- Offer the ability to apply online.
- Give quick approval or denial.
- Prioritize constituent service.

Seattle has a full-time “restaurant advocate” to help those who want to open a restaurant in the city as they navigate the various requirements and licenses needed. The interactive Restaurant Success website <http://www.growseattle.com/restaurant> walks entrepreneurs through the process. The City of Seattle Office of Economic Development website <http://www.growseattle.com> lays out basic requirements for growing, expanding or greening a business clearly and in one place.

Connect and champion entrepreneurs.

Mayors should simply get out there, Wiens said, meeting entrepreneurs face-to-face and making it clear to them and to others that they’re important. They can:

- Visit local incubators and accelerators.
- Attend local events for entrepreneurs.
- Convene a roundtable to hear what the challenges are for entrepreneurs in their city.
- Publicly recognize and celebrate successful entrepreneurs.
- Speak publicly about the importance of entrepreneurship.
- Learn best practices by attending conferences and events.

Measure and adjust.

Mayors should understand and know the four indicators of entrepreneurial vibrancy and how they exist in their cities:

- **Density.** The number of new and young firms per 1,000 people, the share of the city's employment in new and young firms, the sector density.
- **Fluidity.** In and out migration, labor market reallocation, number and density of high-growth firms.
- **Connectivity.** Connections between programs and resources, spin-off rate, deal-maker networks.
- **Diversity.** Multiple economic specializations, immigrant share of population, economic mobility.

PANEL DISCUSSION

Four local entrepreneurs shared the stories of how they created their businesses, and ideas for what was most helpful.

- Ameet Shah is the founder and CEO of Shah Corp. <http://www.shahcorp.com>, which provides software solutions for drycleaning businesses. He started his first business as a teenager and has started several IT businesses.
- Scott Litman is the managing partner of Magnet 360 <http://www.magnet360.com>, which offers sales and marketing services. He is also the co-founder of MN Cup <http://carlsonschool.umn.edu/mn-cup>, a resource for Minnesota entrepreneurs that helps connect businesses, the public sector and financing.
- Lee Jones is the founder, president and CEO of Rebiotix [http://rebiotix.com/?gclid=CjwKEAju4-SrBRDP483GvreDr2ASJAD5sCluMeeBSU5fL1OJizC9QGcCxcT8016ZW6K9yzJPt - s2hoCXDdw_wcB](http://rebiotix.com/?gclid=CjwKEAju4-SrBRDP483GvreDr2ASJAD5sCluMeeBSU5fL1OJizC9QGcCxcT8016ZW6K9yzJPt-s2hoCXDdw_wcB), which is developing a new category of drugs. She has spent most of her career in medical-technology.
- Ryan Broshar is founder and managing director at Matchstick Ventures <http://www.matchstickventures.com>, an early-stage tech venture capital firm.

Jon Robinson presented questions:

What does it mean to be a leader for entrepreneurs?

- It's important to have role models, said Litman. "Role models end up becoming investors, supporters and advisors."
- Entrepreneurial leaders should support the environment as a whole. "The tide raises all ships," said Broshar. "There's tremendous value being created right now by the ecosystem here."
- Jones said the network has made a difference for her, and it's important for successful entrepreneurs to be part of the network. "If I need help, I reach out to that network," she said.

Is Minnesota good at building and keeping large companies?

The key is having the right workforce, the panelists agreed, but Minnesota is a great place to live and work—if you can just get people here in the first place. They look for people with Minnesota connections.

- “There is a narrative out there: the Twin Cities, look out!” said Broshar. “Anything that’s on the Millennial list of cool stuff, the Twin Cities has it.”
- Lee said there aren’t many drug companies here, so it can be challenging to find employees for her company. “If I find someone who used to live here who’s now in Boston, with the skills I need, it’s likely I can get them to come back.”

How do you support the early-stage entrepreneur?

- Litman said the MN Cup was built to live in the “valley of death” for entrepreneurs, the early stage where everything is most fragile. Currently, MN Cup has more than 50 partners involved, “and we’d love to partner with local mayors.”
- Broshar’s company, Matchstick Ventures, was specially designed to address the need for start-up capital for tech companies. “There’s plenty of capital out there, but there just wasn’t an efficient mechanism,” he said.

[See PowerPoint here.](#)

IDEAS FOR AND FROM MAYORS

Mayors and guests shared ideas about how to connect with and support entrepreneurs in their communities.

Margaret Anderson Kelliher, president and CEO of the Minnesota High Tech Association <https://www.mhta.org>, said MHTA is working on a STEM internship program to help build a workforce for the future. Companies can hire up to six college-level interns through the program, which has placed more than 250 interns over four years. MHTA is also working on a virtual connector for entrepreneurs. MHTA will put on a Venture and Finance conference in October.

Broadband is very important for attracting new business, said Kelliher. Mayors were encouraged to work with the state to make sure they have access to high-speed broadband.

Cecile Bedor of Greater MSP encouraged mayors to make sure their city websites have links to organizations, events and resources that are useful to entrepreneurs. Several mayors said it would be helpful to have a set of links that would be the same across communities. A couple of mayors said they weren’t sure that the city website was the first place an entrepreneur would look for information about networking; they would be more liable to do that through organizations. Kelliher will send a list of links to appropriate websites that cities can use.

Mayor Ken Willcox of Wayzata said that sometimes broad regulations may inhibit growth unintentionally. Wayzata changed a very restrictive ordinance for outdoor patios at restaurants and suddenly had a number of new restaurants open, although the city hadn’t realized that the old ordinance was discouraging to new restaurants.

Mayor Stan Karwoski of Oakdale pointed out that every company has entrepreneurs within it, and those entrepreneurs may open new divisions and expand the company.

Next steps

Mayors who are interested in working on a small team to determine what might be an appropriate next step for RCM should contact Caren Dewar caren.dewar@uli.org. The group would meet with Greater MSP, the University of Minnesota and others to determine what might be useful for mayors.

COMING UP

The next meeting of the Regional Council of Mayors will be Monday, July 13, 11:30am–1:30pm, at Dorsey & Whitney.

ATTENDEES

Mayors

Jerry Faust	City of St. Anthony
Mary Giuliani Stephens	City of Woodbury
Kathi Hemken	City of New Hope
Betsy Hodges	City of Minneapolis
Jim Hovland	City of Edina
Marvin Johnson	City of Independence
Stan Karwoski	City of Oakdale
Elizabeth Kautz	City of Burnsville
Sandra Krebsbach	City of Mendota Heights
Denny Laufenburger	City of Chanhassen
Mike Maguire	City of Eagan
Gene Maxwell	City of Hopkins
Lili McMillan	City of Orono
Tim McNeil	City of Dayton
Terry Schneider	City of Minnetonka
Nora Slawik	City of Maplewood
Brad Tabke	City of Shakopee
Ken Willcox	City of Wayzata
Gene Winstead	City of Bloomington

Guests

Karl Batalden, City of Woodbury; Cecile Bedor, Greater MSP; Ryan Broshar, Matchstick Ventures; Mark Casey, City of St. Anthony; John Dukich, Minnesota High Tech Association; Anna Duning, Engine; Sarah Fossen, Augsburg College; Lee George, James J. Hill Center; Frank Jaskulke, Life Science Alley; Lee Jones, Rebiotix, Inc.; Margaret Anderson Kelliher, Minnesota High Tech Association; Scott Litman, Magnet 360/MN Cup; Mike Mornson, City of Hopkins; Yas Motoyama, Kauffman Foundation; Jim Poole, Metropolitan State University; Jon Robinson, Kauffman Foundation; Diane Rucker, consultant; Michael Saraceni, Multiple Income Development, Inc.; Ameet Shah, Shah Corp.; John Stavig, Carlson School/Holmes Center for Entrepreneurship; Kim Stone, Augsburg College; Greg Tehven, Emerging Prairie, Fargo; Jason Wiens, Kauffman Foundation; Elaine Wyatt, WomenVenture.

ULI Staff/Consultants

Aubrey Austin, Caren Dewar, Linda Picone