Tapping Your Entrepreneurial Culture

Presented by
Michael Dalby, CCE – Columbus Chamber of Commerce
Sean Kennedy – St. Petersburg Chamber of Commerce
Penny Lewandowski – Edward Lowe Foundation
Christa Tinsley Spaht – Market Street Services

August 14, 2014
Agenda

• Introductions

• Lessons from the field
  – Market Street Services
  – Edward Lowe Foundation
  – Columbus, OH
  – St. Petersburg, FL

• Discussion
Introductions

**Panelists**
Penny Lewandowksi, Vice President
*Edward Lowe Foundation – Cassopolis, Michigan*

Sean Kennedy, Economic Development Coordinator
*St. Petersburg Chamber of Commerce – St. Petersburg, Florida*

Michael Dalby, CCE, President and CEO
*Columbus Chamber of Commerce – Columbus, Ohio*

**Facilitator/moderator**
Christa Tinsley Spaht, Senior Project Manager
*Market Street Services – Atlanta, Georgia*
Workshop Summary

Engaging start-ups and second-stage companies takes more than a new event or program.

It requires a culture shift, and often a mindset shift, but the effort can pay huge dividends for your community and your chamber.
Background on Market Street Services

• Founded in 1997, Market Street is a premier provider of community, workforce, and economic development strategic planning services throughout the United States.

• Our team includes skilled researchers, presenters, former practitioners, and community, workforce, and economic development experts.

• Over the last 15 years, our team has worked in more than 160 communities in 34 states and abroad.
Market Street communities

34 states, 160+ communities
Market Street’s work with chamber-led economic development strategies

Nashville, TN   Rochester, MN   Rome, GA   Des Moines, IA
Joplin, MO   Louisville, KY
Decatur, AL   Greenville, SC
Austin, TX
Kannapolis, NC
Sioux Falls, SD

and many others

Every economic development strategy addresses the community’s entrepreneur activity and existing second-stage and high-growth companies, in a context that is specific to that local business ecosystem and the chamber of commerce’s role.
Who are we talking about today?

**Entrepreneurs**

- “An entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of profit.”
  - *U.S. Small Business Administration*

- “Entrepreneurship is the pursuit of opportunity beyond resources controlled.”
  - *HBR*

**Second-stage companies**

- Typically 10 to 100 employees and $750,000 to $50 million in receipts.
- Grown past the startup stage but not yet into maturity.
- Enough employees to exceed the comfortable control span of one owner/CEO and benefit from adding professional managers, but they may not have a full-scale professional management team.
  - *Edward Lowe Foundation*
Opportunity vs. necessity

• While overall rates have dropped slightly in the past few years...

New Business Creation Per Capita
2004–2013

Source: Kauffman Foundation
Opportunity vs. necessity

- ...there is a new rise of “opportunity” entrepreneurs in the post-recession economy.

**Share of New Business Creation by Entrepreneurs Not Recently Jobless**

1996-2013

![Graph showing share of new business creation by entrepreneurs not recently jobless from 1996 to 2013, with a drop during the Great Recession.]

Source: Kauffman Foundation
Growth intensifies in the second stage

Job Change in Startups by Stage
2012 – 2013

GROWTH WITHIN STAGES:

- SELF: -42.2%
- STAGE 1: 35.3%
- STAGE 2: 292.9%
- STAGE 3: -38.1%
- STAGE 4: -11.9%

Source: YourEconomy.org—Edward Lowe Foundation
What do these companies need to sustain growth in your community?

What is the chamber’s role?

What is the “entrepreneurial culture” chambers are facing?
What do some of these companies know about chambers?

(Very informal poll)

“A lot of software developers are looking more global for their market and the local chambers don't really make sense to them in their mind. Because it can be done with such small teams and then sold without a physical location it's hard to even acknowledge some of these companies as existing in a physical place.”

- Developer at buyable startup

“We generally avoid clubs wherever possible.”

- Manager at second-stage company

“Startups—growth companies of 10 to 100 employees—are pretty contrarian and aren't helped much by city-wide business associations...We would join something more boutique with like-minded folks, but there aren't many in town.”

- CEO/co-founder at scalable startup
Questions to (begin to) answer in this session

- Why should a chamber consider entrepreneurs and second-stage companies part of the chamber’s economic development efforts?
- What are the benefits of engaging and supporting entrepreneurs and second-stage companies?
- How do chambers identify and reach these types of firms and business owners?
- Where do the cultures of these enterprises and the chamber really align and complement? Where do mismatches and misunderstandings (inevitably) occur?
- Where does the chamber fit in the entrepreneurial ecosystem of its community?
Penny Lewandowski
Vice President
Edward Lowe Foundation
Increase attention on growth companies

- Privately-held
- 10-99 employees
- 1-50 Million in revenue
- Includes high growth, high potential and steady growth

- Past startup – with proven model
- Intent and capacity for growth

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Not all Businesses are Created Equal

External Market Entrepreneurs
- Serve beyond local market
- Intent and capacity to grow significantly
- Increase the volume of income into the region

Local Market Entrepreneurs
- Serve within local market
- Growth potential limited to market area
- Increase the velocity of money circulating within the region

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Why Second-Stage Companies?

*Because we believe they have the greatest positive impact on the economy*

- Create jobs
- Increase volume of income into the region
- Attract outside capital
- Attract companies and talent
- Drive culture
- Affect philanthropy
Resident Second-Stage Companies

Cincinnati MSA

2005-2013

Percentage of Second-Stage Companies

Jobs Represented

Edward Lowe Foundation copyright 2013
Resident Second-Stage Companies

_Cincinnati MSA_  
2005-2013

Percentage of Second-Stage Companies

Sales Represented

COMPOSITION BY STAGES:

- SELF: 28%
- STAGE 1: 62.7%
- STAGE 2: 8.7%
- STAGE 3: 0.6%
- STAGE 4: 0.1%

COMPOSITION BY STAGES:

- SELF: 3%
- STAGE 1: 23%
- STAGE 2: 34.9%
- STAGE 3: 21%
- STAGE 4: 17.8%

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Company Stages Don’t Look Alike

- Second-stage companies require different services
- Peer-to-peer learning
- Need to feel loved
- Information – the new incentive
It Isn’t Always Easy

“One model of an organization is to find something that you’re good at and that’s easy and straightforward and get paid for that. The other model is to seek out things that are insanely difficult and do those instead.”

...Seth Godin
GrowFL Results
11-1-09 to 6-1-13

- $5.5M state investment
- Companies created 2,067 direct jobs
- Investment per direct job: $2,660
Kansas Economic Gardening Network

RESULTS: 2010-2012

REVENUE

- Second-Stage Businesses -

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JOBS

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Michael Dalby, CCE
President and CEO
Columbus Chamber of Commerce
COLUMBUS CHAMBER OF COMMERCE

BUSINESS CONCIERGE MODEL
OUR ENVIRONMENT

1.9 M

Columbus Metro POPULATION
OUR ENVIRONMENT

1.9 M
60,000

Columbus Metro
POPULATION
Approximate number of
BUSINESSES
OUR ENVIRONMENT

1.9 M
60,000
1,400

Columbus Metro POPULATION
Approximate number of BUSINESSES
Exclusively a Chamber MEMBERS
OUR ENVIRONMENT

Columbus Metro

POPULATION
Approximate number of

BUSINESSES
Exclusively a Chamber

MEMBERS
Based on Level of Service

TIERED DUES LEVELS

1.9 M
60,000
1,400
4
OUR ENVIRONMENT

1.9 M  Columbus Metro POPULATION
60,000  Approximate number of BUSINESSES
1,400  Exclusively a Chamber MEMBERS
4  Based on Level of Service TIERED DUES LEVELS
$1,500  Average New Member DUES PAID
OUR MEMBER SWEET SPOT

Growth-minded
OUR MEMBER SWEET SPOT

Growth-minded

3-5 Years in Business
OUR MEMBER SWEET SPOT

Growth-minded

3-5 Years in Business

10 or More Employees
OUR MEMBER SWEET SPOT

Growth-minded

3-5 Years in Business

10 or More Employees

$500K+ in Annual Revenues
GOVERNMENT NAVIGATION
OUR IMPACT

OVER 2,000 ENGAGEMENTS ANNUALLY
OUR IMPACT

OVER 200 REPORTS RUN ANNUALLY
OUR IMPACT

ANECDOotal SALES EVIDENCE
OUR IMPACT

80% NET PROMOTER SCORE
MICHAEL DALBY
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MICHAEL_DALBY@COLUMBUS.ORG
Sean Kennedy
Economic Development Coordinator
St. Petersburg Chamber of Commerce
The St. Petersburg Greenhouse
Our Mission

To be St. Petersburg’s center for entrepreneurs, serving innovation, social enterprise and small business.
Our Chamber’s Strategy

- Start
- Expand
- Visit
- Attract
Support for Startups & Existing Businesses

Business consultation and Mentoring
Support for Startups & Existing Businesses

Business training and All Levels of Development
Business Support for Startups & Existing Businesses

- Business Corridor Program
  - Includes Duke Energy/Eckerd College Intern Program
Support for Startups & Existing Businesses

- Business Corridor Program
  - Grand Opening/Anniversary/Event Support

Michele Tuegel Contemporary

Cerulean Blu
Business Resource Center

- Computer workstations
- Business Plan & Marketing Plan Pro
- Business periodicals
- Business startup folders/guides
Additional Programming

- Kauffman Foundation’s 1 Million Cups
- Etsy’s Craft Entrepreneurship

- Encore Academy
- Community Wealth Building
- Forward Thinking Initiative’s Teen Entrepreneur program
Meet Our Partners
Stay Up To Date With The Greenhouse

• Visit our website for upcoming events at www.stpetegreenhouse.org

• Follow us on Facebook at www.facebook.com/StPeteGreenhouse

• The Greenhouse in 140 Characters? Twitter.com/STPGreenhouse

• Interested in 1 Million Cups? http://1millioncups.com/stpete

• Or, just give us a call at (727) 893-7146
Questions and Discussion
Closing Thoughts
**Talk to us!**

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