



Downtown Economics

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Ideas for Increasing Vitality in Community Business Districts

Supporting Entrepreneurship Downtown

As communities struggle through the current economic downturn, entrepreneurship has emerged as an important economic development strategy. Many see entrepreneurship as key to leading our country's economic recovery.

An effective entrepreneurial development strategy involves creating a climate that is supportive of the entrepreneur. Downtown can be the central place for launching such efforts. The following are insights shared by Greg Wise of the University of Wisconsin-Extension and Todd Barman of the National Trust Main Street Center on how to make your downtown more supportive of entrepreneurship.¹

Entrepreneurship's Role in Economic Development

Entrepreneurship now plays a new role in economic development. Traditionally, economic development efforts started with industrial recruitment, then the expansion of businesses, and finally the nurturing of small business startups. This traditional model was locally focused, competitive, and broadly cast.

Now, a new alternative approach to economic development has emerged, focusing more on regional, cooperative, and cluster-based initiatives. It typically starts with entrepreneurship-related efforts such as exchange programs, networks, mentoring, incubators, and market research.

Downtown leaders have an opportunity to encourage entrepreneurial activity in their districts by recognizing the local pool of entrepreneurs, assisting business startups, and facilitating business expansions or spinoffs. These activities are best achieved by first creating an "entrepreneurial community".

Creating an Entrepreneurial Community

An entrepreneurial community builds on its existing strengths to create new opportunities for community members. These communities look for ways to capitalize on assets in order to find their niche in the global economy. They also work to educate the

community and support the entrepreneurial efforts of their residents. They offer valuable resources for uncovering, nurturing, and developing legitimate and coherent strategies for strengthening local and regional economic development efforts.²

For an entrepreneurial development program to succeed, it must strategically target the needs and interests of entrepreneurs. It must build on community assets and encourage broad community collaboration (including learning from each other, leadership development, and youth engagement). Finally, the program needs to celebrate entrepreneurial successes and constantly evaluate its own efforts.

Downtowns can play an important role in an entrepreneurial community, given its unique amenities that appeal to creative people. Richard Florida's *Rise of the Creative Class* identifies local characteristics important to creative people including lifestyle, social interaction, diversity, authenticity, identity, and quality of place. Many downtowns have amenities that appeal to creative and entrepreneurial talent.

Making Downtown Attractive for Entrepreneurs

The Main Street Four-Point approach provides a framework for exploring ways to make downtown more attractive to entrepreneurs and their employees.³

Design – Downtown needs good spaces to attract entrepreneurs. Design initiatives create spaces that are well-maintained, authentic, quality, and affordable.

Promotion – Downtown can attract entrepreneurs through an effective marketing plan, image and branding efforts, cooperative advertising programs, events, and promotion assistance.

Entrepreneurship Defined

As defined by *American Heritage Dictionary*, an entrepreneur is "a person who organizes, operates and assumes the risk for business venture." William Bygrave of Babson College more fully defines entrepreneurship as an attitude and culture defined by the presence of "initiative, imagination, flexibility, creativity, a willingness to think conceptually, and the capacity to see change as an opportunity."

Organization – Entrepreneurs are attracted to downtowns that have an organization guided by a clear mission and vision. Organizations that encourage partnerships, networking and communication are especially effective in finding and supporting entrepreneurs.

Economic Restructuring – Entrepreneurs are attracted to places with a strong, expanding, and diversified economic base. This element of the Main Street program helps sharpen the competitiveness of existing business owners and recruits compatible new businesses to boost the profitability of the district.

Creating Programs to Support Entrepreneurship

According to the Kauffman Foundation and The International Economic Development Council, entrepreneurship support programs are designed to foster entrepreneurial ventures and enhance local communities' economic vibrancy. Effective entrepreneurship programs should address entrepreneurs' core needs: providing relevant market knowledge, access to talent and capital, and participating in networks. Effective support programs build bridges between entrepreneurs and their peer community organizations (such as schools and universities), arts and cultural entities, hospitals, businesses, and local governments. These bridge-building efforts ideally should be part of a broader regional vision, which public policies can promote.⁴

Three examples of how downtown entrepreneurship can be supported are as follows:

Assist in Business-Specific Market Research – Entrepreneurs can use help in researching their potential customers and market. Downtown entrepreneurs are often better served by creative calculations of business viability as traditional retail demand and supply models are less relevant. Many innovative downtown businesses develop from a unique idea that fits into the community's vision for the downtown district and its market position. See examples of Innovative Downtown Businesses at: <http://www.uwex.edu/ces/cced/downtowns/innovative/>

Increase Access to Incentives and Assistance – It is important to identify and communicate to entrepreneurs all available resources and service providers including

education, technical assistance, capital access and networking. A downtown organization must be knowledgeable, make referrals, and foster communication between providers. A marketing campaign promoting the availability of incentives and assistance may be helpful. Expanding and supplementing local assistance may also be needed.

Consider a Downtown Incubator – Providing an environment with technical assistance can seed and grow specific business types, increase their survival rate, and increase traffic and economic activity in the district. Incubators without walls are one option where services can be provided without a physical facility.

Effective Entrepreneurial Support Programs

According to the Kauffman Foundation and The International Economic Development Council, three features enhance the effectiveness of any entrepreneurship support program:

Ability to efficiently facilitate networks – Support programs that foster networking among entrepreneurs and with industry, universities, and financial providers not only benefit entrepreneurs, but also are valuable to the local economy because they leverage knowledge and increase the capacity for wealth creation.

Management of peer-to-peer and mentoring programs – Researchers have identified the linkage of entrepreneurs with effective mentoring and coaching as one of the top “best practices” entrepreneurship support programs should pursue.

Strength of the program's leadership – Successful entrepreneurial support programs also must have the “right” leadership. Successful entrepreneurship program leaders serve as brokers and have knowledge of both the private and public sectors. The key to success is that the leader must have an entrepreneurial spirit and be experienced in working with others across different sectors and industries.

Source: Entrepreneurship Summit. Kauffman Foundation and The International Economic Development Council, September 2008.

Conclusion

Entrepreneurship has been elevated to a new role economic development and is viewed as an important approach to economic recovery. It involves both the entrepreneur and a supportive community. Downtowns are positioned to be an attractive location for entrepreneurs, and appropriate support programs can help these business succeed.

¹ Greg Wise is Professor and Community Development Specialist with the Center for Community & Economic Development, University of Wisconsin-Extension. Todd Barman is a Program Officer with the National Trust Main Street Center.

² What is an entrepreneurial community? FAQ #26007, eXtension, www.extension.org

³ The Main Street Four-Point Approach® as prescribed by the National Trust for Historic Preservation-Main Street Center.

⁴ Entrepreneurship Summit, Executive Summary. Kauffman Foundation and The International Economic Development Council, September 2008.