

Progress Report: Making Kansas City America's Most Entrepreneurial City

It doesn't take a lot of planning, task forces or reports to see that entrepreneurs in Kansas City are doing what entrepreneurs do. Building.

Across our 18-county metro region, at monthly and weekly meet-ups, through semiannual shop-local campaigns—entrepreneurs are putting in the creativity, inspiration, long hours and hard work to grow our local economy and define our city's character.

But how are we progressing toward the vision set out in 2011 to make Kansas City America's most entrepreneurial city?

Background: Setting the Vision

In 2011, Kansas City defined five big goals to promote a regional vision and bolster collaboration. One of the "Big 5" *was to make Kansas City America's most entrepreneurial city.*

After declaring this initiative, several studies were conducted to plan for the region's future growth. These studies identified six imperatives as key areas of development for the region's quest to nurture entrepreneurship and economic growth.

Entrepreneurial regions need:

- **Resources**, to help emerging and existing businesses grow
- **Pipeline**, of strong ideas, ready to move toward commercialization
- **Talent**, the human capital to accelerate innovations and startups
- **Awareness**, to let the region (and beyond) know how KC supports entrepreneurs
- **Networked Capital**, to power young businesses
- **Corporate Engagement**, to fire up early-stage growth

The studies highlighted unique assets that support the community's emergence as a nationally recognized hub for entrepreneurship, innovation and commercialization, and also highlighted gaps in the entrepreneurial ecosystem.

This foundational research included a series of

focus groups with entrepreneurs and business support resources to explore Kansas City's entrepreneurial infrastructure. Focus group participants were asked a series of open-ended questions about Kansas City's strengths, challenges and opportunities with regard to entrepreneurship.

Questions included:

1. What are the six most critical elements to support Kansas City's entrepreneurial community?
2. Who's the audience?
3. What are the strengths of Kansas City's entrepreneurial ecosystem?
4. What are the weaknesses/gaps Kansas City's entrepreneurial ecosystem?
5. What are the obstacles and/or opportunities for collaborations?
6. Has access to capital improved?
7. How easy is it to find resources to start or grow businesses?
8. After the changes have occurred, what does the entrepreneurial ecosystem look like?

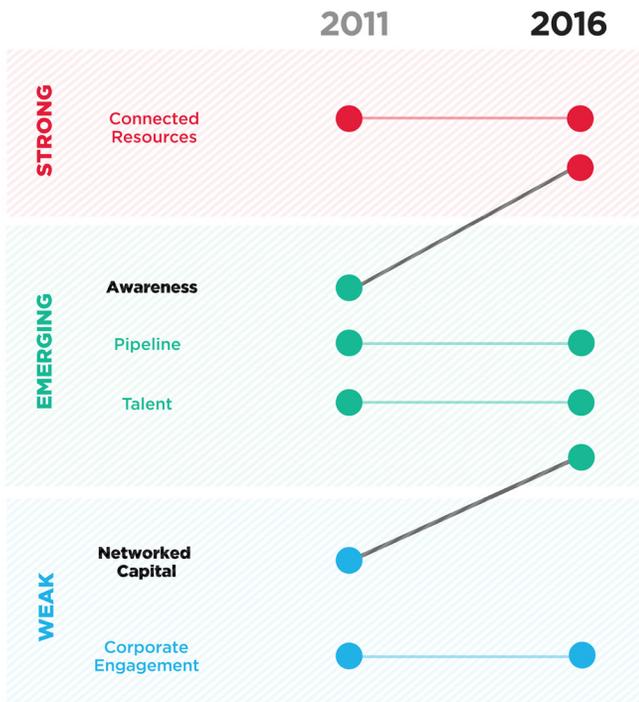
Today: Progress on the Vision

The UMKC Innovation Center, through its strong suite of programs and collaboration with other university and community organizations, has played a leading role in the regional initiative to make Kansas City America's most entrepreneurial city through a University Center Program.

In 2016, as part of the UCP, the Innovation Center conducted focus groups with entrepreneurs and community advocates to determine progress on original outcomes and explore additional areas for improvement.

As seen in the 2011 to 2016 chart below, we are making progress to make our entrepreneurial ecosystem responsive, accessible and visible.

The Kansas City Entrepreneurial Ecosystem (2011 to 2016)



Awareness:

Telling the story has moved from emerging to strong based on the focus group’s feedback. Respondents noted there were sustained and intentional efforts of telling other ecosystems and thought leaders what was happening in Kansas City as well as a supportive network of sharing stories of success and failures.

Networked Capital:

Additionally, the focus group feedback moved networked capital from weak to emerging. Due to the sustained efforts of We Create Capital, new capital pools for debt and equity have been established in the Kansas City market.

Respondents felt there was still room for improvement in networked capital, specifically

mentioning a gap in seed capital and needing better methods for deployment of capital. Another area that was noted as needing improvement concerning early-stage business funding was education for investors as well as education for entrepreneurs and small business owners.

Resources:

Focus group participants still felt that Kansas City has a strong suite of business-building resources, specifically for startups and technology- based businesses.

Corporate Engagement:

Corporate engagement was still an area of weakness for the Kansas City entrepreneurial ecosystem.

Diversity:

Diversity was mentioned as a weakness of the ecosystem overall with several examples cited throughout the focus group discussion. This weakness needs to be addressed in each of the imperatives and therefore is not a stand alone imperative.

Materials and Methods:

Invitations were extended to entrepreneurs, community leaders and entrepreneurial support organizations by KCSOURCELINK through direct invitations and by utilizing the Resource Partner network. Participants were asked to share their thoughts and opinions about the region’s entrepreneurial ecosystem and to discuss the strengths and weaknesses of the current ecosystem. Questions were formed by the original focus groups.

Roundtable conversations were held at the Kauffman Foundation Conference Center, with each table moderated by a facilitator. In addition, anyone that had sent an RSVP but did not attend was asked to complete a form with the discussion questions for additional input and feedback.

The following summarizes each question addressed.

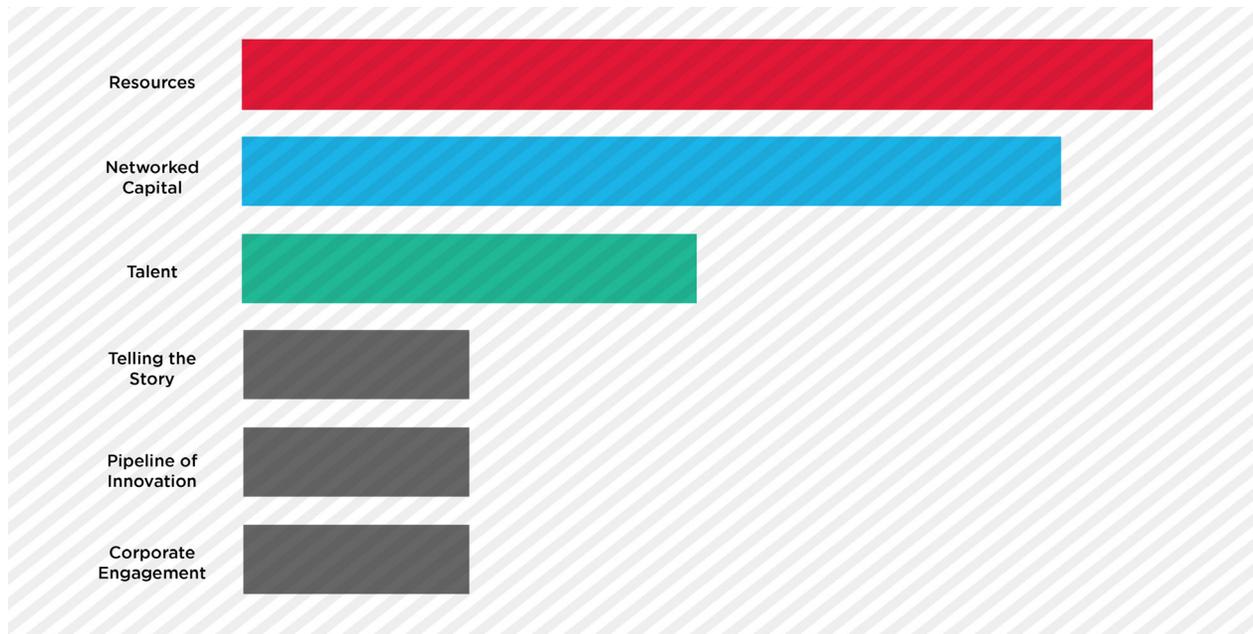
Topic 1: What are the six most critical elements to support Kansas City's entrepreneurial community?

Note: respondents were asked to rank the six imperatives with space for additional notes.

Finding: Access to support resources is the most critical element to an entrepreneurial ecosystem.

Access to support resources was noted as being the most critical element to an entrepreneurial ecosystem followed closely by access to capital.

Most Critical Elements of an Entrepreneurial Ecosystem



Other elements that were mentioned:

- Diversity and engagement
- Attracting entrepreneurs to KC from other areas of the country as well as developing entrepreneurial skills in our youth
- Connecting creatives in different fields
- Post-It board for community requests
- Community support for customer development

Topic 2: Who's the audience?

Finding: Everyone!

Participants felt that if we make Kansas City America's most entrepreneurial city, this would affect the whole community. It will be "the rising tide that raises KC as a whole."

According to participants, many audiences need to be addressed to make Kansas City America's most entrepreneurial city. However, each group mentioned students and youth in some fashion.

Specific audiences mentioned:

- National
 - Tell entrepreneurs from other entrepreneurial ecosystems around the nation that Kansas City is a great place to start and grow businesses to attract them to KC
 - Rankings and media attention
- Public
 - Other entrepreneurial ecosystems
 - Local citizens, ages 18-40
 - Open and helpful community members
 - Minority women
- Media
- Investors
 - Those outside of the region
 - Private sector that could become potential investors
- Companies
 - Small businesses
 - Large corporations
- International
- Universities
 - Young/college grads
 - Students
- Entrepreneurs
 - Outside of the region
 - Those in our region
- Politicians
 - Mayor James
 - Mayor Holland
- Talent
 - Headhunters
 - Those individuals located in other areas
 - Inventors hiding inside corporations
 - Those that choose to go to college/university here
 - Bring people back (focus on high school students to "come home")
 - Train high school students for local tech jobs

Topic 3: Strengths of Kansas City's entrepreneurial ecosystem

Finding: Kansas City has numerous entrepreneurial support resources.

The focus groups noted many strengths of the Kansas City entrepreneurial ecosystem. Most of the comments focused around support organizations, people, the culture of the community and a few strong industries.

Specific items that were mentioned as strengths in the Kansas City ecosystem:

Support Resources/Institutions

- Resource organizations work together fairly well, they are accessible to the entrepreneurs and business owners that need them
- Ewing Marion Kauffman Foundation
- KCSOURCELINK
- Chambers of Commerce
- 1Million Cups
- University of Missouri - Kansas City
- Accelerators, incubators, coworking spaces
- Enterprise Center in Johnson County
- LaunchKC
- Digital Sandbox KC
- Networking/Meet-ups
- Access to VC or tech funds
- Early stage resources and support
- Google
- City Hall/local government
- Events that celebrate entrepreneurship
- Mentorship
 - SCORE
 - Small Business and Technology Development Center
- Training and programs:
 - ScaleUP! KC
 - FastTrac NewVenture, GrowthVenture and TechVenture
 - Entrepreneur Business Basics

People

- Community commitment - sustained and intentional effort to nurture KC's entrepreneurial ecosystem
- Interest
- Business/networking community
- Creative community

- Celebrating success - recognizing and spotlighting the entrepreneurs and small business owners that are making a difference in the community
- Willingness to ask and answer questions at all levels - "Midwest Openness"
- Access to leadership, small degrees of separation
- Grassroots community/those willing to "do"
- We're trying, the community is behind the effort of making Kansas City America's most entrepreneurial city

Culture

- Low cost of living
- Low burn rate for companies
- Entrepreneurial-friendly attitude and atmosphere
- Supportive
- Sharing stories of success and failures
- Lower barrier for entry
- Collaboration is currency, several organizations and businesses work together to support entrepreneurship and small business ownership
- Geographically central
- Sports - Royals won World Series
- Entrepreneur friendly media - *Startland News* does a great job and the *KC Business Journal* is covering more entrepreneurial stories

Industries

- Engineering
- Finance
- Human and animal healthcare
- Agriculture

Topic 4: Weaknesses/gaps Kansas City's entrepreneurial ecosystem.

Finding: There are too few people of color in our ecosystem and subsystems.

Diversity was a key theme in the conversations about weaknesses in the entrepreneurial ecosystem. It was also noted that while support resources are seen as a strength, there are critical gaps in that support.

People

- Lack of diversity concerning multicultural entrepreneurs and age ranges of entrepreneurs
- Technical talent that can guide, design and work in startups, the programmers and coders that can move ideas into commercialization
- Entrepreneurs with exit strategies not willing to share with early/mid stage business
- Lack of sharing info across populations and business types, for example technology companies providing information and technology feedback to Main Street and microenterprise businesses that can be used to streamline processes or procedures, helping to ease technology fears
- Lack of education to inventors concerning intellectual property and taking an idea to market
- Education for entrepreneurs/business owners
- Capital deployment, ensuring there is the right type of money for all stages and types of entrepreneurs
- Collateral for debt financing
- Accessing banks/SBA loans

Culture

- KC does not have a powerful brand when people think of startup ecosystems and lacks an entrepreneurial identity with clear and precise vision statements
- Community leaders have traditionally turned a blind eye to blight/poverty creating a stagnant and repressed urban core with little entrepreneurial activity and development
- Almost singular focus on tech entrepreneurs
- Resources:
 - Communication of the resources available to entrepreneurs
 - Overlapping resources, often incomplete or inexperienced
 - Emphasis on innovation-led businesses and not enough resources for Main Street, microenterprise and second stage
 - Availability and cost of incubator/coworking space
 - "Follow on" resources, what happens after business launch?
 - Support for minority entrepreneurs/business owners
 - Legal accountability and free/low cost resources to help answer legal questions faced by startups
 - Offer tiger teams to help support startups and provide board development and advisory teams

Support Resources/Institutions

- Capital:
 - Seed/growth capital
 - Education for investors
- Institutions
 - Innovation in education
 - Educations systems aren't involved
 - University programming to develop entrepreneurial skills/mindsets
 - Outreach to lower levels of the education system
 - Corporate and university engagement

Topic 5: Obstacles and collaborations.

Finding: Entrepreneurs and small business face complex licensing and regulation across political borders.

Focus group respondents felt the largest obstacle was concerning licensing and registrations, specifically differences between municipalities and states. Another obstacle that business owners face is a lack of support or a structured system for interacting and doing business with corporations.

Obstacles:

- Government:
 - Policies among different municipalities/complex regulations
 - Navigating City Hall/licensing
 - Political issues across the state line and among municipalities
- Corporate:
 - More structured system for small businesses to work with large
 - Lack of support for small business/entrepreneurs
- Recruiting talent/education system
- The “what’s hot now” mentality
- Antiquated airport

Collaborations:

- Roundtables with different businesses (industry types, owner backgrounds, ages, races, stages of business) to discuss issues and build on sustainability
- A more united front

Topic 6: Access to capital.

Findings: A lot of progress has been made but, there is still work to do.

Participants were asked to rate how much the Kansas City early-stage capital environment has improved (on a scale of 1 – 10, 1 being high). Overall, participants saw some improvement; however, many noted there was still work to be done.

Positive comments about capital:

- Influx and establishment of venture capital
- New funds
- Several company exits

Areas for improvement:

- Additional support from financial institutions
- Gap in financial support \$100 – \$500K, early seed stage and Series A
- R&D funding

Topic 7: Resources.

Finding: Lots of resources for early stage entrepreneurs but some still need access.

Participants were asked how easy is it to find resources to help start and grow businesses (on a scale 1-10, 1 being high). Again, the responses averaged in the mid-range, with an equal distribution of those scoring access high and those scoring access low. Respondents reported an abundance of resources for startups and innovation led companies; however, resources for other types of businesses, especially those that are second stage were not as available.

Areas for improvement:

- Professional development assistance, inventory management, human resources, information processes, public relations, legal assistance, etc. for main street and microenterprise businesses
- More resources businesses past startup phase but not yet established
- Mentorships, business training and coaching
- Infrastructure among entrepreneurs, meetups, alumni networks for program “grads” (FastTrac, ScaleUP!, etc.)
- More support for KCSOURCELINK
- Legal resources

After the changes have occurred, what does the entrepreneurial ecosystem look like?

Finding: A robust, happy and healthy economy for all.

Respondents felt that making Kansas City America's most entrepreneurial city would benefit everyone in the area, allowing for sustained and increased economic activity that supports the community as a whole.

Specific topics that were noted:

- More inclusive and welcoming to all people
- More strong, cohesive community of entrepreneurs that support each other
- Pipeline of businesses that continue to build the ecosystem and support the community, generations of exits and new innovations
- Identity defined