

Entrepreneur Dashboard Report 2016

This year's Entrepreneurship Dashboard captures Kansas City's ongoing progress toward becoming America's most entrepreneurial city across four key metrics:

- access to capital
- the idea pipeline and talent needed to support homegrown innovations
- connectivity of resources and entrepreneurs
- entrepreneurial density

KCSourceLink began the Entrepreneur Dashboard Survey in 2015. Developed in conjunction with research staff from the Ewing Marion Kauffman Foundation, the survey provides a "snapshot" of what entrepreneurship looks like in the Kansas City region.

KCSourceLink has collected data annually from its client base since its inception in 2003. The 2016 Entrepreneur Dashboard Survey includes those annual survey questions as well as broader questions around sources of capital, connectivity and advisory boards.

The Entrepreneur Dashboard Report summarizes the feedback from the survey. Key findings include:

- Entrepreneurs represented a wide range of ages
- Almost 90 percent saw revenue growth in the past year
- Most firms are creating jobs
- Most used personal savings to finance their businesses
- Only 24 percent were seeking outside funding

Methodology

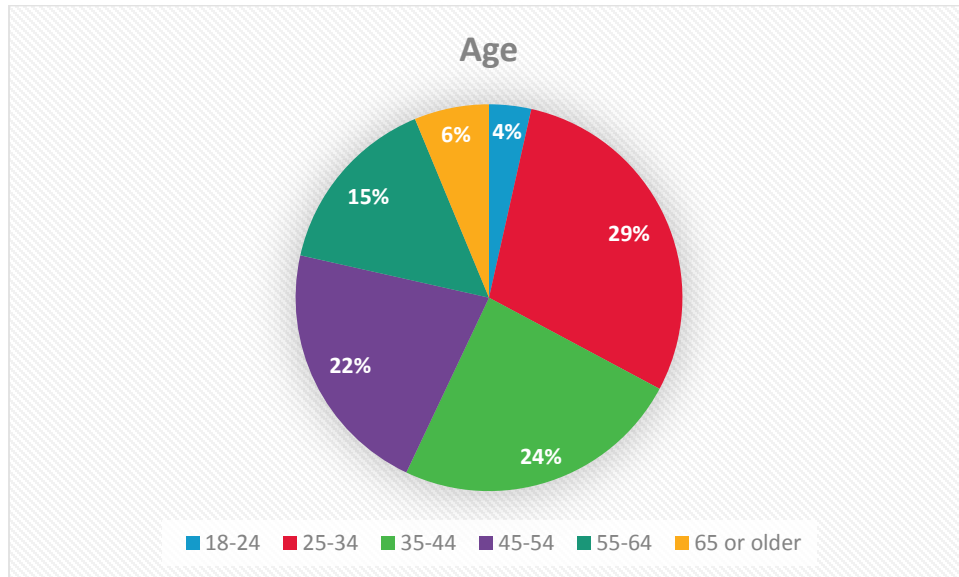
The Entrepreneur Dashboard Survey was open from the end of January through February 2016. Survey questions combined KCSourceLink's annual survey questions with the 2015 Entrepreneur Dashboard Survey.

Participants included all active KCSourceLink clients through November 30, 2015. KCSourceLink contacted 6,472 participants to participate via email; reminder emails were sent and follow up calls made to those who did not respond to the email. The survey was sent using KCSourceLink's proprietary surveying functionality found in its Biz-Trakker™ product. In all, 268 clients responded at a response rate of 4.14 percent. Certain questions were relevant only to participants who had already started a business, so the sample is reduced for certain questions.

Findings

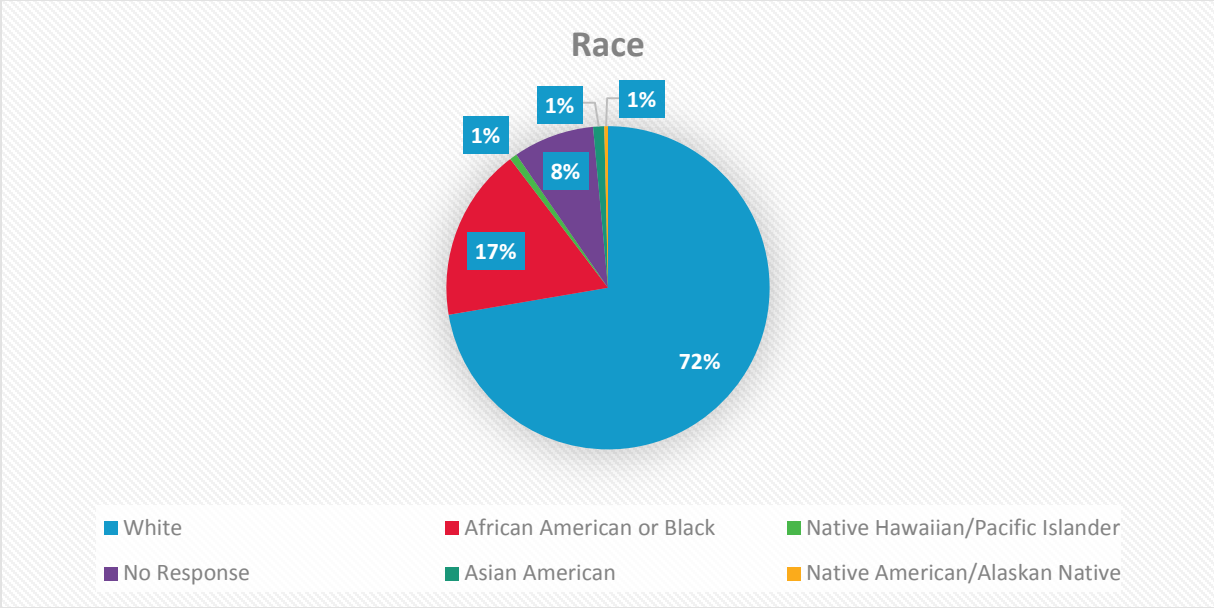
Who are KC area entrepreneurs?¹

The myth that entrepreneurs are young tech whizzes does not seem to be true. Survey respondents had a wide range of age distributions with a large portion coming from the 25–34 group, but more than 67.2 percent were older than 35.

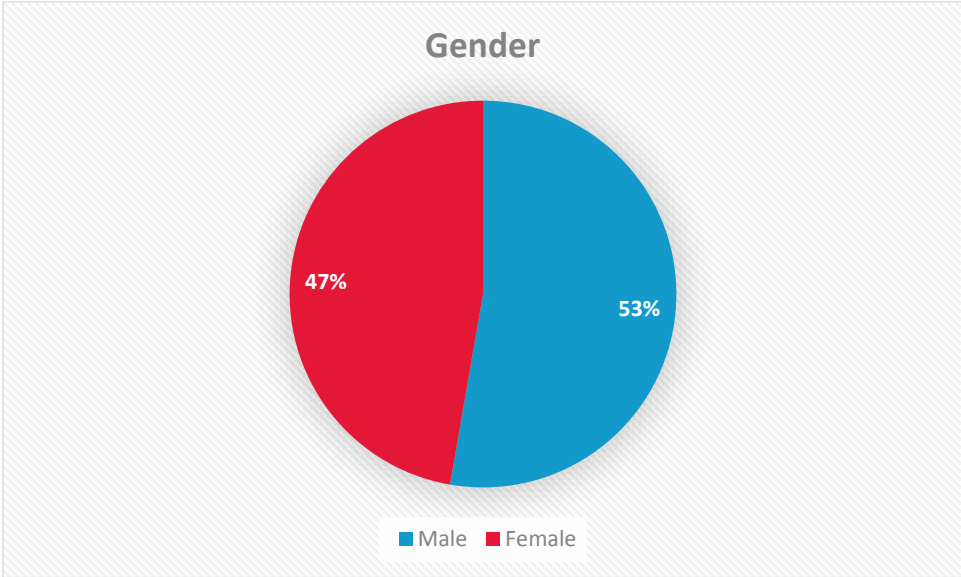


KC area entrepreneurs who responded to the survey are primarily white, but are close to resembling regional racial distribution as a whole.

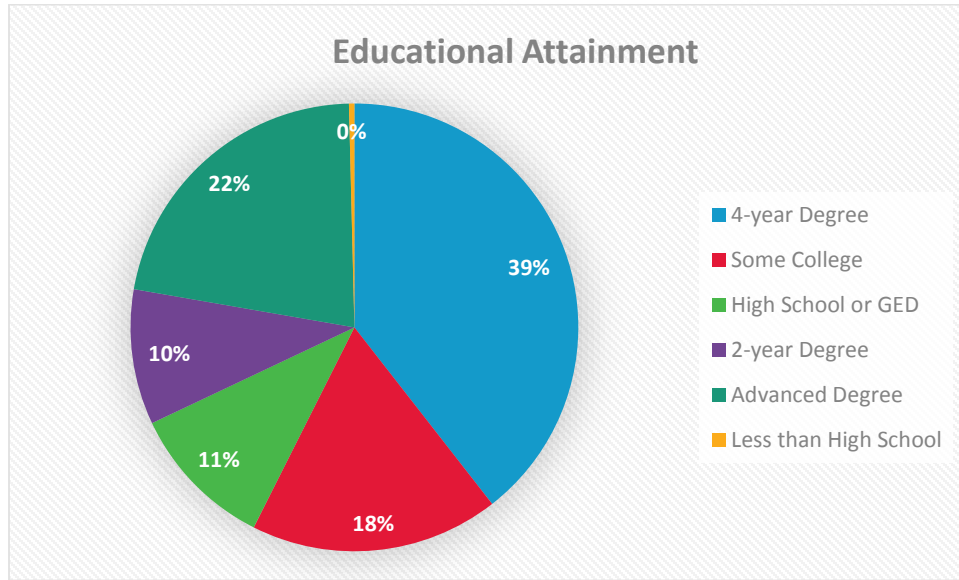
¹ Information on Kansas City population is from the 2014 ACS 5 year survey.



More male (53.7 percent) than female (47.3 percent) were represented in the survey, which is not quite consistent with KC as a whole (male 49.1 percent, female 50.9 percent).

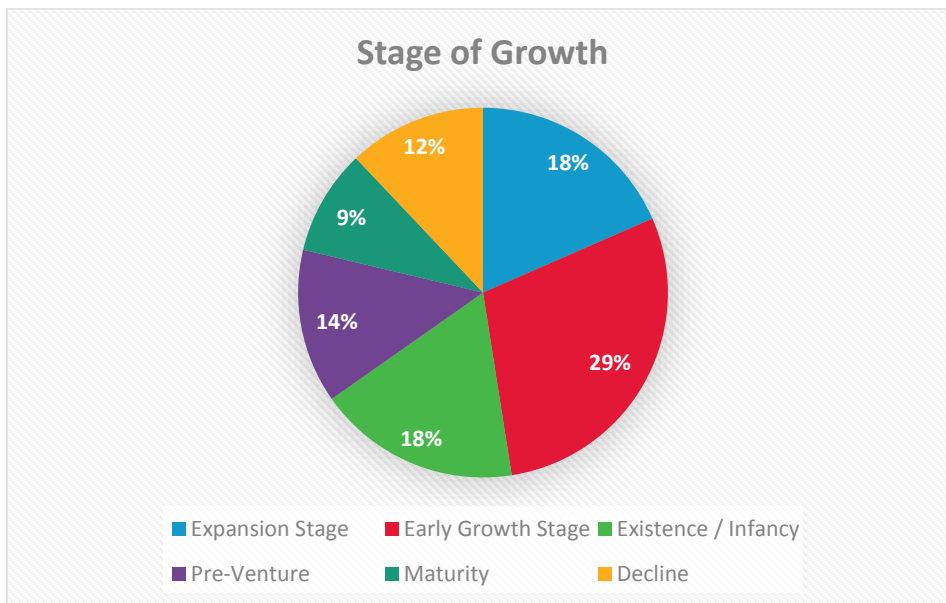


Kansas City entrepreneurs who responded to the survey are highly educated: more than 70 percent have a postsecondary degree.

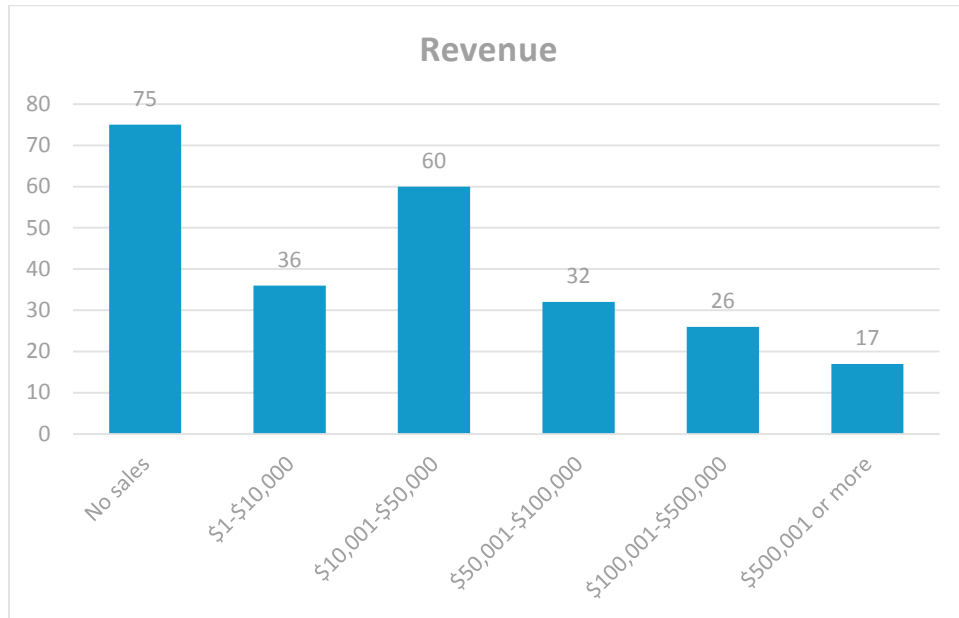


What do KC area entrepreneurial firms look like?

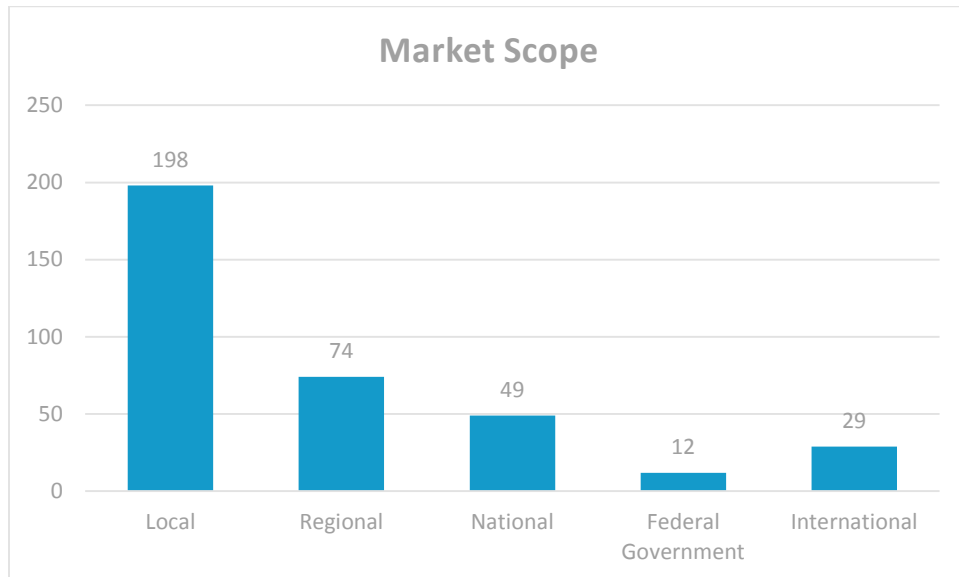
The lifecycle of firms in the survey is evenly distributed, with 65.2 percent in the growth or infancy stages. Most of the firms that work with KCSOURCELINK are early growth. The 14 percent who indicated pre-venture shows that people are seeking consultation before starting a business.



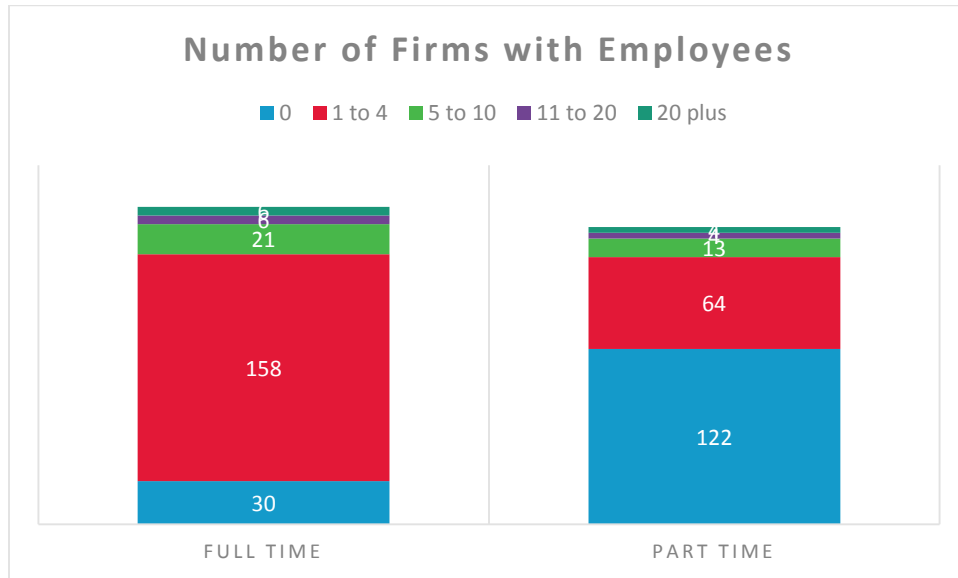
Most companies are in the lower levels of the revenue spectrum, but more than 86.7 percent of participating firms have seen revenue growth in the past year. This is consistent with the stage of business mentioned above.



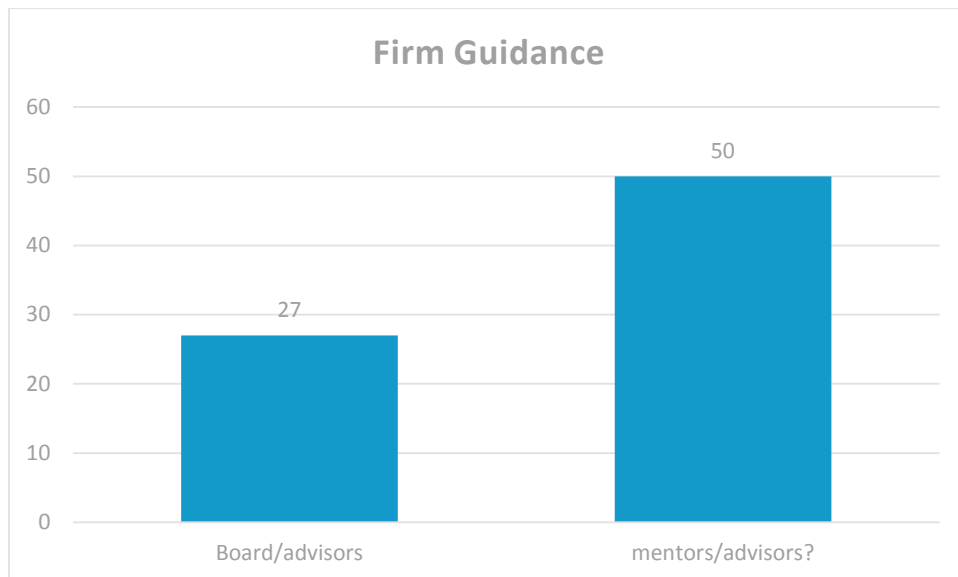
Most client companies serve local markets.



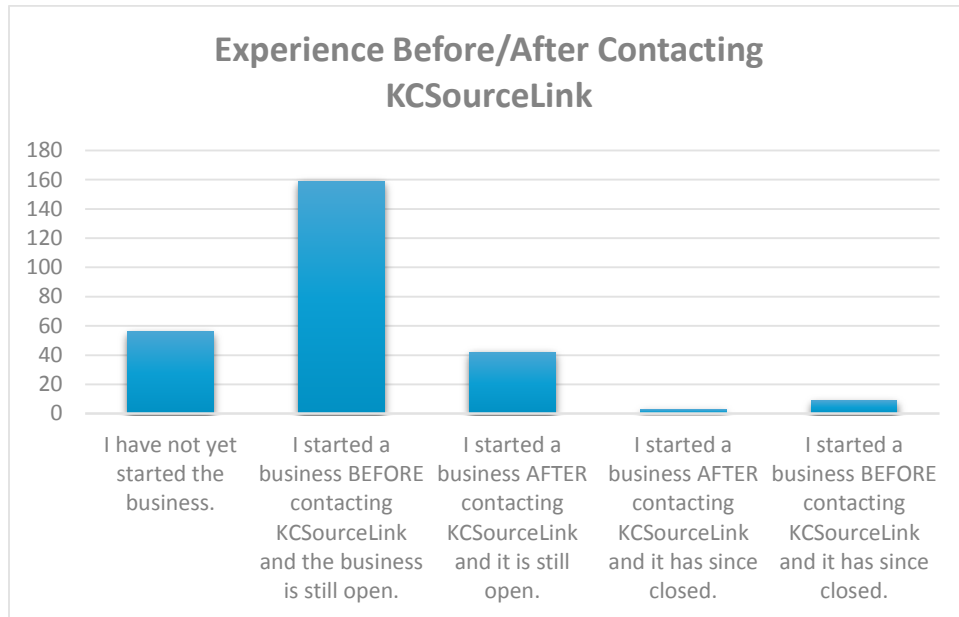
The firms that participate with KCSOURCELINK are job creators. This graph represents the number of firms with a specified quantity of employees (not the number of employees specifically). Many companies are still small and employing part-time workers, but some also are working with full-time staff.



Having an advisory board, committee or mentors is a useful source of experience-driven knowledge. Participating firms do not seem to be taking full advantage of outside guidance, or their organizational structures do not accommodate using advisory boards or committees.

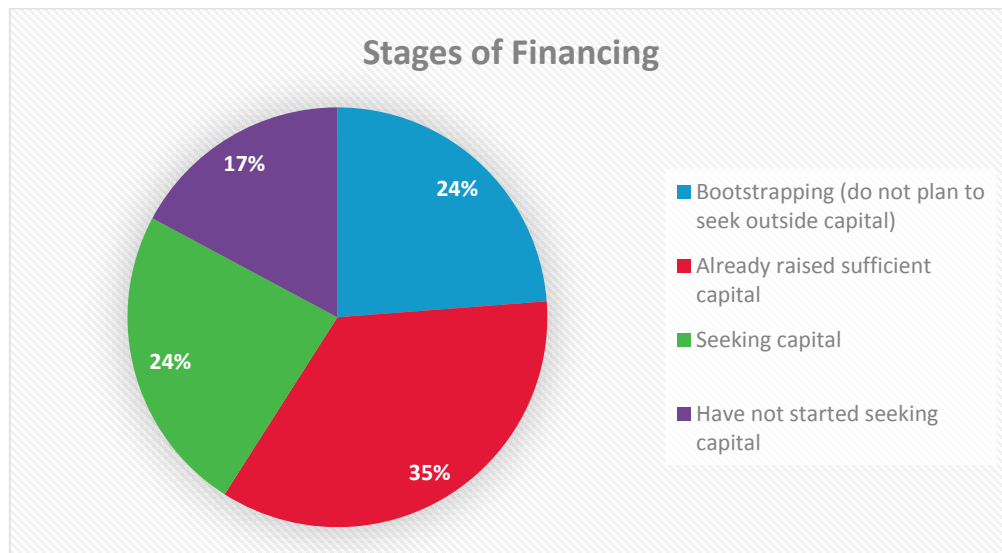


The companies that seek KCSOURCELINK assistance are in the planning stages or are still in business.

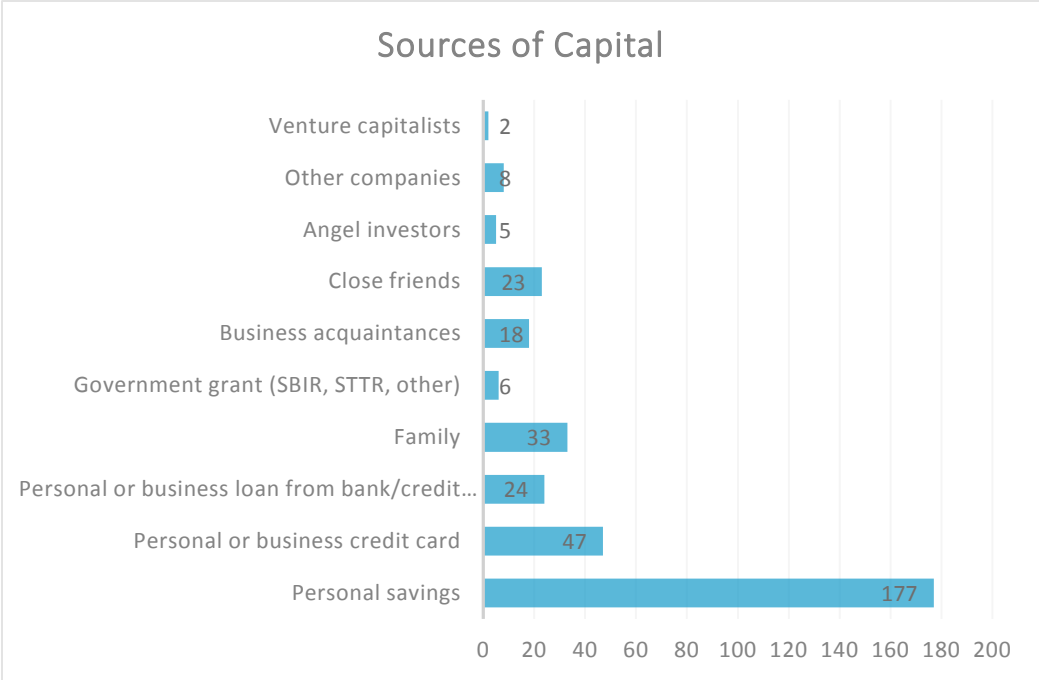


How are KC area entrepreneurial firms funded?

Almost 60 percent of those surveyed had already found capital (35 percent) or did not plan to seek capital (24 percent). The 17 percent not seeking capital almost perfectly matches the 14 percent of pre-venture firms.

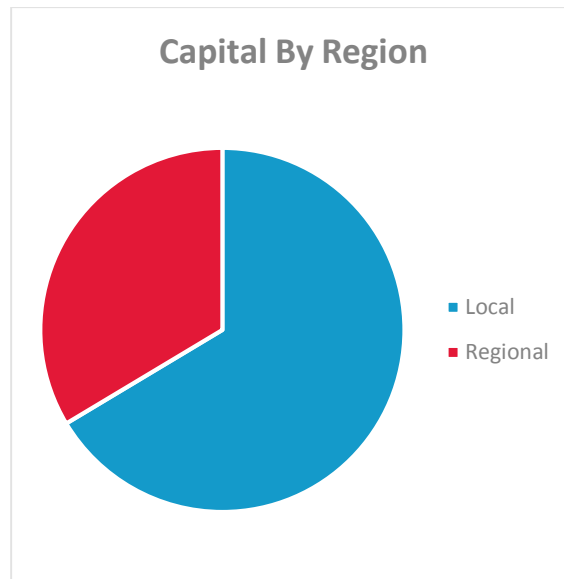
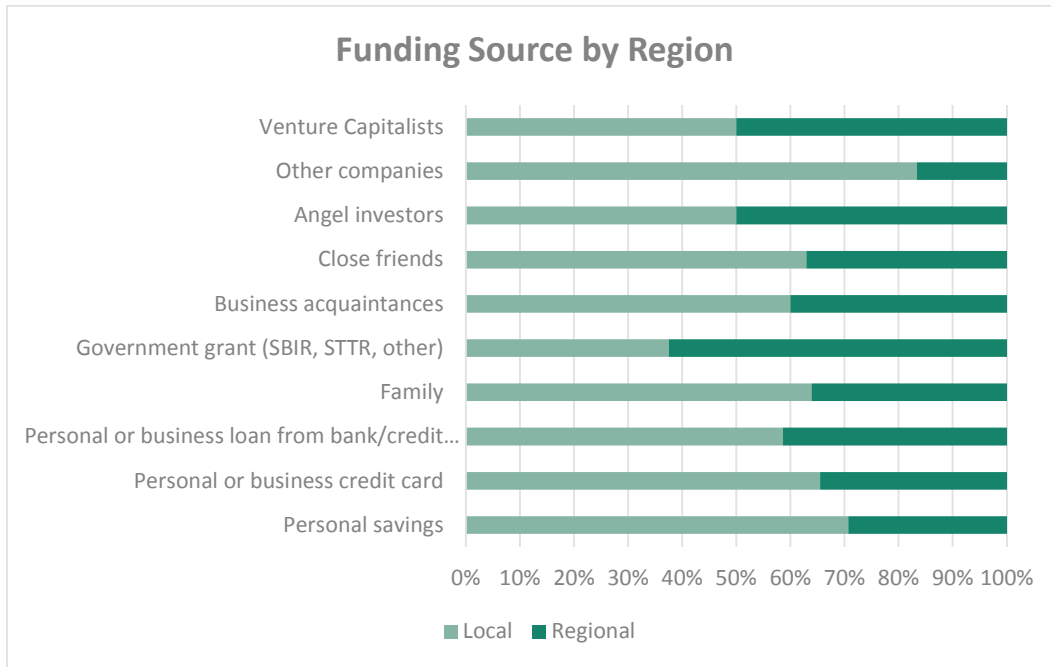


A significant portion of the participants in this study were finding funding from personal sources, which echoes national trends². This could be attributed to the fact that most companies that come to KCSOURCELINK for assistance are not yet at the stage where they would attract outside capital. It may also reflect a lack of startup capital in the region, a common complaint among entrepreneurs.



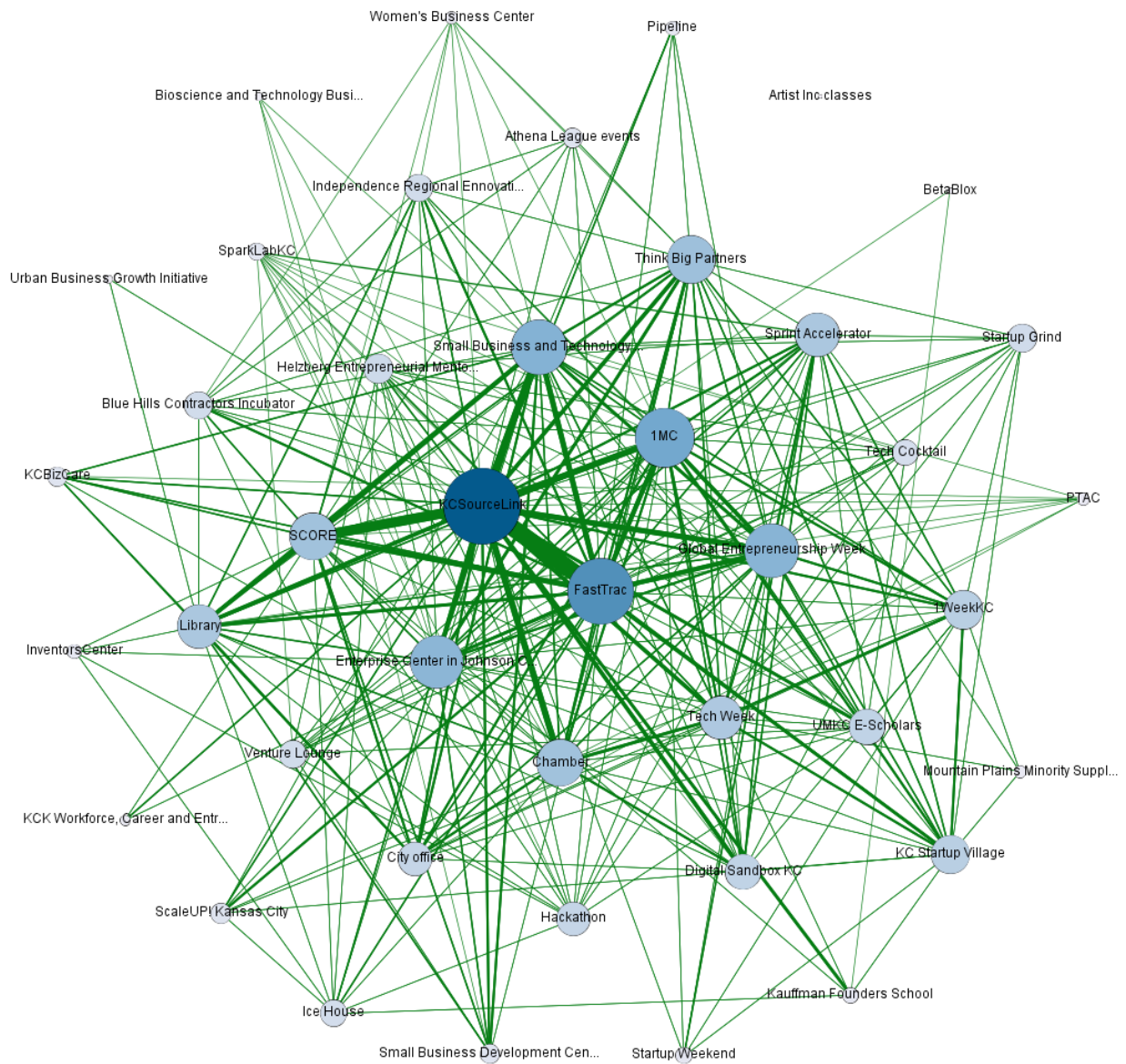
² According to the SBA, 23 percent of funding for companies comes from sources other than personal, family, credit cards and loans. Small Business Administration FAQ. https://www.sba.gov/sites/default/files/2014_Finance_FAQ.pdf

Most of the funding for Kansas City companies is locally sourced.



Where do KC entrepreneurs go for assistance?

The entrepreneurial ecosystem has been shown to be a crucial factor in the success of new firms.³ Participating in learning and networking events is a way for entrepreneurs to link into the ecosystem. Below is a network map representing the community connections within the entrepreneurial community.



³ Fogel, Georgine. "An Analysis of Entrepreneurial Environment and Enterprise Development in Hungary." *Journal of Small Business Management*. Jan 2001 Vol39 No. 1. Pg103