



Mapping Entrepreneurship Assets in Easthampton

September 2020



Prepared for: The City of Easthampton

Prepared by: SourceLink®

EXECUTIVE SUMMARY

The City of Easthampton is seeking to better understand the components of a healthy entrepreneurial ecosystem, and develop consensus on what a successful ecosystem should look like in the Easthampton area.

In early 2020, the National League of Cities selected Easthampton to be part of the City Innovation Ecosystem program, designed to drive regional entrepreneurship and innovation.

The initiative challenges city leaders to promote innovation, entrepreneurship and STEM education by partnering with key constituents in the community and making a commitment to strengthen regional innovation.

The city has named this effort Blueprint Easthampton.



In announcing the grant, Mayor Nicole LaChapelle noted the strong economic base upon which Blueprint Easthampton builds. “Economic development has been a bright spot in our work over the last two years at a pace that exceeded even my hopeful expectations. I was proud to secure millions in grant money for Easthampton, and we’re seeing those investments come to fruition now. We have welcomed new businesses who have chosen to make this their home, and we have seen an increase in women-owned enterprises in particular.”

As part of Blueprint Easthampton, the city selected SourceLink® to work with them to inventory the region’s nonprofit, higher education and governmental support resources for entrepreneurship as well as lending and equity sources. Additionally, SourceLink was asked to assess and benchmark how the city is doing with regard to available resources.

Information and research provided in this report will be used to expand support of small owners and entrepreneurs in the City of Easthampton.

Key findings

This analysis provided four key findings/recommendations

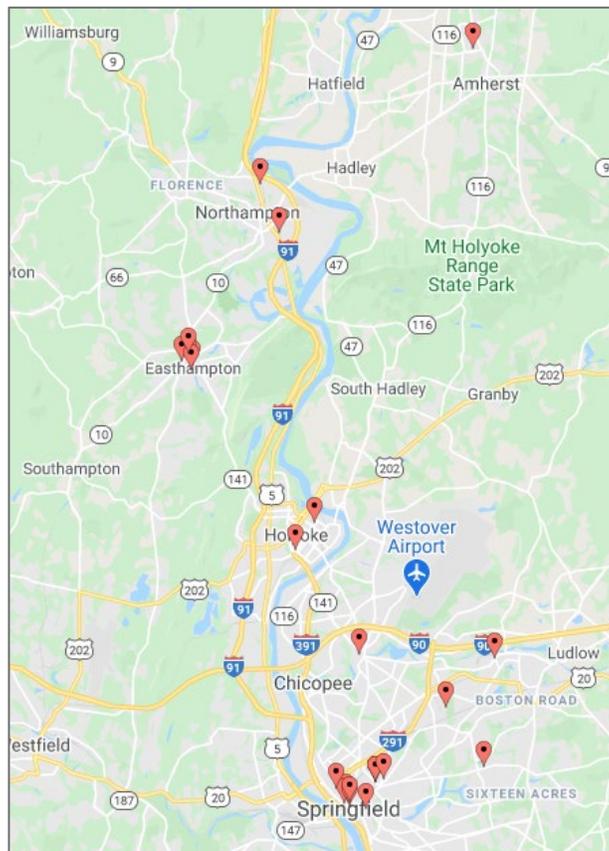
1. Easthampton has a broad array of services for different types of entrepreneurs within a 30-minute drive from city center. Work could be done to better deliver services locally.
2. Entrepreneurs need to be better informed about supportive organizations (especially low cost and no cost options) locally and regionally.
3. The community has a long standing, strong connection to arts-based businesses. This is a strength that should be leveraged.
4. Early stage funding is not as robust as we'd expect for a community this size.

Thirty-two organizations that serve entrepreneurs and small business owners completed profile surveys regarding clients and services offered. This number of support organizations compares favorably with communities of similar size in the SourceLink network.

Of the 32 organizations surveyed, only five list an Easthampton address. Fourteen are located in Springfield, which is approximately 15 miles distant. Nine resources are within a 30-minute drive of Easthampton. The four others are located in Boston, Providence, Westborough and Auburn. Boston is about 100 miles from Easthampton.

While owners will drive to where needed resources are available, Easthampton could do better with having local technical assistance options locally. Some communities will work with regional Small Business Development Centers or SCORE chapters to have roaming office hours, for example.

One of the benefits of the COVID-19 crisis is that the pandemic has knocked down barriers to physical distance. With most resource organizations offering their classes and services almost entirely online, entrepreneurs and small business owners in Easthampton can easily tap into resources beyond their own neighborhoods, if they are aware of those opportunities.



Location of entrepreneurial resources

In addition, dynamic online resources may provide opportunities for those who are based in outside regions to relocate or choose to locate in Easthampton, if a supportive entrepreneurial community could be better enhanced and marketed.

While there are a number of resources to support entrepreneurs and small business in the Easthampton area, many entrepreneurs do not take advantage of them. According to the focus group discussion, "one gap is the ability to find assistance and guidance and utilize available resources."

Participants also noted that it's important to let entrepreneurs know there are resources to support them, whether they are Main Street operations to high growth firms. Easthampton is currently in the process of developing a graphic representation as part of Blueprint Easthampton to better connect entrepreneurial resources in the community, outlining what audience serves each type of owner and the services offered.

Focus group participants noted the importance of enhancing the commitment of Easthampton to the arts community. One noted that, "there is a long history of artists and art-related things happening ... there was a decision a long time ago to nurture that." Participants also stated how intentional Easthampton has been in supporting and investing in the creative economy, and that 51% of the downtown businesses are creatives. Survey profiles reveal that nine organizations offer specific services for art-based businesses.

Just as different types of entrepreneurs need different types of support, they also need different kinds of capital to finance startup and growth enterprises. Networked capital and adequate funding sources across the continuum are a challenge for most communities.

The current COVID-19 crisis has created even more challenges with microenterprises and small businesses falling through the gaps regarding stimulus funding, according to focus group participants, "money is drying up, and finding it remains difficult."

The survey results show that 19 organizations offer some kind of funding or financial assistance. It is unclear which organizations actually provide funding, and which provide assistance in locating sources of capital and preparing to raise capital. Both are critical parts of the funding continuum. This represents an opportunity for Easthampton to further explore, but that was outside of the scope of work for this analysis.

Why Entrepreneurs are Important

According to Kauffman Foundation research, companies less than one year old create an average of 1.5 million jobs per year over the past three decades¹. Those entrepreneurs need thriving networks to grow and succeed. This precept has revealed itself over the 15+ years since SourceLink began bridging resource organizations to one another and to entrepreneurs throughout the country.

It's simple: The more contacts entrepreneurs can make early in the life of their companies – that is, the more help and information they can access – the greater their chances of getting products developed, finding viable markets, surviving the first years, and growing toward success.

Location and industry are not the critical issues. Both information and social contacts make the difference. Regardless of where companies may be located, or what their products are, virtually all entrepreneurs grapple with how to start and fund their businesses, and eventually, how to grow their businesses to scale globally. Gaps in knowledge and experience complicate the startup process and extend the time it takes for valuable startups to grow.

What SourceLink has learned from research and through lessons shared by thousands of entrepreneurs is that entrepreneurs extract significant and important benefits from their own social networks. The social network is where entrepreneurs and small business owners access a variety of tangible and intangible resources that enhance the owner's experience and bring critical support as the business starts and grows.

Gaining access to, and better utilization of, available resources creates a stronger environment resulting in firm success and growth. Communities can help entrepreneurs- first by creating a vibrant network of resources to support them, and then by helping aspiring and existing business owners connect to a larger network of support.

A healthy entrepreneurial ecosystem facilitates access to information, resources and social networks critical to the success of emerging businesses.

¹ *The Importance of Young Firms for Economic Growth* by Jason Wiens and Chris Jackson.

Four Types of Entrepreneurs

A healthy entrepreneurial ecosystem acknowledges that not all entrepreneurs and business owners are the same. This is a good thing, because economies are based on many different kinds of businesses and each play a different role in defining an economy.

After years of research and on-the-ground entrepreneurial ecosystem building research, SourceLink has developed a classification of entrepreneurs by the type of companies they lead and their goals for growth: Innovation-Led, Second Stage, Main Street and Microenterprise. A brief overview is what follows.

Innovation-Led

Innovation-led enterprises are businesses in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace and serves as a foundation for a high rate of growth.

Often formed around life sciences or technology innovations, these enterprises can require significant funding and specialized facilities. Owners are willing to give away equity to investors to secure the financial resources they need to grow. These businesses may cluster around research institutes and universities as technology is transferred from research labs into the marketplace.

Second Stage

Second stage enterprises have survived the startup phase and have owners who are focused on growing and expanding. The second-stage firms generally have between 10 to 99 employees and/or \$750,000 to \$50 million in revenue.

For these companies, business plans have morphed into strategic marketing plans. Finding a location is replaced by funding an expansion. Defining a market niche transforms into finding new markets, launching a new product line, exporting or selling to the government. And finding a team to launch the business becomes a search to find the experts who can take the business to the next level.

Main Street

Main Street companies make up a large segment of the economy, serve communities' growing populations and define a community's cultural character. These entrepreneurs are found among the local dry cleaner, grocery store owner, coffee shop owner, restaurateur or graphic design boutique.

Main Street entrepreneurs aren't driven by rapid growth. The founders create them to build a successful career in their area of passion and expertise and plan to work in the company for a long time. Their exit plan may involve selling the company to a key employee or passing it on to a family member.

Microenterprise

By definition, microenterprises are businesses that require less than \$35,000 in capitalization to start. In today's economic environment, dislocated workers and retirees are starting these companies to replace income lost through downsizing or retirement.

In the microenterprise space, there is a segment of support organizations that help those in poverty build wealth through microenterprise programs. Referrals may come from social services agencies and this group may need additional technical assistance due to lack of basic business operations skills.

Startups

This report also breaks out services specifically targeted to those starting businesses. Regardless of industry or type of business, almost all startups go through the same steps: ideation, feasibility, legal formation, licensing and permits. In most communities it is helpful to route the earliest-stage startups to specific resources who have time and resources to spend with those in the conceptual stage.

Easthampton Entrepreneurship Strengths and Gaps

This project collected data through an online survey and facilitated discussion to look at the strengths and gaps of the entrepreneurial support network in Easthampton. A virtual focus group with 14 entrepreneurial support organizations (ESOs) was hosted on July 14, 2020.

Participants divided into two breakout groups and addressed five questions:

Resource Mapping Survey



BE
to innovate

Blueprint Easthampton

Easthampton is home to a wealth of programs and organizations that support entrepreneurship and economic development, however, these resources are not always well known.

As part of the City of Easthampton's mission to connect entrepreneurs to resources, we have partnered with SourceLink to identify and make Easthampton resource organizations more visible through an assessment report and development of a print resource guide.

Please complete the following online form to share with us what resources and services you provide to area entrepreneurs. For more information about this effort, please contact Kasey Corsello, with the City of Easthampton Mayor's Office at kcorsello@easthamptonma.gov or call 413-529-1470.

Organization Name

Contact information

First Name * Last Name *

Business Phone *

Email *

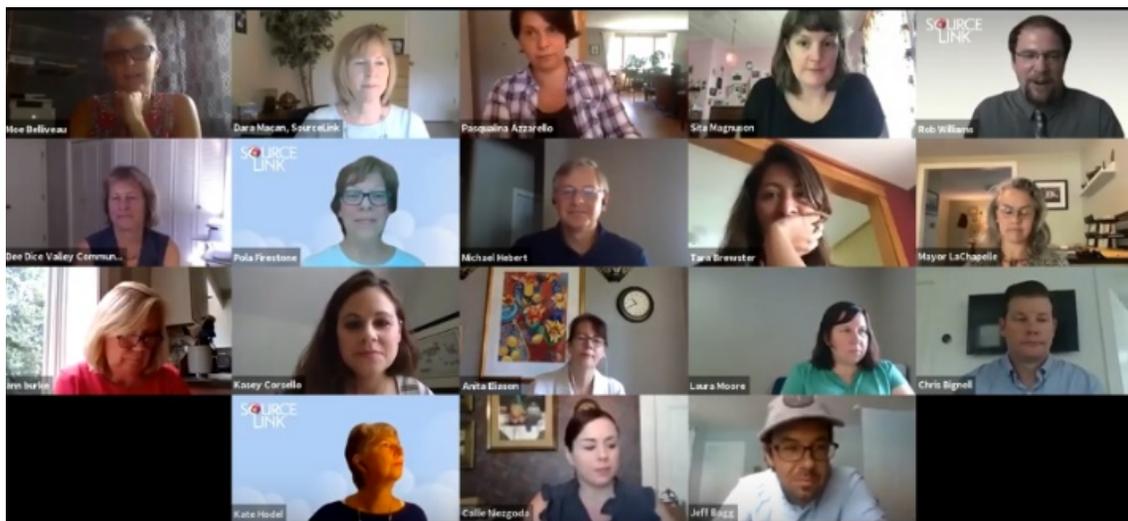
Location

Address Line 1 *

Address Line 2

City * State * Zip *

- What makes the Easthampton region a great place to start and grow a business?
- What are the strengths of the entrepreneurial ecosystem?
- What were the biggest gaps in support for entrepreneurs before the current crises?
- What are the biggest challenges facing entrepreneurs today?
- What are the challenges facing your organization today?



Easthampton has a supportive, receptive community for business, according to the focus group discussion. It's a welcoming community with a large population of small businesses. There's a history of integrating arts and culture – 51% of the downtown businesses are creatives. The city government was noted for being intentional in including the creative economy in its strategies.

Participants noted location and resources as strengths of the entrepreneurial ecosystem, as well as cost of living. One participant said that Easthampton "embraces its eclectic identity." The population is support of small, locally-owned businesses and those businesses offer "experiences" – something to do, see, enjoy or participate in.

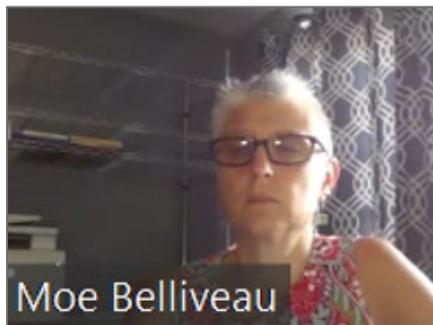
While many strengths were noted, there were also gaps. Some of the top concerns:

- No roadmap or idea what it means to start or grow a business
- Entrepreneurs need to know there are supportive organizations (especially low cost and no cost options)
- Early stage funding not robust
- Need for more, good mentor relationships
- Licensing may not be clear for newer businesses

The current COVID-19 crisis has created even more challenges for entrepreneurs and small business owners. According to the participants, microenterprises and LLCs are falling through the gaps regarding stimulus funding. Money is drying up and finding it is difficult. There's more pressure to partner and pivot to save businesses. Storefronts are becoming empty due to the current crisis, and there's no answer as to who will fill them.

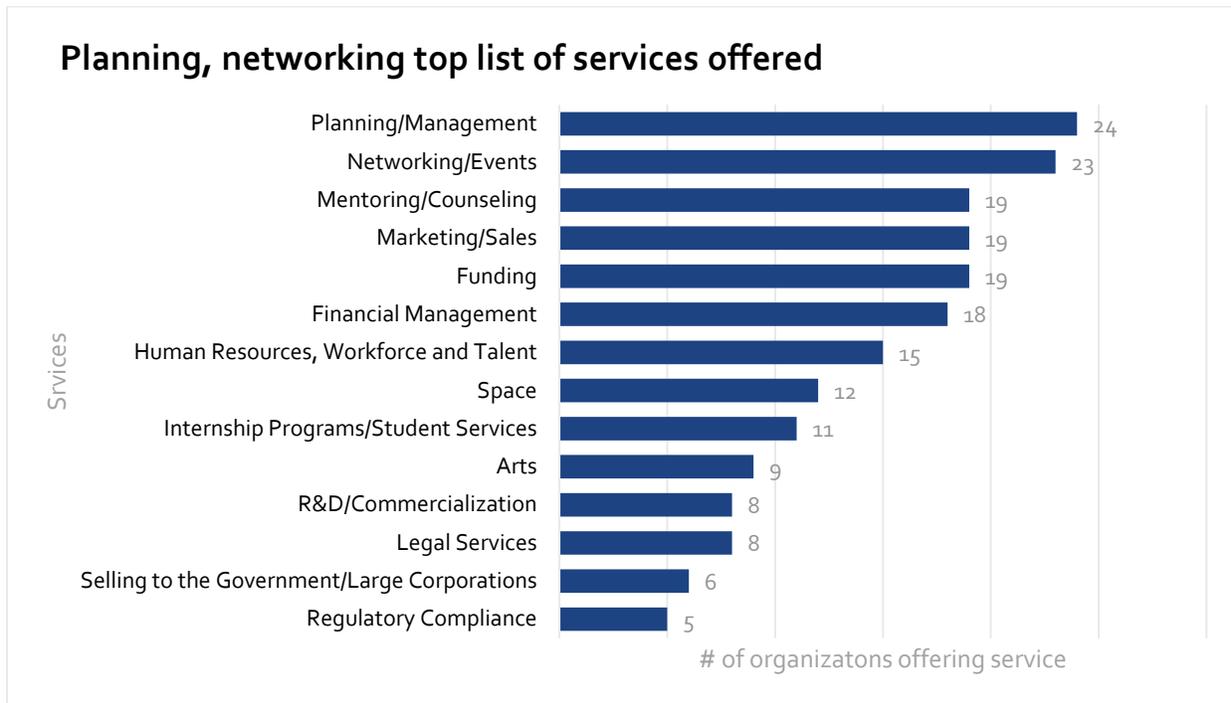
Participants also talked about the challenges to their own organizations. They said entrepreneurs need to know what is available so they can get to the right organization; more targeted communication would help. One person noted, "there is a glut of information going out and sometimes small businesses find it overwhelming."

It was noted that city government lacks the funding to support small business and that funding for entrepreneurial support organizations is difficult to find. Some ESOs have had to pivot just as entrepreneurs have. The inability to conduct training in person is impacting several support organizations. And those who relied on large events and networking are having to rethink what they can do to stay relevant to entrepreneurs and small business owners.



In addition to focus groups, SourceLink conducted an in-depth analysis of services offered by resource organizations serving Easthampton.

Of 52 identified entrepreneurial support organizations, 32 completed a profile survey indicating services offered. Most of the respondents were public sector nonprofits, although some private sector financial organizations were included to better understand the funding continuum for small business and entrepreneurs.



Overall, the scope of services offered by resource organizations is in line with other communities of a similar size. In Easthampton, planning and management services (which includes support for startups) and networking are offered by the most resource organizations. These two areas are typically at the top of the list of services offered in a given community.

Mentoring, including one-on-one counseling, is offered by 19 organizations, with 11 offering formal mentoring programs, 12 peer mentoring and 13 one-on-one counseling. This is critical as many startups as well as growth companies need personalized feedback.

Marketing/sales assistance (including exporting and market research) is also offered by 19 organizations.

The Easthampton small business and entrepreneurial community has a strong connection to the arts and creatives. Nine organizations offer services specifically for companies engaged in creative arts.

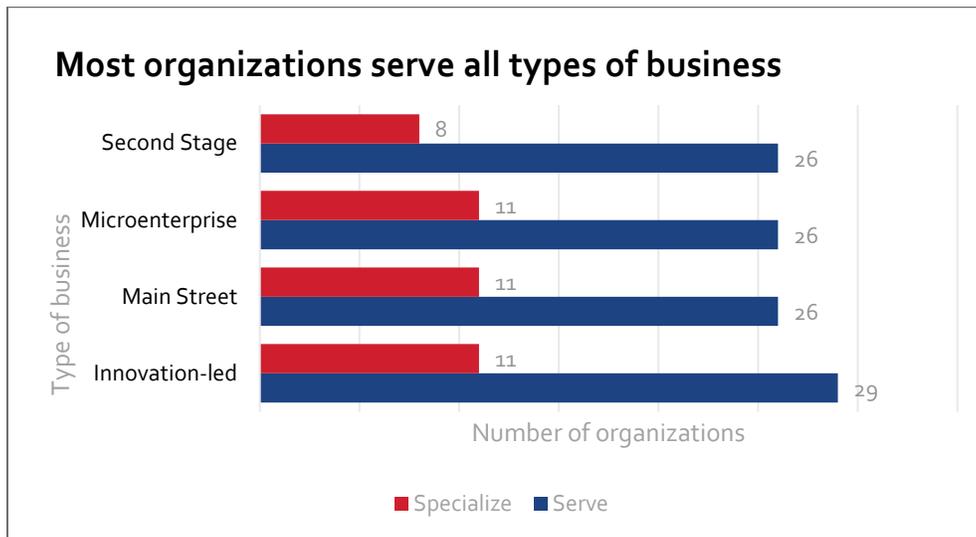
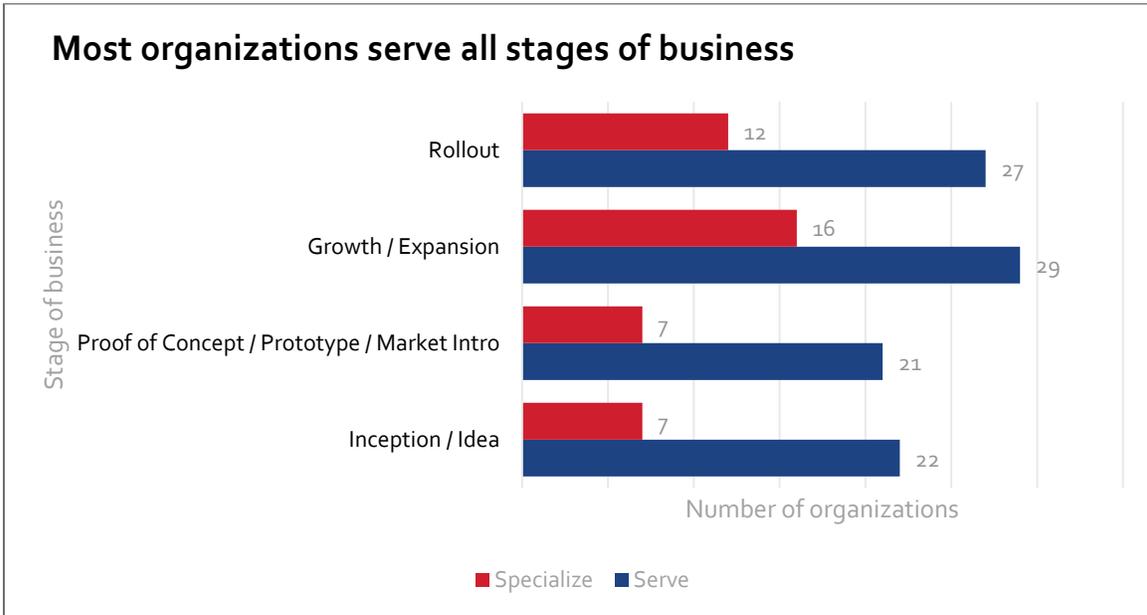
According to the survey, Easthampton boasts seven accelerators and five incubators, and only two commercial kitchens. In many communities, there is a high demand for commercial kitchens as

entrepreneurs launch catering companies and home-based food product businesses as a first step to restaurant ownership and manufacturing. Further research could determine whether demand is being met.

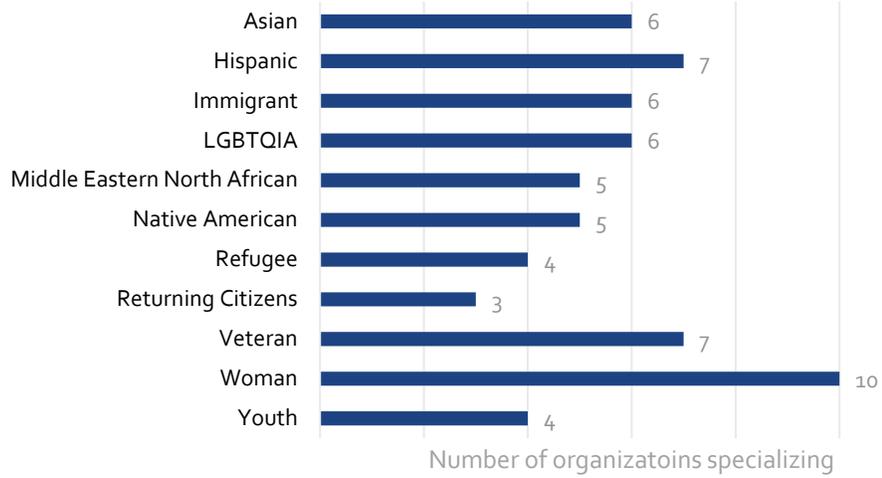
Of special interest is the area of funding for entrepreneurs and small business owners. A total of 19 organizations indicated that they offer some type of funding. The chart below illustrates how those offerings break out. It is not clear whether the organizations listed actually provide money or help entrepreneurs and small businesses find funding sources. It would be instructive to sort the 19 organizations by those definitions to determine how many actual sources of capital may be found in Easthampton. This is an area that SourceLink recommends further research to determine.

Organization Name	Angel Investment	Debt Funding	Equity Funding	Government Funding	Grant Funding	Loans	Matching Funds	Microloans	Revenue Based Financing	Technology Grants	Venture Capital
bankESB				X				X	X		
Berkshire Bank	X	X	X	X	X	X			X	X	X
Center for Women & Enterprise		X	X	X							
Common Capital, Inc.		X				X		X			
Community Involved In Sustaining Agriculture					X						
Easthampton City Arts					X						
EforAll / EparaTodos Holyoke					X	X		X			
Greenfield Savings Bank				X		X		X			
ICIC	X	X	X	X	X	X	X	X	X	X	X
Massachusetts LGBT Chamber of Commerce				X	X			X			
MassDevelopment		X		X	X	X				X	
MassMEP					X						
New England Veterans Chamber of Commerce	X	X	X	X	X	X	X	X	X	X	X
Realtor Assoc of Pioneer Valley					X						
The Alchemy Fund	X		X								X
The Polish National Credit Union		X				X					
Valley Venture Mentors	X		X								
Western Mass EDC	X	X	X	X	X	X	X	X	X	X	X
Women To Watch USA						X					
Totals	6	8	7	9	11	10	3	8	5	5	5

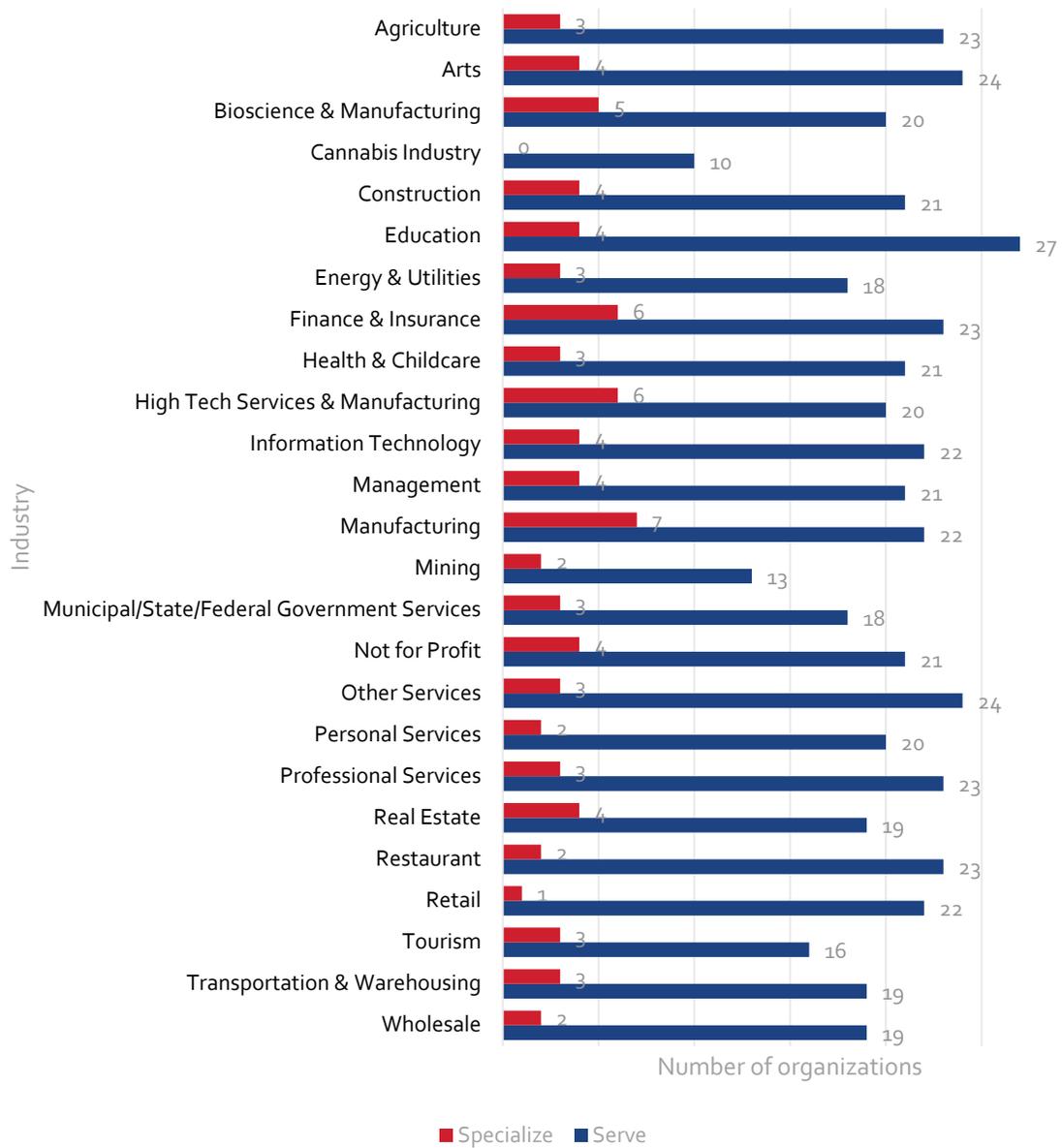
The next series of charts break down the resource organizations by the audiences they serve. Most serve all types of entrepreneurs. We also asked if there were special populations served and those are indicated on the charts.



10 organizations specialize in serving women



Most organizations serve all industries



Conclusion

Mapping the assets to support entrepreneurs and business owners in a community and understanding the gaps is a critical first step in strengthening a region's entrepreneurial ecosystem. The analysis of the assets in Easthampton reveals an array of resources for entrepreneurs of all types.

With regards to strengths of the network, resources in planning/management and organizations offering networking and events are plentiful. Additional research into funding and financial assistance may create a clearer picture of specific gaps in the funding continuum. It is critical to ensure that these resources are made visible and accessible to the entrepreneurs they are trying to serve.

Finally, Easthampton should be clear on how the community wants to measure success in terms of entrepreneurial and small owner growth. It's important to note that while jobs are a key metric, it's nearly impossible to create successful companies that hire people without first a strong foundation of networked resources.

About Blueprint Easthampton

Blueprint Easthampton is a business resource mapping initiative out of the Mayor’s Office. The initiative maps out resources for business ideas and existing businesses within Easthampton. As local businesses re-evaluate their business models, Blueprint Easthampton pulls in real-time data, research, and resources to encourage best – informed decisions to survive, pivot and innovate. The City’s innovative spirit stands now on an informal ecosystem that connects entrepreneurship, community building and sustainable local economic development. Blueprint Easthampton will bring structure and wider access to available business tools and is funded by a National League of Cities - City Innovation Ecosystems grant.

About SourceLink®

SourceLink was selected for this project due to its experience with entrepreneurial data analysis, asset mapping, and project management and consulting. Founded in 2003, SourceLink is a national nonprofit working to build connected and cohesive entrepreneurial ecosystems that attract startups, accelerate business growth, create jobs and develop sustainable partnerships.

Blending consulting and technology backed by decades of experience, SourceLink supports the organizations that support entrepreneurs in building diverse and equitable entrepreneurial ecosystems in more than 60 communities across the country. More information available at <http://www.joinsourcelink.com>.

This report was made possible by grants from the National League of Cities and the Kauffman Foundation through the City Innovation Ecosystems program.



Appendix 1: Methodology

SourceLink mapped Easthampton's resource programs and organizations that help small businesses and entrepreneurs grow and succeed. Those resources were compared to a taxonomy developed through work with communities across the country to uncover gaps and/or opportunities for entrepreneurial ecosystem development.

Taking in to account the clustering of service providers, SourceLink has developed a methodology to categorize and map these entrepreneurial support assets. Each provider is categorized by the following:

- **Specific Service(s) offered:** Service providers were categorized using only those services which they directly offer to new clients. Service providers were not categorized under a service for which they offer referrals, or a service offered only to existing clients.
- **Client Profile:** Some service providers focus on specific types of entrepreneurs as described above. For example, two organizations may provide one-on-one business counseling, however, one might provide that service only to innovation-led businesses. We therefore further categorize service providers based upon the type of entrepreneur they serve.

It is worth noting that these categories are not mutually exclusive. Providers may officially serve multiple quadrants, while focusing most of their time serving only one.

Specific services were summarized under broad category headings. For instance, assistance with social media and exporting falls under the broader category of marketing. Procurement includes selling to the government as well as large corporations and other types of client.

This report includes the development and production of Blueprint Easthampton graphic illustration of findings which can be found via blueprinteasthampton.com.

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