



**MAIN STREET
AMERICA®**

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MAIN™**



MODULE #1: ENTREPRENEURSHIP & SMALL BUSINESS BUILDING BLOCKS

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mdf | **MAINE
DOWNTOWN
CENTER**

BEFORE WE BEGIN...THE FINE PRINT

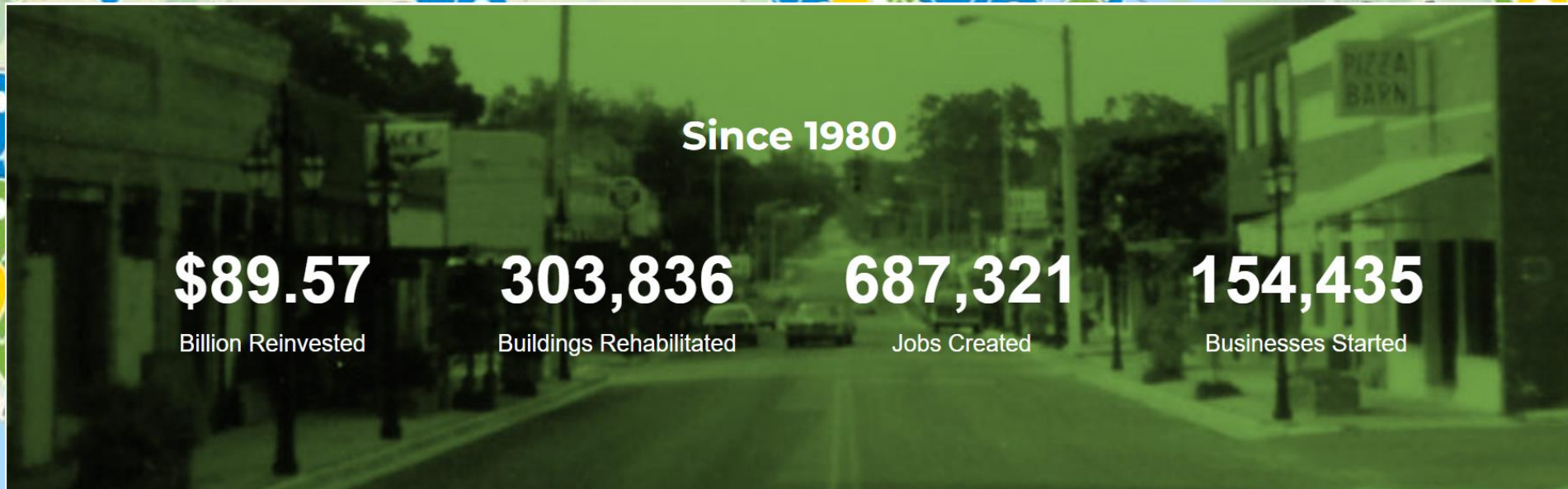
- + I will make all of today's presentations available via PDF to our friends at the Maine Downtown Center.
- + You will hear the word "Ecosystem" today...and our hope is that you leave as Ecosystem Builders in your communities. However...it is just a fancy word for support system.
- + I will commonly interchange "entrepreneurs" and "small businesses"...it's intentional
- + Feel free to interrupt with questions and comments.
- + "Ecosystem" building is relatively new to economic development/downtown revitalization, especially as we think about rural communities. So, there aren't a lot of great examples. Hopefully you all will be those!
- + And finally, a quick commercial....

ABOUT MAIN STREET AMERICA

Main Street America leads a collaborative movement with partners and grassroots leaders that advances shared prosperity, creates resilient economies, and improves quality of life through place-based economic development and community preservation in downtowns and neighborhood commercial districts across the country.

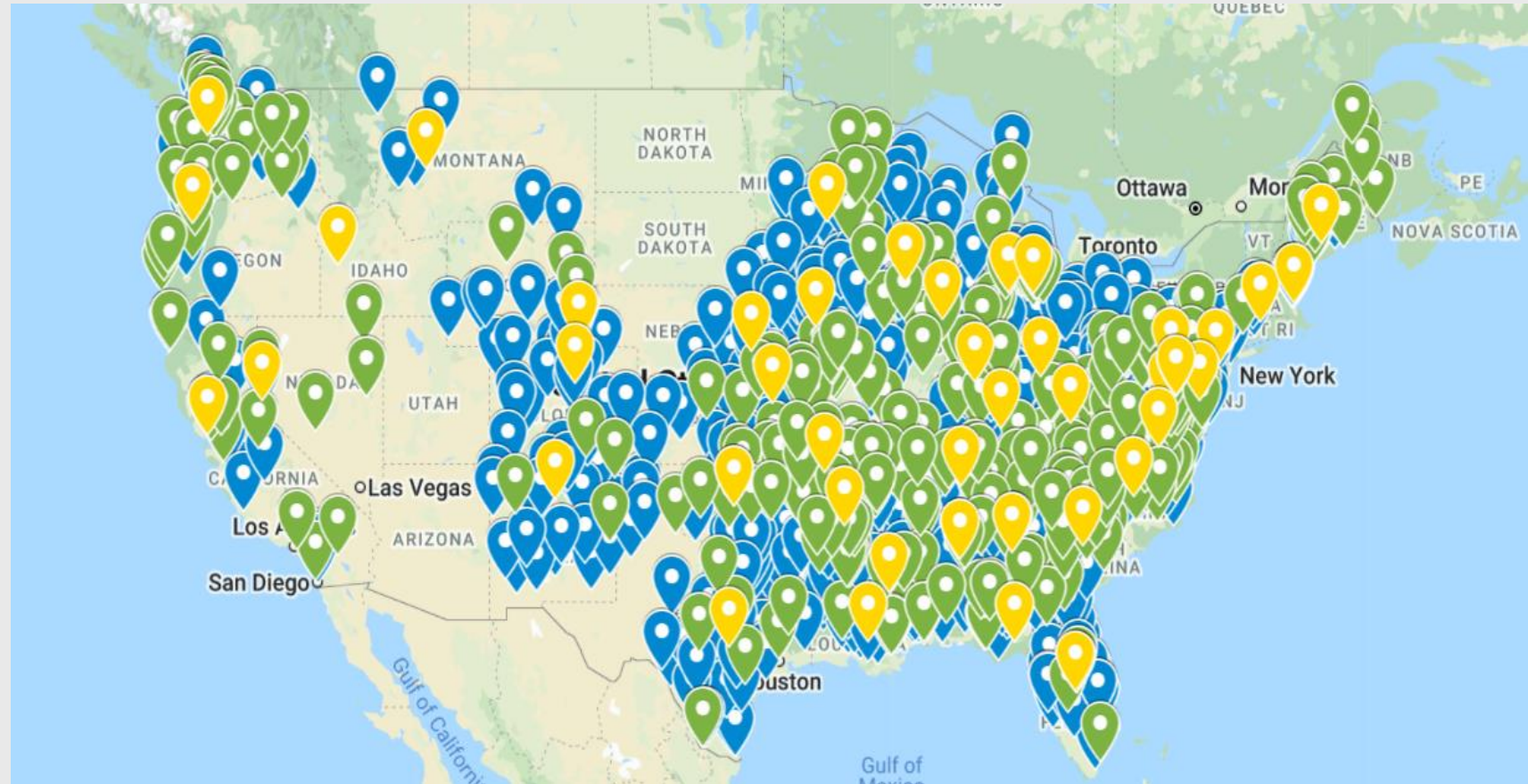


MAIN STREET'S REACH AND IMPACT



MAIN STREET AMERICA MEMBERS ACROSS THE MAP

- + 1200 MSA programs
- + Approximately 300,000 small businesses nationwide
- + 70% Rural
- + 70-80% LMI



A photograph of a historic street scene with colorful, multi-story buildings. The street is lined with parked cars, and a dark diagonal gradient is applied across the image. The text "ENTREPRENEURSHIP: SOME FACTOIDS..." is overlaid in yellow.

ENTREPRENEURSHIP: SOME FACTOIDS...

MOST COMMON REASONS FOR STARTING A BUSINESS?

MOTIVATIONS FOR OPENING A BUSINESS

READY TO BE YOUR OWN BOSS - 29%



DISSATISFIED W/ CORPORATE USA - 17%



WANTED TO PURSUE MY PASSION - 16%



OPPORTUNITY PRESENTED ITSELF - 12%



INSPIRATION FOR NEW BUSINESS - 9%



NOT READY TO RETIRE - 7%



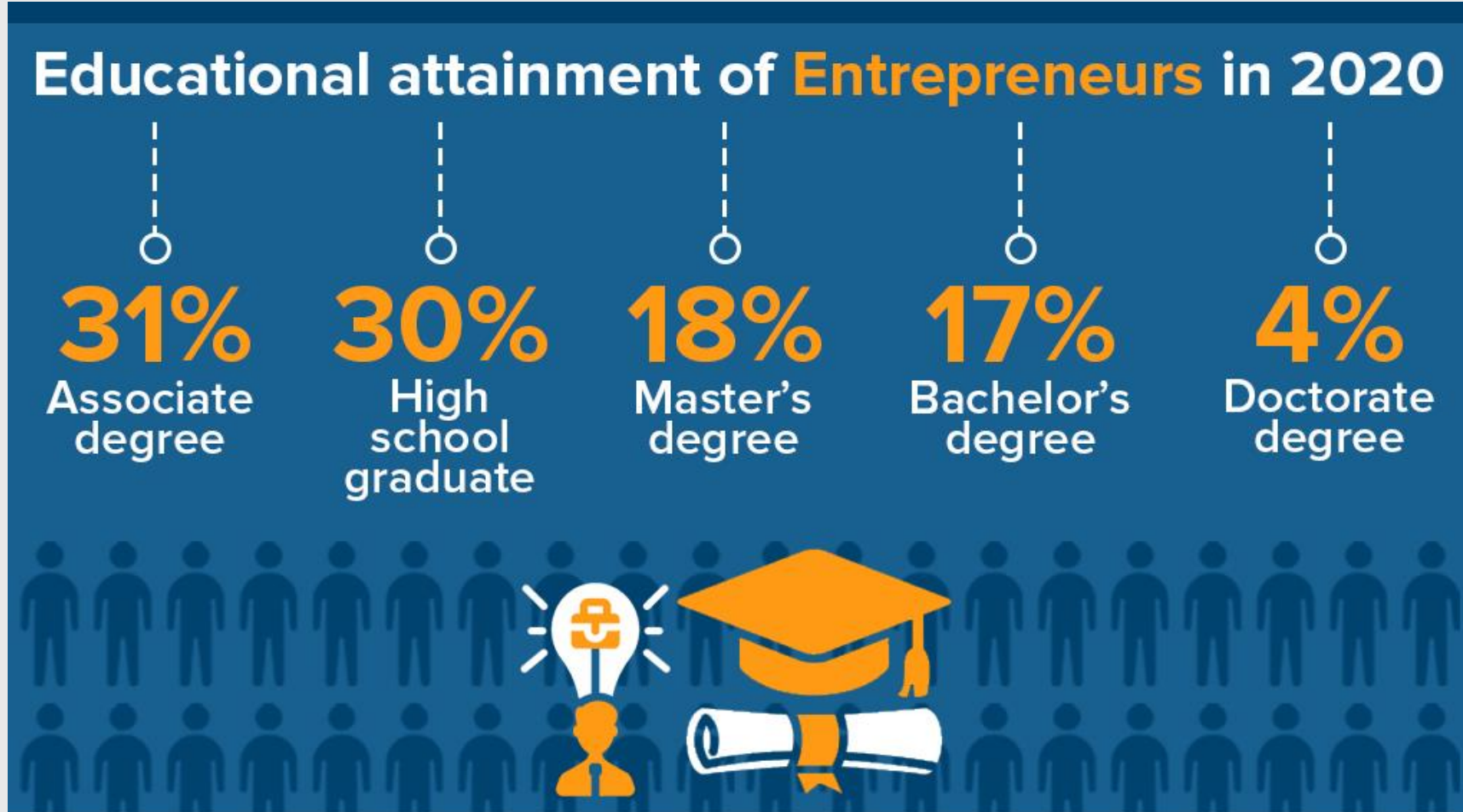
WHAT IS THE TOP FACTOR THAT WOULD LIKELY LEAD TO SOMEONE BEING AN ENTREPRENEUR?

+ A study by BNP Wealth Management suggested upwards of 60 percent of entrepreneurs come from a background in which they were exposed to a family member in business.

+ Other typical inspirations:

- Hobby Transition to Business
- Former Job – Transitioning Skill Set

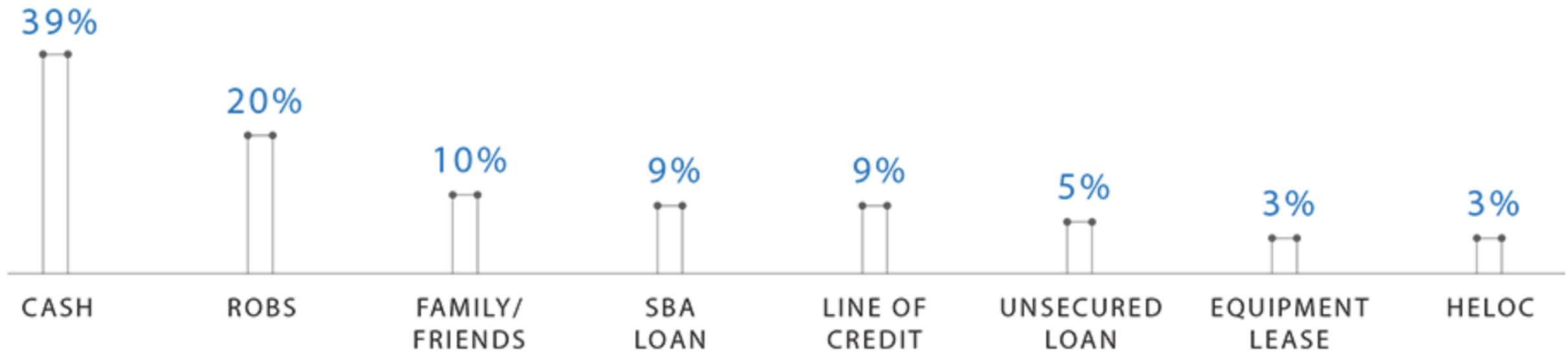
TYPICAL EDUCATIONAL ATTAINMENT OF AN ENTREPRENEUR?



Source: Guidant Financial 2020

HOW ARE MOST NEW BUSINESSES FINANCED?

MOST POPULAR FINANCING METHODS



MOST COMMON SECTORS STARTED?

TOP FIVE SMALL BUSINESS INDUSTRIES

1. FOOD AND RESTAURANT - 12%



2. RETAIL - 11%



3. BUSINESS SERVICES - 11%



4. HEALTH, BEAUTY, AND FITNESS SERVICES - 9%



5. RESIDENTIAL AND COMMERCIAL SERVICES - 7%



WHAT AGE GROUP IS MOST ACTIVE IN ENTREPRENEURSHIP?

Entrepreneur age profile

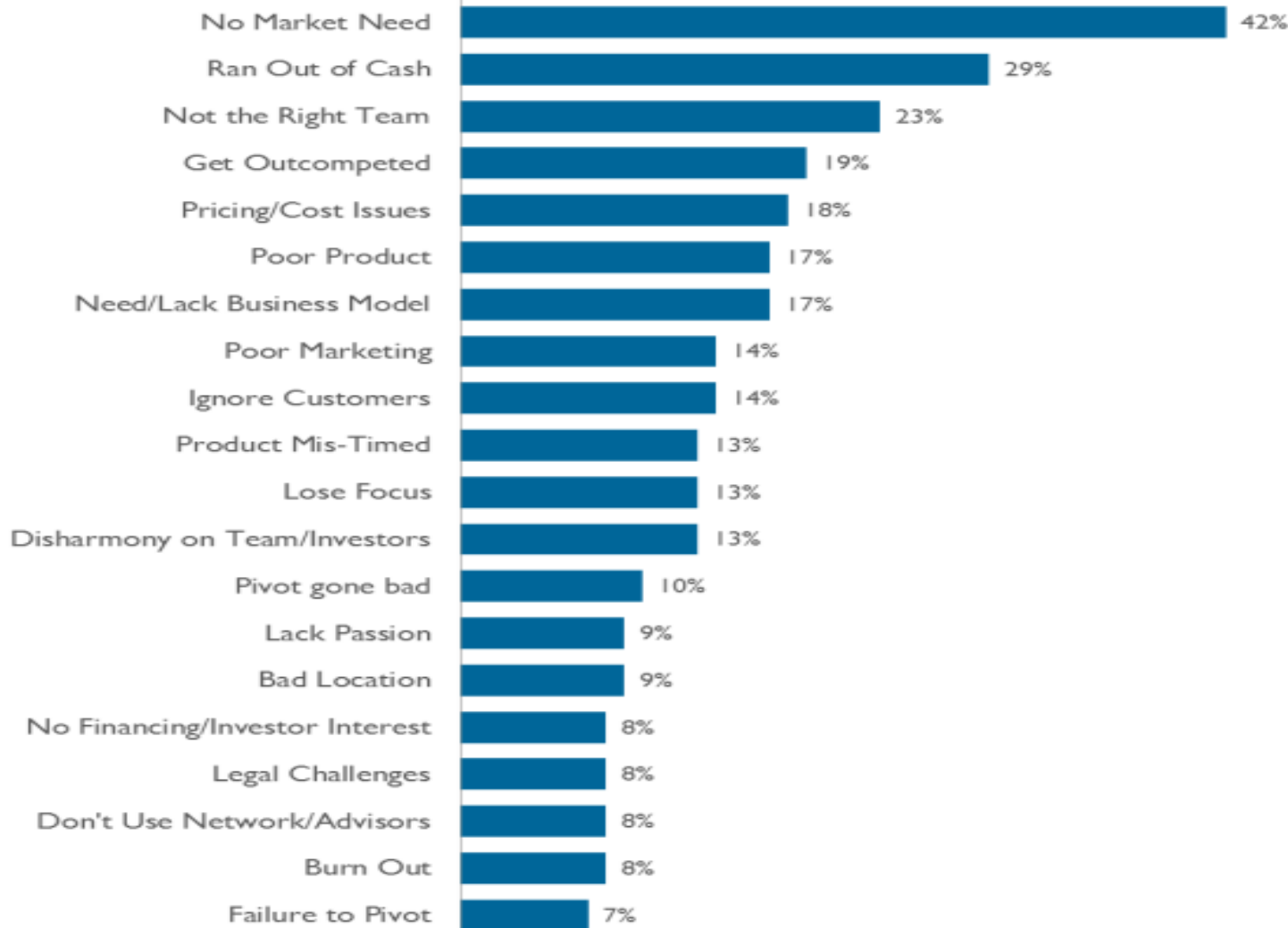
Source: Guidant Financial



WHAT IS THE MOST COMMON REASON A BUSINESS FAILS?

Top 20 Reasons Startups Fail

Based on an Analysis of 101 Startup Post-Mortems



www.cbinsights.com

INNOVATION
DISTRICT
UNIVERSITY OF GEORGIA

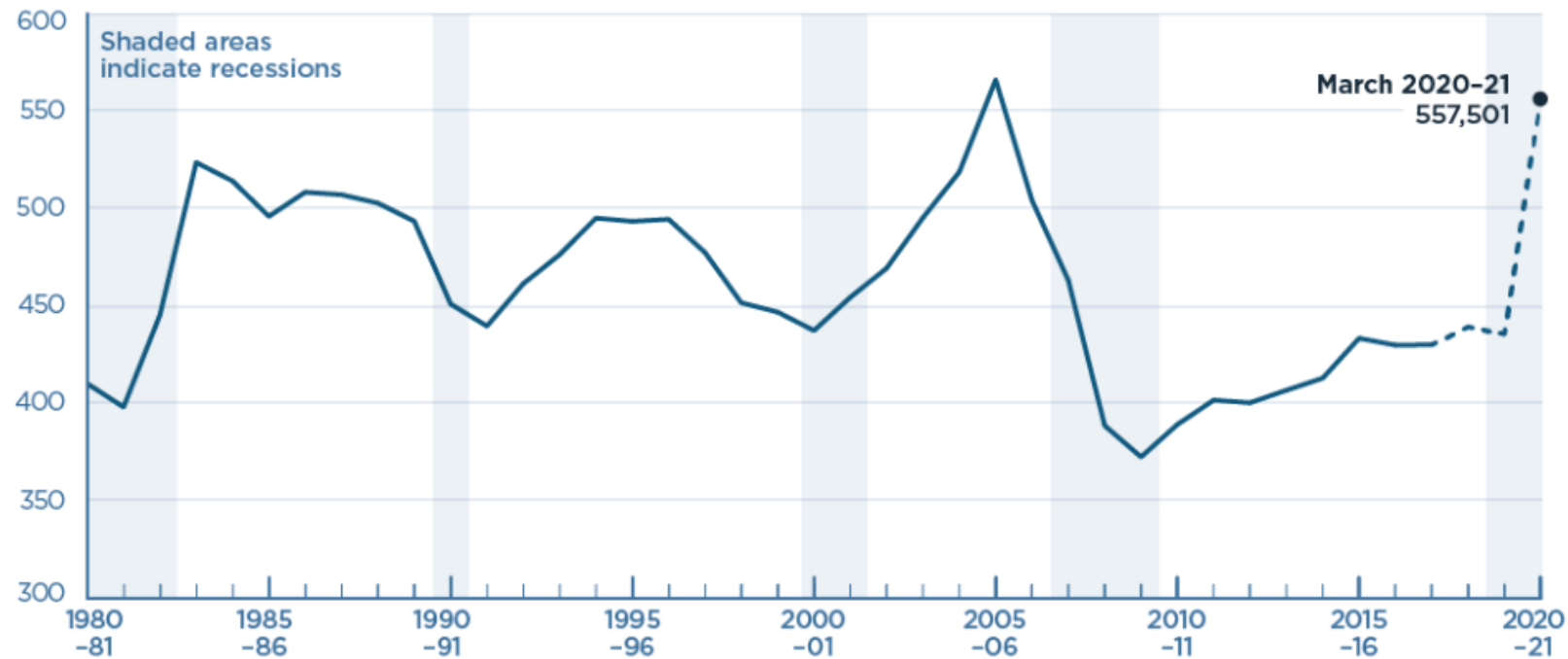
Idea Commercialization Outline

	Activity	Success	Assistance
Exploration	"What do we have here?" Let's work out what your idea really is and who it is really relevant to. Specifically, let's morph from a technology to a product	A testable hypothesis of why your idea is valuable and to whom	Bootcamps Early-Stage Mentors IP Assistance Prototyping Quick Pitch Competition Startup Community
	"Does anyone care?" Check with your target audience if the product idea is commercially relevant and valuable.	Multiple independent interviews and confirmation of project relevance. First micro funding of \$3,000	Customer discovery – I-Corps Early-stage funding Office hours Prototyping UGA Idea Accelerator
Evaluation	"What's the plan?" First steps in laying out a commercialization plan	Commercialization plan with first early funding secured. Plan with milestones and a pitch	Company formation planning Grant Funding Assistance High Potential Projects Licensing Program Office hours Sector specific mentors Startup 101
	"Will it take off?" Where the rubber meets the road! Development of a commercial product by a dedicated team and delivery of milestones set by funding providers. Proof that the business model works	Revenue! Credible team formation and Advisory Board creation. Milestone and regulatory plan.	Advisory connections Commercial realities Design Thinking Pitch training Professional Introductions Regulatory Planning SBIR Assistance Senior Mentor Program Space rental
Scale Up	"Get to independence" Expansion of the business model to a self-sustaining viable organization	VC funding, Exit plan	Funding Assistance Senior mentor program VC contacts

WHAT HAS BEEN THE TREND ON NEW BUSINESS FORMATION IN THE US OVER THE PAST 40 YEARS?

New businesses in the United States surged during the pandemic

Annual firm births March 1980–March 2021, thousands



THE PANDEMIC AND THE RISE OF THE “COVIDPRENEUR”

Business applications in the US by quarter
Seasonally adjusted

■ High-propensity ■ Other

1.5 million

1.0

0.5

0.0

'06

'08

'10

'12

'14

'16

'18

'20

Quartz | qz.com | Data: US Census via the St. Louis Fed

BUSINESS > Posted Yesterday at 4:00 AM

INCREASE FONT SIZE 

‘Covidpreneurs’ forge ahead with new business ventures despite, or because of, pandemic

Is this really the time to be starting a new business? Plenty of Mainers seem to think so.



U.S. Census: 4.5 million more new business formed from January to October 2021 than same period 2019. That's a 56 percent increase over that period!

WHY THIS MATTERS? ECONOMIC DEVELOPMENT INVESTMENT DATA - ROI

- + Net new job growth (60%) results from small businesses.
- + Small business provide for **unique community identity**
- + Economic Development more often by Local Entrepreneurs and NOT from Outside Recruitment Activities (MSA Survey of 2,500 businesses – 2021)
 - **Overall, 70 percent of local businesses were started by individuals residing in those same communities.**
 - **At 92 percent, small-scale producers (like artisans, makers, value-add ag producers, and small manufacturers) were nearly always launched by local community residents.**
- + For businesses employing between 11 and 20 employees, 81 percent started locally
- + For employers of 20 plus employees, 57 percent were launched locally.



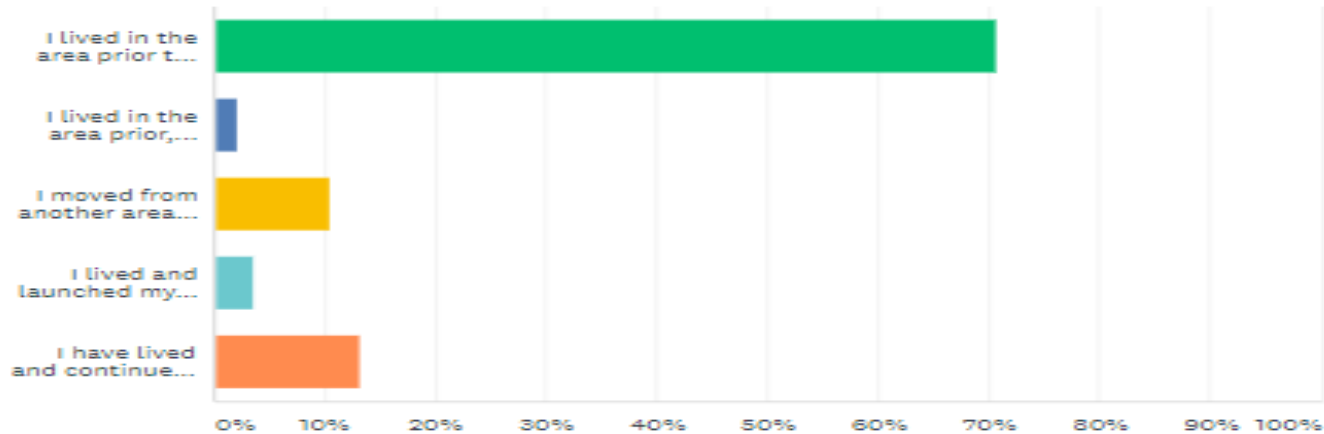
INVESTING IN ENTREPRENEURSHIP IS ECONOMIC DEVELOPMENT

Q14



Which of the following best describes your relationship with your business's locale?

Answered: 1,407 Skipped: 0



ANSWER CHOICES	RESPONSES	
I lived in the area prior to launching and operating a business here.	70.72%	996
I lived in the area prior, launched my business elsewhere, and have since moved the business here or opened an additional location here.	2.13%	30
I moved from another area in order to launch my business here.	10.38%	146
I lived and launched my business elsewhere before moving my residence and my business to its current locale.	3.62%	51
I have lived and continue to live in a different area than my business's locale.	13.15%	186
TOTAL		1,407

HOW ARE YOU DOING NOW?

(<https://www.godaddy.com/ventureforward/explore-the-data/>)

Adding one new microbusiness per 100 people is associated with a range of benefits

-0.05%

Percentage point drop in unemployment

2018-2020

Each additional microbusiness per 100 people will cause a 0.05 percentage point reduction in a county's unemployment rate



BLS

+2

New jobs created by each additional entrepreneur

2018-2020

On average, each everyday entrepreneur in a community adds 2 jobs on top of their own.



BLS

+40%

Increase in economic resilience

2019

Communities with greater microbusiness density had stronger economic recoveries from the 2011 recession based on an index of economic indicators built by EIG



EIG

+\$485

Increase in median household income

2016-2019

Adding one highly active microbusiness per 100 people in a community is associated with consistent year-over-year growth in median household income



U.S. Census Bureau

THE OPPORTUNITY: POTENTIAL ENTREPRENEURIAL TALENT IS DECOUPLED FROM METRO CENTERS

- + Post-COVID, about 30% of U.S. workers will have “hybrid” arrangements where they split time between the work site and home, and about 15% will be fully remote.
- + 16% of companies in the world are 100% remote
- + Rural markets within 2-3 hours of metro areas, with outdoor recreation, great downtowns, and affordability.
- + Others: HUGE Investments in Broadband; E-Commerce as a way to stretch trade areas; Logistics and Technology/Equipment at Scale and Costs
- + IN OTHER WORDS....MAINTAIN YOUR ATTRACTION PROGRAMMING BUT ADD A HUMAN ELEMENT TO IT



A photograph of a street in a historic town. On the left, there are multi-story brick buildings with ornate architectural details and colorful murals on the ground floor. Several cars are parked along the left side of the street. On the right, there are more historic buildings, some with blue-painted lower floors. A dark car is parked on the right side. The street is paved with asphalt and has a double yellow line down the center. The sky is blue with some clouds. A large, dark, semi-transparent triangular shape is overlaid on the left side of the image, pointing towards the center.

Supporting entrepreneurs and
small businesses continues to get
more complex. Let's examine
some trends...

WORKFORCE CONSTRAINTS REMAIN, RESULTING IN ACCELERATED TECHNOLOGY INTEGRATION AND FURTHER BUSINESS MODEL SHIFTS

- + August 2022 Quit Rates:
 - 6.5 percent for restaurant employees
 - 4.5 percent for retail employees
 - Average industry 2.7 percent
- + 4.5 million workers left their jobs in November 2021. Restaurants and hotels represented the largest segment of separations.
- + And while they added jobs in September 2022, they aren't anywhere near pre-Covid job totals suggesting.....
- + They have largely pivoted to new norms of business

SOME PIVOT EXAMPLES

- + Already, many restaurants are shifting to a counter service model rather than having to rely on wait staff.
- + Many businesses have also scaled down menu items to limit cook staff needs and control for supply chain hiccups.
- + QR codes tied to menus but allowing for direct ordering from your table.



AUTOMATION

- + Throughout history from agriculture to manufacturing, mature industries adjust to control for rising labor costs through automation
- + Labor shortages and wage increases will move into retail at an accelerated rate
- + (Mordor Intelligence): The **retail automation** market is expected to grow at a CAGR of 15.41% over the forecast period (2021-2026).
- + Starbucks, for example, is partnering with Amazon on automated checkout technology. McDonalds even announced that it has been testing artificial intelligence through automated voice ordering at its drive throughs in 10 Chicago locations. This is on the heels of installing more automated cooking equipment such as fryers and soda dispensaries
- + And Walmart has removed nearly all staffed check-out lanes.



BLURRING LINES BETWEEN ECOMMERCE AND BRICKS-AND-MORTAR STORES

- + UBS is estimating that about 80,000 retail stores, which is 9% of total stores, will shut across the country by 2026. That assumes e-commerce sales rise to represent 27% of total retail sales by then, up from 18% today.
- + Bricks and Clicks will allow retail to shift uses and functions of space...moving to more “showrooming” concepts, thus carrying far less inventory. This showrooming model helps retailers that can’t afford to rent out a huge space to accommodate a full store’s worth of inventory.
- + Watch for more pure e-commerce stores to develop showrooms as well. Yesterday, Meta just launched their first ever store.

RESHORING AND GROWTH OPPORTUNITIES FOR SMALL-SCALE MANUFACTURERS

- + The U.S. Small Business Pulse Survey from 2021 highlights the issue as companies are experiencing the lowest inventory levels in decades and 36 percent indicate serious supplier delays
 - Growth: The first comes from providing unique goods to smaller retail and wholesalers that unlike Walmart and Amazon are not in a position to control their supply chain destinies in keeping inventory on shelves for consumers.
 - Growth: The second is as a third-party manufacturer for larger industries needing regional parts providers during this time as supply chain issues persist through 2022.

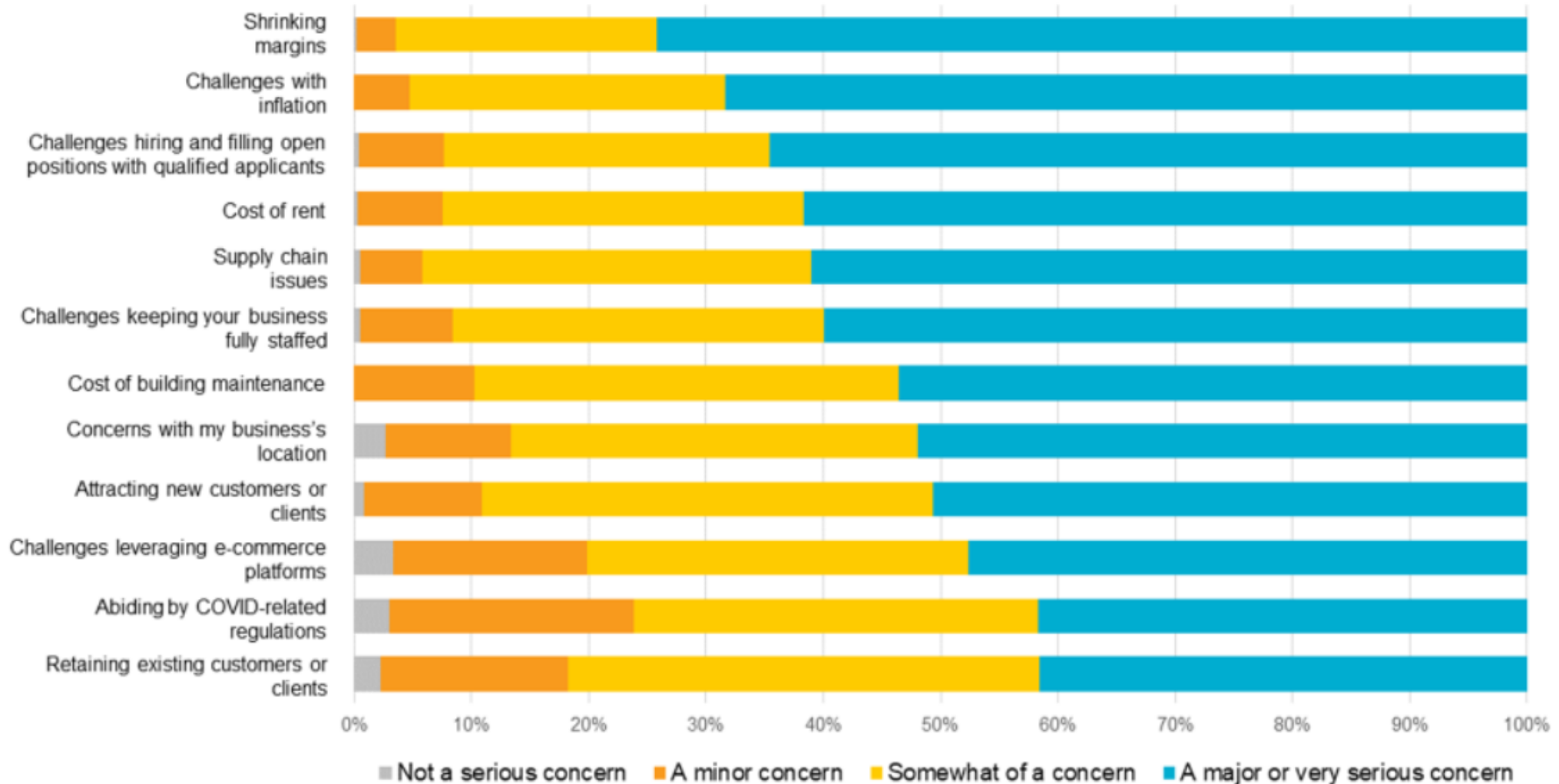
WHILE ENTREPRENEURSHIP IS UP, ISSUES REMAIN AT OTHER PARTS OF THE BUSINESS LIFE CYCLE:

+ Need to replace the Baby Boomer Businesses...

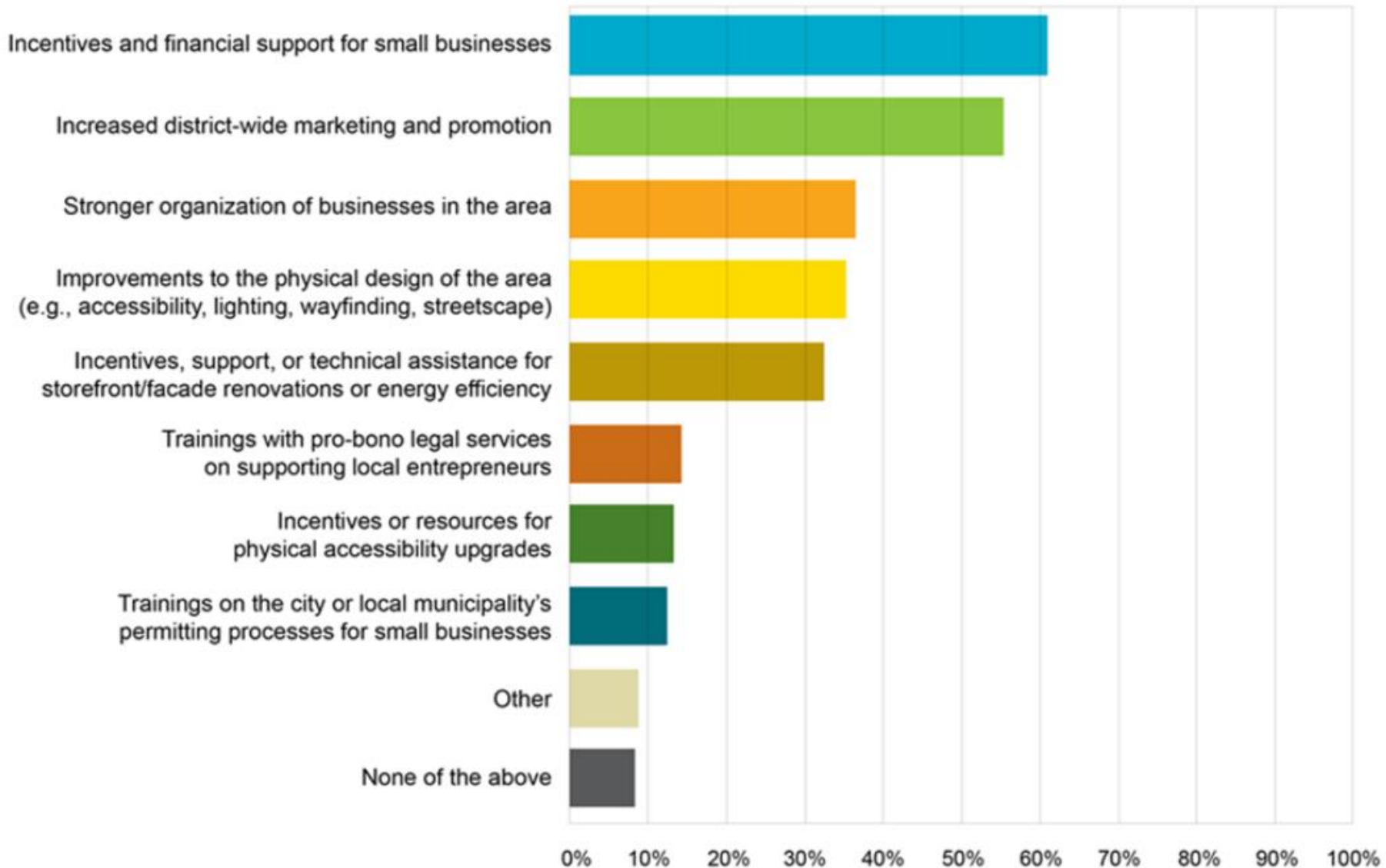
- 3 million people retired early in 2021 (Forbes)
- 78 percent of small business owners have told their advisers they plan to sell their businesses to fund their retirement, but only 30 percent have written a specific plan. (NFIB)
- 11 percent of those that have a plan indicate they will simply dissolve the business (BoA)

INFLATIONARY PRESSURES EATING INTO MARGINS (MSA FEBRUARY 2022 SURVEY)

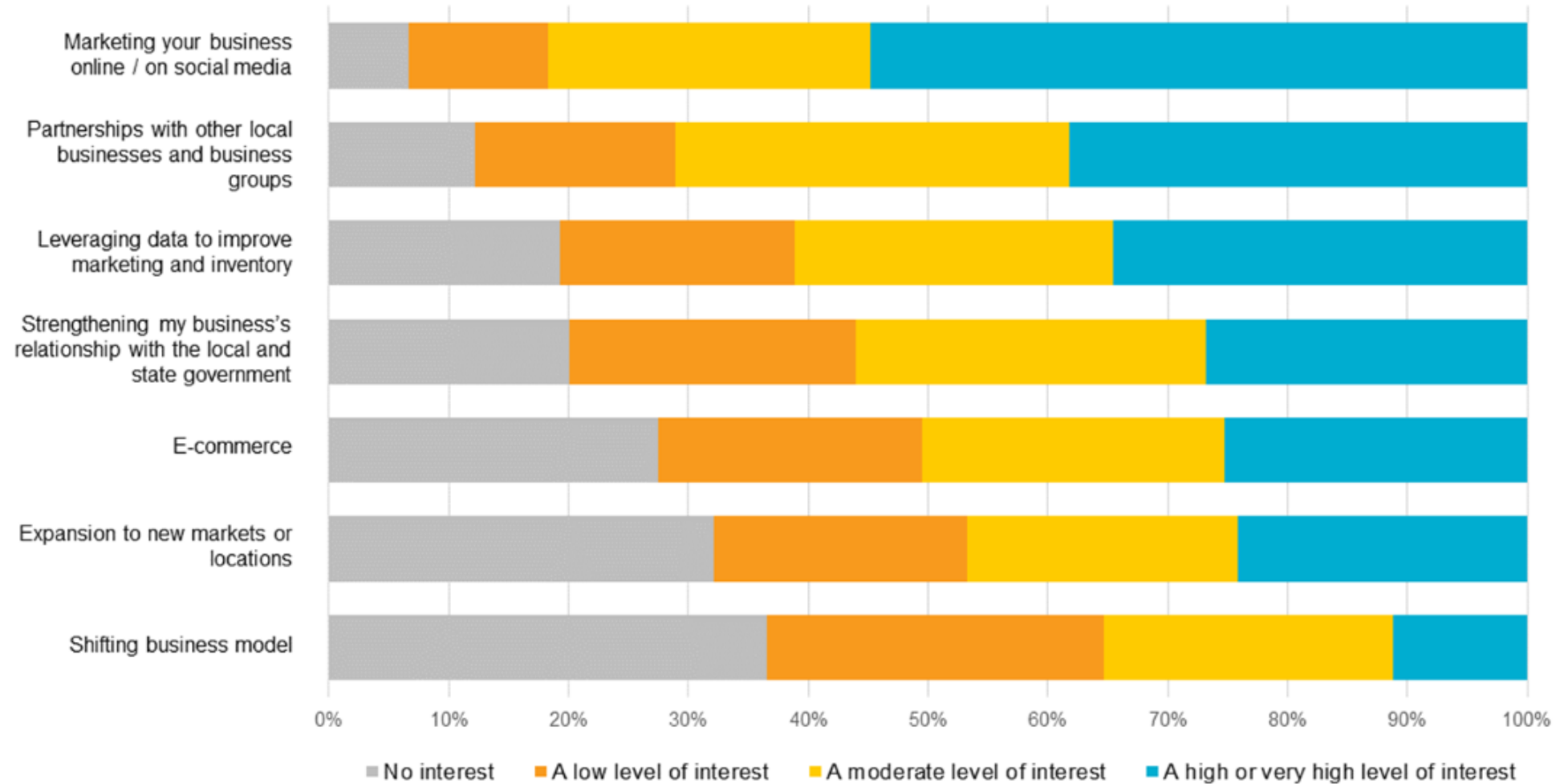
Q15. Again, thinking of the next six months, how serious are each of these concerns for your business?



SMALL BUSINESS SURVEY: SUPPORT NEEDED



SMALL BUSINESS SURVEY: TOPICS OF INTEREST



THE GREAT PIVOT WILL CONTINUE

+ According to data from American Express' Entrepreneurial Spirit Trendex survey , **76% of business owners have pivoted** or are in the process of pivoting their business model to maintain revenue, and among those that already pivoted, **73% expect to pivot again over this year.**





THE PIVOT:
WHAT SMALL
BUSINESSES
SHOULD
CONSIDER

ADD A SUBSCRIPTION COMPONENT

- Think about cord cutting migrating to streaming services now to highly niche based subscriptions at \$4.99 (Discovery Plus, Paramount Plus)
- Panera offered an \$8.99/month coffee subscription. In 7 months = 1 million subscribers
- Box Subscriptions - From April 2014 to April 2018, the industry grew by 890%.
 - More than half of online shoppers (54%) say they subscribe to a subscription box service.
 - The subscription box industry appeals to consumers' desire for convenient, novel experiences.



BECOME A SMALL-SCALE PRODUCER



- + Breweries
- + Food Production
 - Coffee Rosters
 - Popcorn
 - Bakery
 - Chocolate

- + Apparel
- + Furniture
- + Sporting Goods
- + Jewelry/Watches
- + Artisans/Crafters
- + Vintage Goods
- + Health and Wellness Products
- + Personal Hygiene
- + Eco-Friendly

92 percent of small-scale producers (like artisans, makers, value-add ag producers, and small manufacturers) were nearly always launched by local community residents. (MSA – 2021)



LAUNCH A POP UP – ITS NOT JUST FOR START-UPS!



+ **Belfast, Maine** – The Moody Dog, started out as a mobile retailer in the form of a food truck, specializing in pies, cookies, and cakes. Spotting an opportunity, the business decided to use another form of a mobile pop-up—a push cart—to expand offerings through a menu of specialty hot dogs. Success and a large following have now resulted in other pop-up activity near the Marshall Wharf Brewery, and a more permanent “hidden,” as they call it, kitchen and take out space. <https://themoodydog.com/>

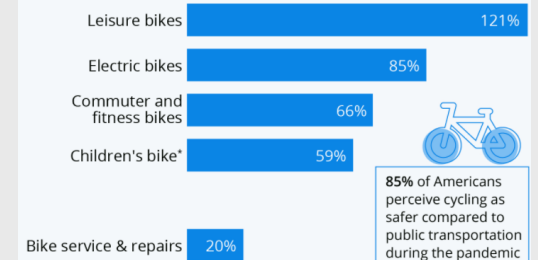


LINE EXTENSIONS INTO GROWING SECTORS



COVID-19 Pandemic Fuels Bicycle Boom

Year-over-year change in bicycle and bicycle service sales in the U.S. in March 2020



* incl. BMX bikes

Sources: The NPD Group, Trek, Engine Insights

CREATE A THIRD SPACE COMPONENT TO YOUR BUSINESS



ALLOW FOR IN-
STORE POP-UPS
OR SHARED SPACE
WITH
COMPLEMENTARY
BUSINESSES



GROW OUR TRADE AREAS: E-COMMERCE SALES CHANNELS

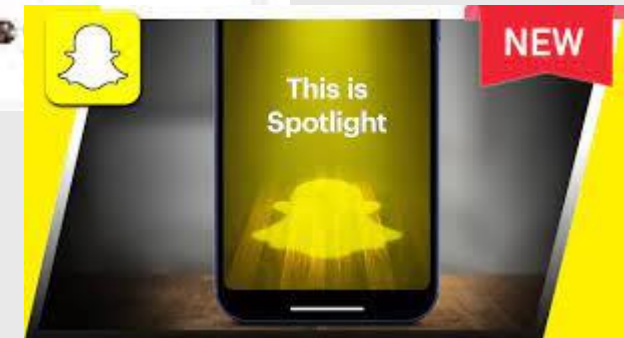


Empower
by **GoDaddy**

- + Still 56 percent of mom and pop retail businesses lack e-commerce sales channels
- + And for those that do, it represented less than a quarter of sales for 8 out of 10 of them.

MAKING DEEPER CONNECTIONS WITH CUSTOMERS: MOVE BEYOND TYPICAL MARKETING AND OUTREACH

- + Key is to build connections and relationships with consumers
- + Continue to use the norms like Facebook and Instagram
- + Become an educational resource on YouTube
- + TikTok for product demonstrations and to tell a short story
- + Snapchat Spotlight
- + Consider a rebrand that reflects your new pivots



A photograph of a street in a historic town. The street is lined with multi-story buildings in various colors, including red brick, white, and blue. There are cars parked along the sides of the street and a few cars driving. The sky is blue with some clouds. A large, dark, diagonal shape is overlaid on the left side of the image, and the text "Any Questions/Thoughts?" is written in yellow in the center.

Any Questions/Thoughts?