FORWARD CITIES

Accelerating Inclusive Entrepreneurship in our Nation’s Cities

CHRISTOPHER GERGEN

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Forward Cities is a national nonprofit that:

- Provides **capacity building** to cities and micropolitans committed to boosting entrepreneurship and small business growth in under-connected neighborhoods
- Fosters **collaboration and learning** between cities and within regions/states

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The problem we are addressing...

*Entrepreneurship is a critical economic driver and creator of wealth but this prosperity is not broadly shared.*
Average Family Wealth by Race/Ethnicity, 1963–2013


Notes: 2013 dollars. No comparable data are available between 1963 and 1983. African American/Hispanic distinction within nonwhite population available only in 1983 and later.
County of New Haven Population Breakdown

**Population Size:** 860,435
**Change since 2010:** -2,554

**Percent in Poverty:** 11%
**Median Family Income:** $86,424

**Percent HS, higher:** 91%
**Percent BA, higher:** 34%

**Residents that are Foreign-born:** 12%
**Speak Language Other Than English at Home:** 22%

**Race:**
- Black: 13.5%
- Asian: 9.0%
- Other: 4.0%

**Ethnicity:**
- White: 73.5%
- Not Hispanic: 81.9%
- Hispanic: 18.1%
Poverty rates are not evenly distributed in the New Haven area, with much higher rates seen in downtown New Haven and Waterbury.
City of New Haven Earnings Gap

Earnings gap for full time workers, 2017

For every dollar a White male makes:
- A Hispanic female makes 52 cents
- A Hispanic male makes 53 cents
- A Black/African-American female makes 68 cents
- A Black/African-American male makes 70 cents
- A White female makes 88 cents

Compared to New Haven County:
- Women make more
- Black/African-American males make less
- Hispanic males and females make less
Wealth Gap in County of New Haven

Percent of households living in a home they own in 2017, by population subgroup

Using homeownership as a proxy for wealth:

Nearly three in four White families live in a home they own.

Just over three in 10 Hispanic and Black/African-Americans live in a home they own.
## Entrepreneurship Indicators

### Self-Employment
- **Number and percent of self-employed New Haven County residents**
  - 30,529 (8% of total) N. Haven
  - 36,656 (7% of total) Buffalo
  - 14,527,648 (10% of total) Pittsburgh

### Low Small Business Density and Dynamism
- **Number of businesses with 1-4 employees, change over last 5 years**
  - **9,855** +31

### Business Density
- **Number and percent of businesses that have been in business less than 2 years**
  - **4,897** (7%)

### Entrepreneur Density
- **Number of State businesses open less than 2 years per 1,000 residents ages 16-64**
  - 2 per 1k people N. Haven
  - 10 per 1k people Buffalo
  - 8 per 1k people Pittsburgh

### Entrepreneurial Diversity
- **Number of businesses open <2 years per 1,000 residents ages 16-64**
  - 1 per 1k female N. Haven
  - 4 per 1k female Buffalo
  - 3 per 1k female Pittsburgh
  - 0.3 per 1k Black/AA N. Haven
  - 1 per 1k Black/AA Buffalo
  - 1 per 1k Black/AA Pittsburgh
  - 1 per 1k Hispanic AA Pittsburgh

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Entrepreneur Diversity

Number of new businesses (<2 years) per 1000 adults (16-64) in the labor force in 2016, by race and gender

Just one in about 3,000 Black/African-American Connecticut residents start a small business
One in 1,000 - Buffalo
One in 1,000 - Columbus, OH

A little over two in 1,000 White Connecticut residents start a small business
11 in 1,000 - Buffalo
8 in 1,000 - Columbus, OH

Just one in 1,000 Hispanic or female Connecticut residents start a small business.
Four in 1,000 - Buffalo
Three in 1,000 - Columbus
White residents in New Haven are about 19 times more likely to have an employer business than their African-American peers.
Without **intentional strategies and investment** to address these challenges, our cities and regions will be less economically competitive and social costs will rise.
GREATER NEW ENGLAND MINORITY SUPPLIER DEVELOPMENT COUNCIL - OUR GOALS

Develop Minority Businesses & Advance Economic Inclusion

❖ CERTIFY
❖ CONNECT
❖ DEVELOP
❖ ADVOCATE
CERTIFY

225 Minority Business Enterprises (MBEs) Certified in 5 States
Connecticut, Massachusetts, Rhode Island, New Hampshire & Maine

Aggregate Revenue $2.275 Billion
Average Revenue $10.112 Million
Median Revenue $1.840 Million
Total Employees 10,961
# Ethnic Minority Employees/ % of Total Employees 5,416 / 49.16%
CONNECT

Corporate to MBE

Corporate to Corporate

MBE to MBE
## DEVELOP

<table>
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<th>One-on-one Consulting</th>
<th>Category 1 MBEs</th>
<th>Category 2, 3 and 4 MBEs</th>
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<tr>
<td><strong>Strategy</strong></td>
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<td><strong>Strategic Advice</strong></td>
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<tr>
<td><strong>Creation/Refinement of “Value Proposition”</strong></td>
<td></td>
<td><strong>Financial Management/Understanding Financial Statements</strong></td>
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<td></td>
<td><strong>Advice regarding “Inorganic Growth” (Mergers, Acquisitions, and Joint Ventures)</strong></td>
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<tr>
<td><strong>Access to Debt</strong></td>
<td></td>
<td><strong>Advice/Contacts/Introductions to Debt, Mezzanine and Equity Capital</strong></td>
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<tr>
<td><strong>Process Improvement</strong></td>
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<td><strong>Financial Management</strong></td>
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<td><strong>Access to Capital (Bank Debt and Finance Companies)</strong></td>
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<td><strong>Cash Flow Management</strong></td>
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<td><strong>Succession Planning</strong></td>
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COLLAB
Events
Events

Office Hours
1,649 at Collab events
754 sessions of Office Hours
41 ventures in Accelerator
The future must be co-created and led by local entrepreneurs and residents.
How success is measured must be broadened and deepened.
A truly inclusive entrepreneurial ecosystem needs a **large open door**.
INNOVATION THRIVES IN DENSE NETWORKS.
HEALTHY & INCLUSIVE ENTREPRENEURIAL ECOSYSTEMS

- Trust and collaboration between ESOs
- Trust between potential/current entrepreneurs and ESOs
- Available to everyone who wants to participate and known to everyone
- Accessible, shared, promoted knowledge of resources and state of the ecosystem
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The Developmental Path

Disconnected & Disengaged
- Cross-sector leadership
- National learning network
- Benchmarked data

Connected & Coordinated
- Target outcomes
- Aligned strategies
- Public/Private investment

Aligned & Acting
- Realizing Results
  - Measurable progress
  - Sustained economic return
  - Scalable initiatives
  - National contribution

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Forward Cities Approach

- Data-informed
- Human-centered
- Community-led
- Action-oriented
- Collaboration-minded

FC

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Cities like New Haven can be laboratories of place-based inclusive entrepreneurship:

- Driving intentional strategies for inclusive growth
- Fostering cross-sector/cross-city collaboration
- Removing barriers to entrepreneurship & small business growth
- Connecting to other communities in the region/ state
- Creating replicable models of wealth creation & inclusive competitiveness
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Appendix:
### Indicator Choice and Sources (I)

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<thead>
<tr>
<th>Indicator Rationale</th>
<th>Sources for Indicator</th>
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</thead>
<tbody>
<tr>
<td><strong>Opportunity Gap</strong></td>
<td>This indicator provides a one-of-a-kind lense into how a neighborhood in which children grow up shape their earnings trajectory into mid-age adulthood. The data allows to control for parental income, gender and race of the child, facilitating more instructive comparisons that establish a causal link between neighborhoods, human capital development and social mobility.</td>
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<tr>
<td></td>
<td>2016 The Opportunities Atlas, Opportunity Insights</td>
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<td><strong>Earnings Gap</strong></td>
<td>This raw comparison of earnings by gender and race provides a snapshot of the overall disparities in earnings that full-time employees take home. Rather than accounting for occupation, education and seniority differences (in spirit of “equal pay for equal work”) that explain parts of these gaps, this indicator focuses on earnings in their own right as building blocks of wealth.</td>
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<td>2016 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td>2012 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td><strong>Wealth Gap</strong></td>
<td>Wealth is hard to measure directly, so researchers interested in neighborhood-level differences have resorted to using proxies like homeownership rates. Homeownership has shown to generate wealth due to tax incentives, financial market advantages and behavioral nudges. The history of systematic discrimination in the housing market further underlines the indicator’s value and perspective in work on inclusive economic development and entrepreneurship.</td>
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<td>2012 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td><strong>Growth Industries</strong></td>
<td>The engine of new job growth are small businesses, which together employed 47.5% of all U.S. workers in 2018. A small number of industries concentrate most of the new jobs created. This indicator outlines the industries responsible for half of all net employment growth locally and specifies whether employment growth goes hand in hand with average salary increases or not.</td>
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<td><strong>Self-Employment</strong></td>
<td>People reporting to be self-employed, provides the best available, big-picture marker of the number of entrepreneurs in the country. Disaggregating self-employment by gender allows to probe whether the general decline in self-employment affects all groups equally. Evidence that self-employment is more prevalent at the lower end of the income spectrum further reinforces the importance of this indicator for work on inclusivity.</td>
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<td>2016 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td>2012 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td>2016 Nonemployer Statistics, United States Census Bureau</td>
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## Indicator Choice and Sources (II)

<table>
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<tr>
<th>Indicator Rationale</th>
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<tr>
<td>Research on entrepreneurship mandates to take a close look at the number of entrepreneurs that call a given community home. The number of small businesses (&lt;4 employees) as a share of the local population “is the statistical corollary of the number of entrepreneurs you will run into walking across the street” and a measure that is comparable across communities. We include the rate for specific population subgroups as an indicator of diversity.</td>
<td>2015 Policy Map</td>
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<td>2016 Survey of Entrepreneurs, United States Census Bureau</td>
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<td>2012 Survey of Entrepreneurs, United States Census Bureau</td>
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<td>Static measures of representation by entrepreneurs in a community only provide us with a snapshot picture about density. Probing into changes over time as well as evolutions in salaries paid by small businesses (&lt;4 employees) paints an increasingly dynamic picture of the local entrepreneurial ecosystem.</td>
<td>2016 Survey of Entrepreneurs, United States Census Bureau</td>
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<td>2012 Survey of Entrepreneurs, United States Census Bureau</td>
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<td>2015 Policy Map</td>
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<td>Predictions abound about widespread job displacement and the overhaul of labor markets due to increasingly sophisticated artificial intelligence. Deconstructing the critical tasks that each occupation needs to perform on the job and assessing their ease of computerization provides a bottom-up accounting of an occupation’s risk to be automated. Aggregating how many of these jobs exist in a community creates profiles of exposure to automation.</td>
<td>2017 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td>2017 American Community Survey (5 year estimates), United States Census Bureau</td>
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<td>Brookings Report “Automation and artificial intelligence: how machines affect people and places.”</td>
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<td>The contingent and alternative workforce, defined here as temporary help-agency workers, on-call workers, contract company workers, independent contractors and freelancers, has grown in leaps. Given persistent data gaps at the local level we need to resort to national estimates, available by occupation, to approximate the scale to which local labor markets are already restructured.</td>
<td>2017 American Community Survey (5 year estimates), United States Census Bureau</td>
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<tr>
<td>2005 American Community Survey, United States Census Bureau</td>
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<td>2017 Bureau of Labor Statistics</td>
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<td>Understanding the share of non-white and non-male entrepreneurs is central to the work of promoting equitable entrepreneurial ecosystems.</td>
<td>2014 and 2016 Annual Survey of Entrepreneurs</td>
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</table>
Community Entrepreneurship Accelerator | Discover

Local Director

Place a full-time 2-year Local Director to serve as a trusted local project manager and facilitator;

Council

Create and connect a cross-sector, diverse Inclusive Innovation Council;

Research

Map the local inclusive entrepreneurship ecosystem and gather relevant data input from sources such as a panel survey of entrepreneurs, economic inclusion indicators, and synopses of local/regional data sources and reports;

Locate

Based on research and council input, define the neighborhoods where the work will be initially focused and add neighborhood-based council members.
Convening

Coordinate and align a diverse set of ecosystem decision-makers, stakeholders, and participants on target outcomes and strategies;

Alignment

Identify and leverage local assets as well as national best practices to create high-impact results;

Plan

Form working groups of aligned, interested and connected parties to develop viable ecosystem-strengthening solutions;

Socialize

Convene the local community to share the minimum viable solutions, and receive feedback as final input on the strategies;

Test

Test minimum viable solutions to address barriers identified by research process to identify programs with the most potential;
Launch and test minimum viable solutions to address barriers identified by research process to identify programs with the most potential;

Evaluate results and scale what is working beyond the individual neighborhood level.

Tell the stories of the entire process through the lense of a storytelling committee and local media partners, supported and distributed by the FC Marketing Communications team.

Connect with a national network of other cities and partners to share and strengthen the work.
Objectives:

- **Economic Inclusion Indicators**
  - Highlight place-based and socio-demographic inequities across the city

- **CAPE+ Survey**
  - Council’s attitudes and perceptions around entrepreneurship; barriers and drivers of entrepreneurship as perceived by community leaders
Objectives:

- **Neighborhood Inclusion Compass**
  - Recommends low-income Census tracts (neighborhoods) that are suitable sites for 1st year pilots (MVS’s)
  - Prepares Council for community asset mapping of shortlisted tracts

- **Literature Review**
  - Uses existing research to contextualize barriers and drivers of entrepreneurship in Franklin County
Objectives:

- **Eship & Small-Business Panel Survey**
  - Validates or refutes barriers and drivers of entrepreneurship
  - Gathers data on entrepreneur’s utilization and familiarity with community assets
Objectives:

- **Research Brief**
  - Summarizes and relates various research inputs to one another
  - Traces evolution of hypotheses about ecosystem barriers and drivers
  - Provides reference point for strategic plans, which WGs will develop around individual MVS’s
Objectives:

- **MVS Assessment & Annual Report**
  - Outlines preliminary and/or final evaluation findings of individual MVS’s
  - Suggests paths forward for evaluated MVS’s
  - Reflects on community feedback, implementation successes and challenges
  - Integrates results from second waves of Panel and CAPE+ surveys

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Objectives:

- **Research Brief Addendum**
  - Updates individual research inputs where appropriate
  - Provides rationale for suggested neighborhood expansion based on NIC, Community Asset Mapping and MVS Assessment of Year 1

- **MVS Assessment & Annual Report**
  - As in Year 1