



*Photo courtesy of the City of Lawrence*

WINTER 2024

# MAPPING ENTREPRENEURSHIP ASSETS REPORT **LAWRENCE, KS**

Prepared for: City of Lawrence

Prepared By: SourceLink<sup>SM</sup>



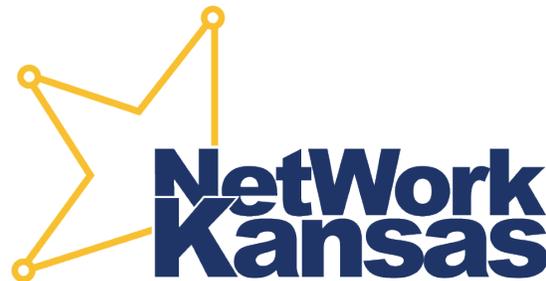
# EXECUTIVE SUMMARY

Diversity, inclusion and collaboration are vital to the economic vitality of Lawrence, Kansas. According to the 2020 decennial census, the total population of Lawrence was 94,934 with 5.3% of the population identifying themselves as African American and 7.7% as Latino/Hispanic. Also, the largest age range in the city was 20-24 year-olds, reflecting that Lawrence is a college town.

In 2023, the National League of Cities (NLC) chose the city of Lawrence as one of the cities to join their latest City Inclusive Entrepreneurship (CIE) cohort, a program that is designed to drive regional entrepreneurship and innovation. Through this program, the city hoped to strengthen their support of local small businesses. Lawrence committed to cataloging local resources available to entrepreneurs.

Thanks to the funding through the CIE program, a new print resource document – the SourceFinder™ – and a mapping entrepreneurship asset report have been developed. This report will be used to expand support of small business owners and entrepreneurs in the City of Lawrence. The goal is to educate local entrepreneurs and provide them with better access to resources.

Lawrence City Commissioner Amber Sellers expressed the city’s intent for this project through a letter to NLC. “Through its participation in the CIE program, the City of Lawrence is committed to implementing equitable policies, programs, and practices to support entrepreneurship-led economic growth in our community.”



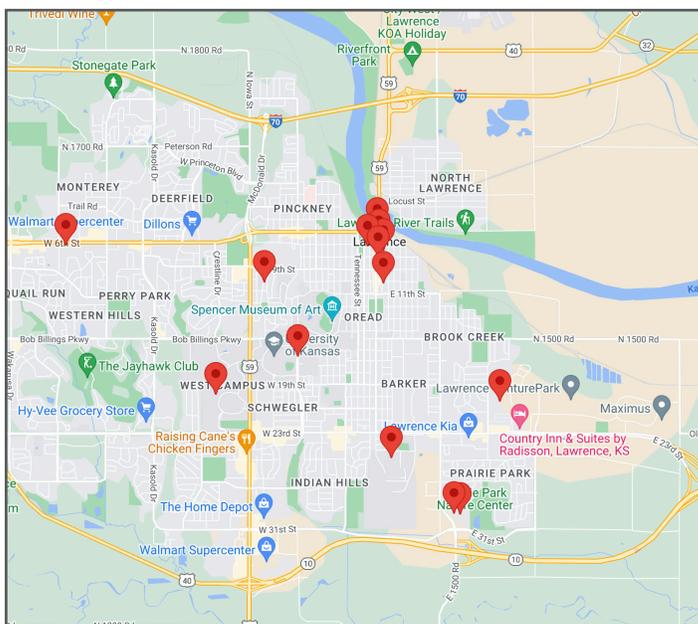
# KEY FINDINGS

## This analysis provided five key findings/recommendations

1. A robust network of entrepreneurial support exists at both the state and local levels, offering various forms of assistance.
2. A vast array of resources providing financial assistance is available to entrepreneurs, yet many potential beneficiaries remain unaware of them.
3. Entrepreneurs seem to lack awareness of the resources available to support them at various stages of their business development.
4. There is a notable lack of resources allocated to minority and student/youth services among the organizations surveyed, so further analysis is needed on why this is the case.

Twenty-two resource providers filled out a survey describing their organization’s services. After analysis of the data, it was found that resources offering services toward minority and student/youth services were scarce. This highlights the potential need for more focused programming to address their specific needs. Increasing support for these groups can help bridge the gap and provide more equitable opportunities.

Despite the availability of numerous financial resources for entrepreneurs, many are unaware of these opportunities. This lack of awareness prevents potential beneficiaries from accessing crucial support that could aid their business development and success.



A robust network of entrepreneurial support exists at both state and local level. Partnerships with organizations such as NetWork Kansas, a statewide resource navigator for entrepreneurs, present many opportunities for entrepreneurs. Fourteen of the 22 resource providers surveyed noted that they offer networking or entrepreneurial events in some capacity, however, entrepreneurs often lack knowledge about these resources. Enhancing outreach efforts and improving access to support networks can help ensure that entrepreneurs can utilize the available assistance effectively.

# 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 decades in the United States<sup>1</sup>. Those entrepreneurs need thriving networks to grow and succeed. This precept has revealed itself over the 20+ 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.

Critical issues for an entrepreneur's success are usually information and social contacts. 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. Gaps in knowledge and experience complicate the startup process and extend the time it takes for valuable businesses 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. Social networks are 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.

<sup>1</sup>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 plays 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 of each type 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.



Photo courtesy of the City of Lawrence

## 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.



Photo courtesy of the City of Lawrence

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.

# LAWRENCE ENTREPRENEURSHIP STRENGTHS & GAPS

The project collected data through an online survey and facilitated discussion to look at the strengths and gaps of the entrepreneurial support network in Lawrence. A focus group with 16 entrepreneurial support organizations (ESOs) represented was hosted on May 21, 2024.

## Participants divided into breakout groups and addressed four questions:

- What makes Lawrence unique?
- What are the strengths of the local entrepreneurial ecosystem?
- What are the biggest challenges facing entrepreneurs that seek your assistance?
- What are the challenges facing you and your organization when providing that assistance?

Lawrence is unique in that it is home to close to several higher education institutions and has a strong emphasis on culture and arts. During the meeting, resource partners noted how the strength in the entrepreneurial community lies in the support and partnerships of the universities, government organizations and community support organizations.

While Lawrence is a desirable place to live, there was agreement that the cost of living is a barrier for a lot of business owners. Like other markets across the country, there is also a struggle regarding lack of capital. The ESO's in Lawrence struggle with awareness of other resources that could be used to support entrepreneurs they serve.



The following section features direct quotes and themes referenced and grouped by each prompting question during the facilitated discussion held in May of 2024.

### WHAT MAKES LAWRENCE UNIQUE?

#### Top Responses:

- Universities - highly educated
- True support of local entrepreneurs/businesses
- Willingness to collaborate
- Historical significance
- Emphasis on arts and culture / creativity
- Downtown preservation plus new development
- Peaslee Tech - diversity
- Access to Kansas City metro and airport
- Free bus system / civic engagement
- Independent retailers
- Cost of living

### WHAT ARE THE STRENGTHS OF THE LOCAL ECOSYSTEM?

#### Top Responses:

- Universities
- Local government support - city and county
- Growth plan
- Partnerships - NetWork Kansas, etc.
- Community / consumer support of small businesses
- Multimodal transportation
- Broad scope of constituencies
- Pitch program
- Willingness to try / support new things
- Equity among entrepreneurs
- Debt-side capital tools

### WHAT ARE THE CHALLENGES FACING ENTREPRENEURS THAT SEEK YOUR ASSISTANCE?

#### Top Responses:

- Capital / grants / relationship with funders
- Markets
- Lack of holistic support
- Equity investors
- Tech skills
- Don't know what they don't know
- Mentors and feedback
- Competing priorities
- Language barriers

### WHAT ARE THE CHALLENGES THAT YOU AND YOUR ORGANIZATION FACE WHEN PROVIDING THAT ASSISTANCE?

#### Top Responses:

- Awareness of resources
- Accountability
- Language barriers
- Capacity
- Access to capital
- Silos among providers

# ENTREPRENEURSHIP RESOURCES IN LAWRENCE

As part of the project, SourceLink conducted an in-depth analysis of services offered by resources organizations serving the city of Lawrence.

Nearly 22 completed a Network Kansas Resource Navigator profile, indicating services offered and services they specialized in. Most of the respondents were nonprofit and public sector organizations. Organizations not included did not complete a survey by the deadline.

## NETWORKING AND WORKFORCE TOP LIST OF SERVICES OFFERED BY ESOS

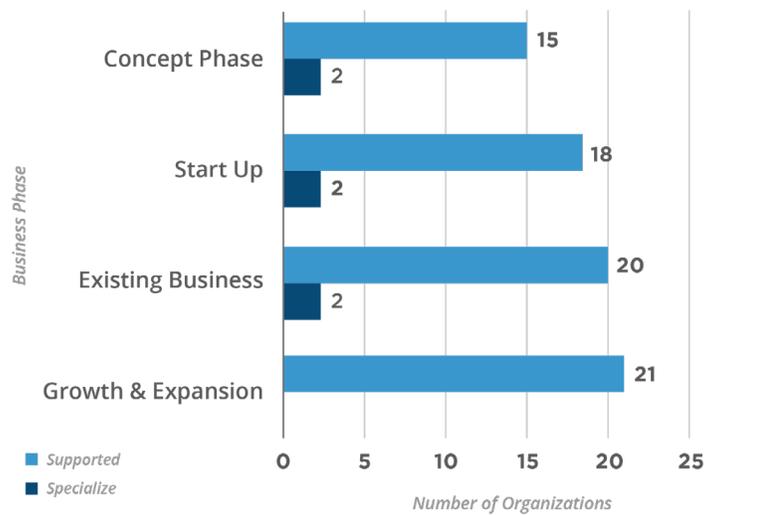


Overall, the scope of services offered by resource organizations is in line with other communities of a similar size with a few variations. In Lawrence, networking/ events are offered by 14 organizations, which can include mixers, meet-ups, training sessions, workshops, resource fairs, etc. Likewise, Workforce/HR/Talent was offered by 14 organizations as well, which can be a critical need for small businesses looking to develop quality talent. Marketing is usually the top service offered in cities of a comparable size.

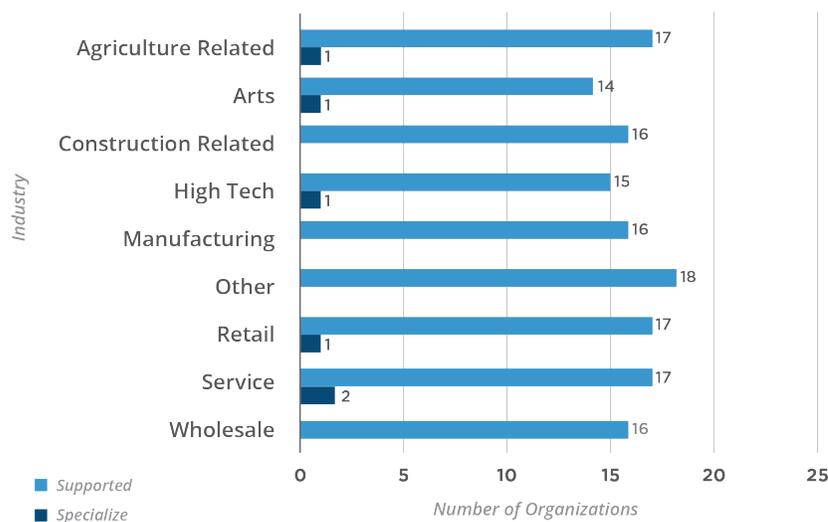
Even though it was not in the top 3, it is offered by 8 organizations. 12 organizations offer financial assistance, which is critical given the need for entrepreneurs needing access to capital. It was highlighted in the resource partner meeting that having the financial knowledge in place to secure funding and maintain good financial practices was critical. Internships/Student programs seemed low given the amount of higher education orgs in Lawrence but is not atypical for other cities of a similar size.

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

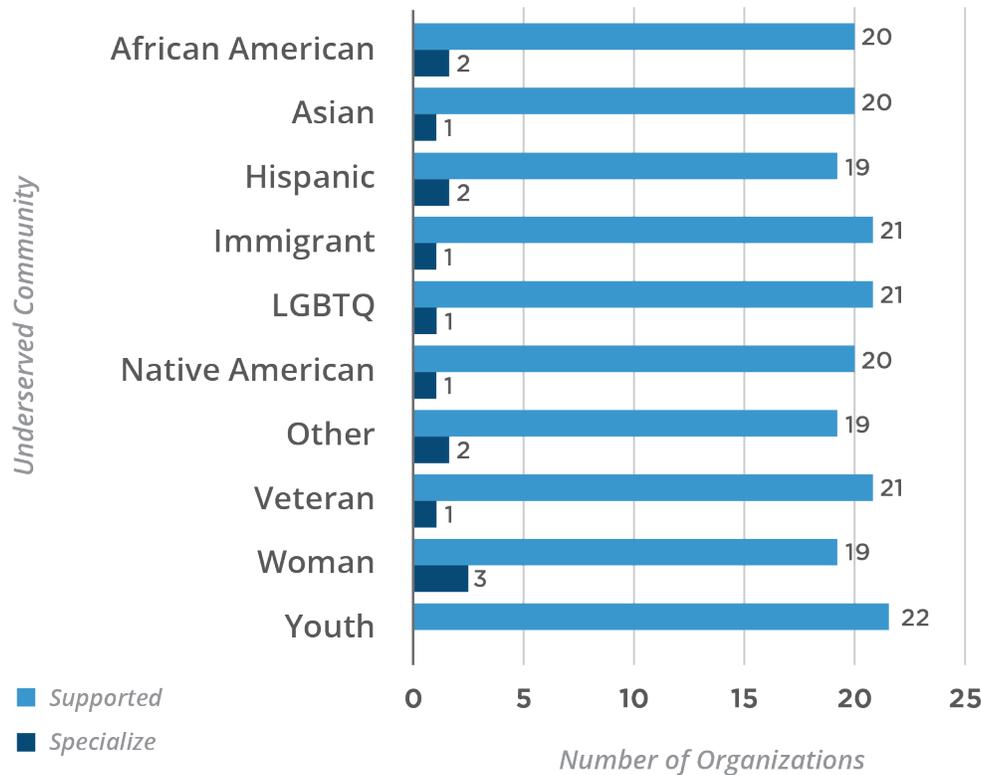
**21 ORGANIZATIONS SERVE BUSINESSES IN THE GROWTH STAGE**



**BROAD RANGE OF INDUSTRIES SUPPORTED**



### 3 ORGANIZATIONS SPECIALIZE IN SERVING WOMEN-OWNED BUSINESSES



While most of the organizations surveyed support underserved communities, very few specialize in them. Three organizations identified as specializing in serving women entrepreneurs, while 2 noted specializing in serving African American and Hispanic communities. With Lawrence having such a diverse population, only a few organizations specialize in helping underserved communities overcome obstacles to their unique hurdles. Further analysis is needed to determine why this is the case.

# CONCLUSION

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

Feedback from the focus group emphasized the culture and university presence in Lawrence contribute to the culture of the city. Survey results showed that more resources for minority entrepreneurs to overcome obstacles unique to them could be beneficial, but further analysis is needed. With a large education presence, partnering more with educational institutions and engaging with students could be a huge opportunity as well.

Another gap identified was lack of access to capital, which is a common issue across the country. Lawrence was noted as being a desirable place to live, but with the high-cost of living combined with financial obstacles for small business owners, it can be difficult for newer businesses starting out.

# ABOUT

## ABOUT LAWRENCE

The city of Lawrence bustles with the creativity, innovation, and energy you might expect from a university town. But there's more that's unexpected. People are drawn to our city's colorful creative energy, expressed through our eclectic, yet enduring (and endearing) downtown and community events. Our educational institutions, arts and culture scene, neighborhoods, and landscape inspire lifelong curiosity for all who visit or call Lawrence home. In this community, we are passionate about both work and play.

In Lawrence, learning is a way of life. This small city in Douglas County, Kansas, is home to two major universities, a top-notch public school system, an award-winning public library, and seemingly limitless courses and classes for people in every stage of life. Lawrence boasts a highly educated workforce, a high concentration of entrepreneurs, a multicultural employee base, and rich diversity of thought and experience. More than 54.9% of our population (aged 25-64) have a bachelor's or higher degree, compared with 35% nationally. We place high value on education and training at all levels. You can read more about the city of Lawrence at <https://assets.lawrenceks.org/ecodev/lawrence-ed-brochure.pdf>

# ABOUT

## ABOUT SOURCELINK<sup>SM</sup>

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 organization 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 70 communities across the country. More information is available at <http://www.joinsourcelink.com>.

# ACKNOWLEDGEMENTS

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 Lawrence'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 into 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 in the section on four types of entrepreneurs. 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. Planning/management includes services such as business counseling and mentoring.

This project included the development and production of a graphic illustration of findings which can be found via [www.GrowLawrence.com](http://www.GrowLawrence.com).