

February 2005

Entrepreneurial Lessons from Past Urban Business Experiences

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Photographs

The images of storefronts in Milwaukee on the front cover and in the body of this report were randomly selected from file photos to reflect the type of businesses studied. None of the businesses shown were participants in the study.

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Helen Bader Foundation
Milwaukee Department of City Development (DCD)
Milwaukee Economic Development Corporation (MEDC)
Redevelopment Authority of the City of Milwaukee (RACM)

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Organization	Name	Organization	Name
Burleigh Street Community Development Corporation	James Hiller	North Avenue Community Development Corporation	Bob Plevin
Department of City Development	Dimitri Jordan Nicole Robben Lori Lutzka	Northeast Milwaukee Industrial Development Corporation	Darryl Johnson Don Sargent
East North Avenue Business Improvement District	Jim Plaisted	U.S. Small Business Administration – Milwaukee Office	Mary Trimmier
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Confidentiality

The study protocol agreed to keep the names of the businesses interviewed strictly confidential. The entrepreneurs' cooperation and candidness during interviews exceeded the research team's expectations. The business owners interviewed had a strong and active interest in helping improve Milwaukee's business environment and found the support provided by BACOM members critical to the continuing success of their business.

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Study Background

- DCD Initiated
- Study Sponsors
 - Helen Bader Foundation
 - MEDC
 - RACM

Study Process

- In-depth Interviews
 - 24 TA Practitioners
 - 21 Small Business Owners

- Commercial Districts

Study Findings

- Extensive Informal TA Delivery Collaboration
- Improvements Needed
 - TA Delivery Coordination
 - TA Needs Assessment
 - Tracking TA Client Status
 - Measuring Effectiveness

Recommendations

- Introduce New TA Tools
- Improve TA Delivery
- Additional Study

Executive Summary

In the spring of 2004, the City of Milwaukee's Department of City Development (DCD) proposed a study to identify the environmental and operational factors contributing to the success and failure of small businesses in Milwaukee's neighborhood commercial districts.

Support and funding for this study was provided by the:

- Helen Bader Foundation
- MEDC – Milwaukee Economic Development Corporation
- RACM - Redevelopment Authority of the City of Milwaukee

The study conducted in-depth interviews with twenty-four technical assistance¹ (TA) practitioners and twenty-one business owners operating within the City of Milwaukee.

Interviews with practitioners identified the factors considered common to struggling, failed, or successful commercial district businesses. Confidential business owner interviews verified the role of these factors in a variety of past urban entrepreneurial experiences.

The study found that while informal collaboration between individual TA practitioners is extensive in Milwaukee, improvements were needed for coordinating TA delivery, assessing business TA requirements, tracking TA client status, and measuring TA effectiveness.

Based on these findings, new TA tools, short and long-term TA delivery improvements, and additional studies of topics impacting neighborhood commercial district businesses were developed and recommended.

Implementation of these recommendations will enhance delivery of TA to small business owners resulting in increased employment, property values, and quality of life along Milwaukee's neighborhood commercial districts.

1. TA - Advice, information, and services given to help businesses acquire operational, financial, marketing, and management skills. Provided by economic development agencies, classes and workshops, consultants and other business professionals.

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Common Factors

- Business Experience
- Funding
- Operational Effectiveness

Three Tier TA Model

- Tier I
Recruitment and Counseling
- Tier II
Classroom Education
- Tier III
Performing Tasks

Observations

- Owners may:
 - take second jobs
 - rely on spouse's insurance
 - see TA as one-time event
 - trouble locating TA

Insights

- Interviews Suggest:
 - informal TA collaboration
 - owner difficulty with zoning and permitting
 - credit scoring may reduce focus on business plan
 - cluster initiatives poor fit

Tools Developed

- Tools Developed:
 - Business Card Reference
 - Milwaukee City Guide
 - Startup Flowchart
 - Readiness Interview
 - TA Referral Sheet
 - TA Plan

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The study found three groups of 'Common Factors' that were consistently present in the successful businesses interviewed, but consistently absent or significantly deficient in the struggling or failed businesses studied.

1. Market Development and Business Management Experience
2. Access to Working Capital and Contingency Funds
3. Operational Effectiveness and Cost Containment

A three-tier technical assistance model was developed to describe the types of assistance delivered by the practitioners interviewed.

- Tier I – Outreach, Recruitment, One-on-one Counseling
- Tier II – Class and Seminar Group Training
- Tier III – Specialists Performing Specific Tasks

Observations made during onsite business owner interviews include:

- Some owners took second jobs to sustain their businesses
- Some owners covered by spouses' health insurance
- Technical assistance often perceived as one-time event
- Locating qualified assistance difficult for busy owners

Insights from interviews with technical assistance practitioners include:

- Well established informal collaboration between practitioners
- New owners find city zoning/permitting difficult to navigate
- Loan focus on credit score may reduce business plan focus
- Hi-tech/high-growth industry cluster initiatives poor fit for neighborhood commercial districts

The TA tools developed based on the study's findings consist of:

1. Business Card Size Reference Guide
2. City of Milwaukee Small Business guide
3. Business Startup Flowchart
4. Business Readiness Interview Form
5. Business Referral Sheet
6. Business Technical Assistance Plan