Developing an Entrepreneurship Ecosystem for Resiliency
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• Founder and President of Innovation Associates.
• 30 years of leadership in innovation and entrepreneurship, and innovation-based economic development.
• Leverages universities and national labs to stimulate economic competitiveness.
• IEDC Board Member and former Chair of IEDC Public Policy Advisory Committee.
Definitions of Resilience

The capacity to recover successfully from loss and damage. The central features of resilience appear to be access to resources (particularly finance), access to information and services, the capacity to manage one’s own affairs, and the capacity to deal with the stress and emotions generated by the disaster.

(Buckle 1995, 13)
It’s Going to Happen

- All communities will have some type of disaster. General consensus is natural disasters are increasing in frequency and severity.

- How quickly can you move from response to recovery?

- The top 10 costliest U.S. natural disasters between 1980 and 2010 caused more than $501.1 billion in damage and up to 22,240 deaths. (National Weather Service and the Insurance Information Institute)
Stages of Disasters

• **Triage**: Focus on surviving the shock.

• **Recovery**: Keep it basic and focus on progressing to normalcy.

• **Rebuilding**: Push to get economy to pre-disaster strength.

• **Growth**: Seek to convert unintended consequences for investment.
Stages of Emergency Management

• **Mitigation**: Reduce the loss of life and property from disasters by avoiding or lessening the impact.

• **Preparedness**: Activities designed to minimize loss of life and damage.

• **Response**: Activities that address the short-term, direct effects of an incident.

• **Recovery**: The sustained commitment to return an impacted to a sustainable standard of living following an incident.
Preparedness Saves Money

- Hazard mitigation (FEMA): $1 spent = $4 in future benefits.
- Hazard preparedness: $1 spent = $15 in future benefits.
- Capital will flow more easily to communities that are prepared!
• If a community is prepared for a disaster, there are stupendous opportunities for community and economic development.

• Where are the opportunities to leapfrog?
Small Business: Backbone of Economy

- 29.2 Million Small Businesses in the US.
- 85% of small businesses employ 10 or fewer.
- Create more than 50% of the non-farm GDP.
- Have fewer resources and capital to recover in the event of a Catastrophe.
- 15-40% of Businesses fail following a Disaster.
- 94% of Small Business Owners believe that a disaster could seriously disrupt their business within the next 2 years.

Sources: SBA Website 092009 & Corporate Executive Board U.S. Small Business Market Report -Spring 2010, Red Cross 2011
1 in 4 businesses forced to close after a disaster, never reopens.
If That’s Not Bad Enough: Failure of Small Businesses

- Researchers estimate that approximately:
  - Half of business starts do not survive their first 5 years
  - 8 out of 10 fail within the first 3 years

(Tigges and Green 1994; Mason 2011)
Recurring Views of Disasters By SMBs & Entrepreneurs

1. Illusion of Security.
2. Nothing could be done to protect against this.
3. Complete 360-degree disaster for the individual.
5. Imprudent use of financial resources.
6. Not understanding what is happening to their customer base.
7. Assumption everything will get back to normal.
All Sectors are Impacted

• Social
• Economic
• Environmental
Focus on Resilience

• **Recognize** – government can’t do it all.
• **Stress** – citizens need to be involved, engaged and prepared (managed expectations).
• **Focus** – on community-level efforts to prepare, protect, respond, and recover.
• **Benefit** – if done properly can speed up recovery process.
• **End Game** – lessen the time between response and recovery.
Why is this Important

- Resiliency Plan threaded through the others--must include all plans, master, strategic plan, land use plan, etc.
- The resiliency plan becomes strategic plan.
- Shortens time gap for recovery money and actual recovery.
Dimensions of Resilience

- People in the community. Disasters effect individual people. Not sectors or segments.
- Organizations in the community.
- Resources in the community.
- Community process: strategic thinking, participation and action.
- Process occurs in pre-disaster STRESS free environment—far more productive and doable.
A Community Plan

Private Sector

Individual Self Assessment

Joint Assessments

Private/Public Sector

Entire Community

COMMUNITY PLAN
Plan For Resilience: Public Sector Responsibilities

- Prepare
  - The public sector’s first duty is to maintain safety in the community.

- Protect
  - Response times to events may reveal that private companies must change their response assumptions.

- Respond
  - Must understand the private sector’s limits on resources and the potential impact to the community.

- Recover
  - Define situations where public policy or legal mandates require public sector intervention even though the private sector has ample resources to handle the event.

- Adapt
  - Consider impact of actions that may cause additional repercussions to other areas.
Empower the community. They need to be a part of building the community resilience plan.

Social, Religious and NGO organizations play a key role in the planning process.
Barriers For The Community

**Individual Barriers**
- Age
- Sex
- Race/ethnicity
- Disability
- Education/income
- Property/land ownership
- Language and culture

**Organizational & Community Barriers**
- Low concern over risk
- Lack of political will
- Conflicting priorities
- Lack of collaboration
- Hazard-specific planning, rather than area-based planning

**Approach to Overcome Barriers**
- Build awareness to generate interest
- Identify individual champions and organizational partners
- Document and share experiences
64 million dollar question

• How to engage the community - THE NUT TO CRACK
• Bottom up not top down.
• People are not coming to a monthly meeting.
• Meet them where they are.
• Create the culture of preparedness.
• Need to be creative and inventive. Community can give you ideas.
• Educate on the awareness of resilience.
• Long term, start today - building the culture of preparedness.
Plan For Resilience: Private Sector Responsibilities

Individuals, organizations and businesses collaborate across every step of the planning cycle.

- All local businesses must be involved in the planning.
- Major companies should demonstrate leadership in plan development.
- Learn what skills and resources are available.
- Progressive private sector leaders will develop detailed plans.
- In small businesses, the emergency planning process may be the responsibility of the owner or manager, may need assistance.
- Top management must support mutual aid pacts, and financial responsibility for resource sharing.
- Each business must identify needed contractor resources.
Remember

• Disasters are big business, keep the revenue local.
• LA BEOC, Chambers, etc.
• Certifications?
• Local legislation?
• Partnerships for larger contracts? Stay local!
Don’t Forget…

• Small businesses can be very vulnerable during disaster recovery and their obstacles to access can be even greater.

• Many smaller businesses remain underprepared. Their resiliency is also vital to bringing the community back.

• Most recovery efforts are focused on Big Boxes.
Mutual Responsibilities

- The planning process is more than touring facilities.
- Consider using current private/public sector liaisons.
- Develop joint resources & expertise inventory.
- Consider and develop mutual aid pacts.
- Mutual aid pacts can be letters of understanding or informal agreements.
- Include the media in the planning process.
- Disseminate plans throughout the organization and update them continually.
- Don’t let them become a dusty book sitting on the shelf.
How Can We Reduce Impacts

• People?
• Economies?
• Environments?
• Infrastructure?
• Social structures?
Mitigating Stress

- Different communities have different outcomes based on the initial community resilience condition.
- Building resilient communities helps to reduce impacts and allows the speed of recovery to increase.
A resilient community is one that takes **intentional** action to enhance the personal and collective capacity of its citizens and institutions to respond to and influence the course of social and economic change.
Building resilience requires a holistic approach that integrates risk reduction and balances social, economic, and environmental goals.

End Game: lessen the gap between response and recovery.
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How do resilient entrepreneurial communities differ from others?

- Recognize that small businesses, particularly very young, innovative small firms, are the primary job creators.
- Identify and leverage innovation-rich economic resources.
- Enhance and tap business development services to support startups and entrepreneurs.
- Develop and link financial resources to entrepreneurs.
How do resilient entrepreneurial communities differ from others? (cont.’d)

- Provide opportunities for mentoring, networking and partnering.

- Actively engage economic development organizations and other intermediary organizations in connecting entrepreneurs with local, state and federal resources and services.

- Gather relevant data, identify issues, organize, convene, develop collaborations and “strategically do”.
Small businesses as job creators

- Small businesses make up 99.7% of U.S. employer firms; very small firms -- those with fewer than 20 employees -- make up almost 90%.

- From 1993-2013, small businesses were responsible for 63% of all net new private-sector jobs.

Sources: U.S. Small Business Administration, 2014; U.S. Census Bureau, 2015.
Innovative, young firms are the strongest job generators

- Very small firms (under 20 employees) create jobs at nearly twice the rate of larger firms.

- Controlling for the age of the firm, the strongest job growth comes from firms that are less than four years old.

- It is these young, innovative firms where communities should focus their hedging strategies for sustainability and resiliency.

Leveraging innovation-rich resources to spawn entrepreneurs

- Understand the community’s innovation-rich resources – what they are, what they contribute, and how to tap into them.

- Community leaders increasingly view academic institutions as important sources of entrepreneurs and economic growth.

- Research universities can provide a wealth of R&D, user facilities and expertise that, given the right internal and external environments, will spin out entrepreneurs.
Leveraging innovation-rich resources (cont.’d)

- Other academic institutions, particularly community colleges can be fertile breeding grounds for entrepreneurs and should not be overlooked.

- Other innovation-rich resources include national laboratories, particularly DOE labs that are government-owned, contract operated.

- Private, non-profit laboratories as well as private sector labs.
Leveraging innovation-rich resources (cont.’d)

- Working with universities and other institutions may involve their economic development and/or industrial liaison office, technology transfer office, center for entrepreneurship, or VP for Research to access resources for businesses – researchers, labs for prototyping and evaluation, industry partnering, acceleration grants, incubation, etc..

- National laboratories also have offices of innovation and technology transfer that can help access laboratory services including sponsored research (work for others), partnerships, and limited free technical services for small businesses.
Leveraging innovation-rich resources (cont.’d)

- Spinoffs from academic institutions are more likely to remain in the community than entrepreneurs from other sources, and more likely to remain where there is a robust entrepreneurial ecosystem.
Understanding the entrepreneurial ecosystem

- Identify gaps in the innovation and entrepreneurial ecosystem – particularly the availability of early-stage financing and business development assistance – and create ways to fill these gaps by building and linking resources and services.

- Recognize that engineers and scientists launching startups have the technical expertise, but often not the business, financial and marketing know-how needed.
Infamous “Valley of Death” (courtesy of DoE)
Providing a wide-ranging portfolio of innovation and entrepreneurship resources and services

- Resources and services should address entrepreneurs’ varying needs, at progressive stages of entrepreneurial development:
  - research and development;
  - technology maturation and acceleration;
  - early-stage and multi-stage investment tools;
  - business development assistance, including mentoring;
  - market analyses and valuation;
  - intellectual property protection, where appropriate;
  - customer identification and introductions;
  - networking and partnering.
Intermediary organizations can play a vital role in the entrepreneurial ecosystem

- Intermediary organizations – economic development organizations, local/state technology organizations, chambers and others – play vital roles in
  - convening and organizing community leaders and stakeholders,
  - providing data gathering, analyses, and strategic planning and “doing”,
  - identifying the needs of entrepreneurs,
  - creating and locating tools, services and funding sources to meet entrepreneurial needs, and
  - making the link between entrepreneurs and the appropriate resources and services.
Who should take the lead in creating an entrepreneurial ecosystem?

- Leadership comes from many sources – city mayors, university and community college presidents, corporate CEOs, philanthropic institutions and others, and very much depends on the individual community.

- EDOs often take the lead as organizers and conveners, bringing together community leaders to bring about collaboration and “strategic doing”. They also often provide the data and issue analyses that underpin the ecosystem’s strategic processes.
Federal resources

There are many federal resources – some directed specifically at entrepreneurs, and others that help communities develop and sustain entrepreneurial ecosystems. Some resources are:

- EDA’s Regional Innovation Strategies – i-6 Challenge and Seed Funding Support
- NSF’s I-Corps (DOE, NIH, soon to be other agencies)
- SBA’s Growth Accelerator Fund
- SBIR/STTR (11 federal agencies)
- NIST’s MEP and National Manufacturing Innovation Institutes
Building a sustainable, resilient entrepreneurial ecosystem

- Identify and leverage innovation resources
- Identify and address gaps in the entrepreneurial development continuum
- Offer diverse tools that meet varying needs at progressive entrepreneurial development stages
- Identify and utilize champions, particularly successful entrepreneurs that serve as models (as well as mentors) to others
Building a sustainable, resilient entrepreneurial ecosystem (cont.’d)

- Effectively utilize intermediary organizations as conveners, collaborative organizers, and to provide linkages between entrepreneurs and resources and services
- Attract federal and private investments by leveraging local, state, and private initiatives and funding
- Get political buy-in early and often, and cultivate a constituency to insure on-going support
- Create and communicate realistic expectations
- Celebrate and publicize successes
IA reports relevant to this discussion:

**Technology Transfer & Commercialization Partnerships:** Sponsored by the National Science Foundation (NSF), focuses on top emerging, smaller institutions.

**Accelerating Economic Development through University Technology Transfer:** Sponsored by the former CT Governor’s Competitiveness Council, focuses on U.S. top performing institutions in technology transfer.
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Upcoming Webinar

**November - Identifying Economic Recovery Priorities**

Attend this webinar to explore strategies to identify and expedite your community’s economic recovery priorities

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About this Webinar Series

With funding from a grant from the U.S. Economic Development Administration (EDA), the **2015 Disaster Preparedness and Economic Recovery Webinar Series** is produced by the [International Economic Development Council](http://www.iedc.org) (IEDC). This training series provides practical information on key topics in disaster preparedness, recovery and resiliency for economic development organizations, chambers of commerce, and community stakeholders concerned about the local economy.
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