

Nebraska's Innovation & Entrepreneurial Ecosystem

The Innovation and Entrepreneurial Task Force
Nebraska Legislature
(LB 1109, 2010)

Senator Danielle Conrad, Chair
Senator Deb Fischer
Senator Rich Pahls

Senator Galen Hadley, Vice-Chair
Senator Heath Mello
Senator Ken Schilz

*Prepared by Invest Nebraska
December 1, 2010*



CONTENTS

Executive Summary.....	4
Introduction	10
Nebraska’s Objectives.....	12
Attracting and Keeping Talented Individuals in Nebraska	12
Increasing Entrepreneurship in Nebraska.....	13
Creating Metrics to Evaluate Effectiveness	14
Nebraska’s Entrepreneurial Environment and Programs	16
Historical Perspective: 1980 to Present	16
Inventory of Current Programs and Organizations.....	18
Invest Nebraska Survey of Development Organizations	18
Financial Assistance	21
Entrepreneurial Support	22
Data Service by Area	24
Assessment of Programs.....	25
Business Owners and Entrepreneurs	26
Economic Development Professionals.....	28
Aspiring Entrepreneurs and Students	29
Comparative Analysis: Nebraska’s Standing in the U.S.	32
How Nebraska Stacks Up	32
Best Practices throughout Country.....	37
Business Origination	37
Business Financing	40
Entrepreneur Development.....	42
Best Practices in the Region.....	45
Colorado.....	46
Iowa.....	49
Kansas	51
Oklahoma	53
Missouri.....	56
Nebraska Gap Analysis and Areas for Improvement	59
Recommendations for Fostering Entrepreneurship	61
Promoting Economic Gardening	61

Littleton, Colorado: The Origin of Economic Gardening	62
Georgia: A Statewide Case Study in Economic Gardening.....	63
Utah: A Model for Rural Development through Economic Gardening.....	65
Small Businesses vs. Growth Businesses.....	66
Nebraska’s Economic Gardening Efforts.....	67
Business Origination: Establishing a Foundation for Success	68
Improving and Increasing Venture Competitions	69
Attracting more Small Business Innovation Research (SBIR).....	71
Business Financing: Providing Access to Capital.....	73
Boosting Access to Risk Capital.....	75
Improving Microloans and Debt Financing Options	77
New Market Tax Credits / State Credits	78
Entrepreneur Development: Supporting High Growth Businesses	79
Outreach & Mentoring Programs	79
Facilitating Commercialization of Research.....	80
Appendix: Inventory of Nebraska Development Organizations	82

EXECUTIVE SUMMARY

In today's knowledge-based economy, there is no doubt Nebraska's greatest resource is its people. Nebraska enjoys a wealth of home-grown talent and has the human resources to outperform most other states. However, surveys and research have shown that the State could do more to encourage its home-grown talent to stay in Nebraska to achieve their career ambitions while at the same time making additional efforts to attract new talent to Nebraska from elsewhere.

In the past, typical economic development policies focused on attracting new businesses to a region. In recent years, however, state and local governments have begun to realize that their existing local business and entrepreneurial talent can and should be the primary catalyst for economic growth. Successful development policies are clearly shifting from "economic hunting" to "economic gardening."

If a noble goal of Nebraska is to increase the number and diversity of high-wage jobs in the State, then a key area of focus should be on improving the entrepreneurial ecosystem. The reason for this is that top-performing young companies are the most fruitful source of new jobs and offer the Nebraska economy's best hope for growth. A new discussion—one that not only promotes entrepreneurship, but specifically *high-impact* entrepreneurship—is necessary.

How Nebraska Stacks Up

Nebraska's approach to supporting the entrepreneurial and innovative ecosystem over the past three decades has been one of bits and pieces. There have been some noticeable efforts made, such as the Venture Capital Network Act, the Nebraska Research and Development Authority Act, the Microenterprise Development Act, the Nebraska Venture Capital Forum Act, the Agricultural Opportunities and Value-Added Agriculture Partnership Grant Program, the Building Entrepreneurial Communities Act (BECA), and the Nebraska Advantage Microenterprise Tax Credit.

However, in comparison to other states much of the recent legislation and policies have been short-term focused and targeted at specific entrepreneurial issues, such as micro-lending, venture capital, and assistance to the agriculture sector. As a result, Nebraska has been ranked toward the bottom in many nationally recognized entrepreneurship and innovation rankings of the fifty states.

Several organizations, such as the Kaufman Foundation, Forbes Magazine, the Milken Institute, Small Business & Entrepreneurship Council, and the Corporation for Enterprise Development, among others, monitor statistical information that can be used to compare states' business environments against one another. While these rankings are based on subjective sub-categories and should not be considered a conclusion of Nebraska's "standing" versus other states, they are very useful in trying to find areas in need of improvement.

An evaluation of Nebraska's entrepreneurial ecosystem in comparison to other states and best practices can be broken down to five key categories that directly impact small business development and growth:

1. General Entrepreneurship Statistics - Nebraska generally ranks below average in composite business categories. A major area of specific concern is that Nebraska ranks very poorly for business capital and innovation. On the positive side, Nebraska ranks well above averages for

economic climate (e.g. costs, taxes, etc.) and some “quality of life” factors (e.g. low crime, good education, etc.).

2. Business Cost, Tax, and Regulatory Environment - Nebraska ranks fairly well in regards to ease of doing business, efficient regulatory requirements, and taxation. However, Nebraska ranks lower in areas of technology related to government (e.g. e-government).
3. Access to Capital - Nebraska ranks very low in access to capital (actually dead last at 50th in the Kaufman Index). This is a major area in need of improvement.
4. Innovation - Nebraska ranks very low in technology and innovation. This is also major area in need of improvement.
5. Workforce - In general, Nebraska ranks high in broad human capital categories (e.g. workforce education). However, there is a concern of outmigration of young high-skilled workers (i.e. “brain drain”) and the need to attract more technical professionals to the State.

National and Regional Best Practices

National best practices were reviewed in order to provide leading examples of innovative approaches. In attempt to make a more targeted comparison, programs were further researched in five nearby states: Colorado, Iowa, Kansas, Oklahoma, and Missouri. These states were chosen as they have similar economic and cultural characteristics to Nebraska and in theory provide alternative markets and platforms for potential entrepreneurs in the region.

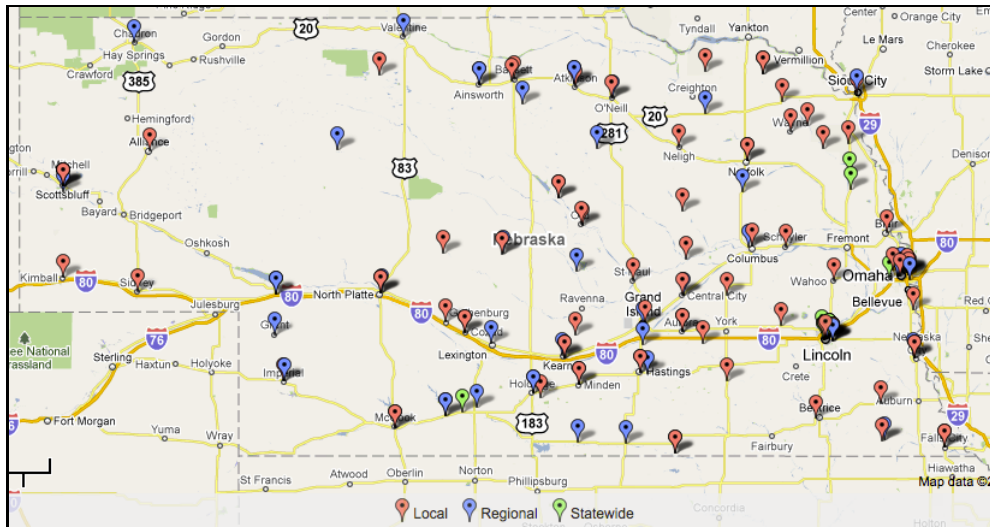
In general, the analysis shows that there is not much differentiation among these states in their approach to entrepreneurship development, except in the case of Colorado which has been more innovative. However, these states do have many individual examples of innovative programs, which Nebraska may want to emulate. More details on national and regional best practices are provided in the full report.

Development Programs and Organizations in Nebraska

To lay forth an effective strategic plan to improve economic developments in Nebraska, it is important to first understand the current landscape of such efforts across the State. To do this, Invest Nebraska developed a comprehensive inventory of 146 existing economic development programs and organizations operating across the State at the local, regional, and statewide levels.

While the number of existing programs and organizations is large given the population of the State, it was a finding of both the inventory analysis and the subsequent survey of those identified (*Invest Nebraska Survey of Development Organizations*) that the majority of these existing programs and organizations are small and localized, and are generally operating within the boundaries of one county. In addition, there also appears to be a lacking of coordination with related local, regional, and statewide groups.

Map of Development Programs and Organizations by Service Area



Some major findings of the *Invest Nebraska Survey of Development Organizations* were:

- Regarding location, 48% of survey respondents who provide entrepreneurial support services defined their program service area as local, or within the geographic boundaries of one county. Another 29% define service area as regional and 24% as statewide.
- Nearly 70% of responding programs receive more than 50% of their program funding from public sources (local, state, and federal governments), with a large number receiving at least 90% of program funding from public sources.
- The majority of respondents provide both financial assistance and entrepreneurial support. However, a significant minority provides no financial assistance. Financial assistance organizations made 242 financial assistance awards with an average award of \$52,724 in 2009 (a significant increase over 2008).
- More than 68% of programs providing financial assistance identified retail as a top-served industry and no respondents indicated home-based businesses, financial services, biosciences, renewable energy, or business management and administrative services as commonly served industries.
- Nearly 82% of programs indicated the offering of one-on-one counseling to entrepreneurs/businesses within their service area. 75% of responding programs offer community workshops, 34% provide research and development assistance, and only 21% offer online workshops.

Stakeholder Opinions of Nebraska's Entrepreneurial Support Programs

At the request of the Task Force, Invest Nebraska conducted another survey (*Invest Nebraska Survey of Entrepreneurs and Business Owner*) in order to gauge the opinions of Nebraskans regarding their interaction with various business service providers and the current entrepreneurial/innovation environment in the State. The survey was sent to an estimated 3,000 Nebraskans (with 638 responding) who were selected by leading business development organizations. The survey was created with three target audiences: Business Owners and/or Entrepreneurs, Economic Development Professionals, and

Aspiring Entrepreneurs and Students. Of the total participants taking the survey, 60% self-identified as Business Owners and/or Entrepreneurs.

Some major findings of the *Invest Nebraska Survey of Entrepreneurs and Business Owner* were:

- Of the Business Owners and/or Entrepreneurs, there was low familiarity (<20%) with the concept “economic gardening.” There was more familiarity with various capital sources.
- Of the Economic Development Professionals, the term “venture capital” was also the most familiar to the respondents (60%) followed by the State’s BECA grant program (58%). Economic gardening was more familiar (40%) in this group, but still at low levels.
- Regarding the Aspiring Entrepreneurs and Students, not surprisingly in today’s internet economy 39% of respondents first use a computer to find information about starting a new business. Friends or family, fellow entrepreneurs, and education centers were also cited as popular sources for information. Somewhat concerning, only 19% sought information from local economic development organizations. In addition, 61% disagreed or strongly disagreed with the statement “entrepreneurs know where to go for needed resources.” However, 65% respondents agreed or strongly agreed with the statement “the State should make it a priority to provide seed capital for start-up companies.”

Recommendations

Recommendations for improving and increasing Nebraska’s entrepreneurial ecosystem recognize that the most success can be gained from fostering innovation at home first. In addition, the recommendations also recognize that the State has limited budget resources and that better utilizing existing state resources should be the main budgetary focus. Finally, the recommendations also recognize the importance and experience of existing economic development organizations in the State, and that these organizations already have existing infrastructure to implement new ideas and approaches.

Based on this analysis, some specific recommendations for improving Nebraska’s entrepreneurial ecosystem are:

Recommendation #1: Create a Statewide Economic Gardening Program: Develop a two-year pilot program consisting of market research and data mining resources available to Nebraska based primary or growth businesses. Existing organizations can be used for implementation.

Recommendation #2: Develop Awareness in the Local Development Community on the Importance of Economic Gardening and High-growth Businesses: The overall goal is to develop a program to educate local/regional economic development professionals, academia, local government officials, and business leaders of the principals, methods, and benefits associated with economic gardening approaches.

Recommendation #3: Industry-specific Venture Competitions: The State of Nebraska already has a successful track record of venture competitions, but should create a series of additional industry specific competitions to focus and highlight high-growth companies from identified native industry clusters.

Recommendation #4: Annual Regional Venture Competitions: The regional competitions currently in place should be reconfigured and expanded to create annual competitions in each of the eight regional Development Districts.

Recommendation #5: Quick Pitch Venture Competitions: Initiate a recurring series of quick pitch competitions to facilitate business origination and networking amongst entrepreneurs and potential investors. New venture competitions can be managed under existing programs and in collaboration with existing, interested stakeholders (e.g. Nebraska Angels)

Recommendation #6: An SBIR Expert Assist with “Phase Zero”: Nebraska has not achieved consistent levels of outside funding and a first step to improve in this area could be to employ an individual to work directly with Nebraska businesses and institutions of higher education to submit SBIR and other related applications to various federal agencies based on the type of technology.

Recommendation #7: Creation of a Nebraska State SBIR Phase I and II Matching Grant Program: The State could also provide a matching grant to any recipient of a SBIR award in the amount of 25% for Phase I and Phase II. There could also be additional incentives for underfunded regions.

Recommendation #8: Create a Nebraska TechStart Program: Similar to the Missouri TechLaunch Program, the State could provide pre-seed low-interest loans (less than \$20,000) to start-up companies engaged in intellectual property development and commercialization, in-depth market analysis, scientific discovery, proof of concept, prototype design and development, and related activities.

Recommendation #9: Encourage Additional Angel Investing: A key area in need of major improvement is access to capital and, as also mentioned by the Nebraska Angels and the Battelle Study, Nebraska could enact an Angel Investment Tax Credit.

Recommendation #10: Increase Seed and Venture Capital Investment: Nebraska could authorize the creation of \$20 million of State income tax credits to sell to private industry to fund the creation of a State sponsored Seed Capital Fund and a High-potential Business Capital Fund, along the same lines as the Colorado Venture Capital Authority, enacted in 2004.

Recommendation #11: Improve Micro-lending Effectiveness and Targeting: Existing micro lending programs could be more focused on high-growth and innovation-based entrepreneurship, and there are several efforts that could be made to redirect current micro-lending assets in this direction. The most effective existing State programs and organizations could implement the shift in strategy.

Recommendation #12: State Add-on Credits and Focus: A total allocation of \$1 million in state tax credits could be made available to any Community Development Entity serving Nebraska that has received a tax credit allocation from the federal New Markets Tax Credit Program.

Recommendation #13: Support the GEDAS Pilot Program: Successful results of the two-year GEDAS pilot project could warrant continued funding by the State to ensure that entrepreneurs are receiving the advice and positive influence they need in order to accelerate the growth of their startup company.

Recommendation #14: Rural Entrepreneurship Focus: Continuing on the successful coordination by the University of Nebraska, further consideration should be given by the University to develop one organization (or division) that focuses on important needs of the rural entrepreneurship community. Most important is the development of a single network that covers a large land mass with small population centers.

Recommendation #15: Consolidated Website: The *Invest Nebraska Survey of Entrepreneurs and Business Owners* found that 61% of respondents identified as Aspiring Entrepreneurs and Students do not think “entrepreneurs know where to go for needed resources” and one website could list all entrepreneurial efforts by government, the private sector, and the University system.

Recommendation #16: Entrepreneurial Training for Researchers: The State could encourage the University to offer entrepreneurial training to its research professionals.

Recommendation #17: Matching Grant Program for Researcher-Firm Partnerships: A matching grant program that encourages Nebraska-based private industry to partner with University researchers could encourage more collaboration, and it could be modeled after the Utah Center of Excellence Program which permits researchers and companies who intend to license technology developed at Utah’s colleges and universities to apply for State grant funding.

INTRODUCTION

During the 2010 Legislative Session of the Nebraska Unicameral, Senator Danielle Conrad of Lincoln introduced the Nebraska Innovation and High Wage Employment Act (LB 1109). The main purpose of the Act was to create the Innovation and Entrepreneurship Task Force “to develop a statewide strategic plan to cultivate a climate of entrepreneurship that results in innovation and high-wage employment.” LB 1109 was approved 43-0 by the Legislature on April 8, 2010 and signed into law by Governor Heineman on April 12, 2010.

Subsequently, the Executive Board of the Legislature appointed six state senators to the Task Force, including a Chairperson and Vice-Chairperson. The Task Force members are:

- Senator Danielle Conrad, Chairperson
- Senator Deb Fischer
- Senator Galen Hadley, Vice-Chairperson
- Senator Heath Mello
- Senator Rich Pahls
- Senator Ken Schilz

The Act requires the Task Force to hire outside assistance to prepare and present the strategic plan to the Legislature by December 1, 2010. Invest Nebraska Corporation was contracted by the Task Force to develop the strategic plan in accordance with the requirements of the Act.

During the summer and fall of 2010 the Task Force held six public hearings and received testimony from the following individuals:

- Dan Hoffman, Invest Nebraska
- Rod Armstrong, AIM Institute
- David Conrad, NUtech Ventures
- Gary Hamer, Nebraska Department of Economic Development
- Ken Moreano, Scott Technology Center
- Dr. Jim Linder, Nebraska Angels and the University of Nebraska Medical Center
- Rose Jaspersen, Nebraska Enterprise Fund
- Tim Mittan, Southeast Community College Entrepreneurship Center
- Richard Baier, Nebraska Department of Economic Development
- Chris Gibbons, City of Littleton, Colorado
- Todd Johnson, Gallup Organization
- Pete Kotsiopoulos, University of Nebraska
- Individuals from the Greater Omaha Chamber of Commerce Cornstalks
- Individuals from the Lincoln Chamber of Commerce’s Young Professional Entrepreneurship Group

Invest Nebraska also conducted a statewide on-line survey (*Invest Nebraska Survey of Entrepreneurs and Business Owner*) in August, 2010 of small business owners, entrepreneurs, economic development professionals, aspiring entrepreneurs, and students to gauge their opinions on a variety of questions related to small business development, opportunities, and services for Nebraska entrepreneurs. Of the

3,000 estimated Nebraskans receiving the survey, 638 Nebraskans responded for a response rate of 21%.

Following this initial survey, an additional survey was conducted (*Invest Nebraska Survey of Development Organizations*). This survey was completed on-line by the 146 state, regional, and local service providers across Nebraska and requested general information about their organization.

In addition to this report, the recent *Competitive Advantage Assessment and Strategy for Nebraska* prepared by Battelle Technology Partnership Practice for the Nebraska Department of Economic Development (DED) and the Nebraska Department of Labor devoted a portion of their plan to innovation and high-growth potential entrepreneurial development in the State. The Invest Nebraska team has reviewed this work and collaborated with the DED when appropriate. The purpose of this strategic plan is to focus in more detail on the entrepreneurial ecosystem in Nebraska by using additional first-hand knowledge, new data sets, information directly from existing state and local entrepreneurial programs, and best practices from neighboring and/or innovative states. Although this report was completed independently from the Battelle Study, many of the recommendations of both studies are supportive of one another.

The Invest Nebraska team would like to emphasize that it is not the intent of this strategic plan to try to reinvent the State of Nebraska into something that it's not. Nor does this plan advocate that effective solutions necessarily require an overall increase in funding or expansion of government services. Rather, this plan focuses on a belief that the best path forward is to leverage Nebraska's existing creative talent, existing industries, existing economic resources, and existing government contributions in a more effective and efficient manner.

About the Authors

Invest Nebraska is a non-profit, 501(c)(3), venture development organization that advises and invests in companies and early stage business ideas in Nebraska. We support and encourage angel investment and entrepreneurship in all areas of Nebraska, and provide networking opportunities for investors, entrepreneurs, and service providers from all corners of the State. For more information on Invest Nebraska, please visit <http://www.investnebraska.com>.

Invest Nebraska was assisted in the development of this plan by SunOne Solutions, a Lincoln and Denver based economic and environmental consulting company. For more information on SunOne Solutions, please visit <http://www.sunonesolutions.com>.

The Invest Nebraska team would like to thank all of the Task Force members, the survey respondents, and other cooperating stakeholders for their time and contributions to this report.

NEBRASKA'S OBJECTIVES

When it comes to attracting businesses and workers, Nebraska has historically viewed its competition as the surrounding mid-west states. The increasing globalization of the world's economies, however, has forced the State to view its competition beyond its immediate regional geographic border. In order to succeed on a global scale, Nebraska must develop an entrepreneurial ecosystem that focuses on 21st century employment opportunities, takes advantage of its existing comparative advantages, and provides incentives for innovation.

Entrepreneurs are the answer. Seventy percent of U.S. registered voters think the health of the economy depends on the success of entrepreneurs.¹

While change can be uncomfortable and challenging, it can also lead to dynamic possibilities in this new high-tech / high-creativity global economy. Embracing the 21st century economy is not only about developing the requisite human and technological capital component, it also requires a long-term commitment to cultivating creative energy, promoting innovation, and fostering risk taking. A state that welcomes these challenges will ultimately distinguish themselves from competing regions throughout the world.

ATTRACTING AND KEEPING TALENTED INDIVIDUALS IN NEBRASKA

Nebraska's greatest resource is its people. In today's knowledge-based economy, the creative capital of individuals is vital to the prosperity of any state. Not surprising, as a relatively sparsely populated state, Nebraska's citizens are some of the most well-educated in the U.S. While most states confront the need to attract creative human capital to their respective state, Nebraska is fortunate to already enjoy a wealth of home-grown talent.

The Milken Institute's *Human Capital Investment Composite Index*² attempts to measure individual state's potential workforce capabilities. It is based on a total of twenty indicators that theoretically influence the stock of human capital, including:

- All Recent Degrees in Science and Engineering per 1,000 Civilian Workers
- Average ACT & SAT Scores
- Percentage of Bachelor and Graduate Degrees Granted in Science and Engineering
- Percentage of Households with Computers and Internet Access
- Percentage of Population Age 25+ with Bachelor's Degree or Advanced Degrees

Milken Human Capital Investment and Overall State Science and Technology Index (2008)		
State	Human Capital Rank	Overall Ranking
Maryland	1	2
Massachusetts	2	1
Colorado	3	3
Connecticut	4	7
Minnesota	5	11
New York	6	15
Utah	7	8
Virginia	8	6
Vermont	9	19
Delaware	10	14
Nebraska	11	34
New Hampshire	12	9
California	13	4
Pennsylvania	14	13

¹ Luntz, Maslansky, *Strategic Research Survey (sample size: 816)*, September 2008

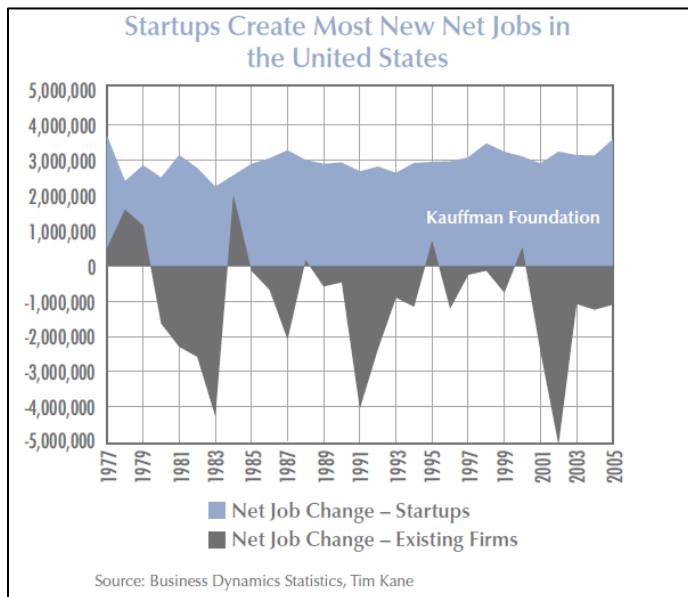
² DeVol, Charuworn & Kim, *Milken Institute State Science and Technology Index*, June 2008

Nebraska’s performance in this particular Index was its highest (11th) of the five composite indices that make up Milken’s overall *State Science and Technology Index*. If entrepreneurship and innovation begin with the creative capital of individuals, then Nebraska is fortunate that the human capital already exists in the state. When we overlap this *Human Capital Index* with the overall *State Technology and Science Index*, however, the results are telling of the work ahead for Nebraska (Nebraska is 34th overall). This comparatively low ranking indicates that while Nebraska has the human resources to outperform most other states, it is either not putting them to work effectively or losing them to greener pastures.

Most high-tech founders come from middle-class or upper-lower-class backgrounds, are well-educated, and married with children.³

Other research and data, including the Battelle Study, supports this reality that high-wage jobs being created in other states are attracting Nebraska’s talented young people. The Nebraska Department of Labor’s Long Term Occupation Employment Projections for 2008-2018 indicates that an additional 32,672 new jobs will be created statewide during the next ten-year period that require a bachelor’s degree or higher, but a whopping 950,023 new jobs during this same time period will be created that requires less than a bachelor’s degree. It is therefore obvious that if Nebraska is to keep its young people and creative talent in the State, it must develop an ecosystem that creates more high-wage job opportunities.

INCREASING ENTREPRENEURSHIP IN NEBRASKA



If a noble goal of Nebraska is to increase the number and diversity of high-wage jobs in the State, then a key area of focus should be on improving the entrepreneurial ecosystem. The reason for this is that top-performing young companies are the most fruitful source of new jobs and offer the Nebraska economy its best hope for growth. A new discussion—one that not only promotes entrepreneurship, but specifically *high-impact* entrepreneurship—is necessary.

From 1980–2005, firms less than five years old accounted for all net job growth in the U.S.⁴

Using data from the U.S. Census Bureau, Kauffman Foundation researchers examined the contribution of top-performing companies in recent years and found that young, fast-growing firms, often called

³ *The Anatomy of an Entrepreneur: Family Background and Motivation*, July 2009.

⁴ *Business Dynamics Statistics Briefing: Jobs Created from Business Startups in the U.S.*, January 2009.

“gazelle” firms (meaning a firm’s revenue is consistently increasing by greater than 20% a year) account for a disproportionate share of net job creation. Nebraska actually ranked very high in number of gazelle firms (latest data from 2008) and some attention is being paid to this niche – such as the Nebraska Department of Economic Development’s successes generated through the Nebraska Advantage Program. However, more can be done and the specific type of gazelle firm is also a very important component to the equation.

In 2008, an average of 0.32 percent of adults in the U.S. created a new business each month, equaling about 530,000 new U.S. businesses per month.⁵

The U.S. economy contained 5.5 million firms and about 2 million of these, or just over one-third, were five years old or younger. Even though they account for less than half of the overall number of firms, and a significantly smaller proportion of the overall economy, young firms (five years old or younger) have accounted for all of the net jobs created in the past few decades. In 2007, for example, the Kauffman Foundation indicates that about two-thirds of all job creation came from young firms. Firms in their first year of existence add an average of 3 million jobs per year.

Every year, roughly 500 thousand new firms are started in the U. S. Obviously not all of these new firms will survive – most will not. In the first two years, roughly a third of these companies will fail and, in five years, just under half (48%) will remain, but this does not mean that all have gone out of business and are no longer contributing to the economy. Some of those young firms that grow rapidly in their early years and sustain this pace as they get older will eventually become acquirers or acquired themselves, and will add jobs within their new entity.

Contrary to popularly held assumptions, the highest rate of entrepreneurial activity belonged to the 55–64 age group over the past decade. The 20–34 age bracket had the lowest.⁶

Fostering entrepreneurship is not an easy task, and Nebraska’ entrepreneurial ecosystem needs to be shaped around its comparative advantages, available assets, and human resource attractions. For example, Silicon Valley is considered the “gold standard” for an entrepreneurship ecosystem with technology, talent, money, and a culture that tolerates failure and promotes collaborative innovation. But the example of Silicon Valley deceives public leaders across the country into becoming something that they are not and can set them up for disappointment – and Nebraska needs to correspondingly find its own path forward.

CREATING METRICS TO EVALUATE EFFECTIVENESS

A key to effectively and efficiently supporting Nebraska’s entrepreneurial ecosystem is to understand better how to measure and monitor the impact of a particular program. If policy makers can understand better what is working and what is not, then resources can be more effectively allocated towards the

⁵ *Kauffman Index of Entrepreneurial Activity 1996-2008*, April 2009.

⁶ *The Coming Entrepreneurship Boom*, June 2009.

successes. Too often not enough attention is paid to setting up consistent systems from the beginning that monitors the results of a program or organization. In addition, when monitoring systems are set up they all too often fail to accurately reflect the various dynamics that strengthen an overall ecosystem, and subsequently too often funds continue to flow to undeserving programs.

There are a variety of standard methods to measure the impact of various programs. They usually focus on specific economic indicators that are either directly or indirectly affected by funding. Some of these include:

- State Funds Awarded and Expended
- Number of Companies Created
- Number of New Net Jobs Created
- Federal and State Grant Assistance Received by the Company
- Number of Grant or Funding Recipients

While these standard indicators should continue to be tracked and evaluated, it is also important to dig a level deeper and look at program recipients' operational effectiveness as well. For companies created, attracted, or capitalized by the state and local programs, the following metrics could also be used more effectively:

- Industry "Value-Added" Contracts
- Follow-on Investments from the Private Sector
- Product Sales, Operating Margins, and Profitability
- Licensing Revenue, Patents Received, and R&D Investment
- Advanced Degree and High Salary Positions Created

Americans think the government does little to encourage entrepreneurship, despite its importance; 58% of respondents say the government should do more to encourage individuals to start businesses, and 35% think the laws in America make it more difficult to start a business.⁷

The ultimate goal is not about the quantity of firms or workers assisted per dollar spent, rather about the quality of firm or worker assisted per total resource spent. While this level of analysis takes some additional efforts, it is critical to understanding where efforts can be best targeted going forward.

The market for new ideas and products has become truly global and ultra-competitive. In order to be successful, Nebraska must decide and plan on how to take advantage of its location, intellectual capital, and regional assets in order to sustain entrepreneurial and innovation activity.

⁷ *Kauffman Foundation Survey of Entrepreneurs*, September 2009.

NEBRASKA'S ENTREPRENEURIAL ENVIRONMENT AND PROGRAMS

HISTORICAL PERSPECTIVE: 1980 TO PRESENT

Nebraska's approach to supporting the entrepreneurial and innovative ecosystem over the past three decades has been one of bits and pieces. In comparison to other states, much of the recent legislation and policies have been short-term focused and targeted at specific entrepreneurial issues, such as micro-lending, venture capital, and assistance to the agriculture sector. As a result, Nebraska has been ranked toward the bottom in many nationally recognized entrepreneur and innovation rankings of the fifty states. However, even despite the often low rankings, there have been some noticeable efforts made to support entrepreneurship in Nebraska.

In 1985, Governor Kerry's Policy Research Office released a study that showed that Nebraska was being overlooked by venture capitalists across the country. As a result of that study, the Nebraska State Legislature enacted two definitive pieces of legislation: the 1986 Venture Capital Network Act (LB 163) and the Nebraska Research and Development Authority Act (LB 850).

The purpose of the Venture Capital Network Act was to "improve the dissemination of information regarding informal investment opportunities to potential investors and entrepreneurs and thereby stimulate the growth of small businesses in Nebraska." The Department of Economic Development contracted with the Nebraska Business Development Center at the University of Nebraska at Omaha to assume administration of the Venture Capital Network. The program initially received funding of \$25,000 in FY2008 and \$25,000 in FY2009, but was not funded in subsequent years.

That same year, the Nebraska Research and Development Authority Act was passed. This additional piece of necessary legislation provided \$4 million in General Funds for "engaging in seed capital financing for the development and implementation of innovations or new technologies for existing and emerging industries." Results of the program were mixed with only five companies receiving seed capital and there is not much additional information regarding the program or its final results.

In 1997 the Microenterprise Development Act (LB 327) was passed by the Legislature and approved by Governor Nelson. This Act established the Nebraska Microenterprise Partnership Fund which subsequently became a certified Community Development Financial Institution (CDFI) in 1998. The Program provided state general funds to microloan delivery organizations that can be used to:

- Satisfy matching fund requirements for other federal or private grants;
- Establish a revolving loan fund from a microloan delivery organization that may make loans to microenterprises;
- Establish a guaranty fund from which a microloan delivery organization may guarantee loans made by commercial lending institutions to microenterprises; and
- Provide funding for the operating costs of a microloan delivery organization.

In 2008 the Partnership Fund name was changed to Nebraska Enterprise Fund, which still is structured as a non-profit and awards grants, loans, and related products directly to microenterprise programs (not private businesses) through an annual "request for proposal" process. The Fund has received over \$5.9

million in state funding and currently claims in its annual report to have created jobs that on average pay \$11/hour or \$22,880/year.

In 2002, at the request of Governor Johanns, the Legislature passed the Nebraska Venture Capital Forum Act. The purpose of the Act was to have the Department of Economic Development select an organization to facilitate the relationships between venture capitalists and Nebraska entrepreneurs. The Legislature appropriated \$500,000 during the three years of the Act’s existence. The Act expired in 2005. Invest Nebraska Corporation, a non-profit organization, was formed to carry out the provisions of the act.

In 2005 the State enacted the Agricultural Opportunities and Value-Added Agriculture Partnership Grant Program (VAA). The VAA provides grants up to \$75,000 to cooperatives, start-ups, and associations to subsidize their costs of research, education, training, and market development. From 2006-2009, the State has awarded \$3,158,064 in VAA grants for buildings and building rehabilitation, equipment, marketing and advertising, website development, education, studies and plans, salaries and stipends, organizing fees, and supplies. Return on the total \$3,158,064 state’s investment during this three year time period was an aggregated total of 8.75 full-time equivalent positions paying an average salary of \$14.90/hour or \$30,992/year.

A related Act, the Building Entrepreneurial Communities Act, was passed by the Legislature in 2006. The program “supports economically depressed rural areas of Nebraska with grants that create community capacity to build and sustain programs that generate and retain wealth in the communities and regions.” The program is funded at \$500,000 per fiscal year (increased from \$250,000 by the 2007 Nebraska Unicameral) and provides up to \$75,000 per project over 2 years with a 50% cash match requirement (sometimes reduced to 25%). To date, the State has invested \$1,363,950 in the program.

In 2007 the Nebraska Advantage Microenterprise Tax Credit Act was passed to provide a \$10,000 lifetime tax credit to microbusiness (5 or fewer employees) owners located in distressed geographic areas that make a “new investment or employment in the microbusiness.” Total funding for the credit is capped at \$2 million annually.

That same year, the Legislature passed the Nebraska Operational Assistance Act. The purpose of the Act is to create a program to assist startups and businesses in achieving the thresholds necessary for private equity investments. The Legislature has provided \$250,000 each fiscal year for this program. In 2008, following an RFP process, the Department of Economic Development chose Invest Nebraska Corp., a 501(c)(3) non-profit to administer the program. Since the program’s inception on January 1, 2009, Invest Nebraska has sponsored seven regional venture competitions with awards of \$25,000, two statewide venture competitions with awards of \$50,000, and provided four operational assistance awards totaling \$73,600 to potential high-growth businesses.

The following is a summary of the programs:

Implementing Legislations	Year	Purpose
Venture Capital Network Act	1985	Disseminate information about start-up opportunities
Nebraska Research and Development Authority Act	1985	Seed funding for start-ups
Microenterprise Development Act	1997	Provides state general funds to microloan delivery organizations

Nebraska Venture Capital Forum Act	2002	Facilitate relationship between venture capitalists and entrepreneurs
Agricultural Opportunities and Value-Added Agriculture Partnership Grant Program (VAA)	2005	Grants to agriculture sector start-ups and groups
Building Entrepreneurial Communities Act	2006	Matching grants for programs in rural areas
Nebraska Advantage Microenterprise Tax Credit Act	2007	Tax credit to microenterprises
Nebraska Operational Assistance Act	2007	Start-up assistance for potential high-growth businesses

Historically, it is clear from the various Acts that Nebraska has recognized the importance of financing small business and start-ups, specifically venture capital firms and the companies receiving venture capital. However, past efforts were mainly focused on relationship building (Venture Capital Network and the Venture Capital Forum Act) or seed capital (Nebraska Research and Development Act) and were enacted only for short time periods with little time to build a successful record. In addition, although capital financing is an important piece, one can argue that mentoring and business originations are just as important.

Overall, the various efforts by the State government have shown a few success stories, but the underlying public policies were too limited in their focus and failed to address the necessary components required for a vibrant entrepreneurial ecosystem. When looking at the various economic development programs and organizations that exist today, it is easy to see that a more broad based approach to supporting an entrepreneurial ecosystem is required.

INVENTORY OF CURRENT PROGRAMS AND ORGANIZATIONS

To lay forth an effective strategic plan to improve economic development in Nebraska, it is important to first understand the current landscape of such efforts across the State. Cross referencing the U.S. Microenterprise Census, released by the Aspen Institute, economic development resources compiled by the University of Nebraska system, and the membership roster of the Nebraska Economic Developer’s Association, Invest Nebraska developed a comprehensive inventory of 146 existing economic development programs and organizations operating across the State at the local, regional, and statewide levels (the list of current programs/organizations and survey responses can be found in the appendix). Invest Nebraska then surveyed those programs and organizations to learn more about their operations.⁸

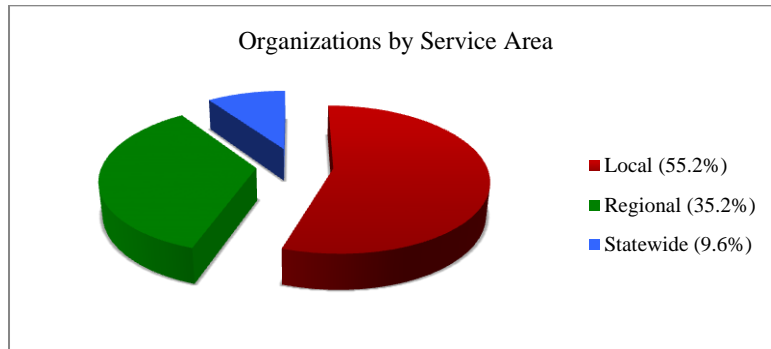
INVEST NEBRASKA SURVEY OF DEVELOPMENT ORGANIZATIONS

Using the comprehensive inventory, a survey (*Invest Nebraska Survey of Development Organizations*) was issued to all programs. This was done in an effort to better understand the scale and scope of programs: lending resources, types of services provided, areas of expertise, and industries served. The

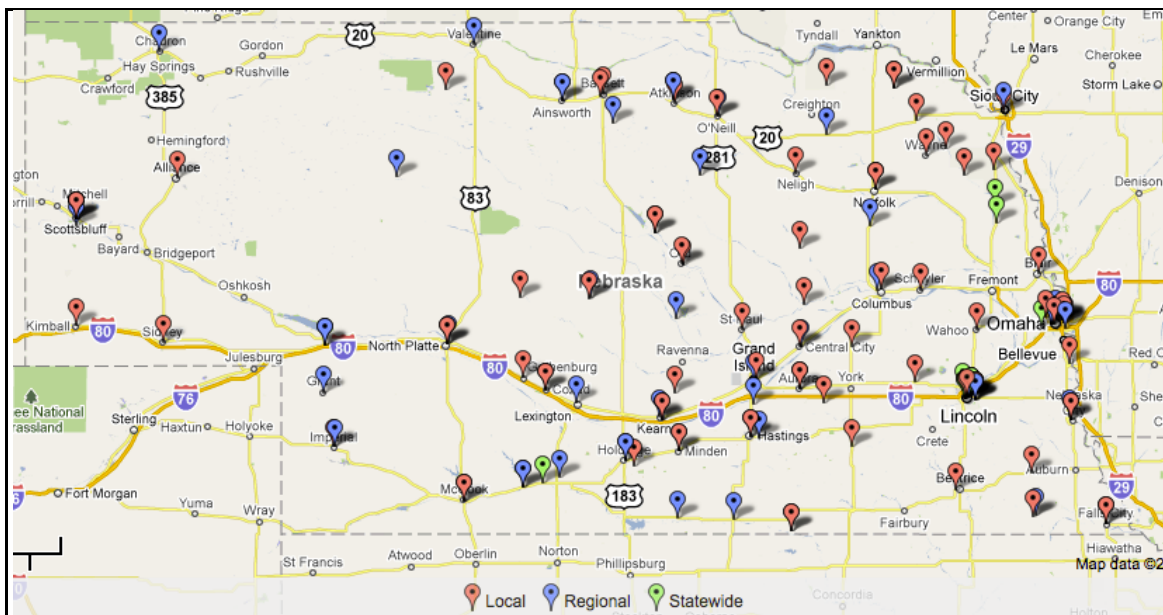
⁸ For the purpose of this report, private foundations were excluded from the inventory and sometimes the term “program” and “organization” are used interchangeably or to refer to both types of efforts.

survey response rate was approximately 45% and, given the diversity of respondents, it provides a telling snapshot of existing efforts.

While the number of existing programs is large given the population of the State, the survey discovered that the majority of existing programs are small and localized. As per the chart below, the majority of survey respondents defined their program service area as one county or less.



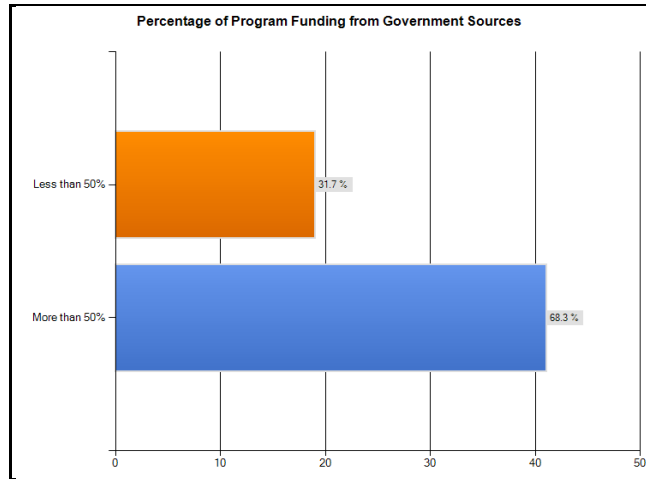
The large number of organizations focusing their efforts locally is consistent with the fact that Nebraska is a vast state with low population density. In order to effectively deliver services in some communities, a local presence is obviously required.



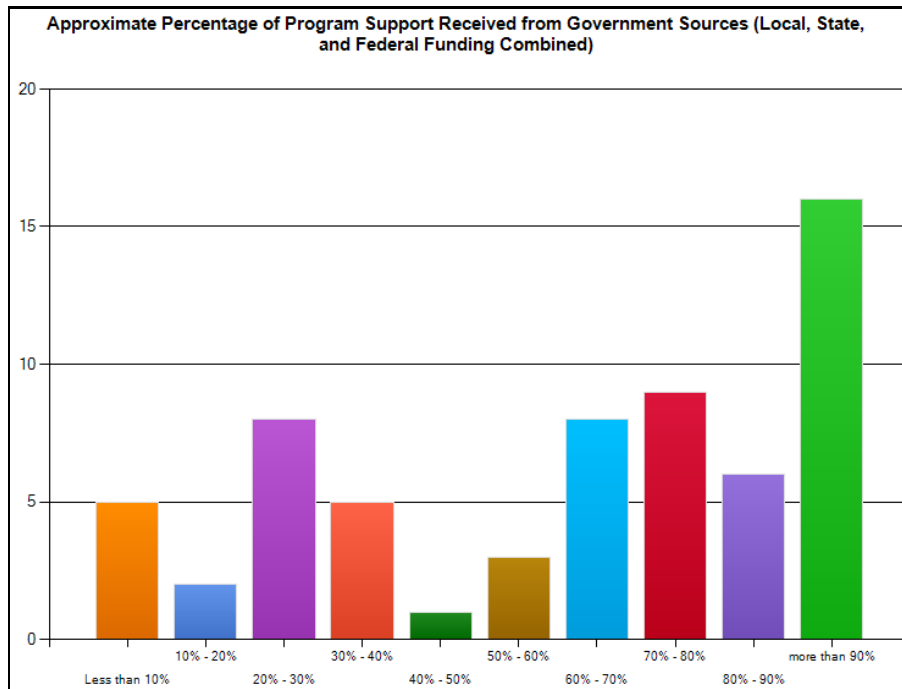
Upon further examination of the economic development organizations in Nebraska, illustrated by the map above, one sees that the majority of organizations, nearly 2/3^{ds} of survey respondents, are operating outside of the top three population centers (Omaha, Lincoln and Tri City areas).

Also important to understand is the level of public or government funding supporting existing programs. For the purposes of the survey, respondents were asked to define, in approximate percentage, the amount of public funding received by their development organization. This percentage combines local, state, and in some cases federal dollars currently supporting program operations. As illustrated in the

chart below, nearly 70% of responding programs receive more than 50% of their program funding from public sources.



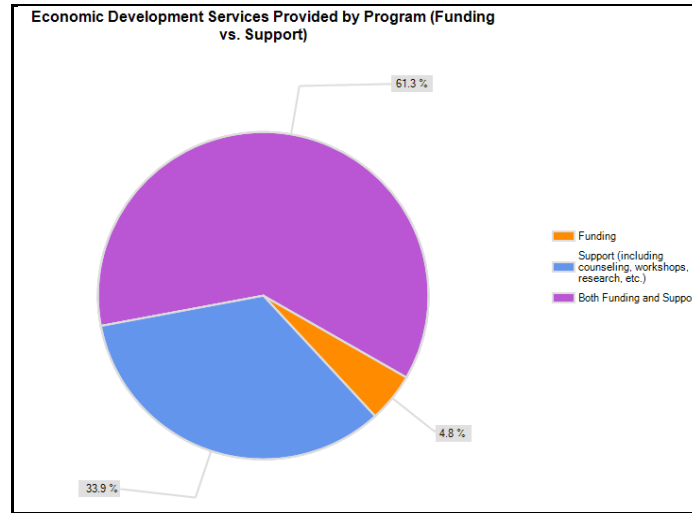
When examining the range of responses more closely, as in the chart below, note the disproportionate number of respondents receiving at least 90% of program funding from public sources.



Approximately 70% of local programs, 63% of regional programs, and 71% of statewide programs receive more than 50% of operating funds from public sources.

Respondents were also asked to identify the type(s) of economic development services offered by their program: financial assistance (defined as lending, awards, or investments to business), entrepreneurial support (defined as counseling, workshops and training, and research and development), or a combination of both. The majority of respondents provide both financial assistance and entrepreneurial support. However, a significant minority provides no financial assistance - 95% of respondents provide

some form of entrepreneurial support while 66% provide some form of financial assistance (see chart below).



Of respondents who receive more than 50% of funding from public sources, 71% of programs provide a combination of financial assistance and entrepreneurial support, while 29% provide no financial assistance.

FINANCIAL ASSISTANCE

Nearly 60% of all programs providing financial assistance define their program service area as local, or within the geographic boundaries of one county or less, with approximately 26% operating regionally, and 12% operating statewide. In addition, 78% of financial assistance-providing programs receive more than 50% of program funding from public sources.

Programs were prompted to qualify financial assistance offered as loans, grants, and/or equity investments. Nearly 90% of programs providing financial assistance provide financial awards in the form of loans and slightly more than 50% offering grant-based awards.

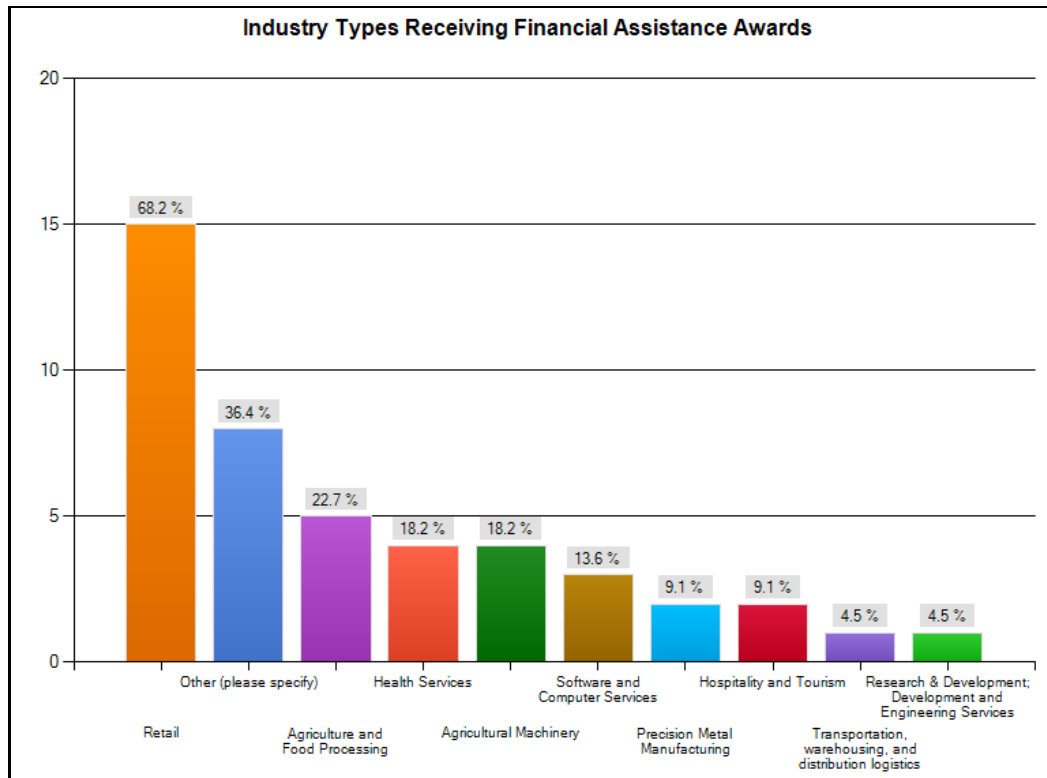
The majority of programs quantify the maximum available award (i.e. loan, grant, or equity investment) as ranging between \$50,000 and \$200,000. However, a small sample of programs that operate federally-funded loan programs (usually SBA lending) reported award ceilings as high as \$8.5 million.

Responding organizations made 207 financial assistance awards with an average award of \$49,626 in 2008. The following year, in 2009, the number of awards increased to 242, while the average award size increased to \$52,724. In both years, the number of awards made to expand existing businesses heavily outweighed the number of awards made to encourage or support start-up businesses.

Survey respondents were also asked to self-report on the numbers and approximate wages of jobs created as a result of financial assistance awarded during 2008-2009. Programs reportedly created, on average, 25 new jobs in 2008, with an average wage of \$22,915 or \$11.02 per hour. Surprisingly, while the number of jobs created decreased in 2009, the average wage increased with respondents reporting a program average of 18 jobs created with an average wage of \$24,173 or \$11.62 per hour.

Utilizing industry clusters identified in the Battelle Study as a basis, programs were asked to identify which industry types were receiving financial assistance as a result of program awards. The response categories included were: (i) Financial Services; (ii) Transportation, Warehousing, and Distribution Logistics; (iii) Precision Metal Manufacturing; (iv) Biosciences; (v) Renewable Energy; (vi) Research and Development and Engineering Services; (vii) Health Services; (viii) Hospitality and Tourism; (ix) Agriculture and Food Processing; (x) Agricultural Machinery; (xi) Software and Computer Sciences; (xii) Business Management and Administrative Services; (xiii) Retail; (xiv) Home-Based Business; or (xv) Other (please specify).

More than 68% of programs providing financial assistance identified “Retail” as a top-served industry. Responses in the “Other” category were comprised of mainly service industry and manufacturing (see chart below). No respondents indicated “Home-based Business”, “Financial Services”, “Biosciences”, “Renewable Energy”, or “Business Management and Administrative Services” as commonly served industries.

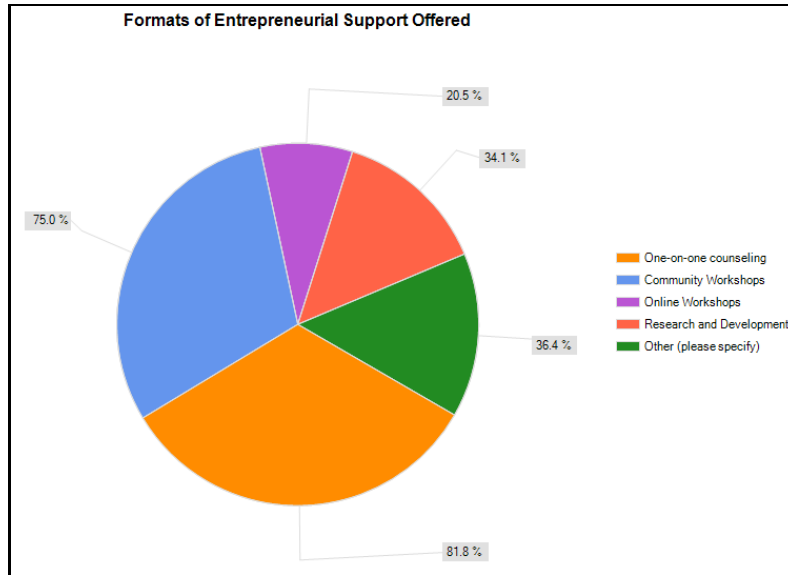


This data indicates that while sizable awards are being made, the industries serviced are not necessarily beneficial to the long-term innovation efforts of the State.

ENTREPRENEURIAL SUPPORT

Regarding location, 48% of survey respondents who provide entrepreneurial support services define their program service area as local, or within the geographic boundaries of one county. Another 29% define service area as regional, and 24% as statewide. Furthermore, 71% of entrepreneurial support-providing programs receive more than 50% of their funding from public sources.

As illustrated in the chart below, when asked to qualify the format(s) of support services, nearly 82% of programs indicated the availability of one-on-one counseling to entrepreneurs and businesses within their service area. 75% of responding programs offer community workshops, 34% provide research and development, and only 21% offer online workshops. Responses in the “Other” category ranged from group facilitation to business incubators to collaborative office space.

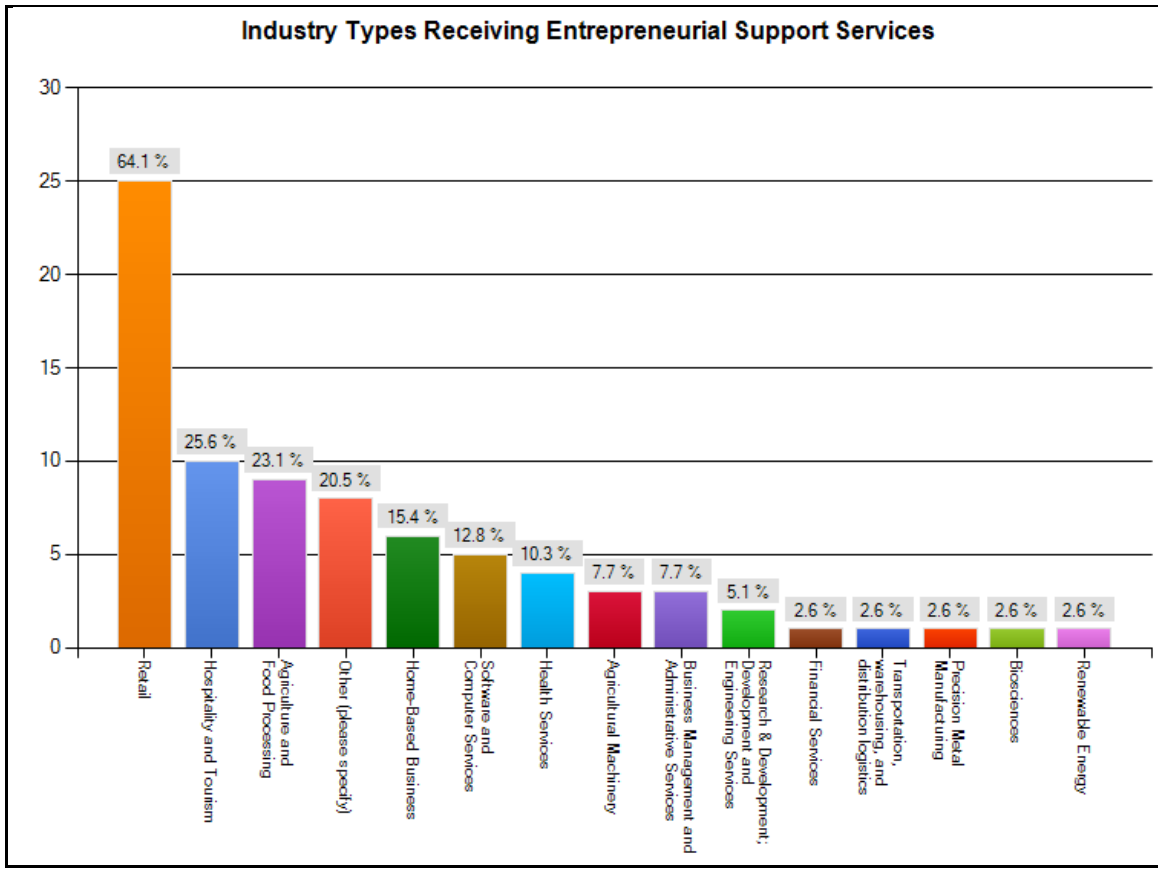


When asked to qualify the program’s area(s) of expertise, which was an open-ended response category, the most prevalent types of expertise given (listed in order of prevalence) were:

1. Business Plan Development
2. Networking
3. Mentoring
4. Marketing/Market Research
5. Financial/Loan Packaging
6. Product Development

Programs reported serving an average of approximately 289 entrepreneurs/businesses in 2008. Although the average served per program decreased slightly in 2009 (280), the total entrepreneurs/businesses served increased by 233. This correlation is due to the fact that a small number of programs reported 2009 as their first year of support offered.

Again, utilizing industry clusters identified by the Battelle Study, programs were asked to identify which industry types, if any, commonly received entrepreneurial support. More than 64% of programs providing financial assistance identified “Retail” as a top-served industry, followed by the response categories of “Hospitality and Tourism” and “Agriculture and Food Processing”. Responses in the “Other” category were comprised of mainly service industry niches (see chart below).



Unlike industries receiving financial assistance, survey respondents indicated a higher prevalence of high-potential industries receiving entrepreneurial support services. This suggests a gap in support and availability of financial awards to support expansion of high-growth industries.

DATA SERVICE BY AREA

To better understand the roles of programs serving locally, regionally, and statewide, please refer to following charts.

Additional Program Information

Program Service Area/Percent of Total Respondents	Programs Receiving More than 50% of Funding from Public Sources	Types of Services (Financial Assistance vs. Entrepreneurial Support)
Local/(48.4%)	70%	Financial: 3.4% Support: 17.2% Both: 79.3%
Regional/(29.7%)	63%	Financial: 10.5% Support: 36.8% Both: 52.6%
Statewide/(21.9%)	71%	Financial: 0% Support: 64.3% Both: 35.7%

Program Service Area/Percent of Total Respondents	Type of Financial Assistance	Avg. Maximum Available Award	Avg. Minimum Available Award	Top Industries Receiving Financial Assistance Awards
Local/(48.4%)	Loan: 93.3% Grant: 66.7% Equity Investment: 6.7%	\$133,000	\$8,833	Retail (63.9%) Agricultural Machinery (27.3%)
Regional/(29.7%)	Loan: 80% Grant: 30% Equity Investment: 0%	\$135,357	\$2,969	Retail (66.7%) Health Services (33.3%)
Statewide/(21.9%)	Loan: 80% Grant: 60% Equity Investment: 40%	\$1,768,000	\$2,400	Retail (80%) Agriculture and Food Processing (60%)

Program Service Area/Percent of Total Respondents	Total Awards Made (2008)	Avg. Award Made (2008)	Total Jobs Created (2008)	Avg. Jobs Created (2008)	Avg. Wage (2008)
Local/(48.4%)	27	\$72,825	226	20.55	\$20,480
Regional/(29.7%)	31	\$45,609	56	9.33	\$26,267
Statewide/(21.9%)	149	\$8,852	249	62.25	\$25,190

Program Service Area/Percent of Total Respondents	Total Awards Made (2009)	Avg. Award Made (2009)	Total Jobs Created (2009)	Avg. Jobs Created (2009)	Avg. Wage (2009)
Local/(48.4%)	23	\$55,407	64	6.4	\$23,253
Regional/(29.7%)	24	\$79,117	45	7.5	\$23,500
Statewide/(21.9%)	195	\$16,221	267	53.4	\$26,460

ASSESSMENT OF PROGRAMS

At the request of the Task Force, Invest Nebraska conducted another survey the (*Invest Nebraska Survey of Entrepreneurs and Business Owners*) in order to gauge the opinions of Nebraskans regarding their interaction with various business service providers and the current entrepreneurial/innovation environment in the State. This survey was distributed to members of the Nebraska Chamber of Commerce and Industry and the Nebraska Economic Developers' Association. Organizations submitting the survey to their individual members and clients included: the Lincoln Chamber of Commerce Young Professionals' Group, the Greater Omaha Chamber of Commerce Cornstalks organization, GROW Nebraska, the Center for Rural Affairs, and the seven regional development districts across the State. The survey was open from August 5, 2010 to August 27, 2010 and sent to an estimated 3,000 Nebraskans.⁹

⁹ Note: While Invest Nebraska administers the state's Operational Assistance Program, the organization was omitted from this survey. After discussions between Invest Nebraska and the Task Force, it was agreed that there could be potential conflicts of interest. In order to preserve objectivity of the respondents, Invest Nebraska was excluded from the survey.

The survey was created with three target audiences in mind and was designed to take those groups down three different paths. The rationale behind this structure was the desire to glean different information from different groups. Those three groups included:

- ❖ Business Owners and Entrepreneurs,
- ❖ Economic Development Professionals, and
- ❖ Aspiring Entrepreneurs and Students.

The survey was started by a total of 638 individuals with 511 respondents completing all of the questions. The response rate (individuals taking the survey divided by the total survey population) was 21%. This falls into the acceptable range for an on-line survey representing the size of the target population.

The sampling presents a wide swath of Nebraska, with 28% of responses coming from the Omaha Metro Area (OMA) (defined to include the following counties: Cass, Douglas, Sarpy, Saunders, and Washington) and 21% from the Lincoln Metro Area (LMA) (defined as Lancaster and Seward County). The remainder of the respondents was divided quite evenly between communities of 5,000 or more (>5,000) and 5,000 or less (<5000), 24% and 25% respectively. Finally, 1% of respondents were from the Sioux City Metro Area (SCMA).

The great majority (59%) of respondents reported working in organizations of 10 or fewer employees. The next largest group (20%) was employed at organizations with 11 – 50 employees and following that was 14% of respondents who reported working at organizations with 101 or more employees. Finally, 7% worked in organizations of 51 – 100.

The respondents were asked to self-identify with one of the three specified groups, which determined the track of questioning they received. The first grouping was Business Owners and Entrepreneurs, with 34% and 26% respectively. The second group was Economic Development Professionals comprising 24% of respondents. The final group was Students and Aspiring Entrepreneurs, with 3% and 13% respectively.

BUSINESS OWNERS AND ENTREPRENEURS

Of the total participants taking the survey, 60% self-identified as business owners or entrepreneurs. The geographic breakdown was 30% from the OMA, 19% from the LMA, 22% from the >5,000 population, 28% from the <5,000 population, and 1% from the SCMA. Of the respondents, 65% either owned or worked for an organization with 10 or fewer employees followed by 21% with 11 – 50 employees, 6% with 51-100 employees, and 8% with 101 or more employees.

The survey asked whether the respondent was familiar, somewhat familiar, or not familiar with the following terms/programs: economic gardening, federal SBIR grants, seed capital, angel investors, venture capital, high-potential (or high-growth) business, and the State Building Entrepreneurial Communities Act (BECA) grants. These terms/programs were selected due to their importance in an entrepreneurial and innovation ecosystem.

Not surprising were the low familiarity by the respondents with economic gardening and the BECA grants. The term “economic gardening” is a relatively new development term in Nebraska. However, some components of an economic gardening strategy have already been implemented by the

Department of Economic Development but branded differently. Unfortunately, businesses and entrepreneurs are unfamiliar with the SBIR grants and the potential benefits this federal program has to offer innovative companies.

	Familiar	Somewhat familiar	Not familiar	Total
Economic gardening	5.50%	14.20%	80.30%	100%
	21	54	306	381
Federal Small Business Innovation Research (SBIR) grants	15.50%	24.90%	59.60%	100%
	59	95	227	381
Seed capital	25.50%	30.70%	43.80%	100%
	97	117	167	381
Angel investors	31.00%	24.10%	44.90%	100%
	118	92	171	381
Venture capital	40.20%	32.80%	27.00%	100%
	153	125	103	381
High-potential (or high-growth) business	30.40%	30.40%	39.10%	100%
	116	116	149	381
State Building Entrepreneurial Communities Act (BECA) grants	7.90%	16.80%	75.30%	100%
	30	64	287	381

For various service organizations, business owners and entrepreneurs responded as follows:

Name of Organization	Familiar	Direct dealings	Type of Interaction*			Rate**			Recommend
			In person	Mixed	Distance	Positive	Neutral	Negative	
SCORE	56.30%	39.70%	23.20%	60.90%	15.90%	25.40%	29.60%	45%	76.10%
NE Enterprise Fund	11.40%	16.2% (6)	0%	66.70%	33.30%	50%	16.70%	33.30%	67% (4)
NE Economic Development Corp.	40.30%	27.30%	29.40%	41.20%	29.40%	44.50%	30.60%	25%	91.20%
NebraskaEDGE	24.60%	50.60%	74.40%	23.10%	2.60%	62.50%	27.50%	10%	90%
Nebraska Business Development Center	56%	67%	38.70%	48.70%	12.60%	42.50%	25%	32.50%	87%
Rural Enterprise Assistance Project	32.30%	35.90%	37.80%	48.60%	13.5%	55.60%	22.20%	22.20%	91.40%
GROW Nebraska	48.30%	56.40%	45.30%	36%	18.60%	56.30%	19.50%	24.10%	97%
RUPRI Center for Rural Entrepreneurship	8.3%	21.70%	0	40%	60%	40%	40%	20%	100% (4)
Regional Nebraska Development Districts	13.20%	41.90%	44.40%	50%	5.60%	58.80%	29.40%	11.80%	100% (17)
Community Development Resources	10.20%	21.9% (7)	57.10%	0%	42.90%	42.90%	28.60%	28.60%	71.4% (5)
Nebraska Angels	21.20%	20.3% (14)	42.90%	50%	7.10%	7.10%	35.70%	57.10%	57.1% (8)
Nebraska Rural Initiative	19.40%	13.3% (8)	62.50%	25%	12.50%	37.50%	25%	37.50%	71.4% (5)
Center for Rural Research & Development	7.70%	20% (8)	50%	50%	0%	33.40%	66.70%	0%	100% (5)
Food Processing Center at UNL	22.50%	37%	41.70%	41.70%	16.70%	69.20%	23.10%	7.60%	92.60%

* There are three potential answers: Met in Person on a regular basis, met in person at least once, but majority of interaction was via internet and telephone, Entire interaction was via telephone or internet.

** Rating of the organization was organized into five categories on the survey (three on the above chart), Did not meet expectations and somewhat met expectations (Negative), Met expectations (neutral), Somewhat exceeded expectations and exceeded expectations (Positive).

*** Note that the number in parentheses represents the total respondents for this question. When the number was less than 20 respondents, the author noted the number so as not to skew the results.

ECONOMIC DEVELOPMENT PROFESSIONALS

Of the total responses, Economic Development Professionals comprised 24%. The geographic breakdown was 21% from the OMA, 23% from the LMA, 30% from the >5,000 population, 25% from the <5,000, and 1% from the SCMA.

Economic Development Professionals (local, regional, and statewide) are the “boots on the ground” in working with businesses and entrepreneurs. Communities often take direction from these professionals so it is imperative that they understand the array of opportunities at the local, state, and federal level for businesses.

Again, the survey asked whether the respondent was familiar, somewhat familiar, or not familiar with the following terms and programs: economic gardening, federal SBIR grants, seed capital, angel investors, venture capital, high-potential (or high-growth) business, and the State Building Entrepreneurial Communities Act (BECA) grants.

	Familiar	Somewhat familiar	Not familiar	Total
Economic gardening	40.40%	31.80%	27.80%	100%
	61	48	42	151
Federal Small Business Innovation Research (SBIR) grants	40.40%	37.70%	21.90%	100%
	61	57	33	151
Seed capital	50.30%	35.80%	13.90%	100%
	76	54	21	151
Angel investors	54.70%	32.00%	13.30%	100%
	82	48	20	150
Venture capital	59.60%	33.80%	6.60%	100%
	90	51	10	151
High-potential (or high-growth) business	56.30%	33.10%	10.60%	100%
	85	50	16	151
State Building Entrepreneurial Communities Act (BECA) grants	58.30%	22.50%	19.20%	100%
	88	34	29	151

The term “venture capital” was the most familiar to the respondents (60%) followed by the State’s BECA grant program (58%), the term “high-potential (or high-growth) business (56%), and angel investors (54.7%). Not surprising, only 40% were familiar with the term “economic gardening.” Similarly, only 40% were familiar with SBIR grants. This is reflected in the low number of Nebraska SBIR grant submissions to

federal agencies over the years. If economic development professionals are not familiar with the SBIR program then businesses do not know the opportunities they present.

Most Economic Development Professionals indicated that the focus of their position was on entrepreneurship (32%), followed by “other” (19%), administration (18%), business retention (16%), and business attraction (15%).

For various service organizations, economic development professionals responded as follows:

Name of Organization	Familiar	Direct dealings	Type of Interaction*			Rate**			Recommend
			In person	Mixed	Distance	Positive	Neutral	Negative	
SCORE	85.40%	56%	39.10%	48.40%	12.50%	15.90%	39.70%	44.40%	73%
NE Enterprise Fund	54%	54.10%	57.50%	25%	17.50%	41%	33.30%	25.70%	79.5%
NE Economic Development Corp.	82.50%	38.50%	33.30%	45.20%	21.40%	23.80%	59.50%	16.70%	95.10%
NebraskaEDGE	75.90%	60%	55.20%	25.90%	19%	37.20%	52.50%	10.20%	93%
Nebraska Business Development Center	92.70%	73.40%	45.70%	41.50%	12.80%	33.40%	39.80%	26.90%	90%
Rural Enterprise Assistance Project	82.50%	67.30%	58.30%	31.90%	9.70%	50.70%	38%	11.30%	91.80%
GROW Nebraska	87.60%	53.80%	39.30%	45.90%	14.80%	43.50%	46.80%	9.70%	98%
RUPRI Center for Rural Entrepreneurship	59.90%	51.30%	35%	55%	10%	25%	42.50%	32.50%	75%
Regional Nebraska Development Districts	67.90%	75.60%	67.60%	25%	7.40%	39.40%	48.50%	9.40%	95.60%
Community Development Resources	52.60%	35.7%	53.80%	34.60%	11.50%	48%	32%	20%	96%
Nebraska Angels	47.4% (14)	22.60%	38.50%	46.20%	15.40%	7.10%	50%	42.80%	85.7% (12)
Nebraska Rural Initiative	64.20%	42.20%	32.40%	55.90%	11.80%	20.60%	29.40%	50%	60%
Center for Rural Research & Development	43.80%	39.70%	36.40%	59.10%	4.50%	39.10%	39.10%	21.70%	82.60%
Food Processing Center at UNL	74.5%	61%	47.50%	34.40%	18%	50.80%	34.40%	14.70%	96.60%
* There are three potential answers: Met in Person on a regular basis, met in person at least once, but majority of interaction was via internet and telephone, Entire interaction was via telephone or internet.									
** Rating of the organization was organized into five categories on the survey (three on the above chart), Did not meet expectations and somewhat met expectations (Negative), Met expectations (neutral), somewhat exceeded expectations and exceeded expectations (Positive).									
Note that the number in parentheses represents the total respondents for this question. When the number was less than 20 respondents, the author noted the number so as not to skew the results.									

ASPIRING ENTREPRENEURS AND STUDENTS

This group made up 16% of all respondents and the geographic breakdown was 28% from the OMA, 26% from the LMA, 25% from >5,000 population, 19% from <5,000 population, and 1% from the SCMA.

The subsequent survey section intended to ascertain where aspiring entrepreneurs or students go to find information about starting a new business. Not surprisingly in today’s day and age, 39% of respondents start their research on the computer. In society today it seems that the first stop for everyday research is the internet, so it should be no surprise that’s where people turn to learn about starting their own business.

The next most prevalent sources of information were local economic development organizations and friends or family each with 19% of respondents turning to those people for guidance. Finally the last two sources were fellow entrepreneurs and universities, state colleges or community colleges with 11% and 13% respectively.

As a follow up to the above question, respondents were asked where they got most of their information or training to start their own business. The local economic development organization was the most likely at 25%, with the computer (i.e. internet) right behind at 23%, followed by “other” at 23%, an individual person with 16%, and finally 13% listed university, state college, or community college.

	Familiar	Somewhat Familiar	Not Familiar	Total
Economic gardening	6.80%	11.70%	81.60%	100%
	7	12	84	103
Federal Small Business Innovation Research (SBIR) grants	17.50%	29.10%	53.40%	100%
	18	30	55	103
Seed capital	26.20%	31.10%	42.70%	100%
	27	32	44	103
Angel investors	30.10%	18.40%	51.50%	100%
	31	19	53	103
Venture capital	29.10%	40.80%	30.10%	100%
	30	42	31	103
High-potential (or high-growth) business	32.00%	28.20%	39.80%	100%
	33	29	41	103
State Building Entrepreneurial Communities Act (BECA) grants	9.70%	20.40%	69.90%	100%
	10	21	72	103

This section of the results highlights the work that needs to be done in terms of general entrepreneurial education in Nebraska. Although we are not surprised about the lack of knowledge for the specific programs, the general terminology should be recognized by more than one-third of all respondents.

For various service organizations, aspiring entrepreneurs and students responded as follows:

Name of Organization	Familiar	Direct dealings	Type of Interaction*			Rate**			Recommended
			In person	Mixed	Distance	Positive	Neutral	Negative	
SCORE	57.60%	40.4% (19)	36.80%	57.90%	5.30%	36.80%	36.80%	26.40%	94.7% (18)
NE Enterprise Fund	14.10%	9.1% (1)	0	0	0	0	0	0	100% (1)
NE Economic Development Corp.	30.60%	39.1% (9)	22.20%	11.10%	66.70%	22.20%	55.60%	22.20%	77.8% (7)
NebraskaEDGE	30.60%	39.1% (9)	55.60%	33.30%	11.10%	44.40%	55.60%	0	100% (9)
Nebraska Business Development Center	58.80%	73.50%	27.80%	58.30%	13.90%	41.70%	38.90%	19.50%	88.60%
Rural Enterprise Assistance Project	34.10%	46.4% (13)	23.10%	46.20%	30.80%	53.90%	38.50%	7.70%	91.7% (11)
GROW Nebraska	54.10%	47.70%	40%	35%	25%	61.90%	28.60%	9.50%	100%
RUPRI Center for Rural Entrepreneurship	12.90%	44.4% (4)	0	100%	0	25%	25%	50%	75% (3)

Regional Nebraska Development Districts	5.90%	25% (1)	100%	0	0	0	100%	0	100% (1)
Community Development Resources	9.40%	0	0	0	0	0	0	0	0
Nebraska Angels	24.70%	15% (3)	66.70%	0	33.30%	33.30%	0	66.70%	66.7% (2)
Nebraska Rural Initiative	18.80%	38.5% (5)	20%	80%	0	60%	40%	0	100% (5)
Center for Rural Research & Development	9.40%	28.6% (2)	0	0	100%	50%	50%	0	100% (2)
Food Processing Center at UNL	27.10%	36.4% (8)	42.90%	42.90%	14.20%	71.40%	28.60%	0	100% (7)

* There are three potential answers: Met in Person on a regular basis, met in person at least once, but majority of interaction was via internet and telephone, Entire interaction was via telephone or internet.

** Rating of the organization was organized into five categories on the survey (three on the above chart), Did not meet expectations and somewhat met expectations (Negative), Met expectations (neutral), somewhat exceeded expectations and exceeded expectations (Positive).

Note that the number in parentheses represents the total respondents for this question. When the number was less than 20 respondents, the author noted the number so as not to skew the results.

The final questions on the Aspiring Entrepreneurs and Student survey were formatted as Likert style with the respondent asked if they “Strongly Agree”, “Agree”, “Are Neutral”, “Disagree”, or “Strongly Disagree” with the given statement.

The first statement was “Entrepreneurs know where to go for needed resources” and 61% disagreed or strongly disagreed, 24% were neutral, and 15% agreed or strongly agreed. Next the group was asked “In my experience, the economic development and entrepreneurship programs offered in Nebraska have good online training and outreach.” 35% agreed or strongly agreed, 38% were neutral, and 21% disagreed or strongly disagreed. The final statement offered was “The State should make it a priority to provide seed capital for start-up companies.” Of the respondents 65% agreed or strongly agreed, 19% were neutral, and 15% disagreed.

COMPARATIVE ANALYSIS: NEBRASKA'S STANDING IN THE U.S.

Several organizations, such as the Kaufman Foundation, Forbes Magazine, the Milken Institute, Small Business & Entrepreneurship Council, Corporation for Enterprise Development, among others, monitor statistical information that can be used to compare states' business environment against one another. While these rankings are based on subjective sub-categories and should not be considered a conclusion of Nebraska's "standing" versus other states, they are very useful in trying to find areas in need of improvement.

HOW NEBRASKA STACKS UP

An evaluation of Nebraska's entrepreneurial ecosystem in comparison to other states and best practices can be broken down to five key categories that directly impact small business development and growth:

1. General Entrepreneurship Statistics
2. Business Cost, Tax, and Regulatory Environment
3. Access to Capital
4. Innovation
5. Workforce

1. General Entrepreneurship Statistics

In 2006 Nebraska had 41,288 small businesses employing 500 or fewer employees and 121,789 non-employers (those firms with no employees); together which accounted for 96.8% of the State's employers and 51.4% of its private sector employment.¹⁰ While high, this is below the national average of 99.7%, demonstrating that Nebraska has a higher percentage of large businesses and larger small businesses than other similarly sized states. Nebraska also has a high number of sole proprietors (ranking 13th nationally) according to one study.¹¹ In addition, 86% of Nebraska businesses have less than 20 employees.¹²

Nebraska ranks better than the national average in terms of business turnover, with 8,666 yearly business openings and only 8,490 closings.¹³ There were only 259 business bankruptcies during the same period.¹⁴ Nebraska failure rates decreased by 21% between March 2007 and March 2009, and the March 2009 rates were at only 57% of the national average¹⁵ and only 25% of Nebraska businesses were delinquent on accounts by more than 90 days, which was well below the national average of 30%.¹⁶ As first glance, these rankings indicate that Nebraska has a fairly robust and dynamic private small business sector.

In their report *The 2010 State New Economy Index*, the Kauffman Foundation, which is one of the nation's leading entrepreneurship and small business research and policy organizations, looked at the

¹⁰ *SBA Small Business Profile: Nebraska*, www.sba.gov/advo/research/profiles/09ne.pdf (Accessed: November 2010).

¹¹ *Empire Center for New York State Policy*, www.empirecenter.org/DataBank/ (Accessed: November 2010).

¹² *SBA Small Business Economy*, Washington: 2009.

¹³ *ibid*

¹⁴ *ibid*

¹⁵ *Dun & Bradstreet US Business Trends Report*, June 2009.

¹⁶ *ibid*

State's competitiveness in regards to what they term as "the new economy." The focus was on to what extent knowledge, technology, and innovation are well-founded in individual state's business sectors. In addition, the Kauffman Foundation looked at the global and entrepreneurial attributes of state economics. Overall, the report used twenty-six specific indicators divided into five categories: Knowledge Jobs, Globalization, Economic Dynamism, Transformation to a Digital Economy, and Technological Innovation Capacity.

Overall, Nebraska ranked 34th in the study, and has ranked consistently between 28th and 36th since the Index was founded in 1999. In specific categories, Nebraska ranked:

1. **Knowledge Jobs (19th, up from 26th in 2007)** - Indicators measure employment of IT professionals outside the IT industry; jobs held by managers, professionals, and technicians; the educational attainment of the entire workforce; immigration of knowledge workers; migration of domestic knowledge workers; employment in high-value-added manufacturing sectors; and employment in high-wage traded services.
2. **Globalization (42nd, down from 27th in 2007)** - Indicators measure the export orientation of manufacturing and services, and foreign direct investment.
3. **Economic Dynamism (43rd, same as 43rd in 2007)** - Indicators measure the degree of job churning (which is a product of new business startups and existing business failures); the number of Deloitte Technology Fast 500 and Inc. 500 firms; the number and value of initial public stock offerings by companies; the number of entrepreneurs starting new businesses; and the number of individual inventor patents issued.
4. **Transformation to a Digital Economy (32nd, down from 20th in 2007)** – Indicators measure the percentage of population online; the degree to which state and local governments use information technologies to deliver services; use of IT in the health care sector; Internet and computer use by farmers; residential and business access to broadband telecommunications; and use of information technology in the health care system.
5. **Technological Innovation Capacity (37th, same as 37th in 2007)** – Indicators measure the number of jobs in technology-producing industries; the number of scientists and engineers in the workforce; the number of patents issued; industry investment in research and development; non-industry R&D; venture capital activity; and movement toward a green-energy economy.

With regards to the category of Entrepreneurial Activity specifically, where Nebraska ranked 43rd, the criteria for the rankings were the adjusted number of entrepreneurs starting new businesses. In general, Western states ranked higher than other areas of the country because fast-growing Western states provide a disproportionate number of entrepreneurial opportunities, but Nebraska did not seem to be part of this trend. But even more troubling, Nebraska ranked very last in the category of Venture Capital (50th), an indication that Nebraska is not producing high-impact businesses venture capitalists want to invest in.

However, the *Forbes Best States for Business and Careers 2010* ranks Nebraska 9th overall, using a composite of business costs, labor supply, regulations, economic climate, growth prospects, and quality of life, although Nebraska scored much higher in some of these measures than others. For example, Nebraska ranked 12th in economic climate, which measures job, income and state product growth, unemployment, and the presence of big companies, but 40th for growth prospects, which measures revenue and wage increases as well as business turnover and venture capital investments. This study implies that while unemployment may be lower than other states and Nebraska has more large

businesses compared to similar-sized states, the small business growth prospects are dim. In the same study, Nebraska ranked 14th on quality of life measures, such as schools, health, crime, cost of living, and poverty rates.

In the *State Technology and Science Index 2008* from the Milken Institute, another leading research institute, Nebraska ranked 34th overall but only 44th in the *Risk Capital and Entrepreneurial Infrastructure Composite Index*, which measures capable entrepreneurs for high growth firms and is a composite with a measure for risk capital. On a whole the Index looks at 77 business indicators categorized into five major components: Human Capital Investment, Research and Development Inputs, Risk Capital and Entrepreneurial Infrastructure, Technology and Science Work Force, Technology Concentration and Dynamism. Nebraska had ranked higher in the *Risk Capital and Entrepreneurial Infrastructure Composite Index* in previous years (2002, 2004), and in 2008 ranked higher in the other 4 major categories in comparison.

Conclusion: Nebraska generally ranks below average in composite business categories. On the positive side, Nebraska ranks well above averages for economic climate (e.g. costs, taxes, etc.) some “quality of life” factors (e.g. low crime, good education, etc.). However, a major area for concern is that Nebraska ranks very poorly for business capital and innovation.

Business Cost, Tax and Regulatory Environment

Nebraska ranks 34th in the Small Business & Entrepreneurship Council's *Small Business Survival Index of 2009*. This largely measures tax rates, fees, and regulatory climate. While concerning, many such studies ignore other factors that contribute to business attraction and small business growth, such as a trained and qualified workforce; proximity to customers, capital, distribution, and suppliers; infrastructure and transportation; safety; education; and other quality of life factors.

The *Forbes Best States for Business and Careers 2010* ranks Nebraska 28th in regulatory climate, measuring the regulatory and tort systems, incentives, government integrity, transportation, and bond ratings. The same study ranks Nebraska 6th in business costs, measuring a composite of labor cost, energy prices, and overall taxes.

In CNBC's ranking of *Top States for Business 2010*, Nebraska ranked 5th in cost of living, 8th in 'friendliness' of legal and regulatory frameworks, and 13th overall, although access to capital and innovation ranked poorly. The Kauffman Foundation's *2010 State New Economy Index*, Nebraska also ranks 34th in e-government, which measures the extent to which small businesses can navigate government services and requirements online.

On the tax and regulatory side, Nebraska ranks in the middle of the pack in terms of corporate tax rates, with a maximum corporate rate of 7.81%. Nebraska also has no regulatory flexibility statute.¹⁷ These laws, in line with similar federal legislation, attempts to avoid regulatory duplicity and provide flexible remedies or adjustments to disproportionate burdens placed on small businesses.

¹⁷ *State Guide to Regulatory Flexibility for Small Business*, www.sba.gov/advo/laws/rfa_stateguide07.pdf (Accessed: November 2010), 229.

Conclusion: Nebraska ranks fairly well in regards to ease of doing business, efficient regulatory requirements, and taxation. However, Nebraska ranks lower in areas of technology related to government (e.g. e-government).

Access to Capital

Overall, Nebraska ranks very low in access to capital. In CNBC's ranking of *Top States for Business 2010*, Nebraska ranked 40th in access to capital, with a specific focus on venture capital. In the *State Technology and Science Index 2008* from the Milken Institute, Nebraska ranks 44th in risk capital to support the conversion of research into commercially viable technology products and services, which is a composite with entrepreneurial capacity. And as already mentioned, in the Kauffman Foundation's *2010 State New Economy Index* Nebraska ranks 50th in Venture Capital.

Alternative Lending: The alternative small business lending community in Nebraska is extremely small. According to the Department of Treasury's CDFI Fund, there are currently only five certified CDFIs in Nebraska, compared with 798 nationwide as of September 30, 2009. Two certified CDFIs, Midwest Housing Development Fund and Omaha 100 Inc., focus on affordable housing. The three remaining are Community Development Resources (Lincoln), Nebraska Enterprise Fund (Oakland), and NE Nebraska Economic Development District (Norfolk).

Angel Investing: Angel investment is limited, fragmented, and mostly idiosyncratic. Nebraska Angels has over 40 members, but given their high return requirements and geographic interests, investment is limited and not geographically diverse. There are a handful of other local investment groups in communities around the State that mainly invest in local retail establishments and the tourism (hotel/motel) industry.

Banking: According to the FDIC, there are approximately 225 banks in Nebraska, with a large number of community banks.¹⁸ However, given the downturn in bank lending across the country due to the credit crisis, small businesses are finding it increasingly difficult to obtain credit from banks. Although most of the federal and state efforts to date have focused on improving small business bank lending, increasing the volume substantially has been a persistent challenge.

SBA Lending: US Small Business Administration loans in Nebraska dipped in recent years due to the credit crisis, but have rebounded. SBA lending totaled 581 loans for \$153MM for fiscal year 2010, which is more in dollar amount terms than any previous year in history, and an increase of 29% over the previous year.¹⁹ The Recovery Act certainly contributed to that spike and therefore sustaining those rates will prove difficult as Recovery Act provisions expire.

Venture Capital: There is very little venture capital activity in Nebraska. Venture capital investment per capita averaged only \$4.05 annually in Nebraska in 2004-2008, far below the national average of \$87.36 and only above the figure for South Dakota among neighboring states. A report from PricewaterhouseCoopers and the National Venture Capital Association shows from MoneyTree and

¹⁸ Nebraska Department of Economic Development, www.neded.org/files/research/stathand/gsecc2.pdf (Accessed: November 2010).

¹⁹ "A big year for SBA lending," *Omaha World-Herald*, www.Omaha.com/article/20101020/MONEY/710209925 (Accessed: November 2010).

Thomson Reuters data that from Q3 2009 to Q2 2010, there were no venture capital investments in Nebraska whatsoever.²⁰

Conclusion: Nebraska ranks very low in access to capital. This is a major area in need of improvement.

Innovation

Nebraska's lack of equity and lending capital is reflected in the State's poor lack of innovation. Several publications have Nebraska performing poorly compared to other states with regards to business development that is based on science, technology, and research for success.

From 2002 through 2007, Nebraska had annual average rankings among all states, according to the Corporation for Enterprise Development: 25th in initial public offerings, 27th in business created via university research and development, 31st in job creation by start-up businesses, 32nd in royalties and licenses, 34th in manufacturing investment, 38th in new companies, 38th in patents issued, 39th in Small Business Investment Company (SBIC) financing, 41st in private research and development, 41st in Small Business Innovation Research (SBIR) grants, 44th in venture capital investments, 45th in Federal research and development, and 46th in PhD scientists and engineers.

In CNBC's ranking of *Top States for Business 2010*, Nebraska ranked 37th in technology and innovation, focusing on support for innovation, the number of patents issued and the deployment of broadband services. In 2007-2008, Nebraska had an annual average of 290 entrepreneurs per 100,000 people, compared to 305 for the nation as a whole. Among neighboring states, Colorado, South Dakota, and Wyoming had higher ratios.

In the *State Technology and Science Index 2008* from the Milken Institute, Nebraska ranks 42nd in the technology concentration and dynamism composite index, which measures a range of technology outcomes. In the research and development inputs composite index, a measure of R&D and innovation capacities, Nebraska ranked 37th. In the Kauffman Foundation's *2010 State New Economy Index*, Nebraska ranks 41st in foreign direct investment, 24th in inventor patents, 17th in online population, 32nd in broadband/telecommunications, 42nd in health information technology, 36th in industry investment in R&D, and 25th in non-industry investment in R&D.

Conclusion: Nebraska ranks very low in technology and innovation. This is a major area in need of improvement.

Workforce

A major concern is the so-called "brain drain." According to the US Census, Nebraska ranks 10th in outmigration for young, single, college educated people. According to the University of Nebraska, only 54.4% of engineering and technology graduates and 48% of law graduates remain in the State. However, this trend has changed somewhat in 2009, when Nebraska posted a net gain of 1600 college

²⁰ "Encouraging Entrepreneurs in Nebraska," *Nebraska Department of Economic Development*, www.neded.org/files/businessdevelopment/library/TIwhitepapers.pdf (Accessed: November 2010).

graduates and a 10,000 net gain overall.²¹ Adding confusion, one other study continues to rank Nebraska low (45th) in outmigration.²²

Overall, the Forbes *Best States for Business and Careers 2010* ranks Nebraska 23rd in labor supply, measuring educational attainment, net migration, and population growth. Nebraska's unemployment rate is about 50% of the nation's 9.6% rate, which may certainly have contributed to the change in the recent lower outmigration statistic.²³

In the *State Technology and Science Index 2008* from the Milken Institute, Nebraska ranks 11th in the human capital composite, a measure for computer penetration, internet access, student aid, doctoral degrees, and other factors, although the technology and science workforce composite index ranked Nebraska at 28th. That second composite measures the capacity of the science and technology workforce as a whole.

In the Kauffman Foundation's *2008 State New Economy Index*, Nebraska ranked 1st in gazelle jobs, the percentage of jobs in fast growing firms (this category was not covered in the 2010 report due to lack of date). In addition, Nebraska ranked 18th in workforce education and 10th in high-wage traded services. However, Nebraska ranks 37th in migration and immigration of knowledge workers, 29th in high tech jobs, and 38th in scientists and engineers.

The Empire Center for New York State Policy ranks Nebraska 13th highest in sole proprietorships but 39th in people employed at firms with less than 10 employees and 30th in people employed at firms with less than 100 employees. The implication is that compared to other states, Nebraska has a higher concentration of jobs in larger corporations, with the exception of sole proprietorships.²⁴

Conclusion: In general, Nebraska ranks high in broad human capital categories (e.g. workforce education). However, there is a concern of outmigration of young, high-skilled workers and the need to attract more technical professionals to the State.

BEST PRACTICES THROUGHOUT COUNTRY

BUSINESS ORIGINATION

Incubation / Business Acceleration

The Enterprise Center (Philadelphia, PA) - Founded in 1989 by the Wharton Small Business Development Center, The Enterprise Center provides various business services to high-potential, minority and disadvantaged entrepreneurs. In 2004, The Enterprise Center bid for and won a US Department of Commerce contract to become the Pennsylvania Minority Business Development Center. In the process, it changed its delivery of services from incubator to accelerator and from working with 15-20 businesses on a daily basis to annually seeing 200 businesses three times a year and then referring them to an

²¹ "Nebraska sees 'brain gain,' *Omaha World-Herald*, www.omaha.com/article/20101029/NEWS01/710299892/0 (Accessed: November 2010).

²² *Empire Center for New York State Policy*, www.empirecenter.org/DataBank/DataBank.cfm?FileID=229 (Accessed: November 2010).

²³ *ibid*

²⁴ *Empire Center for New York State Policy*, www.empirecenter.org/DataBank/ (Accessed: November 2010).

outside network of consulting partners. The Enterprise Center focuses on four main areas of services to entrepreneurs: Business Education, Economic Development, Access to Capital, and Capacity Building. The Center has an annual budget of about \$2 million, which it mainly receives from private donations (e.g. William Penn Foundation, Verizon Corp, etc.), from revenue raised through its commercial operations (e.g. housing program, micro-lending, etc.), and from government grant sources. The Center has about 20 staff members and can also be rented for private and event use.

<http://www.theenterprisecenter.com>.

Environmental Business Clusters (San Jose, CA) - EBC is an award-winning cleantech incubator located in the heart of the Silicon Valley that provides commercialization support and facilities for emerging clean energy and environmental technology companies. Their suite of services include expert coaching and strategic counsel, focused educational and networking programs, targeted access to investors, strategic partners and industry networks, attractive furnished office space, equipment, conference rooms and training facilities. Founded in 1994 by the City of San Jose and the San Jose State University Research Foundation, the EBC has assisted over 150 companies. EBC is the largest environmental and cleantech incubator in the nation. <http://www.environmentalcluster.org/>

Rutgers Food Incubation Center (Bridgeton, NJ) - The Food Innovation Center is a unique business incubation and economic development accelerator program, which is part of the New Jersey Agricultural Experiment Station (NJAES) at Rutgers, The State University of New Jersey. The center provides business and technology expertise to startup and established food and value-added agriculture businesses in New Jersey and the surrounding region. The center also utilizes its outreach capacity to reach the food industry throughout the world. The center has been internationally recognized for its success.

<http://foodinnovation.rutgers.edu/>

Fulton-Carroll Center (Chicago, IL) - With over 26 years of experience and 410,000 square feet in seven buildings, the Industrial Council of Nearwest Chicago's Fulton-Carroll Center is one of the oldest and largest incubation programs in the United States. With a renewed focus on returning FCC to its incubator roots, ICNC expanded the center's business assistance programs and started much-needed facility renovations. And their efforts have paid off: In the last two years, FCC has welcomed more than 40 new client companies, most of which are owned by residents of Chicago's nearwest side, women, and/or minorities. www.industrialcouncil.com

High Tech Rochester (Rochester, NY) – HTR is a non-profit economic development organization that serves as a catalyst for entrepreneurship and innovation-based growth in the Greater Rochester, NY Region. HTR manages two startup business incubators – the Lennox Tech Enterprise Center and the Rochester BioVenture Center – and works with small manufacturing companies to help them become more competitive, through operational improvement and new growth strategies. HTR serves as the NYSTAR-designated Regional Technology Development Center for the Rochester / Finger Lakes region, through which it operates programs of the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP), the organization improves the competitive position of small manufacturing firms. High Tech Rochester serves as NYSTAR's designated Regional Technology Development Center for the Finger Lakes Region and one of nearly 350 MEP locations across the

country. Their Entrepreneur-in-Residence (EIR) program was recently recognized as an industry best practice nationally.²⁵ www.htr.org

Venture Competitions

The Minnesota Cup (Minnesota) - This competition for emerging Minnesota entrepreneurs has attracted more than 4,000 entries since 2005. Each year the contest has grown, which is a testament to its success and the innovation of Minnesotans. Whether a new invention or a new way of doing business, the Minnesota Cup is looking for entries from all Minnesota entrepreneurs. More than \$130,000 in seed capital and many hours of professional services are awarded to competition winners across six divisions. Participants gain exposure for their ideas, strengthen their business plans, and make strong connections in the business community. 2009 Minnesota Cup finalists have already secured more than \$8 million dollars in capital and brokered numerous business partnerships, collaborations and distribution agreements. The Minnesota Cup is a shining example of what is possible when government, academia and the business community work together to help facilitate real business growth.

<http://www.breakthroughideas.org>

Oklahoma Governors Cup Business Competition (Oklahoma) - The Donald W. Reynolds Governor's Cup Collegiate Business Plan Competition is designed to encourage students of Oklahoma universities and colleges to act upon their entrepreneurial ideas and develop skills to lead tomorrow's innovative new businesses. Students involved in the competition gain access to networks of successful entrepreneurs, investors and community leaders. www.okgovernorscup.org

MassChallenge (Boston, MA) – A startup competition designed to help entrepreneurs transform great ideas into great companies. Anyone can enter, with any idea, from anywhere in the world. The contest offers access to \$1M in cash awards, top mentorship and free office space. MassChallenge connects entrepreneurs with the resources they need to launch and succeed immediately. Primary activities include running an annual global startup competition, documenting and organizing key resources, and organizing training and networking events. www.masschallenge.org

Moot Corp (Austin, TX) – The University of Texas's prominence in business plan competition stems from its ownership of Moot Corp, the Rose Bowl of business-plan competitions. One of the earliest established, the contest started in 1983 as purely an intellectual endeavor for UT students. With a 27-year history, the Moot Corp Competition is the oldest operating inter-business school new-venture competition and hosts teams from top-ranked MBA programs around the world. With aspiring entrepreneurs soliciting start-up funds from experienced investors, the Moot Corp Competition simulates the real-world process of raising venture capital. It was the first competition of its kind for MBA students and is still considered the most prestigious in the world. www.mootcorp.org

MIT \$100k Entrepreneurship Competition (Cambridge, MA) - This program was founded in 1989 and in those twenty-one years “has facilitated the birth of over 130 companies with aggregate exit values of \$2.5 billion captured and a market cap of over \$15 billion. These companies have generated over 2,500 jobs and received \$770 million dollars in Venture Capital funding.”²⁶ The MIT program is comprised of four independent competitions held throughout the year: Business Plan, Executive Summary, Elevator Pitch, and Twitch Pitch. The Business Plan competition, which is based on a standard MIT format and

²⁵ *International Conference on Business Incubation*, May 2010

²⁶ *MIT \$100K Entrepreneurship Competition*, www.mit100k.org (Accessed: November 2010).

requires one MIT student, is divided into six divisions that compete amongst themselves for divisional prizes and across divisions (\$100k prize). The Executive Summary competition is a simple two-page overview of the company, the 50,000-foot overview (\$3,000 prize). The Elevator Pitch competition affords an entrepreneur 60 seconds to describe their company with no props, written material, simply an entrepreneur and a microphone (\$5,000 prize). The final and newest competition is the Twitch Pitch where entrepreneurs have to describe their business idea in 140 characters or less via www.twitter.com (\$500 prize). www.mit100k.org

Accelerate Michigan: Innovation Competition (Michigan) - Developed through Michigan's network of business incubators/accelerators, this competition attempts to attract new businesses to Michigan or to fund high tech firms located within the State.²⁷ The program is comprised of two segments; a business plan competition and a student business plan competition. The business plan competition is across nine sectors and for companies that are beyond the proof of concept stage and are looking for capital to begin expanding operations. (prizes range from \$25,000 for the sector winners to \$500,000 for the grand prize winner). In addition to the nine sectors additional prizes are given to the People's Choice Award (selected by the public) and the Encore Award (given to an entrepreneur over 55 years old). The student business plan competition is open to all undergraduate or graduate students attending university in the State of Michigan (prizes range from \$5,000 to \$25,000). www.acceleratemichigan.org

BUSINESS FINANCING

Seed & Venture Capital

Delaware Economic Development Office Technology-Based Seed Funds(TBSF) (Dover, DE) – This state TBSF program fosters the creation of technology-based start-ups in fields such as biotechnology, advanced materials, clean energy, information technology, and new chemical applications. The goal of the fund is to invest in “gazelle-like” entrepreneurial projects positioned for fast growth and wealth creation. It provides equity financing up to \$50,000 (TBSF I) or \$100,000 (TBSF II). TBSF I funding can be used for start-up related expenses such as, lab equipment, working capital, office space, and patents, etc. TBSF II funding can be used for a later stage in the life of a start-up company for expenses related to prototype development, prototype testing costs, etc.

dedo.delaware.gov/pdfs/business/Tech_Based_Seed_Fund_Final_Application.pdf

Connecticut Innovations (Rocky Hill, CT) – Launched in 1995, this program provides strategic capital and operational insight to push the frontiers of high-tech industries such as energy, biotechnology, information technology, and photonics. It has helped over 100 emerging companies research, develop, and market new products and services. This activity has attracted over \$1 billion dollars in additional investments from private equity providers. The program has brought the State of Connecticut over \$510 million in Gross State Profit and over 5,000 additional jobs over the years. Connecticut Innovations manages several funds for companies at various stages of startup and across various sectors: Pre-Seed Fund (\$4m in size) for companies to develop proof of concept, support business model development and other early stage activity where capital requirements are typically less than \$150k; Seed Investment Fund and BioSeed Fund for companies who need capital of up to \$500k to execute on a proprietary technology-backed business plan; Eli Whitney Fund and Clean Tech Fund for “Series A” ready companies

²⁷ *Accelerate Michigan: Innovation Competition*, www.acceleratemichigan.org (Accessed: November 2010).

with at least a beta-stage product where up to \$1 million in capital is required to growth the company and where multiple investors may participate; and the BioScience Facilities Fund which helps qualified firms build out laboratory and research and development space.

<http://www.ctinnovations.com/index.php>.

Ben Franklin Technology Partners (Harrisburg, PA) – Founded in 1983, this award-winning program is one of the nation’s longest-running technology-based economic development programs. Ranked in the top 10 of venture capital firms in the U.S. by Entrepreneur magazine, BFTP has provided \$150 million in equity capital to 60 companies in the life sciences, communications and information tech industries, and has yielded 3.5x return on investment for every state dollar invested between 2002 and 2006. During that period, Pennsylvania received more than \$517 million in additional tax revenue as a direct result of BFTP by boosting the gross state product by \$9.3 billion, and generating 10,165 additional job-years. BFTP provides both early-stage and established companies with funding, business and technical expertise and access to a network of innovative, expert resources with an emphasis on: accelerating technology commercialization; supporting startups, entrepreneurs, and established manufacturers; and driving public and private investment. <http://benfranklin.org/>.

Microfinance

Accion USA (New York, NY) – Founded in 1991, and a member of the worldwide Accion network, this organization is a leader in bringing affordable small business loans to micro-entrepreneurs. Since its founding, Accion USA has provided over \$119 million to over 19,000 micro-businesses. Typical applicants called micro-entrepreneurs have fewer than five employees, and have capital needs between \$500 and \$50,000 (the average loan is \$5,100). According to FIELD, a leading U.S. economic think tank, over 10 million of these entrepreneurs, primarily minorities and women, lack access to small business capital. The Association for Enterprise Opportunity estimates that only 2% of these entrepreneurs have been served by microfinance, thus there is tremendous opportunity to serve the needs of this huge underserved market. The Accion USA network includes physical locations in Texas, Louisiana, New Mexico, Colorado, Arizona, Chicago, and San Diego plus an online lending platform. In total, ACCION USA and affiliates provide 75% of the microloan services in the United States. <http://www.accionusa.org/>.

Grameen America (Queens, NY) – Established in 2008 in America, and an affiliate of the Bangladesh-based Grameen Bank, this organization is the self-proclaimed “bank for the poor”. Grameen provides affordable micro-loans to financially empower low-income entrepreneurs. Since opening in Queens in 2008, Grameen has expanded to two other locations in New York City and Omaha, and loaned \$9.1 million to 4,048 borrowers. Grameen is currently expanding into seven other states. Grameen’s focuses on borrowers at or below the poverty line, does not require collateral for its loans, and has required mentoring and training programs for its participants. Funds borrowed are used to start local small businesses that leverage the borrowers’ talents: 85% of borrowers’ business ideas are either health & beauty products, retail accessories, or foot items. Grameen has recently partnered with Experian to help its borrowers to build credit in the hope that they can graduate to traditional forms of banking and capital markets. <http://www.grameenamerica.com/>.

Intermediate Finance

New York Linked Deposit Program (Albany, NY) – Established in 1994, this program is an economic development initiative created to encourage and assist small businesses within the State to make

investments and undertake eligible projects that will contribute to improving their productivity, performance and competitiveness by reducing their cost of capital through interest subsidies—at rates often 2 or 3 percentage points lower than the prevailing rates. Lenders are compensated with a deposit of State funds at comparatively reduced rates. During FY2009, the LDP approved 217 new projects through 74 lending institutions, which resulted in \$101.6 million in private sector capital investment. Since the program’s inception, it has funded 4,231 projects for a total of \$1.37 billion, leveraging nearly \$3 billion in new capital investment by businesses in New York State.

<http://www.empire.state.ny.us/BusinessPrograms/LinkedDeposit.html>

California Capital Access Program (Sacramento, CA) – This organization encourages banks and other financial institutions to make loans of up to \$1.5 million to small businesses that fall just outside of most banks' conventional underwriting standards. CalCAP is a form of loan portfolio insurance, which may provide up to 100% coverage on certain loan defaults. Between January and June of 2010, CalCAP guaranteed 452 loans to small businesses totally \$31.3 million. For more information, please see <http://www.treasurer.ca.gov/cpcfca/calcap.asp>.

ENTREPRENEUR DEVELOPMENT

Empire State Development (EDS) (Albany, Buffalo, and New York City, NY) – Empire State Development is New York State’s primary agent for economic development and is renowned for the depth and breadth of their assistance programs. <http://www.esd.ny.gov/index.html>

- *ESD – International Division* helps New York State companies increase exports and expand the visibility of their business in the global marketplace. They develop and maintain a valuable network of partners worldwide to attract foreign direct investment and create jobs for New Yorkers. And simplify the process of international trade from New York State.
- *The Export Marketing Assistance Service (EMAS)* is a New York State program designed to help businesses find sales agents or distributors abroad. EMAS provides customized research conducted by trade specialists at home and abroad. New York State’s foreign-based offices provide local intelligence for the markets that are selected and work diligently to identify the best possible parties to represent your company’s sales interests abroad. EMAS represents an important tool for New York State manufacturers of all sizes who aim to enter or expand their sales into foreign markets. By participating in EMAS, ESD will find the appropriate importers/distributors and sales agents to best represent businesses internationally.
- *The Global Export Market Services (GEMS)* is a matching grant that helps businesses expand through increased export activity. The grant is designed to help small and medium-sized businesses get the technical and marketing assistance they need to succeed in international markets. GEMS can provide up to \$25,000 which can be used in a variety of export related activities. Many firms choose to use the grant to hire an export marketing consultant who can provide services custom-tailored to a company’s specific international business development needs. The grant can be used for a broad range of activities designed to assist the firm in being competitive in international markets. Groups of companies or industry associations can request/apply for up to \$50,000 to fund export trade development services. GEMS will cover up to 50% of the total acceptable project costs within the maximum funding described. GEMS assists New York companies by providing matching grants for export marketing projects for new-to-export and new-to-market companies.

Pro-bono Networks

Volunteers of Legal Service (VOLS) (New York) - The VOLS Microenterprise Project provides pro bono legal assistance to New York City's low-income micro entrepreneurs. It offers the following services at no charge:

- NYS Bar Association (NYSBA) - NYSBA provides pro-bono legal assistance for small businesses throughout the State. NYSBA also provides lawyer referrals.
- LawHelp.Org - is a directory of free legal services in New York. Click here to view service providers alphabetically or by geography. www.lawhelp.org
- New York City Bar Association - Neighborhood Entrepreneur Law Project (NELP) NELP provides low to mid-income micro-entrepreneurs with the pro bono legal services. NELP's volunteer attorneys guide clients through such matters as incorporation and tax issues, commercial lease negotiations, copyrights, trademarks and patents, and license and permit applications. Volunteer attorneys also offer presentations and legal clinics at community-based organizations on issues of concern to micro-entrepreneurs.
- Legal Aid Society of NYC - Legal Aid Society's Community Development Project (CDP) provides legal assistance to nonprofit organizations and low-income small businesses throughout the boroughs of New York City. The Project represents qualified new and existing low-income small businesses in matters that include choosing the right legal form for the business, incorporation, tax compliance, securities, real estate, licensing and permits, employment, financing, and corporate governance. Each year, CDP provides legal and technical assistance to more than 100 start-up businesses for low-income clients, grassroots not-for-profit organizations, and low-income housing cooperatives. <http://www.legal-aid.org>

Mentoring

MyExpertNet.org - Online space where small businesses can connect with volunteer business experts to pose questions and receive advice they can rely on in their business decision-making. MyExpertNet connects the dots. All needed information is available through a single online community where small businesses pose topic-specific questions, which are then distributed to pre-registered, pre-validated topic-specific experts. This benefits everyone because "*all participants add value, and all receive value*" - a true win-win. MyExpertNet is a 501(c) 3 nonprofit initiative of the Foundation for Entrepreneurial Research and Development (FERAD). This innovative concept developed in New Hampshire offers a model that other states can embrace to further drive economic recovery through innovation, collaboration and entrepreneurship. MyExpertNet.org

Points of Light Institute - Points of Light Institute embraces service and civic engagement as fundamental to a purposeful life and essential to a healthy world. They have the history, the scale and reach, the leadership and the strategy to mobilize millions of people to tackle concrete, significant challenges. With more than 20 years of history, a bi-partisan presidential legacy, the largest national volunteer footprint in the nation, Points of Light has the vision and strategy to create a quantum leap for the service movement through 2012. www.pointsoflight.org

Points of Light Institute operates three dynamic business units that share a vision:

- HandsOn Network – is a volunteer-focused arm of Points of Light Institute, is the largest volunteer network in the nation and includes more than 250 HandsOn Action Centers in 16 countries.

HandsOn includes a powerful network of more than 70,000 corporate, faith and nonprofit organizations that are answering the call to serve and creating scaled impact. In 2009, the network delivered approximately 30 million hours of volunteer service valued at \$626 million.

- MissionFish - iMissionFish is a social enterprise of Points of Light Institute that provides people a vehicle to use their purchasing power to support causes that matter to them. In partnership with eBay, MissionFish enables people to designate a portion of their online sales and purchases to charity. Since 2003, more than 162 million charitable dollars have been raised for over 22,000 nonprofits worldwide.
- The Civic Incubator - is a business unit of Points of Light Institute with the purpose of creating innovation in civic activation. The Incubator brings together and supports emerging civic solutions and new ideas through social enterprise, mergers and joint ventures. Currently, they are incubating AmeriCorps Alums, a new youth service division called generationOn, global volunteerism (international HandsOn organizations), and corporate strategy and volunteerism.

SCORE - America's premier source of free and confidential small business advice for entrepreneurs, offers advice online and in-person at one of 350 offices nationwide. SCORE "Counselors to America's Small Business" is a nonprofit association dedicated to educating entrepreneurs and helping small business start, grow and succeed nationwide. Here are ways SCORE can mentor:

- Ask Score Online – choose a mentor and ask him/her questions online
- SCORE offices – choose a mentor to work with or attend a workshop
- Online workshops and webinars with replay library
- eNewsletters – business tips, interviews and advice from experts

Headquartered in Herndon, VA and Washington, DC SCORE has 350 chapters throughout the United States and its territories, with over 13,000 volunteers nationwide. Both working and retired executives and business owners donate time and expertise as business counselors. SCORE was founded in 1964. SCORE has assisted over 8.5 million businesses and is a resource partner with the U.S. Small Business Administration (SBA). www.score.org

Targeted Programs

Ohio Third Frontier (Ohio) — Founded in 2002, this program focuses on health care, biomedical and technology startups, leveraging over \$1 billion in state funds awarded. It aims to increase the quality of high-quality research that has commercial relevance to Ohio companies. Through a wide variety of programs that range from direct investment and grant processing to connecting entrepreneurs to service providers and placing high quality talent, the Third Frontier has created over 60,000 jobs with an average annual salary of \$66,123. This program has recently expanded into high potential area such as fuel cells, energy, and advanced materials. <http://ohiothirdfrontier.com/>.

Massachusetts Technology Collaborative (Westborough, MA) — Founded in 1982, the MTC is a public economic development agency focused on fostering a more favorable environment for growth and laid the foundation for an “innovation-based” economy. The MTC has always focused on technology, and now specifically develops new businesses in the following areas: health care technology, information technology, life sciences, marine sciences, nanotechnology, broadband deployment and clean energy. The MTC has distributed more than \$500 million in grants to support the tech industry in Massachusetts, which accounts for a quarter of the State's employment. One of the early leaders in supporting industry

clusters, the agency also aggressively pursues federal funding to accomplish state growth targets. For more information, please see <http://www.masstech.org/>.

San Jose BioCenter (San Jose, CA) - Accelerating the commercialization of science, the San Jose BioCenter provides a new generation of specialized facilities; capital equipment; laboratory services; and commercialization support for emerging science and technology companies. The BioCenter is a new, time and cost efficient model to commercialize innovation for emerging science and technology companies. Since inception, the life science and clean technology companies of the BioCenter have raised more than \$1B in capital and have created more than 800 direct jobs. The team at the BioCenter works closely with their portfolio companies as true partners in their growth, creating value over the long term. The mission of the BioCenter is to provide entrepreneurs with the resources, contacts and experience they need to commercialize their technology. <http://www.sjbiocenter.com/>

TechStars (Boston, Boulder, Seattle, NYC) – Ten companies are selected to participate in a three month long intensive mentoring program in each city. The program provides \$18,000 in seed funding and the opportunity for companies to pitch to angel investors and venture capitalists at the end of the program. <http://www.techstars.org/>

Tax Incentive Programs

Connecticut Angel Investor Tax Credit Program – Administered by Connecticut Innovations, this tax incentive program allows Angel Investors to take a credit against Connecticut State income tax for certain investments made in qualifying businesses. The investments must be between \$100,000 and \$1 million to realize an income tax credit equal to 25% of the cash invested. Potential investments for CT Angels include: bioscience, advanced materials, photonics, information technology, clean technology, or an emerging technology as determined by the Department of Economic and Community Development commissioner. The program was founded in May of 2010. <http://www.ctangeltaxcredit.com/>.

Pennsylvania Research and Development Tax Credit – Established in 2004, the program was established to assist the growth and development of technology-oriented businesses, particularly small start-up technology businesses. It is available to businesses and individuals performing qualified research in Pennsylvania, to incentivize businesses in PA, and to conduct research, especially research of a technological or scientific nature. The benefit of the tax credits are transferrable, allowing liquidity options for the participants who may not be profitable in the early stages of R&D, product development, and business planning. <http://www.newpa.com/>.

California New Jobs Credit – Established in 2009, this tax credit was designed to incentivize new hires in small businesses with fewer than 20 employees. If a business had a “net increase” in qualified full-time employees during the tax year, that business was eligible for a \$3,000 tax credit for each net employee added. The State of California allocated \$400 million for this tax credit for TY2009, but as of 10/30/2010, only \$37.6 million had been claimed. http://www.ftb.ca.gov/businesses/new_jobs_credit.shtml.

BEST PRACTICES IN THE REGION

In attempt to make a more targeted comparison, programs were researched in these five Great Plains states: Colorado, Iowa, Kansas, Oklahoma, and Missouri. These states were chosen as they have similar

economic and cultural characteristics to Nebraska and in theory provide alternative markets and platforms for development to potential entrepreneurs. In general, the analysis shows that there is not much differentiation among these states in approach to entrepreneurship development, except in the case of Colorado. The other 4 states rank very similarly to Nebraska in key categories, and therefore one could argue that these states are making some of the same mistakes and focuses on some of the same strategies as Nebraska.

COLORADO

Colorado has an impressive small business and entrepreneurial sector, and can be a good model for Nebraska in many ways. The State ranks well in many key categories and certain cities, such as Boulder and Ft. Collins, provide impressive examples of what can be accomplished through local incentives and programs.

Colorado had approximately 126,000 small businesses employing between 1 and 500 employees in 2006.²⁸ According to the Kauffman *Index of Entrepreneurial Activity*, Colorado ranked 17th in the country with 380 entrepreneurs per 100,000 people. Forbes Magazine recently named Colorado the 4th best state for business in the country when measured by costs, labor supply, regulatory environment, current economic climate, growth prospects, and quality of life. Moreover, four Colorado cities were ranked in the top 15 in the country for businesses and careers. Colorado also boasts an unemployment rate lower than the national average,²⁹ and population growth of 16.8% between 2000 and 2009 versus 9.1% for the country.³⁰

Overview of State Programs

Colorado's main support system for entrepreneurs and small businesses is channeled through the Office of Economic Development and International Trade (OEDIT). This office serves as a central repository for the various programs and services available to entrepreneurs and offers information and links to program details. Below is a summary of categories of services:

- Business Resource Guide – A comprehensive publication detailing how to start a business in Colorado.
- Occupational/Industry Licensing Database – Contains information regarding the necessary state and federal permits required to operate a wide variety of businesses and services in Colorado.
- Small Business Development Centers (SBDCs) – A network of brick and mortar locations throughout Colorado that provide training and counseling, similar to the SBDC resources available in other states.
- Business Finance – Contains links to specific programs ranging from incentives, to tax credits, to state sponsored venture capital.
- The Economic Development Commission – Focused on incentivizing firms to move to Colorado and to expand in Colorado.

A key tool provided by the OEDIT is the Colorado Business Resource Guide. First published in 1998, over 200,000 copies of the Guide has been distributed to entrepreneurs across Colorado. The Guide is

²⁸ United States Small Business Administration, www.sba.gov/advo/research/profiles/09co.pdf (Accessed: November 2010).

²⁹ Bureau of Labor Statistics, <http://www.bls.gov/eag/eag.co.htm>, Accessed 11/1/2010.

³⁰ Census Bureau, <http://quickfacts.census.gov/qfd/states/08000.html> (Accessed: November 2010).

essentially a “do-it-yourself” manual for starting a business in Colorado including a general checklist for business start-up, the options for entering a new market, legal structure and tax discussion, human resource management, business plan writing, intellectual property discussion, the basics of marketing and finance, and contact information and internet links to resources in Colorado. The entire guide is extremely comprehensive and is available to download for free.

Another key tool offered by the OEDIT is a very comprehensive database of the permits and licenses required to operate certain businesses and professional services. This continues the theme at the OEDIT of placing a premium on centralizing data—making it easier for entrepreneurs to start businesses working within the established regulatory frameworks. The license database can be browsed by keywords, by selecting an industry or topic from a list, or via an index organized by the governing state or federal agency.

In 2004, Colorado established the Venture Capital Authority to allocate state funding to be invested in venture capital stage companies. The State allocated \$50 million in premium tax credits to be sold to insurance companies to raise money for the program. Prior to 2004, the Colorado Legislature created the Certified Capital Companies (CAPCO) program to perform a similar function. The program was started to allocate \$200 million of state money to 6 CAPCO investment companies to fund startups, but was widely criticized for failing to keep management and administrative fees under control. Critics cited poor program design as the root cause. Thus the Venture Capital Authority was designed after learning from the CAPCO program. Features of the program include:

- The funds are managed by an independent investment company, selected through a public RFP process, who then reports to the Venture Capital Authority Board at least quarterly.
- The fund manager has discretion over investment selection & due diligence, but must adhere to allocation criteria set by the State: 1) 25% for startups in rural locations, 25% in distressed urban locations, 50% in any Colorado location; 2) No one investment can exceed 15% of the fund; 3) 30% of the fund must be invested by year 3, 50% by year 5, and 100% by year 10
- The fund is designed to be an evergreen fund: 80% of the distributions from portfolio companies are returned to the fund and can be redeployed by the fund manager. The fund manager retains the profits from successful investments.
- Management fees and fund administration expenses (e.g. audit, tax, and legal) are capped at 2.5% of the fund, and are also subject to a hard dollar cap over the life of the fund.

Key Initiatives

Small Business Development Center (SBDC) Network

This program offers services through 20 community-based service centers. A wide variety of programs are offered including:

- Local Entrepreneurial Training – This includes the Leading Edge (discussed below), business research and marketing, new business feasibility analysis, business plan preparation, finance packaging, and other small business topics delivered in one-on-one sessions.
- Workshops & Seminars – These cover a variety of topics and provide a forum for entrepreneurs to meet and network.
- Connection to the Association of Small Business Development Centers – Helps entrepreneurs by connecting them to resources and opportunities in other states.

The Leading Edge

This program offers entrepreneurs and business owners an intensive 10 to 14 week business education program. Over the course of the program, participants will create a comprehensive business plan for their business. The course involves approximately 35 hours of instruction facilitated by a State Certified Instructor chosen for their ability to counsel small businesses effectively, the ability to manage and operate their own business, and for their individual areas of expertise. The program is highly interactive, and encourages active participation and networking between participants.

Economic Gardening in Littleton, CO

Starting in 1987, the concept of “economic gardening” has been put into practice in Littleton, CO. Pioneered by Christian Gibbons, Director of Business/Industry Affairs, focuses on growing local companies rather than attracting/retaining businesses by offering incentive packages. Some of the tools used in Littleton include making subscription-based database service available to entrepreneurs, tracking industry trends and legislation, generating marketing lists, conducting brochure development, and creating marketing and business strategies. Three key elements of economic gardening include:

- Information: Make important tactical and strategic information searchable and readably available. Provide training and seminars in advanced management techniques to local business owners.
- Infrastructure: Invest in physical, quality of life, and intellectual infrastructure. The fundamental idea is that both economic & community development are two sides of the same coin.”³¹
- Connections: Facilitate networking and connecting to trade associations, think tanks, academia, other similar companies (i.e. industrial clusters) and CEO’s.

Recent Executive Orders to Encourage Venture Capital Investment

In May of 2010, Governor Ritter signed two executive orders to encourage venture capital investment. The first order facilitates the creation of the “Investment Opportunity Index” on the OEDIT website. The index will rate opportunities for venture capital investment within Colorado and serve as a clearinghouse for information for potential investors and partners.³² The second order facilitated the creation of the Venture Capital Investment Advisory Committee, which will meet quarterly to help attract financial support for several innovative industries in Colorado.

Additional links include:

- Office of Economic Development and International Trade
- Colorado Business Resource Guide
(<http://www.colorado.gov/cs/Satellite?c=Page&childpagename=OEDIT/OEDITLayout&cid=1154721645662&p=1154721645662&pagename=OEDITWrapper>)
- Occupational/Industry License Database (<http://www.colorado.gov/oed/industry-license/>)
- Small Business Development Center (SBDC) Network
(<http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1162927366300>)

³¹ City of Littleton Website, www.littletongov.org/bia/economicgardening/default.asp (Accessed: November 2010).

³² “Ritter’s New Executive Orders Encourage Venture Capital Investment,” *Colorado Energy News*, <http://coloradoenergynews.com/2010/06/ritters-new-executive-orders-encourage-vc-investment/> (Accessed: November 2010).

- Colorado Leading Edge Entrepreneur and Start Up Business Training Program (<http://www.coloradosbdc.org/DocumentMaster.aspx?doc=38>)
- Littleton, CO Economic Gardening (<http://www.littletongov.org/bia/economicgardening/default.asp>)

IOWA

Like in Nebraska, there are several advantages to “doing business” in Iowa, such as low costs, low regulation, and high quality of life factors. However, Iowa suffers from some of the same challenges as Nebraska, such as high workforce yet low in numbers of professional jobs. Another example is the high ranking in entrepreneurial activity, yet relatively low rankings in patents, R&D, and venture capital.

Iowa had approximately 64,000 small businesses employing between 1 and 500 employees in 2007, and according to the Kauffman Index of Entrepreneurial Activity Iowa ranked 45th in the country with 230 entrepreneurs per 100,000 people in 2009.³³ CNBC³⁴ recently ranked Iowa 1st in states with the lowest cost of doing business, and ranked 2th for Most Livable State.³⁵

The impact of having good scores in low cost and most livable state is not evident in some cases. Iowa ranks in the bottom 10 of the Risk Capital and Entrepreneur Infrastructure Composite Index³⁶ and ranks 45th in SBA High Impact Firms.³⁷ Iowa ranked 41st in the Small Business Survival Index (2009)³⁸ which is the bottom 10 of entrepreneur friendly states.

Overview of State Programs

Iowa has a number of programs to help start-up companies. Individual experience with service providers had been mixed but most gave the programs high marks in terms of the assistance they received. Programs considered successful are the John Pappajohn Entrepreneurship Centers (JPECs), Small Business Development Centers (SBDCs), local economic development agencies, the newly established accelerators and programs directly administered by IDED (such as the Entrepreneurial Ventures Assistance [EVA] program).

Legislation has sought to develop its venture capital markets by providing tax credits for investments in both venture funds and technology companies, creating the Iowa Fund of Funds and facilitating the creation of community seed funds. A recognized success in helping startups is the Venture Network of Iowa (VNI). This forum provides a venue for venture presentations where entrepreneurs are exposed to potential investors. Volunteers provide one on one mentoring and help with resources, business plans and the presentation to investors.

The State has been focused on improving the entrepreneur environment by passing on tax incentives and sources of public funding. Some other examples are the Entrepreneurial Ventures Assistance

³³ *Kauffman Index of Entrepreneurial Activity by State*, 2009.

³⁴ “America’s Top States for Business 2010,” CNBC, www.cnbc.com/id/37516043/ (Accessed: November 2010).

³⁵ *CQ Press*, 2010.

³⁶ “State Technology and Science Index 2008 – Risk Capital and Entrepreneurial Infrastructure Composite Index Map,” *Milken Institute*, 2008.

³⁷ “High-Impact Firms: Gazelles Revisited,” *SBA Office of Advocacy*, June 2008.

³⁸ “Small Business Survival Index 2009,” *Small Business and Entrepreneur Council*, <http://sbecouncil.org/survivalindex2009> (Accessed: November 2010).

(accelerator money) and Grow Iowa Values Fund (seed money). Most concur that many improvements have been made, however there are still many barriers and underfunding in many agencies is restricting growth and effectiveness. In addition, a lack of working together between various resources dilutes the impact of funding dollars.

According to a report commissioned by the IDEED, Iowan entrepreneurial CEO's cite some barriers to growth as lack of experienced manager talent, access to capital, and finding customers and markets.³⁹ Strengths that they can leverage on include low cost of doing business, high quality of life, high educational attainment, available wealth in the State, high quality R&D, and new technology from the universities

Iowa has many pieces in place for a very effective support network. But the pieces need to be better connected to operate as a system and more could be accomplished in this area with more funding and better funding efficiencies.

Key Initiatives

IDEED Business Portal (www.iowalifechanging.com)

The mission of the IDEED is to engender and promote economic development policies and practices which stimulate and sustain Iowa's economic growth and climate and that integrate efforts across public and private sectors.

Iowa Fund of Funds Law

The law provides loan guarantees and related credit enhancements on loans to rural and small business. Also, the law created the Iowa Capital Investment Board to mobilize venture equity capital and the Iowa Capital Investment Corporation, which solicits investment plan proposals nationally from fund managers for businesses that are or will be in Iowa. (House File 2708)

Venture Network of Iowa (VNI)

The network is sponsored and staffed by IDEED, which seeks out entrepreneurs who receive mentoring from a volunteer committee to help them get their business ready for investment. Forums are held about five or six times a year at which entrepreneurs are given an opportunity to briefly present information about their companies and explain the business opportunities that they offer. The program gets high marks for not only a way to raise capital but also network with others in Iowa's entrepreneurial community.

The John Pappajohn Entrepreneurial Centers (JPEC)

Founded in 1996 through a generous gift from John and Mary Pappajohn of Des Moines, Iowa, it is a unique partnership with Iowa universities and colleges. There are 5 Entrepreneur Centers collocated on the respective campus' across Iowa. JPEC Entrepreneur Centers provide educations, support, and networking, and all undergraduate students can earn a Certificate in Entrepreneurial Management in addition to their undergraduate degree. Small Business Development Centers (SBDC) are collocated at each JPEC facility. The JPEC undergraduate program has been recognized as a National Model Program by the United States Association for Small Business and Entrepreneurship. Additionally, the Iowa

³⁹ *Growing Iowa's Entrepreneurial Economy*, June 2008.

University program is regularly rated as one of the top 25 entrepreneurship programs in the United States.⁴⁰

Generation Iowa (www.GenerationIowa.com)

This is a one-stop shop for everything young Iowa. The site is by young Iowans for young Iowans and offers career information, social networking and a connection point for young professionals. Provided by IDEED / Generation Iowa Commission/ Iowa Careers Consortium.

Iowa Small Business Development Centers (<http://www.iowasbdc.org>)

The Iowa Small Business Development Center (SBDC) conducts research, counsels, and trains business people in management, financing, and operating small businesses, and provides comprehensive information services and access to experts in a variety of fields. Specific to start-ups: a professional staff can offer counseling at no cost, training events, resources and answers to your questions.

Angel Investor Law

Up to 20% tax credit for investment made in qualifying businesses and community-based seed capital funds (House File 2271).

Other Legislation

Defer taxable income of qualified start-ups if funded by at least 25% venture capital. A three year deferral then five year payback schedule (House File 2592). Tax credits for equity investments in venture capital funds (up to 6% of equity investments). Tax credit certificates are issued by the Iowa Capital Investment Board (House File 2586).

KANSAS

Overall, Kansas ranks very similar to Nebraska in many categories, and correspondingly shares some of the same assets and challenges. Areas where Kansas distinguishes itself include higher access to venture capital and higher immigration of knowledge workers, possible due to Kansas City being able to attract additional resources.

Kansas had approximately 62,000 small businesses employing between 1 and 500 employees in 2007, and according to the Kauffman Index of Entrepreneurial Activity Kansas ranked 45th in the country with 230 entrepreneurs per 100,000 people in 2009. CNBC⁴¹ recently ranked Kansas 22nd in cost of doing business and ranked 5th for lowest cost of living among all states.

Overview of State Programs

The Kansas Department of Commerce provides the DED equivalent for the State. They offer a nominal amount of services specifically for entrepreneurs. Services include:

- Business Development Offices – Retention and Expansion, Business Recruitment, Finance and Incentives
- Rural Development – Ag /food marketing, Communities, Office of Rural Opportunity

⁴⁰ “The Top Entrepreneur Programs,” *Entrepreneur Magazine*, www.entrepreneur.com/topcolleges (Accessed: November 2010).

⁴¹ “America’s Top States for Business 2010,” CNBC, www.cnbc.com/id/37516043/ (Accessed: November 2010).

- Trade Development – Exporting consulting, data, foreign market research
- Workforce Centers- Business Development, Workforce Training, Small Business Entrepreneurship, Infrastructure & Site Development
- International Trade Offices – Including resources on how to start a business and career services
- Community Assistance – Covers housing, redevelopment, infrastructure and community service.

Kansas has a number of initiatives in place to try and boost its attraction to start-ups. A few years ago the State Department of Commerce made a concerted effort to consolidate resources and information to simplify sourcing.

A one stop convenience website was started with the Department of Commerce once called “First Stop Clearinghouse Program.” It was discontinued and most activity was moved to a new entity: Kansas Center for Entrepreneurship (d.b.a. NetWork Kansas). NetWork Kansas is devoted to the growth of entrepreneurship and small businesses throughout the State of Kansas and intends to be the hub for activity:

“Our mission is to promote an entrepreneurial environment by providing a central portal that connects entrepreneurs and small business owners with the right resources—Expertise, Education and Economic Resources—when they are needed most.”

In 2009 NetWork Kansas funded an Economic Gardening Pilot program, with specific reference to the Littleton, CO initiative. The Kansas Pilot Program will engage 35-40 Kansas businesses in rural communities statewide. These selected businesses will engage with an experienced national "Jump Start" team of technical assistance professionals who will deliver economic gardening services tailored to each business' particular situation. The first forum is in November 2010.

There are a number of programs and support mechanisms in the Kansas City area that are available to the MSA and actually overlap with Missouri programs. Kansas City economic development has been a focused effort by the metro and has geocentric resources due to city being in both Missouri and Kansas.

Key Initiatives

Kansas Economic Growth Act of 2004 (KEGA)

The Act established the Kansas Center for Entrepreneurship (Network Kansas).

Network Kansas

Devised to promote an entrepreneurial environment by providing a central portal that connects entrepreneurs and small business owners with the right resources they need. It offers expertise, education and economic resources at one place. This portal for business is devoted to the growth of entrepreneurship and small businesses throughout the State of Kansas. It is backed by more than 500 supporters' across the State.

Kansas Economic Gardening Pilot Program

NetWork Kansas coordinates and provides matching funds for the Economic Gardening pilot program for businesses in rural communities throughout Kansas. In addition to existing NetWork Kansas funds, NetWork Kansas also received a \$50,000 Rural Business Enterprise Grant from USDA Rural Development to help fund the pilot program.

Business Development Tax Credit Program

The Rural Business Development Tax Credit provides an innovative way to benefit start-up and existing business in Kansas, while simultaneously providing tax benefits to donors. The Kansas Economic Development Act of 2005 initiated the Rural Business Development Tax Credit Program (SB 453). Under this program \$2,000,000 in state tax credits are allocated each year toward rural economic development. These tax credits generate donations that in turn are used to fund economic development projects, provide support and offer financial assistance to rural businesses throughout the State.

The Kansas Technology Enterprise Corporation – KTEC

This public/private partnership was started by the State of Kansas to promote technology based economic development. KTEC supports the development and commercialization of new technologies through a statewide network built to support entrepreneurs, researchers, and technology companies. The ultimate goal of the program is to create higher paying jobs and rapid growth companies. KTEC provides seed equity investments in early-stage technology companies.

The Resource Navigator

Provided by Network Kansas, The Resource Navigator connects individuals to more than 400 organizations that are ready to assist the entrepreneur in building their business.

Location One Information Systems (LOIS)

Available sites and buildings in a community controlled database.

OKLAHOMA

Oklahoma has received a lot of press lately for its entrepreneurial efforts. Much of this press may be well deserved, and due to recent economic factors such as the financial crisis (Oklahoma's unemployment rate is amongst the lowest in the country) and some unique programs that are being done on the city level in Oklahoma City and Tulsa. Overall, however, Oklahoma ranks the lowest (43rd) of all Nebraska's regional states reviewed. Statistically, there is not much venture capital and migration of high skilled workers coming to Oklahoma relative to other states.

Oklahoma had approximately 71,000 small businesses employing between 1 and 500 employees in 2006⁴² and ranked 11th for Entrepreneurial Activity in the Kauffman. It appears though the major cities in Oklahoma, Tulsa and Oklahoma City, have been the most aggressive (and correspondingly the most successful) in developing their entrepreneurial eco-systems.

CNN Money also recently ranked Oklahoma City as the #1 place to launch a small business in the U.S.⁴³ Their analysis called Oklahoma City "a haven for entrepreneurial risk takers. It boasts the second lowest foreclosure rate among large U.S. metro areas, along with the second lowest median rent.... with a diverse local economy spread across medical research, energy, education and government. Oklahoma City also benefits from a high concentration of deep-pocketed local investors, many of them veterans of

⁴² *United States Small Business Administration*, <http://www.sba.gov/advo/research/profiles/09co.pdf> (Accessed: November 2010).

⁴³ "Best Places to Launch," *CNNMoney.com*, money.cnn.com/smallbusiness/best_places_launch/2009/snapshot/241.html (Accessed: November 2010).

the oil and gas industry, who are willing to take a gamble on companies that might spend 10 years bringing a new product to fruition.”

Some other notable recognition for Oklahoma’s two top cities includes:

- Business Facilities magazine ranks Tulsa #1 in the United States for cost of living and #2 for quality of life.
- Forbes ranks Oklahoma City #2 among Best Housing Markets.
- Indeed.com ranks Oklahoma City #6 among Best Place to Look for a Job.
- RelocateAmerica.com ranks Tulsa as the #1 place to live in America, followed by Oklahoma City at #10.
- Business Week ranks Oklahoma City #1 among its Top 10 Places for Renters.
- US Census Bureau names Tulsa and Oklahoma City among the places with the shortest commutes to work -- Tulsa at 18.9 minutes average and Oklahoma City at 19.6 minutes.
- Salary.com ranked Oklahoma City (No. 9) and Tulsa (No. 12) among the most favorable cities to build personal wealth

Overview of State Programs

A key policy of the State government has been to keep taxes low. Oklahoma has the fourth lowest total tax burden in the nation. When combining federal, state and local taxes, Oklahoma ranks #47, making it a very affordable state in which to live and do business. Oklahoma has a low corporate tax rate as well (6% for the top bracket).

Much of the Oklahoma’s government’s efforts are channeled through two organizations – OCAST and i2e. The Oklahoma Center for the Advancement of Science and Technology (OCAST) works to grow Oklahoma’s knowledge-based economy by building the infrastructure of expertise and equipment needed to conduct nationally competitive research and development in Oklahoma and stimulate Oklahoma firms applying and producing technology. OCAST implements programs and initiatives to impact the entire technology development pipeline from basic research through commercialization and application.

OCAST offers services including:

- Seed funds for human health research
- Matching funds for research with commercial potential
- Assistance with the cost of preparing federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) proposals
- Modernization assistance for small and medium-sized Oklahoma manufacturers
- Information on federal research and technology transfer opportunities for businesses
- Assistance with accessing and using federal and state technology resources.
- Oklahoma’s ranks a more respectable 30th in the Kaufman Index for venture capital funding, as there appears to be a lot of efforts made in this area.

i2E was created in 1997 in response to OCAST’s initiative to establish a center to support technology commercialization. As a full-service technology commercialization center, i2E provides, through its various programs, Oklahoma companies with essential strategic planning assistance, networking opportunities, and access to capital. i2E manages the following programs:

- **Oklahoma Technology Commercialization Center (OTCC)** assists researchers, inventors, entrepreneurs and companies to turn advanced technologies and high-tech start-up companies into exceptional business opportunities for Oklahoma.
- **OCAST Technology Business Finance Program (TBFP)** is designed to provide Oklahoma-based, advanced technology start-up companies with pre-seed financing and early stage risk capital to stimulate additional investments from private sources.
- **Oklahoma Seed Capital Revolving Fund**, a \$5 million fund designed to provide seed capital funding for Oklahoma entrepreneurs, start-up businesses, and expanding companies to develop, refine, and commercialize a product, process or innovation.

Key Initiatives⁴⁴

Oklahoma Creative Frontiers (<http://stateofcreativity.com>)

Formed in 2006, Creative Oklahoma (CO) is a statewide non-profit organization that promotes and catalyzes creative idea generation in individuals and institutions. The goal is to transform the State of Oklahoma through initiatives which lead to a more entrepreneurial and vibrant economy along with a better quality of life for its citizens. Through this organization, Oklahoma has become a “District of Creativity”, which is an international network of delegates. It consists of 12 regions of the world that have been working together in the field of creative innovation policies since 2004. The Annual Creativity World Forum (now in its 7th year) is run by Oklahoma Creative Frontiers and brings together entrepreneurs, knowledge workers and policymakers from around the globe to listen to inspiring speakers, exchange ideas and experiences, and network.

Small Business Advocacy (<http://www.okcommerce.gov/Businesses-And-Employers/Small-Business-Advocacy>)

In 2002, Oklahoma become one of the first states to pass a regulatory flexibility law called the Oklahoma Small Business Regulatory Flexibility Act. Through the Department of Commerce, the Act creates an opportunity for small businesses to be in the making, or changing, of rules that negatively impact small business. The Oklahoma Small Business Advocacy Committee, made up of 13 small business owners, meets quarterly for the sole purpose of hearing issues or concerns that small businesses have related to state agencies. Small business owners can contact committee members directly or voice concerns about state agency rules or other agency-related issues at one of the quarterly meetings.

Oklahoma Venture Forum (OVF)

The Oklahoma Venture Forum (OVF) is a non-profit group organized in Oklahoma City to encourage and promote economic and small business development through private enterprise. The Forum, formed in 1987, provides a means for investors, entrepreneurs and others to exchange experiences and ideas through discussions and studies of venture investing, and the development and growth of new and existing small businesses. Membership in the Oklahoma Venture Forum is open to anyone dedicated to fostering growth of new and existing business ventures in Oklahoma. Annual membership entitles the member to attend educational programs at the monthly luncheons, receive the monthly newsletter, membership directory, notices of upcoming events, and other member benefits.

⁴⁴ Oklahoma Department of Commerce, www.okcommerce.gov/Start-A-Business/Find-Business-Financing-And-Incentives/ (Accessed: November 2010)

Oklahoma Seed Capital Fund

Created in 2007, the Oklahoma Seed Capital Fund is a venture capital fund that provides seed and start-up stage equity financing to small, technology-based Oklahoma companies. The Seed Capital Fund looks and operates like a conventional venture fund with the specific goal of furthering economic activity and success in the State by bridging the early stage funding gap between personal sources and traditional sources of venture capital. An innovative public-private partnership, the Oklahoma Seed Capital Fund operates under the Economic Development Act of 1987 and is managed by a separate subsidiary of i2E. State funding is provided through OCAST. The Oklahoma Development Finance Authority and the Oklahoma Capital Investment Board are co-investors. The Seed Capital Fund seeks and accepts private investment which may offer state tax incentives and benefits.

Oklahoma Capital Investment Board (OCIB)

For many Oklahoma businesses, venture capital has been particularly difficult to locate. The Oklahoma Capital Investment Board (OCIB) supports investments in venture capital firms who will, in turn, make venture capital investments in Oklahoma businesses. The venture firms make their investments based on normal venture capital criteria and seek returns commensurate with the risk. OCIB supports investment in funds ranging from early stage venture capital to subordinated debt. The Oklahoma Capital Investment Board manages a \$100 million resource for the State.

MetaFund Corporation

MetaFund's broad mission as a non-profit, well-capitalized Community Development Financial Institution (CDFI) is the facilitation, development, and financing of Oklahoma businesses and community development projects. MetaFund has 22 investors, including 20 Oklahoma banks, and has more than 100 non-profit and government-related partners. Banks receive Community Reinvestment Act credit for investments and loans in, to, and through the corporation.

OSU Entrepreneurs Bootcamp

Oklahoma State University has just begun a new program that puts inspiring entrepreneurs (not regular students) through a mental workout. The OSU boot camp is designed for Oklahomans interested in launching their own ventures and those in the early stages of start-ups. The intense program concentrates on the key tools, perspectives and approaches that go into creating a viable business. Topics that are taught during the program range from creating a solid business concept to guerrilla marketing. A similar program at Syracuse University has been run for the past six years by Professor Michael Morris, the N. Malone Mitchell Chair in Entrepreneurship and founder of the new Entrepreneurship Department at OSU.

MISSOURI

Like many of the states in the region, Missouri's efforts towards entrepreneurship are a mixed picture. The State ranks in the middle in most categories, and appears to promote its low-cost environment as a major strength. This is even highlighted on state's economic development websites: *"Missouri is a low-cost state to do business in."*

Missouri had approximately 121,000 small businesses employing between 1 and 500 employees in 2006⁴⁵, and according to the Kauffman Index of Entrepreneurial Activity Colorado ranked 35th in the

⁴⁵ U.S. Small Business Administration, <http://www.sba.gov/advo/research/profiles/09mo.pdf> (Accessed: November 2010).

country with 270 entrepreneurs per 100,000 people. The Tax Foundation recently ranked Missouri as having the 16th best business tax climate, according to an October 2010 report. Missouri's population growth of 7% between 2000 and 2009 is significantly lower than the national average of 9.1%,⁴⁶ while its current unemployment rate is nearly on par with the national rate of 9.6%.⁴⁷

Overview of State Programs

The Missouri Department of Economic Development (DED) serves as the State's hub for entrepreneur and business services. These services are divided into several areas:

- Business Assistance – Includes information on financial incentives, outplacement assistance, job posting, Technology Incubators & Innovation Centers, and regional Project Managers to help existing businesses grow.
- Programs – A vast collection of state programs organized into categories: Business Development, Workforce Training, Small Business Entrepreneurship, Infrastructure & Site Development, Housing Development and Redevelopment.
- Individual Assistance – Including resources on how to start a business and career services.
- Community Assistance – Covers housing, redevelopment, infrastructure and community service.

Missouri has a myriad of programs focused on helping entrepreneurs, but specific information is difficult to find unless an entrepreneur knows what they are looking for. In order to sort through the hundreds of organizations designed to help businesses, MOSource Link created the Resource Navigator, an online, survey-based tool that a business owner can use to enter their business information and get a report on the services available to help them.

Many of the programs and assistance offered by Missouri services are related to tax credits and investment incentives. Missouri has very clearly positioned itself as a low-cost place to do business, hoping to attract and retain large corporate offices and industrial sites. This has proven to be a dangerous strategy—unless costs remain low when compared to other U.S. and international locations, firms looking for the lowest cost will be incentivized to look elsewhere.

Two recent examples of this occurred over the summer of 2010. In order to save a Ford Motor Company plant in Claycomo, MO, the State Legislature was compelled to pass an incentive bill that would result in \$150 million in savings for Ford and other automotive suppliers.⁴⁸

During the debate, many in the State Legislature wanted to set their sights on offering a comprehensive package of tax incentives for data centers.⁴⁹ These large “computer farms” require a lot of energy for cooling and running thousands of computers—thus they tend to locate where utility costs, real estate prices, and operating expenses are relatively low.

⁴⁶ U.S. Census Bureau, <http://quickfacts.census.gov/qfd/states/29000.html> (Accessed: November 2010).

⁴⁷ U.S. Bureau of Labor Statistics, <http://www.bls.gov/eag/eag.mo.htm> (Accessed: November 2010).

⁴⁸ “Ford bill passes as Missouri special session draws to a close,” *STLtoday.com*, www.stltoday.com/news/local/govt-and-politics/article_e26ca919-7f45-5162-9c0b-44bde85919ad.html (Accessed: November 2010).

⁴⁹ “Old-tech vs. new-tech in Missouri economic development battle,” *STLtoday.com*, www.stltoday.com/news/local/govt-and-politics/article_17afe382-791d-5b57-a947-c64eaf3d00da.html (Accessed: November 2010).

Both of these are examples of “economic hunting” versus “economic gardening.” Rather than creating, supporting and facilitating an ecosystem of home-grown companies for the long term, economic hunting focuses on “picking winners” and short-term benefits.

There are notable exceptions to this theme in Missouri. Chief among them is the Missouri Small Business & Technology Development Center (SBTDC) network. This program offers business counseling, training Courses, technology development services for Missouri entrepreneurs, and in 2009, the program assisted more than 2,800 entrepreneurs and small business owners, resulting in 4,986 jobs created or retained and \$135 million in increased sales.⁵⁰

Key Initiatives

Missouri Small Business & Technology Development Center

Organized into 8 different regions, 33 service centers offer entrepreneurs access to a standardized set of services.

- Business Counseling – Offers an excellent service covering business basics to more advanced concepts used by Fortune 500 companies like implementing a Balanced Scorecard management and strategic tool.
- Training Courses – A wide variety of training courses and seminars—available both online and in person at a local service center.
- Technology Development – This program educates entrepreneurs about SBIR/STTR opportunities, preparing successful proposals, implementing Phase II technical/business proposal assistance program, and assisting in Phase II management and commercialization

As mentioned above, the network provided services to 2,800 entrepreneurs resulting the creation or retention of nearly 5,000 jobs.

MOSource Link

Using a survey-based approach, this service allows entrepreneurs to sort through the hundreds of services available depending on their need. The drawback to this approach is the additional work of effectively tagging or categorizing all of the services offered. An even better approach would be to streamline the services offered—eliminating overlap and making the menu of choices simpler. If eliminating redundancies was not an option, then this type of tool is absolutely necessary to enable entrepreneurs to find the right resource to meet their needs.

Seed Capital Co-Investment Program

Designed to attract venture capital to Missouri by increasing the quality and quantity of high-tech startups to Missouri, this program leverages matching funds (up to \$150,000 per venture) from the Missouri Technology Corporation alongside private investment. Applicants for the program must be Missouri-based (either founded or relocating to Missouri), and must have direct start up experience or a committed mentor with startup experience. The program is especially designed for high-tech seed stage companies, with the goal of creating sustainable, high-paying, private-sector jobs.

⁵⁰ *Missouri Small Business & Technology Development Centers*, www.missouribusiness.net/sbt/dc/success/index.asp (Accessed: November 2010).

Missouri TechLaunch

This program is targeted at pre-seed companies engaged in intellectual property development and evaluation, in-depth analysis of market potential, conducting competitive analysis, establishing proof of concept of a scientific discover, prototype design and development, and related activities. Direct investments from the Missouri Technology Corporation are made in the form of convertible debt up to \$75,000 each.

Missouri Building Entrepreneurial Capacity Program (MOBEC)

This program awards grants not to exceed \$500,000 to public or private non-profit institutions engaged in activities related to entrepreneurial support. The grant funding is meant to help enhance the capacity of these organizations to provide support, or to help attract federal and private research funding.

Additional links include:

- Missouri Department of Economic Development (<http://www.ded.mo.gov/>)
- Missouri Small Business & Technology Development Center (<http://www.missouribusiness.net/sbt/dc/index.asp>)
- MOSource Link (www.mosourcelink.com)
- Missouri Technology Corporation (<http://www.missouritechnology.com/home/>)

NEBRASKA GAP ANALYSIS AND AREAS FOR IMPROVEMENT

General Entrepreneurship: Summary and Policy Implications

Nebraska has a healthy small business sector but a larger than average share of big business compared with other states. Of its small business sector, Nebraska has a comparatively large share of sole practitioners. Failure rates are lower than average and the entrepreneurial sector is growing. However, although Nebraska has a very high percentage of employment at fast growing gazelle firms, the number of gazelle firms is quite low, implying that while the few gazelle firms that do exist are doing extremely well, there are not enough of them. Some studies also demonstrate concern over whether Nebraska has enough entrepreneurs with the skills to lead high-impact, high-growth companies.

Nebraska could consider policies focused on increasing the number of higher growth firms, such as business incubators/accelerators targeting the commercialization of technology and other growth sectors, mentorship programs, and strategies to keep and attract business talent. Many of the strategies highlighted below under innovation and workforce categories could also be appropriate for this effort.

Business Cost, Tax and Regulatory Environment: Summary and Policy Implications

Nebraska ranks well in terms of business workforce costs, but studies on taxes, fees, and regulatory burdens vary. Most of the studies place Nebraska somewhere near the middle of the pack or slightly disadvantageous in this area. While these factors certainly contribute to business attraction and growth, other factors also play into this equation, such as a trained and qualified workforce; proximity to customers, capital, distribution and suppliers; infrastructure and transportation; safety; education; and other quality of life factors.

Therefore, one should not draw conclusions on business climate exclusively from these measures. California, for example, consistently ranks near the bottom of the pack on these issues, and yet has had one of the most robust small business economies over the past 20 years.

Nebraska could consider strategies for online permitting and licensing, and enacting a regulatory flexibility statute, as well as longer term strategies for easing business taxes and fees, or balancing general corporate taxes with targeted tax credits in certain sectors or for certain activities, such as solely investing in R&D activity in the state.

Access to Capital: Summary and Policy Implications

Small business lending through banks remains bleak nationwide. SBA lending in Nebraska has rebounded well and is now at record levels, but that could change as stimulus provisions run out. Nebraska ranks very low in the availability of seed and venture capital investment. Nebraska also has a comparatively small alternative small business lending community.

Nebraska could consider creating state-sponsored seed and venture funds, as well as a variety of other capital access program strategies; small business revolving loan funds to match federal investment in alternative lenders; or tax credits for equity investors in Nebraska.

Innovation: Summary and Policy Implications

Although it is improving in terms of technology education and online population, Nebraska consistently ranks low in technology, research and development, and innovation in general. This is clearly a core shortcoming and area in need of improvement.

Nebraska could consider a range of policy options to improve research and development and innovation. Options could include increasing the R&D tax credits but only for research done in the state, comprehensive sector or industrial cluster initiatives, place-based incentives, and matching programs for federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant awards.

Workforce: Summary and Policy Implications

Historically, Nebraska has experienced significant 'brain drain' of law and technical graduates, although one study finds that this trend was reversed in 2009, possibly due to Nebraska's low unemployment rate compared to the nation as a whole. In general, Nebraska ranks low in attracting knowledge workers and in the middle of the pack or worse for the overall workforce capacity in technical fields.

Nebraska could focus on a number of strategies to attract, retain, and develop knowledge and technical workers. These strategies could include new jobs tax credits in technical industries, incentives for firms to locate in technology parks or other qualifying zones, and a renewed focus on technical training and placement services. Other strategies mentioned above for innovation and risk capital investment would also help with this objective.

RECOMMENDATIONS FOR FOSTERING ENTREPRENEURSHIP

To ensure Nebraska remains responsive to current economic conditions facing the State's budget and the national economy the specific policy recommendations suggested in this document and specifically contemplated by task force members envision a re-deployment of existing funds, programs, agency and state resources to the greatest extent possible in order to minimize any additional general fund impacts or expenditures. The recommendations have been identified through extensive research as successful and proven strategies that should be the subject for serious policy debate to enhance Nebraska's economic development opportunities. These recommendations are specifically crafted to ensure flexibility for implementation in the short term and well into the future.

PROMOTING ECONOMIC GARDENING

State and local governments use a variety of different policy strategies to encourage and enhance economic development. Traditionally, these general strategies focus on providing tax and other business incentives to ensure their region is attractive for business retention and re-location. Other strategies that are considered more aggressive rely on techniques to "hunt" large firms, by utilizing targeted financial incentives specific to a certain industry or employer, to further influence business retention, and incentive relocation to their region. These strategies have value and often do generate economic and job growth.

Research indicates a sole reliance on these traditional strategies can be quite costly for state and local governments and may result in a "race to the bottom" mentality among competitors, however. Additionally, a sole reliance on these strategies may exclude small businesses, entrepreneurs, and innovators who cannot meet threshold requirements to trigger such benefits.

In recent years, state and local governments have begun to realize the importance of complimenting these traditional economic development policies with a new set of tools focused on cultivating local business and entrepreneurial talent to generate economic growth within their communities. The policy basis for these new tools is that an enhanced foundation for local economic development provides an opportunity for long-term, sustainable, and locally-led success. In simple terms, research indicates that there is clear value in communities becoming "economic gardeners" rather than "economic hunters."⁵¹

Economic development professionals and policymakers have focused on the hunt for the "big one"- landing a large business that immediately brings hundreds or thousands of new jobs into their community as the measuring stick against which the success or failure of the economic development activity is marked. Bagging a "trophy" firm garners significant media attention and becomes a visible success story for politicians and economic development agencies to tell.

The commoditization of communities is a by-product of this type of economic hunting. By focusing on low-cost labor, low-cost land, and generous tax incentives as the sole tools for attracting companies to a particular community, the region becomes nothing more than a commodity. Sole reliance on this type

⁵¹ *The Small Business Economy: A Report To The President*, December 2006, www.sba.gov/advo/research/sb_econ2006.pdf (Accessed: November 2010), 157.

of economic development and the resulting cyclic boom and bust experiences in various communities is what prompted a small town near the Rockies to establish a different approach.

LITTLETON, COLORADO: THE ORIGIN OF ECONOMIC GARDENING

The concept of “economic gardening” was formally established in Littleton, Colorado in the late 1980s, although the concept itself has been applied in many other contexts. Littleton was a city decimated by the departure of their single largest employer and the workforce was left with outdated skills in a marketplace that no longer had a place for them.⁵² The city council voiced an opinion that they were frustrated with their economic health being tied to a small group of employers. The Littleton Director of Business & Industry Affairs had been fleshing out the idea of economic gardening in his mind for years, but only when the large employer left did they find the political will and right opportunity to attempt implementation and resulting paradigm shift.

Economic gardening, at its most fundamental level, is the idea that economic development should be done from the inside-out and not the outside-in.⁵³ A focus on developing, growing, and supporting locally owned and operated businesses is a hallmark of the program. The philosophy that emerged from Littleton was that “small local entrepreneurial firms would be the engine for the creation of sustainable wealth and new jobs, and the role of the city was to provide a nurturing environment within which these small firms could flourish.”⁵⁴

The Littleton team came up with three focal points through which they could positively impact the entrepreneurial environment: (i) information, (ii) connections, and (iii) infrastructure.⁵⁵ Through the acquisition of thousands of databases, marketing lists, and publications, Littleton provides businesses access to sophisticated and valuable information that is normally only available to the largest companies. The Littleton team also had access to geographic information systems that allows for local, regional, and national market analysis including customer location, demographics, wealth, and lifestyle information.⁵⁶

The second factor, connecting entrepreneurs and small business owners to other people like them, whether it’s trade associations, think tanks, educational institutions or public sector supporters, is another essential component in the holistic approach in Littleton. The Littleton team also highlighted the importance of having support outside your company or industry and the benefit it has on the culture of innovation and generation of new ideas.⁵⁷

The third factor of the Littleton approach is that of infrastructure; the simple idea of making your community a place that people want to live. Littleton’s definition of infrastructure consists of three components: physical, quality of life, and intellectual. Providing a high quality of life through the creation and expansion of parks, trails, and general green-space is a key component of the Littleton

⁵² *Ibid.*

⁵³ *City of Littleton web site*, www.littletongov.org/bia/economicgardening/default.asp (Accessed: November 2010).

⁵⁴ *The Small Business Economy: A Report To The President*, December 2006, www.sba.gov/advo/research/sb_econ2006.pdf (Accessed: November 2010), 157, 169. http://www.sba.gov/advo/research/sb_econ2006.pdf, citing Chris Gibbons, Director, Business & Industry Affairs, City of Littleton, Colorado, interview, May 24, 2006.

⁵⁵ Chris Gibbons, Director, Business/Industry Affairs, City of Littleton, Colorado, presentation, October 15, 2010. *See also: City of Littleton web site*, www.littletongov.org/bia/economicgardening/default.asp (Accessed: November 2010).

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

infrastructure. The Littleton team did not limit infrastructure to brick and mortar projects within the community, however, but also works to expand the cultural or intellectual infrastructure.⁵⁸

While these three factors are the keys to Littleton's economic gardening program, there are several other noteworthy lessons from the 20+year experience in creating this unique approach to economic development. The first was that among small businesses, a few high growth companies create a disproportionate share of high wage jobs and sustainable economic innovations. Next, there are unique types of personalities that run these high growth companies and those people can be identified. Furthermore, Littleton also realized that their businesses needed to be able to adapt and evolve as time passed, and that stagnation of companies within the business life cycle was often stifling vibrant economic growth. Finally, when government action is applied to the market economy, growth has little to do with top-down directing. The Littleton team did not decide what businesses would have the best chance for success, rather they worked to create an environment in which all businesses could succeed.⁵⁹

The Littleton "economic gardening experience" had truly amazing results over the ensuing 20 years. The community has seen employment grow from 15,000 in 1990 to 30,000 in 2009 and sales tax revenue has tripled from \$6.8 million in 1990 to \$20 million in 2009.⁶⁰ Of course, Littleton has some other assets working to its advantage as well – it's located near major growing urban areas with strong economic bases (Denver and Boulder), there are a lot of leading universities and research centers nearby (University of Colorado, University of Denver), and it's a very desirable region of the country to live in (i.e. near mountains, great weather, etc.). Nonetheless, the key aspects of the economic gardening strategy are note-worthy and have worked effectively in communities outside of Littleton as well.

GEORGIA: A STATEWIDE CASE STUDY IN ECONOMIC GARDENING

In 2002 the State of Georgia began a transition, based largely on lessons learned from Littleton and elsewhere, to make entrepreneurship development an essential part of the State's economic development strategy.⁶¹ Even though Georgia had a set of its own blueprints, borrowed from Littleton, that had been developed through years of trial, error, adjustment, and revision, they still faced a formidable hurdle: trying to implement an economic gardening strategic plan on a statewide scale with multiple competing municipal government interests.

The Georgia economic gardening plan also focused on the three core factors identified in Littleton: information, connectivity, and infrastructure. The implementation of these core factors has been affected by the expanded scope and greater complexity that naturally follows when a program is scaled-up to the state level. For example, Georgia's infrastructure goals focused more specifically on the creation of entrepreneurial communities and less on general quality of life infrastructure.

They divided the State into twelve regions within which they strived to create Entrepreneur Friendly Communities ("EFCs"). These regions were subdivided by county and the regional directors work to find local community leaders to implement the process of becoming an EFC.

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*

⁶⁰ Chris Gibbons, Director, Business/Industry Affairs, City of Littleton, Colorado, presentation, October 15, 2010.

⁶¹ *The Small Business Economy: A Report To The President*, December 2006, www.sba.gov/advo/research/sb_econ2006.pdf (Accessed: November 2010), 157, 181-182.

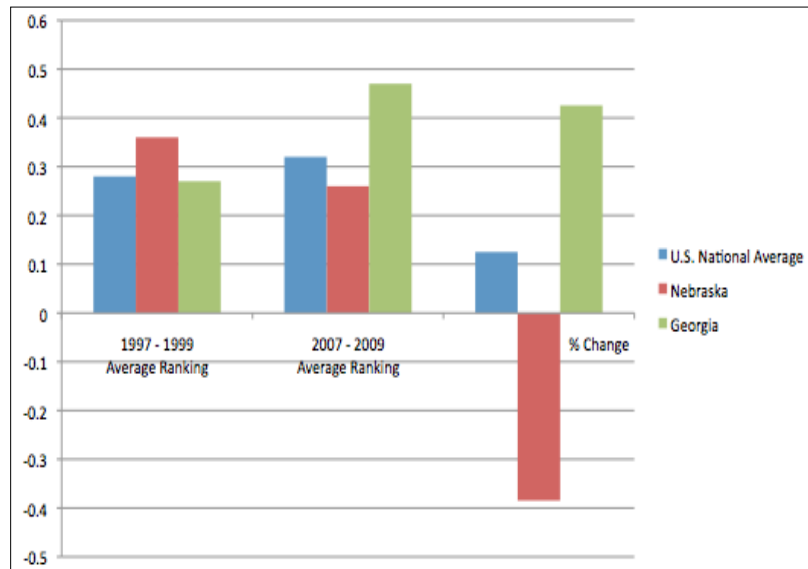
There is a seven-step process developed to help guide community leaders in how to become an EFC. One of the keys of the program, and the first step, is to identify a local champion that can bring together and lead the community through this process. The remaining program steps are focused on building networks, identifying of entrepreneur focused programs and individuals who provide those services, conducting interviews of entrepreneurs to get hands-on feedback, and facilitating the Statewide sharing of best practices.

This element of the economic plan is noteworthy because the State has very little direct control over municipalities or counties, especially in regards to these types of infrastructure. The strategy to set up guidelines and plans for the regions or localities to implement in order to achieve designation were essential to its likelihood of adoption

In the same way that Georgia’s approach to infrastructure had to deviate from the Littleton model to fit the added complexity and greater scope of the project, the information delivery system also had to adapt. Georgia deploys its information dissemination tools in mainly through the network of EFC and the supportive team members. The Technology Association of Georgia (“TAG”), although not a governmental organization, supports economic gardening and in particular the information-sharing function.⁶²

The TAG provides Littleton-style detailed market information to businesses in need of targeted research of the quality that is typically only available to larger companies. Logistically TAG provides this service at a reduced rate and actually outsources much of this component to the Littleton team. Despite the importance that Littleton has placed on this component, the Georgia plan has not placed market research at the focal point of its plan.

In addition, their approach to connectivity differentiated somewhat from Littleton’s. Georgia’s unique approach focused on both the economic developer level and the entrepreneur level. The economic development program is called the Georgia Entrepreneur and Small Business Coordinating Network and its aim is to coordinate all the local, state, and federal professionals who work with the goal of connecting entrepreneurs to available resources.



At the entrepreneur level, the State has developed a business-to-business mentorship program called “Mentor Protégé Connection” where large, multinational companies such as Lockheed Martin

⁶² *Technology Association of Georgia Economic Gardening Program*, <http://georgiagrow.com/programdetails.php> (Accessed: November 2010).

Aeronautics, The Home Depot, AT&T, UPS, and Coca-Cola work with young and growing companies to help guide them through some of the pitfalls as the organizations go from small business to an emerging corporation.

The results in Georgia over the past 8 years have clear and impressive results. In 2005 Georgia ranked 19th in the country on the Kauffman Index of Entrepreneurial Activity. In 2009 Georgia dramatically improved on the same index, ranking 6th in the country, while Nebraska ranked 49th just above Mississippi.

UTAH: A MODEL FOR RURAL DEVELOPMENT THROUGH ECONOMIC GARDENING

The State of Utah has been on the leading edge of economic growth in recent history. For example, the University of Utah tied with the Massachusetts Institute of Technology last year for first place in the nation in the number of startups generated based on University research. This past summer the Utah Governor's Rural Partnership Board laid out a model for the implementation of economic gardening on a statewide scale.⁶³ The plan was based largely on the Littleton model as well as a statewide implementation in Wyoming.

The plan developed in Utah focuses on the traditional three elements, but unlike in Georgia significantly more importance and resources are directed at the information component. The program focuses on how to identify the companies that need the information and then on how to get it to them. This identification component is essential to working with those growth businesses that have been identified as the most substantial creators of jobs.

The Utah Program focuses on the following components:

- ❖ Business, Expansion, and Retention (BEAR) Program
- ❖ Partnership with local and regional development professionals
- ❖ Uniform statewide software program for survey data collection (PULSE)
- ❖ Coordination between BEAR visits and other service organizations in the State
- ❖ Marketing Research and Data Base Mining

Utah, like most states, has a business visitation program (BEAR) where economic development professionals from the local or regional community meet with business leaders to discuss the overall health of their business. Additionally, they discuss what their needs and plans will be for the coming months and years in terms of both investment dollars and people.

In many states these visitation programs happen in a vacuum and other communities or state-level leaders never receive this information nor is it aggregated. The Utah BEAR program has incorporated a software-tracking program called PULSE that collects all the data in one place and allows access to the entire statewide community of economic development professionals. This identification component is truly essential to the ability to focus attention on those growth potential businesses.

The second phase is the actual deployment of the marketing research and data base mining information. Utah's plan is based on the Wyoming model, which partners with the University of Wyoming to license

⁶³ *Economic Gardening: Creating Jobs by Growing Rural Businesses, A Workable Economic Development Strategy for Rural Utah*, Governor's Rural Partnership Board, Economic Gardening Sub-committee, July 27, 2010.

the databases. From there, the Wyoming Market Research Center (MRC) provides any business in Wyoming a free report that includes such things as:

- Marketing Lists
- Competitive Intelligence
- Industry Trends
- Industry Financial Data
- Mailing Lists/Labels
- Local, State, and National Demographics and Trends

Utah is proposing adoption of a similar system whereby they make use of the State, small business development centers (SBDC) to locate and screen the businesses before they are sent to a market research center. The idea, although not specifically stated in the Utah proposal, would be to focus on those growth businesses first as they have the highest likelihood of having a substantial impact on the economy of the State.

Finally, in implementing the market information component of an economic gardening system it will not be useless if the information is handed over and sits on a shelf. The businesses need advisors and assistance in converting that market information into a strategic plan. This is where technical assistance from regional and statewide service providers is needed.

The Utah plan's essential elements for a market research system include identifying the growth businesses through the visitation programs and tracking of the information gathered. Next market research needs to be gathered, packaged, and delivered to the business for it to be effectively understood. Finally, there needs to be follow up with the business to assist or ensure that the information is being utilized.

SMALL BUSINESSES VS. GROWTH BUSINESSES

As economic gardening has evolved, economic development professionals and policymakers have identified two distinct classes of companies: small businesses best described as "lifestyle" businesses and high growth capacity businesses. Traditional small businesses (as opposed to growth businesses) are not necessarily the targets of an intensive economic gardening strategy. Of course these life-style businesses are an essential part of the entrepreneurial ecosystem and have value, but their focus is typically on providing a livelihood for a family, individual, or small employment base. Some examples are local restaurants, coffee shops, daycare providers, retail stores, law firms, and dentist's offices.

While every business is a start-up at some point, the goal of an intensive economic gardening program is to foster high growth companies with a capacity for expansion, high wage jobs, and exporting their product or service out of local area. This last point cannot be stressed enough: bringing new dollars (or new revenue) into the local area or state is imperative to high-growth companies.

Growth businesses are best associated with second-stage companies, those with 10 to 99 employees, which are expanding quickly and generally in growing industries (i.e. riding a larger growth industry wave within an ever changing global economy). Between 1993 and 2008, second-stage companies represented over 35% of all jobs and nearly 25% of job growth, but only around 11% of total establishments. Another study examined the number of "high-impact firms", those whose sales at least

doubled over a four year period, and found that from 2002 to 2006 nearly 65% of them would be classified as second-stage firms.⁶⁴

Second-stage companies face a number of unique issues as they evolve from a start-up into a growing enterprise. While a company is in start-up mode the founder(s) typically handle nearly every aspect of the organization and wear many hats, work countless hours, and have comprehensive responsibilities. As a start-up, companies are focused on getting a product ready for launch, finding a few initial customers, and achieving that all-important proof of concept.

As companies grow into the second-stage they face new issues to deal with, such as expanding and analyzing their market, making personnel decisions such as hiring and managing people, managing growth, dealing with outside investors, and creating a strategic vision to ensure their continued success.⁶⁵ Therefore, a successful economic gardening strategy should also focus on these second-stage, growth businesses and their needs.

NEBRASKA’S ECONOMIC GARDENING EFFORTS

The State of Nebraska is fortunate that the Department of Economic Development has already implemented some of the major components of a typical economic gardening program. Since 1999, the Department has conducted an Economic Development’s Business Visitation Program across the State. The Department’s regional economic field representatives survey businesses in conjunction with local and regional economic development professionals.

In 2009, the department began utilizing the Synchronist Business Information System® which provides analysis resulting in ratings of Value, Growth, Risk, and Satisfaction for each business. Local economic development professionals partner with the department to input survey data into the system. This analysis helps identify those businesses that are primary (those that receive a large portion of sales outside the local area) and supportive (those that support members of the community and primary businesses). These classifications are similar to what were identified as growth businesses and small businesses above.

Economic Gardening Component	UTAH	NEBRASKA
Business, Expansion, and Retention Survey	BEAR Program	Existing Business Visitation Program
Partnership with Local/Regional Development Professionals	Yes - Coordination of business visits	YES- Coordination of business visits
Uniform statewide software for survey data collection	PULSE Software	Synchronist Business Information System®
Coordination between Survey & Technical Assistance from local/regional organizations	YES	Yes – but there needs to be follow-up by DED
Marketing Research and Data Base Mining	YES	NONE

⁶⁴ Zoltan Acs, William Parsons & Spencer Tracy, *High-Impact Firms: Gazelles Revisited*, SBA Office of Advocacy, 26 (2008)

⁶⁵ “The Significance of Second Stage,” *Edward Lowe Foundation*, www.edwardlowe.org/pages/downloads/infosheets/ELFSecondStage.pdf (Accessed: November 2010).

This collection and identification of information about businesses is an essential step in the economic gardening model. The ability to pinpoint those businesses that are both capable and willing to expand is key to assisting them in the growth process. In response to these business visitations the economic development professionals direct the business to the development organization that is most likely able to help them.

However, there is a major gap between the Utah/Wyoming Economic Gardening model and Nebraska's current program. The Department has not conducted follow-up visits with surveyed businesses on coordination with local/regional technical assistance organization and the outcomes. The Department has also not developed a program of Marketing Research and Data Base Mining for these primary (or growth) businesses even though this has been identified as an important service needed by surveyed businesses. Nebraska has also not taken advantage of branding their program in such a way to identify it as economic gardening.

BUSINESS ORIGATION: ESTABLISHING A FOUNDATION FOR SUCCESS

A major impediment to implementation of economic gardening principals in Nebraska is the extremely low awareness of the concept. According to the *Invest Nebraska Survey of Development Organizations*, 68% of Nebraskans were not at all familiar with the term "economic gardening." Even though the State has implemented many of the components needed for a successful economic gardening program.

Another important result of the survey was that of the economic development organizations in the State providing business capital, over 68% of existing funding went to retail businesses which in most cases would not possess the capacity for significant growth and high wage jobs. Nebraska needs to educate economic development organizations and professionals on the importance of high growth firms and refocus at least some of our current economic development efforts on businesses that have a greater likelihood of creating high wage jobs.

Recommendation #1: Create a Statewide Economic Gardening Program

Nebraska could develop a two-year pilot market program consisting of market research and data mining resources made available to Nebraska based primary or growth businesses. The goal, based on the approach of economic gardening programs elsewhere, is to help create a greater understanding of local, regional, and national markets for firms with aspirations and capacity for growth and expansion that result in high wage jobs. The program would act as the processing center for data analysis requests. As mentioned previously, this program would produce a report for a business with the following information:

- Marketing Lists
- Competitive Intelligence
- Industry Trends
- Industry Financial Data
- Mailing Lists/Labels
- Local, State and National Demographics and Trends

This program should be established and managed by an existing educational institution, state agency, non-profit entity, or through a public-private partnership among these groups in order to keep costs and

start-up bureaucracy at a minimum. Strategies related to outsourcing or contracting such services should also be fully researched.

Possible Metrics for Success: Number of business accessing the program (registration information would be required), increase in sales and revenue for those businesses utilizing program information, and a quality survey of businesses receiving a market report.

Recommendation #2: Develop Awareness in the Local Development Community on the Importance of Economic Gardening and High-growth Businesses.

The overall goal is to develop a program to educate local/regional economic development professionals, academia, local government officials, and business leaders of the benefits, methods, and processes associated with economic gardening. Simultaneously, a goal could be to promote the availability of the proposed market research information program as an example of the information component of economic gardening.

Possible Metrics for Success: Number of participating organizations, number of training sessions successfully attended, an economic gardening certification program (possibly led by outside experts), reassessment of understanding of economic gardening through statewide survey at conclusion of year one and year two.

The annual cost of these two recommendations is estimated at approximately \$200,000 for a two-year pilot program. Most of the cost would be for the initial setup costs, subscriptions to market research databases and tools, training, and administration of the program.

IMPROVING AND INCREASING VENTURE COMPETITIONS

Venture Competitions, also called Business Plan or Innovation Competitions, are programs throughout the country that encourage firm creation. Usually these programs provide specific incentives towards the generation of new companies and provide a stage upon which to showcase what entrepreneurs have created. In many cases the much-needed capital and community awareness given to the winners is enough to give them the capital they need for their first phase.

Numerous models have developed over the past twenty years, but most are quite similar. Of all the competitions from across the nation, the efforts by Minnesota stand out due to its statewide reach and specific industry approach.

The Minnesota Cup has attracted more than 4,000 entries since its start in 2005. More than \$130,000 in seed capital and many hours of professional services are awarded to competition winners across six divisions:

- Clean Technology & Renewable Energy
- BioSciences
- Social Entrepreneurship
- High Tech
- General
- Student

The winner of each division will go on to compete for the Grand Prize award. Beside the cash award and professional services, participants gain exposure for their ideas, strengthen their business plans, and make strong connections in the business community. The successes are real: the 2009 finalists of the Minnesota Cup secured an additional \$8 million in capital and developed numerous business partnerships and collaborations.

Nebraska has also been conducting business plan competitions across the State with varying focus for a number of years. The Nebraska business plan competitions serve two main functions: (i) education and (ii) firm creation/expansion. Both goals are valuable to the development of the entrepreneurship ecosystem of a state, but firm creation and expansion is the outcome that is more likely to create jobs.

There are two examples of business plan competitions currently taking place in Nebraska.

1. The University of Nebraska at Lincoln Center for Entrepreneurship has been operating a Venture Plan Competition based on business plans since 1999. The competition is open only to students and is divided into undergraduate and graduate divisions. The winner from each division is awarded \$1,000.
2. Invest Nebraska has operated venture competitions for two years throughout the State. The organization holds five regional competitions in Scottsbluff, McCook, York, Wayne, and Peru. Invest Nebraska contributes funds and works with regional community leaders to raise prize money for the competition with the each regional competition winner receiving an equity investment of between \$20,000 and \$30,000. Invest Nebraska also hosts East 2 West, a statewide competition open to any business located in Nebraska or willing to locate to the state, where they raise funds from community leaders and contribute to make an equity investment of \$50,000.

These competitions have created new firms and assisted in the growth of other young firms through their awards. A by-product benefit that has been witnessed is that these competitions incentivize aspiring entrepreneurs to partake in the exercise of formalizing their business ideas thereby bringing them one step closer to launching their own.

In the *Invest Nebraska Survey of Entrepreneurs and Business Owners* conducted in August 2010, 57% of respondents stated that they believe the State should make it a priority to provide seed capital to startup companies, and venture competitions is one way of achieving that objective. Action by the State is necessary to reverse Nebraska's poor rankings in this category and enable the "leverage effect" when private investment follows State sponsored investment. The State can play a key role in jump starting new investment in start-up companies.

Recommendation #3: Industry-specific Venture Competitions

The State of Nebraska could create a series of industry specific Venture Competitions to focus and highlight high-growth companies from identified native industry clusters. Based on the industry clusters identified in the Battelle Study, possible venture competition divisions for Nebraska could include: BioScience, Clean Technology & Renewable Energy, High Tech, Value-Added Agriculture, and a General and Student division.

Possible Metrics for Success: Number of new businesses created, number of participants, direct jobs created, average salary of jobs created, amount of private sector capital received, amount of government grants received, and patents received.

Recommendation #4: Annual Regional Venture Competitions

The regional competitions currently in place could be reconfigured and expanded to create annual competitions in each of the eight regional Development Districts.

Possible Metrics for Success: Number of new businesses created, number of participants, direct jobs created, average salary of jobs created, amount of private sector capital received, amount of government grants received, and patents received.

Recommendation #5: Quick Pitch Venture Competitions

Nebraska could initiate a recurring series of quick pitch competitions to facilitate business origination and networking amongst entrepreneurs and potential investors.

Possible Metrics for Success: Number of new companies created, number of participants, amount of private sector capital leveraged, number of firms participating in quick-pitch competitions that then compete in regional / industry competitions, and the attendance at the events.

The estimated annual cost of these three venture competition programs is estimated to be \$400,000. This would include five awards of \$25,000 in the industry specific venture competitions and \$50,000 for the top overall company, similar to the Minnesota Cup. The regional competitions awards would be in the range of \$5,000. The quick pitch competitions would have awards of \$1,000. Promotion, personnel, and administration of the competitions would make up the remainder of the costs. Costs could be provided for utilizing existing resources and public private partnerships.

ATTRACTING MORE SMALL BUSINESS INNOVATION RESEARCH (SBIR)

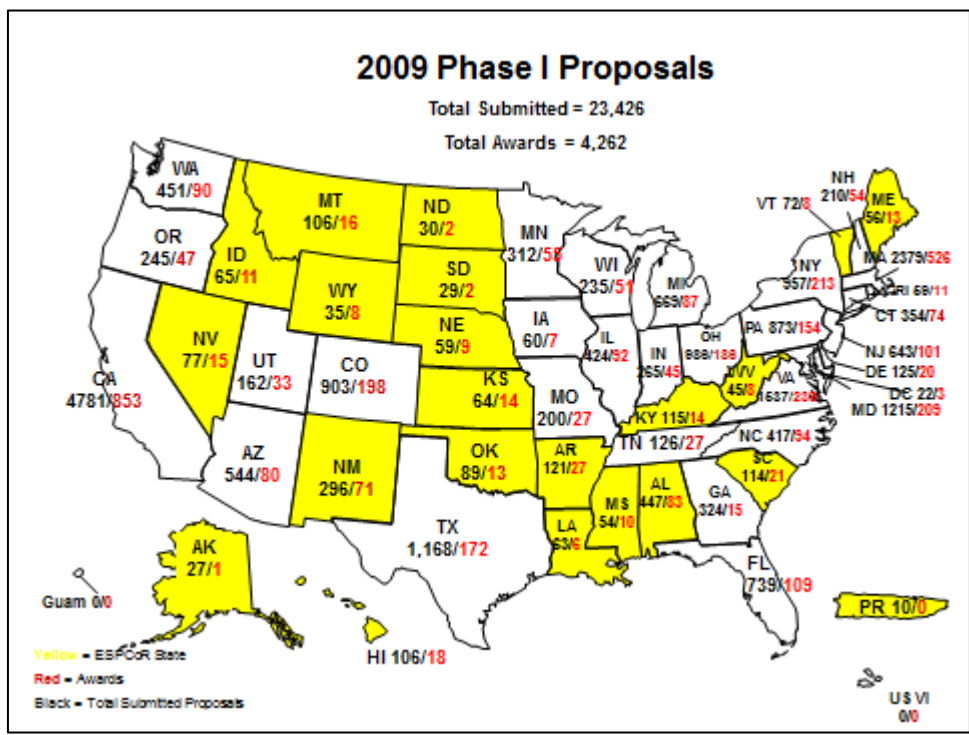
The Small Business Innovation Research (SBIR) program is an effort by the federal government, since 1982, to encourage private small business to discover their technological potential through grant awards (i.e. they do not have to be paid back as a loan). SBIR funds the critical start-up and development stages and it encourages the commercialization of the technologies, products, or services that stimulate the U.S. economy and spur innovation.

This highly competitive program involves 11 federal agencies that designate R&D topics and accept proposals: Department of Agriculture, Department of Health and Human Services, Department of Commerce, Department of Defense, Department of Homeland Security, Department of Transportation, Department of Education, Environmental Protection Agency, Department of Energy, National Science Foundation, and the National Aeronautics and Space Administration.

For a firm to qualify for an award, it must meet four specific criteria: (i) American-owned and independently operated, (ii) for-profit, (iii) principal researcher employed by business, and (iv) the company size is limited to no more than 500 employees.

Agencies make SBIR awards based on the qualifications listed above, degree of innovation, technical merit, and future market potential. The awards are made in two phases.

1. Phase I awards are up to \$150,000 for approximately 6 months and support the feasibility or technical merit of an idea or technology. Firms receiving Phase I awards are eligible to apply for Phase II awards of up to \$1,000,000.
2. Phase II awards expand the Phase I results conducting the R & D work and evaluating the commercialization potential.



Source: 2009 SBIR Phase I Awards, State Science and Technology Institute

Nebraska based businesses have historically submitted a small number of SBIR applications resulting in a small number of SBIR awards. In FY2009 there were 59 submissions from Nebraska based businesses resulting in 9 awards. However, 35 of those were submitted to the Department of Defense resulting in 6 of the 9 awards. And three of those awards were to the same company.

While Nebraska has experienced a slight improvement in SBIR submissions and SBIR awards from previous years, it has largely been due to the successful persistence by only a few companies. Overall, the State has failed to take advantage of SBIR opportunities through the Department of Agriculture, the Department of Energy, the Environmental Protection Agency, the National Science Foundation, and the National Institute of Health.

Recommendation #6: An SBIR Expert Assist with “Phase Zero”

This person would facilitate SBIR originations and assist businesses with writing the grant proposals. The recent *Invest Nebraska Survey of Entrepreneurs and Business Owners* found that close to 60% were not familiar with the SBIR program while 78% of economic developers were familiar or somewhat familiar with the program. Nebraska entrepreneurs and business owners are not aware of these federal

opportunities possibly due to a disconnection with existing awareness and understanding among Nebraska economic development professionals and organizations. Therefore, a first step could be to employ an individual to work directly with Nebraska businesses and institutions of higher education to submit SBIR applications to various federal agencies based on the type of technology.

Possible Metrics for Success: Number and amount of grant awards, percentage of successful applicants, amount of outside capital investment received, number of firms who receive Phase II funds, total value of awards, and increase in patent filings.

Recommendation #7: Creation of a Nebraska State SBIR Phase I and II Matching Grant Program

The State could also provide an automatic matching grant to any recipient of a SBIR award in the amount of 25 – 50% for Phase I and Phase II. There could be additional incentives for underfunded regions. For example, if the company is located in a county with a population of 50,000 or less, the matching grant award could be increased to 50%. The Battelle Study recommends activity in this area as well. However, that budget estimate may be insufficient to harness the full potential of this activity and does not contemplate unique challenges that exist in rural Nebraska that demonstrate a need for an enhanced match. The program could also be funded partially by return fees. (e.g. 5% out of the proceeds of the SBIR funds returned to the facilitation program).

Possible Metrics for Success: Number and amount of grant awards, percentage of successful applicants, amount of outside capital investment received, number of firms who receive Phase II funds, total value of awards, increase in patent activity

The estimated financing for a SBIR Phase 0 program and matching Phase I and Phase II program is \$1 million annually. The main expense will be the matching grant program that provides immediate capital to start-up businesses.

BUSINESS FINANCING: PROVIDING ACCESS TO CAPITAL

Very few start-up firms are able to begin operations from their own capital and grow only through retained profits. More commonly, the overall availability of risk capital to entrepreneurs is what spurs growth and is critical to the development of an entrepreneurial ecosystem. In both Invest Nebraska surveys, an overwhelmingly majority of Nebraska entrepreneurs and small business owners have pointed to the importance of startup capital and in particular seed capital in generating entrepreneurial activity.

In Nebraska, most startup capital provided by the State and local service providers is loan capital. The availability of risk capital to technology start-ups in Nebraska is very limited, which is different than other parts of the country and world. Technology startups often create intellectual property and do not require tangible physical property to operate their businesses, but banks do not want to accept intellectual property as collateral for a loan. Therefore, the increased availability of risk capital to startups is very important to fund their growth.

The sources of capital in an entrepreneurial ecosystem can come from a variety of sources at different stages of the business life cycle. In the past, the traditional loan model, using banks or other lenders, was the most common way to access capital. In the current economic landscape it has become

increasingly more difficult for entrepreneurs to access traditional capital. In the past few decades, the early stage financing model has changed considerably.

Typical early stage funds now include grants from governments, non-profits, and universities. Grant-making groups are more recent to the capital market and often provide pre-seed or seed funding (research and development, and prototype building). This early stage, quasi-public sector capital can be provided not only in the form of grants, but also through micro-loans, convertible debt, direct equity, or other types of financial carry if the venture is successful.

	Stage of Development					
	Research and Development	Prototype	Seed	Startup	Growth	Mature
Sources of Capital	Government and Universities (\$10,000 - \$500,000)					
	Friends and Family (\$2,000 - \$300,000)					
				Angels and Angel Groups (\$10,000 - \$2,000,000)		
				Venture Capital (\$2,000,000 - \$12,000,000)		
				M&A / IPO (\$91.5 million / \$79.7 million, for venture deals)		
				Commercial Banks		

Estimated deal size interquartile range or average in parentheses. M&A: Mergers and acquisitions; IPO: Initial Public Offering. Sources: Thomson Venture Economics, National Venture Capital Association, Center for Venture Research, PWC MoneyTree⁶⁶

Entrepreneurs can also receive their “seed capital” from people they know already and who are more receptive to their venture. They are often called the three “Fs”: friends, family and founders. This level of financing is of considered high risk, and tends to be smaller in scope. These funds are generally utilized to “test the concept and/or market.”

Another source of capital can be angel investors or groups of loosely organized individuals who pool financial resources to provide startups or early-stage funds to firms. After entrepreneurs have either exhausted their own financial resources or those from friends and family, they often turn to angel investors. Angel investors generally focus on a specific region, so there is a complimentary knowledge regarding key contacts, networks, and markets among the investors.

Finally, the traditional venture capitalists have moved “upstream” in recent years and generally only fund deals of \$5 million or more (although some “family funds” and targeted venture capitalists will look at deals of \$1-\$5 million). Venture capital firms are generally looking for businesses that have rapid growth trajectory, a proven track record of execution, and focus on certain emerging “21st century” industries, such as bio-tech or renewable energy.

⁶⁶ “Issue Brief: State Strategies to Promote Angel Investment for Economic Growth,” NGA Center for Best Practices, February 14, 2008.

This goal of efficient capital markets is to promote economic development and facilitate wealth creation by directing investment into productive ventures. Nebraska’s ranking on access to risk capital which is important to the entrepreneurial infrastructure is low in almost all indices.

BOOSTING ACCESS TO RISK CAPITAL

Nebraska should therefore work to create a more vibrant risk capital climate based on our overall competitive ranking among the number of business starts (36th), number of companies receiving venture capital investment (41st), and patents issued (38th). The Kauffman Foundation, considered the gold standard for these measures, concludes that by increasing the number of startups, a state statistically will increase the number of high-impact firms that are able to attract risk capital. Nebraska policymakers have a clear opportunity to implement policies that increase business starts and improve the risk capital environment in our state.

Recommendation #8: Create the Nebraska TechStart Program

In order to accelerate high-growth start-ups, the State could consider providing pre-seed funding for specific projects, like patent filings, prototype development, and market feasibility studies. Similar to the Missouri TechLaunch program, the State could provide pre-seed low-interest loans (less than \$20,000) to start-up companies engaged in intellectual property development and evaluation, in-depth analysis of market potential, conducting competitive analysis, establishing proof of concept of a scientific discovery, prototype design and development, and related activities.

Possible Metrics of Success: Number of start-ups accessing the funding, patents filed, prototypes designed, follow on federal grants received, follow on private capital received

Availability of Start-up Capital	
State	Rank
California	1
Massachusetts	2
Colorado	3
Washington	4
New York	5
Maryland	6
Pennsylvania	7
North Carolina	8
Georgia	9
Arizona	10
South Dakota	26
Missouri	28
Kansas	35
Nebraska	44
Iowa	46
Source: 2008 Milken Institute St	

Owners of new companies rank access to capital as among the most important enabler of growth. The reason for this is that many companies tend to operate for several years without profits as they make investment in developing their product line, building their brand, and establishing distribution channels. In order to grow, startup companies rely on equity and “convertible” debt with low or no cash interest expense. A startup will generally require more capital to grow as it matures, and seed, angel, and venture capital funding are typically organized in tiers to address these requirements:

- Seed: Under \$100k
- Angel: \$100k to \$1 million
- Venture Capital: Over \$1 million

Angel and Venture Capital are commonly referred to as “smart money”, because in addition to cash, angel and venture capital investors provide entrepreneurs with extremely valuable assistance in the form of mentorship, governance, strategic guidance, access to new markets, high-quality human resources, and advice on operational excellence. One excellent example of state-funded seed and venture capital is Pennsylvania’s Ben Franklin Technology Partners.

Recommendation #9: Encourage Additional Angel Investing

As mentioned by the Nebraska Angels and the Battelle Study, Nebraska could enact an Angel Investment Tax Credit. Other state-based angel investment tax credits range from 10% to 100%,⁶⁷ and a recommended Nebraska credit could be at least 25% for investment in startup companies. There could be provisions to limit the amount of credit a single investor can be claimed each year. In addition to the Pennsylvania example, other programs, such as the angel investment tax credit programs in Connecticut, Iowa, Kansas, and Wisconsin, could serve as a model for a Nebraska program and like other tax based benefits would not require new state expenditures.

Possible Metrics for Success: Amount of funds deployed, amount of private capital co-invested or attracted, number of jobs created and average salaries, number of deals evaluated, number of business plans processed, number of entrepreneurs engaged, hours of free assistance given, total revenue of firms assisted

Recommendation #10: Increase Seed and Venture Capital Investment

Nebraska could authorize the creation of \$20 million of unused (but fiscally projected) State income tax credits through the Nebraska Advantage Program and earned but unused State income tax credits through the Employment and Investment Growth Act to sell (through an RFP process) to private industry to fund the creation of a State sponsored Seed Capital Fund and a High-Potential Business Capital Fund, along the same lines as the Colorado Venture Capital Authority enacted in 2004. Additional related recommendations include:

- *Seed Capital Fund:* Allocate \$2 million of the tax credit sale proceeds to be channeled into approximately 20 to 40 startup companies needing an investment between \$50,000 to \$100,000 in capital to grow. Strong consideration should be given to leveraging business plan competitions to find suitable candidates for seed capital investment.
- *High-Potential Business Capital Fund:* Allocate the remainder of the tax credit sale proceeds to the establishment of a fund to provide high growth potential companies with the capital to expand, create jobs, and generate profits. The State should strongly consider selecting a professional fund manager through a public RFP process to invest the funds within guidelines established by the State. A professional fund manager who co-invests alongside the State is highly recommended so that entrepreneurs may experience the full benefit of receiving “smart money”, as referenced above. While this fund has the most potential to advance innovation and entrepreneurship, it should be considered last and in context with the other recommendations. Once the other recommendations are implemented, then a Capital Fund can be developed to provide the sizable capital many of these businesses will need in order to succeed.

Possible Metrics for Success: Amount of funds deployed, amount of private capital co-invested or attracted, number of jobs created and average salaries, number of deals evaluated, number of business plans processed, number of entrepreneurs engaged, hours of free assistance given, total revenue of firms assisted

⁶⁷ “State Tax Credits 2010,” *Angel Capital Association*, www.angelcapitalassociation.org/data/Documents/Public%20Policy/State/StateTaxCredits2010.xlsx (Accessed: November 2010).

IMPROVING MICROLOANS AND DEBT FINANCING OPTIONS

Traditional debt financing for start-up businesses is becoming less common, especially with the tightening of the credit among traditional lenders in the current economic landscape. A principal requirement for loans is collateral and credit history, and few start-up businesses have either. Often personal collateral (house, other assets, etc.) is required to secure a start-up loan.

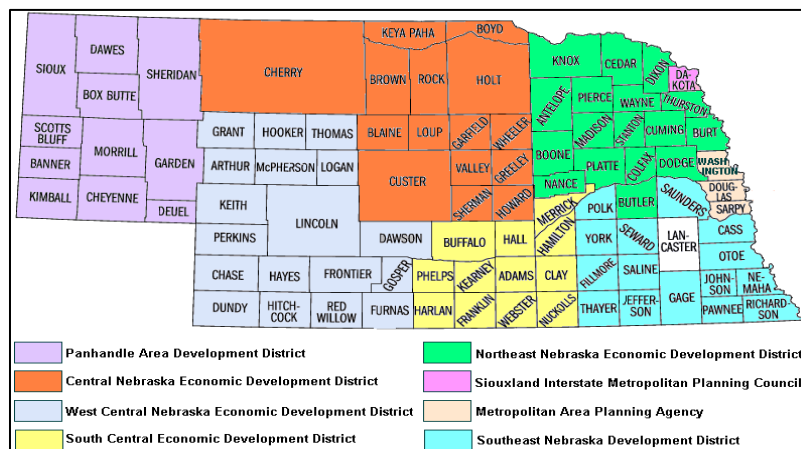
Unfortunately, entrepreneurs turn too often to commercial credit cards as a form of start-up capital. They are relatively easy and convenient to access, but usually come with much higher interest rates than traditional loans available through banks and CDFIs.

Despite the difficulty of accessing start-up loans, there are some quasi-public options available to entrepreneurs at the federal and state levels. On the federal level the Small Business Administration developed a Microloan Program in 1992 to increase the availability of very small loans to small-business borrowers (up to \$35,000 with an average of \$10,500). The program uses nonprofit intermediaries to make loans to new and existing borrowers, and since 1992 has accounted for more than 12,500 loans totaling more than \$112 million.⁶⁸

On the state level, Nebraska does have some very good micro lending institutions and programs. However, much of the micro lending in Nebraska is not directed at high growth, high wage endeavors. Usually, these types of loans are utilized by small businesses or sole-proprietorships that will have generate immediate revenue (e.g. restaurant, barbershop, etc.) but do not possess the capacity for expansion or high wage job creation.

For example, the Nebraska Enterprise Fund offers loans to small business of up to \$50,000 (and up to \$150,000 in secondary financing). There are several Community Development Corporations (e.g. Grow Nebraska, REAP, etc.) that partner with NEF to augment the funding, but most of these groups also have a social-economic goal and are targeted at specific regional rural areas, agriculture sectors, or other service sectors.

Nebraska Development Districts



⁶⁸ "Microloans," *Entrepreneur Magazine*, <http://www.entrepreneur.com/money/howtguide/article52724.html> (Accessed: November 2010).

The map above showing the eight development districts across Nebraska demonstrates that economic development activities could be coordinated at a regional level and be somewhat decentralized. Unfortunately, most development districts also have micro-loans funds in addition to their technical assistance programs and these programs do not always work together effectively. Organizations providing debt financing should coordinate better with the technical assistance programs at the regional level in order to identify the high-growth businesses.

Recommendation #11: Improve Micro-lending Effectiveness and Targeting

Existing micro lending programs could be more focused on high-growth, and innovation based entrepreneurship. Possible ideas to re-direct current micro-lending assets in this direction include: (i) having existing micro-lending organizations directly partner with seed funds and/or angel investment networks for cross referrals, add-on financing, and jointly developing credit histories, (ii) having existing micro-lending organizations consider intellectual property with market value (e.g. patents, licenses, etc.) as collateral, and (iii) having existing micro-lending organizations further develop their expertise and systems by pro-active and formal partnerships with well-established commercial banks with small business specialists in the private sector. Furthermore, organizations could be better coordinated on a regional level through the Development Districts.

Possible Metrics for Success: Number of loans to high-growth and innovative entrepreneurs, number of micro-loans in an angel investment network, and intellectual property produced.

NEW MARKET TAX CREDITS / STATE CREDITS

The New Market Tax Credit Program allows taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Almost all of the qualified equity investment must in turn be used by the CDE to provide investments in qualified communities. The credit can cover 39% of the cost of the investment and can be claimed over a seven-year credit allowance period. Although various eligible investment areas in both urban and rural Nebraska qualify for this tax credit, to date no Nebraska-based Community Development Entity has received a New Market Tax Credit Award even though the federal program has created more than \$26 billion in investments through the program in many other states.

Federal data shows that for every dollar of foregone tax revenues under the New Market Tax Credit, \$12 of private investment is leveraged in distressed communities. Tax credits are often another complimentary economic development tool that has value for job creation and economic growth opportunities. More outreach and research should be done among qualified yet unsuccessful Nebraska applicants to identify barriers that may exist to accessing this established federal program.

Recommendation #12: State Add on Credits and Focus

A total allocation of \$1 million in state tax credits could be made available to any Community Development Entity serving Nebraska that has received a tax credit allocation from the federal New Markets Tax Credit program. The state income tax credit could provide a 39% tax credit over seven years for qualified investments in the following targeted growth areas specified in the economic clusters of the Battelle Study.

Possible Metrics for Success: Number of tax credits claimed, amount of private investment leveraged (leverage effect), and number of applicants/awards.

ENTREPRENEUR DEVELOPMENT: SUPPORTING HIGH GROWTH BUSINESSES

The term “Entrepreneur Development” can mean different things to different people. Several services and activities could qualify, such as helping companies to find sales agents or distributors, to increase exports and expand visibility, to find legal and other technical assistance, to connect with business experts to receive advice and mentoring, to assist with tech transfer, to find workspace and workforce training. But most importantly, successful entrepreneurship development must focus on execution more than potential.

There are several types of assistance programs currently available to Nebraska businesses. The Nebraska Business Development Centers (NBDCs), with 9 locations statewide, provide a variety of business consulting and professional development services. The eight Economic Development District Organizations, discussed previously, also provide a variety of services and programs. In addition, local municipalities also often have their own organizations funded through local taxes.

In theory, these development assistance organizations should be collaborating with one another. Survey results suggest that in practice these organizations often work independently. This can create duplication, confusion, and is somewhat inefficient for entrepreneurs. Economic development professionals and entrepreneurs benefit most from knowledge exchange, and that activity should be a clear objective for Nebraska’s entrepreneur development efforts.

OUTREACH & MENTORING PROGRAMS

The Nebraska Department of Economic Development has identified a project using the Gallup Entrepreneurial Development and Accelerant System (GEDAS) for critical mentoring and development activities. Financing is currently being secured through public and private sources for a two-year statewide pilot project. If the GEDAS pilot program is successful, the State may want to consider long-term financing and expansion of this program.

Recommendation #13: Support the GEDAS Pilot Program

Successful results of the two-year GEDAS pilot project could warrant continued funding by the State to ensure that entrepreneurs are receiving the advice and positive influence they need in order to accelerate the growth of their startup company.

Possible Metrics for Success: An independent review of the GEDAS program after Year 1, Number of introductions made / connections made, Number of mentors / mentees established (size of network), measurement of mentee successes

The University of Nebraska Entrepreneurship Team (UNET) should also play a critical role in entrepreneurship development. Four years ago President Milliken’s office brought together the entrepreneurial organizations that exist within the University of Nebraska system under the UNET umbrella. The ten various University-related organizations involved in this effort are:

- Nebraska Business Development Centers
- Cooperative Extension Division
- Food Processing Center
- NUtech Ventures
- UNeMed
- Food Science & Technology
- Nebraska Rural Initiative
- Center for Rural Research and Development (CRRD)
- Center for Applied Rural Innovation - EDGE
- Center for Entrepreneurship

This effort has led to the University’s sponsorship of the Annual Nebraska Summit on Entrepreneurship (held during National Entrepreneurship Week in February), the development of the Nebraska Entrepreneur website, and the co-development of the NXBizSuccess website.

The University announced this year a \$20 million gift from Nebraska alumnus Paul Engler to support agribusiness entrepreneurship, student entrepreneurship training camps, and a student venture capital fund. This endowment will provide enhanced opportunities for student entrepreneurs.

Recommendation #14: Rural Entrepreneurship Focus

Continuing on the successful coordination by the University, further consideration could be given by the University to develop one organization (or division) that focuses on important needs of the rural entrepreneurship community. Most important is the development of a single network that covers a large land mass with small population centers.

Possible Metrics of Success: Establishment of organization/division and performance metrics specific to organization/division.

Recommendation #15: Consolidated Website

One website could list all entrepreneurial efforts by government, the private sector, and the University System. The *Invest Nebraska Survey of Entrepreneurs and Business Owners* found that 61% of respondents identified as aspiring entrepreneurs and students do not think “entrepreneurs know where to go for needed resources.” The University has taken the lead on developing the central website “Nebraska Entrepreneur” which could be the portal for all entrepreneurs and service providers in the State, but more work needs to be done in marketing the site so entrepreneurs and economic developers know of the resources available.

Possible Metrics for Success: Number of monthly hits on the consolidated website and a customer survey, amount of resources utilized, technical evaluation of website effectiveness

FACILITATING COMMERCIALIZATION OF RESEARCH

Innovations discovered or formulated in University research centers and laboratories often have incredible impact on the world and in business. The process of cultivating research and development activity into a marketable product or service is commonly referred to as “commercialization.” Singular discoveries can be the basis of multi-billion dollar businesses—as witnessed in industries such as

biochemistry, pharmaceuticals, and material sciences. These “home-runs” are rare, but are possible if there are sufficient means to assist professors and researchers as they become entrepreneurs in their own right or develop partnerships with successful entrepreneurs.

NU Tech Ventures was recently established as a separate non-profit organization to facilitate the process of commercialization for the University of Nebraska system. As it was recently established, it will need time to develop a track record of success, but the State should recognize the importance of encouraging its most brilliant research minds to engage in entrepreneurial activity.

Recommendation #16: Entrepreneurial Training for Researchers

The State could encourage the University to offer entrepreneurial training to its research professionals. Moreover, the University could facilitate the connection of researchers with entrepreneurs who can create a business plan for a new innovation. The idea is not to get researchers into entrepreneurial activities, but rather to provide them with a better understanding of the real world, private sector opportunities for their work.

Possible Metrics for Success: Number of research-firm partnerships created, number of training sessions offered, number of attendees, commercialization metrics to be determined

Recommendation #17: Matching Grant Program for Researcher-Firm Partnerships

A matching grant program that encourages Nebraska-based private industry to partner with University researchers could encourage more collaboration. This program could be modeled after the Utah Centers of Excellence Program that permits researchers and companies who intend to license technology developed at Utah’s colleges and universities to apply for state grant funding. The funding requires 1 to 1 matching from the private company; thus it is a way to encourage public private partnerships in the name of commercializing Nebraska-grown innovation into products and services that could yield profits and jobs for Nebraska companies.

Possible Metrics for Success: Number of partnerships created, amount of grants accesses, amount of private capital leveraged, amount of patents transferred (or under use by private sector)

APPENDIX: INVENTORY OF NEBRASKA DEVELOPMENT ORGANIZATIONS

Industry Codes: R=Retail; HB=Home Based Business; FS=Financial Services; T=Transportation, Warehousing, and Distribution Logistics; P=Precision Metal Manufacturing; B=Biosciences; RE=Renewable Energy; RD=Research Development, Engineering; HS=Health Services; HT=Hospitality and Tourism; AG=Agriculture and Food Processing; AM=Agricultural Machinery; S=Software; BM=Business Management; O=Other

* = did not respond to survey

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Antelope County Resource Center	Neligh	Local	Support	0	0	0	0	0	0	0	R, HB
Arnold Economic Development Corporation	Arnold	Local	*	*	*	*	*	*	*	*	*
Aurora Chamber & Development Corporation	Aurora	Local	*	*	*	*	*	*	*	*	*
Bassett/Rock County	Bassett	Local	*	*	*	*	*	*	*	*	*
Boone County Development Agency	Albion	Local	*	*	*	*	*	*	*	*	*
Box Butte Development Corporation	Alliance	Local	Support	0	0	0	0	0	0	5	R, HT
Buffalo County Economic Development	Kearney	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Burwell Economic Development	Burwell	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Cass County Nebraska Economic Development Corp.	Plattsmouth	Local	*	*	*	*	*	*	*	*	*
City of Atkinson	Atkinson	Local	Support	50,000 - 5,000	1	50,000	2	0	HS, S	0	0
City of Bassett	Basset	Local	*	*	*	*	*	*	*	*	*
City of Beatrice	Beatrice	Local	Financial Products & Support	0	0	0	0	0	0	0	0
City of Burwell Economic Development	Burwell	Local	*	*	*	*	*	*	*	*	*
City of Cambridge	Cambridge	Local	*	*	*	*	*	*	*	*	*
City of Central City	Central City	Local	*	*	*	*	*	*	*	*	*
City of Henderson	Henderson	Local	*	*	*	*	*	*	*	*	*
City of Kimball	Kimball	Local	*	*	*	*	*	*	*	*	*

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
City of Laurel	Laurel	Local	*	*	*	*	*	*	*	*	*
City of Sidney	Sidney	Local	*	*	*	*	*	*	*	*	*
City of South Sioux City	South Sioux City	Local	*	*	*	*	*	*	*	*	*
City of Tecumseh	Tecumseh	Local	*	*	*	*	*	*	*	*	*
Cozad Development Corporation	Cozad	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Custer Economic Development Corp.	Broken Bow	Local	*	*	*	*	*	*	*	*	*
Development Corporation of North Platte	North Platte	Local	*	*	*	*	*	*	*	*	*
Downtown Lincoln Association	Lincoln	Local	*	*	*	*	*	*	*	*	*
Falls City Economic Development & Growth Enterprise	Falls City	Local	*	*	*	*	*	*	*	*	*
Falls City Economic Development and Growth Enterprise, Inc. (EDGE)	Falls City	Local	*	*	*	*	*	*	*	*	*
Fillmore County Development Corporation	Geneva	Local	Support	0	0	0	0	0	0	14	R, T
Gage County Economic Development, Inc.	Beatrice	Local	*	*	*	*	*	*	*	*	*
Gateway Development Corp. - Blair	Blair	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Gothenburg Improvement Company	Gothenburg	Local	*	*	*	*	*	*	*	*	*
Grand Island Area Economic Development Corp.	Grand Island	Local	*	*	*	*	*	*	*	*	*
Hartington Community Development Corp.	Hartington	Local	*	*	*	*	*	*	*	*	*
Hastings Economic Development Corporation	Hastings	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Ho-Chunk Community Development Corporation	Walthill	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Holt County Economic Development Agency	O'Neill	Local	Support	0	0	0	0	0	0	38	R, HT
Imperial Community Development	Imperial	Local	Financial Products & Support	5,000	1	40,000	3	15,080	HT, T	35	R, T

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Knox County Economic Development	Center	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Laurel Economic Development	Laurel	Local	Financial Products & Support	250,000 - 10,000	0	0	0	0	0	4	HS, O
Lincoln Action Program	Lincoln	Local	*	*	*	*	*	*	*	*	*
Lincoln Partnership for Economic Development	Lincoln	Local	*	*	*	*	*	*	*	*	*
Loup Basin Research Conservation and Development - Ord	Ord	Local	*	*	*	*	*	*	*	*	*
Minden Economic Development	Minden	Local	Financial Products & Support	20,000 or greater	0	0	0	0	AM, O	8	R, AM
Nance County Development Agency	Fullerton	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Nebraska City Area Economic Development Corporation (NCAEDC)	Nebraska City	Local	Financial Products & Support	2,000	7	25,000	3	0	R, HT	0	0
NeighborWorks Omaha	Omaha	Local	0	0	0	0	0	0	0	0	0
North Platte Chamber & Development Corp.	North Platte	Local	Financial Products & Support	0	1	100,000	10	35,000	R, RD	8	R, RD
Omaha Economic Development Council	Omaha	Local	*	*	*	*	*	*	*	*	*
Omaha Small Business Network, Inc.	Omaha	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Pawnee City Development Corporation	Pawnee City	Local	*	*	*	*	*	*	*	*	*
Pender Economic Development	Pender	Local	Financial Products & Support	0	0	0	0	0	0	35	R, AM
Phelps County Development Corporation (PCDC)	Holdrege	Local	Financial Products & Support	155,000 - 30,000	3	95,000	2	18,720	R, P	15	R, HT
Polk County Economic Development Corp.	Stromsburg	Local	*	*	*	*	*	*	*	*	*
Ponca Economic Development Corporation	Lincoln	Local	*	*	*	*	*	*	*	*	*
River County Economic Development Corporation	Nebraska City	Local	*	*	*	*	*	*	*	*	*
Sarpy County Economic Development Corporation	Omaha	Local	*	*	*	*	*	*	*	*	*
Schuyler Development	Schuyler	Local	*	*	*	*	*	*	*	*	*

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Company											
SCORE - Columbus	Columbus	Local	*	*	*	*	*	*	*	*	*
SCORE - Kearney	Kearney	Local	*	*	*	*	*	*	*	*	*
SCORE - Lincoln	Lincoln	Local	*	*	*	*	*	*	*	*	*
SCORE - Norfolk	Norfolk	Local	*	*	*	*	*	*	*	*	*
SCORE - Omaha	Omaha	Local	*	*	*	*	*	*	*	*	*
SCORE - Scottsbluff	Scottsbluff	Local	*	*	*	*	*	*	*	*	*
Scott Technology Center	Omaha	Local	*	*	*	*	*	*	*	*	*
Seward Area Development Corporation	Seward	Local	Support	0	0	0	0	0	0	0	0
St. Paul Development Corp.	Saint Paul	Local	Financial Products & Support	0	3	61,600	25	16,640	R, P	0	0
Superior Development Corporation	Superior	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Thayer County Economic Development Alliance	Aurora	Local	*	*	*	*	*	*	*	*	*
Turbine Flats	Lincoln	Local	Support	0	0	0	0	0	0	12	S, BM
Twin Cities Development Association, Inc.	Scottsbluff	Local	*	*	*	*	*	*	*	*	*
Valentine/Cherry Co. Economic Dev. Board	Valentine	Local	Support	0	1	65,000	5	22,880	R	30	R, HT
Valley County Economic Development	Ord	Local	Financial Products & Support	200,000 - 1,000	3	52,000	6	31,200	R, AM	31	AM, BM
Wahoo Area Economic Development	Wahoo	Local	*	*	*	*	*	*	*	*	*
Wakefield Micro-Business Loan Fund	Wakefield	Local	Funding	10,000	3	10,000	8	0	R, O	0	0
Wayne Area Economic Development	Wayne	Local	Financial Products & Support	0	0	0	0	0	0	0	0
Catholic Charities - Microbusiness Training and Development Program	Omaha	Regional	*	*	*	*	*	*	*	*	*
Center for Rural Research and Development (UNK)	Kearney	Regional	Financial Products & Support	2,500 - 250	0	0	0	0	0	0	0
Central Community College - Small Business Institute	Hastings	Regional	*	*	*	*	*	*	*	*	*

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Central Nebraska Community Services (CNCS)	Loup City	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	Ainsworth	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	Broken Bow	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	Central City	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	Columbus	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	Grand Island	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Community Services (CNCS)	O'Neill	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Economic Development District	Atkinson	Regional	*	*	*	*	*	*	*	*	*
Central Nebraska Economic Development District	Chambers	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Franklin	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Hastings	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Kearney	Regional	Support	0	0	0	0	0	0	61	R, HB
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Lexington	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	McCook	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Minden	Regional	*	*	*	*	*	*	*	*	*

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	Superior	Regional	*	*	*	*	*	*	*	*	*
Community Action Partnership of Mid-Nebraska (Mid-Nebraska Community Services)	North Platte	Regional	*	*	*	*	*	*	*	*	*
Dawson Area Development	Cozad	Regional	Financial Products & Support	0	3	100,000	17	22,000	AG, AM	13	R, HB
Elkhorn Valley Economic Development Council	Norfolk	Regional	Support	0	0	0	0	0	0	45	R, RE
Five Rivers Resource Conservation and Development - Pawnee City	Pawnee City	Regional	*	*	*	*	*	*	*	*	*
Furnas-Harlan County Partnership	Arapahoe	Regional	*	*	*	*	*	*	*	*	*
Inventors, Investors, and Entrepreneurs Club (I2E Club)	Nebraska City	Regional	*	*	*	*	*	*	*	*	*
McCook Economic Development Corp	McCook	Regional	Financial Products & Support	500,000 - 1,000	1	124,000	4	0	R, HS	60	R, AG
Metropolitan Area Planning Agency	Omaha	Regional	*	*	*	*	*	*	*	*	*
Midlands Venture Forum	Omaha	Regional	*	*	*	*	*	*	*	*	*
Mid-Plains Center for Enterprise	Imperial	Regional	*	*	*	*	*	*	*	*	*
Mid-Plains Center for Enterprise	Ogallala	Regional	*	*	*	*	*	*	*	*	*
Mid-Plains Center for Enterprise	Valentine	Regional	*	*	*	*	*	*	*	*	*
Midwest Center for Women Entrepreneurs	Omaha	Regional	*	*	*	*	*	*	*	*	*
Nebraska Angels	Lincoln	Regional	Funding	0	0	0	0	0	0	0	0
Nebraska Great Plains Resource Conservation and Development - Omaha/Lincoln/Wahoo	Lincoln	Regional	*	*	*	*	*	*	*	*	*
Nebraska Northwest Development Corporation	Chadron	Regional	Funding	n/a - 5,000	3	55,000	6	0	R, HS	0	0
North Central Development Center	Ainsworth	Regional	*	*	*	*	*	*	*	*	*
North Central Resource Conservation and Development -	Atkinson	Regional	*	*	*	*	*	*	*	*	*

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
Atkinson											
North Central Resource Conservation and Development - Bassett	Bassett	Regional	*	*	*	*	*	*	*	*	*
Northeast Nebraska Development District	Lincoln	Regional	*	*	*	*	*	*	*	*	*
Northeast Nebraska Resource Conservation and Development -	Plainview	Regional	Financial Products & Support	0	0	0	0	0	0	0	0
Panhandle Area Development District	Gering	Regional	Financial Products & Support	125,000 - 5,000	2	70,000	0	0	0	12	0
Panhandle Resource Conservation and Development	Scottsbluff	Regional	Support	0	0	0	0	0	0	25	HT, O
PrairieLand Resource Conservation and Development	Madison	Regional	*	*	*	*	*	*	*	*	*
Sandhills Resource Conservation and Development	Mullen	Regional	Financial Products & Support	0	0	0	0	0	0	0	0
Siouxland Interstate Metro. Planning Council	Sioux City	Regional	Support	0	0	0	0	0	0	0	0
Small Business Association of the Midlands	Omaha	Regional	*	*	*	*	*	*	*	*	*
South Central Economic Development District	Holdrege	Regional	Financial Products & Support	50,000 - 5,000	0	0	0	0	0	40	R, HT
South Central Resource Conservation and Development	Doniphan	Regional	*	*	*	*	*	*	*	*	*
Southeast Community College - Entrepreneurship Center	Lincoln	Regional	Support	0	0	0	0	0	0	85	HS, BM
Southeast Nebraska Development District	Lincoln	Regional	Financial Products & Support	150,000 - 500	5	101,000	9	25,000	R, T	65	R, P
Southwest Nebraska Community Betterment Corporation	Grant	Regional	Financial Products & Support	20,000 - 2,000	0	0	0	0	0	0	0
Southwest Nebraska Resource Conservation and Development	Cambridge	Regional	Support	0	0	0	0	0	0	8	HB, HT
Trailblazer Resource Conservation and Development	Red Cloud	Regional	Support	0	0	0	0	0	0	32	R
West Central Nebraska Development District	Ogallala	Regional	Financial Products & Support	100,000 - 5,000	10	24,700	7	0	R, O	100	R, O

Development Organization	City	Geographic Area	Type of Support	Max - Min Awards	2009 # Awards	2009 Avg. Award	2009 Jobs Created	2009 Avg. Wage	Top 2 Industries Receiving Awards	2009 # Businesses Served	Top 2 Industries Receiving Assistance
AIM Institute	Omaha	Statewide	*	*	*	*	*	*	*	*	*
Center for Rural Affairs - Rural Enterprise Assistance Project (REAP) - Main Office	Lyons	Statewide	Financial Products & Support	35,000 - 500	60	12,700	122	0	R, O	2250	R, O
Community Development Resources (CDR)	Lincoln	Statewide	Financial Products & Support	8,5 million - 1,000	20	25,000	11	27,500	R, S	270	R, S
Food Processing Center (UNL)	Lincoln	Statewide	Support	0	0	0	0	0	0	250	RD, AG
GROW Nebraska	Holbrook	Statewide	Support	0	0	0	0	0	0	323	HT, AG
Halo Institute	Omaha	Statewide	Support	0	0	0	0	0	0	12	B, HS
Invest Nebraska Corporation	Lincoln	Statewide	Financial Products & Support	50,000 - 5,000	3	25,000	3	22,000	S, O	117	AG, S
Nebraska Business Development Centers (NBDC)	Omaha	Statewide	Support	0	0	0	0	0	0	3,500	R, FS
Nebraska Center for Entrepreneurship	Lincoln	Statewide	Support	0	0	0	0	0	0	0	AG, S
Nebraska Community Foundation	Lincoln	Statewide	Support	0	0	0	0	0	0	0	0
Nebraska Cooperative Development Center	Lincoln	Statewide	Financial Products & Support	5,000 - 500	7	1,700	0	0	R, AG	17	R, AG
Nebraska Economic Development Corporation (NEDCO)	Lincoln	Statewide	*	*	*	*	*	*	*	*	*
Nebraska EDGE - UNL	Lincoln	Statewide	Support	0	0	0	0	0	0	48	R, AG
Nebraska Enterprise Fund	Oakland	Statewide	Financial Products & Support	250,000 - 5,000	101	12,706	128	22,880	R, AG	2,151	R, AG
NxBizSuccess	Lincoln	Statewide	*	*	*	*	*	*	*	*	*
Rural Initiative UNL	Lincoln	Statewide	Support	0	0	0	0	0	0	0	HB, HT
University of Nebraska Extension	Lincoln	Statewide	Support	0	0	0	0	0	0	350	R, HB