Entrepreneurship Ecosystem Development

Findings and Recommendations

Monson, Maine
November 24, 2020

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National Main Street Center
This factor relates to the physical spaces, building fabric, amenities, and place assets that collectively provide the environment for entrepreneurs to be successful. Place-based indicators tend to focus on real estate support tools, like incubators, drop-in spaces, and maker spaces. However, amenities such as trail systems, diversity of housing options, and “fail fast” pipelines (like pop-ups, pitch it contests, and in-store product displays) represent critical indicators to having a place-based ecosystem factor.

### Place-Based Factor in Monson (*Locally Led*)

<table>
<thead>
<tr>
<th>Owner</th>
<th>Monson Business Association</th>
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<tbody>
<tr>
<td>MBA Role</td>
<td>Primary Lead, Convener, Provider</td>
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**Existing Strengths**
- There has been growing interest in entrepreneurial ventures in Monson. This has been driving by Libra Foundation investment in the arts, giving credence to small-scale artisans/makers, and remote work potential.
- In town digital infrastructure is very good...and important differentiator.
- The built environment and landscape on the water lends itself to retail tourism growth.

**Primary Gaps**
- Start-up and permanent space beyond the entrepreneurs’ residence. While there appears to be space, it is rather underutilized.
- It remains unclear as to strategic direction for the space, both available and underutilized space from the Libra Foundation.

### Government Policy/Regulations Factor in Monson (*Locally Led*)

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<tr>
<th>Owner</th>
<th>Town of Monson</th>
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<tr>
<td>MBA Role</td>
<td>Advocate</td>
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**Existing Strengths**
- Current zoning allows for a great deal of latitude in uses and functions in the community.
- Ease of permitting for businesses
- Town is supportive of ecosystem work and has

**Primary Gaps**
- Entrepreneurs indicated services are there but if you are not local it is often difficult to know who to communicate with, or first place to start.
**Financial Capital**

This factor examines the depth and breadth of financial resources available to entrepreneurs at all stages of the business life cycle, including traditional bank lending, crowdfunding, and microlending initiatives.

**Financial Capital in Monson (*Regionally & Locally Led*)**

<table>
<thead>
<tr>
<th>Owner</th>
<th>Piscataquis County Economic Development Council</th>
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<tbody>
<tr>
<td>MBA Role</td>
<td>Supporter, Advocate, Convener</td>
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<tr>
<td><strong>Existing Strengths</strong></td>
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<tr>
<td></td>
<td>• The region is fairly rich in microfinancing and other low-interest loans via CDFIs and other non-profit economic development groups (Eg. Eastern Maine Development Corporation). However, Monson is not currently tied into the region.</td>
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<td>• There is local interest in developing a Pitch Contest and/or Soup Event to provide funding and pro-bono services to new start-ups.</td>
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<tr>
<td><strong>Primary Gaps</strong></td>
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<td>• In terms of the financial capital spectrum, aside from early stage personal capital (self-financing and credit cards), and public sector funding tools, non-traditional tools such as angel and crowdfunded community capital important for scaling businesses is missing.</td>
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</tbody>
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**Social Capital**

Entrepreneurs exist in a world where relationships, trust, and connections are significant in all aspects of the launch, growth, and sustainability of a business. This factor evaluates the community programs and activities that either proactively and/or organically add value to the entrepreneurship social network by promoting trust, reciprocity, and cooperation.

**Social Capital in Monson (*Regionally Led*)**

<table>
<thead>
<tr>
<th>Owner</th>
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<tbody>
<tr>
<td>MBA Role</td>
<td>Supporter</td>
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<tr>
<td><strong>Existing Strengths</strong></td>
<td>• While there is not a formal network of entrepreneurs active in Monson, there is certainly an organic form of networking present, one that is based on a culture of sharing and helping one another.</td>
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<td>• Currently the Town Clerk often plays the role of connecting entrepreneurs, but no formal system of communicating resources.</td>
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<tr>
<td><strong>Primary Gaps</strong></td>
<td>• There is not however, a formalized welcome and connector group for new entrepreneurs...it may be difficult for newcomers.</td>
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<td>• In addition, it was thought that at the basic level there’s a lot of inherent understanding of business that is helpful to entrepreneur to entrepreneur, but within more sophisticated topics (e.g. legal, finance) there is a large gap.</td>
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</table>
Education and Training

Technical assistance in the form of education and training opportunities represents a critical factor for the Entrepreneurship Ecosystem. Indicators examine opportunities for entrepreneurs to participate in the basics of entrepreneurship, as well as more sophisticated programming in logistics, multi-channel marketing, etc. Communities should have a sound grounding in both public and private education and training programming.

### Education and Training in Monson (*Regionally Led*)

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<tr>
<th>Owner</th>
<th>SBDC and SCORE</th>
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<tr>
<td>MBA Role</td>
<td>Supportive, Connector</td>
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**Existing Strengths**
- The area SBDC offers a wide range of entrepreneurial programming and is felt to be quite strong. With CARES Act funding they are adding additional programming, especially for existing entrepreneurs.
- There is an active SCORE chapter providing counseling and mentoring within the region.

**Primary Gaps**
- While a gap locally, it was felt that marketing and communications of regional education and training services was the best option for serving local businesses.
- Aligned with social capital, local entrepreneurs are looking for higher levels of business training and/or counseling as look to scale beyond Stage 1 levels.

Culture

Localized attitudes toward entrepreneurship as a career option and as a social activity define regional entrepreneurship culture, which in turn impacts personal choices to engage in entrepreneurial activities, as well as investor confidence. This factor contains indicators that examine a community’s perspectives on risk-taking, innovation, career self-determination, business regulation, and acceptance from outsiders and their ideas, as well as how entrepreneurship is portrayed in the media.

### Culture in Monson (*Locally Led*)

<table>
<thead>
<tr>
<th>Owner</th>
<th>Monson Business Association (Suggestion)</th>
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<tr>
<td>MBA Role</td>
<td>Primary Lead, Advocate, Supporter</td>
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**Existing Strengths**
- Community strongly supports Entrepreneurship
- There are newcomers to the area, which represent an untapped resource for civic and economic engagement.

**Primary Gaps**
- Events or activities that feature/celebrate local entrepreneurs
- Need to look outside when needed...not everything has to be internalized or driven locally.
Human Capital

Human Capital explores whether communities are creating pipelines of entrepreneurial talent from example academic institutions and whether they have the human capital in their workforce to fill positions as entrepreneurs grow their businesses. This is especially important in areas facing workforce shortages and/or areas where entrepreneurs operating in niche fields need specialized talent.

### Human Capital in Monson (*Regionally Led*)

| Owner | ????
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<tr>
<td>MBA Role</td>
<td>Advocate, Connector</td>
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</table>
| Existing Strengths | • Geographic proximity provides foundation for remote work or those looking to start a business. (MBA has indicated uptick in interest).  
• Regionally, workforce services were rated high within the assessment tool. |
| Primary Gaps | • Lack of housing diversity contributes to workforce scarcity and retention.  
• While not currently an issue, Monson should be aware of any future talent skillsets needed as part of its artist/artisan/maker niche.  
• From survey participants, finding/retaining employees was listed as a current barrier. |
Monson Entrepreneurs Survey Summary

Place-Based
- Almost one-third of survey participants were classified as artisan/artists or small-scale producers. This represents a strong business niche to pursue.
- Nearly 50 percent cited building condition as a problem in launching, and space was considered a major issue for growing.

Financial Capital
- Thirty-six percent received public sector grants, quite high for any community.
- Most entrepreneurs used traditional forms (e.g. credit cards, self-funding, and banks), non-traditional forms, like community capital, angel capital, and microlending. There remains a gap in what exists regionally versus locally.
- Many indicated a need to grow sales and generate more cash.

Education/Training
- Lack of technical assistance (48 percent) and pivoting to having online sales (50 percent) were listed as top issues in launching their businesses.
- Resources for attracting more customers and tourism traffic was identified as a top need.

More than 60 percent of surveyed businesses more than 5 years old, 31 percent less than 3 years.

Top Issues:
- Sales Revenues
- Scaling Business (Space and Online Sales)
- Customer Traffic/Tourism
- Staffing & Skills

75 percent plus used technical assistance for:
- Legal
- Marketing
- Web Design
- Networking

Monson Entrepreneurs Focus Group — Strengths

Place-Based
- Niches identified in ag-tourism and artists/artisans/makers.
- Location on water provides for great space considerations along with proximity to Appalachian Trail and other recreation-oriented assets.
- Tourism has potential to lend to other entrepreneurial opportunities for support services (coffee, Airbnb, ice cream, etc.)

Social Capital
- Monson has an organic system in essence for networking if you are local and know who to contact. They are willing to mentor as well.

Financial Capital
- The region is ripe with financial programming, including strong incentives in the Ag space (Maine Dept of Ag, and Maine Conservation/Forestry).

Education and Training
- Utilization of SCORE and SBDC is high and found to be helpful. Looking for greater assistance in managing tourism and online as a small business.
Monson Service Providers Focus Group — Strengths

- Monson Business Association:
  - Successfully lead the application process for the Entrepreneurship Ecosystem pilot program. (Place)
  - Facilitated community engaged visioning session leading to key goals/project identification for the downtown area and overall community. (Place)

- Town of Monson
  - Town Manager plays multiple roles including planning and economic development (Govt/Regulatory)

- Eastern Maine Development Corporation
  - Has multiple financing programs (Financial Capital)
  - Working on Broadband Infrastructure (Place)
  - Addressing Workforce development issuers (Human Capital)

- SBDC:
  - Capacity to conduct educational trainings and 1:1 counseling (Education & Training)

- Piscataquis County:
  - Operates an Economic Development Council which connects local chambers, towns, etc in economic development programming. (Note that Monson is not tied into this group) (Govt/Regulatory)

- Coastal Enterprise Inc:
  - Operate as a Community Development Finance Institution (CDFI) providing micro financing (Financial Capital)

Critical Gaps Summary

| Place-Based | • An organizational structure designed to manage the implementation and maintenance of the entrepreneurship ecosystem.  
• Local programming that builds future pipeline of entrepreneurs (pop ups, pitch contests, etc).  
• Lack of clarity of what spaces are truly available in downtown for new businesses. |
| Financial Capital | • Communication/Marketing tools to regional financial capital programs.  
• Capital stacking expertise for real estate and scaling businesses. |
| Social Capital | • There is certainly an organic system for communicating to prospective entrepreneurs, but there is a lack of a published resource. |
| Education and Training | • Entrepreneurs are looking for skillsets in attracting customers, reaching tourists and going online. |
| Govt/Regulatory | • Given the size of the community, the public sector lacks on the local basis a lot of the critical infrastructure resources. However, they are receptive to ideas, and working with the local group to attract and partner for additional resources. |
Monson Business Association’s Role in the Ecosystem

<table>
<thead>
<tr>
<th>Role</th>
<th>Place-Based</th>
<th>Government Policy &amp; Regulatory</th>
<th>Financial Capital</th>
<th>Social Capital</th>
<th>Education/Training</th>
<th>Culture</th>
<th>Human Capital/Workforce</th>
</tr>
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<tbody>
<tr>
<td>Primary</td>
<td>MBA</td>
<td>Town of Monson</td>
<td>PCE DC</td>
<td>????</td>
<td>SBDC, SCORE</td>
<td>MBA</td>
<td>????</td>
</tr>
<tr>
<td>Supporter</td>
<td>MSBDC, MBA</td>
<td>Piscataquis County</td>
<td>MSBDC, MBA</td>
<td>MBA</td>
<td>MBA</td>
<td>MSBDC, MBA</td>
<td>SCORE</td>
</tr>
<tr>
<td>Convener</td>
<td>MBA</td>
<td></td>
<td>PCE DC, MBA</td>
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<tr>
<td>Advocate</td>
<td>MBA</td>
<td>MBA</td>
<td>MBA</td>
<td>MBA</td>
<td>SCORE, MBA</td>
<td>SCORE, MBA</td>
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<tr>
<td>Provider</td>
<td>MBA</td>
<td>Score, Bangor Savings Bank, Libra Foundation</td>
<td>MSBDC</td>
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<tr>
<td>Connector</td>
<td>MBA</td>
<td>MSBDC</td>
<td>MSBDC</td>
<td>MBA</td>
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<td>MSBDC, MBA</td>
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<tr>
<td>Developer</td>
<td>MBA, Town of Monson</td>
<td>MSBDC</td>
<td>MSBDC</td>
<td>SBDC, SCORE</td>
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Monson Business Association Recommendations

1. The Monson Economic Development Committee, an off-shoot grassroots group from the Monson Business Association, will remain intact and continue to facilitate the work of the Entrepreneurship Ecosystem pilot initiative. A priority long-term recommendation will be to develop and align around an organizational structure that is scalable to provide the capacity to facilitate more comprehensive community development activities. This report further recommends that the group review multiple structures, with a priority review of the Maine Downtown Center’s work at the Main Street affiliate level.

2. Develop a target entrepreneurs’ “wish list” that is aligned with niches focused on artists/artisans/makers, ag based, as well as tourism support businesses. Align any new local funding programs as well as any newly developed entrepreneurship programming (i.e. pitch contest, pop-up programs) toward this list.

3. One of the key barriers for continued entrepreneurial growth in Monson is the availability of space. There is currently a lack of clarity around what space is available and any lease considerations. After the previous recommendation (#2) is completed, meet with Libra Foundation representatives to communicate targets and understand if and how space can be accessed to support this direction.

4. Convene a conversation with Rural LISC around opportunities to establish Piscataquis County as a “Trustee” for KIVA-related crowdfunding program at the local level. The Maine Downtown Center could serve as a conduit working with the other pilot communities.

5. Partner with the SBDC to develop and provide local entrepreneurs with an education and training needs assessment, especially in the area of sales and developing e-commerce. Work with partners to design and connect programming upon prioritization.

6. Hold a facilitated work planning session as a group to design out activities over the 2021 calendar year. The work plan should focus on critical elements within the EE summary but also
consider supporting activities identified within the Community Vision Planning conducted previously.

7. Given the potential for greater tourism, consider programming “in-store” pop-up events that highlight niche business opportunities. These could be hosted during the Summer months on a Friday evening, or Saturday for example. This creates win-win opportunities for new entrepreneurs as well as existing businesses attracting additional customer traffic.

8. Catalog local and regional technical and financial programming for entrepreneurs and set up as a share web page shared with all the organization stakeholders. This resource could be posted on the Town of Monson and Piscataquis County websites, along with other key stakeholders. Furthermore, informally or formally, decide on a local point person to manage this resource and be the “go to” when new entrepreneurs and/or business owners are seeking assistance. This of this person as the Monson Ombudsman for Entrepreneurship. Their primary role is as a connector.

9. Seek to have a representative from the Monson Business Association and/or the Monson Economic Development Committee placed as a participant within the Piscataquis County Economic Development Council. This will ensure greater partnership building with regional partners as well as a strong communication link.
➢ Etsy, the online marketplace for artisans, makers, and artists, may represent the best COVID insight into the future impacts on experiential retailing. While overall e-commerce is up 18 percent in 2020, Etsy’s April 2020 sales exploded up more than 100 percent year over year to $781 million. This drastic expansion represents the site’s largest sales increase since becoming public in 2015. What this demonstrates is that consumers remain interested in unique, experiential products from artisans and makers.

➢ Research demonstrates that in times of high unemployment (40+ million to date), there is a large increase in rates of entrepreneurship proceeding (typically a year lag). Look for 2021 to bring about massive increases in entrepreneurship. There have already been 3.2 million new filings in 2020 versus 2.7 million in 2019 (September #) – Faster rate than 2007.

➢ A September 2020 survey of 2,000+ small businesses by Main Street America demonstrated that more than 70 percent of existing retail businesses launched in the same town/city as the owner lived. The number is 75 percent for manufacturers.

➢ Likely vacancies in restaurants, presents an opportunity for food-based small-scale producers to occupy at potentially leveraged rental rates to utilize commercial kitchens for production.

➢ Expect more “pop-up” or shared space opportunities for new entrepreneurs in existing stores, as inventory shifts create space for complementary producers and existing stores seeking to drive more foot traffic.

➢ Increases in remote workforce, will attract some to seek out rural lifestyles. Remote work grew by a whopping 159% between 2005 and 2017. They usually bring with them higher incomes then local economies. Those with trailing spouses/partners represent pipeline opportunities for entrepreneurs.

➢ New consumer and economic trends have created new entrepreneurial opportunities in the following areas:
  o Health – More natural and organic products, as well as gardening aimed toward increasing our overall health and immunity
  o Recreation – Bike sales for example have dramatically increased – anything related to recreation accessories, “craft” bikes, trail users, blue trails, rentals, used repurposed recreation equipment, etc.
  o Home – stay at home orders have increased our focus on products for cooking, our new home offices, and home décor to make living more pleasant/enjoyable.
  o Upcycled – household saving rate increases coupled with high unemployment will have consumers looking for “used” but creative products that speak to lifestyle.
  o Hobbies – boredom creates time for learning new talents, so products geared toward the arts, “brain training,” music, etc.
Q1 How long have you been in business?

Q2 What stage best characterizes you and your business’s current state?
Q3 What sector best describes your business or idea?

Q4 How would you characterize the ownership structure of your business or idea? (Please choose all that apply.)
Q5 What forms of technical assistance from a public or private group have you used as part of your entrepreneurial journey? For the following, please check all that apply:
Q6 What forms of financial assistance have you used as part of your entrepreneurial journal? For the following, please check all that apply:
Q7 What issues/barriers did you face in launching your business? (please answer all that apply)

Question 8. What is your greatest current need for your business? (Or, if you can’t choose one, your top three greatest needs for your business at the present moment?)

- 1. Cash/Money/Capital/Sales Revenue
- 2. Scaling Businesses (Space, Growing Online)
- 3. Tourism/Customer Traffic
- 4. Staffing/Right Technical Skills
Q9 How old are you?

Q10 Location of your business: