



CAN Tank Briefing 2014: Cross-Sector Collaboration in the Small Business Support Ecosystem

A **CAN Tank** is an exploration of a key economic development topic affecting Central Appalachia. Through research, shared analysis and learning, and identifying best practices, these events and publications help to advance the understanding of effective economic development work in the region. Stay connected to CAN and join us in the exploration of more key topics in 2015 and beyond.

Small businesses are the cornerstone of Appalachia's economy. They provide most of the region's jobs, increase place-based ownership, build on local assets, encourage innovation, and grow wealth that sticks in the community. Small businesses and entrepreneurs also rely on a wide variety of support actors and resources to be successful. CAN members and partners have recognized that to grow our small business economy, we need to strengthen and connect the "entrepreneurial ecosystem" across Appalachia.

Entrepreneurship Support Learning Group

In 2014, CAN piloted an Entrepreneurship Support working group, surveying and connecting support actors from across the region for a series of learning calls. On these calls, actors identified common needs and interests, shared lessons learned and best practices, and explored promising strategies and models for improving small business support services. The topics of these calls included regional trends in business development, technical assistance provider networks, and small business incubators and accelerators.

Small Business Trainers Workshop

This working group was a natural partner for the WV Alliance for Economic Inclusion (AEI), which was interested in hosting a small business trainers workshop for support actors across Central Appalachia. Building on the learning calls and additional surveys, CAN and AEI partnered to host a 1-day strategy session for small business supporters across Central Appalachia. The event took place on December 10, 2014 in Charleston, WV. Participants included representatives of banks, Small Business Development Centers (SBDCs), non-profit organizations, business incubators, community groups, investors, USDA, US Small Business Administration, development districts, and Community Development Finance Institutions.

This briefing paper summarizes the major themes, issues, and takeaways from a day of panel discussions, breakout sessions, and large group conversations.



Gathering Organizers

- **Central Appalachian Network (CAN):** A regional network of 5 non-profit organizations working to diversify economies, support small businesses, and strengthen communities across 6 states.
- **Alliance for Economic Inclusion (AEI):** An initiative of the Appalachian Regional Commission and Federal Deposit Insurance Corporation (FDIC) Community Affairs to increase access to capital for small businesses.

Objectives

- Build connections between small business supporters within and across state lines
- Share best practices, models, tools, and lessons learned for supporting small businesses
- Explore partnership & collaboration opportunities to strengthen the small business training ecosystem

Collaboration Takes Work. Why Bother?

Entrepreneurs and small businesses benefit. The entrepreneur belongs at the center of the small business ecosystem, but they rely on supporters to connect them to the right services. Prospective entrepreneurs often don't know where to start, and are confused by the multitude of acronyms they might encounter. A common starting point, one-stop shop, or clearinghouse of support resources can help them feel better about seeking help. When service providers coordinate, small businesses can be confident that they are getting the best support for their business stage regardless of which "door" into the support ecosystem they choose. Collaborations that either connect services around a sector or aggregate services through an incubator can help businesses access more resources in one place. Lastly, better connected service providers lead to better connected businesses, by providing increased opportunities for peer networking, mentorship, co-branding, and other types of entrepreneur communities that help small businesses be successful.

Bankers and lenders benefit. Both commercial banks and Community Development Finance Institutions (CDFIs) in the region have more loan capital than they are able to deploy. They need businesses to come to them investment-ready, and most are not. Lenders rely on service providers to help entrepreneurs develop a sound business plan, capitalize their business, establish financial management systems, and identify the right sources of capital. Improved collaboration between technical assistance providers and lenders will increase the flow of bankable businesses, which benefits everyone in the small business ecosystem.

Service providers benefit. Small Business Development Centers (SBDCs) and other agencies are being asked to do more with less, and already reach only a small fraction of all the businesses in the region. Meanwhile, non-profits and other service providers may have sector-specific expertise or special tools to offer, but need referrals and support for basic business assistance. SBDCs are very effective at early stage triage, screening, and group trainings. They are best positioned to determine if a business is a "no go," or if it is ready to be passed on to more specialized service providers. Everyone benefits from better referrals, which allow organizations to focus their skill set where they can have the most impact (*see panel example in the sidebar*). Better connections also help service providers discover, develop, and share innovative support tools, models, and training curriculums. Finally, coalitions or networks of service providers who focus on a specific sector can be very effective at coordinating technical assistance and resources for businesses in that sector. Innovations and partnerships that save time and avoid duplication help service providers do a better job of supporting businesses.

"Everyone benefits from an increased deal flow of bankable businesses."

Panel: Cross-Sector Collaboration

Members of the Eastern Kentucky Technical Assistance Providers Network (EKyTAP) shared lessons learned and best practices from their emerging initiative to align and connect small business service providers across Eastern Kentucky. Representatives included BB&T, Kentucky SBDC, Kentucky Highlands Investment Corporation (KHIC), and Mountain Association for Community Economic Development (MACED). Their guiding document [can be found here](#), and their public website is located at kybizinfo.com.

What Are the Barriers to Increased Collaboration?

Partnerships require dedicated time and resources. The main barrier that participants identified is the space to get partnerships and networks started. It is difficult to make time for new work, and funding to support the startup phase of a collaboration is scarce. New networks need dedicated coordination and shepherding to get to a point where they can be useful, and it is hard to find resources to support those roles. Service providers, and non-profits in particular, have few opportunities for peer exchange, model-sharing, and learning about new technologies and tools. Resources for this type of organizational networking are scarce, especially across state lines. Finally, it is important to remember that collaboration isn't always the answer; it takes time and awareness to find the right partners, understand their strengths and limitations, and align services accordingly.

Lenders and service providers need help getting out of their silos. While lenders and technical assistance providers rely on each other to be successful, they often don't look beyond their own role in the ecosystem. Bankers are often unaware of the CDFIs that serve their region and therefore can't refer eligible businesses. Lenders usually don't receive training on how to go beyond underwriting to work with service providers, and often lack the relationships to be able to connect business to the right support.

Support actors need to improve their visibility. Participants agreed that everyone in the small business support ecosystem needs to do a better job of marketing their services. Lenders and technical assistance providers often aren't very visible to entrepreneurs, and lack the time and money to improve their visibility. This makes it difficult for them to find the businesses that need help, and vice-versa. Service providers also need to get better at telling their story, highlighting successes, and showing entrepreneurs and the public the value of the small business support ecosystem.

What Can Be Done?

General Recommendations

- Better sharing of training resources and services across organizations, sectors, and state lines
- More engagement between lenders and service providers
- Increased funding to support the exploration of new partnerships and collaborations
- Improved visibility, marketing, and communications to make it easier for entrepreneurs to access services

Concrete Next Steps

- Identify common service provider training needs, and possibly have BB&T pull in outside resources
- Document the development of EKyTAP and explore resources to replicate this model in other states
- Establish a basic platform or clearinghouse that lists the organizations, programs, services, tools, and resources related to small business development in the region
- Hold quarterly learning calls on topics of shared interest to service providers and lenders



For more information, or to be involved with future activities related to this Entrepreneurship Support learning group, visit cannetwork.org or email can@cannetwork.org.