

# Entrepreneurship Program Update



Alexandria Economic Development Partnership  
City Council Meeting – December 11, 2018

# Background

- FY 2018 and 2019 Approved Budgets included \$50,000 to support the creation of a “microloan program” to assist entrepreneurs
- \$100,000 currently available (\$50K FY18 carryover + \$50K FY19 budget)
- AEDP Ad Hoc Committee on Entrepreneurship has identified alternative strategies to help entrepreneurs and early stage businesses
- Committee recommends strategies designed to increase the capacity of entrepreneurs and their companies and build a stronger Alexandria startup community
- New programs will leverage existing programs provided by AEDP, Alexandria SBDC, and Capitol Post

# Entrepreneurship Strategy

## OPPORTUNITY

- Entrepreneurs and young businesses are significant job creators
- New and young companies inject competition into markets and spur innovation
- Successful startup communities help to increase wages and enhance quality of life
- Alexandria's real estate market is uniquely positioned to attract small, growing companies

## CHALLENGE

- Significant barriers for new and emerging entrepreneurs to start and grow businesses, especially when it comes to raising capital
- Starting a business is even harder for minority and female entrepreneurs

## GOAL

Increase the number of new business starts and successes

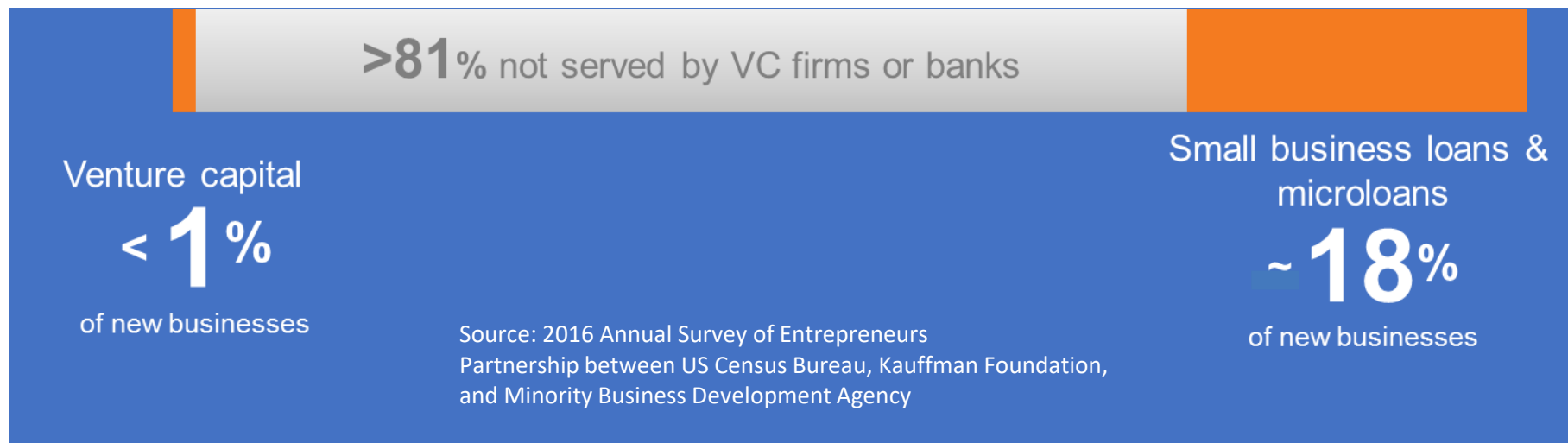
**Capacity-building for investment readiness** through educational programs and professional services pool

**Reduce barriers to capital** by directly investing in businesses and providing access to online lending platforms

**Enhance connections** between entrepreneurs and the broader community (including the existing business community)

# Raising Capital is a Challenge

- The Kauffman Foundation reports that 81% of new businesses access capital through personal net worth, family wealth, or connections to networks (not traditional debt or equity)
- The “81%” often includes businesses that favor Alexandria like small professional services firms, boutique retail, and restaurants



# Access to Capital Helps Startups Succeed

- The Kauffman Foundation notes that companies which raise money experience higher revenue and employment growth
- To increase entrepreneurial starts and successes, strategy focus on *improving the capacity of entrepreneurs* to make them investment ready while also *building a stronger, more connected startup community*



# Recommended Strategy

- Use funding to create a microloan program to instead support programs and initiatives that build the capacity of entrepreneurs and Alexandria's startup community.



## **Educate**

Continue/expand startup counseling and education programs to help entrepreneurs start and scale



## **Connect**

Support the startup community with programs like meetups that focus on entrepreneurs and help them connect.



## **Promote**

Sponsor events like "startup week" to showcase successful startups and attract startups, investors, and talent to ALX



## **Service Providers**

Improve connections between entrepreneurs and local professional services firms that are critical to their success



## **Funding Platforms**

Partner with online funding platforms to provide ALX entrepreneurs access to financing

# Next Steps

- Council approves this new strategy for assisting entrepreneurs
- AEDP continues work with the Ad Hoc Committee, partner organizations, and entrepreneurs to develop an actionable plan that is aligned with current budget resources
- Begin to offer programs and services in early 2019