



Mapping Entrepreneurship Assets in Lakeland, Florida

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Prepared for: Lakeland, Florida

Prepared by: SourceLinkSM



EXECUTIVE SUMMARY

Entrepreneurs and small businesses are critical to the economic vitality of Lakeland. In 2022, almost two-thirds of businesses in the Lakeland-Winter Haven area had fewer than 100 employees. Almost 30% of those were sole proprietors or had fewer than 10 employees¹.

The City of Lakeland recognizes how the connectivity of small businesses to crucial resources is a significant component to the community's advancement. In December of 2022, the National League of Cities selected Lakeland to be part of the City Inclusive Entrepreneurship network, designed to drive regional entrepreneurship and innovation. Lakeland made a commitment to catalog local resources available to entrepreneurs.

"We believe it is vital for the City of Lakeland to support the connectivity of small businesses to have access to crucial resources," said Lakeland Mayor Bill Mutz in a letter to entrepreneurial support organizations.

This effort is sponsored by the City of Lakeland. Funding support is being provided by the Kauffman Foundation and the National League of Cities.



¹ YourEconomy.org

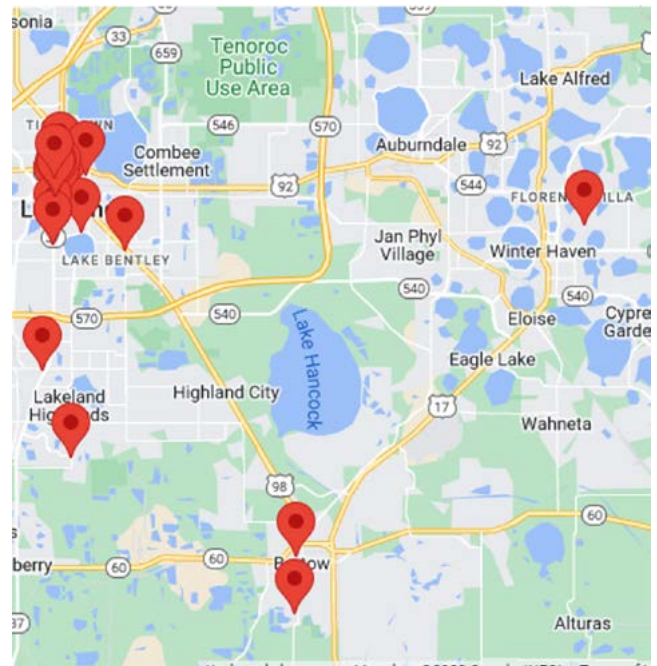
KEY FINDINGS

This analysis provided five Key Findings/Recommendations:

1. Lakeland has a breadth of resources for entrepreneurs and small business owners. For some, the array of resources makes it difficult to know where to start. Lakeland should work to have a single place to find and connect with the available resource network.
2. Lakeland's position between Tampa and Orlando opens opportunities for reaching more resources as well as creating a larger market for products.
3. Lakeland's sense of place and tight knit community was cited frequently as a strength by the resource organizations attending a virtual workshop on June 29. The closeness of the community may also mean that it is difficult for outsiders or newcomers to get connected.
4. Networking and events are the most common services offered among resource providers in Lakeland.
5. Lakeland could benefit from the development of a shared language around entrepreneurship support services.

29 organizations that serve entrepreneurs and small business owners completed profile surveys regarding clients and services offered. Most are located in Lakeland, with one in Winter Haven and two in Bartow. Three are in Tampa Bay, which is about 35 miles from Lakeland. One of the lasting effects of the pandemic is that physical distances are less of a barrier. SourceLink has seen many organizations nationally move to provide their services online. If more Lakeland resources were provided online, entrepreneurs and small business owners in Lakeland could easily tap into resources and business knowledge beyond their own neighborhood, if they are made aware of those opportunities.

Just as different types of entrepreneurs need different types of support, they also need different kinds of capital to finance startup and growth enterprises. Thirteen organizations indicated that they offer some type of funding. This number of funding resources is likely overstated, as secondary desk research did not align with what survey respondents stated and there may have been confusion among respondents as to the difference between providing loan and grant preparation services (consulting and training), as opposed to providing direct financial products like loans or grants. Further, workshop participants noted a strong need for additional equity and grant capital funding sources.



Location of entrepreneurial resources

WHY ENTREPRENEURS ARE IMPORTANT

According to Kauffman Foundation research, companies less than one year old create an average of 1.5 million jobs per year over the past three decades in the United States². Those entrepreneurs need thriving networks to grow and succeed. This precept has revealed itself over the 15+ years since SourceLink began bridging resource organizations to one another and to entrepreneurs throughout the country.

It's simple: The more contacts entrepreneurs can make early in the life of their companies – that is, the more help and information they can access – the greater their chances of getting products developed, finding viable markets, surviving the first years, and growing toward success.

Rather than location and industry, the critical issues for an entrepreneur's success are actually information and social contacts. Regardless of where companies may be located or what their products are, virtually all entrepreneurs grapple with how to start and fund their businesses, and eventually, how to grow their businesses to scale. Gaps in knowledge and experience complicate the startup process and extend the time it takes for valuable businesses to grow.

What SourceLink has learned from research and through lessons shared by thousands of entrepreneurs is that entrepreneurs extract significant and important benefits from their own social networks. The social network is where entrepreneurs and small business owners access a variety of tangible and intangible resources that enhance the owner's experience and bring critical support as the business starts and grows.

Gaining access to, and better utilization of, available resources create a stronger environment resulting in success and growth. Communities can help entrepreneurs – first by creating a vibrant network of resources to support them, and then by helping aspiring and existing business owners connect to a larger network of support.

A healthy entrepreneurial ecosystem facilitates access to information, resources and social networks critical to the success of emerging businesses.

FOUR TYPES OF ENTREPRENEURS

A healthy entrepreneurial ecosystem acknowledges that not all entrepreneurs and business owners are the same. This is a good thing, because economies are based on many different kinds of businesses, and each play a different role in defining an economy.

After years of research and on-the-ground entrepreneurial ecosystem building research, SourceLink has developed a classification of entrepreneurs by the type of companies they lead and their goals for growth: Innovation-Led, Second Stage, Main Street and Microenterprise. A brief overview is what follows.

Innovation-Led

Innovation-led enterprises are businesses in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace and serves as a foundation for a high rate of growth.

² *The Importance of Young Firms for Economic Growth* by Jason Wiens and Chris Jackson.

Often formed around life sciences or technology innovations, these enterprises can require significant funding and specialized facilities. Owners are willing to give away equity to investors to secure the financial resources they need to grow. These businesses may cluster around research institutes and universities as technology is transferred from research labs into the marketplace.

Second Stage

Second stage enterprises have survived the startup phase and have owners who are focused on growing and expanding. The second-stage firms generally have between 10 to 99 employees and/or \$750,000 to \$50 million in revenue.

For these companies, business plans have morphed into strategic marketing plans. Finding a location is replaced by funding an expansion. Defining a market niche transforms into finding new markets, launching a new product line, exporting or selling to the government. And finding a team to launch the business becomes a search to find the experts who can take the business to the next level.

Main Street

Main Street companies make up a large segment of the economy, serve communities' growing populations and define a community's cultural character. These entrepreneurs are found among the local dry cleaner, grocery store owner, coffee shop owner, restaurateur or graphic design boutique.

Main Street entrepreneurs aren't driven by rapid growth. The founders create them to build a successful career in their area of passion and expertise and plan to work in the company for a long time. Their exit plan may involve selling the company to a key employee or passing it on to a family member.

Microenterprise

By definition, microenterprises are businesses that require less than \$35,000 in capitalization to start. In today's economic environment, dislocated workers and retirees are starting these companies to replace income lost through downsizing or retirement.

In the microenterprise space, there is a segment of support organizations that help those in poverty build wealth through microenterprise programs. Referrals may come from social services agencies and this group may need additional technical assistance due to lack of basic business operations skills.

Startups

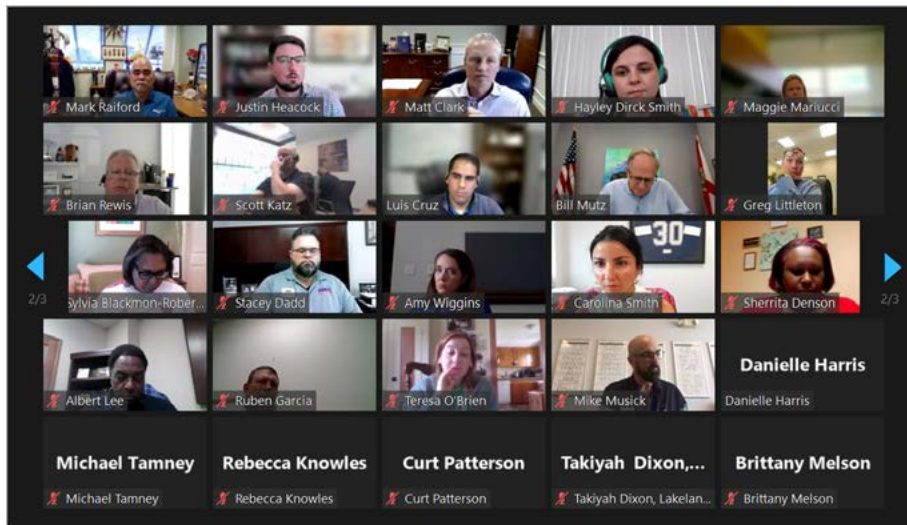
This report also breaks out services specifically targeted to those starting businesses. Regardless of industry or type of business, almost all startups go through the same steps: ideation, feasibility, legal formation, licensing and permits. In most communities it is helpful to route the earliest-stage startups to specific resources who have time and resources to spend with those in the conceptual stage.

LAKELAND ENTREPRENEURSHIP STRENGTHS AND GAPS

This project collected data through an online survey and facilitated discussion to look at the strengths and gaps of the entrepreneurial support network in Lakeland. An online focus group with 67 entrepreneurial support organizations (ESOs) was hosted by the City of Lakeland on June 29, 2023.

Participants divided into six breakout groups and addressed four questions:

- What makes Lakeland unique?
- What are the strengths of the entrepreneurial ecosystem?
- What are the biggest challenges facing entrepreneurs?
- What are the challenges facing you and your organization?



Small town feel, connectedness and geographic location were cited frequently as unique to the Lakeland area.

“Lakeland is on the I-4 corridor, and you cannot look right or left without seeing new businesses. There’s hardly a category of entrepreneurship that is not open for more business.”

Many spoke about the connectedness of the community.

“Lakeland is a tight knit community; it’s easy to ask for and give help.” Lakeland’s proximity to Tampa and Orlando was seen as a strength, combined with the city’s own fast growth.

In terms of the strengths of Lakeland, participants talked about the breadth of resources available to entrepreneurs and small business owners and the willingness of resource organizations to refer clients to each other.

“Entrepreneurs walk into a city that is entrepreneur rich and there really is an ecosystem.”

Small businesses also support each other. The leadership of the community was cited as a strength, as was the growth of the area which creates robust markets.

“Lakeland has good dirt for start-ups and minority businesses.”

The biggest challenges facing entrepreneurs in Lakeland center around connections, capital and knowing where to start. Participants in the focus group noted that the community has many resources for entrepreneur and small business owners, it’s not always easy to know where to start. Some went further to say that the connectivity of the community can be a two-edged sword: if you’re in, you know what to do. “For those not connected, they feel left out.”

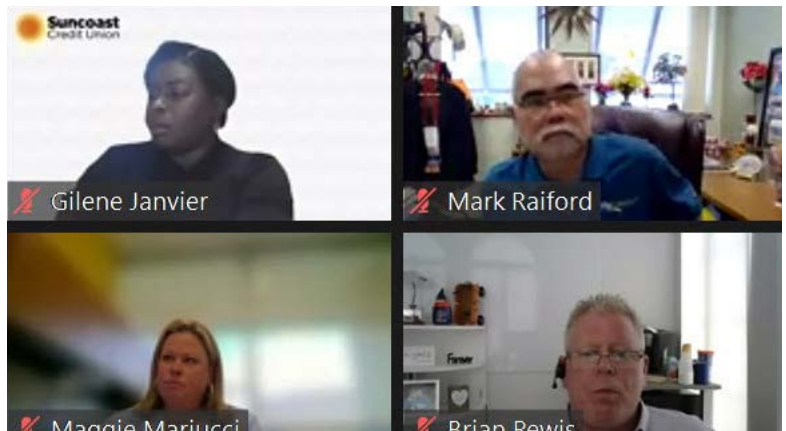
Capital was also noted as a challenge for entrepreneurs, specifically the need for financial competency so that the right sources of capital can be pursued successfully. Some participants said that business owners need to know more about the financial aspects of running a business, but the very people who need the classes may be least able to afford them. Labor and inflation were also noted as challenges.

“Often we face the same challenges that the entrepreneurs face.” Funding and labor, key concerns for entrepreneurs, are also top challenges for the organizations that support entrepreneurs. Coupled with lack of funding is lack of awareness of the services the organizations offer – few organizations have budget for marketing. Participants also noted the lasting effects of COVID and how difficult it is to get some entrepreneurs to leave their desks.

What follows are more quotes and general themes as noted by SourceLink staff during the resource partner workshop. Comments and themes followed by a number indicate that sentiment was heard multiple times.

What makes Lakeland unique?

- Lakeland has a small-town feel with proximity to two major metropolitan areas and two international airports. Lakeland offers a healthy climate for new businesses. The city is home to five distinct public and private colleges and universities, which in turn attracts young families. (8)
- The ability to seek help from a close-knit community and geographical location is the “secret sauce” that makes Lakeland unique which will provide future possibilities and opportunities to become and stay connected. (7)
- One of the fastest growing metros in the United States. (5)
- Spirit of philanthropy; very generous community. (4)
- The collaboration among leaders- faith, civic, governments, school board, etc. Lakeland is made up of people willing to collaborate. (3)
- Several programs that support small businesses; Entrepreneurs can get to know each other even if they are from different communities. (3)
- The cost of living and property taxes are lower than the larger surrounding cities. Our economy does not react as much to outside forces and because of that, small businesses tend to thrive. (3)



- Diversity and inclusion show that no matter the age, race, or creed, we all work together to make this city successful. (2)
- The beauty of the lakes and the downtown area.
- Many strong arts and culture assets because of the nonprofit community and its support

What are the strengths of the entrepreneurial ecosystem?

- A lot of support to help people who want to expand. Different sizes/shapes of facilities and services available, whether idea or early company phase. ESOs work well together and are willing to make referrals. (11)
- Small businesses support each other, there is a network there. We have an amazing group of successful entrepreneurs that have leveraged that success and have been kind to new entrepreneurs starting out. (8)
- The leadership in our community has created a fantastic support system and is welcoming and supportive of small business development. The city has been so purposeful in its maneuvers to make sure small business owners feel supported. (4)
- Due to our growing economy and population growth, there is no shortage of customers. (4)
- The local government agencies within Lakeland are there to try and expand services and support to small businesses. Kudos to city/county business license offices. (2)

What are the biggest challenges facing entrepreneurs today?

- Lakeland has all the right pieces for success but is very siloed. It's a very connected community, so it can be a strength or a challenge. (9)
- Entrepreneurs need to become financially competent in running the business and positioning for financing; the cost of financial competency classes can be prohibitive. (6)
- Some people have been "locked out" and we need to work in bringing them into the ecosystem of Lakeland. (5)
- Finding funding options other than loans and matching with the right type of funding. Venture capital and patient funding lacking. (5)
- Need mentors and other support once a business has launched and established; struggle in the marketing and sales area and weathering downturns. (4)
- Because there are so many opportunities and pathways it can be intimidating to know where to start. There's no local entrepreneurship hotline. (4)
- The talent pool is a real concern at this point. (4)
- Lack of business knowledge and people having a willingness to learn. (3)
- Inflation and affordability in terms of labor, rental spaces (2)

What are the challenges that you and your organization face?

- Resources and who is going to fund those resources is an issue. Labor costs have gone up so more funding is needed. (9)

- Recruiting volunteers and paid staff (7)
- Awareness – so many services but not enough awareness of what organization does what; getting past the idea that everybody can benefit from every service (4)
- More entrepreneurs than we can help. A lot of resources but every organization has limited resources.
- Post-COVID, navigate back into something more approachable to entrepreneurs, getting back into that culture where they are not connecting behind a screen or just going to Google.



ENTREPRENEURSHIP RESOURCES IN LAKELAND

As part of this project, SourceLink conducted an in-depth analysis of services offered by resource organizations serving Lakeland.

Of the approximately 70 identified entrepreneurial support organizations, 29 completed a profile survey indicating services offered. Most of the respondents were nonprofits and public sector organizations. From our experience, the number of resource organizations identified in the Lakeland community is about average compared to communities of similar size.

Networking/events tops list of services offered



In Lakeland, networking/events are the services offered by the most resource organizations. Second is internships and student programs. This is not a typical service to be offered by many resource organizations. Also, 15 organizations stated that they offer funding to entrepreneurs and small business owners (see chart on next page).

Mentoring, including one-on-one counseling, is offered by 14 groups. This is critical as many startups as well as growth companies need personalized feedback. Marketing, including research and import/export assistance, and workforce assistance are offered by 13 organizations.

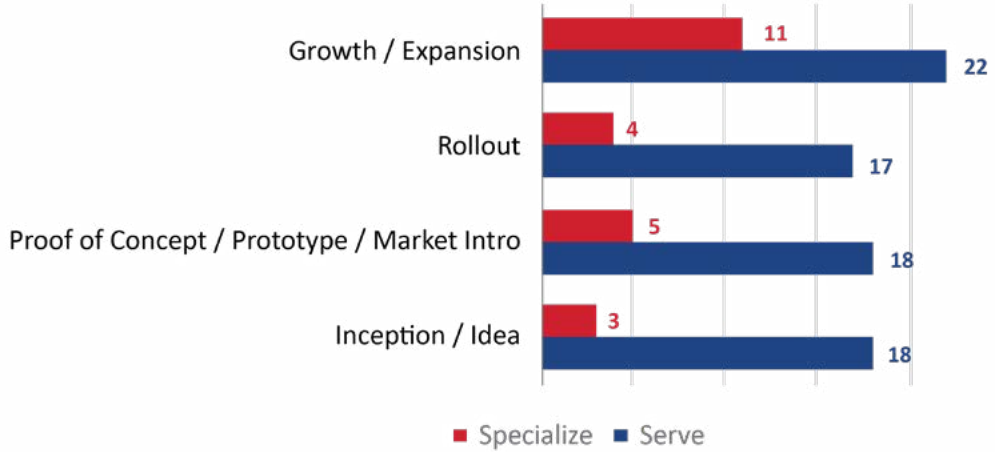
Of special interest is the area of funding for entrepreneurs and small business owners. Thirteen organizations indicated that they offer some type of funding. Focus group participants noted the need for entrepreneurs to enhance their financial literacy to be prepared for funding as well as the need for equity and grant capitals. The chart below illustrates the details of what types of funding were stated to be offered by the respondents.

Important to note that secondary research and subsequent conversations with key project team members did not align with all survey responses. For example, one organization, Catapult, skewed the data by having multiple entries recorded in the analysis, and mentoring services and funding resources should be further validated for accuracy as there was some confusion by resource organizations when completing the online survey.

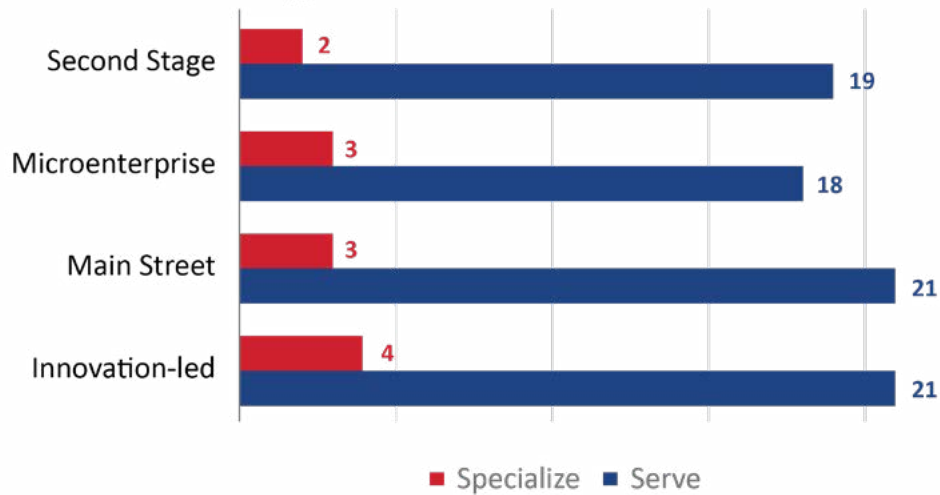
Organization Name	Angel Investment Providers	Disaster Loans and Grants	Government Funding	Grant Funding Providers	Loan Providers	Matching Fund Providers	Microloan Providers	Real Estate Finance	Revenue Based Financing	Tax Credit Providers	Technology Grant Providers	Trade Show Financial Assistance	Venture Capital Providers
Bank of Central Florida					X			X			X		
Central Florida Business Diversity Council				X									
Central Florida Development Council	X	X	X	X	X							X	
Central Florida SCORE			X										
City of Lakeland Community & Economic Development Department			X										
Core Network Group LLC		X			X	X	X	X	X				
Florida Small Business Development Center at USF	X	X	X	X	X		X		X	X	X	X	X
Florida Southern College							X						
GiveWell Community Foundation				X									
Prospera					X		X						
Puerto Rican Hispanic Chamber of Commerce of Polk County										X			
Suncoast Credit Union					X		X	X					
Tampa Bay Black Business Investment Corporation, Inc.					X		X	X	X				

The next charts break down the resource organizations by the audiences they serve. Most serve all types of entrepreneurs. SourceLink also asked if there were special populations served and those are indicated on the charts.

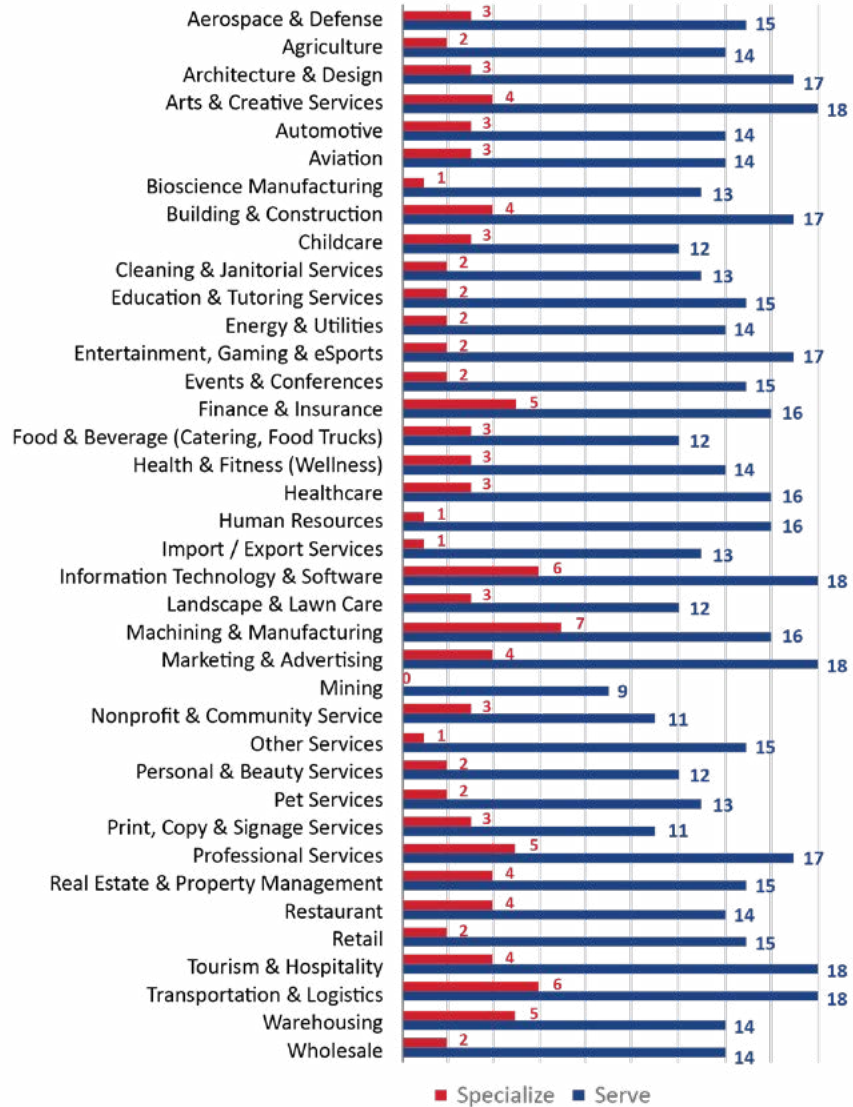
22 organizations serve growth businesses



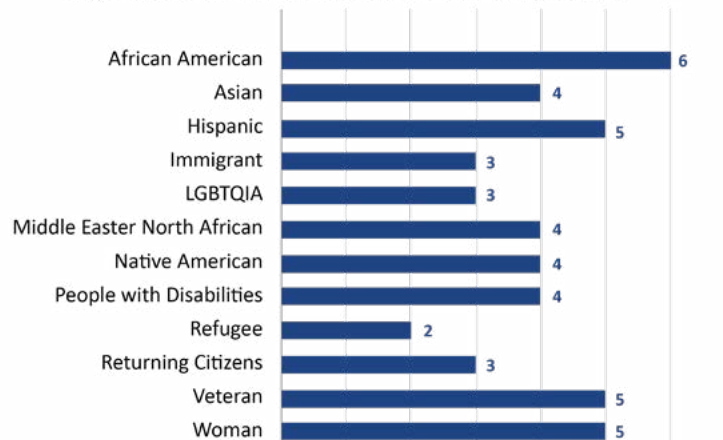
All types of business served



Broad range of industries supported



Organizations specialize in specific audiences



CONCLUSION

Mapping the assets to support entrepreneurs and business owners in a community and understanding the gaps is a critical first step in strengthening a region's entrepreneurial ecosystem. The analysis of the assets in Lakeland reveals an array of resources for entrepreneurs of all types.

Regarding strengths of the network, Lakeland has a breadth of resources for entrepreneurs and small business owners. That abundance can also create confusion for those who are unsure where to ask for help. Connecting the resources and making them more visible in a central place would help Lakeland area entrepreneurs find the right resource at the right time.

Lakeland's position between Tampa and Orlando opens up opportunities for reaching more resources as well as creating a bigger market for products.

Finally, Lakeland should be clear on how the community wants to measure success in terms of entrepreneurial and small business growth. It's important to note that while jobs are a key metric, it's nearly impossible to create successful companies that hire people without first establishing a strong foundation of networked resources.

ABOUT LAKELAND

The City of Lakeland was incorporated in January 1885 and has grown to become one of the largest inland communities in Florida. With a population of 120,279 and land area exceeding 75 square miles, Lakeland has been part of the U.S. Census Bureau’s Lakeland-Winter Haven Metropolitan Statistical Area (MSA) for more than 30 years. With tourist attractions and gulf beaches only an hour away, Lakeland continues to capitalize on its ideal central Florida location along the I-4 corridor. The City owns and operates Lakeland Electric, the third largest publicly owned utility in Florida and it was one of the first to offer power in the Sunshine State in 1904.

For additional information about the City of Lakeland, please visit www.lakelandgov.net. Citizens are also invited to follow the City on Facebook, Twitter, Instagram, YouTube, Vimeo, Snapchat and Nextdoor. Citizens can find the City of Lakeland on these social media platforms by searching lakelandgov.

ABOUT SOURCELINK

SourceLink was selected for this project due to its experience with entrepreneurial data analysis, asset mapping, and project management and consulting. Founded in 2003, SourceLink is a national nonprofit working to build connected and cohesive entrepreneurial ecosystems that attract startups, accelerate business growth, create jobs and develop sustainable partnerships.

Blending consulting and technology backed by decades of experience, SourceLink supports the organizations that support entrepreneurs in building diverse and equitable entrepreneurial ecosystems in more than 60 communities across the country. More information available at <http://www.joinsourcelink.com>.

This report was made possible by grants from the National League of Cities and the Kauffman Foundation through the City Innovation Ecosystems program.



APPENDIX 1: METHODOLOGY

SourceLink mapped Lakeland's resource programs and organizations that help small businesses and entrepreneurs grow and succeed. Those resources were compared to a taxonomy developed through work with communities across the country to uncover gaps and/or opportunities for entrepreneurial ecosystem development.

Taking into account the clustering of service providers, SourceLink has developed a methodology to categorize and map these entrepreneurial support assets. Each provider is categorized by the following:

- **Specific Service(s) offered:** Service providers were categorized using only those services which they directly offer to new clients. Service providers were not categorized under a service for which they offer referrals, or a service offered only to existing clients.
- **Client Profile:** Some service providers focus on specific types of entrepreneurs as described in the section on four types of entrepreneurs. For example, two organizations may provide one-on-one business counseling, however, one might provide that service only to innovation-led businesses. We therefore further categorize service providers based upon the type of entrepreneur they serve.

It is worth noting that these categories are not mutually exclusive. Providers may officially serve multiple quadrants, while focusing most of their time serving only one.

Specific services were summarized under broad category headings. For instance, assistance with social media and exporting falls under the broader category of marketing. Planning/management includes services such as business counseling and mentoring.

This project included the development and production of a graphic illustration of findings which can be found via PolkBizHub.com.