

## Insert Letter from Chair

### Summary

The Regional Community Institute of Northeast Florida, Inc. (RCI) is a non-profit organization created by the Northeast Florida Regional Council (NEFRC) to consider policy issues. In August, 2013, Board of Directors of NEFRC, after considerable discussion of the policy issues facing Northeast Florida, adopted the following motion:

“Make recommendations to NEFRC on policies and actions that will help small businesses thrive in all seven counties of Northeast Florida. Determine the baseline for small business, review best practices, and lessons learned in and outside the region, identify the desired outcomes that would make Northeast Florida the region in Florida the most conducive to small business startup, expanded employment, and long-term success. Identify the policies and actions needed to achieve the desired outcomes, making full use of opportunities such as those presented by the region’s Economic Development District designation. Partner with innovators that care about this topic, including SBA, SBDC at UNF, SBDC at UCF, OneSpark, Chambers of Commerce, JaxUSA, the Microenterprise Working Group, etc., so that policies and actions are shared and have a greater chance of success. Recommend metrics to be tracked by NEFRC as part of its annual State of the Region report. Report results to NEFRC in October 2014.”

Crucial to RCI’s ability to take on difficult issues is their philosophy. Two directives from the RCI Board have shaped their policy work profoundly. First, they are asked to make doable policy recommendations. While nothing precludes them from also taking a larger or longer view, the RCI Board wants to see an actionable plan. Second, they are directed to focus on gaps. If a regional partner “owns” an issue and could better succeed if there was a policy change, this is a recommendation RCI can make with a willing partner. RCI does not step into other peoples breaches, rather it identifies gaps that can be filled that no one is currently responsible for.

The Committee kicked off with an interactive session in December 2013 where brainstorming was encouraged. Out of this discussion came several questions, which were used to spark discussion at the first three committee meetings, each targeted at a different constituency. These were the questions:

- a) How do businesses know what resources are available?
- b) Are there opportunities for reciprocity in programs that impact small business?
- c) Can we support business development functions at the local level?
- d) Can we do joint marketing for small towns/cities/rural areas?
- e) Do we know how we are doing as a region? What are our goals and what should we measure?
- f) Should the supply sources used by businesses in the region be tracked, and/or should the intention to “buy regional” be a feature of incentive programs?

Over-arching questions and themes emerged throughout the discussions. What do we mean by “thriving”? The committee agreed that it did not mean the traditional economic development definition of success=high-paying jobs. How do we address agriculture? It is an important part of the regional economy but is also outside the traditional economic development definition. How do we define small business? There are plenty of different definitions already. What data do we use? There are plenty of available data points but no consistent understanding of which metrics are important and what they mean. Finally, is the issue that is so often raised, that of small business access to capital, really the most important factor?

The committee spent four months discussing these issues, and decided early on that time would be wasted on unnecessary definitions. So the size or structure of small business was not defined, and policies related to agri-business were included even if such businesses do not qualify as small. It was determined that the committee would identify the data to track to measure success in Northeast Florida, and would define how each metric provides a part of the picture. As far as the sentiment that all small business issues could be addressed by access to capital, the committee rejected this and noted that some small businesses are not funded because it would be unwise to fund them, and this is simply part of a healthy economic weeding-out process.

So after months of learning and discussion by RCI’s dedicated volunteers, the following doable policy recommendations are made for the region, so that it can reach the goal set for the committee, to make Northeast Florida the region in Florida most conducive to small business startup, expanded employment and long term success.

## ACTION PLAN

### Measuring Success

The committee recognized that defining success is required before we can measure it. Every time an unemployed person starts a business, that is a job created. Every time a poorly paid person starts a business that can mean additional wealth. Small businesses that are thriving but not growing are as important to the region as those that are growing. We look for progress in a variety of sectors and expansion in the following data points from year to year:

1. Regional Self Employment ([www.youreconomy.org](http://www.youreconomy.org), Edward Lowe Foundation)
  - a. 2012 baseline: 45,515
2. Startups (net new micro firms/fewer than 10 employees)(source post Innovate?)
  - a. 2009 baseline: 1,696
3. Business Stage Data ([www.youreconomy.org](http://www.youreconomy.org), Edward Lowe Foundation)
  - a. 2012 baseline 2-9 employees: 110,401 businesses, \$25,168,227,692 total sales
  - b. 2012 baseline 10-99 employees: 11,807 businesses, \$27,137,206,908 total sales
  - c. 2012 baseline 100-499 employees: 1,119 businesses, \$22,279,690,725 total sales
  - d. 2012 baseline 500+ employees: 101 businesses, \$10,813,115,705 total sales

The committee also noted the role perceptions play in determining if the region is open to small businesses, both starting up and expanding. Examination of recent surveys, polls, studies and articles recognizing Florida and specifically Jacksonville as the best place to start a business, revealed similar data points are used to indicate ranking on the “best and worst” lists for businesses. Generally the metrics split between inputs measures (business costs such as average annual wages by job and quality of the workforce) and output measures (number of small business per total establishments, number of small businesses within target industries and value of exports by industry).

#### 4. Small Business Climate Indicators

##### a. Input measures

- i. Average Annual Wage by Job (U.S. Bureau of Economic Analysis): 2012 baseline \$45,699
- ii. Quality of Workforce (US Census Fact finder, ACS 3 Yr survey): 2012 baseline 20.6% = Average percentage of population aged 25 to 24 with bachelor’s degree

##### b. Output measures

- i. Small Business Activity as % of Total establishments: 2012 baseline 99% ([www.youreconomy.org](http://www.youreconomy.org), Edward Lowe Foundation)
- ii. Business Establishment Age: **to be provided** (Bureau of Labor Statistics, **State Level**)
- iii. Cluster industries as # of small businesses by industry (U.S. County Business Patterns) **to be provided**
- iv. Trade Exports as total \$ by industry (REMI Policy Insight) **to be provided**

The aim for the climate indicators is different by metric. For costs, the lower the average annual wage and higher percentage of population with bachelor’s degree indicates a warm climate for small businesses because this indicates a low labor costs for an educated workforce. The small business activity percentage works both ways in that a high number points to a spot for business and can also indicate saturation. Cluster data or the number of small business by industry can help better interpret the activity number. It also is the link to understanding business sustainability and can be used to align the trade exports by industry. For example, if the number of establishments with less than 100 employees is a given industry, and the value of trade exports in the same industry is high, one connection could be the cluster of small businesses contributes to the value of trade exports.

NEFRC and Jax USA Partnership will update these measures annually, as new data becomes available. These data points will be added to NEFRC’s annual State of the Region report of regional indicators.

NEFRC will delve deep into the 5 year agricultural census and formulate indicators that are more reflective of the health of the agricultural sector than the high level county numbers included in the census. Once these are proposed and vetted by agricultural and economic experts, these data points will be added to NEFRC’s annual State of the Region report of regional indicators.

Once these indicators are available, SBDC at UNF and UCF will add them as measures of regional small business success to North Florida Small Business Help.

### Sharing Information

NEFRC will provide all its local governments with the link to North Florida Small Business Help, and will encourage them to post the link on their websites.

SBDC at UNF and UCF will encourage all nonprofit and government providers of access to small or micro business capital to list their resources on North Florida Small Business Help and the Small Business Resource Network. For profit providers will be encouraged to join the SBRN.

NEFRC will create a website that will be a clearinghouse for information for those who want to support local agriculture. This will be informed by current efforts to market the products of the First Coast Fresh Family Farms Group through the R2 Challenge.

NEFRC will work with its local governments to produce a matrix infographic of a summary of regulatory requirements and links to details to be posted at Northeast Florida Small Business Help. The NEFRC will work with its local governments to place the infographic at key entry points for small businesses, such as at payment for local business tax and/or permitting.

NEFRC will work with agricultural representatives to produce a matrix of a summary of regulatory requirements that may impact plans for agro-tourism. The NEFRC will work with its local governments to place the infographic at key entry points for agriculture.

NEFRC will work with its local governments to produce a matrix of a summary of small business preference programs with links to details to be posted at Northeast Florida Small Business Help. The NEFRC will work with its local governments to place the infographic at key entry points for small businesses, such as at payment for local business tax and/or permitting.

NEFRC will convene representatives of small towns and rural areas quarterly to allow for sharing of ideas on marketing, small business programs, "Main Street" initiatives, and anything the representatives would like to discuss. The NEFRC will work with its regional partners to create the 'Visit Downtown' campaign in each county, creating a comprehensive approach to regional vitality.

NEFRC will convene representatives of the agricultural sector with rural representatives to allow for sharing of ideas on agro-tourism and related marketing, and for consideration of partnerships that would strengthen the attraction of the region for tourism.

### Business Development

NEFRC has a goal of submitting at least one grant application to the Economic Development Administration each year. The selection of grant topic(s) will be informed by three factors:

1. Current conditions
2. The Comprehensive Economic Development Strategy

3. The recommendations of a small business group to be convened by NEFRC quarterly

The small business group shall be comprised of all who have participated in committee meetings, and their guests. This group will be notified of meetings. Their recommendations will be considered by the NEFRC Chief Executive Officer.

The Committee recommends the following project as a candidate for the earliest possible funding:

1. Making North Florida Small Business Help a more robust site that is continuously updated. It should include a calendar of events for all seven counties, and include resources available in all seven counties. It's Road Map feature should be enhanced to provide the user with more assistance, regardless of the development stage of their business. It should have a dedicated source of funding so that SBDC at UNF can maintain the enhanced site and can coordinate with Flagler County and the SBDC at UCF on events and resources. It should be governed by a partnership of organizations from the seven counties that can continuously improve its usefulness.

Some of the projects that the committee has discussed, or that are identified as "areas of need" in Innovate Northeast Florida, are:

1. Creating and administering a small business preference program for consideration by all local governments that would allow a small business to register once and be registered in multiple jurisdictions, such as creating a registration portal, consolidating the certification application procedures through one site. The on line portal will provide a single point of entry for small business to become certified for procurement while maintaining the individual requirements of each local government.
2. A multi-jurisdictional tourism strategy marketing agriculture, small towns and rural areas.
3. A "Main Street" strategy for the region, focusing on all downtowns that present opportunities for small business. (Committee) Facilitate the renovation of vacant buildings into startup space. (INEF)

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Name	Representing/Affiliation	RCI Member?
Matt Stewart	HUD	
Michael T. Wells, Sr.	Northwest Small Business Group	
Pat Blanchard	Jax Women's Small Business Center	
Deborah Thompson	DKT Consultants	RCI
Jeremy Vaughan	Feature 23	
Richard Balog	Balog and Tamburri, CPA's	

Janice Donaldson	SBDC at UNF	RCI
Art Graham, Chair	Public Service Commission	RCI Board of Directors
Bob Page	Green Cove Springs	RCI Board of Directors
April Atkins	FDIC	
Carlton Robinson	Jacksonville Chamber	
David Reed	JEA	RCI Board of Directors
David Emmons	NCEDB	
Brince Manning	Jacksonville Chamber	
Bruce Doueck		
David Dinkins	UF Extension	
Janis Fleet	Green Cove Springs	
Holly Parrish	Clay County	
Doug Conkey	Clay County Chamber	Chair, RCI Board of Directors
Debbie Brown	Small Business Administration	
Kristen Bates	City of Bunnell	
Darryl Register	Baker County Chamber	
Mike Brown	Putnam County	
Charles Rudd	Palatka Main Street	
Betsey Santiago	City of Jacksonville Mayor's Off.	RCI
Gene Montgomery	LISC	
Amy Skinner	City of Bunnell	
Bob Hawkinson	North Florida Inventors and Innovators Group	
Katrina Austin	Flagler Dept. of Economic Opportunity	
Chris Altmansberger	FSBDC at UCF, Palm Coast Business Assistance Center	
Janet Hamer	TD Bank	
Veronica Wallace	Small Business Administration	
Jan Korb Hirabayashi	BroadBased Communications	RCI
Carlton Jones	Renaissance Design Build Group	
Iris Jones	BB&T Bank	
Melissa Glasgow	St. Johns County	
Ed Preston	Baker County	RCI
Brian Teeple	NEFRC	
Lindsay Haga	NEFRC	
Ed Lehman	NEFRC	
Margo Moehring	RCI Executive Director	

For more information on the Regional Community Institute, a 501c(3) organization, visit the RCI website at [www.RCINEF.org](http://www.RCINEF.org).