

Character Towns as Entrepreneurial Cities.

Character Towns are Ideal Entrepreneurial Cities.

Character towns are not just pretty places; when well designed, they accommodate innovators, social and economic adventurers and all sorts of entrepreneurs, some of whom are city employees. Such a city appreciates people interested in doing things in a new and better way. Such a city may use enterprise funds, risk management services and quasi-business ventures within city hall to benefit from the same spirit experienced by the private business community. An atmosphere of innovation and investment, with a responsible understanding of risk, can permeate city hall and the community. Leadership and entrepreneurialism in city hall and on main street are important characteristics of a successful character town that is also an entrepreneurial city.

Entrepreneurs Wanted.

Entrepreneurs are icons of the private sector, particularly the start-ups of the high tech world. However, as Mitchell Weiss said in his Harvard Business School article [Harvard Business Review, March 28, 2014], “Public entrepreneurship is entrepreneurship.” There is no private, public or institutional about it. The entrepreneurial city is a place that fosters and celebrates entrepreneurs of all stripes. There are private venture capitalists, hedge fund managers, infrastructure investment managers, along with the public entrepreneurs who are the social investors, enterprise fund managers, pension fund directors and social entrepreneurs. They all take risks to produce rewards; they leverage assets to create value.

Public and Social Entrepreneurs.

Entrepreneurism is an attitude with many outlets and personalities; all types are important to the entrepreneurial city. The public entrepreneur may have a framework and rewards system that differs from that of the private entrepreneur, but each is still driven by doing new things better, faster or cheaper to create value.

Public entrepreneurs differ from their private counterparts since they are risking the public’s money in a transparent setting. However, the public administrator with an entrepreneurial bent can hyper-advance the town’s agenda by implementing a new idea when armed with a vision-consistent program, a strong value proposition and a competent analysis of risks and rewards. More and more, city officials, in conjunction with private business leaders are acting entrepreneurially. As Mitchell Weiss goes on to say, “There is, however, a big problem with public entrepreneurs: there just aren’t enough of them.”

The social entrepreneur is usually associated with an NGO. The concept and reality of the “social entrepreneur” has recently been getting a lot of press. ***Social Entrepreneurship for the 21st Century: Innovation Across the Nonprofit, Private, and Public Sectors*** by Georgia Levenson Keohane discusses this new cadre of social innovators.

Manufacturing Returns to Main Street.

Brew pubs, ceramic shops and textile workspaces are finding shop locations on or near main street. Customers are “retail” in character, so a retail site is needed. Local codes and standards are being revised to permit light manufacturing and assemble in the downtown setting. The option for residents and visitors to participate in an interesting activity or enjoy a locally brewed beer or spirits adds a richness to the mosaic that is a character main street.

Space Utilization.

America is over-built in retail businesses and retail space. And while it is everyone’s right to try a new business, many fail and leave behind an empty space that may or may not be filled by another business. Businesses fail for a variety of reasons: poor funding, poor management and marketing, poor locations and poor markets. Many marginal and abandoned commercial buildings result from the system of “giving it a try.”

The question then becomes – for the property owner and the city – what to do with the excess buildings. Replacement businesses fill some buildings, marginal uses that cannot find better space are attracted to what becomes cheap space. Maintenance declines, property taxes decline and the visual quality of the commercial neighborhood declines.

Short of demolishing the buildings, the challenge is to find business tenants who can thrive in the heretofore marginal spaces. Fortunately, there are such businesses arising.

- “Retail” manufacturing can prosper in marginal locations near main street. Ceramic, textile and leather shops invite customers to participate in their craft to learn the skill and create their own products.
- Caterers need to be close to town but out-of-the-way with storage and truck parking spaces.
- “Makerspaces” and similar workshop activities, public and private, are discussed elsewhere in this edition of CharacterTowns.org; they are great tenants in spaces retailers consider marginal.
- “Last-mile” warehouses are needed to quickly deliver goods from Amazon, Target and other large and small e-retailers. Local grocery and drug stores that deliver groceries do not use prime real estate for what is, in essence, a back-of-house activity.
- Restaurants that deliver often have a central kitchen in an “industrial” location. They are great users of otherwise useless commercial buildings in secondary locations.

Creative CRAs and downtown executives can find and accommodate a wide variety of “off Broadway” businesses that thrive by being close to main street and in-town neighborhoods. City regulations and infrastructure can be modified to accommodate these uses without compromising the needs of primary business zones and nearby neighborhoods.

Conclusions.

1. City programs can encourage and enable public and private entrepreneurs.

The character town's opportunity is to embrace the idea of being a place of innovation that nurtures and grows businesses of the new economy. The character town has two plays for entrepreneurialism: the town can be publicly entrepreneurial; and the town can appeal to private entrepreneurs looking for a safe, comfortable and connected haven.

2. The city can appeal to both public and private innovators by:

a. Valuing the entrepreneurial spirit. Appreciate public entrepreneurs and accept "measured" risk.

b. Advocating and Supporting Entrepreneurial Education and Training for Startups.

- The city can be an important agent in training and educating public entrepreneurs in city hall and private entrepreneurs in the local business community.
- The city's Social Infrastructure Plan can recognize, support and fully leverage the city's resources to make calculated investments in entrepreneur-focused workshops and forums, school programs, service club activities and NGO programs such as Junior Achievement.
- Entrepreneurial education and training is becoming more common. High schools and even middle schools are adding entrepreneurship to their curriculum. When augmented by local business programs these early experiences become more powerful in shaping the minds of future business and community leaders.

c. Providing Globally Connected Infrastructure. Systems and facilities that connect resident entrepreneurs to global networks are critical. The entrepreneurial city makes, or partners with others who make, these vision-consistent investments in internet infrastructure, transportation connections to airports and resident access to entertainment and cultural venues locally and in nearby metropolitan cities. Be a connected town.

d. Branding Innovation. The very presence of a business incubator in downtown projects the image of an aggressive and progressive city. The services provided put substance behind the image and help to build the economic base of the town. A substance-based image helps recruit players of the New Economy to move to town and remain there.

e. Partnering. City partnerships with other governments and institutions are common and often fruitful. Partnerships with private businesses are less common despite the trend to privatization and private-public partnerships. Even unsuccessful partnerships are useful if they are learning experiences that do not catastrophically affect the public enterprise.

- Partnering with business, or anyone else for that matter, requires that the city representative be up to the task of securing a good deal for the city. Experience and training are required.
- Partnering is a great way to develop entrepreneurs in city hall. Private-public partnerships [P3s] demand business and risk evaluation skills on the part of the city. Successful P3 experiences build confidence in city staff to evaluate future opportunities and risks.
- Partnering by downtown property organizations and neighborhood associations is useful.

- f. Retaining Innovators.** When these business adventurers live in a town with an accommodating lifestyle, when they benefit from a strong school system and when they exploit systems that let them scale their businesses, there needs to be programs to ensure they will remain in or near their starting ground once they succeed and expand. An expanding economic base founded on locally grown innovation and entrepreneurship is a key component of a successful town.
- g. Understanding “Measured” Risk.** A sophisticated understanding of responsible risk creates an environment that permits city investments, privatizations, private development approvals and partnerships based on a full evaluation of a measured risk-reward evaluation.
- Since every investment involves risk, the public entrepreneur needs to learn to be successful in a risk-oriented world. Risks can be financial, reputational, or political. At times, the risk of no action is the biggest risk. Sometimes, catastrophic risk looms and needs to be avoided.
 - The obligation of the public or private investor is to be responsible; to understand the risks of failure in the specific deal; to understand the parties involved; to appreciate any macro events that may be circling; and to have a plan for what to do should failure actually visit the project.
 - There is always a back-up plan in case of failure or limited success...a Plan B. Anticipating failure with a hopefully-unnecessary response is prudent, be it an exit strategy or a cost recovery plan.
- h. Sponsoring and Supporting Resource Centers.**
- **Business Centers.** Small and start-up businesses benefit from business centers that provide the wide variety of resources that they cannot or choose not to afford. Libraries make great hosts. Business centers can be provided by direct city investment or by partnering with private vendors.
 - **Business Incubators and Accelerators.** Incubators and accelerators that educate and support startup and small businesses are a critical component of a character town. Many are provided by colleges and universities. City support enables these learning centers to operate in a downtown setting accessible to local entrepreneurs as described in the program descriptions above.
- i. Celebrating Success.** Publicly and elaborately celebrated entrepreneurial success, private and public, is important. Celebrations are standard fare among robust economic development organizations, especially in character towns where the success of a local person is appreciated as a community success. Real time events that showcase the people and enterprises that have enhanced the prosperity of the community are useful.

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