



# Entrepreneur Survey Results and Analysis

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## Contents

Overview .....	3
Response Rates and Zip Code Representation.....	3
Own Business .....	3
Years of Operation .....	4
Entrepreneurial Support .....	5
Sources of Financial Support .....	6
Financial Support (Five Years Ago and Now) .....	7
Financial Support (Five Years Ago and Now): Detroit v. Rest of Region .....	8
Technical Support (Five Years Ago and Now) .....	9
Technical Support (Five Years Ago and Now): Detroit v. Rest of Region .....	10
What Encouraged Entrepreneurship .....	11
Entrepreneurial Culture.....	12
Employment Change .....	14
Biggest Challenges for Entrepreneurs .....	15
Appendix A: Zip Code Distribution.....	16
Appendix B: Other Types of Support Reported .....	19
Appendix C: Other Reasons those Entrepreneurs Started their Business .....	20

## Tables

Table 1: Top Five Zip Codes .....	3
Table 2: Detroit v. Region (Financial Support).....	8
Table 3: Detroit v. Region (Technical Support).....	10

## Figures

Figure 1: Distribution of Firm Age .....	4
Figure 2: Type of Support .....	5
Figure 3: Sources of Financial Support .....	6
Figure 4: Financial Support Five Years Ago and Now) .....	7
Figure 5: Detroit v. Rest of Region (Financial Support).....	9
Figure 6: Technical Support Five Years Ago and Now.....	10
Figure 7: Detroit v. Rest of Region (Technical Support) .....	11
Figure 8: Reasons Why Entrepreneurs Started their Business.....	12
Figure 9: How Easy Would You Say it is for an Entrepreneur to Start or Grow a Business .....	13
Figure 10: Support for Opening or Growing a Small Business in Your Area Has .....	13
Figure 11: Attracting Attention from the Media/Government .....	14
Figure 12: Biggest Challenge Word Cloud* .....	15

## Overview

This document provides a high-level overview of entrepreneurs' geographic representation, timeframe for owning their firm, perceptions on funding and technical supports, sources of financial support, perceptions of the business culture in their area, expected employment growth, and the biggest challenges they face as entrepreneurs in the Southeast Michigan.

Several of the questions compare entrepreneurial supports today to several years ago. In every instance the outlook for the future is better and the typical respondent felt that the entrepreneurial supports were better today than they were several years ago.

## Response Rates and Zip Code Representation

- With 376 respondents providing a zip code, most respondents are heavily concentrated in a few zip codes.
- While there were, on average, 3.7 respondents per zip code, this was skewed by the much higher number of respondents in the zip codes listed in Table 1. The median number of responders per zip code was two.
- Eight zip codes were outside of Metro Detroit (See Appendix A), with the remaining 94 covering different portions of Metro Detroit.

**Table 1: Top Five Zip Codes (N=118)**

Top Zip Codes Represented	Number of Respondents	Percentage of Respondents
48202	28	7.4%
48221	27	7.2%
48207	25	6.6%
48226	24	6.4%
48201	14	3.7%

## Own Business

Respondents were asked, “Do you currently own a business?”

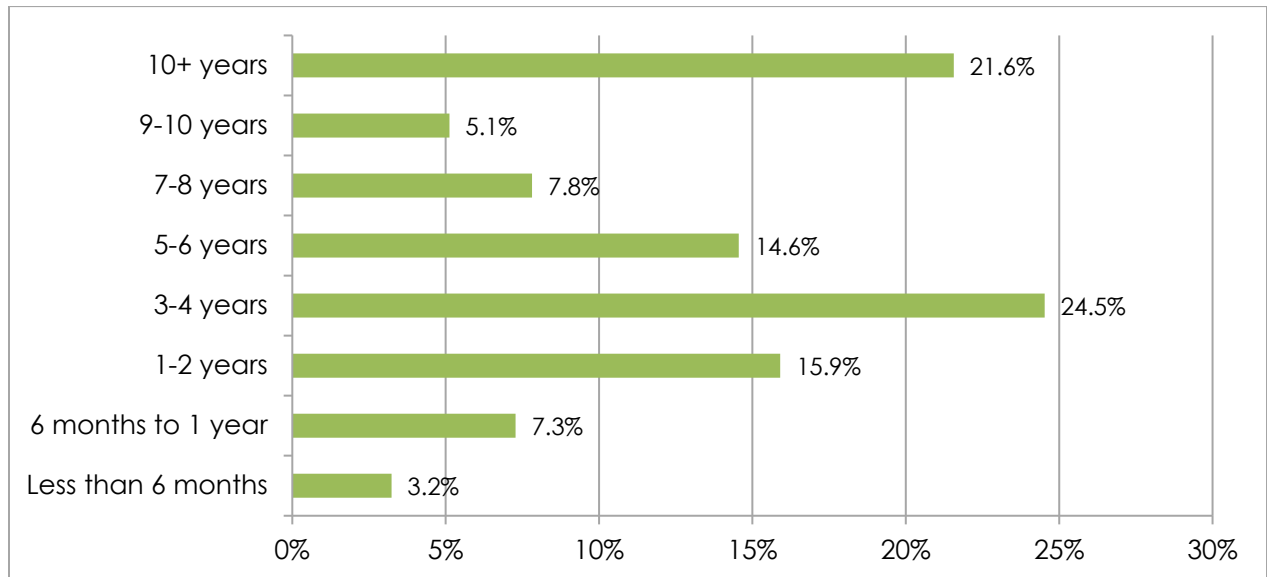
- Of those who responded, 90.5% indicated that they currently own a business, while 9.5% indicated they do not.

## Years of Operation

Respondents were asked, “About how many years have you been operating your current business?”

- The most common answers were 3-4 years or more than 10.
- This distribution supports the idea that many new firms fail within seven years. With the peak age at 3-4 years, followed by a decline through years seven and 10 and then an uptick after 10, the distribution follows an entrepreneurial cycle.

**Figure 1: Distribution of Firm Age (N=371)**

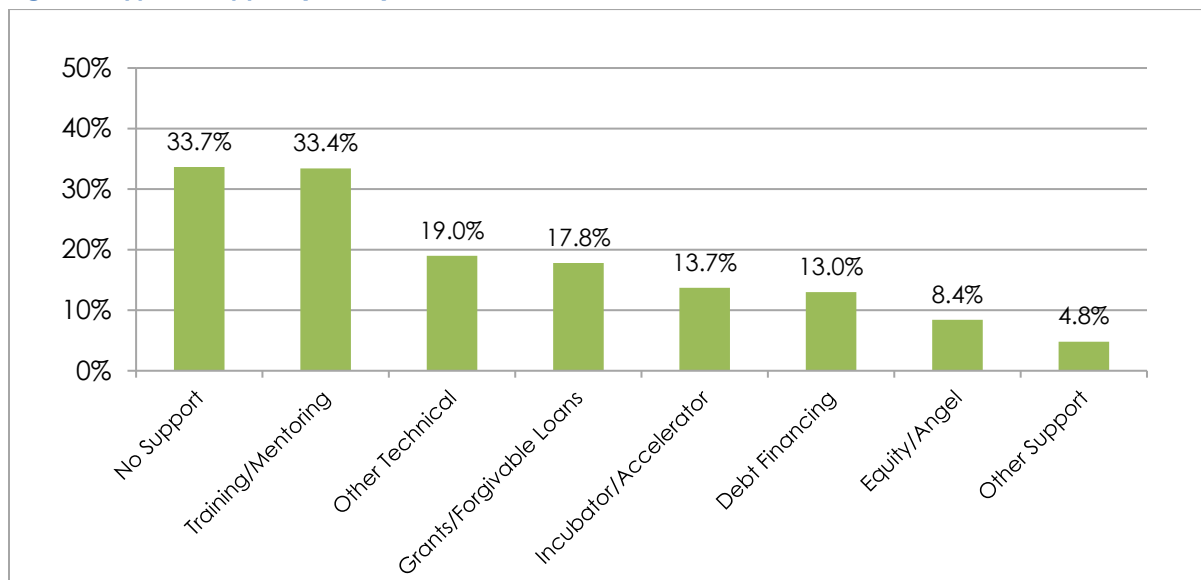


## Entrepreneurial Support

Respondents were asked, “In the past 12 months, has your business received support in the following areas?”<sup>1</sup>

- Roughly one-third of respondents each indicated that they received no outside support (33.7%) and received training/mentoring (33.4%).
- Many others reported receiving technical support (19%) or grants and forgivable loans (17.8%).
- When comparing various forms of training support (training/mentoring/other technical) to financial support (Grants/Forgivable loans, Debt financing, and equity), the total breakdown suggests that overall training/technical support (52.4%) outpaced financial support (39.2%).
- Nearly 14% were affiliated with an incubator or business accelerator (13.7%).
- Of those receiving support, since they could receive more than one type of support, the average individual support recipient received two types of support. Overall, among all respondents the average respondent received more than one type of support (1.1%).
- See Appendix B for those responses listed as other types of support.

Figure 2: Type of Support (N=416)



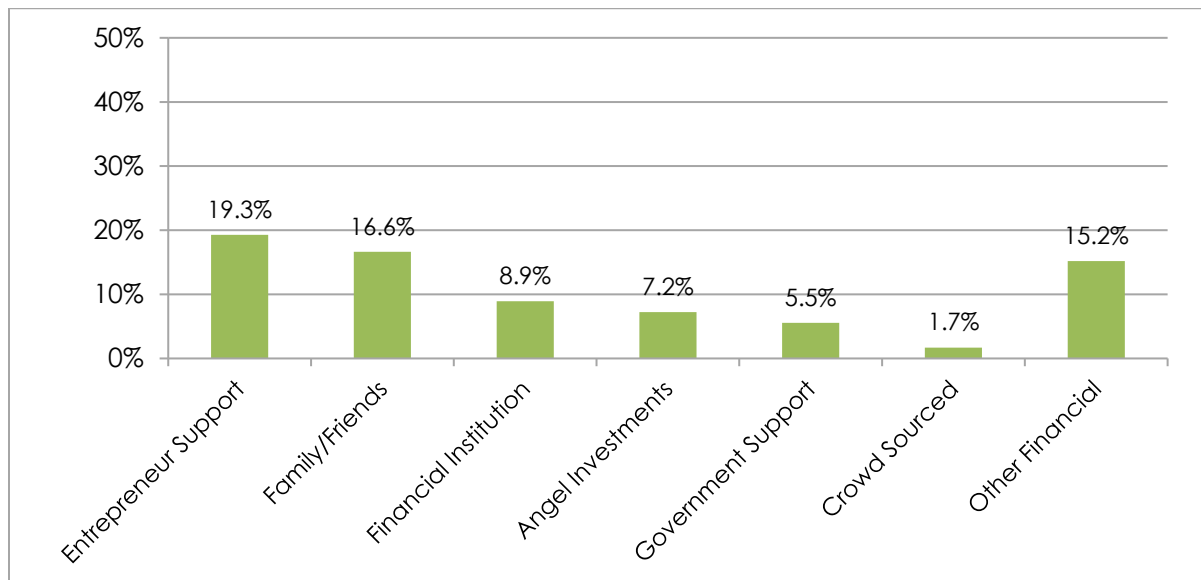
<sup>1</sup> Respondents could select all that apply.

## Sources of Financial Support

Respondents were asked, “What were the sources of financial support you received in the past 12 months?”<sup>2</sup>

- Nearly one in five of those entrepreneurs receiving financial support did so through an entrepreneurial support business development program or pitch competition.
- Family and friends were also a consistent source of financial support, with nearly 17% of those receiving some type of financial support receiving it through family and friends.
- Crowdfunding support was extremely rare, comprising only 1.7% of the financial support in the entrepreneurial community.

**Figure 3: Sources of Financial Support (N=415)**



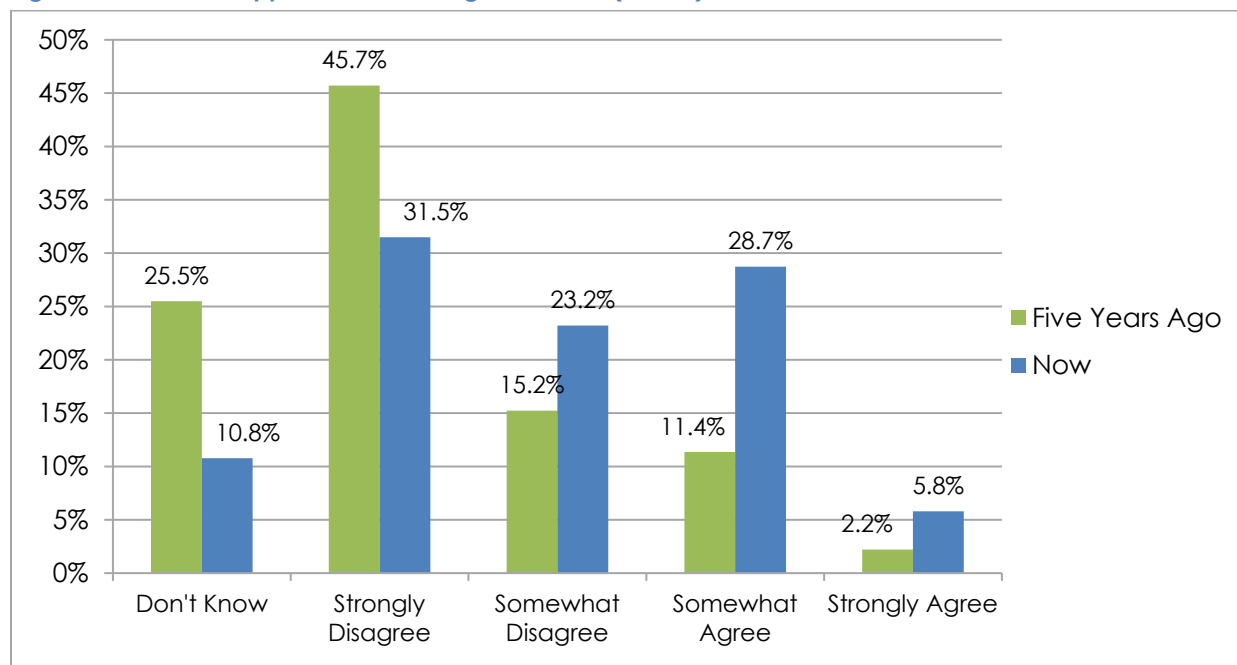
<sup>2</sup> Respondents could select all that apply

## Financial Support (Five Years Ago and Now)

Respondents were asked, in the community where their business is currently located, whether they felt that there was a sufficient amount of financial support for businesses like their own five years ago and now.

- Five years ago, only 2.2% strongly agreed that there was sufficient support for a business like their own. Those that agreed at all (strongly or somewhat) comprised only 13.6% of respondents. Today, that total has improved.
- Now 34.5% believe there is sufficient financial support, with 5.8% agreeing strongly. Only 31.5% strongly disagree today, compared to 45.7% five years ago.
- Respondents are also more certain about their financial support as the number that didn't know five years ago (25.5%) decreased by nearly 10%.<sup>3</sup>
- If one were to quantify the movement from somewhat agree to strongly agree as +1 or from strongly agree to strongly disagree as -3 and sum across all possible movements, the overall average change across all respondents is positive (+0.31).<sup>4</sup>

**Figure 4: Financial Support Five Years Ago and Now (N=361)**



<sup>3</sup> This could also be the result of respondents not having been in business five years ago.

<sup>4</sup> Anything above zero indicates that things have moved in a positive direction. Given the symmetry in question wording, it's possible to look at the differences of each individual moving in any direction where strongly disagree is the most negative and strongly agree is the most positive. Thus, if one moved from strongly disagree (five years ago) to somewhat disagree (today) this would be equivalent to +1. Instead, if the individual moved from strongly disagree (five years ago) to somewhat agree (today), this would be equivalent to +2. If instead the individual went in the opposite direction it would be equivalent to -2. Summing across all observations and dividing by the number of respondents yields a positive .31 average movement.

## Financial Support (Five Years Ago and Now): Detroit v. Rest of Region

Continuing with the financial support questions, a comparison was drawn between the region and Detroit. Table 2 displays the results by region (including Detroit), Detroit city, and the region excluding Detroit. Figure 5 focuses on the contrast between Detroit and the rest of the region.

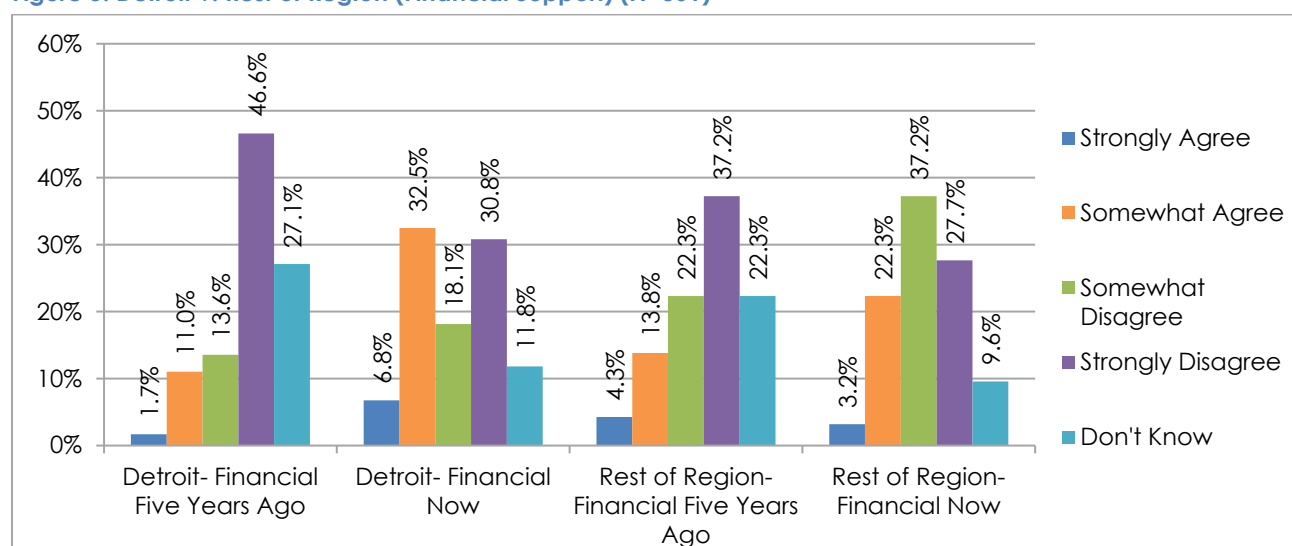
- The percentage of those agreeing (strongly or somewhat) that Detroit's financial support is better today than it was five years ago, increased from 11.7% to 39.3%. This exceeded the rest of the region where it increased from 18.1% to 25.5%.
- The percent of those that strongly agreed from five years ago to today in Detroit increased by 300% (1.7% to 6.8%). This contrasts sharply with those outside the region, where there was a 25.6% decline in respondents who strongly agreed that there is sufficient financial support compared to five years ago.

**Table 2: Detroit v. Region (Financial Support) (N=361)**

	Region		Detroit		Region Minus Detroit	
	Five Years Ago	Now	Five Years Ago	Now	Five Years Ago	Now
Strongly Agree	2.4%	5.7%	1.7%	6.8%	4.3%	3.2%
Somewhat Agree	11.8%	29.6%	11.0%	32.5%	13.8%	22.3%
Somewhat Disagree	16.1%	23.6%	13.6%	18.1%	22.3%	37.2%
Strongly Disagree	43.9%	29.9%	46.6%	30.8%	37.2%	27.7%
Don't Know	25.8%	11.2%	27.1%	11.8%	22.3%	9.6%



Figure 5: Detroit v. Rest of Region (Financial Support) (N=361)



## Technical Support (Five Years Ago and Now)

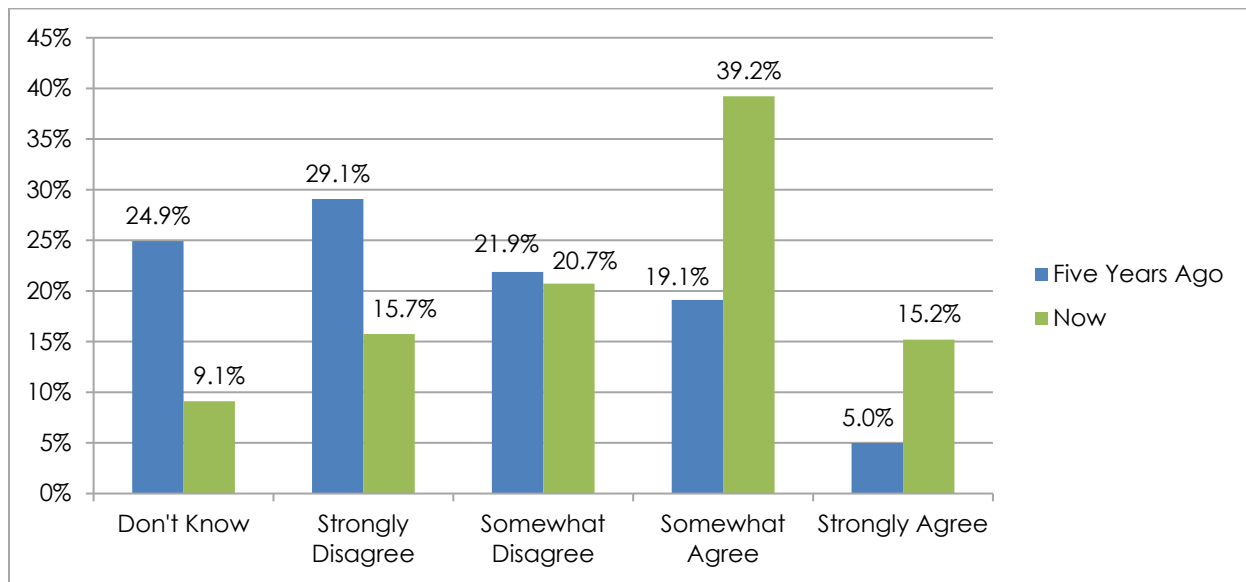
Respondents were asked, in the community where their business is currently located, whether they felt that there was a sufficient amount of technical support for businesses like their own five years ago and now.

- Five years ago, only 5% strongly agreed that there was sufficient technical support for a business like their own. Those that agreed at all (strongly or somewhat) comprised 24.1% of respondents. Today, that total has improved greatly.
- Now 54.4% believe there is sufficient support with 15.2% of respondents agreeing strongly. While 29.1% strongly disagreed that there was sufficient technical support five years ago, only 15.7% feel the same today.
- While nearly 25% indicated that they didn't know five years ago if technical support was sufficient, today 9.1% indicate that they don't know.<sup>5</sup>
- If one were to quantify the movement from somewhat agree to strongly agree as +1 or from strongly agree to strongly disagree as -3 and sum across all possible movements, the overall average change across all respondents is positive (+0.40).<sup>6</sup>

<sup>5</sup> This will also be the result of respondents not having been in business five years ago.

<sup>6</sup> See Footnote 3 for a description of how this was calculated.

**Figure 6: Technical Support Five Years Ago and Now (N=361)**



## Technical Support (Five Years Ago and Now): Detroit v. Rest of Region

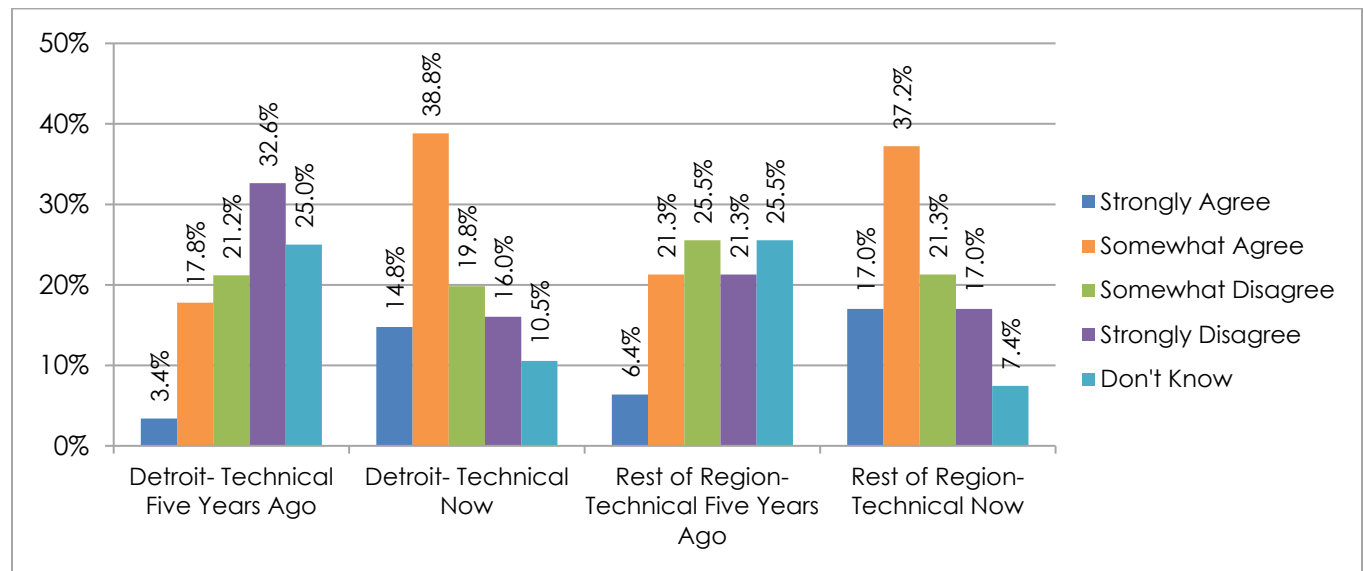
Continuing with the technical support questions, a comparison was drawn between the region and Detroit. Table 3 displays the results by region (including Detroit), Detroit city, and the region excluding Detroit. Figure 7 focuses on the contrast between Detroit and the rest of the region.

- The percentage of those agreeing (strongly or somewhat) that Detroit's financial support is better today than it was five years ago, increased from 21.2% to 53.6%. This parallels the rest of the region where it increased from 27.7% to 54.2%.
- The percent of those that strongly agreed from five years ago to today in Detroit increased by 335.3% (3.4% to 14.8%). This is more than double the percentage point increase from the rest of the region (+165.6%). In comparison to financial support, technical support has fared better and has improved for Detroit as well as the rest of the region.

**Table 3: Detroit v. Region (Technical Support) (N=361)**

	Region		Detroit		Region Minus Detroit	
	Five Years Ago	Now	Five Years Ago	Now	Five Years Ago	Now
Strongly Agree	4.2%	15.4%	3.4%	14.8%	6.4%	17.0%
Somewhat Agree	18.8%	38.4%	17.8%	38.8%	21.3%	37.2%
Somewhat Disagree	22.4%	20.2%	21.2%	19.8%	25.5%	21.3%
Strongly Disagree	29.4%	16.3%	32.6%	16.0%	21.3%	17.0%
Don't Know	25.2%	9.7%	25.0%	10.5%	25.5%	7.4%

Figure 7: Detroit v. Rest of Region (Technical Support) (N=361)



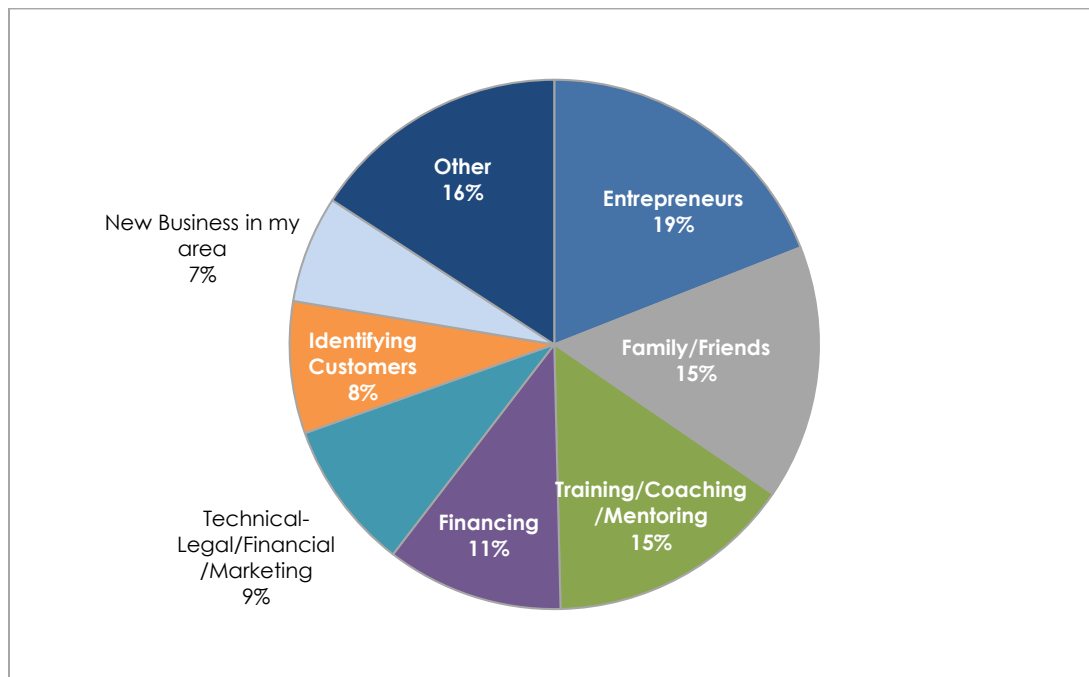
## What Encouraged Entrepreneurship

Entrepreneurs were asked, “Which of the following factors would you say had encouraged you the most to start, grow, or think about starting a business?”<sup>7</sup>

- Nearly one in five entrepreneurs indicated that it was “other entrepreneurs” that encouraged them most to open their own business. This was closely followed by family and friends (15.5%) and having “training/coaching/or mentoring” (15.1%).
- One in ten indicated that financing was a critical part of the reason they ventured out.
- Appendix C offers a full list of other reasons.

<sup>7</sup> Respondents could select up to three choices.

**Figure 8: Reasons Why Entrepreneurs Started their Business (N=657 Total Responses)**

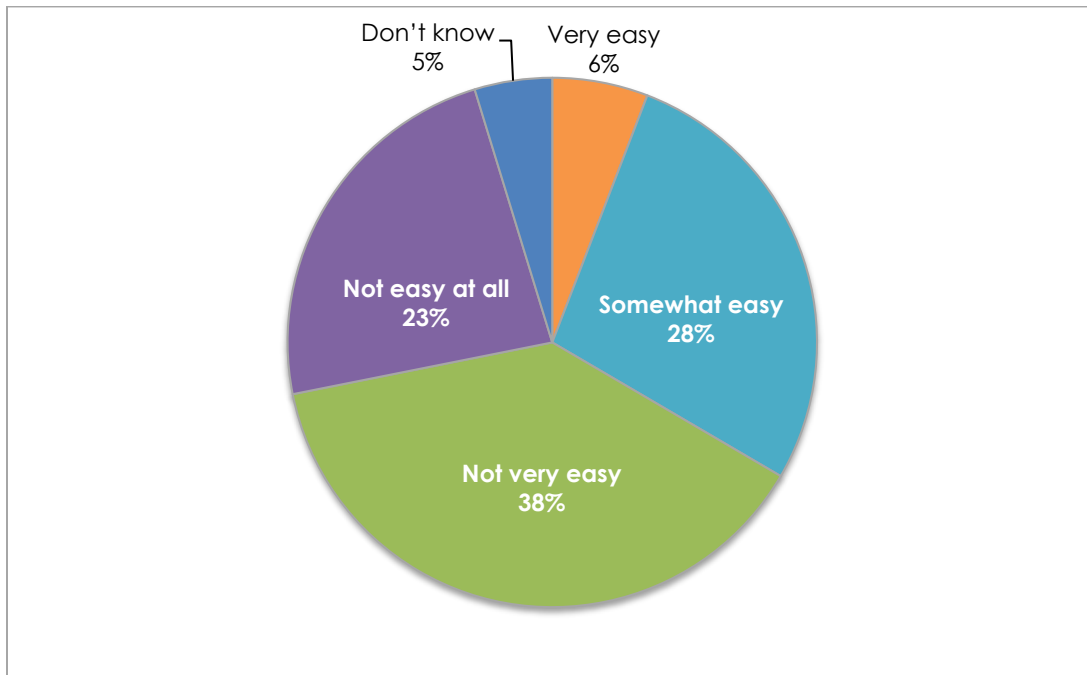


## Entrepreneurial Culture

Several questions were asked to understand the overall entrepreneurial culture. Respondents were asked about the ease of starting and growing a business in the entrepreneurs' geographic area, their perceptions of the overall support for small businesses compared to five years ago, and about the ease of attracting attention from the media and governments over the last few years.

- Roughly 33% of respondents thought it was very easy (5.8%) or somewhat easy (27.6%) to start or grow a business in their geographic area. This contrasts with the nearly 62% that felt it was not easy and the 4.7% who didn't know. (See Figure 9)
- Compared with five years ago, though, most respondents felt that support has increased (59.9%) or remained the same (17.5%). Only 7.8% felt that support had gotten worse. Nearly 15% really didn't know either way. (See Figure 10)
- Additionally, over the last few years, entrepreneurs felt that they have received more attention (63.6%) from the media and/or government, compared to only 9.7% who felt they received less attention and 20.3% who felt they received about the same level of attention. (See Figure 11)

**Figure 9: How Easy Would You Say it is for an Entrepreneur to Start or Grow a Business in Your Area? (N=359)**



**Figure 10: Compared with About Five Years Ago, Would You Say That Support for Opening or Growing a Small Business in Your Area Has... (N=359)**

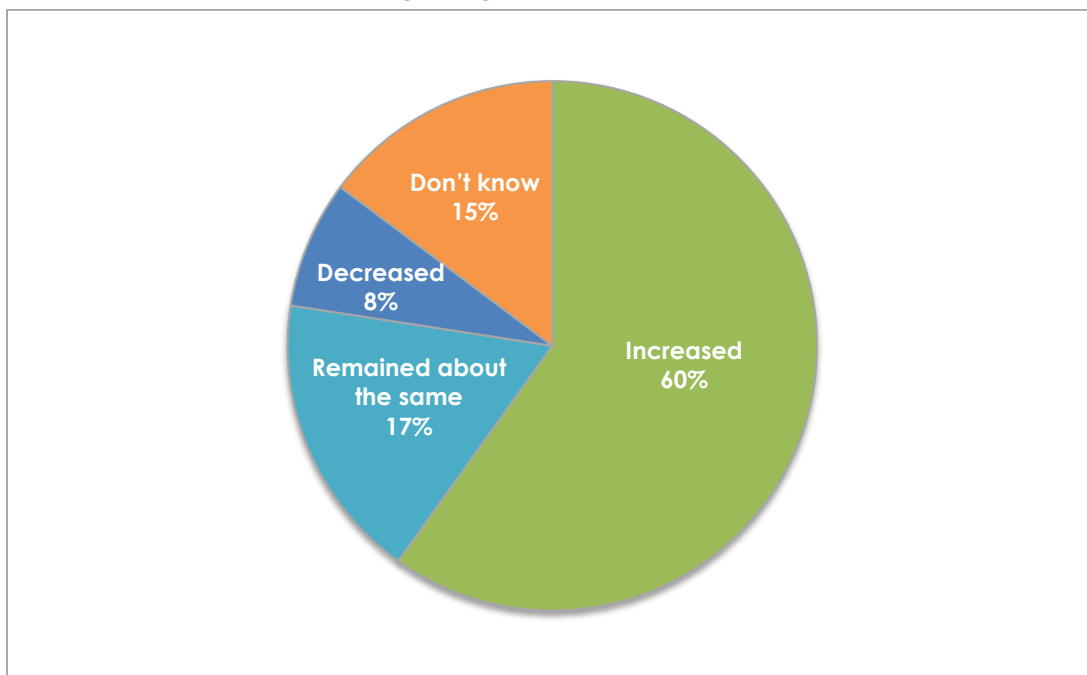
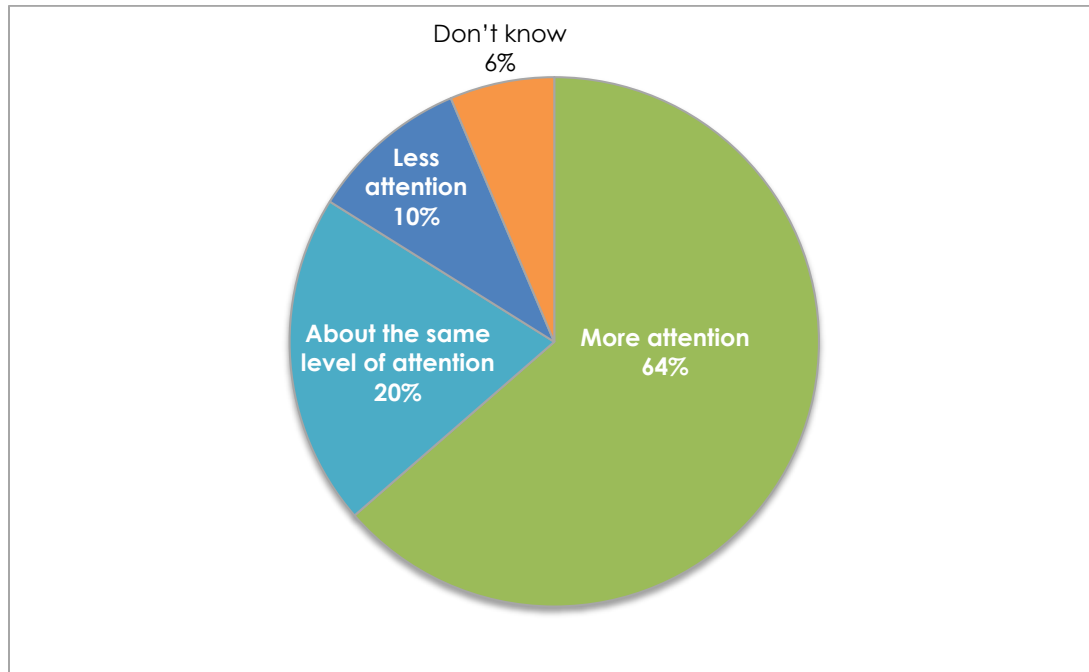


Figure 11: In Terms of Attracting Attention from the Media/Government, Would you Say that Over the Last Few Years, Entrepreneurs are attracting... (N=360)



## Employment Change

Entrepreneurs were asked, not including themselves, how many employees (full-time (FT) and part-time (PT)) they currently had.<sup>8</sup> They were also asked to project how many they were likely to have two years from now.

- On average, firms had 5.1 FT workers and 3.8 PT workers, but expected to have, on average, 13.6 FT workers and 8 PT workers in two years. This is a very optimistic view of their likely growth patterns.
- Using Full Time Equivalents<sup>9</sup>, the average firm had 7 employees, but anticipated having 17.6, on average, in two years (a change of 152%).<sup>10</sup>

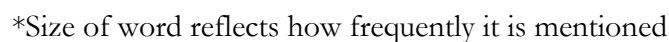
<sup>8</sup> This did not include contract workers.

<sup>9</sup> Part time workers were assumed to have worked 50% of the full time worker in constructing the FTE.

<sup>10</sup> A few assumptions were made to derive these statistics. First, when ranges were offered instead of numerical values, the average was taken. Second, if a firm indicated that they had 100+ the value assumed was 100. Finally, one case was excluded because it was a very extreme outlier. Currently, they had 0 FT workers and 3 PT workers, but indicated that within two years they would have 1000 FT workers and 1000 PT workers.

Finally, entrepreneurs were asked what they felt were the top three challenges or obstacles facing small businesses in Detroit today. The full listing of each is included the tabular data.<sup>11</sup>

- ### Figure 12: Biggest Challenge Word Cloud\*



<sup>12</sup> This just provides a very quick overview of the common features up front, a more thorough investigation would collapse words and focus just on the barriers, not the entire text.

## Appendix A: Zip Code Distribution

Zip Codes	Number of Respondents	Percentage of Respondents
48202	28	7.4%
48221	27	7.2%
48207	25	6.6%
48226	24	6.4%
48201	14	3.7%
48219	11	2.9%
48224	11	2.9%
48227	10	2.7%
48104	9	2.4%
48212	9	2.4%
48216	9	2.4%
48204	8	2.1%
48211	8	2.1%
48214	8	2.1%
48103	7	1.9%
48223	7	1.9%
48210	6	1.6%
48228	6	1.6%
48235	6	1.6%
48170	5	1.3%
48197	5	1.3%
48205	5	1.3%
48208	5	1.3%
48213	5	1.3%
48105	4	1.1%
48215	4	1.1%
48236	4	1.1%
48108	3	0.8%
48203	3	0.8%
48206	3	0.8%
48237	3	0.8%
48027	2	0.5%
48067	2	0.5%
48076	2	0.5%
48083	2	0.5%



<b>Zip Codes</b>	<b>Number of Respondents</b>	<b>Percentage of Respondents</b>
48098	2	0.5%
48106	2	0.5%
48109	2	0.5%
48152	2	0.5%
48180	2	0.5%
48220	2	0.5%
48230	2	0.5%
48234	2	0.5%
48238	2	0.5%
48304	2	0.5%
48309	2	0.5%
48314	2	0.5%
48326	2	0.5%
48336	2	0.5%
48374	2	0.5%
48393	2	0.5%
48837	2	0.5%
49503	2	0.5%
49512	2	0.5%
966	1	0.3%
19038	1	0.3%
48021	1	0.3%
48025	1	0.3%
48026	1	0.3%
48051	1	0.3%
48059	1	0.3%
48068	1	0.3%
48069	1	0.3%
48070	1	0.3%
48072	1	0.3%
48073	1	0.3%
48080	1	0.3%
48084	1	0.3%
48111	1	0.3%
48113	1	0.3%
48116	1	0.3%
48167	1	0.3%

Zip Codes	Number of Respondents	Percentage of Respondents
48168	1	0.3%
48174	1	0.3%
48185	1	0.3%
48187	1	0.3%
48209	1	0.3%
48232	1	0.3%
48239	1	0.3%
48240	1	0.3%
48266	1	0.3%
48301	1	0.3%
48302	1	0.3%
48306	1	0.3%
48321	1	0.3%
48323	1	0.3%
48324	1	0.3%
48333	1	0.3%
48334	1	0.3%
48342	1	0.3%
48362	1	0.3%
48377	1	0.3%
48390	1	0.3%
48430	1	0.3%
48609	1	0.3%
48823	1	0.3%
49053	1	0.3%
49464	1	0.3%
49505	1	0.3%
49901	1	0.3%
58235	1	0.3%
88888	1	0.3%
<b>Grand Total</b>	<b>376</b>	<b>100.0%</b>

## Appendix B: Other Types of Support Reported

Other Types of Support
"10,000 Small Businesses"
"Accelerate Michigan 1st place Med Device"
"Betabrand is producing two of my designs!"
"Build Institute"
"Business Partners"
"Colocation NextEnergy"
"crowdfunding"
"I have met with Blackstone LaunchPad at Wayne State University, my alma mater, a couple of times. After several follow-up emails, they did not get back with me. Have pursued other avenues and continue to try to get support locally."
"line of credit"
"Meetings with NEI staff / business plan"
"NSF icorps program"
"partner buy-out"
"private source"
"Sales Revenue"
"Supported by working in Bamboo Detroit co-working space"
"Tenant at ponyride"
"Trade Group"
"TTD Funding (Training)"
"USDA program payment"
"what ever it takes to meet financial obligations."

## Appendix C: Other Reasons those Entrepreneurs Started their Business

Other Reason	Recoded into Existing Category
"A genius inventor"	
"A passion for the people and lack of good choices for others with dietary needs"	
"A passion for what I do and belief I do it uniquely well."	
"Access to great technology"	
"Accessing the potential profit opportunity for our product"	
"addressing a need"	
"being able to employ Detroiters and contribute to the local economy"	
"Being downsized"	
"being fed up working for someone else"	
"Belief in my product"	
"BUILD network ongoing support"	
"business opportunity"	
"Business Role Models"	
"Changing business climate and suggestion from mentors"	Training/Coaching/Mentoring
"Community of other founders, and established success of other startups"	New Business in my area
"Confidence in my IP, including issued software patents"	
"courage"	
"demand for business"	
"Desire for significant wealth and work life flexibility"	
"Desire to achieve financial independence"	
"Desire to make a difference in my community."	
"Drive and determination to implement change in my personal life and community."	
"Education"	
"Encouragement and assistance from peers and other in my industry"	Training/Coaching/Mentoring
"finally found the right opportunity"	
"Financial security for me and my family"	
"Fit with personal goals, loss of job was a catalyst"	

Other Reason	Recoded into Existing Category
"Fixing a Major Problem"	
"Flushing out growth ideas and eventually implementing them."	
"Following my passion"	
"Fulfillment of purpose"	
"Growth in the region, mostly Detroit"	
"Having a good product to sell and a team to help me make and sell it"	
"Helping build community- Create jobs, economic development."	
"I am a self starter and I have a certain way of doing things so I have to work for myself."	
"I am naturally business minded"	
"I believed in myself and mission"	
"I need for Community Development to acquire rehab and Market available real estate and qualified new customers in our district we have a real need for assisted funding and a need for assistance in identifying new customers"	
"I saw a market opportunity and went for it"	
"I saw the need and decided to fill it."	
"I want to give my customers more options"	
"I wanted to do it!"	
"I was born for entrepreneurship"	
"I was encouraged by my pastor and my friend who knows how strongly I feel about being faithful to my calling."	
"Identified needs from personal experience"	
"Identifying a need"	
"Identifying an opportunity"	
"Independently increasing my cash flow"	
"internal drive to see if it could work"	
"invented product that could help people walk and save lives"	
"IP, Licensing availability"	
"Its my passion and dream to own a business and give back to my community"	
"job loss"	
"Keeping a family business open"	

Other Reason	Recoded into Existing Category
"Knowing it was a place that I wanted access to, whether it succeeded as a business or not."	
"Knowing there was a paying market for my service"	
"Lack of businesses like mine in the area AT THAT TIME. Also took Kaufman business startup class in 2010."	Training/Coaching/Mentoring
"Lack of career opportunities"	
"lack of opportunity in my field"	
"lifelong passion"	
"life-time mission"	
"Making money"	
"Market niche"	
"Market opportunity"	
"moving forward with my passion"	
"My father own it before me. Originally open 1954"	
"my mission to eliminate hunger in Detroit"	
"My passion to bake for others"	
"My Pastor"	
"My personal passion"	
"NA"	
"need for our services"	
"opportunistic"	
"Our own ability to find clients"	
"Passion"	
"personal desire"	
"Personal experiences 8"	
"Personal Goals!"	
"political and social movements"	
"Previous business ownership"	
"recognized a need in the marketplace"	
"Recognized unmet market need"	
"Resources from the University of Michigan"	
"Seeing a need in the marketplace"	
"seeing the need for our type of business"	
"Seeing, and knowing people in the community need help with stable living and a help source not a hand out."	
"Social Entrepreneurship and wealth generation"	

Other Reason	Recoded into Existing Category
"Starting a business isn't about what is available to help it more about is there anything stopping me"	
"Strategic Partnership"	
"Support from Tech Town. Specifically Sarah Donnelly"	Training/Coaching/Mentoring
"The "Edgewater" initiative has incredible marketability based on statistics for the genre, 1920's, the Detroit story. As I am seeking 'seed' money for my project, I was told by Blackstone LaunchPad leaders that my initiative is unique and different, but I am unsure whether they know how to help. "Edgewater" is a TV drama series I've developed. I am seeking 'seed' money to take the project to the next level."	
"The freedom to direct my own destiny. "	
"the need to control my own destiny"	
"The need for a more restorative economy"	
"The need for affordable, safe, reliable transportation."	
"The need for my idea in the community"	
"the opportunity that i saw"	
"the opportunity was there to connect with former colleagues who know me and were interested in my help/services"	
"To be my own boss and create opportunities for myself as well as others."	
"to support my community"	
"unique skills and abilities"	
"Wanting to be my own boss."	
"Wanting to be part of a community and investing in a neighborhood"	
"Wanting to run my own business, be my own boss, capitalize on lack of client service in area"	
"Where I was working at the time mgt was not helpful to customers so I decided to do it myself"	
"Working a job I hated "	
"years of experience in my field giving me confidence to do it on my own"	