



ECITIES

iLABS Entrepreneurial Cities Index

What is eCities?

eCities is iLab's annual study that examines community-level factors that influence entrepreneurship, economic development, and job growth. The focus is on entrepreneurship because of its importance to expansion and diversification of regional economies and small businesses' impact on job creation. eCities primary purpose is to understand and share the best practices for entrepreneurial growth.

What is iLabs?

iLabs is the University of Michigan-Dearborn's Center for Innovation Research. Housed within the School of Management, iLabs is dedicated to advancing the understanding of corporate, entrepreneurial, and institutional innovation and their impact on economic development.

Aren't entrepreneurial indexes already available?

There are other studies which measure entrepreneurial growth, but these studies use Metropolitan Statistical Area (MSA) data. MSA data includes an urbanized area which can encompass numerous cities across multiple counties, thus comparing metropolitan Detroit to metropolitan Chicago and not the City of Detroit to the City of Chicago.

Other indices typically utilize as few as two factors to examine entrepreneurship, which does not consider the wide-range of efforts by communities to attract businesses and the entrepreneurial people that operate them.

How is eCities different?

Unlike other entrepreneurial indexes, eCities examines entrepreneurial growth at the community level. Researching entrepreneurial growth in individual cities, townships, and villages provides an understanding of how policies are decided, the impact of those policies, and the overall responsiveness of local governments. Also, the Entrepreneurial Cities Index uses a six factor, 31-item instrument, which examines issues that are relevant to businesses as they consider where to locate.

What does eCities measure?

The Entrepreneurial Cities Index is the quantitative instrument of the eCities project. It is a six-factor, 31-item instrument that examines entrepreneurial activity. The factors consist of Clustering, Incentives, Growth, Policies, Community, and Education.

Clustering: Examines concentrations of business property and municipal infrastructure investment.

Incentives: Examines tax rates, tax abatements, and the use of tax incremental finance tools employed by local governments.

Growth: Examines changes in business activity and commercial construction occurring within communities.

Policies: Examines organizational support for entrepreneurship and the use of economic development tools by local government.

Community: Examines the socioeconomic and cultural factors for economic development in cities and townships, including percentage of households reporting self-employment income, average household self-employment income, and crime.

Education: Examines education levels of residents, which provides businesses with a pool of knowledge-based workers.

How is the data collected?

All of the quantitative data comes from publicly available records, including the US Census, local building department databases, city and county assessing rolls, and state crime reports. Once the quantitative information is collected; qualitative research – in the form of interviews – is conducted with local economic officials from top-performing communities to gain a better understanding of successful policies and procedures.

I'm a Township/City/Village and I want to participate in eCities.

If you are a Township, City, or Village that wishes to share in the best practices of communities to promote entrepreneurial growth and economic development, contact Tim Davis at 313.593.4060, or tadavis@umd.umich.edu, for more information and a login to include your community in the project

What makes a community a top performer in the study?

In 2007 the Michigan communities recognized as Entrepreneurial Cities were Ann Arbor, Auburn Hills, Troy, and Wixom. Listed below are short descriptions of their entrepreneurial activities:

Ann Arbor leverages key partnerships with local organization such as the University of Michigan and Ann Arbor SPARK. The proximity of the university provides employers with access to a highly educated workforce and opportunities to partner with university personnel on projects. Ann Arbor SPARK, a regional economic development group, offers programs, resources, and proactive support to business at every stage, from start-ups to large organizations.

Auburn Hills provides tax abatements to existing organizations and potential entrepreneurial firms. Of the total parcels that are eligible to receive tax abatements, five percent of those parcels receive some tax incentive. Additionally, an efficient building permit process enables companies to maintain construction schedules while reducing the stresses for new startups and expanding corporations.

Troy focuses on relationship marketing with a team of officials who regularly contact existing businesses and work with potential business to better understand these organizations' needs. Those conversations allow the city to effectively consider local barriers that businesses encounter which government may be able to help mitigate.

Wixom is flexible and responsive to the business community's needs by leveraging public infrastructure to appeal to young entrepreneurial professionals. One of there most important attributes is being responsive on the permit process in which complete approval of the permits can be completed in as little as one month.