

eCITIES

eCities 2013 Year-End Report

iLabs, *The Center for Innovation Research*

College of Business

University of Michigan-Dearborn

eCities is an annual research study that examines the factors – at the community level – that foster entrepreneurship and encourage economic development. The focus is on entrepreneurship because of its importance to expansion and diversification of regional economies and small businesses' impact on job creation. The primary purpose of eCities is to help communities benchmark their efforts and gather best practices from other communities across the state.

Background

Across the country, economic development activities are carried out by various entities, including state agencies, regional associations, and counties. While these broader organizations engage in promoting economic development in Michigan, similar activities are also undertaken by many townships, cities and villages. Given this, the eCities project uses the community as the unit of measurement and not a county or metropolitan area as other studies have used.

The eCities project seeks to provide benchmarking tools and overview reports for participating communities and has incorporated new ways to learn from the Best Practices of local communities across the state. While there is no single solution for every community, the Best Practices allow communities to understand strategies that can be tailored to local resources and communities. Helping local communities, who often have the most impact on small and entrepreneurial firms, provides an opportunity to improve the environment for entrepreneurialism throughout the state. Since its inception in 2007, eCities has grown from 14 to over 190 participating communities with over 300 communities invited to participate each year. As communities continue to demonstrate their interest in the annual project, the eCities team is implementing new ways to benchmark community progress and offer more comprehensive analysis to participating communities.



Data Sources

The eCities index analysis is comprised of a six-factor, 32-item analytical tool and is the key research instrument in the eCities project. This analytical tool compares and weights the factors to identify top performing communities. The six factors and the items they include are:

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 rates.

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

Relevant data points have been indicated based on knowledge of what information local government's track, what data is relevant to business attraction and retention, and comes from publicly available records; including the US Census, local building department databases, city and county assessing rolls, and state crime reports. The quantitative data collected for the eCities index analysis is rooted in reliable and constant sources to ensure that data remains consistent and verifiable, year over year. Additionally, changes that have been made to the index analysis have been made to reflect changes to state level policy.

eCities strives to collect, measure, and analyze data that aids participating communities in as many ways possible. As such, eCities 2013 marked significant contributions to fulfilling this mission by continuing to evaluate Best Practices communities with a new panel of entrepreneurs and experts. To participating communities, the eCities best practices review panel provides a unique perspective and personal evaluation of the community's "pitch" to potential entrepreneurs or investors. This panel included:

Anglea Barbash, *CEO/Founder, Reconsider*
Debra Christein, *Partner, B2B CFO*
Jim Geisler, *President, Geisler Enterprises, Inc.*
Merrill Guerra, *Realtor®*
Rich Hawkins, *Director of Economic Equity, New Detroit*
Frederick W. Hoffman
Meredith Kerekes

Pavan Muzumdar, *Principal, Revalue*
Pat Schwager, *CEO, Aunt Nee's Fresh Food*
Rod Sturgeon, *Retired Property Tax Manager, Exxon Mobil*
Miche Suboski, *Director Strategic Initiatives, GLEQ Kerry*
Thompson, *Entrepreneur & Researcher*
Lanny White, *Founder & Director, GrowBiz.org.*

Barry Lipscomb, *New Economy Architect, Reconsider*



2013 Best Practices Communities

For the 2013 project, over 150 communities participated in the study, with 102 completing the process to receive benchmarking and overview reports. Out of the 102 communities, the 2013 study recognized eight communities based on their innovative and successful efforts at fostering entrepreneurship and encouraging economic development. Each community, once they completed the quantitative survey, was eligible to respond to the Best Practice survey in which each community was given an opportunity to articulate their specific efforts; each response was reviewed by a panel of entrepreneurs. This year's Best Practices Communities are: Imlay City, the City of Madison Heights, the Charter Township of Meridian, the City of Midland, the City of Mount Pleasant, the City of Sterling Heights, the City of Sturgis, and the City of Tecumseh.

Imlay City

Imlay City boasts that it is "small but relevant" and aims to anticipate the needs of business owners and entrepreneurs by pairing them with like-minded business owners throughout the community. To further this mission the City has created Entrepreneur MeetUps, which include workshops and networking events, for local entrepreneurs to provide them with vital resources; "Buy Local" campaigns to foster an entrepreneurial eco-system among businesses within their community; and they cross promote their businesses. In doing so, they have seen their local businesses become their best salespeople. Global companies spend time abroad discussing the value added to their operations by making the critical decision to set-up-shop in Imlay City.

Meridian Township

The Charter Township of Meridian encourages business growth and attraction of new business through targeted outreach efforts and promotion of their quality workforce. To better serve the business community, Meridian Township has established several organizations to target the specific and diverse needs of small businesses and entrepreneurs. The Township offers seed money to start ups, provides business location, relocation, and retention programs, micro-loans, and a business incubator and resource center. All of these programs are supported through the local and regional partnerships the Township has developed and has even encouraged the development of local organizations, such as the Meridian Area Business Association (MABA) and the Meridian Area Resource Center.

Midland

The City of Midland offers an "innovation-centric and pro-business community" to interested entrepreneurs and small-medium-large businesses by recognizing itself as a true partner and resource for business. The City also focuses on efficient permitting and business development processes and has a clear philosophy when it comes to economic development. Midland combines traditional economic development offerings with top-line growth focus on programs and resources, which seek to support the varying types of businesses within the community.



Mount Pleasant

The City of Mount Pleasant has worked to create an environment for business that fosters growth and progress. They have been successful in linking the various components of the business eco-system in one community. Organizations such as the CMU Research Corporation, CMURC, the Middle Michigan Development Corporation, MMDC, or the City of Mount Pleasant w put business first.

Sterling Heights

The City of Sterling Heights has enlisted the help of the Macomb-OU Incubator to develop programming for local business networking and workforce development programs. It is through these efforts that the City is able to more effectively support entrepreneurs and businesses in their community. Beyond supporting the diverse interests of the commercial, manufacturing and high-tech firms the City also supports business as a result of it their close proximity to major regional and local economies in the State.

Sturgis

The City of Sturgis, through the Sturgis 2022 planning process, took the time to listen to their business community and develop a vision and strategy for growth with the businesses. The result of such efforts is a community rooted in a common understanding of growth – everyone knows what their role is in the future of Sturgis. Beyond the Sturgis 2022 plan, the City works with local partners to support business in a variety of ways – networking, events, and education.

Tecumseh

The City of Tecumseh has developed an economic development strategy that is grounded in the history of the City, the needs of the business community, and a deeper commitment to support business growth in the community. The Economic Development Department is the direct result of those efforts. As such, the community continues to create an environment for businesses that speaks the community's culture and commitment for quality of life. Businesses know their City officials and leaders because the City spends time with each business to craft a meaningful experience that contributes, overall, to the entrepreneurial eco-system within the community.

2013 Five-Star and Four-Star Communities

Beyond the eight Best Practices communities, fifty-two communities were also recognized as 5-Star and 4-Star communities. The 5-Star and 4-Star communities in the eCities Project are part of a group of Michigan communities making up the top places for business.



Five-Star Honored Communities

City of Auburn Hills	City of Monroe
City of Coldwater	City of Mount Pleasant*
City of Dearborn	City of Rochester Hills
City of East Lansing	City of Sault Ste. Marie
City of Farmington Hills	City of Southfield
City of Grand Blanc	City of Sterling Heights
City of Grandville	City of Sturgis
City of Imlay City	City of Tecumseh
City of Kentwood	City of Troy
City of Madison Heights	City of Wixom
City of Marine City*	Delhi Charter Township
City of Marshall	Kochville Township
City of Midland	Plymouth Township

Four-Star Honored Communities

Alpine Township	City of Niles
Cascade Charter Township	City of Northville
Charter Township of Meridian	City of Novi
City of Alpena	City of Plymouth
City of Ann Arbor	City of Portage
City of Eastpointe*	City of Rochester
City of Frankenmuth	Delta Charter Township
City of Grand Rapids	Flint Charter Township
City of Holland	Grand Rapids Charter Township
City of Litchfield	Northville Charter Township
City of Marquette	Superior Charter Township
City of Mason*	Thomas Township
City of Milan	Village of Almont*

*communities participating for the first time in eCities



Discussion

Each of these highlighted communities utilizes strategies to strengthen their broader goals and philosophy to attract and retain business. While no single solution is right for all communities, common themes and trends emerge.

By building on the best practices of the eCities Best Practices communities, communities can create a supportive environment for entrepreneurs and new & existing business by:

Helping businesses through government processes – a community does not need to have every answer, but being accessible and able to direct businesses in the right direction. Moreover, outline key resources that are likely going to be relevant to businesses.

Cultivate opportunities for collaboration – give businesses within the community a forum or outlet for collaboration and network to occur. This has added value for both the businesses within the community and the community itself.

Adopt a “Support Local Business” mentality – this can just be a part of the community culture. Adopting such an outlook in the community helps foster an eco-system for businesses to grow within.

Encourage cross promotion – tapping into the resources and relationships that exist within your business community can help existing businesses be the best salespeople for your community. A community can encourage cross promotion and set the tone within the business community for the community to promote.

Highlight & connect your strong workforce to business – talent is a critical component for any business. This goes beyond merely having a talented and educated workforce, but finding ways to connect the workforce to business.

Year-over-year consistent messages come from communities, the panel of entrepreneurs, and the businesses that comprise the participating communities. Some of these consistent messages include:

- *Successful communities listen to their local businesses.* Through various and diverse channels of communication, communities connect with their business community on a variety of issues.
- *Have a clear and concise strategy and message, and use it.* A visible message and strategy can hook interest for businesses – whether they are potential or existing.
- *There will never be a “one-size-fits-all” solution.* Thus, it is important for each community to incorporate strategies and processes that match the culture of the community to be able to better realize the expected and potential outcomes.



Finally, eCities continues to invest in new and innovative ways to assist communities in their economic development efforts. This year eCities continued investment in the interface system for communities to enter information and video profiles for all of the Best Practices communities. These continued efforts would not be possible without the commitments made by the communities, panel entrepreneurs, sponsors, and all of those that work with the project to give back to the communities. In the future, the eCities project will continue to build upon these efforts and create new ways to positively impact local governments in their efforts to build Michigan's economy.

Conclusion

eCities 2013 continues the tradition of helping communities to improve the state's entrepreneurial climate by collecting and sharing the Best Practices of local communities and providing an understanding of what strategies are successful in engaging the business community. The eCities project continues to expand and create a body of knowledge that can assist local communities with the tools and skills needed to foster entrepreneurship and encourage economic development in Michigan. eCities continues to craft new and innovative ways to deliver data that is collected so that communities have a more access to an abundant mix of data points. The goal is to make communities more responsive to economic development by providing tools that communities can use to supplement and improve their performance.

Much like the entrepreneurs whom they covet, communities need to understand that Best Practices cannot be copied and applied without consideration. Communities need to recognize and match their resources to best meet the needs of their businesses if they are to encourage growth and attract entrepreneurial investment.

To learn more about the eCities project or iLabs, please contact us at umd-ilabs@umich.edu or 313.593.3991. eCities 2014 will launch in May 2014. Visit www.umdilabs.com/ecities for updates.