

# Business formation & growth drives job creation.

## We identified these Threats & Opportunities:

### **The Lowest Rate of Business Formation Other Regions Becoming Increasingly Attractive to Entrepreneurs**

- The deficit exists among both Hi-Growth and Main Street businesses
- In WNY, self-employment & entrepreneurship is perceived as difficult & discouraging
- Start-up capital is difficult to find and encumbered with restrictions on use

### **Nearly the Lowest Rates of Business Growth, IPOs & Investment Other Regions Becoming Increasingly Attractive to Investors**

- Businesses started here are not scaling-up, some are actually enticed to move away
- Despite strong research & well-trained people, investment hasn't followed
- Our Entrepreneurs lack skill and/or top advisors who could help them scale up

### **WNY Used to Have a Strong Entrepreneurs and We Can Re-Fire the Old Spirit of Entrepreneurship, Innovation & Growth**

- An affordable place to start & grow a business
- Access to markets & resources – proximity to population centers + tourists coming here
- Our diverse regional economy will support diversity in business types & ownership

# Goal: Correct weaknesses and foster an Entrepreneurial Culture

## Weaknesses

1. Ferocious Regulatory Environment (*on-top-of high taxes & fees*)
2. Insufficient Funding (*for both start-ups & growing businesses*)
3. Low self-confidence, intolerance of failure (*and a habit of "tearing-down" those who try -- mainly by the media*)

Self-employment and venturing is seen as a brave and lucrative choice in successful entrepreneurial regions – less so in Western New York.

Threatened penalties are disproportionate and often, existential. Action taken is often rescinded after damage to the business is done. Employers have little recourse. There is also a sense that regulators must self-fund through fees and fines.

A gap exists in lending modest amounts of working capital to start-ups or new-economy businesses with few tangible assets.

An additional gap exists in funding high-growth businesses with equity capital

# Strategy: Support initiatives that promote business formation and enable hi-growth start-ups to capitalize on regional strengths.

## Strengths

- People (*Well-educated – highlighting UB & Alfred, strong spirit, hard-working pool of talent*)
- Market Access (*Close to East Coast, Toronto & Niagara Falls Tourists*)
- Affordability (*Low cost of living, business services and real estate*)

Provide start-up support including help with regulations, small business management and working capital.

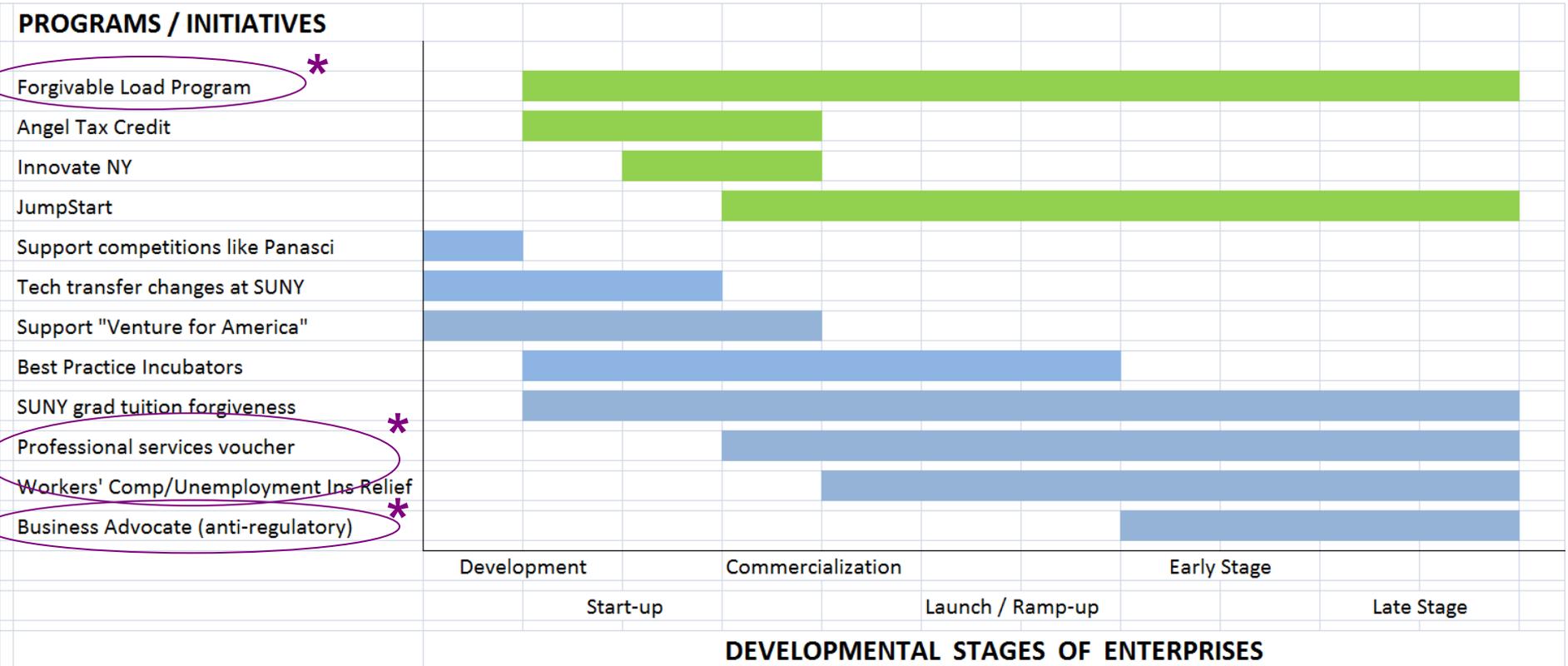
Provide hi-growth business support through incubators and best-practice initiatives observed here and elsewhere.

Incentivize technology transfer from universities; encourage work in start-ups and entrepreneurship from college students and recent graduates.

Incentivize investors to come and invest here so new businesses won't be forced to move away in search of funding.



**Tactics:** Recommend new initiatives that will be simple, small and sustainable, able to help any business type... also articulate support for initiatives that will be further developed by their champions, already working in our community.



\* New initiatives developed in work group recommendation.

# New Initiatives To make it easier to start & grow in WNY

## **Forgivable Loan – To Fill the Funding Gap for Working Capital**

Up-to \$100,000 forgivable (made a grant) when employment goals are achieved

- Borrow \$10,000 per FTE in a 3-yr forecast.
- Report actual employment at 3-year anniversary, \$10,000 per FTE forgiven
- Borrower personally guarantees repayment of unforgiven amounts

## **Business Advocate – To Provide a Rational Regulatory Environment**

- Executive-Branch Ombudsman Able to Suspend Regulatory Action for 1 Month
- Any NY business could request suspension
- Suspension granted if no imminent threat to health, property, environment *(1-month suspension of penalties, tax and interest will enable entrepreneurs to react, plan & inform backers.)*

## **Certified Startup – To Encourage New Business Formation in New York**

- A 2-year status received upon formation with the Secretary of State *(online?)*
- Delays entry into Unemployment and Workers Compensation Pool for 1 year *(while providing tutorials covering regulatory compliance and employer obligations in NYS)*
- Conveys “not for profit status” *(to encourage pro-bono support for start-ups)*