

Mapping the Capital Region's Entrepreneurial and Startup Resources: Strengths, Weaknesses and Gap Analysis

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Prepared for:
The Capital Region Workforce Boards:
Sacramento Employment and Training Agency
Golden Sierra Workforce Board
North Central Counties Consortium
Yolo County Workforce Board

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With the assistance of Valley Vision

Executive Summary

Earlier this year, the four Capital Region Workforce Boards (Sacramento Employment and Training Agency –SETA, Golden Sierra Workforce Board, North Central Counties Consortium and Yolo County Workforce Board) approached U.S.SourceLink for assistance in mapping the resources in the nine-county region that support entrepreneurs and business owners. The goal of this project was to better understand the entrepreneurial ecosystem, both strengths and gaps, in order to facilitate strategic planning for the Capital Region’s Project SlingShot. The mission of SlingShot is to strengthen the region’s entrepreneurial ecosystem and catalyze a culture of innovation, thereby spurring economic growth and job creation.

This report provides a high level mapping of the Capital Region’s entrepreneurial ecosystem around six key aspects that create the foundation for a thriving ecosystem, by type of entrepreneur. Approximately 170 organizations were charted based on a draft inventory of entrepreneurial and startup services prepared by Valley Vision, which is coordinating the SlingShot strategic planning.

The region shows marked strength in services offered around networking, mentoring and planning/management. Gaps appear to exist in legal services, manufacturing/logistics and coworking/incubator space. The region appears to have a number of resources to assist those seeking capital, with apparent gaps around credit building services, pre-seed and seed stage funding.

About U.S.SourceLink

U.S.SourceLink was selected for this project due to its extensive experience. Working with the Kauffman Foundation and helping build entrepreneurial ecosystems nationwide, U.S.SourceLink has a finger on the pulse of key trends and innovations in the entrepreneurship space. From hosting thought leader gatherings to presenting at national economic development conferences to working every day with on-the-ground community champions, U.S.SourceLink is well positioned to know and share best practices for thriving entrepreneurial ecosystems.

Started in Kansas City as KCSourceLink in 2003 with the support of the Ewing Marion Kauffman Foundation, U.S.SourceLink is an outreach program of the University of Missouri – Kansas City. Its mission is to match aspiring and existing entrepreneurs to the resources they need to grow by uniting existing programs into collaborative networks providing a highly reliable, visible and vibrant source of business startup and growth information. Today, KCSourceLink has 240+ partners in the Kansas City region and operates a clearinghouse both by hotline and through the website to assist business owners with finding the resources that they

need to succeed. The Kansas City program serves as a test bed for innovations that can be shared with other communities.

U.S.SourceLink began expanding across the country in 2005. Affiliates who have adopted the U.S.SourceLink model for their communities, such as NetWork Kansas and IASourceLink, act as hubs in their respective communities, connecting entrepreneurs to the resources they need to grow. This puts the leaders of these organizations directly at the center of a region's entrepreneurial ecosystem, hearing first hand from the entrepreneurs about their needs and in a unique position to identify the region's resource gaps and measure entrepreneurial growth.

Introduction

Kauffman Foundation research shows that of the 12 million new U.S. jobs added in 2007 alone, young firms (up to age five) were responsible for the creation of nearly 8 million jobs. Those entrepreneurs need thriving networks to grow and succeed. This precept has revealed itself over and over in the 12 years since U.S.SourceLink began bridging resource organizations to one another and to entrepreneurs throughout the country.

It's simple: The more contacts entrepreneurs can make early in the life of their companies—that is, the more help and information they can get—the greater their chances of getting products developed, finding viable markets, surviving the first years, and growing toward success.

Location and industry aren't the critical issues. Both information and social contacts make the difference. Regardless of where companies are located or what their products are, virtually all entrepreneurs grapple with how to start and fund their businesses, and eventually, how to grow their businesses and scale globally. Gaps in knowledge and experience complicate the startup process and extend the time it takes for startups to grow.

Communities can help entrepreneurs, first by creating a vibrant network of resources to support them, and then by helping aspiring and existing business owners connect to the network.

With the help of U.S.SourceLink, the Capital Region Workforce Boards have embarked on a project to:

- Better understand the components of a healthy entrepreneurial ecosystem
- Better understand the resources available in the Capital Region to support an entrepreneurial ecosystem
- Determine gaps in services as a way to focus funding on appropriate programs
- Make the resources visible to entrepreneurs and other stakeholders in the region

A Healthy Entrepreneurial Ecosystem

Entrepreneurial ecosystems are evolving quickly. New programs emerge regularly from a region's academic, business, government and nonprofit organizations. Despite the changing

landscape, U.S.SourceLink has found – through helping more than 25 communities assess their entrepreneurial ecosystems and organize their entrepreneurial resources – that six key aspects create the foundation of a strong entrepreneurial ecosystem. They are:

- Resources
- Networked capital
- Pipeline of ideas
- Talent/workforce development
- Corporate engagement
- Storytelling

Resources. Entrepreneurs need support networks that provide trusted referrals to investors and other funders, as well as experts in operations, marketing, technology, sales, and dozens of other business-related services. Fortunately, many communities have an abundance of business development resources, but often entrepreneurs can't find them or find the right one for them. With a multitude of different kinds of businesses – whether they are technology, Main Street, second stage or microenterprise – and a multitude of resources, a central point for visibility and connection can help strengthen businesses and accelerate their growth.

Networked capital. Capital is the fuel that propels businesses forward. Entrepreneurs and business owners need the right funding to develop prototypes, take ideas to market, open storefronts, finance executive talent, and fund expansion. Communities need networked capital and a continuum of funding to address the needs of starting and growing businesses at all stages.

Pipeline of ideas. Engaging research institutions and corporations to match ideas with seasoned entrepreneurs will give rise to new innovation and move ideas from the whiteboard to the boardroom. In many communities, the people with the passion to drive innovations into the marketplace are unconnected to the pipeline of ideas.

Talent/workforce development. Developing businesses need access to highly skilled and motivated talent pools. STEM and entrepreneurship education at all levels, from grade school to graduate school, can help create the qualified workforce of the future.

Corporate engagement. The landscape of most communities includes a range of corporations and foundations that can support entrepreneurship. Immersing these companies fully in the entrepreneurial ecosystem brings invaluable expertise, connections and resources to generate spin-outs, ignite research and help startups succeed. Linking these institutions can also leverage funding from outside of the community to fill funding, support, mentoring and other gaps by creating much needed resources.

Storytelling. Healthy entrepreneurial ecosystems share the good news. Stories of success provide hope and inspiration, encourage support of entrepreneurs and support organizations, and help create a climate of risk taking. In most communities the story of entrepreneurship is fragmented and no one organization steps up to take the lead.

Four Types of Entrepreneurs

A healthy entrepreneurial ecosystem acknowledges that not all entrepreneurs and business owners are the same. This is a good thing, because economies are based on many different kinds of businesses and each play a different role in defining an economy.

U.S.SourceLink has developed a classification of entrepreneurs by the type of companies they lead and their goals for growth: Innovation-Led, Second Stage, Main Street and Microenterprise.

Innovation-Led

Innovation-led enterprises are businesses in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace and serves as a foundation for a high rate of growth.

Often formed around life sciences or technology innovations, these enterprises can require significant funding and specialized facilities. Owners are willing to give away equity to investors to secure the financial resources they need to grow. These businesses may cluster around research institutes and universities as technology is transferred from research labs into the marketplace.

Second Stage

Second stage enterprises have survived the startup phase and have owners who are focused on growing and expanding. The second-stage firms generally have between 10 to 99 employees and/or \$750,000 to \$50 million in revenue.

For these companies, business plans have morphed into strategic marketing plans. Finding a location is replaced by funding an expansion. Defining a market niche transforms into finding new markets, launching a new product line, exporting or selling to the government. And finding a team to launch the business becomes a search to find the experts who can take the business to the next level.

Main Street

Main Street companies make up a large segment of the economy, serve communities' growing populations and define a community's cultural character. These entrepreneurs are found among the local dry cleaner, grocery store owner, coffee shop owner, restaurateur or graphic design boutique.

Main Street entrepreneurs aren't driven by rapid growth. The founders create them to build a successful career in their area of passion and expertise and plan to work in the company for a long time. Their exit plan may involve selling the company to a key employee or passing it on to a family member.

Microenterprise

By definition, microenterprises are businesses that require less than \$35,000 in capitalization to start. In today's economic environment, dislocated workers and retirees are starting these companies to replace income lost through downsizing or retirement.

In the microenterprise space, there is a segment of support organizations that help those in poverty build wealth through microenterprise programs. Referrals may come from social services agencies and this group may need additional technical assistance due to lack of basic math skills, etc.

Startups

This report also breaks out services specifically targeted to those starting businesses. Regardless of industry or type of business, almost all startups go through the same steps: idea, feasibility, legal formation, licensing and permits. In most communities it is helpful to route the earliest-stage startups to specific resources who have time and resources to spend with those in the conceptual stage.

The following sections provide analysis of two of the components of a healthy entrepreneurial ecosystem: existing resources and networked capital in the Capital Region. The analysis of resources is based on services provided and type of entrepreneur served. Capital resources are mapped against a funding continuum. The scope of the project did not allow for deeper research into pipeline of ideas, talent/workforce development, corporate engagement or storytelling, but additional research can occur in the next phase of SlingShot implementation.

Resources in the Capital Region

U.S.SourceLink worked with the Capital Region's Draft Inventory of Entrepreneurial and Startup Services, prepared by Valley Vision and SETA as a mapping of existing resources in the Capital Region. U.S.SourceLink provided additional research and added more resources to the list based on experience with typical business support organizations. The resulting list was compared against a taxonomy developed through work with communities across the country.

Taking into account the clustering of service providers, U.S.SourceLink has developed a methodology to categorize and map a community's entrepreneurial support assets. Each provider is categorized by the following:

- **Specific Service(s) offered:** Service providers were categorized using only those services which they directly offer to new clients. Service providers were not categorized under a service for which they offer referrals, or a service offered only to existing clients.
- **Client Profile:** Some service providers focus on specific types of entrepreneurs as described above. For example, two organization may provide one-on-one business counseling, however, one might provide that service only to innovation-led businesses. We therefore further categorize service providers based upon the type of entrepreneur they serve.
- **Special Audiences:** All new companies must go through the startup phase, regardless of the type of business. Therefore, service providers were categorized specifically as offering startup assistance. Service providers were also tagged if they provided specific offerings to women and/or minority owned business.

It is worth noting that these categories are not always mutually exclusive. Providers may officially serve multiple quadrants but focus most of their time serving only one. For the purpose of this study the primary audience served was considered.

Specific services were summarized under the broader category headings. For instance, assistance with social media and exporting falls under the broader category of marketing. Procurement includes selling to the government as well as large corporations and other types of clients.

The scope of this project did not allow for direct outreach to business support resources. For some organizations, it was not possible to determine specific services and/or audience served from website descriptions. In several instances, websites were nonfunctional.

The following chart categorizes the service providers identified in the Inventory of Entrepreneurial and Startup Services by service provided, client profile and special audiences. An (I) indicates incomplete or unavailable information for that service provider. In all, approximately 170 organizations were charted, most of which are public sector nonprofits. State agencies, and nonprofit organizations located outside of the region that provide services for businesses and entrepreneurs within the study area were included in the inventory. Additional organizations were included, representing the types of establishments that are typically found in an entrepreneurial support network -- libraries, chambers of commerce and the IRS – as well as resources identified through guides and websites. There are most likely other resources that are missing from this listing. The resource inventory and assessment will be updated as information becomes available.

Organization	Financial Management	Capital	Procurement	Legal Services	Manufacturing/Logistics	Marketing/Sales	Mentoring/Counseling	Networking	Planning/Management	R&D/Commercialization	Regulatory Compliance	Space	Women & Minority	Workforce Development	Startup	Microenterprise	Main Street	Innovation-Led	Second Stage
3Core		x					x	x	x						x	x	x		
3Fold Communications							x	x							x	x	x	x	x
49er Regional Occupational Program							x							x					
Adon Communications							x							x				x	
AgTech Innovation Fund		x					x							x	x	x			
Aker Capital LLC		x													x			x	
Auburn Tech Incubator								x				x			x	x			
BizWorks (Yuba - Sutter)							x		x			x			x	x	x		
Breakaway Funding		x													x				x
Business Environmental Resource Center (BERC)							x		x		x				x	x	x	x	x
CA Indian Manpower Consortium								x	x				x	x	x	x	x		
CalGold											x				x	x	x	x	x
California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)		x															x	x	x
California Asian Chamber of Commerce			x			x	x	x					x		x	x	x	x	x
California Association of Public Procurement Officials, Inc. (CAPPO) – County of Sacramento			x																
California Beginning Farmer Bonds (CDLAC)		x													x				
California Capital		x	x				x	x	x				x		x	x	x	x	x
California Department of Food & Ag						x					x				x	x	x	x	x
California Department of Public Health											x				x	x	x	x	x
California Department of Transportation (Caltrans)			x										x		x	x	x	x	x

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California Disabled Veterans Business Enterprise Certification			X										X		X	X	X		
California Employment Training Panel		X												X			X	X	X
California Energy Efficiency Finance Project		X															X	X	X
California Environmental Protection Agency/Office of the Ombudsman		X						X			X								
California Farm Equipment and Machinery Exemption		X																X	X
California Film and TV Tax Credit Program		X													X			X	X
California Industrial Development Bonds		X																X	X
California Infrastructure and Economic Development Bank (IBank) CLEEN Center		X														X	X	X	X
California Infrastructure and Economic Development Bank's (IBank) Export Financing Program		X																X	X
California Manufacturing and R&D Exemption		X								X								X	X
California Secretary of State											X				X	X	X	X	X
California Small Business Certification Program			X										X		X	X	X		
California Small Business Loan Guarantee Program (SBLGP)		X															X		
California State Board of Equalization											X				X	X	X	X	X
California Teleproduction Exemption		X													X			X	X
California Timber Harvesting Exemption		X																	X
CalRecycle		X									X								
CalWorks Employment Services							X	X						X					
Cambridge Junior College														X					
CAMEO (California Assn. for Microenterprise Opportunity)	X	X					X	X	X				X	X	X	X	X		

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Capcity								X				X			X	X		X	
Career Academies - CAP AND CRANE														X					
CDC Small Business Center		X											X	X	X	X	X	X	
Center For International Trade & Development (Northern California - Sacramento Regional)						X	X	X							X	X	X	X	X
Center for Land-Based Learning							X	X	X			X		X	X	X			
Central Sierra Regional Occupation Program														X					
China Trade Office						X	X	X							X			X	X
City of Davis Economic Development		X				X					X								
City of Elk Grove Economic Development		X				X					X								
City of Folsom Economic Development						X			X		X								
City of Rocklin Economic Development		X				X					X								
City of Roseville Economic Development (CDC)						X					X								
City of Sacramento Economic Development			X			X		X			X				X	X	X	X	X
City of West Sacramento Economic Development		X				X					X								
City of Woodland Economic Development		X				X					X								
City of Yuba Economic Development		X				X					X								
Connections Workforce Development and Business Resource Center														X		X	X		X
County of Placer Economic Development						X			X		X			X					
County of Sacramento – Dept. of General Services			X								X				X	X		X	
County of Yuba Economic Development						X					X								
CSUS College of Business Administration Center for Entrepreneurship							X		X			X		X	X	X			
Davis Chamber of Commerce (SBDC)								X							X	X	X	X	X

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Davis Roots							X	X	X			X			X			X	
Downtown Sacramento Partnership (PBID - Calling All Dreamers)		X				X		X	X						X	X	X	X	
East Sacramento Chamber of Commerce								X							X	X	X	X	X
El Dorado Chamber of Commerce Ag Council						X			X						X				
Eldoradobusiness.com							X	X	X						X	X	X	X	X
Energy Innovations Small Grant Program		X								X					X			X	
Federal Deposit Insurance Committee									X						X	X			
Federal Reserve/Community Reinvestment Act								X	X										
Folsom Chamber of Commerce (SBDC)								X							X	X	X	X	X
GO-Biz							X		X						X	X	X	X	X
GO-Biz (California Competes Tax Credit)		X						X			X				X	X	X	X	X
Golden Pacific Bank	X														X	X	X	X	X
Golden Sierra Job Training Agency														X					
Golden Triangle Capital Network (Innovate Northstate)							X	X				X			X			X	
Greater Broadway Partnership (PBID)						X		X											
Greater Sacramento Area Economic Council						X		X							X		X	X	X
Grow America Fund		X											X		X	X	X		
Grown Programs (Local Food)						X		X	X						X	X	X		
Hacker Lab/Hacker Lab Sierra College							X	X				X		X	X			X	

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Interface Financial Group		x			x										x	x	x	x	x
Internal Revenue Service (IRS)- Small Business and Self-Employed Tax Center											x				x	x	x	x	x
iWest at CSUS (forthcoming)																			
Los Rios Community College District							x	x						x					
Mack Road Partnership (PBID)						x		x							x	x	x		
MANEX (Corporation for Manufacturing Excellence)					x	x	x		x	x				x					
MedZone (in development)														x					
Midtown Business Association (PBID)						x		x											
Moneta Ventures															x				x
NACCE														x					
National Association of Women Business Owners (NAWBO)							x	x	x				x		x	x	x	x	x
New Employment Credit		x													x	x	x	x	x
Next-Ed								x						x					
North Central Counties Consortium								x						x					
North Sacramento Chamber of Commerce								x							x	x	x	x	x
Northern California World Trade Center						x	x	x			x				x			x	x
Oak Park Business Association (PBID)						x		x							x	x	x		
Opening DOORS	x	x				x	x		x				x		x	x	x		
Pacific Gas & Electric-PG&E	x								x						x		x	x	x
Placer County Business Advantage Network		x												x	x	x	x	x	x

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Pollinate Davis								X				X			X	X	X	X	X
Power Inn Alliance (PBID)						X		X							X	X	X	X	
SacLEAD							X	X					X	X	X	X	X	X	X
Sacramento Angels		X													X				
Sacramento Area Women's Chamber of Commerce								X					X		X	X	X		
Sacramento Asian Pacific Chamber of Commerce		X	X			X	X	X					X	X	X	X	X	X	X
Sacramento Black Chamber of Commerce								X							X	X	X		
Sacramento County Office of Education							X	X					X	X					
Sacramento Employment & Training Agency (SETA)														X		X	X	X	X
Sacramento Entrepreneur and Small Business Meet Up Networks and Successful Thinkers Networks								X							X	X	X		
Sacramento Entrepreneurship Academy							X	X							X				
Sacramento Hispanic Chamber of Commerce		X	X			X	X	X	X				X		X	X	X		
Sacramento Housing & Redevelopment Agency (SHRA)			X													X	X	X	X
Sacramento Metro Chamber (SBDC Network Manager)			X				X	X	X						X	X	X		
Sacramento Municipal Utility District-SMUD		X							X						X		X	X	X
Sacramento Public Library									X						X	X	X	X	X
Sacramento Rainbow Chamber of Commerce								X											
Sacramento SCORE	X						X	X	X						X	X	X		
Sacramento State College of Continuing Education																			

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Sacramento Startup Grind								X							X			X	
Sacramento Veterans Resource Center							X		X				X		X	X	X		
SAFE-BIDCO		X															X		X
SARTA							X		X	X				X	X	X	X	X	X
SARTA AgStart							X	X	X	X					X			X	
SARTA CleanStart							X	X	X	X					X			X	
SARTA MedStart							X	X	X	X					X			X	
SARTA TechStart							X	X							X			X	
SARTA Venture Lab										X					X			X	
SARTA Venturestart							X								X			X	
SmartBiz Loans		X														X	X	X	
SBA, Small Business Investment Corporation Impact Investment Fund		X																	
Sierra Business Council - Peak Innovation Center (SBDC)	X						X	X	X										
Sierra Commons								X							X	X			
Sierra Economic Development Corp. SEDCorp		X					X	X	X						X	X	X	X	
Slavic American Chamber of Commerce								X	X						X	X	X	X	X
SME Sacramento Valley Chapter					X			X							X			X	X
Socotra Capital		X																	
Soil Born Farms							X	X	X					X	X	X			
State of CA Dept. of General Services			X								X		X			X	X	X	X
Stockton Boulevard Business Information Center (BIC)									X				X		X	X			

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Stockton Blvd (PBID)						X		X							X	X	X		
The River District (PBID)						X		X							X	X	X		
The Shop - VSP Global Innovation						X	X	X		X					X			X	
UC Cooperative Extension - Colusa County	X					X	X		X						X	X			
UC Cooperative Extension - Glenn County	X					X	X		X						X	X			
UC Cooperative Extension - Sacramento County	X					X	X		X						X	X			
UC Cooperative Extension - Sutter Yuba	X					X	X		X						X	X			
UC Cooperative Extension - El Dorado County (Central Sierra)	X					X	X		X						X	X			
UC Cooperative Extension - Placer County	X					X	X		X						X	X			X
UC Cooperative Extension - Yolo County	X						X								X	X			
UC Davis – Child Family Institute Center for Innovation & Entrepreneurship							X	X	X	X					X			X	
UC Davis Ag Tech Sustainable Innovation Center		X					X	X	X	X					X			X	
UC Davis World Food Center								X		X								X	
United Commercial Services - ITA						X		X	X						X	X		X	X
University of the Pacific/McGeorge School of Law				X			X						X	X					
Urban Hive							X	X				X			X	X		X	
US Export Assistance Program						X	X												
US Government Business.org							X								X	X	X	X	X
USDA Rural Development California		X						X					X		X	X	X	X	X

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Uptown Studios							X	X	X						X	X	X		
Valley Economic Development Center Inc.		X							X								X		X
Velocity Venture Capital		X				X	X	X				X			X			X	
Veterans Business Outreach Center Region IX	X					X	X	X							X	X			
VSP Global, The SHOP										X									
West Sacramento Chamber of Commerce								X							X	X	X	X	X
Woodland Community College														X					
Women's Business Center (California Capital)	X		X			X	X	X	X				X		X	X	X	X	X
Yolo County Workforce Board								X						X					
Yolo-Solano Farmbudsman Program							X		X		X				X	X			X
Yuba College							X	X	X		X			X					
Yuba Sutter Business Consortium		X					X		X					X					
Yuba Sutter Chamber of Commerce (SBDC)						X	X	X							X	X	X	X	X
Yuba Sutter EDC		X				X		X	X										
Totals	15	51	14	1	3	45	64	78	53	13	26	11	22	34	112	88	76	82	64

Resource Strengths and Gaps

The chart shows clear areas of strength. Networking is an area of strength, with 78 organizations offering networking opportunities. In most communities, chambers of commerce offer broad networking services. In the Capital Region, several other organizations offer networking in addition to chambers of commerce.

Mentoring/counseling is offered by 64 organizations, an area of strength expected in a community like the Capital Region. Planning and management services are offered by 53 organizations. This is typically an area in which many organizations offer services, and the Capital Region is no exception.

Not surprisingly, given the focus of the Workforce Boards and many organizations and educational partners around the region's Next Economy clusters, workforce development stands out. In many communities, traditional education and STEM education efforts are not well connected into the entrepreneurial ecosystem. The effort to include these critical resources in the Capital Region's entrepreneurial asset map indicates a recognition of the important role a qualified, motivated workforce plays in building strong companies.

Resource providers in the Capital Region provide a diversity of services, with at least one provider covering each area of assistance. More than 50 organizations offer assistance with capital, which is a very good showing. Capital will be described in more depth in the next section.

Area of Assistance	# of Organizations Providing Service
Networking	78
Mentoring/Counseling	64
Planning/Management	53
Marketing/Sales	45
Workforce Development	34

In terms of weaknesses, given the assessment of the organizations represented here, the Capital Region offers only one legal services to startups and entrepreneurs (not including for profit legal services firms). Manufacturing support also appears to be weak, with only three providers of manufacturing and logistics services. Only 11 resource providers offer coworking or incubator space.

These gaps could be due to the limited nature of this initial study. Further in-depth research could reveal additional resources in these key areas. Or these could be true gaps in the marketplace, in which case Sacramento would be wise to begin a process of building capacity in these areas.

Area of Assistance	# of Organizations Providing Service
Space	11
Manufacturing/Logistics	3
Legal Services	1

With regard to audiences, resource providers offer a baseline level of services to all types of entrepreneurs. More than 112 organizations assist those in the startup stage. Twenty-two provide specific assistance to women and/or minority owned businesses.

According to YourEconomy.org, the Capital Region derives almost 35% of all jobs from second stage business owners. According to this analysis of resource providers, only about 37% of the resource providers offer services to second stage companies. Again, this may be a limitation of this particular analysis or it may indicate a true gap in the market.

Networked Capital

Just as different kinds of companies need different kinds of business building assistance, they also typically require different kinds of startup and growth capital. According to the U.S. Small Business Administration, one third of new non-employer startups and 12% of employer startups require no outside funding. About 50% of funding for small businesses comes from loans and only about 4% secure angel or venture capital.

The chart below indicates the most likely sources of funding for the four types of entrepreneurs.

Innovation-led	Second Stage	Main Street	Microenterprise
Some of these seek equity funding from angels investors and/or venture capital. These types of innovations are the most likely candidates for SBIR funding.	Because they frequently have collateral and track records, they are more likely candidates for bank financing and lines of credit	Most fund their startups through personal savings and growth through cash flow. Lines of credit, SBA-backed loans and microloans are also sources of funding.	Microloans, credit cards, personal savings.

In general, Main Street and microenterprises tend to seek debt funding to finance their businesses. Second stage businesses also use debt. In most communities, the private sector (banks, credit unions) serve the needs of business clients who are “bankable,” that is, they have collateral, cash flow and/or credit history that enable a company to secure private debt financing. Until a company or individual is bankable, their sources of business financing are heavily reliant on the community.

In the Capital Region, the organizations offering small business loans tend to focus on either SBA-backed loans or specialty programs such as energy efficiency incentives. Several microloan programs appear to be active, which can provide much needed assistance to startups. Almost 20 local banks have been identified as offering SBA-backed loans. More resources could be needed to serve those moving from economic disadvantage into business ownership. Communities the size of the Capital Region typically have a broad array of revolving loan programs. Few of those resources showed up in this analysis, and could signify another gap in the market.

Personal	Secured	Credit building	Microloans	Community	SBA-backed loans
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emergency loans	credit cards	loans		advantage loans	
	DJF Frontier	Opening Doors - MoneyWorks	Opening Doors - microloan		California Capital
			3Core - microloan		CDC Small Business Center
			SEDCorp - microloan		Grow America Fund
			SAFE-BIDCO		SEDCorp – revolving loans
			CAMEO		Yuba Sutter EDC
			Interface Finance Group		SAFE-BIDCO
					Valley Economic Development Center
					Sacramento Area Asian Pacific Chamber
					Smart Biz Loans
					Local banks

Other loans and incentives:

- California Alternative Energy and Advanced Transportation Financing Authority
- California Beginning Farmer Bonds
- California Centers for International Trade Development
- California Competes Tax Credit (GO-BIZ)
- California Employment Training Panel
- California Energy Innovations Small Grant Program
- California Farm Equipment and Machinery Exemption
- California Film and TV Tax Credit Program
- California Hub for Energy Efficiency Financing Pilot Programs
- California Industrial Development Bonds
- California Infrastructure and Economic Development Bank (IBank) CLEEN Center
- California Infrastructure and Economic Development Bank's (IBank) Export Financing Program
- California Manufacturing and R&D Exemption
- California New Employment Credit
- California Small Business Loan Guarantee Program
- California Teleproduction Exemption
- California Timber Harvesting Exemption
- CalRecycle
- Placer County Business Advantage
- Sacramento Municipal Utility District
- SBA – SBIC Impact Interest Fund
- USDA – REAP and energy efficiency loans and grants, Value added producer grants
- USDA – Value Added Producer Grants

Many innovation-led businesses seek equity funding to start and grow their businesses. Much like with debt, business frequently move from “unbankable” to “bankable.” In this scenario, bankable typically means a company has moved beyond the proof-of-concept stage and is into rapid growth with customers and products.

The private sector (venture capital firms) typically meet the needs of clients at the Series A through Mezzanine levels. Angels often come in at series A as well, for companies that are not yet “bankable.” Again, the community frequently is called on to support funding at the “unbankable” stages – pre-seed and seed. In the Capital Region there appear to be a few business competitions that fund pre-seed. Two of the organizations that provide resources at the seed stage are focused on ag tech and one on real estate. If this is truly the case, then the community will need to focus efforts on strengthening the early-stage end of the equity funding continuum.

Pre-seed	Seed	Series A	Series B	Series C	Mezzanine
Velocity Venture Capital – startup competition	UC Davis Ag Tech Innovation Center – Innovation Seed Fund	Velocity Venture Capital	Velocity Venture Capital	Velocity Venture Capital	Velocity Venture Capital
Downtown Sacramento Partnership – Calling all Dreamers	Breakaway Funding	Aker Capital	Aker Capital	Aker Capital	
Breakaway Funding	AgTech Innovation Fund	American River Ventures	American River Ventures	American River Ventures	
	Socotra Capital – real estate	Sacramento Angels			
		Breakaway Funding			

Conclusion

Mapping the assets to support entrepreneurs and business owners in a community is a critical first step in strengthening a region’s entrepreneurial ecosystem. The analysis of the assets in the Capital Region reveal an array of resources for entrepreneurs of all types. Resources for startups are particularly plentiful, with potential gaps for the second stage business owner. Resources for networking, planning/management and workforce development appear to be plentiful. There appear to be gaps in assistance for financial management, R&D/commercialization and manufacturing.

It is important to note there may be resources in the region that were not discovered through this top level analysis. A deep dive would likely reveal additional support. Alternatively, this analysis could reveal true gaps in the marketplace and would require a concerted effort to fill.

The next, equally important, step is to make those resources visible and accessible to the various types of entrepreneurs through a central hub in the region, and for service providers to align their resources to the need of the entrepreneurs.