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Northeast Ohio Entrepreneurship Confidence Survey: Fourth-Year Findings

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NORTHEAST OHIO ENTREPRENEURSHIP CONFIDENCE SURVEY: FOURTH-YEAR FINDINGS

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Executive Summary

The continued objective of the Entrepreneurship Confidence Survey is to assess the entrepreneurial climate and entrepreneurs' confidence in their ability to start and sustain a business in Northeast Ohio. This is the fourth year that the survey has been conducted and the intention is to continue conducting the survey annually for the next several years to identify trends that might emerge.

The survey has been constructed to measure respondents' perceptions regarding several issues, including access to capital, workforce supply, information provided by educational institutions and business support organizations, networking opportunities, government responsiveness, attitudes toward entrepreneurs, adequacy of infrastructure, quality of life, and confidence in the regional economy and ability to start or sustain a business in Northeast Ohio.

The results from this year's survey as compared to the 2006-2008 surveys are similar for many categories. Noteworthy differences are highlighted in the full report and concluding remarks. The year-over-year results confirm some of the conclusions from the last surveys and identify some aggregate trends in the entrepreneurial conditions for Northeast Ohio.

Major Findings

The 2009 Entrepreneurship Confidence Survey revealed mixed perceptions toward the entrepreneurial climate in Northeast Ohio when analyzed across several dimensions. Survey respondents were generally confident in their ability to do business in the region and have positive perceptions about many of the resources available for entrepreneurs. The infrastructure, cultural amenities, and positive attitude toward entrepreneurs were cited as particularly helpful characteristics for business development. Some aspects of the economic development efforts in Northeast Ohio could be improved, however, as respondents expressed dissatisfaction with access to capital and difficulty dealing with government agencies.

When asked about their confidence in their ability to start or sustain a business in Northeast Ohio, most respondents were optimistic as enterprising individuals have strong outlooks for their ideas. Yet for many of the survey questions, when responses were analyzed according to the respondent's entrepreneurial status, those who want to start a business in the next year have less optimistic perceptions of the business environment than those who have established businesses or those with more distant horizons for starting an enterprise. Those in the Demonstrating phase of entrepreneurial activity and respondents ages 25-34 also provided low scores for many questions in the survey, although there was little overlap between these three more pessimistic groups of the survey sample.[1] These phenomena are reflective of the current conditions in Northeast Ohio in that the region is particularly hard hit in terms of the economic maladies being experienced across the country. The atmosphere appears more challenging to those who are trying to start a business when faced with continuing reports of property

[1] There were 48 respondents who classified themselves as being in the Demonstrating phase of entrepreneurial activity, 19 respondents in the age group 25-34, and 13 respondents who want to start a business in the next year. Of the total from this group, there were only 8 respondents who were classified in two of the three categories and none of the respondents was classified as all three, dispelling the possibility of a spoiling effect by a few respondents who gave consistently low scores across many survey dimensions.

foreclosures, government corruption, fraud, bankruptcies, and large businesses either closing or leaving the area.

Respondents again indicated that well-trained workers are available for most occupation categories addressed in the survey. These include management personnel, scientists and engineers, IT specialists, specialized workers, and unskilled workers. Some respondent groups were less positive about the available supply of skilled/specialized workers, but overall the findings indicate that the available local workforce is meeting the needs of entrepreneurs.

The survey also reveals that the infrastructure in Northeast Ohio is helpful for entrepreneurs, reporting high scores when asked if the infrastructure meets their business needs. Available real estate and air transportation infrastructure were especially well-regarded, while foreign-trade zones were less esteemed, perhaps indicating that new manufacturing enterprises are not being supported by government regulations.

Respondents gave favorable scores to quality of life features in Northeast Ohio with the exception of the region’s climate. Cost of living and commuting time are the most positive aspects of the quality of life in Northeast Ohio, but cultural and recreational amenities, as well as the diversity of the region, were generally seen to be beneficial to entrepreneurs in that they help their ability to develop a business.

Respondents perceive that the attitude toward entrepreneurs by family and friends and other entrepreneurs is supportive; the latter are thought to be especially receptive. There were mixed perceptions about networking opportunities and business support organizations. Although survey scores indicated that entrepreneurs found these resources to be generally sufficient, no single group or demographic of respondents had a strong view about the value of the regional networking and business support organizations. The open-ended questions of the survey had varied reviews of the networks and support organizations, including some pleas for greater cooperation between organizations and a substantial growth in their numbers.

Responses were favorable with respect to whether colleges and universities are meeting the knowledge and information needs of entrepreneurs, with the exception of technology transfer and licensing. Showing an uptick from previous years, entrepreneurs view the region’s educational institutions and other research organizations as effective in providing assistance to entrepreneurs, especially in terms of human resources.

As in previous years, access to equity capital, government grants, and debt financing are perceived to be difficult in Northeast Ohio for entrepreneurs. In past years, family and friends was the only source of capital for which respondents agreed that access was relatively easy; this year’s score was just below the midpoint of the scale for the first time. Those who want to start a business in the next 5 years were most optimistic about their chances for obtaining capital from most sources, although their perceptions were still quite reserved.

County and city government were not perceived favorably and state government fared only marginally better. Respondents believe that government is unresponsive to entrepreneurial needs and does not provide sufficient services. Comments toward these entities included criticism of undue regulatory hindrances and high taxes. Scores were well below the midpoint of the scale for all three levels of government.

Respondents were particularly negative toward the overall economic health of the region, although this seemed to have little impact on their confidence in being able to start or sustain a business in Northeast Ohio. The 2009 survey also revealed that the entrepreneurial climate is being adversely impacted by the ongoing recession. Higher unemployment has sparked greater numbers of people starting or looking to start new businesses.

The 2009 survey again included the four open-ended questions from the 2007 and 2008 surveys that allowed respondents to express their views about the general business environment of the region. The responses to these questions are summarized in Section XI.

Variation among Groups of Respondents

Survey responses were analyzed to determine whether there was substantial variation among different groups of respondents. Groupings included entrepreneurial status, phase of entrepreneurial activity, age, and gender. Entrepreneurial status refers to whether the respondent started a business more than five years ago, started a business within the past five years, wants to start a business within the next year, or wants to start a business within the next five years. Phase of entrepreneurial activity determines whether the respondent is in the Imagining phase, Incubating phase, Demonstrating phase, Market Entry phase, or Growth and Sustainability phase. As in the 2007 and 2008 surveys, the 2009 survey also included questions that requested the race/ethnicity of respondents and the length of time they have lived in Northeast Ohio.

In many cases there was little variation in responses among the different groups of respondents. Notable differences in perceptions were most often related to measures concerning access to capital, business support organizations, and attitudes toward entrepreneurs. The variation was especially evident when the entrepreneurial climate was examined with consideration to the maturity of the entrepreneurs' business, as measured in terms of the stage of business development, length of time in business, and age group.

Concluding Remarks

The fourth Entrepreneurship Confidence Survey revealed that individuals feel positive about resources available to entrepreneurs in Northeast Ohio. Most measures were little changed from the 2006-2008 surveys; however, some of the broad assessments of the entrepreneurial climate in 2009 were below the previous response scores, perhaps due to the continuing economic stresses concentrated in the region. Perceptions were generally good regarding workforce supply, attitudes toward entrepreneurs, adequacy of infrastructure, and quality of life. Respondents were also confident in their ability to start and sustain a business in the region. The survey does indicate that there is a need to increase access to capital and improve the quality of assistance from business support organizations and government services.

The 2009 survey shows that different groups of entrepreneurs are starting to develop unique perceptions of the business environment. Although it is premature to suggest strong trends in the entrepreneurial outlook, the survey revealed that those respondents who want to start a business in the next year are often less optimistic about the availability and effectiveness of resources for entrepreneurs. This level of cautiousness may be related to the difficult economic conditions in the region, as those with established businesses generally gave higher scores for many measures. As the regional and national economies continue to challenge business development, further investigation is needed to understand how current resources may be better aligned with the needs of regional entrepreneurs.

I. Introduction

This report presents the findings of the 2009 Entrepreneurship Confidence Survey. The survey is a collaborative effort headed by the Center for Economic Development at Cleveland State University's Maxine Goodman Levin College of Urban Affairs. The objective is to assess the entrepreneurial climate and entrepreneurs' confidence in their ability to start and sustain a business in Northeast Ohio. This is the fourth year of the survey; the intention is to conduct the survey annually for the next several years to identify trends that might emerge and observe how the business cycle affects entrepreneurs' confidence.

The Entrepreneurship Confidence Survey has been constructed to measure respondents' perceptions regarding several issues, including access to capital, workforce supply, information provided by educational institutions and business support organizations, networking opportunities, government responsiveness, attitudes toward entrepreneurs, adequacy of infrastructure, quality of life, and confidence in the regional economy and the ability to start or sustain a business in Northeast Ohio.[2] This report is organized according to these topics.

Methodology

The survey was conducted online using Survey Monkey, a web-based survey development tool. The data collection period extended from May 13 to June 12, 2009. To promote the survey, JumpStart included a link to the survey from its website for the duration of the survey collection period. In addition, JumpStart sent a dedicated email request to *JumpStart Connect* subscribers and link the survey in three issues of its email newsletter, *JumpStart Connect*, which reaches more than 12,000 recipients. *JumpStart Connect* is a bi-weekly, permission-based newsletter focused on sharing information, ideas, and events targeted to the entrepreneurial community. JumpStart also provided the link to 26 other organizations that assist entrepreneurs in Northeast Ohio and requested that their constituents be invited to participate in the survey.[3]

Data Analysis. The survey instrument included a number of statements. Respondents were asked to indicate their level of agreement with a particular statement or how rarely or frequently a statement was true, based on a scale of one to five. This report presents the mean value of the total number of responses to each statement. Additional analyses reveal whether responses varied according to whether respondents have started a business or want to start a business (entrepreneurial status), phase of entrepreneurial activity, age, and gender. Analysis of variance (ANOVA) procedures were used to determine whether differences among groups were statistically significant.[4]

The survey instrument can be found in Appendix A.

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[2] Although the survey is primarily targeted to entrepreneurs, it is impossible to determine whether respondents had direct knowledge or experience on issues covered by the survey or whether answers were based on more general perceptions (e.g., we do not know whether respondents have actually secured or attempted to secure venture capital or only have perceptions about the ease or difficulty of doing so). However, respondents had the option of answering "not applicable" to all questions.

[3] The size and characteristics of the survey sample cannot be determined, since it is unknown how many people read the email newsletter and how many people received the link to the survey via other sources.

[4] Differences were determined to be statistically significant where $p<.05$, meaning that the likelihood that the difference among groups was due to random chance is less than five percent.

Characteristics of Survey Respondents

The survey analysis is based on 341 total responses. The web-based survey tool collected 399 responses, however, 58 records were excluded from the analysis due to non-response on most questions (e.g. a respondent began the survey but failed to complete it beyond the first few questions). It must be noted that there is no implied correspondence between respondents over the course of the four surveys that have been administered. In other words, a respondent from the 2006 survey may not necessarily have participated in the 2007, 2008, and/or 2009 surveys. The amount of overlap between the respondents is unknown because the survey respondents are anonymous, despite similar distribution channels for the survey. Thus, measurements of perceptions according to temporal dimensions (i.e. phases of entrepreneurial development, a respondent's timeline for starting a business, or the age group of a respondent) cannot be considered as a linear progression. The last question on the survey asked if respondents had taken any of the Entrepreneurship Confidence Surveys in previous years, however, this data is only collected to determine the penetration of the survey in the intended population.

Entrepreneurial Status. Based on self-identification, the majority of respondents were entrepreneurs — 80.2% of survey respondents reported that they consider themselves to be entrepreneurs. Moreover, 58.3% have started a business within the last five years. Among the respondents who have not started a business in the last five years:

- 10% want to start a business within the next year (15% in 2008)
- 13% want to start a business within the next five years (12% in 2008)
- 15% have considered starting a business over the last five years but are not considering it right now (11% in 2008)
- 8% have never considered starting a business (6% in 2008)
- 54% started a business more than five years ago (57% in 2008)

This confirms that the survey reached its intended audience, as the majority of respondents have started a business, have recently considered starting a business, or are currently considering starting a business. It is interesting to look back to the classifications and compare the proportions of respondents in 2008 versus 2009 (listed above). With the responses that are explicated in the following, it appears that new entrepreneurs are more wary of entering the business market in the difficult economic recession. The percentages of respondents looking to start their business in the next year, the next five years, and those who have abandoned their effort for the present time have all declined as their outlook on the feasibility of the region to support their businesses has fallen, as described in the report.

Entrepreneurial activity has several phases. The initial phase, Imagining, begins with linking a technology and a market opportunity. During this phase, the entrepreneur articulates the commercial concept and describes the market need. Incubating is the second phase. At this point, the focus is on defining product performance specifications and validating technical capabilities in the context of proposed performance specifications. Business plans are prepared and market research is conducted to validate aspects of the market opportunity. During the Demonstrating Phase, there is an attempt to generate technical proof within a more defined commercial context. Activities focus on product development and market acceptance with the goal of establishing evidence of the potential to increase sales and create economic returns. In the fourth phase, Market Entry, entrepreneurs enter the market to validate the commercial opportunity. They focus on product improvements, cost reductions, and product line enhancements. The final phase is Growth & Sustainability. Attention shifts from business plan execution to increasing market share and/or total revenue and profit in the context of a self-sustaining business.[5] Survey respondents in 2009 who have started a business or would like to in the next one to five years are in the following phases of entrepreneurial activity:

- 10% Imagining phase (13% in 2008)
- 15% Incubating (18% in 2008)
- 16% are in the Demonstrating phase (17% in 2008)
- 19% Market Entry (13% in 2008)
- 40% of respondents are in the Growth & Sustainability phase (39% in 2009)

The difference of entrepreneurial phase status from 2008 to 2009 cannot be extended into a substantive conclusion. Although it appears that entrepreneurs are in the more advanced phases this year, this phenomenon can only be applied to the description of the survey respondents for 2009 and not toward the entrepreneurial community as a whole.

The business characteristics and demographics of the survey respondents were requested to understand the population of respondents and the penetration of the survey's distribution throughout the entrepreneurial community. The responses to these questions were not used in the report's analyses, nor were the respondents required to answer these questions.

Business Characteristics. The new or prospective businesses of those who have started their own business or want to start their own business fall within a wide range of industries. The largest share (9.1%) is in business products and services, followed by computer hardware/ software/services (6.7%). Other notable industries included various types of consulting (6.1%), medical (6.1%), consumer products & services, and financial services. No other industries had a share larger than five percent.[6]

Survey respondents were also asked the primary location of their business based on zip code. A total of 292 responses included a valid zip code. These zip codes fall within 18 different counties in Ohio. The majority of businesses are in Cuyahoga (59.2%), with the downtown Cleveland area accounting for 12.7% of the overall responses and 21.4% of the Cuyahoga County businesses. Summit County accounts for 9.2%, Lake County for 7.2%, Geauga County for 4.5%, and Medina County had 3.8% of the businesses, while all other counties had less than 3.0% each. This indicates the geographic penetration of the survey.

Demographics. A substantial majority of respondents (64%) were between the ages of 45 and 64, and 21% were between the ages of 35 and 44. Respondents age 65 and over constituted 8.1% of the survey sample, while those age 25 to 34 represented only 6.2% (versus 10% in 2009). Only two respondents were age 24 and under, therefore that category of respondents was eliminated in the age-based analysis of responses due to statistical insignificance. The survey provided interesting results for some of the questions when analyzed by respondents' ages; for many dimensions, respondents in the oldest age group (65+) were more optimistic than respondents in the younger age groups. These instances are noted and discussed in the following report when applicable.

Almost three-quarters (74.1%) of respondents were male; slightly more than one-fourth (25.9%) were female. The percentage of respondents who are female was only one percentage point

[5] Source: Ohio Department of Development, Technology Commercialization Framework.
[6] Question 5 on the survey (Appendix page A-2) lists twenty-nine industry options plus "Other."

lower than in 2008, yet is lower than the 2007 (35.6%) and 2006 (30.6%) respondent populations.

The survey also included an optional question asking the respondents' race/ethnicity. Over 85% of respondents classified themselves as white, while black/African American represented almost nine percent. The remaining respondents (5.9%) classified themselves according to four of the five other available categories.[7] These figures are very similar to the previous years.

Most respondents were raised in Northeast Ohio, with 35.3% having lived in the region their entire life, while 27.8% moved away as an adult and then returned later in life. Over 26% of respondents relocated to Northeast Ohio more than 10 years ago, and 7.2% relocated to the region within the last 10 years. The remaining respondents (3.6%) do not currently live in Northeast Ohio.

The results of the survey are reported on the following pages. Each section begins with the actual questions used in the survey. The first graph in each section is based on data from all respondents. The latter graphs reveal variation in responses based on entrepreneurial status, phase of entrepreneurial activity, age, and gender. The scale labels to the left of each graph correspond to the original wording of each question presented at the beginning of the respective sections. Observations and comments regarding this year's results as compared to the 2006, 2007, and 2008 surveys are included, where relevant.

[7] The survey question offered the following options for the question: What is your race/ethnicity? White; Black/African American; Hispanic/Latino; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander; Other.

II. Capital

For small businesses, access to capital from the following sources in Northeast Ohio is <u>easy</u>:

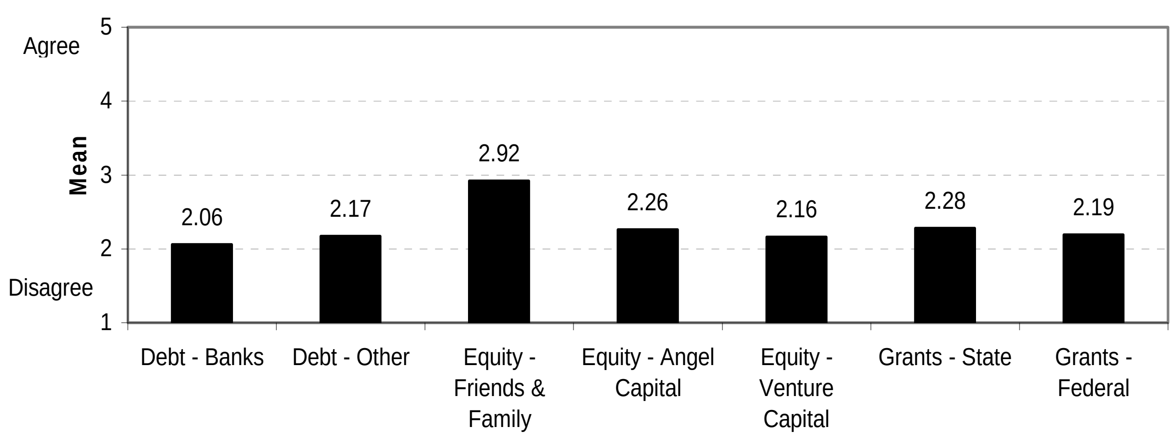
- Debt – Banks
- Debt – Other
- Equity – Friends and Family
- Equity – Angel Capital
- Equity – Venture Capital
- Grants – State
- Grants – Federal

1 = disagree   5 = agree

Respondents reported greater ease of access to capital from friends and family than from other sources (Figure 1). A sizeable percentage (26.7%) indicated strong agreement (4 or 5 on the 5-point scale) with the statement that access to capital from friends and family is easy. None of the sources of capital attained a mean score that exceeded the midpoint of the scale (3.00).

Scores for angel capital, venture capital, government grants, and debt financing were particularly low. Debt financing from banks[8] (mean=2.06) was viewed to be the most difficult to obtain, while capital from most of the other sources was only marginally less frustrating for entrepreneurs with the exception of obtaining equity from Friends & Family (mean = 2.92). A strong majority (58.7%) of respondents strongly disagreed (1 or 2 on the 5-point scale) with the statement that access to capital from banks (debt) is easy, while 52.3% had the same impression of other debt financing sources. The numbers are similarly challenging for angel capital (48.6%) and venture capital (54.9%), as well as state (50.9%) and federal (52.6%) grants; respondents did not perceive that access to capital is easy from those sources.

Figure 1. Perceptions of Access to Capital



The perceptions could be viewed as less pessimistic than last year's results as the percentage of respondents strongly disagreeing for all sources of capital was lower across the board, yet

[8] The difference in perceptions for the survey question pertaining to Debt-Banks is statistically significant between the responses of 2009 versus the previous years.

the mean scores were also lower than the 2008 survey results for debt financing sources and equity from Friends & Family and Angel Capital. Although several Northeast Ohio companies have been successful in obtaining federal grants (e.g. the Small Business Innovation Research program) and state grants through the Third Frontier program, access to these funds appears to be difficult for entrepreneurs.

Figure 2 compares responses among those who started a business more than five years ago or in the last five years, and those who want to start a business within the next year or next five years. Data reveal that respondents who want to start a business within the next five years are most optimistic about access to capital for most categories. Those respondents who want to start a business in the next year had relatively poor perceptions of access to capital, although they were slightly more optimistic about obtaining federal grants than those who have already started a business. In general, access to capital is viewed more favorably by those who have established businesses and those who have a long-term horizon for starting a business.

Figure 2. Perceptions of Access to Capital by Entrepreneurial Status

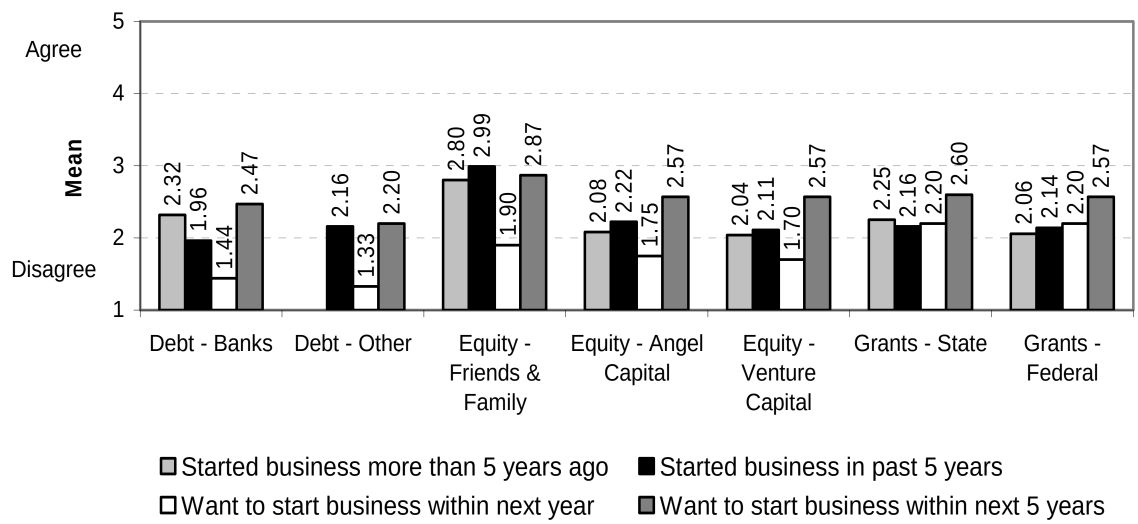


Figure 3 compares responses among those who are in different phases of entrepreneurial activity, ranging from Imagining to Growth & Sustainability. Access to equity from friends and family was generally perceived to be higher among all phases and was the only category with a score above the midpoint of the scale: those in the Growth & Sustainability phase (mean = 3.05). Respondents in the Imagining phase had more positive perceptions of access to bank and other debt financing as well as venture capital and state grants. As compared to the results of 2006-2008, this year's respondents had marginally lower scores for most categories in all phases.

Figure 3. Access to Capital by Phase of Entrepreneurial Activity

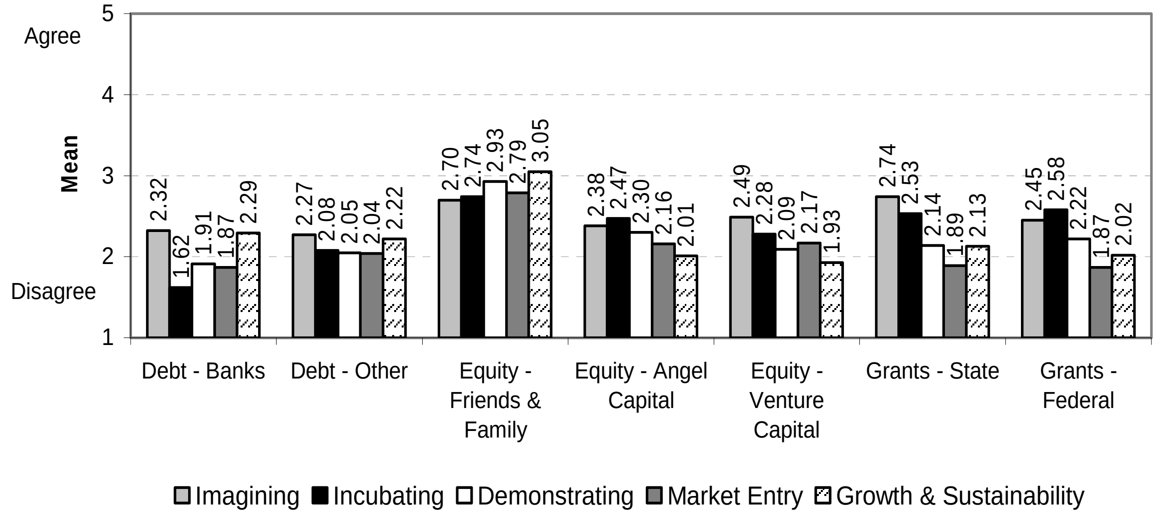
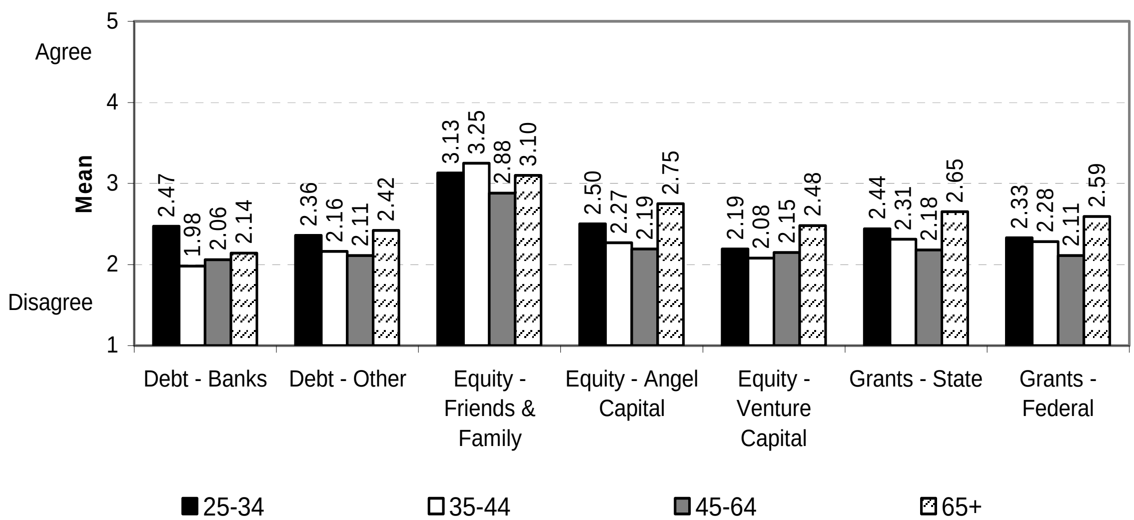


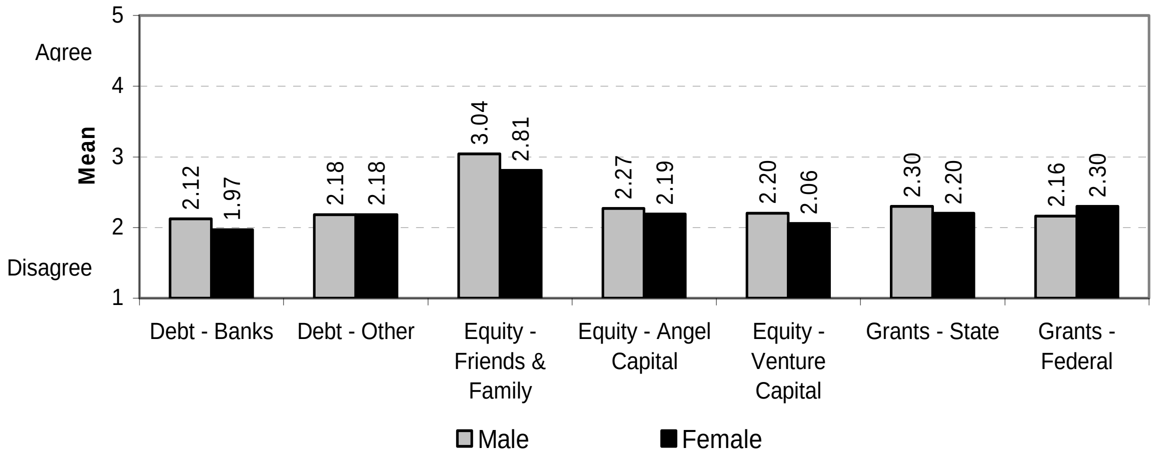
Figure 4 shows the variation in the perceived ease of access to capital based on the age of the respondent. Younger respondents (age 25-34) appear to be more optimistic about access to capital from banks, while those in the highest age group were more favorable toward forms of equity capital and grants. Entrepreneurs of all ages believe capital is most easily accessible from friends and family.

Figure 4. Perceptions of Access to Capital by Age Group



Perceptions of access to capital are very similar when compared according to the gender of respondents (Figure 5). Although men reported it being notably easier access to capital from friends and family, the responses otherwise reflect low outlooks for obtaining capital by both genders. Men had a more favorable view of access to most forms with the exception of access to Federal grants and both men and women had the same score for access to Debt – Other.

Figure 5. Perceptions of Access to Capital by Gender



III. Workforce

Well-trained workers in the following occupation categories in Northeast Ohio are in sufficient supply:

- Management Personnel
- Scientists and Engineers
- IT Specialists
- Skilled/Specialized Workers
- Unskilled Workers

1 = disagree 5 = agree

The supply of workers in all occupation categories is sufficient for entrepreneurs in Northeast Ohio (Figure 6)[9]. More than half of respondents strongly agreed (4 or 5 on the 5-point scale) with the statement that management personnel, scientists & engineers, and IT specialists are in sufficient supply. Almost 88% strongly agree that unskilled workers are readily available. Skilled/Specialized workers were viewed as the least available, although only 24% of respondents strongly disagreed (1 or 2 on the 5-point scale) that those types of workers are sufficient in Northeast Ohio. The perceived abundance of unskilled workers is in alignment with the employment conditions for the region. The mean exceeds the midpoint of the scale for all occupational categories. The perceptions of the available workforce in this year's survey are very similar to the 2006-2008 surveys.

Figure 6. Perceptions of Workforce

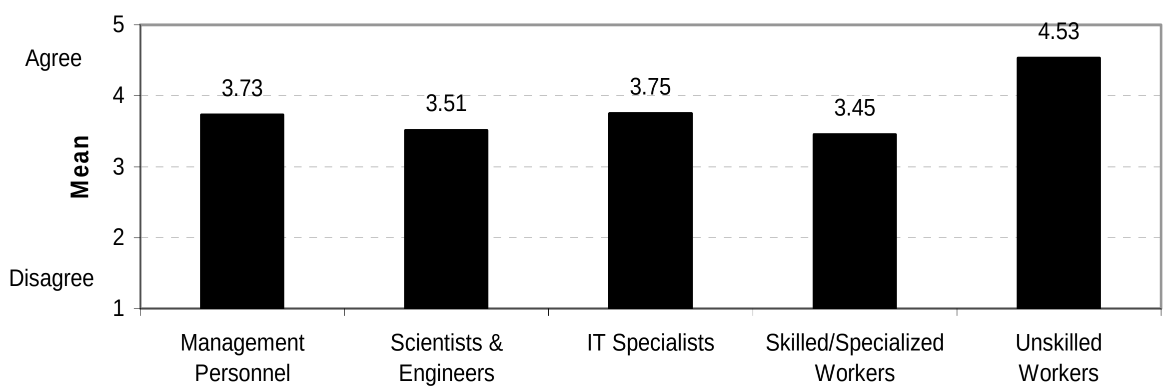


Figure 7 compares responses among those who have already started a business and those who want to start a business within the next one to five years. There are no discernible patterns of respondents' perceptions about the different occupation categories when analyzed according to entrepreneurial status. All groups gave the highest scores for unskilled workers and most groups gave low scores for skilled/specialized workers.

[9] The difference in perceptions for this survey question in regards to IT Specialists and Skilled/ Specialized Workers is statistically significant between the responses of 2009 versus the previous years.

Figure 7. Perceptions of Workforce by Entrepreneurial Status

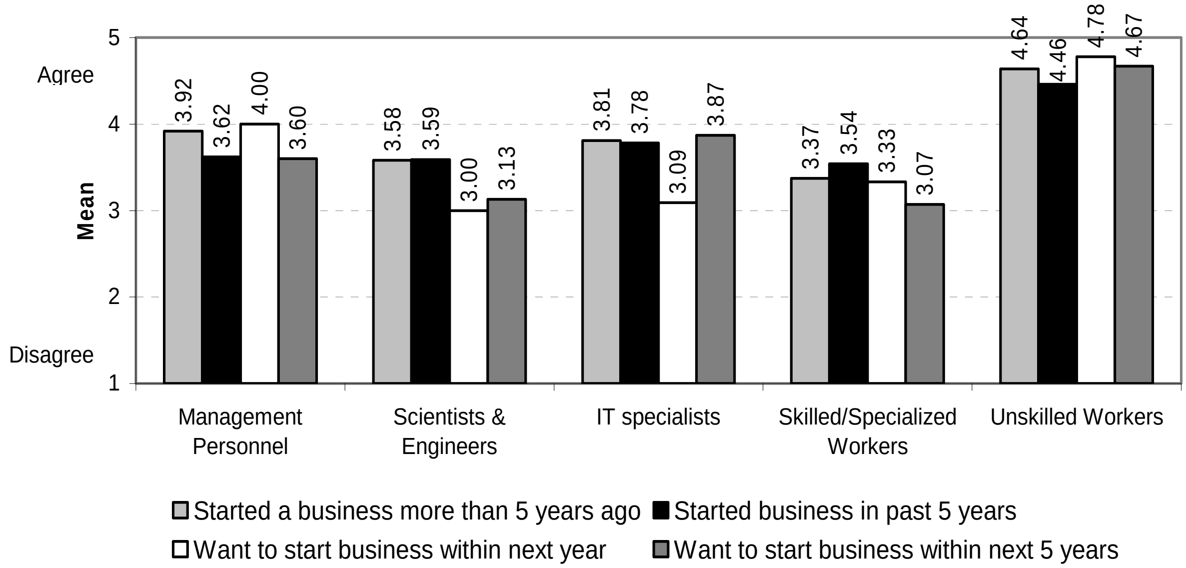
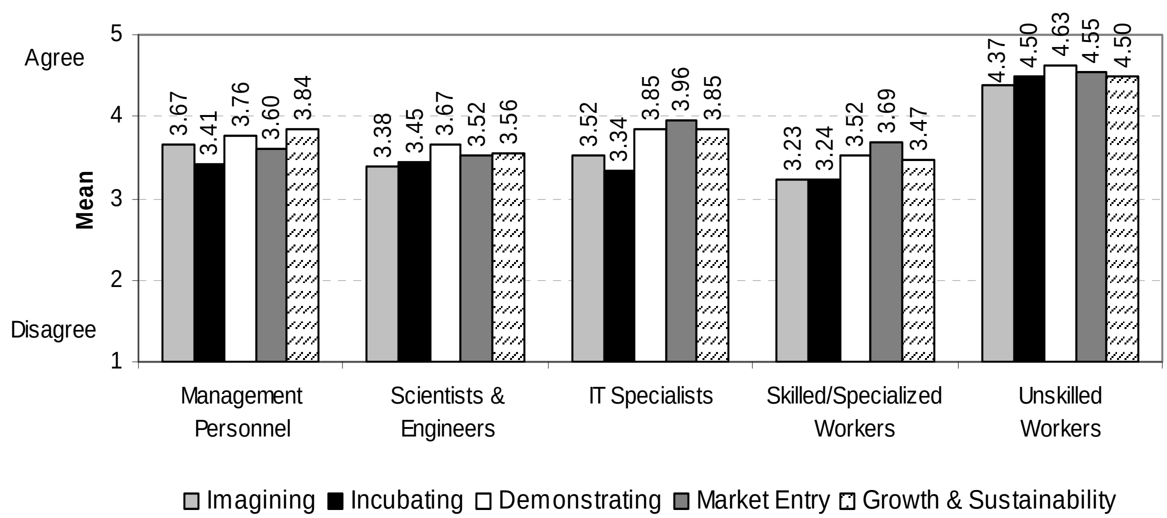


Figure 8 compares responses among those who are in different phases of entrepreneurial activity, ranging from Imagining to Growth & Sustainability. The perceptions across the phases are similar, although those in the earlier phases had slightly lower perceptions of workforce supply.

Figure 8. Perceptions of Workforce by Phase of Entrepreneurial Activity



The perceptions of the workforce by the youngest entrepreneurs are noticeably lower than those in the older age groups, excepting the supply of unskilled workers (Figure 9). Entrepreneurs in the oldest age group (65+) were the most positive about the availability of workers in each category.

Figure 9. Perceptions of Workforce by Age Group

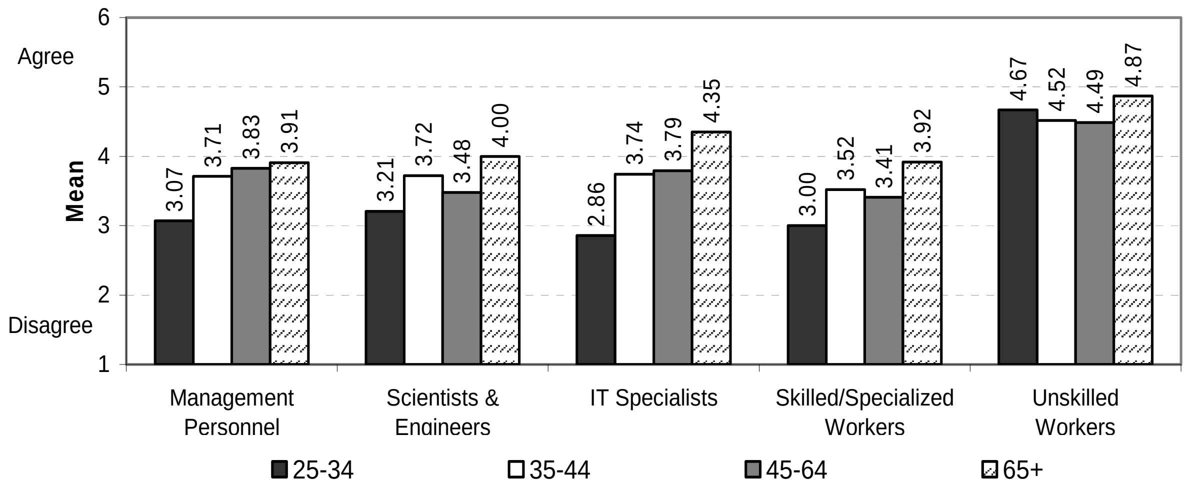
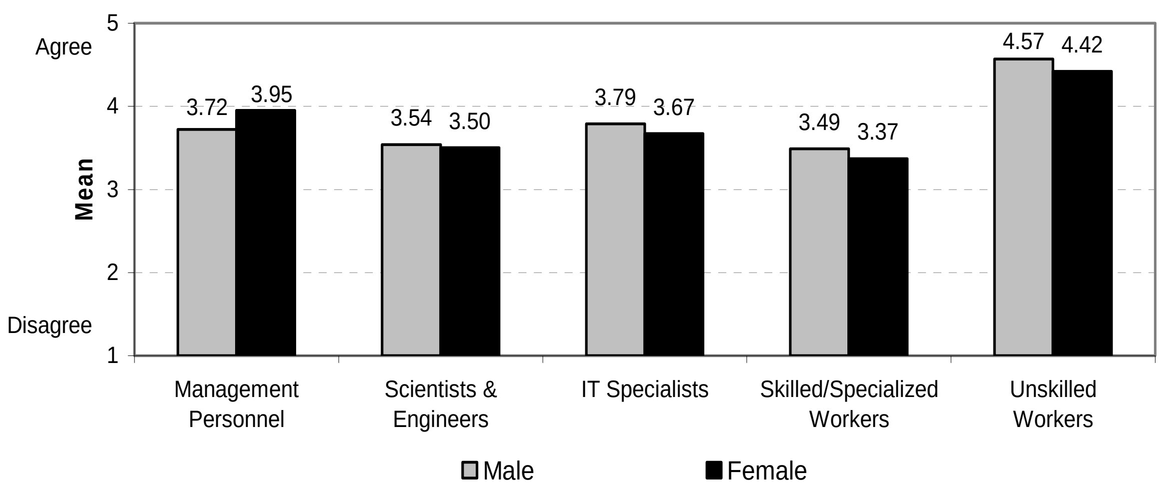


Figure 10 reveals that men and women reported very similar scores on their perceptions of the workforce. Men had slightly higher perceptions than women of the availability of all categories of workers except management personnel in the Northeast Ohio workforce.

Figure 10. Perceptions of Workforce by Gender



IV. Information

Colleges and universities in Northeast Ohio provide knowledge and information that meet your business needs:

- Facilities/Labs
- Training
- Faculty
- Students
- Research/Information
- Technology Transfer/Licensing

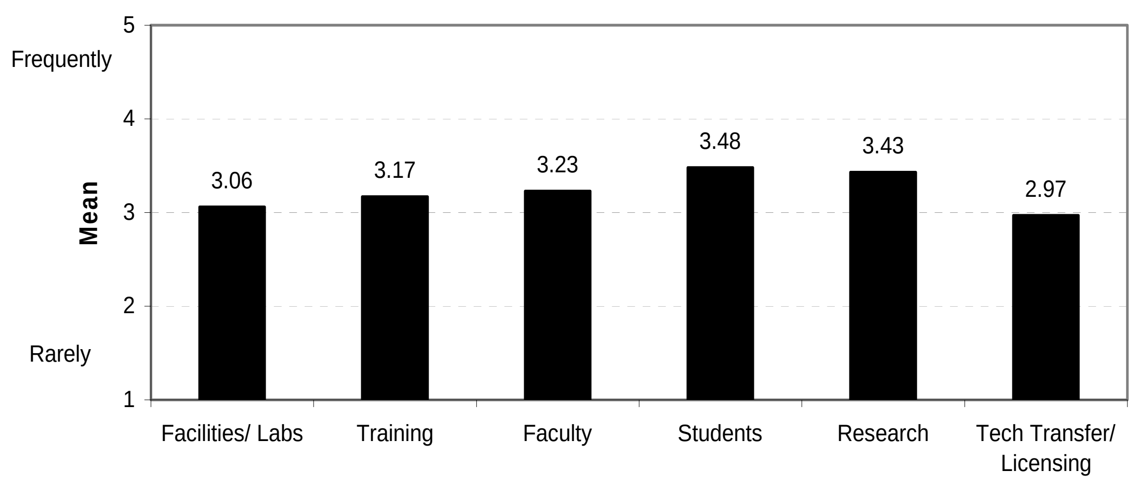
1 = rarely 5 = frequently

Northeast Ohio's business support organizations provide knowledge and information that meet your business needs.

1 = rarely 5 = frequently

Overall, respondents are adequately satisfied with knowledge and information provided by colleges and universities in Northeast Ohio (Figure 11). Over one-third of respondents reported that these institutions often or frequently (4 or 5 on the 5-point scale) provide the facilities/labs, training, faculty, and research information that their businesses need, while a majority (51.7%) scored these institutions as frequently providing the students that they need.[10] Only the technology transfer/licensing provision fell below the midpoint of the scale; 33% of respondents scored the institutions as rarely meeting their needs (1 or 2 on the 5-point scale). The results were higher, although comparably ranked, to the previous years' surveys. This suggests that entrepreneurs perceive improvements from colleges and universities in meeting their needs.

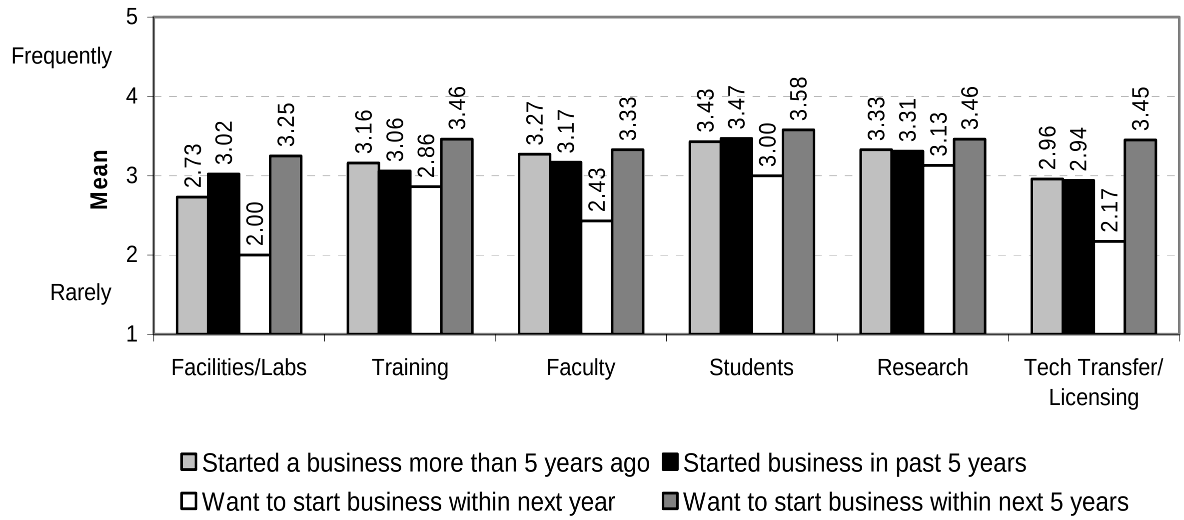
Figure 11. Perception of Information Provided by Colleges & Universities



[10] The difference in perceptions for the survey question pertaining to Tech Transfer/Licensing is statistically significant between the responses of 2009 versus the previous years.

Figure 12 reveals that the level of satisfaction varies among groups. Respondents who want to start a business within the next 5 years report more satisfaction with colleges and universities than those who have already started a business for all categories. Across all measures, scores are noticeably lower for respondents who want to start a business in the next year compared to all other groups.

Figure 12. Perceptions of Information Provided by Colleges & Universities by Entrepreneurial Status



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he level of satisfaction with colleges and universities also varied by phase of entrepreneurial activity. In most cases, respondents with businesses in the Imagining and Incubating phases reported slightly higher scores than those in other stages of business development (Figure 13).

Figure 13. Perceptions of Information Provided by Colleges and Universities by Phase of Entrepreneurial Activity

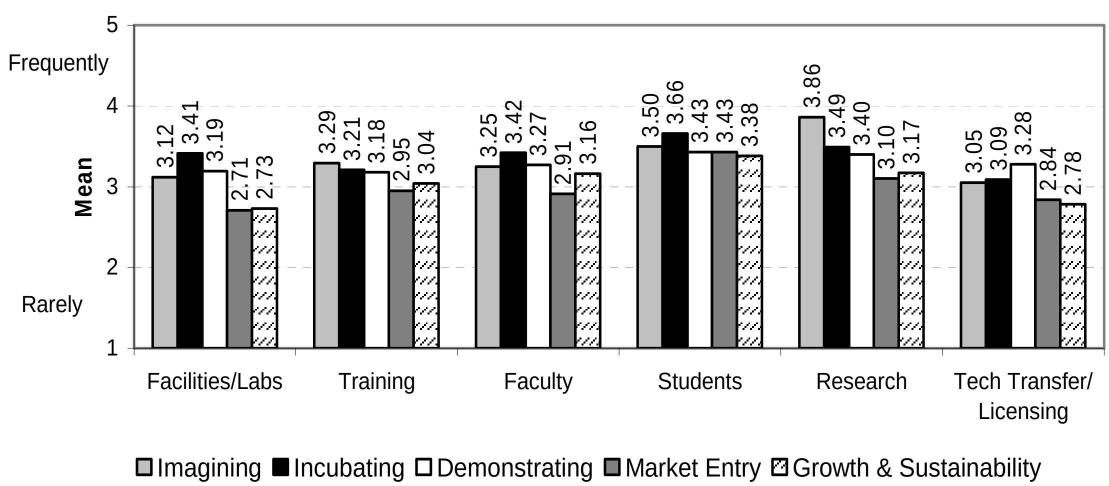
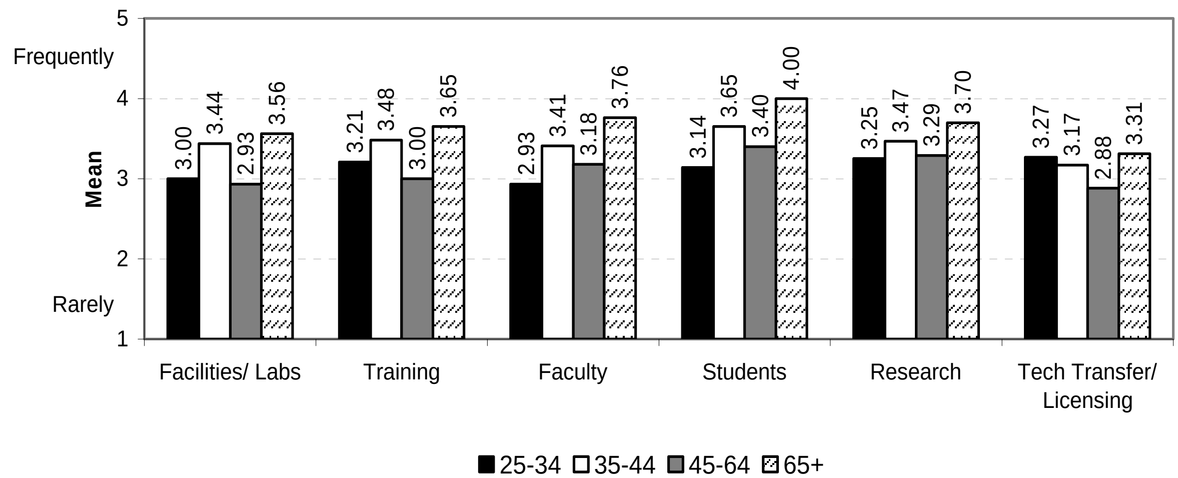


Figure 14 shows that the oldest age group, 65+, had the most favorable perception of information provided by colleges and universities. This is a reversal of the broader trend from the 2007 and 2008 surveys that showed younger entrepreneurs to have more favorable perceptions of information from the institutions.

Figure 14. Perceptions of Information Provided by Colleges & Universities by Age Group



As shown in Figure 15, women gave higher scores on all measures relating to knowledge and information provided by colleges and universities in Northeast Ohio. This trend has been generally consistent across all four iterations of the survey.

Figure 15. Perceptions of Information Provided by Colleges & Universities by Gender

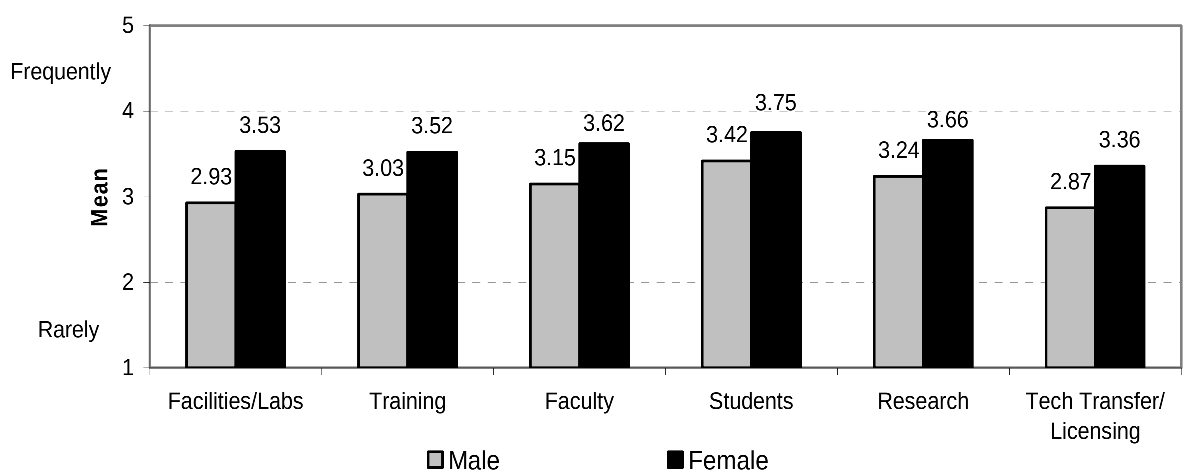


Figure 16 addresses the question of whether business support organizations provide knowledge and information that businesses need. A slight majority (51%) report that these organizations often or frequently (4 or 5 on the 5-point scale) provide needed information. The mean score for all respondents (3.38) was above the midpoint on this measure. Respondents who want to start a business within the next year are least satisfied with business support organizations.

Figure 16. Perceptions of Business Support Organizations by Entrepreneurial Status

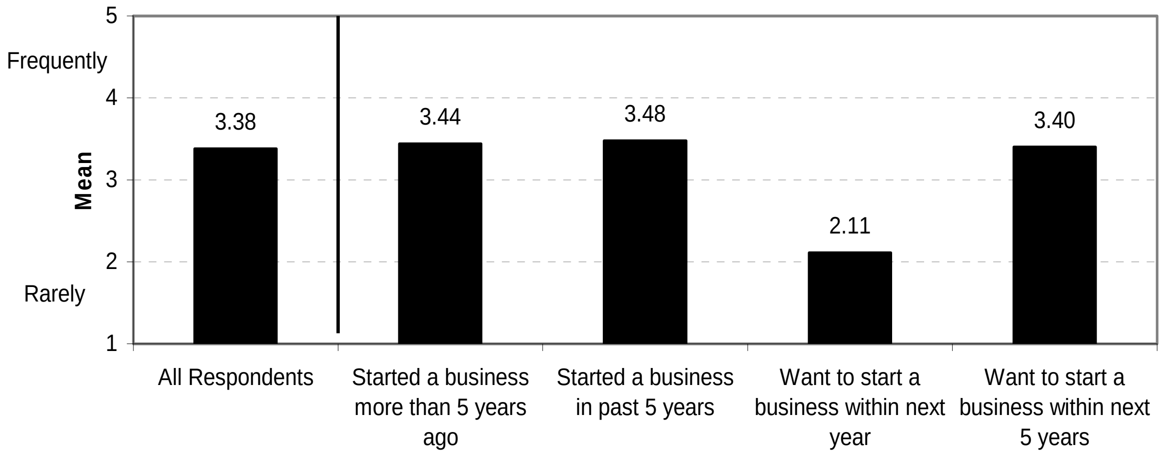
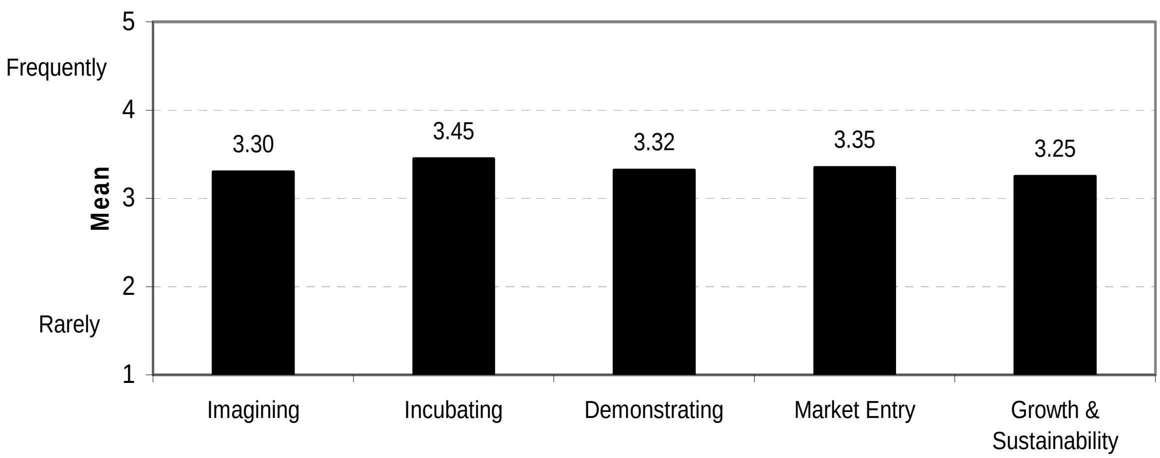


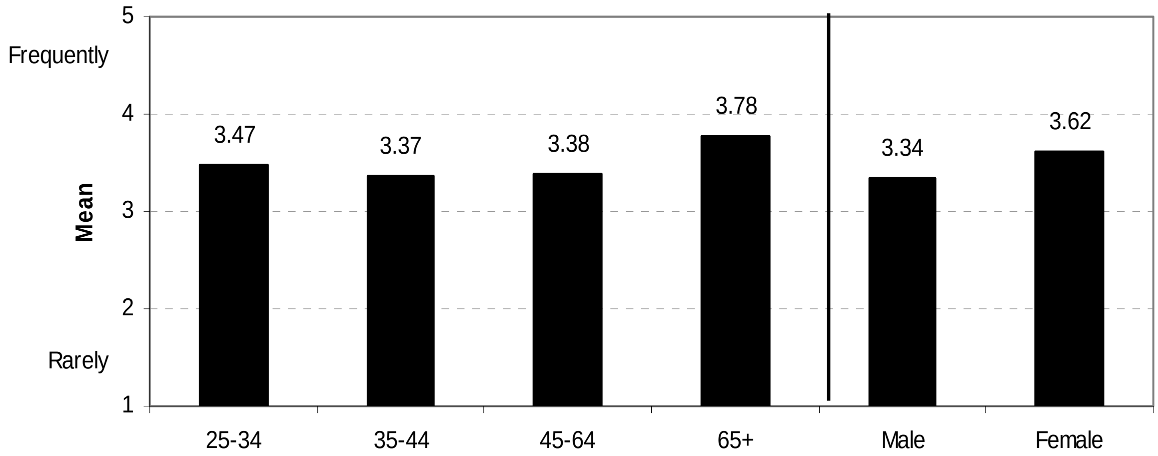
Figure 17 shows that respondents in the Incubating stage of business development report the highest score (3.45) for business support organizations, although all phases had scores above the midpoint and within a small range.

Figure 17. Perceptions of Business Support Organizations by Phase of Entrepreneurial Activity



Those ages 65+ report a higher score than respondents in other age groups in their perception of business support organizations' provision of knowledge and information for their business needs (Figure 18). Women have had consistently higher perceptions of business support organizations for all four years' surveys.

Figure 18. Perceptions of Business Support Organizations by Age Group & Gender



V. Networking

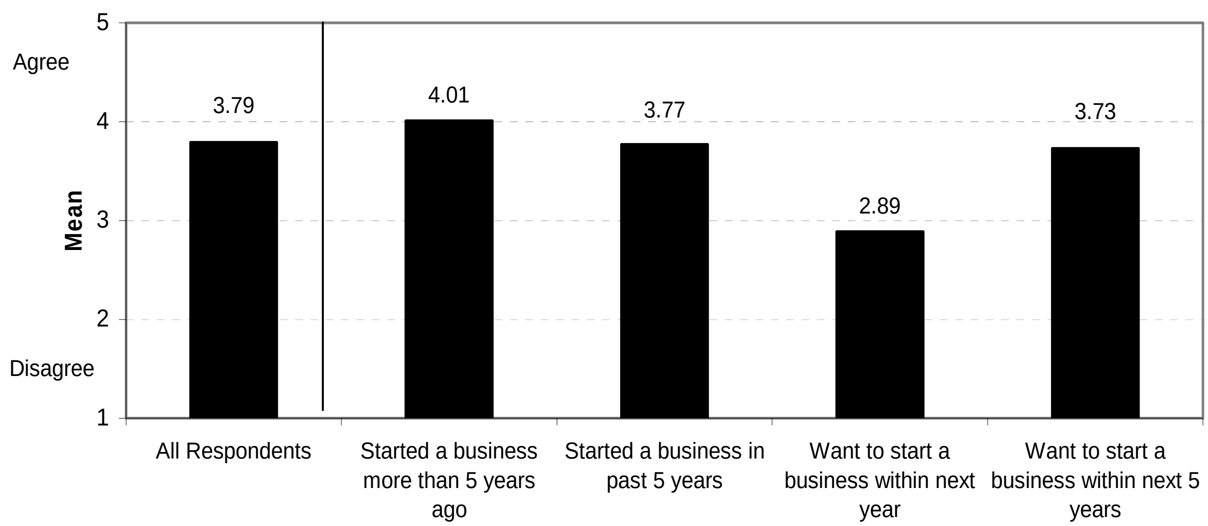
Opportunities to meet and network with other people in your field are sufficient.

1 = disagree 5 = agree

Figure 19 indicates agreement that respondents find networking opportunities in their field are sufficient (mean=3.79); over 61% reported strong agreement (4 or 5 on the 5-point scale) and a relatively small number (17%) disagreed (1 or 2 on the scale).

Furthermore, scores are high for most groups — those who already started businesses and those who want to start a business within the next five years. This suggests that networking opportunities are accessible for future entrepreneurs and continue to be available to those in later stages of business development. Those who want to start a business in the next year were less positive in their perception of networking opportunities, scoring below the midpoint of the scale (2.89).

Figure 19. Perceptions of Networking Opportunities by Entrepreneurial Status



As shown in Figure 20, there is no significant variation among those at different stages of business development with regard to their perceptions of networking opportunities. Scores were mixed across the phases and did not indicate any developing trends in comparison to the previous three years' surveys. Those in the Demonstrating phase had the least favorable perceptions (3.36), suggesting that networking opportunities may be more readily available for entrepreneurs with established businesses or those looking toward a more distant horizon. This also corresponds to the low scores given by respondents who want to start a business in the next year, as seen in Figure 19 above.

Figure 20. Perceptions of Networking Opportunities by Phase of Entrepreneurial Activity

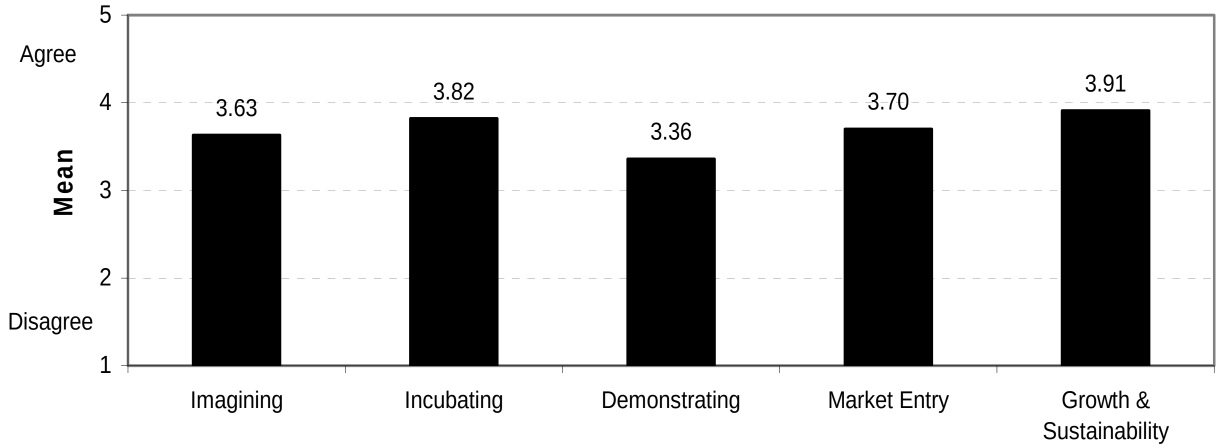
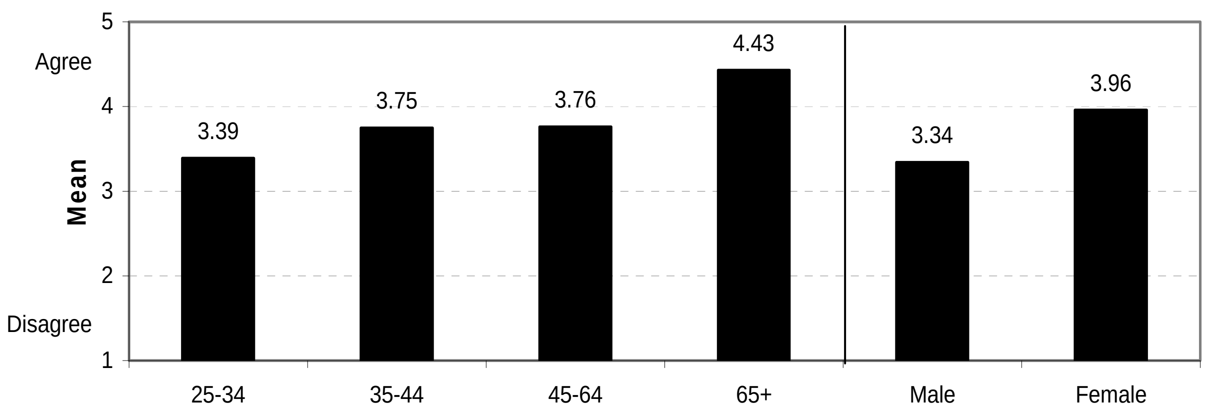


Figure 21 reveals that scores are highest for the older age groups. Men have a decidedly lower perception of networking opportunities than women, a difference that has not been seen in the previous three surveys.

Figure 21. Perceptions of Networking Opportunities by Age Group & Gender



VI. Government

Governments' responsiveness to entrepreneurial needs and ability to provide relevant services is sufficient:

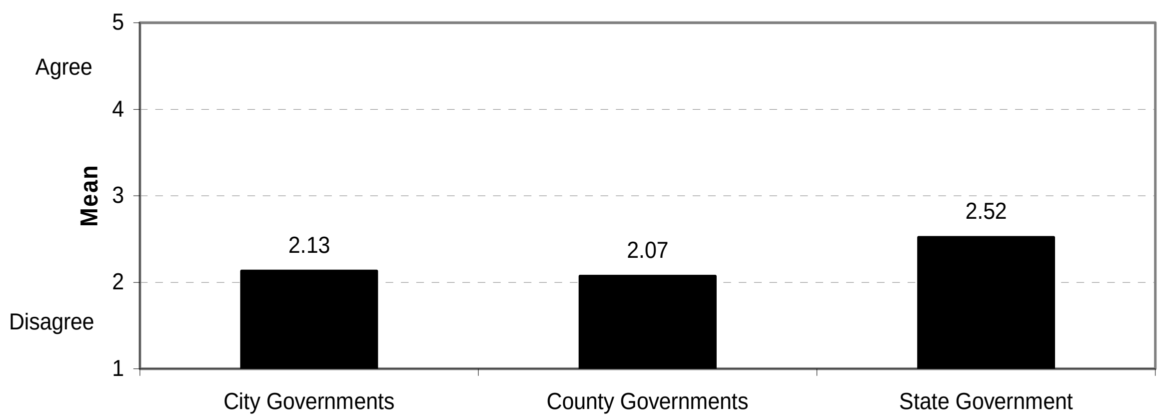
- City Governments
- County Governments
- State Government

1 = disagree   5 = agree

As in the previous surveys, respondents still believe that governments are unresponsive to entrepreneurial needs and their ability to provide relevant services is insufficient (Figure 22). Scores were well below the midpoint of the scale for city, county, and state government, although the score for state government is improved over the previous three surveys.[11] This improvement may be attributed to the continued work of the Entrepreneurial Signature Program, a technology focused strategic effort from the Ohio Third Frontier economic development initiative.

Just over two-thirds of respondents strongly disagreed (1 or 2 on the 5-point scale) that city and county governments are responsive to entrepreneurial needs and provide relevant services. Perceptions of state government were less pessimistic; just over half strongly disagreed while 24% of respondents strongly agreed (4 or 5 on the 5-point scale) that state government was responsive to their needs and providing relevant services. These results are in line with perceptions of government responsiveness from the three earlier surveys from 2006-2008.

Figure 22. Perceptions of Government Responsiveness

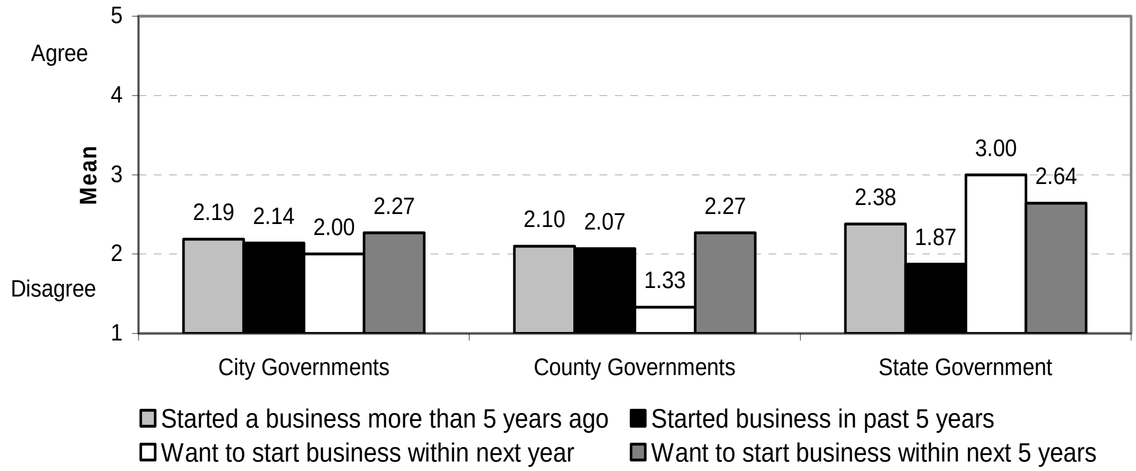


Although there is very little variation among groups with respect to City Governments, those who want to start a business within the next year reported a markedly lower score for County Governments than other groups (Figure 23). The same group gave the highest level of agreement to responsiveness by State Government, which was much less favorably viewed by

[11] The difference in perceptions for the survey question pertaining to State Government is statistically significant between the responses of 2009 versus the previous years.

those who started a business in the past five years. There are no obvious trends in perceptions of government responsiveness over the past four years, although those who want to start a business in the next five years have often had the highest scores for all levels in the past.

Figure 23. Perceptions of Government Responsiveness by Entrepreneurial Status



Those in the earlier phases of entrepreneurial activity had more favorable perceptions of government responsiveness (Figure 24), although all scores are below the midpoint of the scale.

Figure 24. Perceptions of Government Responsiveness by Phase of Entrepreneurial Activity

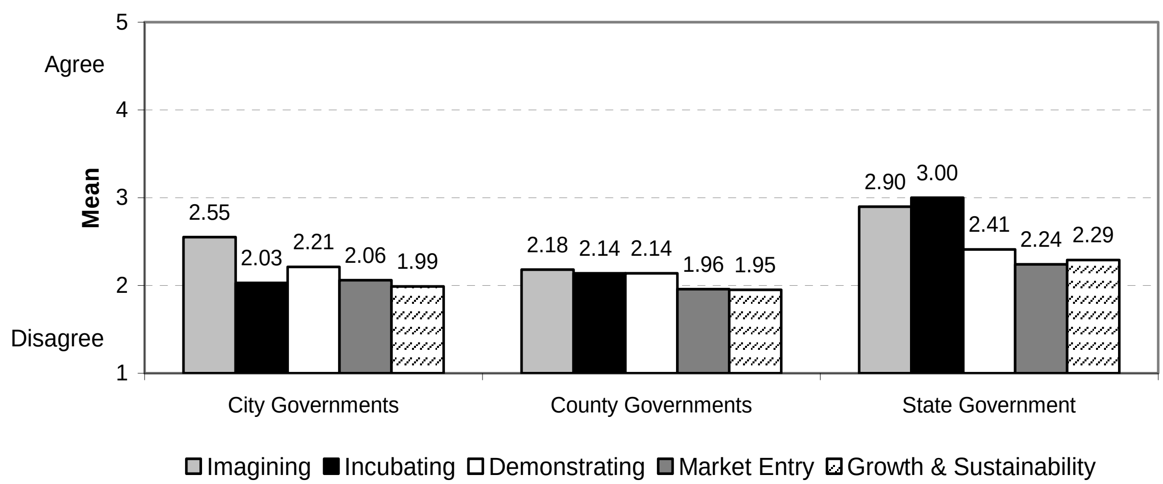
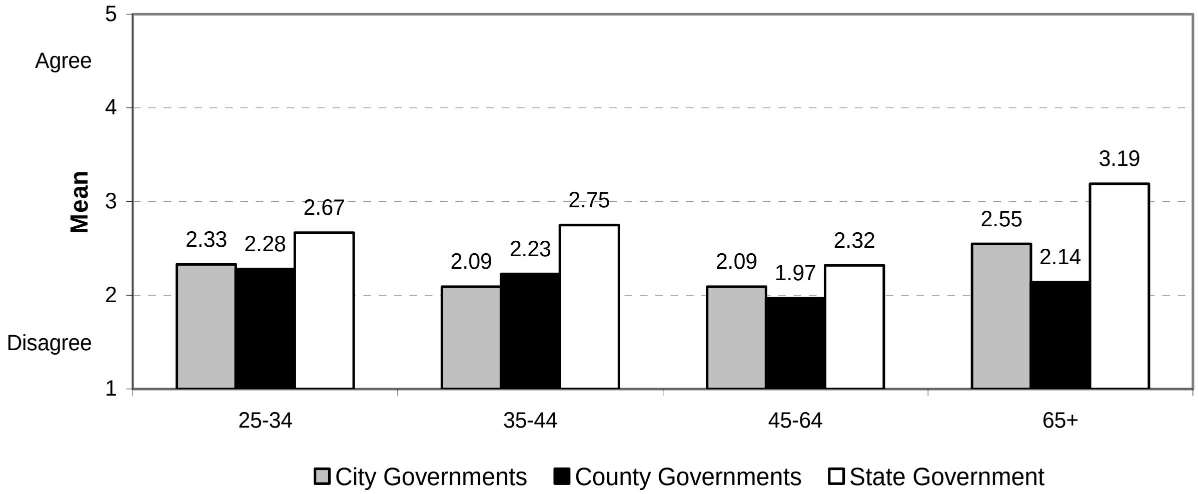


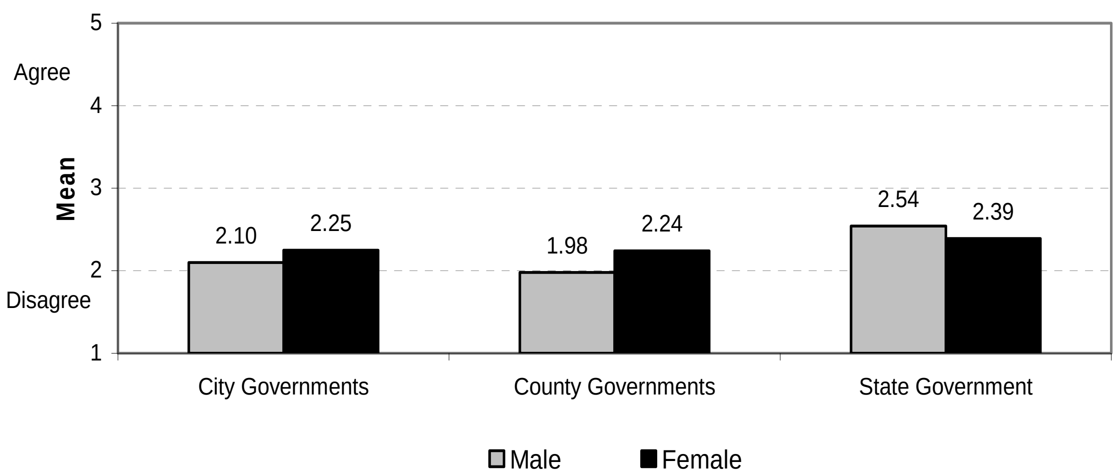
Figure 25 indicates that perceptions of City and State Government responsiveness to the needs of entrepreneurs are higher among respondents in the 65+ age group. Those ages 45-64 had the least favorable view of government responsiveness for all echelons. Again, the scores have not produced a pattern of perceptions among respondents over the years when analyzed according to age group.

Figure 25. Perceptions of Government Responsiveness by Age Group



The difference between perceptions for men and women are small; women report higher scores for all City and Country government responsiveness while men are more favorable toward State Government (Figure 26). These results more closely reflect the perceptions from the 2006 survey, wherein the 2007 and 2008 responses showed higher scores by males for at least two of the three government levels.

Figure 26. Perceptions of Government Responsiveness by Gender



VII. Attitude

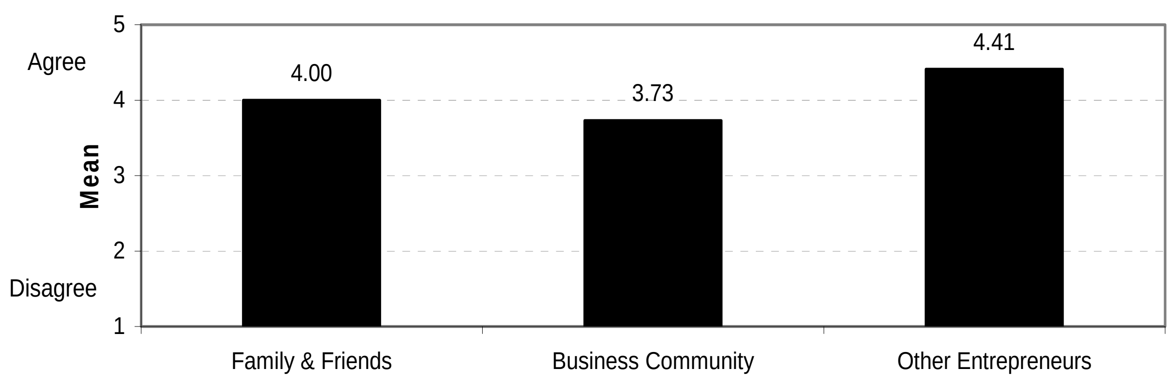
Attitude towards entrepreneurs among the following groups in Northeast Ohio are <u>receptive</u>:

- Family and Friends
- Business Community
- Other Entrepreneurs

1 = disagree   5 = agree

As in the past surveys, respondents strongly agreed with the statement that attitudes toward entrepreneurs in Northeast Ohio are receptive, with means ranging from 3.73 for the business community and 4.41 for other entrepreneurs (Figure 27). Eighty-seven percent of respondents strongly agreed (4 or 5 on the 5-point scale) that other entrepreneurs have receptive attitudes; 71% strongly agreed that family and friends are receptive, and 62% strongly agreed that the business community has a receptive attitude.

Figure 27. Perceptions of Attitudes toward Entrepreneurs



There is some variation in responses among groups when comparing those who have started businesses to those who want to start a business. Figure 28 reveals that respondents who want to start a business in the next year report lower scores on the receptive attitude for all communities, while those who started a business in the past five years and those who want to start a business within the next five years have the most favorable perceptions of attitudes toward entrepreneurs by all communities. Nonetheless, the scores are well above the midpoint of the scale and indicate that entrepreneurs are encouraged by the attitudes of Northeast Ohio's communities.

Figure 28. Perceptions of Attitudes toward Entrepreneurs by Entrepreneurial Status

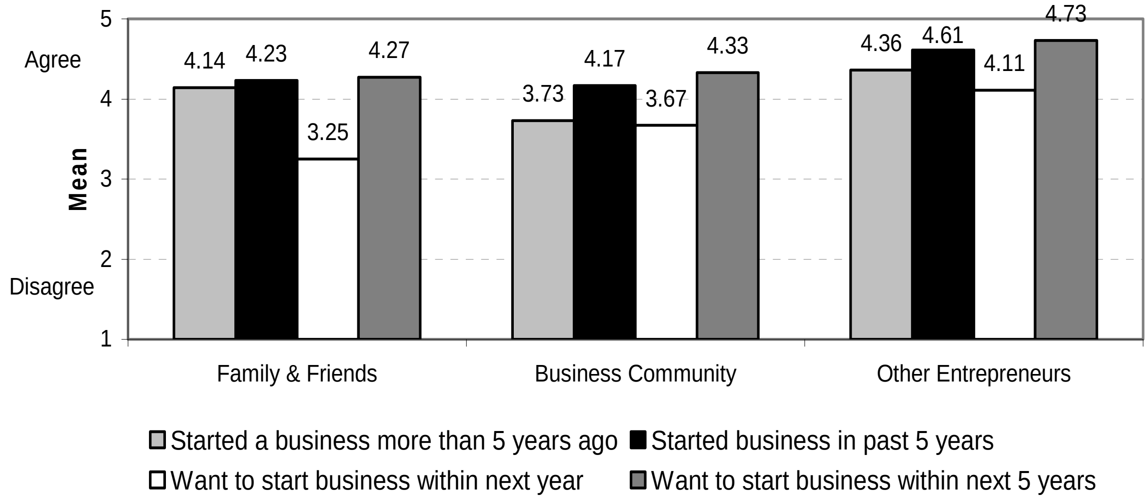
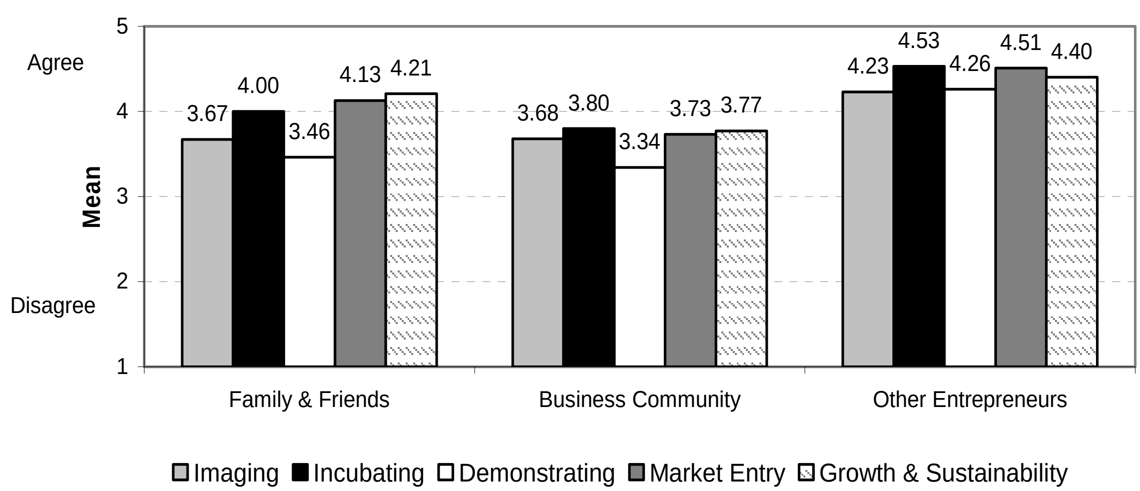


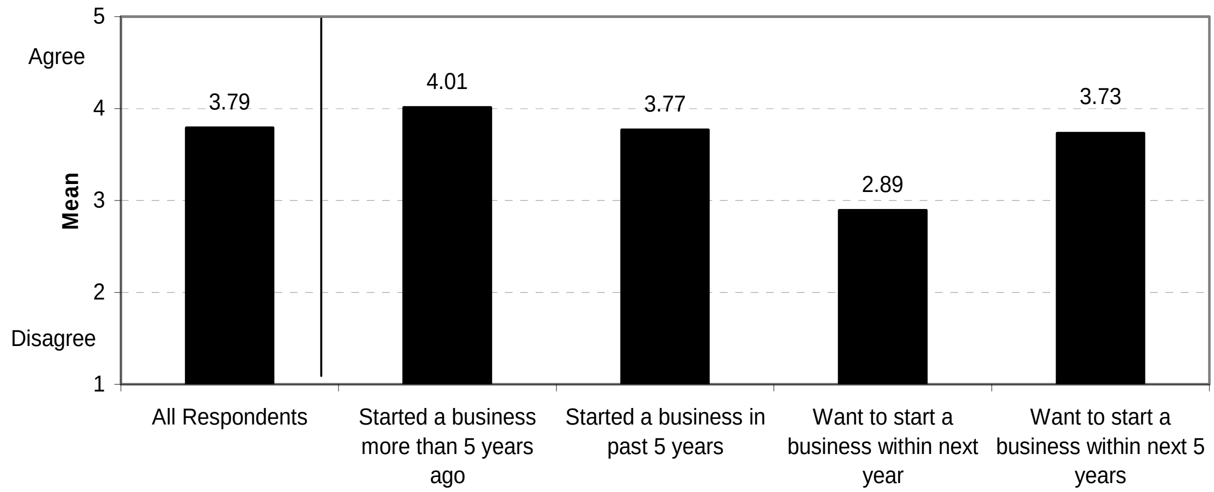
Figure 29 shows that, among respondents at all stages of business development, scores are highest in their perceptions of attitudes toward entrepreneurs by other entrepreneurs. This trend has held for all four years of the survey.

Figure 29. Perceptions of Attitudes toward Entrepreneurs by Phase of Entrepreneurial Activity



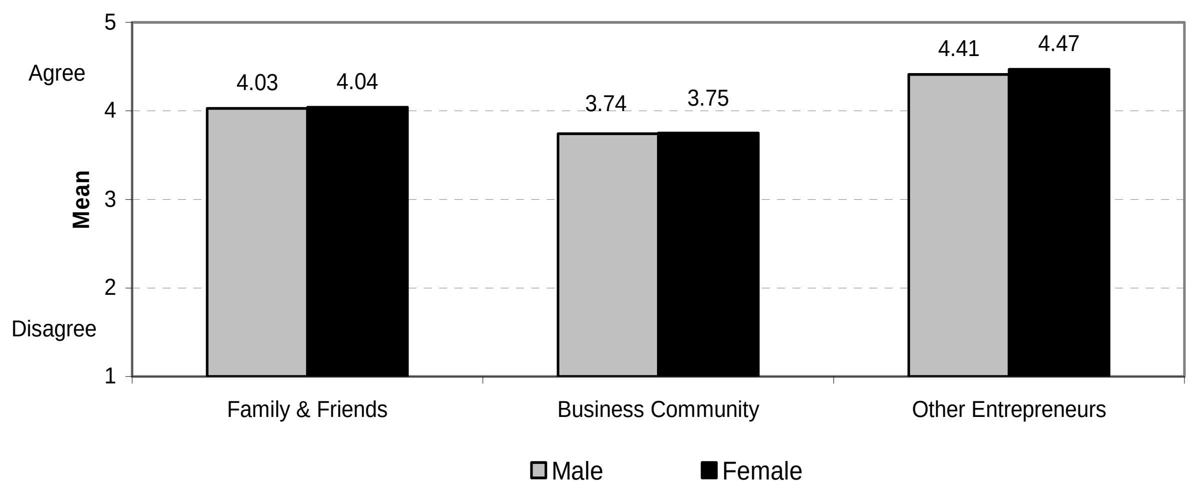
Respondents in the oldest age group report higher scores than individuals in the other age groups for their perception of attitudes from family and friends and the business community (Figure 30). Entrepreneurs in the younger age groups have the most favorable assessment of support from other entrepreneurs.

Figure 30. Perceptions of Attitudes toward Entrepreneurs by Age Group



Men and women report very similar scores on measures relating to attitudes toward entrepreneurs (Figure 31).

Figure 31. Perceptions of Attitudes toward Entrepreneurs by Gender



VIII. Infrastructure

The following infrastructure in Northeast Ohio satisfies your business needs:

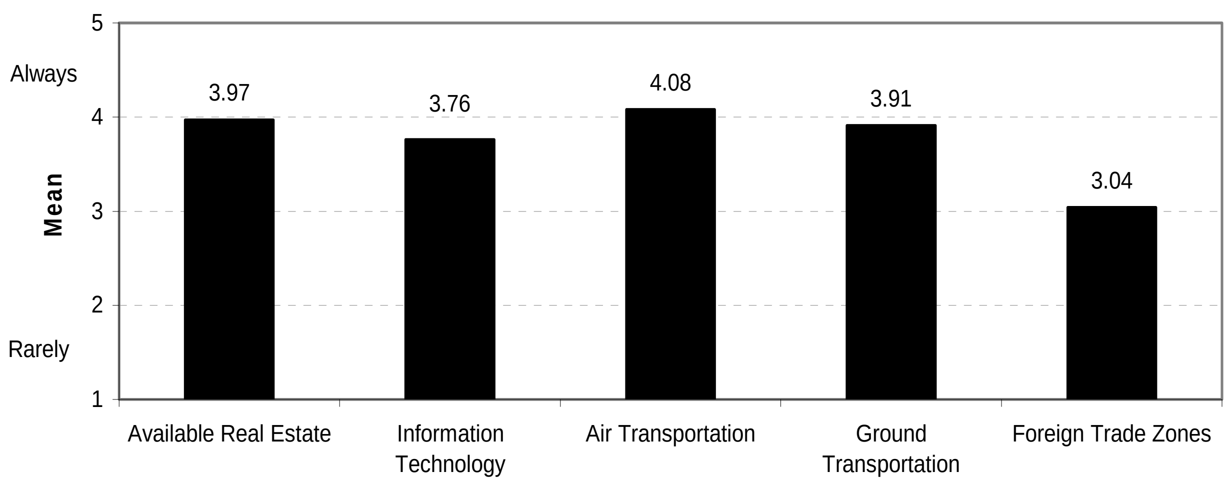
- Available Real Estate
- Information Technology
- Air Transportation
- Ground Transportation
- Foreign Trade Zones

1 = rarely 5 = always

Respondents indicated satisfaction with infrastructure in Northeast Ohio in line with the results of the 2006-2008 surveys. They reported high scores when asked if infrastructure meets their business needs, especially in terms of available real estate and transportation.

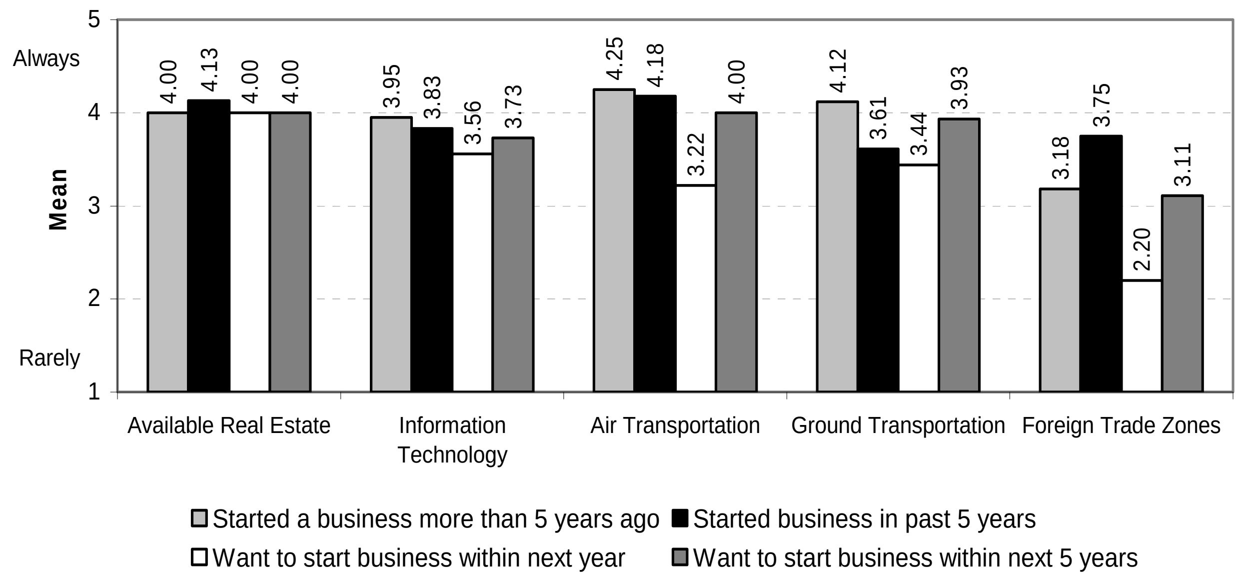
Figure 32 shows that mean scores were very high for air transportation, available real estate, ground transportation, and information technology. Foreign trade zones received the lowest score; however, it is still above the midpoint of the scale and a greater percentage indicated strong agreement (4 or 5 on the 5-point scale) than disagreement (1 or 2 on the 5-point scale). The scores for the infrastructures categories are very similar to the results from the previous studies.

Figure 32. Perceptions of Infrastructure



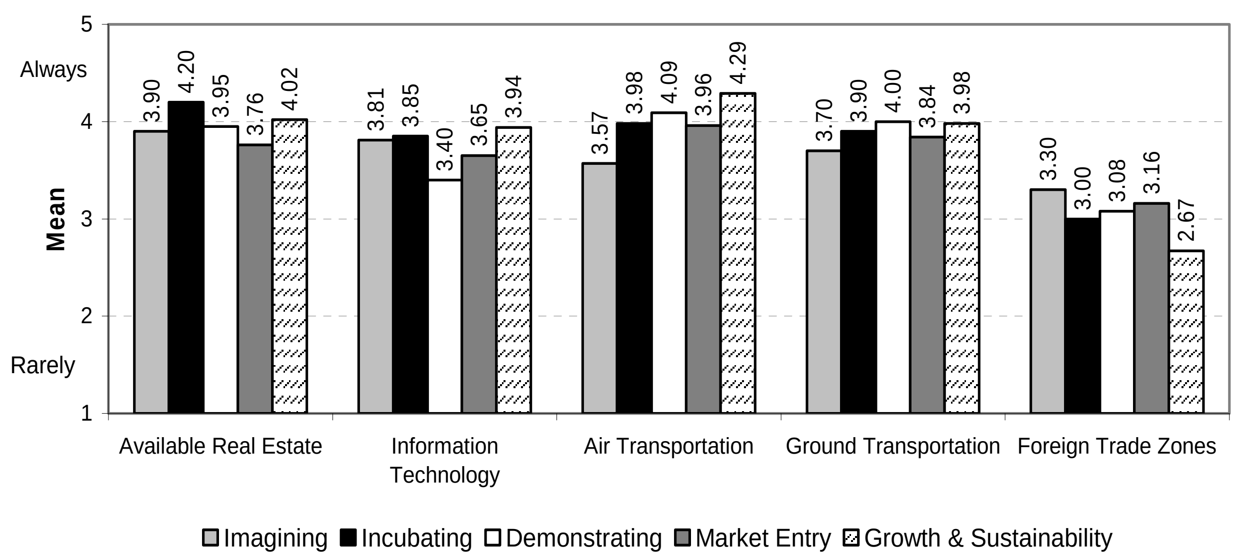
Scores are fairly consistent regardless of whether respondents have already started their own business or hope to within the next one to five years, with the exception of those respondents who want to start a business in the next year (Figure 33). Perceptions of foreign trade zones had the least favorable scores for most groups, although only those who want to start a business in the next year gave scores below the midpoint of the scale. Foreign trade zones are more applicable to entrepreneurs in manufacturing and production business that may export products, thus the response rate is lower than the other categories because this industry sector is a small percentage of respondents in the sample.

Figure 33. Perceptions of Infrastructure by Entrepreneurial Status



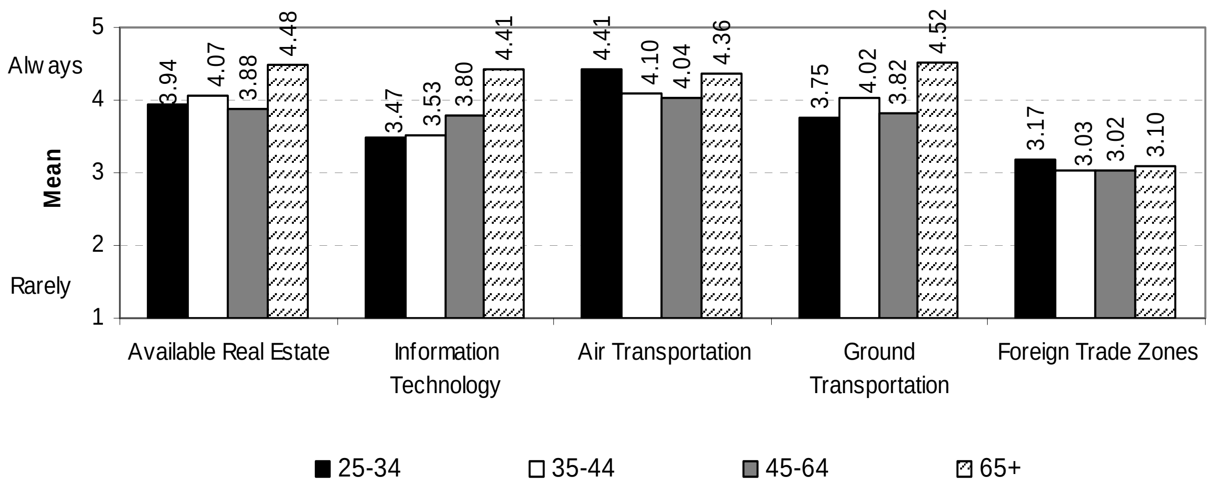
Scores vary more among respondents at different phases of business development, indicating that satisfaction with infrastructure needs is partly dependent of where entrepreneurs are in the process (Figure 34).

Figure 34. Perceptions of Infrastructure by Phase of Entrepreneurial Activity



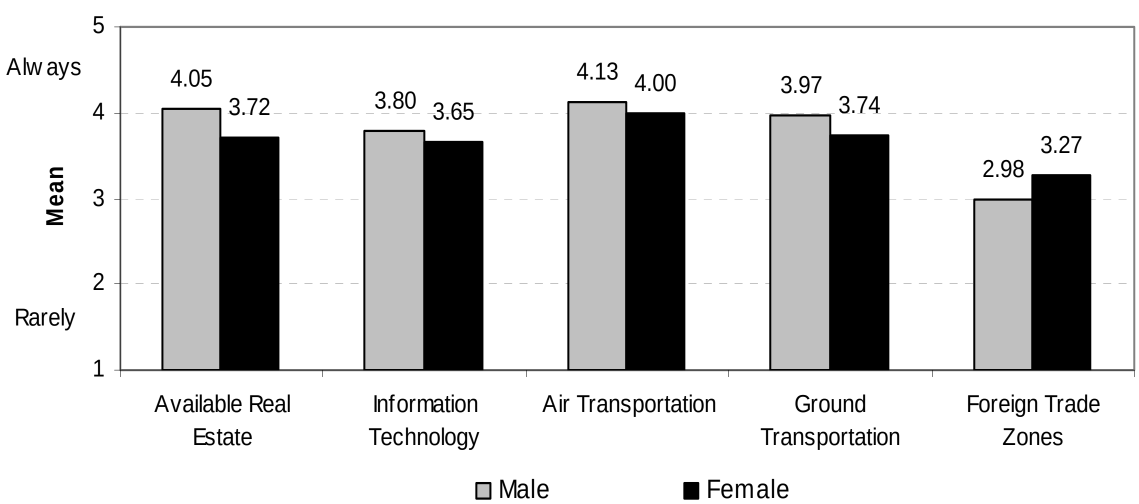
With the exception of air transportation, older respondents had more favorable perceptions of infrastructure (Figure 35). Those ages 25-34 gave the highest score for air transportation, indicating that perhaps they are developing businesses that take advantage of this infrastructure to their satisfaction above all others.

Figure 35. Perceptions of Infrastructure by Age Group



Men and women report similar scores on the infrastructure measures (Figure 36) as they did in last three years' surveys. Men gave higher scores for infrastructure across all categories except foreign trade zones.

Figure 36. Perceptions of Infrastructure by Gender



IX. Quality of Life

The following quality of life items <u>help my ability</u> to develop a business in Northeast Ohio:

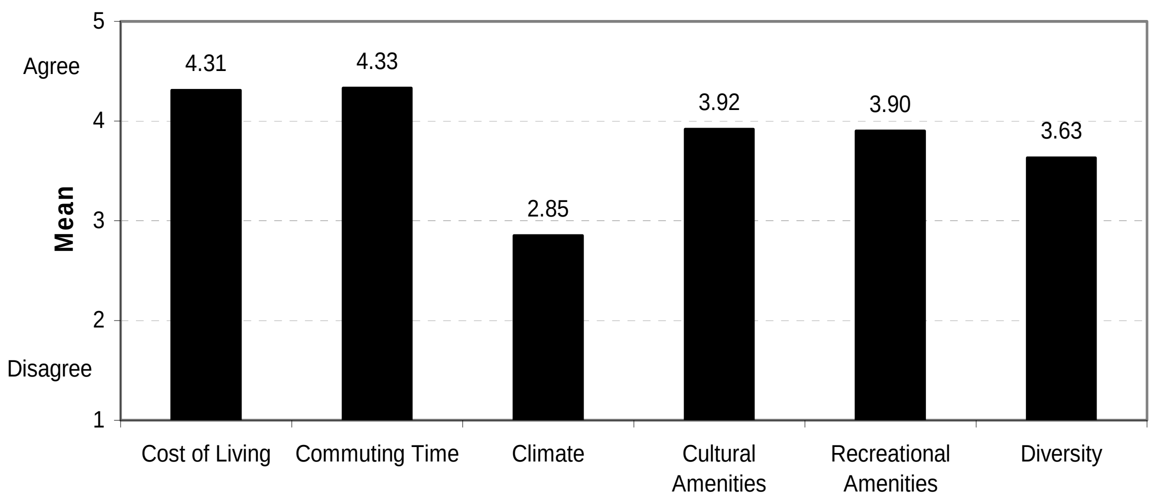
- Cost of Living
- Commuting Time
- Climate
- Cultural Amenities
- Recreational Amenities
- Diversity

1 = disagree 5 = agree

Respondents generally gave favorable scores to quality of life in Northeast Ohio, agreeing that it helps their ability to develop a business in the region. Scores were very similar to those of the past three surveys, with the region's climate consistently scoring below the midpoint as a positive attribute for entrepreneurs' ability to develop a business.

Commuting time and cost of living are the most positive aspects of quality of life in Northeast Ohio; over 80% of respondents reported strong agreement (4 or 5 on the 5-point scale) with the statement, as shown in Figure 37. Cultural amenities and recreational amenities also have high mean scores (over two-thirds of respondents strongly agreed that they help them in their ability to develop a business). The score for climate is far below the other measures of quality of life as well as being below the midpoint of the scale, meaning that it is seen as a detriment to entrepreneurs in their ability to develop a business in Northeast Ohio.

Figure 37. Perceptions of Quality of Life



There are no consistent patterns to the responses when categorized by entrepreneurial status (Figure 38). In general, those who have already started a business were more optimistic about the region's quality of life attributes for most measures.

Figure 38. Perceptions of Quality of Life by Entrepreneurial Status

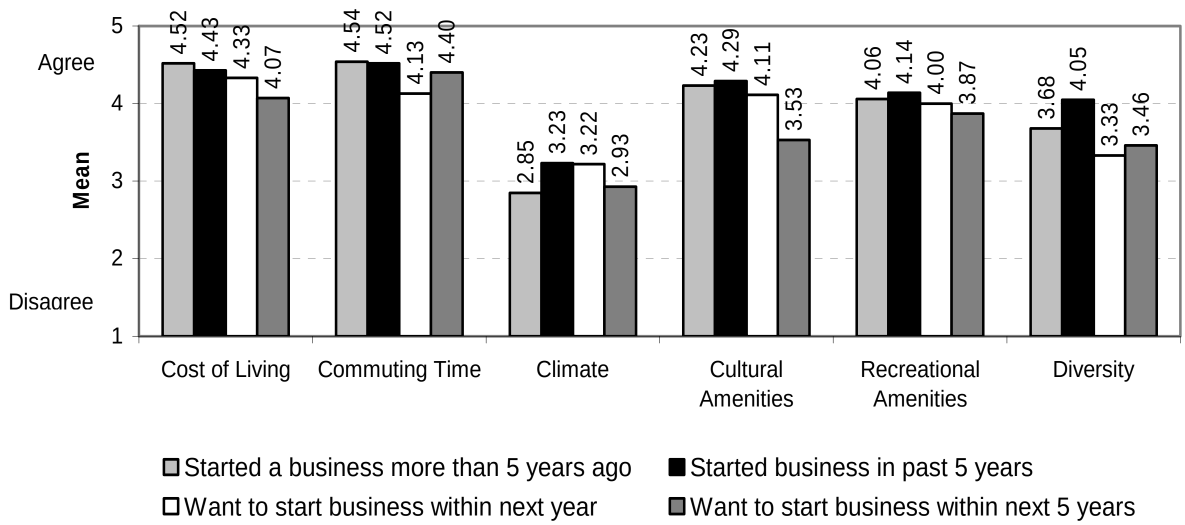
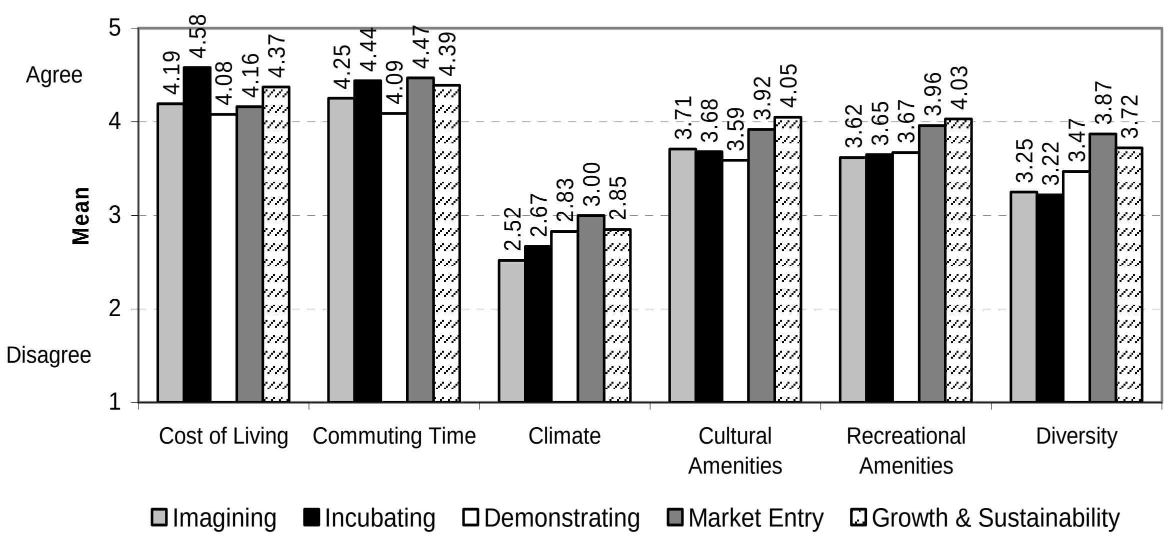


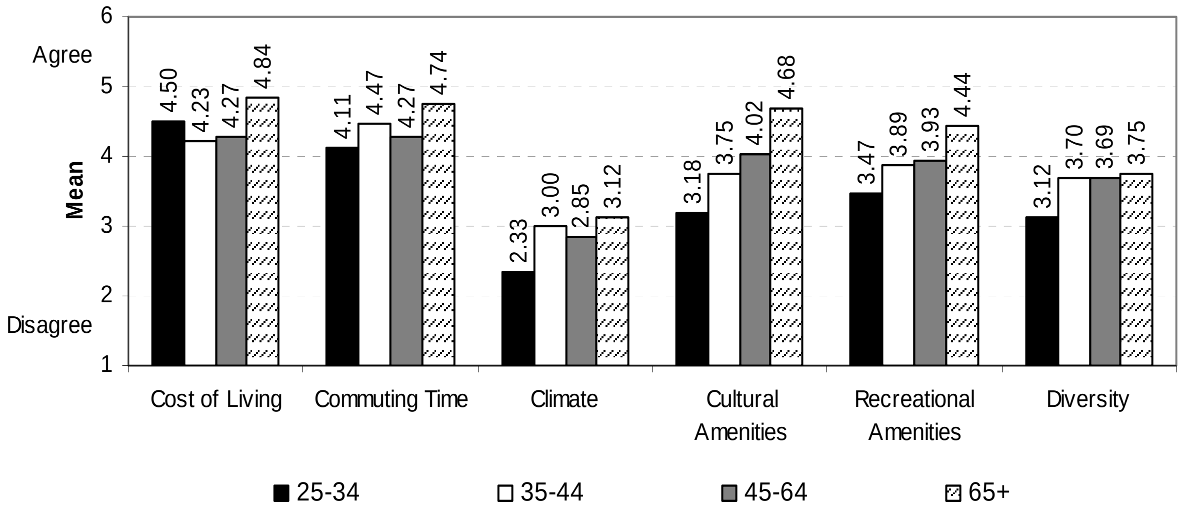
Figure 39 shows that there is some variation in scores based on respondents' phase in the business development process, with those in the Market Entry and Growth & Sustainability phases reporting higher scores on half of the items. These results are similar to the 2008 study, but in contrast, the 2007 survey revealed the highest scores for each category were usually given by those in the Imagining or Demonstrating phases.

Figure 39. Perceptions of Quality of Life by Phase of Entrepreneurial Activity



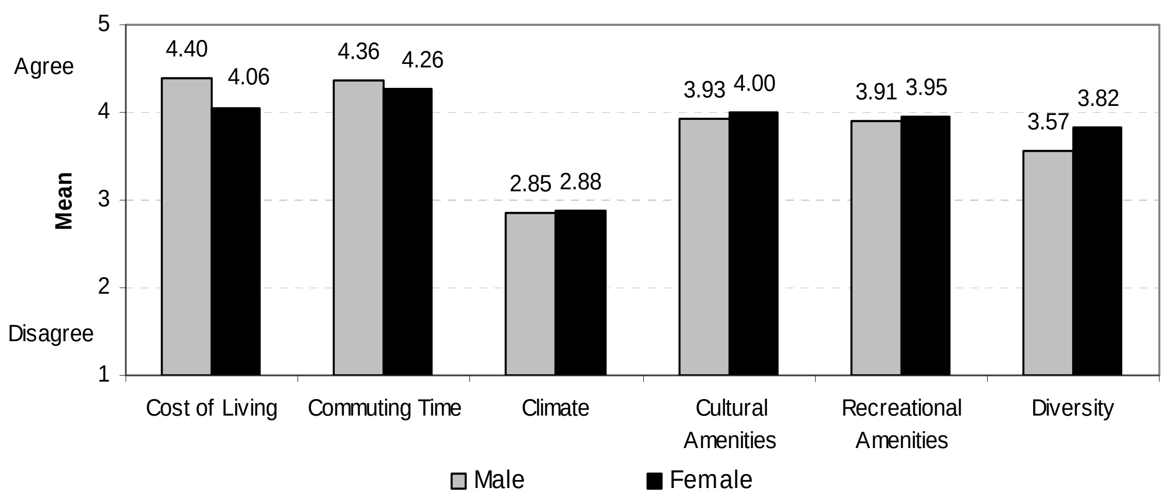
Those respondents age 65+ had the highest scores, while those ages 25-34 had the least optimistic scores with the exception of the region's cost of living (Figure 40). This may indicate that older entrepreneurs have a broader experience and assessment of quality of life attributes in comparison to other regions, or perhaps they take greater advantage of these items than younger respondents.

Figure 40. Perceptions of Quality of Life by Age Group



Men and women report similarly on the effect that quality of life measures have on their ability to develop a business in Northeast Ohio (Figure 41). These scores have remained fairly consistent over the four years of studies.

Figure 41. Perceptions of Quality of Life by Gender



X. Confidence

The overall economic health of the region is <u>strong</u>.

1 = disagree 5 = agree

If you <u>have started a business</u> in the past five years, how <u>confident</u> are you that you will be able to sustain it?

1 = not confident 5 = very confident

If you <u>would like to start a business</u>, how <u>confident</u> are you that you will be able to within the next five years?

1 = not confident 5 = very confident

The current recession is adversely affecting my ability to start and/or sustain a new business.

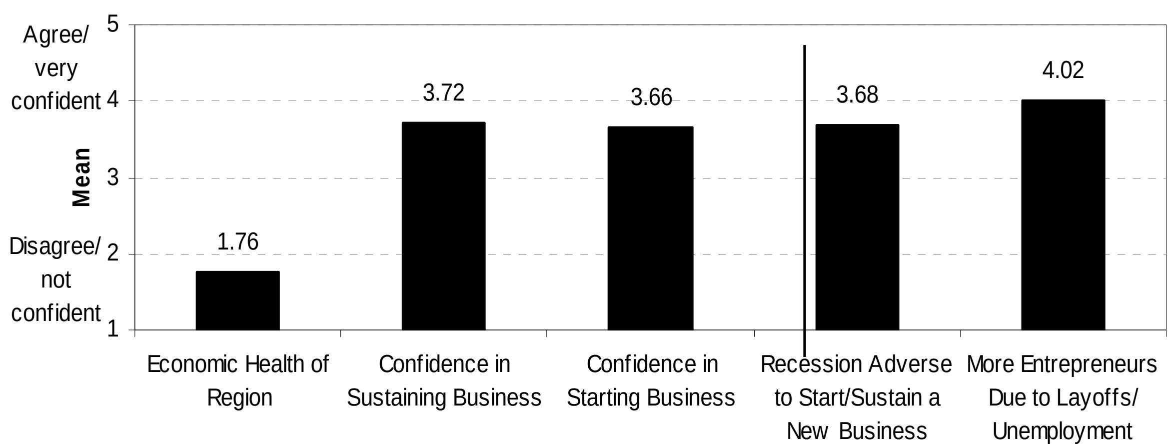
1 = disagree 5 = agree

More people are pursuing entrepreneurial opportunities due to layoffs and high unemployment.

1 = disagree 5 = agree

Respondents had particularly negative perceptions about the economic health of the region (Figure 42).[12] The mean score (1.76) falls well below the midpoint of the scale; 78% of respondents strongly disagreed (1 or 2 on the 5-point scale) with the statement that the economic health of the region is strong. The score for this year's survey is notably lower than the average of the scores for the previous three years (2.19). This is expected due to the extended recession facing the region and the nation.

Figure 42. Entrepreneurial Confidence



Despite this, most of those who have started a business are confident that they can sustain it (mean=3.72), and those who would like to start a business are confident in their ability to do so

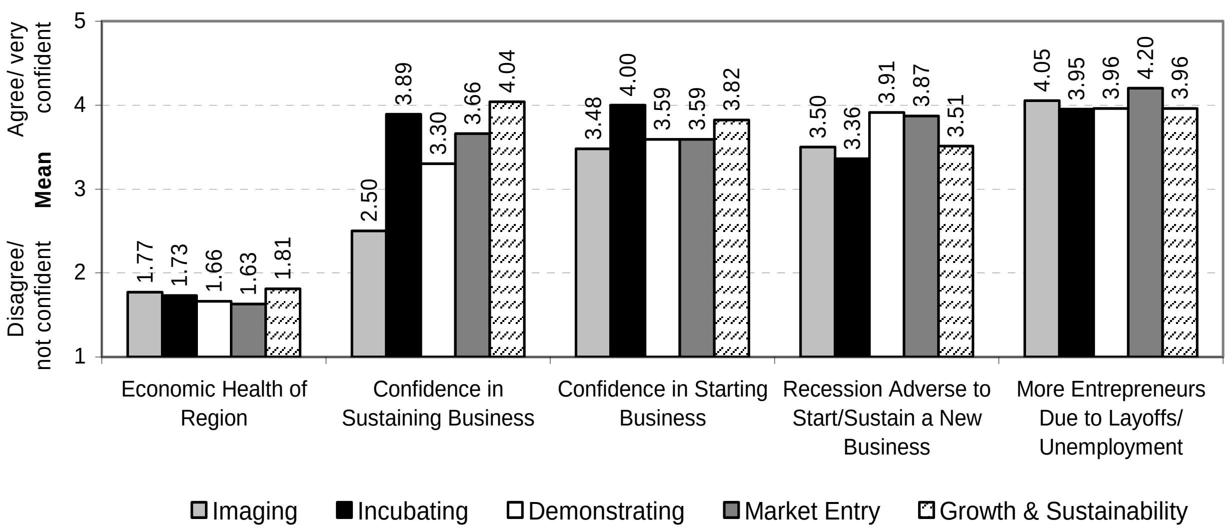
[12] The difference in perceptions for the survey question regarding the Overall Economic Health of the Region is statistically significant between the responses of 2009 versus the previous years.

(mean=3.66). Almost two-thirds were very confident (4 or 5 on the 5-point scale) they could sustain a business, and 61% were very confident they could start a business. These results are similar to the responses in the 2006-2008 studies.

The questions that target entrepreneurial conditions in terms of the current recession and high unemployment are new to the survey this year and are scaled in the opposite manner than the other three. The high score (3.68) reflects that the region's economy creates a challenging environment; 61% of respondents strongly agreed (4 or 5 on the 5-point scale) that the current recession is adversely affecting their ability to start and/or sustain a new business. The high score (4.02) for respondents' perception of the number of unemployed and laid-off workers pursuing entrepreneurial opportunities is not necessarily a negative condition. Although 72% strongly agreed with the statement, the growth in entrepreneurial effort in Northeast Ohio may result in future growth and diversity in the regional economy.

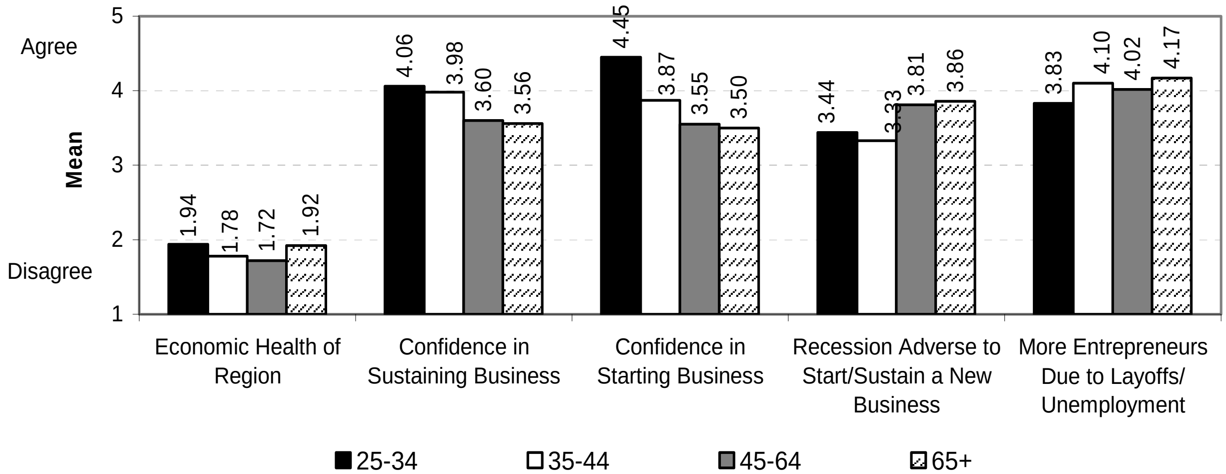
Perceptions of the economic health of the region do not vary systematically among respondents at different phases of business development (Figure 43); scores for all groups are far below the midpoint of the scale. Respondents' confidence to sustain a business is highest for those in the Incubating and most advanced stage of business development (Growth & Sustainability). Of particular concern is the low score (2.50) of those in the Imagining phase when asked about their confidence in sustaining a business, considering their perception of the region's economic health. Respondents in all phases recognize that the recession is difficult for their efforts to start or sustain a business, although they also see more entrepreneurs entering the market due to layoffs and high unemployment in the region.

Figure 43. Entrepreneurial Confidence by Entrepreneurial Status



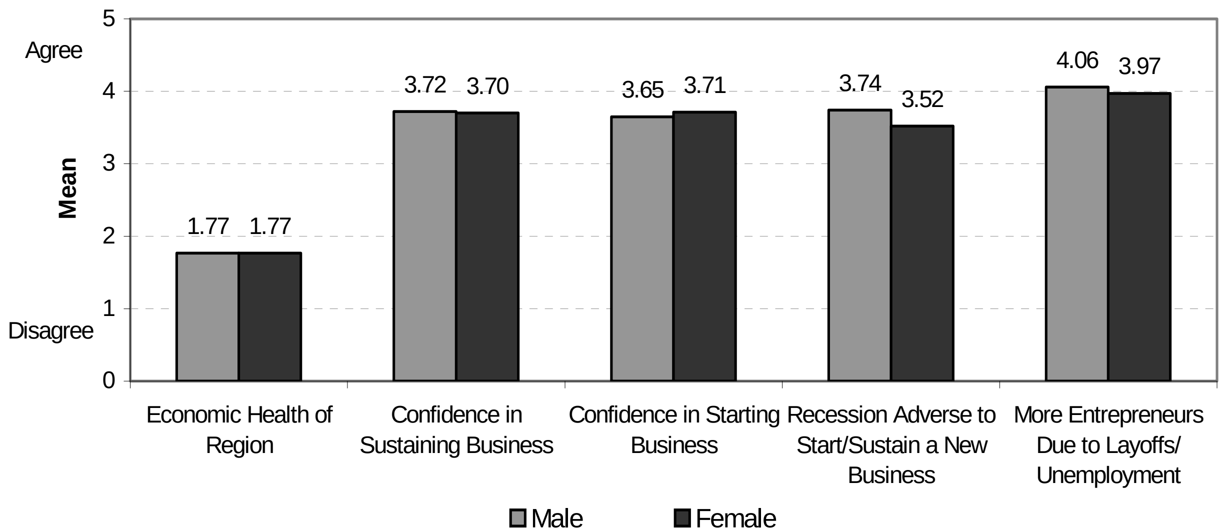
Respondents age 25-34 and age 35-44 are most confident in their ability to sustain and start a business, despite the uniformly low confidence in the economic health of the region for all age groups (Figure 44). Older respondents recognize that the recession has adversely affected entrepreneurial efforts, perhaps due to their longer term vantage that witnessed better economic times. The patterns for the responses by age group have not followed any discernible pattern over the four years of studies.

Figure 44. Entrepreneurial Confidence by Age Group



Scores are very similar among men and women for all measures of entrepreneurial confidence (Figure 45).

Figure 45. Entrepreneurial Confidence by Gender



XI. Respondent Comments

What are the advantages to starting and sustaining a business in Northeast Ohio?

What are the challenges or barriers to starting and sustaining a business in Northeast Ohio?

What additional entrepreneurial resources/services should be present in Northeast Ohio that are not available today?

General comments and other observations regarding the entrepreneurial climate in Northeast Ohio.

The survey posed four open-ended questions about being an entrepreneur in Northeast Ohio. Respondents were asked about both the advantages and challenges to starting and sustaining a business, as well as what resources are most needed for entrepreneurs in the region. The final open-ended question allowed the opportunity to give general comments or observations regarding the entrepreneurial climate in Northeast Ohio. This section is intended to capture some of this information; however, it should not be assumed that these comments reflect the opinions of all or even a majority of respondents.

Over 65% of the respondents did contribute remarks to at least one of these questions. There were many positive comments with encouraging suggestions, as well as critical statements about the entrepreneurial climate. Some major themes clearly emerged from the mass of comments, allowing summary impressions to be extracted from the responses. Although the open-ended questions for 2009 were the same as those in 2007 and 2008 surveys, the responses indicate changing perceptions among entrepreneurs and are noted when appropriate.

One respondent provided a comment regarding the advantages to starting and sustaining a business that gave a glowing assessment of the area: ‘Cleveland is a wonderful place to be; the support is here, the community is well-established but also has an eye to growth, and [it] is big enough to provide the benefits of a large city without the challenges of being a New York or Chicago.’ Among the comments related to the advantages of starting and sustaining a business in Northeast Ohio, the greatest pluralities were again directed toward the high quality of life and low cost of living in the region. Respondents were satisfied that the area was affordable and centrally located for their businesses, including a number of comments specifically praising the transportation access and logistical attributes of the region. Some respondents noted that there were also adequate business resources and support organizations available such as JumpStart and local universities, prompting the following: ‘Fantastic support from City of Akron and the Akron Global Business Accelerator. [There is] good access to business advisers.’ Another entrepreneur stated that, ‘Regardless of whether I utilize them, there is a good support system of organizations related to education, incubation, government services and networking within Northeast Ohio.’ The advantages of starting a business in Northeast Ohio also included a high number of comments that took special notice of the labor pool in the region, with particular emphasis on the talent of skilled workers, their motivation, and the work ethic of our employees.

This year, comments about the challenges and barriers facing entrepreneurs were first and foremost concerned with access to capital. Approximately one third of the open-ended responses mentioned issues with obtaining capital, financing, or other funding sources.

Additionally, a significant number of comments were directed to high tax burdens, prompting one entrepreneur to say that there are, 'unfair employment taxes on small businesses.' There were complaints that bureaucratic regulations, fees, and a lack of flexible financing programs have hindered efforts; the region seems to favor the traditional types of businesses that respondents feel are no longer viable in the troubled economy. One respondent provided a thorough listing of problems that echoed many of his/her colleagues: 'Brain drain, negative image, no visionary government leadership, parochialism, government in-fighting, lack of commitment to growth and development of the region, too many layers of government, too many competing agencies.' As witnessed in the quantitative measures of Quality of Life (Section IX, p. 28), some respondents thought that the climate was a barrier to entrepreneurial development. Other comments indicated problems with competing business support agencies, continued barriers from the traditional ways of thinking (including a lack of understanding of non-manufacturing industries), and a generally negative attitude about the region from residents and outsiders.

When asked what additional resources or services are needed by entrepreneurs that are not available now, many respondents reiterated the issues with obtaining capital to start their businesses. They felt that lending institutions and venture capital firms were not engaged with newer technologies and the types of funding that have fostered growth in other parts of the country. From loans to grants, a large portion of comments were directed to the problems of obtaining the capital that their business needs to be successful in Northeast Ohio, going so far as to specify that the negative economic stigma of the region has been a particular problem that needs to be addressed by the local institutions. Some answered that the region could foster more entrepreneurial development with tax credits or small grants from the regional governments to spark a new wave of businesses.

Respondents also felt that mentoring programs were insufficient, prompting one respondent to request, 'A strong mentoring program that builds long-term mentoring, not just counseling and referencing.' This request leads in to a number of responses about the lack of incubators, entrepreneurial support organizations, and business community access. An entrepreneur suggested that Northeast Ohio would benefit through expansion of such services: 'There should be 10 JumpStarts, 10 NorTechs, and 10 Magnets, either developing niche areas or competing fiercely to provide funding for innovative ideas. That competition would attract ideas from outside the region, and retain those that currently leave to find money/commercialization expertise elsewhere.' Another comment suggested that the region needs, 'a completely new strategy, new leadership at every level, and new understanding of entrepreneurship in general... perhaps learned from real entrepreneurs.'

There were three outstanding themes in the general comments and observations about the entrepreneurial climate in Northeast Ohio from this year's survey: 1) this is a tough environment in terms of the economic conditions and the prevailing sentiments of old industry in the business community; 2) public relations and the perception of the region are predominately negative and creating an air of desperation for entrepreneurs; and 3) there is a glimmer of hope from the fields of biotechnology and alternative energy research that may be the vanguard of new development and recovery. Respondents continue to be critical of the institutions of government that hinder their efforts as well as the lack of innovation from financial institutions. Positive comments tended to have a tone of warning to them, such as the following: 'It may be too late, but we must invent and innovate in the schools, colleges, and at home before our city and region is DOA.' Another respondent observed that, 'Resources are here. Positive attitude and follow-through needs work.' A particularly loquacious response noted that in Northeast Ohio,

> ‘There is often a massive disconnect between established and entrenched players & organizations and new innovative thinkers...This mindset and habitat causes entrepreneurial flight to more fertile lands. Nimble, young, grassroots ventures that stay here will play a defining role in establishing new industries, jobs, wealth and entertainment in the region. It should be very easy to turn an area with a cost of living as low as ours and resources as rich as ours into an epicenter of innovation.’

Some respondents chose to highlight the attributes of the region as a potential stimulus for entrepreneurs. The comfortable quality of life and seeds of opportunity in the wake of the economic downturn provide hope for new ideas: ‘I believe more businesses will open in Cleveland because it is so easy to do business [here from] all over the world that people will choose their location for non-business reasons. Cleveland is a great place to grow up, raise a family and enjoy!’ This sentiment suggests the theme of community that was expressed by several respondents: ‘I think it is very important that everyone understands that small businesses are what form a community, big corporations have their place but they don't make a community stronger.’

XII. Concluding Remarks

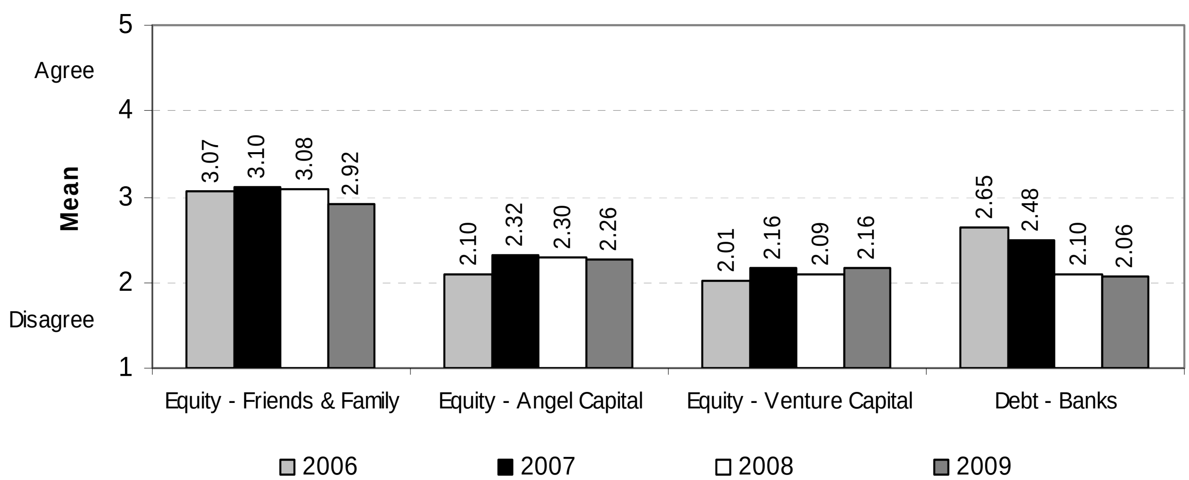
The 2009 Entrepreneurship Confidence Survey revealed some continuing trends in the perceptions of entrepreneurs in Northeast Ohio, yet several aspects of the region's business climate are continuing to experience a shift in view. In general, the respondents expressed optimism for the long-term prospects of new businesses yet also expressed caution in terms of the short-term economic obstacles that entrepreneurs have been experiencing.

Perceptions reflected overall satisfaction with the attitude of the community, the existing infrastructure in the region, the quality of life, and the available workforce. Entrepreneurs' confidence to start and sustain a business was reassuringly high, particularly when considered in light of the poor economic health of Northeast Ohio. Although higher unemployment seems to have sparked greater numbers of people to pursue entrepreneurial endeavors, the competition is viewed as a positive asset in the business community. As in the previous years, the survey revealed that there is need to increase access to capital. Respondents also feel that there is a lack of responsiveness from government, especially at the local and county levels.

The following charts illustrate some of the more interesting comparisons in respondent perceptions over the course of the four survey iterations. Although most of the changes in responses were not statistically significant year-over-year, the observations still illuminate differences in mean scores that may indicate persevering trends.

Figure 46 compares respondents' perceptions of access to capital from various sources[13] for the 2006-2009 surveys. Access to equity from friends and family is consistently viewed as the best means for obtaining capital. Access to capital from banks as debt obligations has dropped in entrepreneurs' views, approaching the low perception of access to angel and venture capital.

Figure 46. Perceptions of Access to Capital, 2006-2009

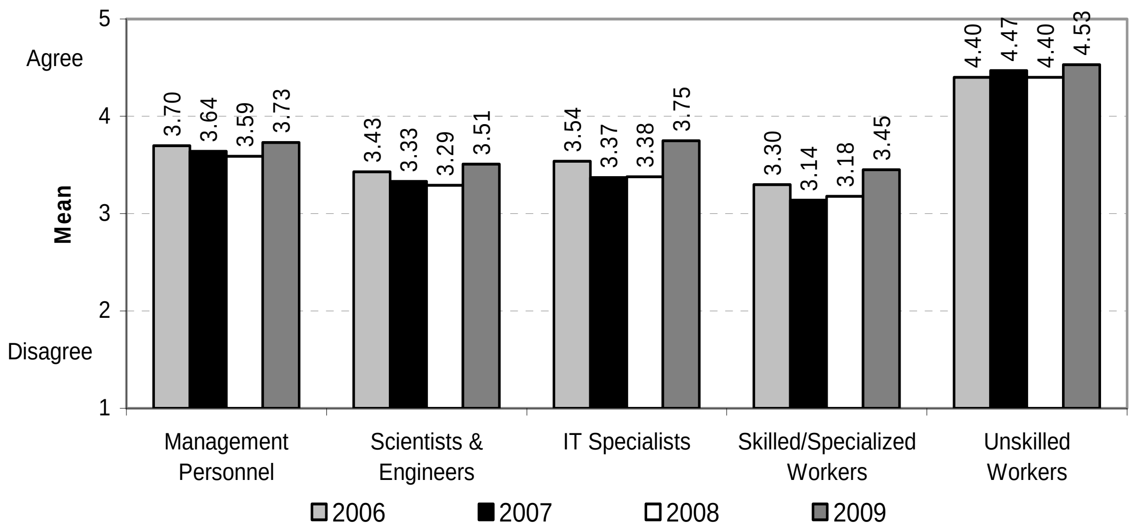


The perceptions of the workforce in Northeast Ohio have been consistent over the past four years (Figure 47). All categories exceed the midpoint of the scale in all surveys. All categories

[13] The 2008 Survey introduced three additional categories for respondents to score: Debt – Other, Grants – State, and Grants – Federal. Since these options were not available on the 2006 and 2007 surveys, the scores are not included here. For the full results of the 2009 survey across all categories, refer to page 5 of this report.

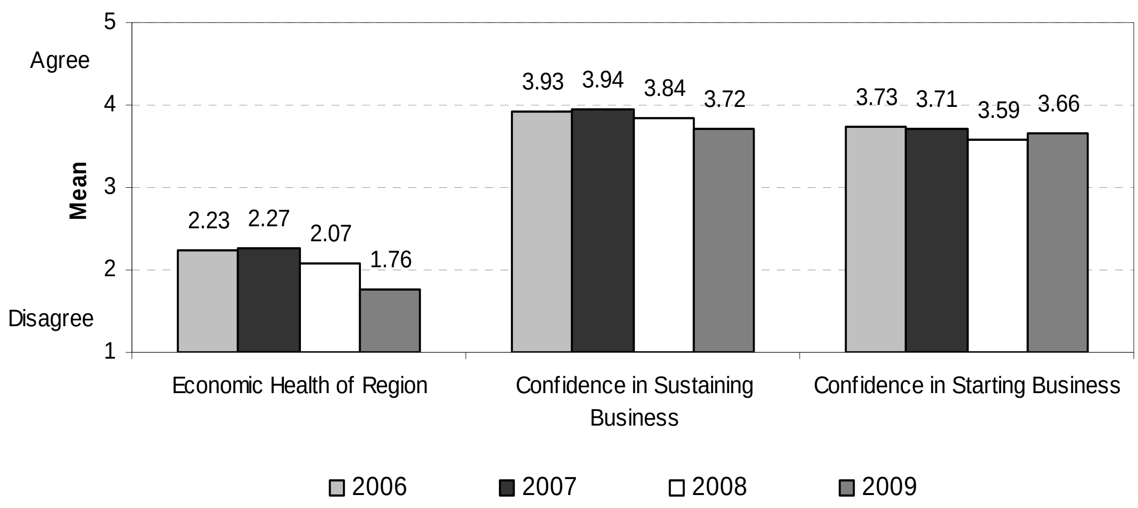
have witnessed an uptick in perceptions for 2009, perhaps due to the higher unemployment rates in the region.

Figure 47. Perceptions of Workforce, 2006-2009



Respondents' confidence in the economic health of the region has soured, despite their optimism in their ability to start and sustain a business in the region (Figure 48). Scores for the economic health of the region and confidence in entrepreneurs' ability to sustain a business have hit their low point in the 2009 survey, although the scores are not statistically significant from the previous analyses.

Figure 48. Entrepreneurial Confidence, 2006-2009



These comparative analyses, coupled with the rest of the 2009 survey results and open-ended responses, provide a view of the entrepreneurial climate for Northeast Ohio from those who are intimately involved in the development and support of new businesses. Several key areas for economic development efforts have been identified by the respondents: access to capital, assistance from official agencies, and more positive efforts by the business community to inspire entrepreneurs. Respondents feel that the region has many innate strengths and a strong workforce that can enable a real surge in regional innovation if the conservative inertia can be overcome.

Appendix A

ENTREPRENEURSHIP CONFIDENCE SURVEY 2009

OBJECTIVE: The objective of this survey is to assess the entrepreneurial climate and entrepreneurs' confidence in their ability to start and sustain a business in Northeast Ohio.

This is the fourth year that we are conducting this survey. It is our intent to collect this data over the next several years for the purpose of tracking trends and patterns during the different phases of the business cycle that may emerge. To that end, if you completed this survey last year, we would be very interested in getting your perceptions now that a year has passed. Additionally, we welcome any new participants that are interested in sharing their opinion. Your participation in this survey is appreciated and will help shape the direction of future efforts to support entrepreneurship in Northeast Ohio.

Please note, regardless of whether or not you consider yourself an entrepreneur, your feedback is very valuable to us.

This survey should take 10-15 minutes to complete. If you don't know the answer or the question is not applicable to you, please select N/A. The section with the open-ended questions will enable you to provide more general comments or observations about the entrepreneurial climate in Northeast Ohio.

***1. Do you consider yourself an entrepreneur?** [radio button]
- Yes
- No

***2. Have you started a business in the past five years?** [radio button]
- Yes
- No

***3.** [If answered NO to Question #2, this question appears] **Please choose the option that best describes your situation:** [radio button]
- Never considered starting your own business [Selecting this answer will automatically skip respondent to question #6]
- Over the past five years, considered starting your own business but not currently considering it [Selecting this answer will automatically skip respondent to question #6]
- Want to start your own business within the next year
- Want to start your own business within the next five years
- I have started a business more than 5 years ago
- N/A

***4.** [If answered YES to Question #2, this question appears]**At what phase of entrepreneurial activity would you consider yourself? (If you have multiple entrepreneurial endeavors, please answer to the most advanced)** [radio button]
- **Imagining** (Developing your business case. Demonstrating in a lab setting.)
- **Incubating** (Business plan and market research. Defining performance specs; validating technological capabilities within the specs.)
- **Demonstrating** (Market acceptance data, price, evidence that sales can grow. Technical proof within customer context; working prototypes perform; manufacturability within cost/quality.)
- **Market Entry** (Entering market, ongoing business, feedback in terms of sales, revenues, margins and growth. Technology embedded working on improvements.)
- **Growth & Sustainability** (Execution; increase in market share; driving business. Product improvements and new product development.)

5.** [Follows Question #4, if answered YES to Question #2] **In what industry is your new or prospective business? *(Select one. If you choose "Other", please use the empty text box to specify.)

- [Single select drop-down to include: Aerospace & Defense; Agriculture; Automotive & Transport; Banking; Bioscience; Business Products & Services; Chemicals; Computer Hardware/Software/Services; Construction; Consumer Products & Services; Education; Electronics; Energy & Utilities; Environmental Services & Equipment; Financial Services; Food & Beverages; Health Care; Industrial Manufacturing; Insurance; Leisure; Media & Entertainment; Medical; Metals & Mining; Pharmaceuticals; Real Estate; Retail; Security Products & Services; Telecommunications; Transport Services; Other]
- [form field]

CAPITAL:

6. For small businesses, access to capital from the following sources in Northeast Ohio is <u>easy</u>. *(Please rate each using the following scale.)

Debt - Banks	Disagree	1	2	3	4	5	Agree	N/A
Debt - Other	Disagree	1	2	3	4	5	Agree	N/A
Equity - Friends and Family	Disagree	1	2	3	4	5	Agree	N/A
Equity - Angel capital	Disagree	1	2	3	4	5	Agree	N/A
Equity - Venture capital	Disagree	1	2	3	4	5	Agree	N/A
Grants - State	Disagree	1	2	3	4	5	Agree	N/A
Grants - Federal	Disagree	1	2	3	4	5	Agree	N/A

WORK FORCE:

7. Well-trained workers in the following occupation categories in Northeast Ohio are in <u>sufficient supply</u>. *(Please rate each using the following scale.)

Management personnel	Disagree	1	2	3	4	5	Agree	N/A
Scientists and engineers	Disagree	1	2	3	4	5	Agree	N/A
IT specialists	Disagree	1	2	3	4	5	Agree	N/A
Skilled/Specialized workers	Disagree	1	2	3	4	5	Agree	N/A
Unskilled workers	Disagree	1	2	3	4	5	Agree	N/A

INFORMATION:

8. Colleges and universities in Northeast Ohio <u>provide</u> knowledge and information that your business needs. *(Please rate each using the following scale.)

Facilities/Labs	Rarely	1	2	3	4	5	Frequently	N/A
Training	Rarely	1	2	3	4	5	Frequently	N/A
Faculty	Rarely	1	2	3	4	5	Frequently	N/A
Students	Rarely	1	2	3	4	5	Frequently	N/A
Research/Information	Rarely	1	2	3	4	5	Frequently	N/A
Technology Transfer/Licensing	Rarely	1	2	3	4	5	Frequently	N/A

9. Northeast Ohio business-support organizations <u>provide</u> knowledge and information that your business needs. *(Please rate using the following scale.)

Rarely	1	2	3	4	5	Frequently	N/A

NETWORKING:

10. Opportunities to meet and network with other people in your field in Northeast Ohio are <u>sufficient</u>. *(Please rate using the following scale.)

Disagree	1	2	3	4	5	Agree	N/A

GOVERNMENT:

11. Governments' responsiveness to entrepreneurial needs and ability to provide relevant services is <u>sufficient</u>. *(Please rate each using the following scale.)

City governments	Disagree	1	2	3	4	5	Agree	N/A
County governments	Disagree	1	2	3	4	5	Agree	N/A
State government	Disagree	1	2	3	4	5	Agree	N/A

ATTITUDE:

12. Attitudes toward entrepreneurs among the following groups in Northeast Ohio are <u>receptive</u>. *(Please rate each using the following scale.)

Family and friends	Disagree	1	2	3	4	5	Agree	N/A
Business community	Disagree	1	2	3	4	5	Agree	N/A
Other entrepreneurs	Disagree	1	2	3	4	5	Agree	N/A

INFRASTRUCTURE:

13. The following infrastructure in Northeast Ohio <u>satisfies</u> your business needs. *(Please rate each using the following scale.)

Available Real Estate	Rarely	1	2	3	4	5	Always	N/A
Information Technology	Rarely	1	2	3	4	5	Always	N/A
Air Transportation	Rarely	1	2	3	4	5	Always	N/A
Ground Transportation	Rarely	1	2	3	4	5	Always	N/A
Foreign Trade Zones	Rarely	1	2	3	4	5	Always	N/A

QUALITY OF LIFE:

14. The following quality of life items <u>help my ability</u> to develop a business in Northeast Ohio. *(Please rate each using the following scale.)

Cost of living	Disagree	1	2	3	4	5	Agree	N/A
Commuting time	Disagree	1	2	3	4	5	Agree	N/A
Climate	Disagree	1	2	3	4	5	Agree	N/A
Cultural amenities	Disagree	1	2	3	4	5	Agree	N/A
Recreational amenities	Disagree	1	2	3	4	5	Agree	N/A
Diversity	Disagree	1	2	3	4	5	Agree	N/A

CONFIDENCE:

15. The overall economic health of the region is <u>strong</u>. *(Please rate using the following scale.)

Disagree 1 2 3 4 5 Agree N/A

16. If you have <u>started a business</u> in the past five years, how <u>confident</u> are you that you will be able to sustain it? *(Please rate using the following scale.)

Not Confident 1 2 3 4 5 Very Confident
N/A

17. If you <u>would like to start a business</u>, how <u>confident</u> are you that you will be able to within the next five years? *(Please rate using the following scale.)

Not Confident 1 2 3 4 5 Very Confident
N/A

***18. The current recession is adversely affecting my ability to start and/or sustain a new business.**

Disagree 1 2 3 4 5 Agree N/A

***19. More people are pursuing entrepreneurial opportunities due to lay offs and high unemployment.**

Disagree 1 2 3 4 5 Agree N/A

OPEN-ENDED QUESTIONS/COMMENTS:

20. What are the advantages to starting and sustaining a business in Northeast Ohio?

21. What are the challenges or barriers to starting and sustaining a business in Northeast Ohio?

22. What additional entrepreneurial resources/services should be present in Northeast Ohio that are not available today?

23. General comments and other observations regarding the entrepreneurial climate in Northeast Ohio:

DEMOGRAPHICS:
Answers to the following questions are anonymous and are purely for statistical purposes.

24. Please identify your age group: [single select drop down]

- 24 years and under
- 25-34
- 35-44
- 45-64
- 65 years and over

25. What is your gender? [single select drop down]
- Male
- Female

26. What is your race/ethnicity?
- White
- Black/African American
- Hispanic/Latino
- American Indian or Alaska Native
- Asian
- Native Hawaiian or Other Pacific Islander
- Other (please specify) [form field]

27. How long have you lived in Northeast Ohio?
- My entire life
- Raised in Northeast Ohio, moved away as an adult, and then returned to Northeast Ohio <u>more than 10 years ago</u>
- Raised in Northeast Ohio, moved away as an adult, and then returned to Northeast Ohio <u>5 to 10 years ago</u>
- Raised in Northeast Ohio, moved away as an adult, and then returned to Northeast Ohio <u>within last 5 years</u>
- Relocated to Northeast Ohio <u>more than 10 years ago</u>
- Relocated to Northeast Ohio <u>5 to 10 years ago</u>
- Relocated to Northeast Ohio within the <u>last 5 years</u>
- Do not currently live in Northeast Ohio

28. What is the <u>zip code</u> of the primary location of your business or place of work?
- Zip code [form field]

29. I have taken the Entrepreneurship Confidence Survey in previous year(s)

Yes
No

30. Please provide your email if you would like to receive a copy of the results of this survey: (Email addresses will only be used to provide you with survey results).