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Northeast Ohio Entrepreneurship Confidence Survey: Third-Year Findings, survey analysis

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NORTHEAST OHIO ENTREPRENEURSHIP CONFIDENCE SURVEY: THIRD-YEAR FINDINGS

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Executive Summary

The 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 third 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 and 2007 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 2008 Entrepreneurship Confidence Survey revealed that respondents have mixed perceptions of 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 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. Some respondents also commented that support from the established business community could be more forthcoming.

When asked about their confidence in their ability to start or sustain a business in Northeast Ohio, most respondents were optimistic. 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. This phenomenon is 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 foreclosures, bankruptcies, and large businesses either closing or leaving the area.

Respondents 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 infrastructure in Northeast Ohio is helpful for entrepreneurs, reporting high scores when asked if infrastructure meets their business needs. Available real estate and transportation infrastructure were especially well-regarded.

Respondents gave favorable scores to quality of life in Northeast Ohio with the exception of their perceptions of the regions 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. Other entrepreneurs 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 one group of respondents had a strong view about the value of the regional networking and business support organizations.

Responses were less than favorable with respect to whether colleges and universities are meeting the knowledge and information needs of entrepreneurs. Scores were at or above the midpoint for faculty, students, and research, while perceptions of facilities/labs, training, and tech transfer/licensing were less positive. This suggests that the region's educational institutions and other research organizations could be more effective in providing assistance to entrepreneurs, especially in commercializing technology.

The most negative perceptions of the entrepreneurial climate in Northeast Ohio were related to access to capital, government responsiveness, and the health of the regional economy.

As in previous years, access to equity capital, government grants, and debt financing are perceived to be difficult in Northeast Ohio for entrepreneurs. Family and friends was the only source of capital for which respondents agreed that access was relatively easy (just above the midpoint on the scale). Those who want to start a business in the next 5 years were most optimistic about their chances for obtaining capital from all sources, although their perceptions were still quite reserved.

State, county, and city government were not perceived favorably. 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 2008 survey again included four open-ended questions from the 2007 survey that allowed respondents to express their views about the general business environment of the region for those who want to start a business. 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 survey, the 2008 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, however, there were some instances where perceptions diverged. The different perceptions 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 third Entrepreneurship Confidence Survey revealed that individuals feel positive about resources available to entrepreneurs in Northeast Ohio. Most measures were little changed from the 206 and 2007 surveys; however, some of the broad assessments of the entrepreneurial climate in 2008 were below the previous responses due to the continuing economic stresses concentrated in the region. Perceptions were generally good regarding workforce supply, networking opportunities, 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. However, 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 2008 survey shows that different groups of entrepreneurs are starting to develop unique perceptions of the business environment. Although it is premature to suggest ongoing 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 2008 Entrepreneurship Confidence Survey. The survey is a collaborative effort by the Center for Economic Development at Cleveland State University's Maxine Goodman Levin College of Urban Affairs and JumpStart Inc.[1] 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 third year of the survey; the intention is to conduct the survey annually for the next several years to identify trends that might emerge.

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 30 to June 30, 2008. 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 sent the survey link in three issues of its email newsletter, *JumpStart Connect*, which reaches more than 10,000 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] The *Akron Beacon Journal* also posted a notice on June 24, 2008 that directed readers to the survey site.

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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[1] JumpStart Inc. is a venture development nonprofit organization that advises, invests in, assists, and accelerates Northeast Ohio's early-stage ideas and companies (www.jumpstartinc.org).

[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 280 total responses. The web-based survey tool collected 332 responses, however, 52 records were excluded from the analysis due to non-response on most questions (they 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 three surveys that have been administered. In other words, because the survey respondents are anonymous, a respondent from the 2006 survey may not necessarily have participated in the 2007 and/or 2008 surveys. The amount of overlap between the respondents is unknown, 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.

Entrepreneurial Status. Based on self-identification, the majority of respondents were entrepreneurs — 85.7 percent of survey respondents reported that they consider themselves to be entrepreneurs. Moreover, 62.8 percent have started a business within the last five years. Among those who have not started a business in the last five years:

- 14.6% want to start a business within the next year
- 11.5% want to start a business within the next five years
- 10.8% have considered starting a business over the last five years but are not considering it right now
- 6.1% have never considered starting a business
- 57% started a business more than five years ago

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.

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 who have started a business or would like to in the next one to five years are in the following phases of entrepreneurial activity:

- 13% Imagining phase
- 18% Incubating
- 17% are in the Demonstrating phase

[5] Source: Ohio Department of Development, Technology Commercialization Framework.

- 13% Market Entry
- 39% of respondents are in the Growth & Sustainability phase

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. These 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 (11.8%) is in computer hardware/software/services, followed by business products and services (8.3%). Other notable industries included industrial manufacturing 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 216 responses included a valid zip code. These zip codes fall within 18 different counties in Ohio; however, the majority of businesses are in Cuyahoga (57.4%), with the downtown Cleveland area accounting for 19.0 percent of the overall responses and 33.1 percent of the Cuyahoga County businesses. Summit County accounts for 15.2 percent, Lake County for 4.7 percent, Medina County for 3.8 percent, Lorain and Geauga Counties each had 2.8 percent of the businesses, while all other counties had less than 2.0 percent each.

Demographics. More than half of respondents (53%) were between the ages of 45 and 64, and 29 percent were between the ages of 35 and 44. Respondents age 25 to 34 represented only 12 percent, while those age 65 and over constituted 5 percent of the survey sample. Only one respondent was age 24 and under, therefore that category of respondents was eliminated in the age-based analysis of responses due to statistical insignificance.

Almost three-quarters (73.1%) of respondents were male; slightly more than one-fourth (26.9%) were female. The percentage of respondents who are female has declined from the 2007 (35.6%) and 2006 (30.6%) respondent populations.

The survey also included an optional question asking the respondents' race/ethnicity. Over 86 percent of respondents classified themselves as white, while black/African American represented just over eight percent. The remaining respondents (5.2%) classified themselves according to three of the five other available categories.[7]

Most respondents were raised in Northeast Ohio, with 33.6 percent having lived in the region their entire life, while 27.7 percent moved away as an adult and then returned later in life. Over 25 percent of respondents relocated to Northeast Ohio more than 10 years ago, and almost 8 percent relocated to the region within the last 10 years. The remaining respondents (less than 6 percent) 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,

[6] Question 5 on the survey, (Appendix page A-2) lists twenty-nine industry options plus "Other".
[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.

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 and 2007 surveys are included, where relevant.

II. Capital

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

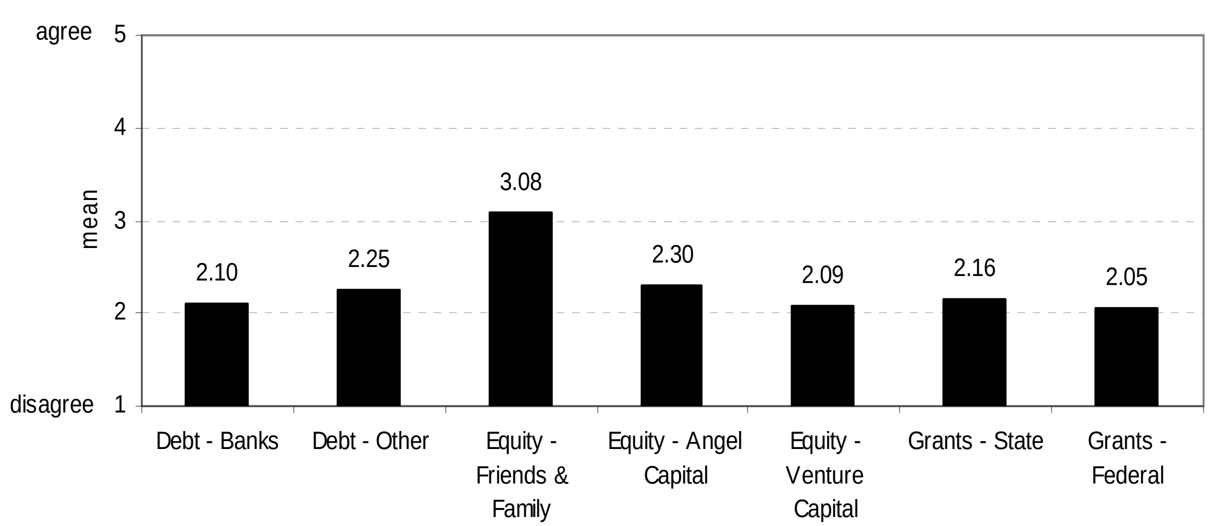
- Debt – Banks
- Debt – Other
- Equity – Friends and Family
- Equity – Angel Capital
- Equity – Venture Capital
- Grants – State
- Grants – Federal

1 = disagree   5 = agree

Respondents reported greatest ease of access to capital from friends and family than from other sources (Figure 1). A sizeable percentage (37.6%) indicated strong agreement (4 or 5 on the 5-point scale) with the statement that access to capital from friends and family is easy. Furthermore, friends and family is the only source of capital for which the mean response (3.08) exceeded the midpoint of the scale.

Scores for angel capital, venture capital, grants, and debt financing were relatively low. Debt financing from banks and other sources (mean=2.10 and mean=2.25, respectively), capital from venture capitalists (mean=2.09), as well as grants from state (mean=2.16) or federal (mean=2.05) sources was considered to be more difficult to access than capital from angel investors (mean=2.30). Over two thirds (68.1%) 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 60.9 percent had the same impression of other debt financing sources. The numbers are similarly dismal for angel capital (58.7%) and venture capital (69.1%), as well as state (66.8%) and federal (69.0%) grants; respondents strongly disagreed that access to capital is easy from those sources in large numbers.

Figure 1. Perceptions of Access to Capital



In order to better clarify perceptions of capital access, this year's survey expanded the types of funding sources for respondents to evaluate; the categories of Debt – other, Grants – State, and Grants – Federal were added for 2008. 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, the general perception from entrepreneurs is that access to these funds is still very difficult. Most types of capital received similar scores from this year's respondents compared to the 2006 and 2007 surveys, with bank debt financing suffering a noticeable decline in perceived access. Only the perception of access to debt capital from banks was statistically significant when compared to the earlier surveys.

How do perceptions of ease of access to capital vary among those who have started a business and those who would like to start a business? 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 across all categories. Entrepreneurs who started a business more than 5 years ago had more favorable perceptions of access to capital from all sources than those who started a business in the past 5 years. 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 state and 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

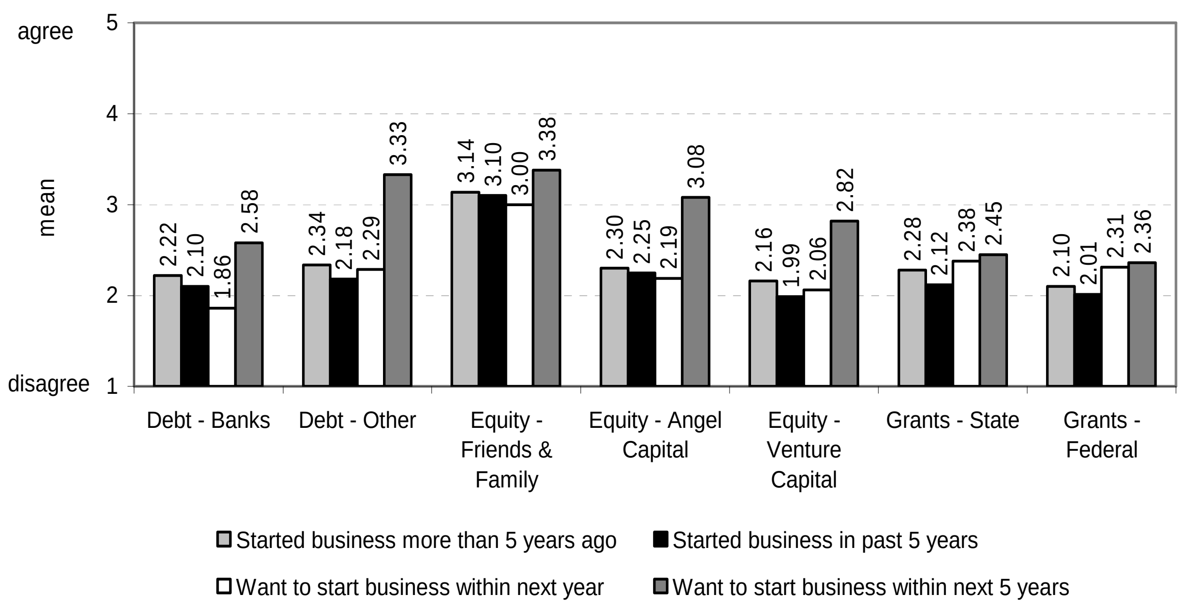


Figure 3 compares responses among those who are in different phases of entrepreneurial activity, ranging from Imagining to Growth & Sustainability. Access to equity from friends and family was perceived to be higher among all phases and was the only category with scores above the midpoint of the scale. Respondents in the Imagining phase had more positive perceptions of access to capital from all sources with the exceptions of equity from friends &

family and federal grants, which were seen most favorably by those in the Demonstrating phase.

Figure 3. Access to Capital by Phase of Entrepreneurial Activity

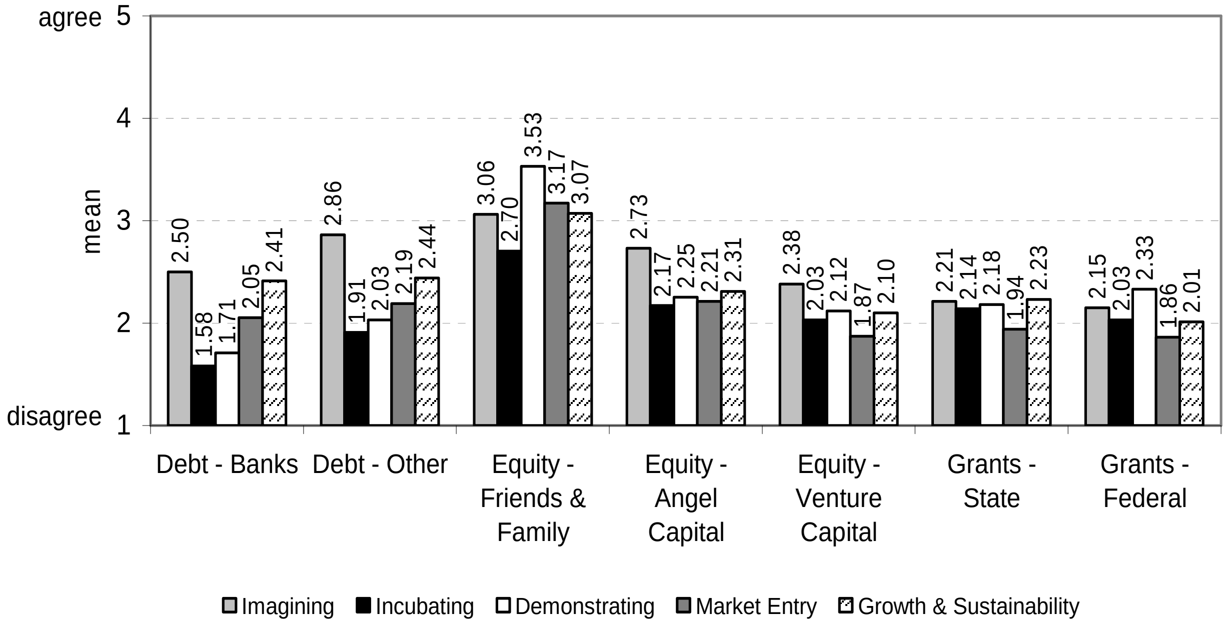
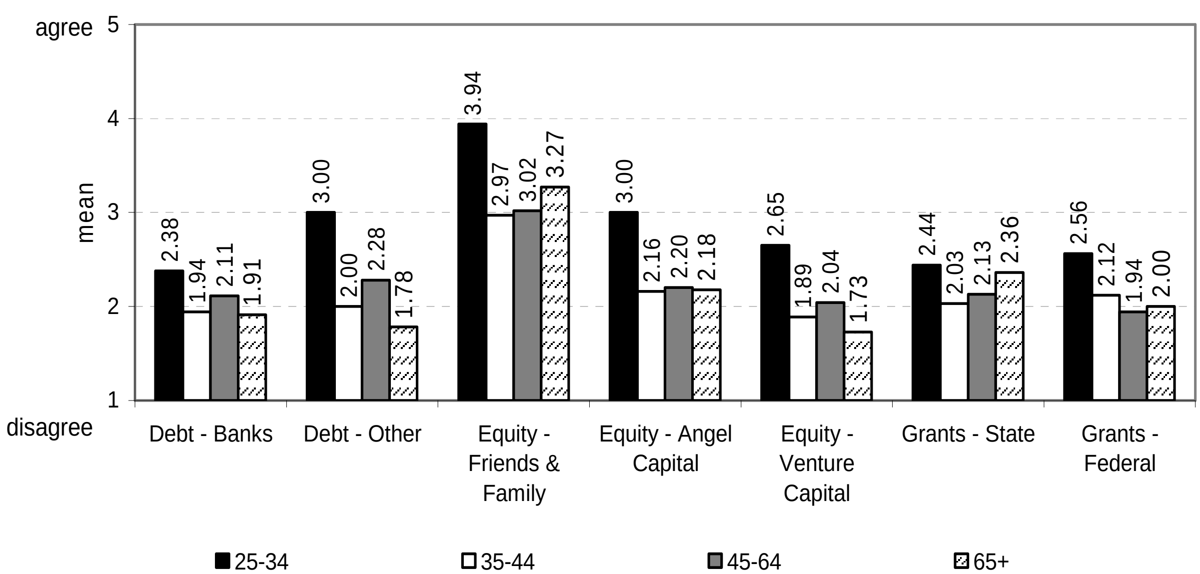


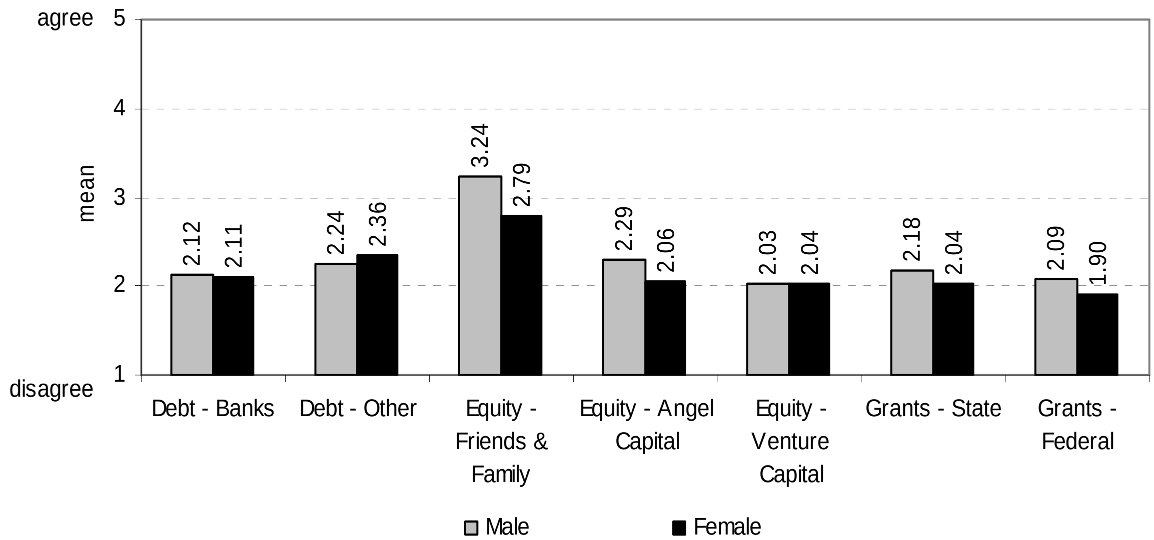
Figure 4 shows the variation in the perceived ease of access to capital based on the age of the respondent. Younger respondents (age 25-34) appear to be more optimistic about access to all forms of capital. Entrepreneurs of all ages believe capital is most easily accessible from friends and family.

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 reflected low perceptions for both genders, particularly women's perception of access to federal grants. Women did have a more favorable view of access to other forms of debt.

Figure 5. Perceptions of Access to Capital by Gender



III. Workforce

Well-trained workers in the following occupation categories in Northeast Ohio are in <u>sufficient supply</u>:

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

1 = disagree 5 = agree

The supply of workers in all occupation categories appears sufficient for entrepreneurs in Northeast Ohio (Figure 6). More than half of respondents strongly agreed (4 or 5 on the 5-point scale) with the statement that management personnel and IT specialists are in sufficient supply. Over four-fifths strongly agree that unskilled workers are readily available. Skilled/Specialized workers were viewed as the least available; 28 percent 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 adheres to the popularly reported 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 and 2007 surveys.

Figure 6. Perceptions of Workforce

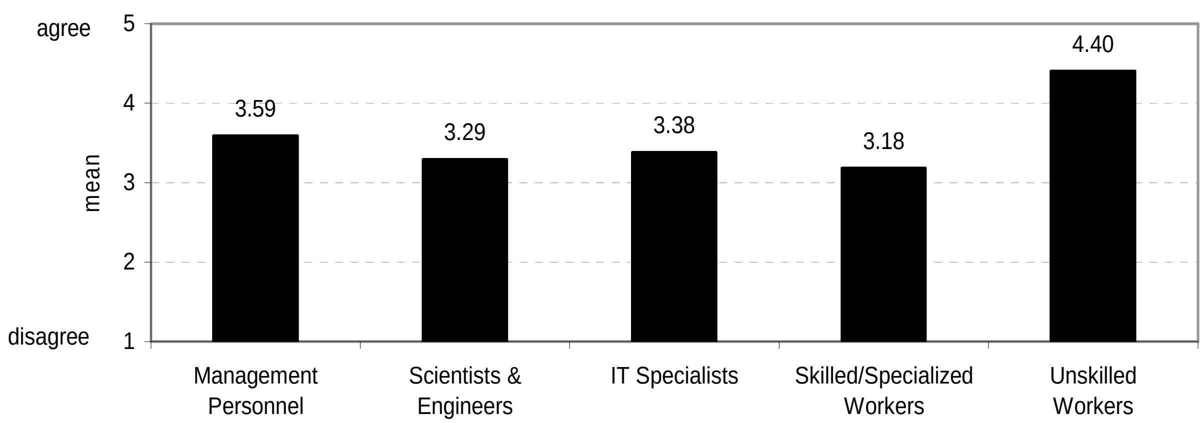


Figure 7 compares responses among those who have already started a business and those who want to start a business within the next one to five years. Those who want to start a business within the next year had the lowest scores for the workforce supply with the exception of their perception of unskilled workers, which was the highest of all the entrepreneurial status categories. In other words, those who are close to starting their businesses view workforce availability as a problem that is less troublesome for established businesses or those entrepreneurs who have a more distant horizon to enter the market.

Figure 7. Perceptions of Workforce by Entrepreneurial Status

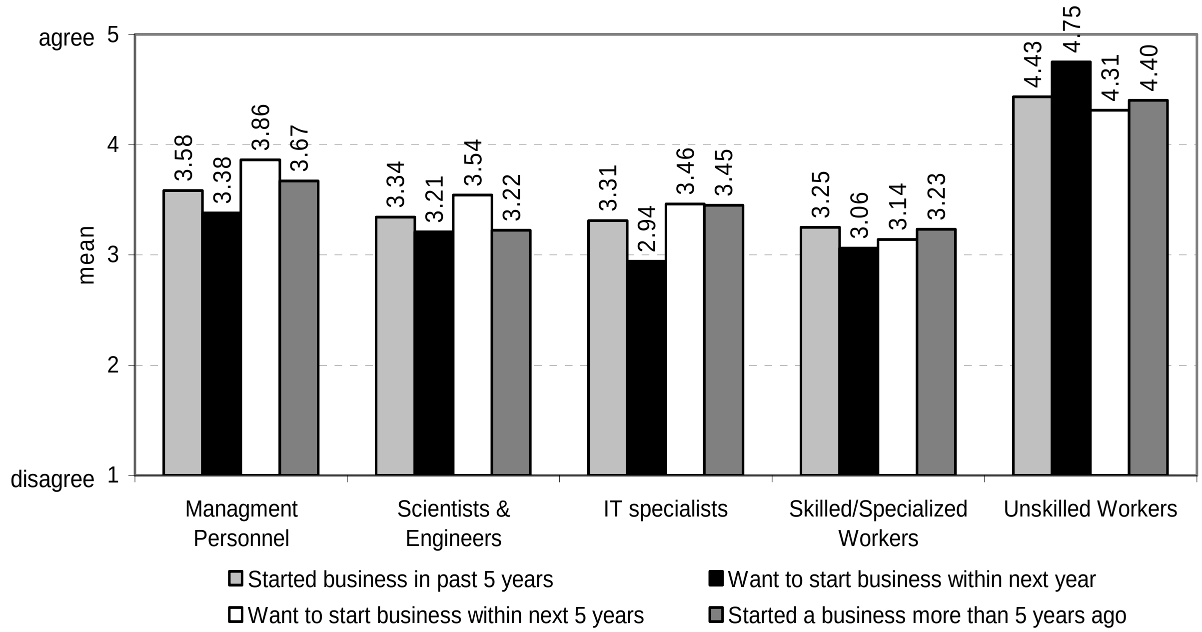
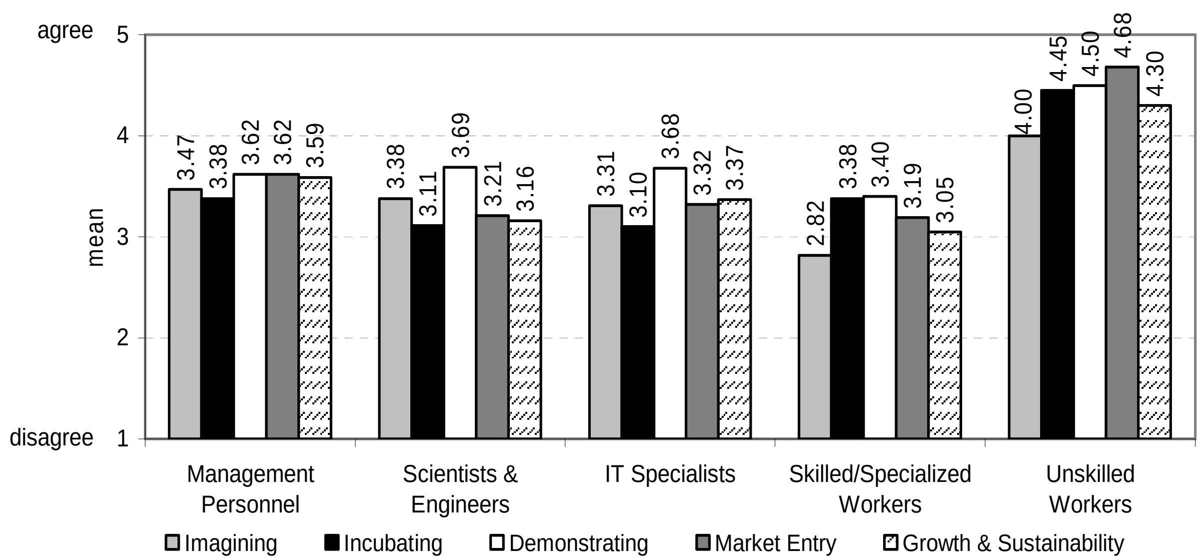


Figure 8 compares responses among those who are in different phases of entrepreneurial activity, ranging from Imagining to Growth & Sustainability. The perceptions across the phases are very similar and correspond to the perceptions reported by entrepreneurial status.

Figure 8. Perceptions of Workforce by Phase of Entrepreneurial Activity



The perceptions of the workforce by the youngest and oldest entrepreneurs in the various age groups are higher than those in the middle age groups, especially for the categories of scientists and engineers and skilled/specialized workers (Figure 9). All age groups have optimistic views regarding the availability of unskilled workers.

Figure 9. Perceptions of Workforce by Age Group

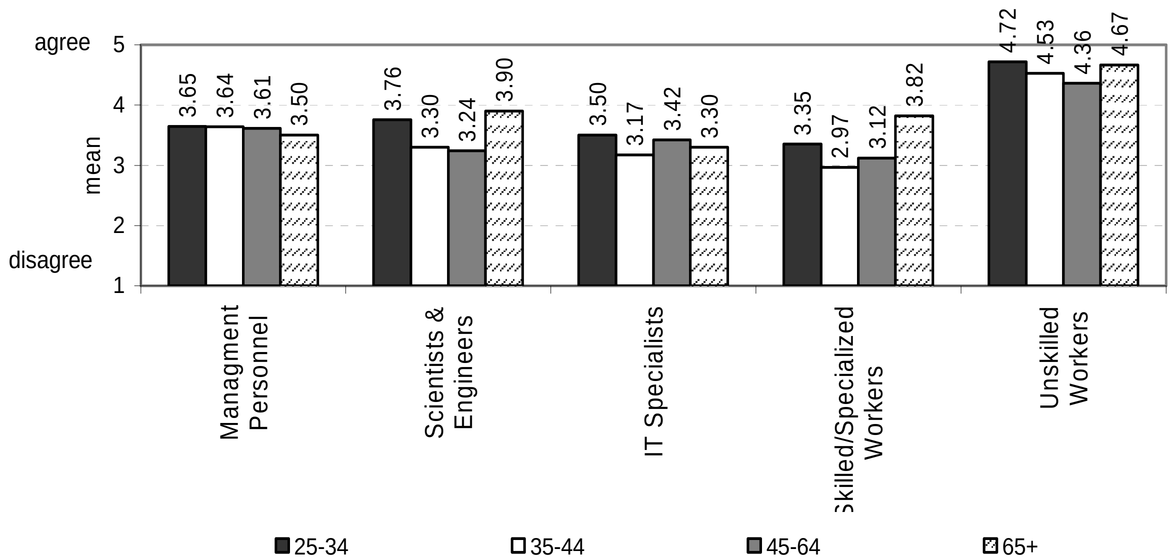
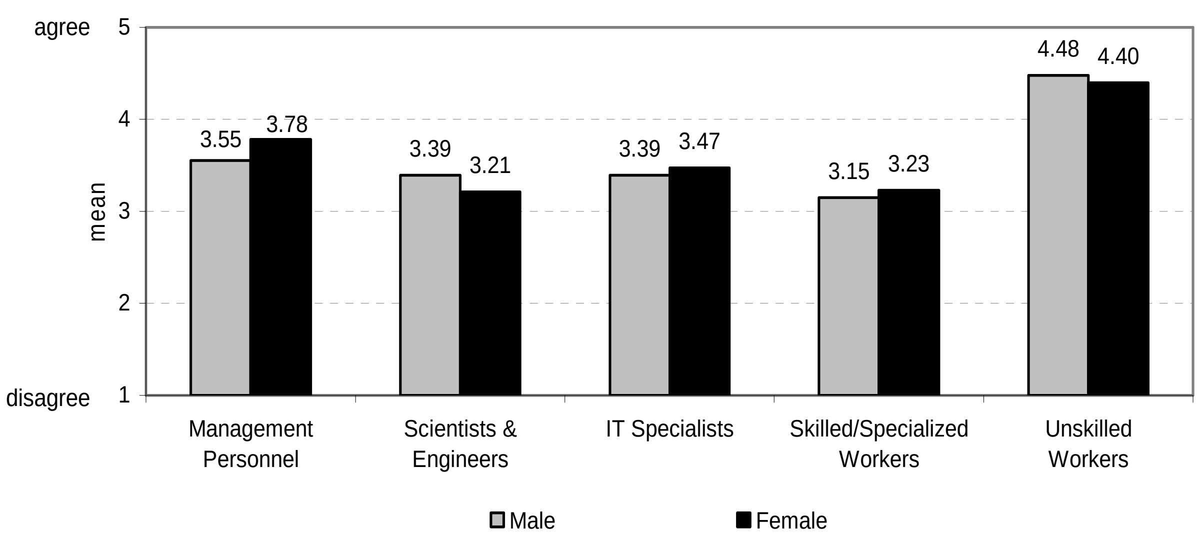


Figure 10 reveals that men and women reported very similar scores on their perceptions of the workforce. Men had slightly higher perceptions than women of the availability of both scientists & engineers and unskilled workers in the Northeast Ohio workforce.

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 appear to be 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 training, faculty, students, and research information their business needs. However, 49 percent of respondents assessed that the institutions rarely (1 or 2 on the 5-point scale) provide the necessary technology transfer/licensing that they require.

Mean scores were lower than the midpoint on most measures relating to knowledge and information provided by colleges and universities in Northeast Ohio. The mean score was highest on the measure relating to students (3.21), indicating that respondents are satisfied with the quality of students coming from local educational institutions. The results were uniformly lower, although comparably ranked, to the 2006 and 2007 survey perceptions, suggesting a trend that entrepreneurs are becoming less satisfied with the provision of knowledge and information from the colleges and universities in the region.

Figure 11. Perception of Information Provided by Colleges & Universities

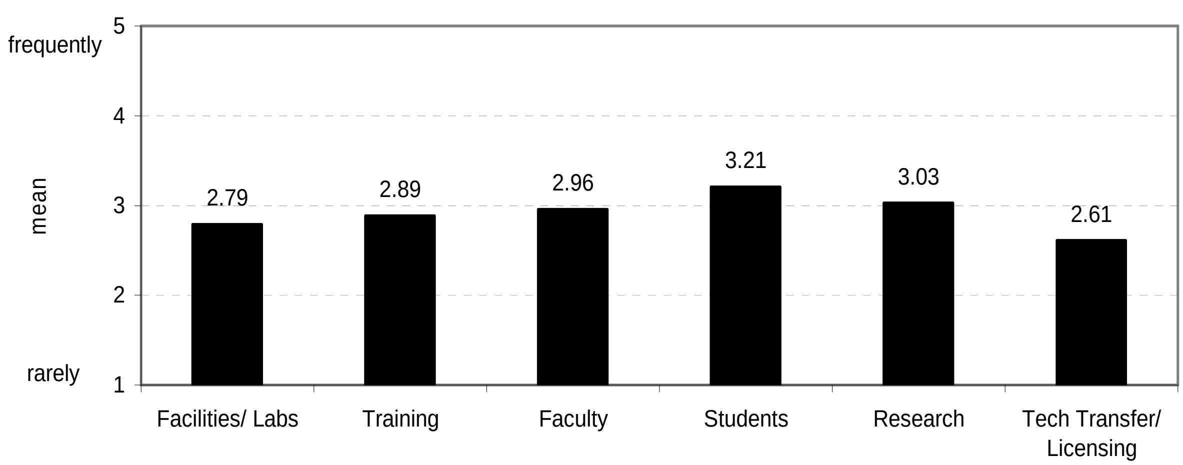
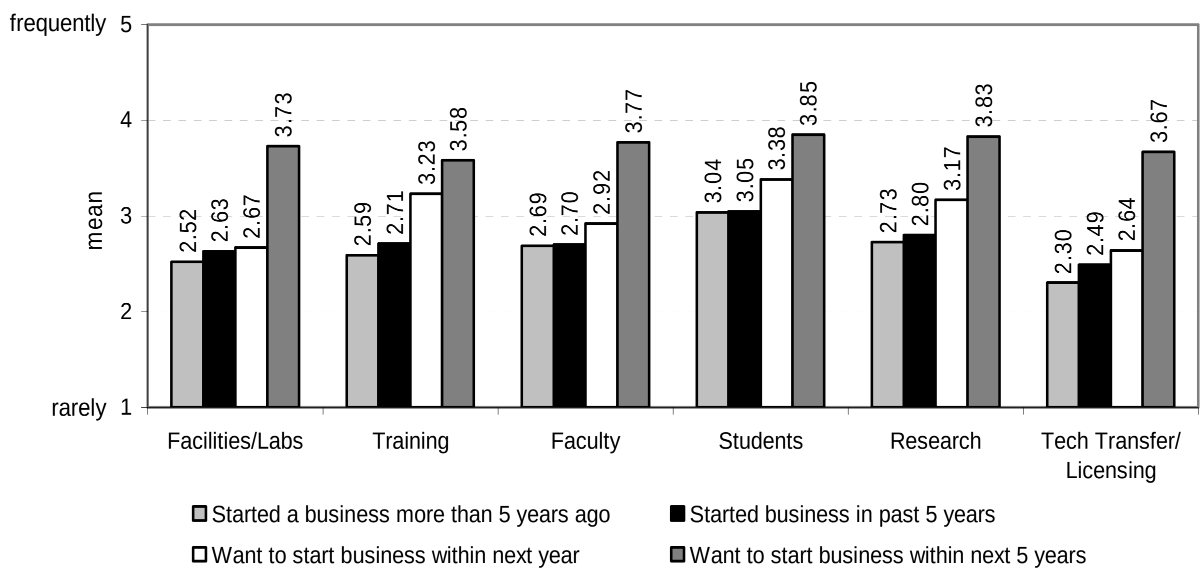


Figure 12 reveals that the level of satisfaction varies among groups. Respondents who want to start a business within the next 5 years report considerably more satisfaction with colleges and universities than those who have already started a business. Across all measures, scores are lower for respondents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

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



The level of satisfaction with colleges and universities also varied by phase of entrepreneurial activity. In all cases, respondents with businesses in the Imagining phase reported slightly higher scores than those in other stages of business development (Figure 13). Those in the Market Entry phase reported lower scores on most measures, although those in the Growth & Sustainability phase were most dissatisfied with the levels of Facilities/Labs provided by these institutions. This may reflect varying needs and experiences with respect to knowledge and information provided by colleges and universities.

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

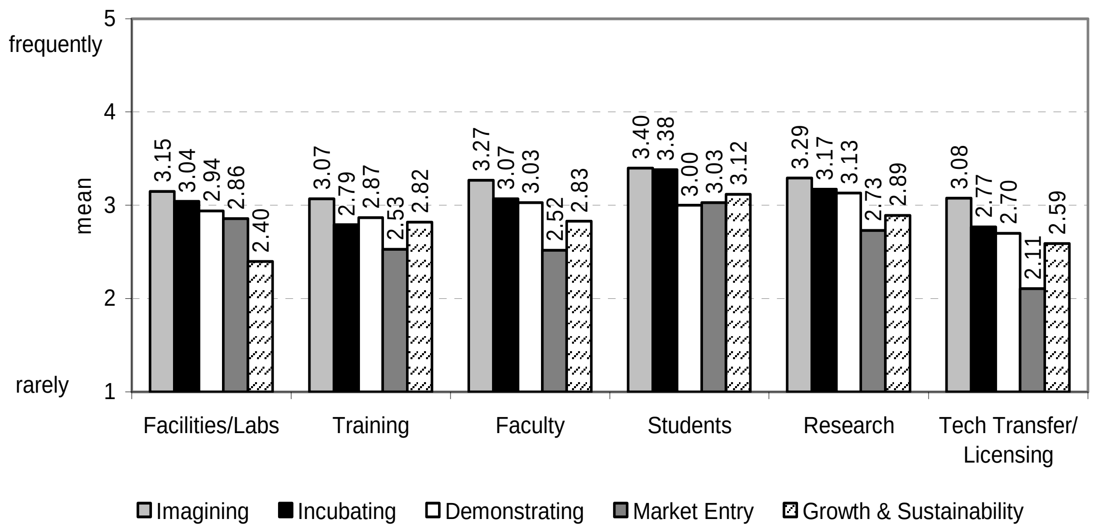
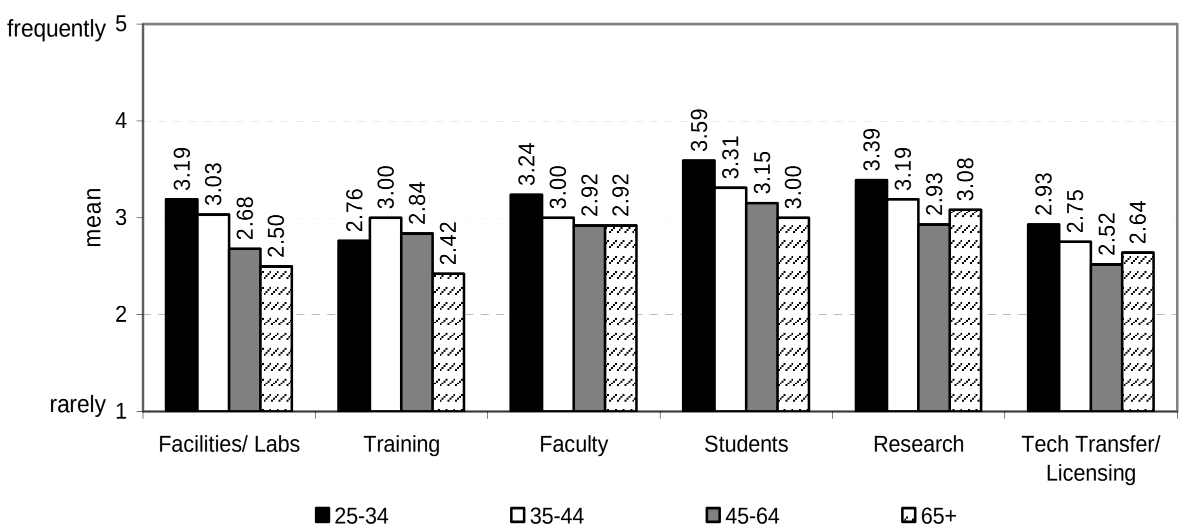


Figure 14 shows that the youngest age group, 25-34, had the most favorable perception of information provided by colleges and universities. Respondents in the 65+ age group reported the lowest scores for all categories except research and tech transfer/licensing, which was rated lower by those age 45-64.

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 three iterations of the survey.

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

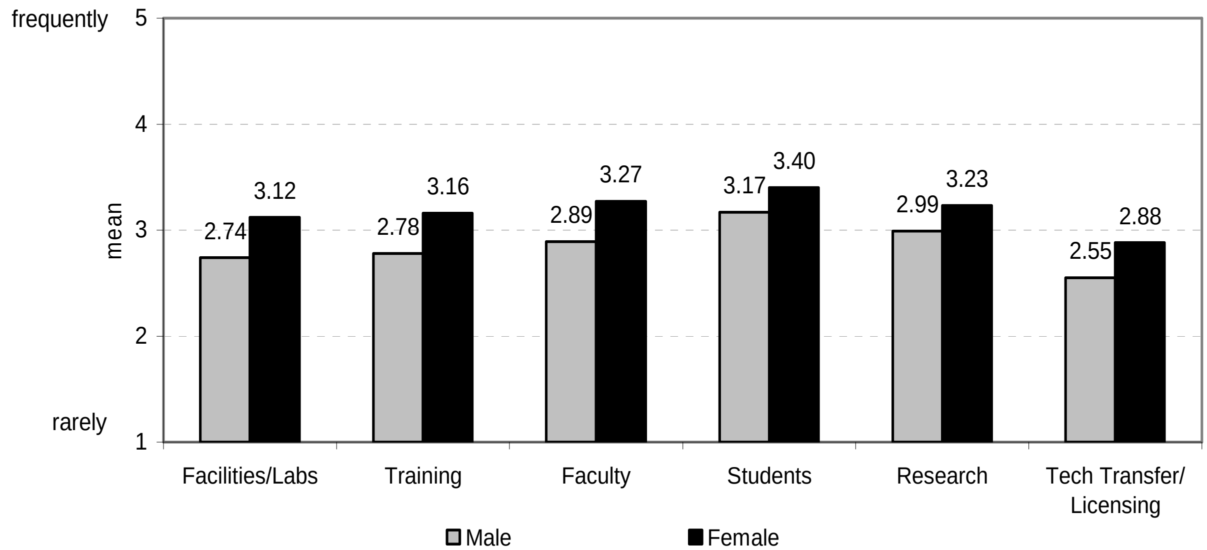


Figure 16 addresses the question of whether business support organizations provide knowledge and information that businesses need. A considerable percentage of respondents (45.3%) report that these organizations often or frequently (4 or 5 on the 5-point scale) provide needed information; however, more than a quarter (30.9%) report that they rarely (1 or 2 on the scale) provide needed information.

The mean score for all respondents (3.17) was above the midpoint on this measure. Respondents who want to start a business within the next one to five years reported higher scores than those who have already started a business.

Figure 16. Perceptions of Business Support Organizations by Entrepreneurial Status

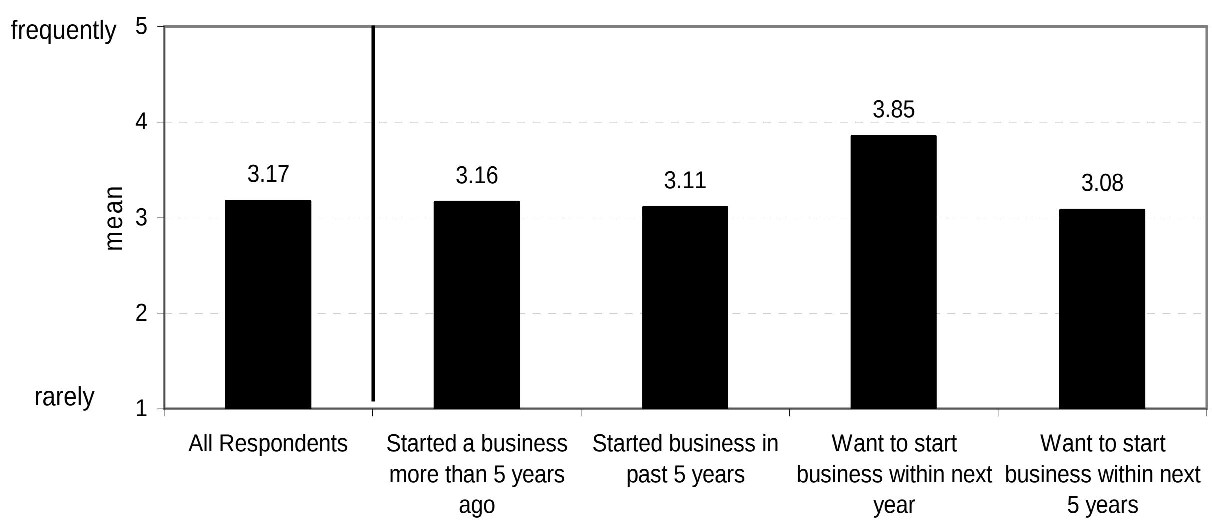
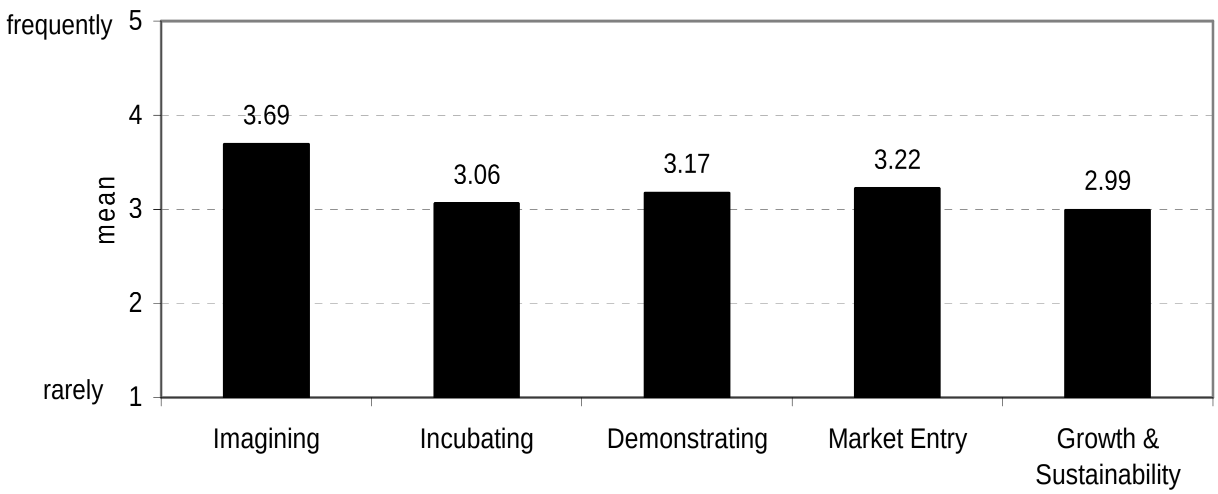


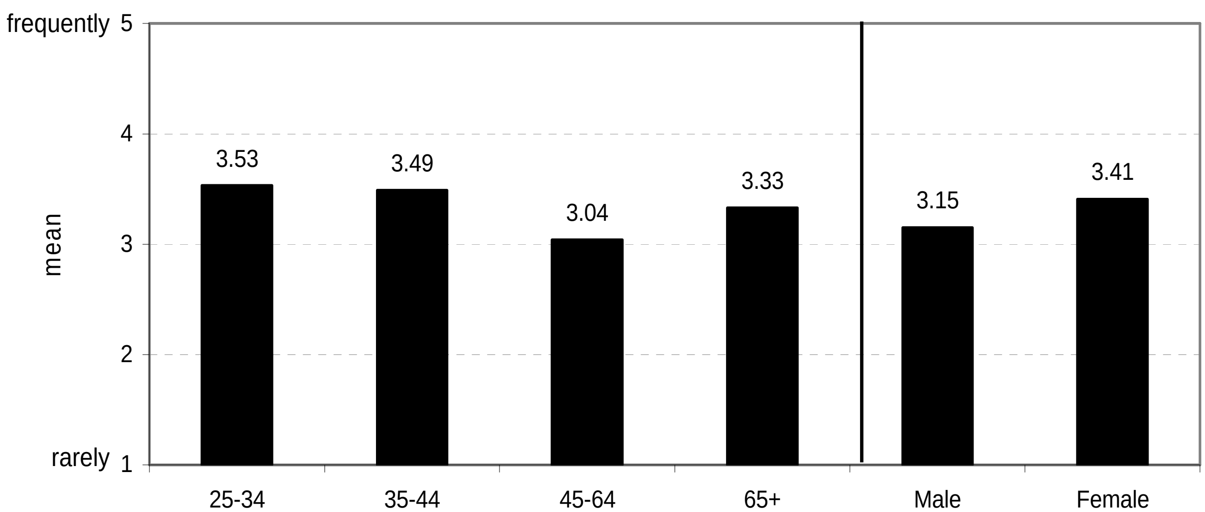
Figure 17 shows that respondents in the Imagining stage of business development report the highest score (3.69) for business support organizations. The perceptions of business support organizations by those in the Growth & Sustainability phase are just at the midpoint.

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



Those age 25-34 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). This result may suggest that younger entrepreneurs are utilizing the help of these organizations more than older entrepreneurs and/or the efforts of the business support organizations are marketed more effectively toward the younger generation. The lowest score is reported by those age 45-64, although all age groups' perceptions are above the midpoint of the scale. Women have had consistently higher perceptions of business support organizations for all three years' surveys.

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



V. Networking

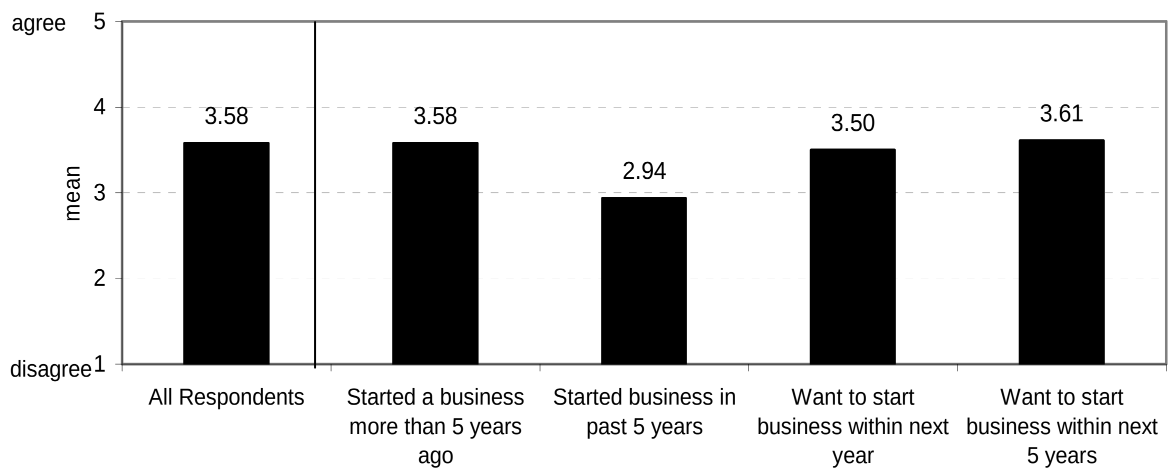
Opportunities to meet and network with other people in your field are <u>sufficient</u>.

1 = disagree 5 = agree

Figure 19 shows that all respondents indicated agreement that networking opportunities in their field are sufficient (mean=3.58); over 60 percent reported strong agreement (4 or 5 on the 5-point scale) and a relatively small number (21%) disagreed (1 or 2 on the scale).

Furthermore, scores are high for most groups — those who started businesses more than five years ago and those who want to start a business in the next one to 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 started a business in the past five years were less positive in their perception of networking opportunities, scoring just below the midpoint of the scale (2.94) in a noticeable drop from the previous two years' surveys.

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 more tightly clustered by 2008 respondents in comparison to the 2006 scores. Those in the Growth and Sustainability phase had the most favorable perceptions, suggesting that networking opportunities may be more readily available for entrepreneurs with established businesses.

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

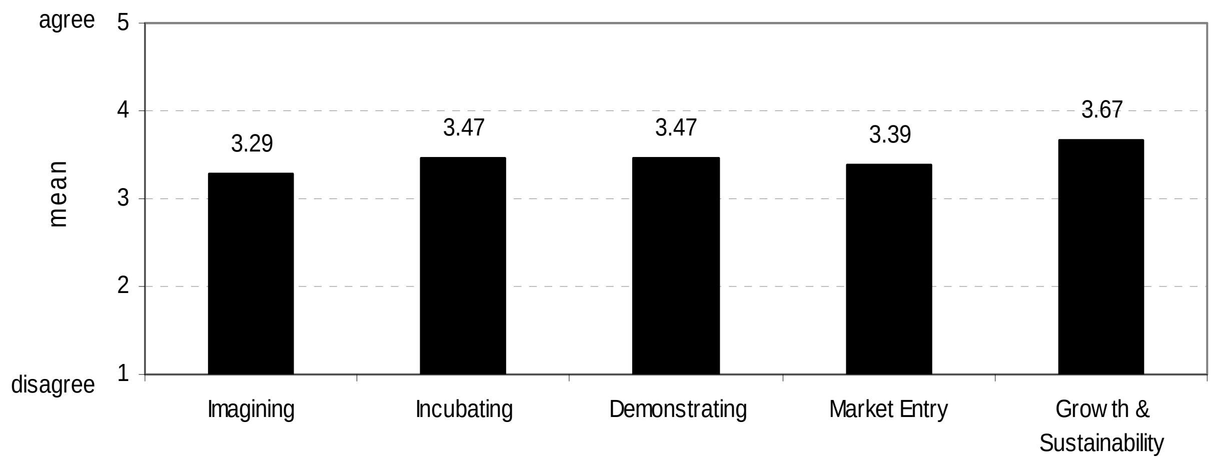
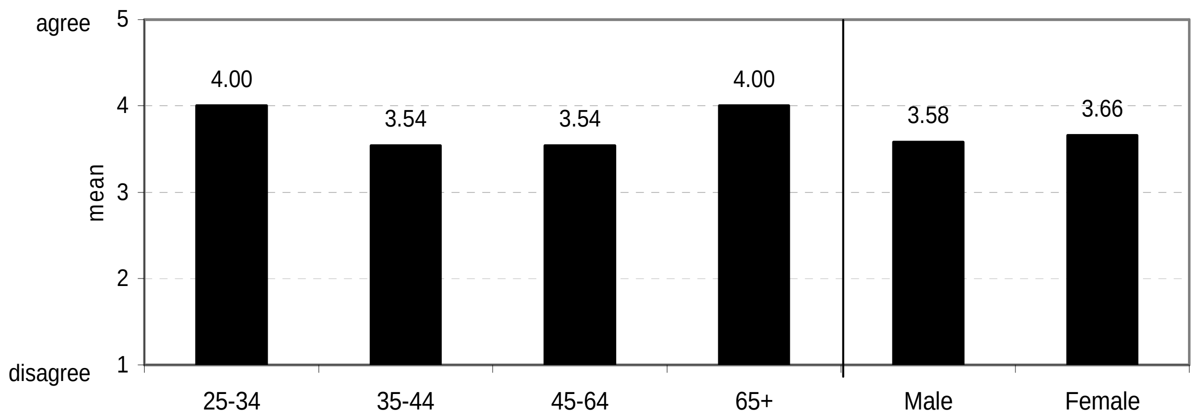


Figure 21 reveals that scores are high across all age groups and in line with the 2006 and 2007 studies. Men and women have virtually no difference in their perceptions of networking opportunities.

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:

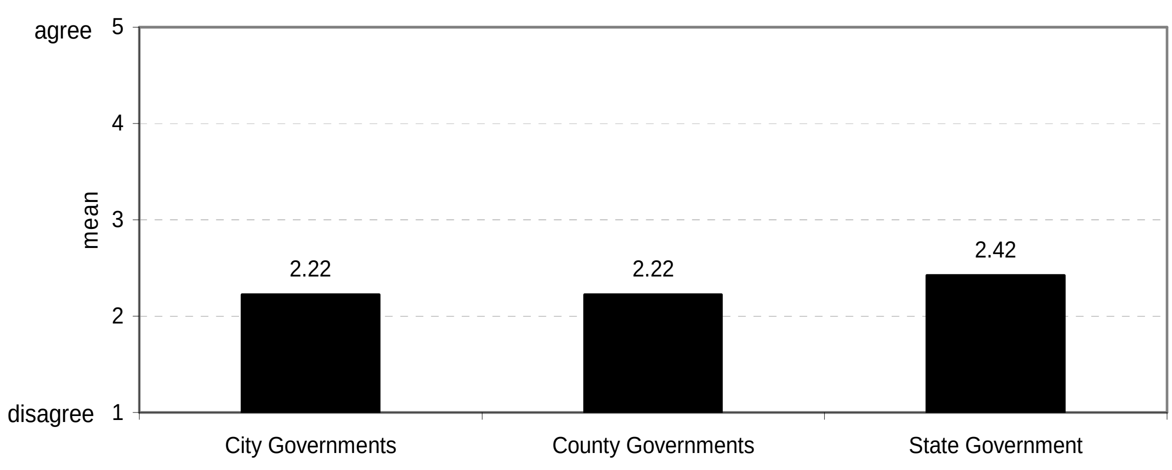
- City Governments
- County Governments
- State Government

1 = disagree 5 = agree

Respondents 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 marginally better than the scores from the previous two surveys. Only the difference in mean scores for state government was statistically significant, as compared with the 2007 survey responses.

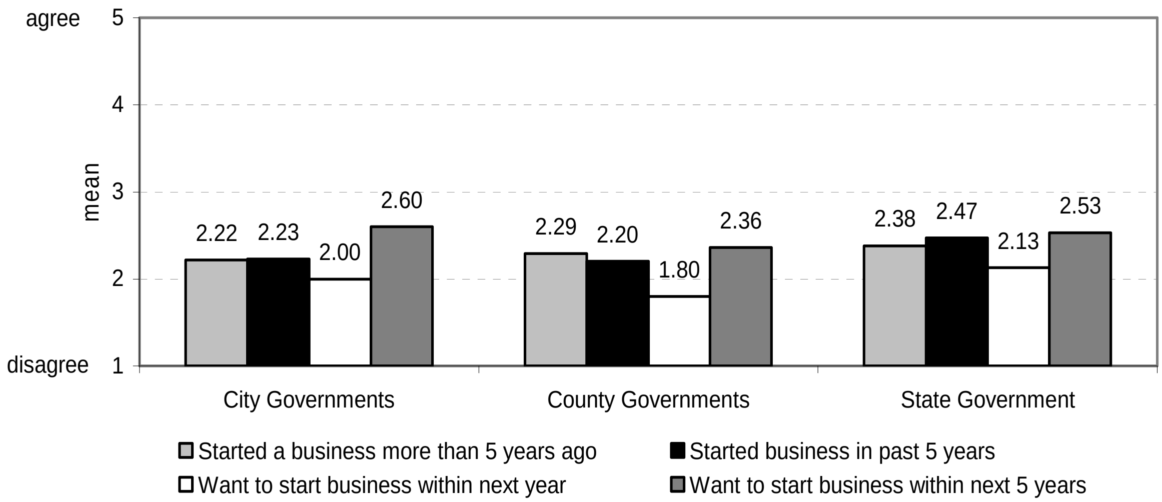
Approximately two-thirds of respondents strongly disagreed (1 or 2 on the 5-point scale) that city and county governments are responsive to entrepreneurial needs and provide relevant services. Perceptions of state government were less pessimistic, although only 21 percent of respondents strongly agreed (4 or 5 on the 5-point scale) that state government was responsive to their needs and providing relevant services. Thus, government services are thought to be of limited value to entrepreneurs.

Figure 22. Perceptions of Government Responsiveness



Although there is very little variation among groups, those who want to start a business within the next five years reported slightly higher scores than those who have already started a business (Figure 23). Oddly, those who want to start a business in the next year had the lowest scores in 2008, whereas that group had consistently given the highest scores in 2006, suggesting that the needs of imminent entrepreneurs are not well met by government at this time.

Figure 23. Perceptions of Government Responsiveness by Entrepreneurial Status



There is little variation in perceptions of government responsiveness by phase of entrepreneurial activity (Figure 24). All scores are below the midpoint of the scale and particularly low for those in the Demonstrating phase.

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

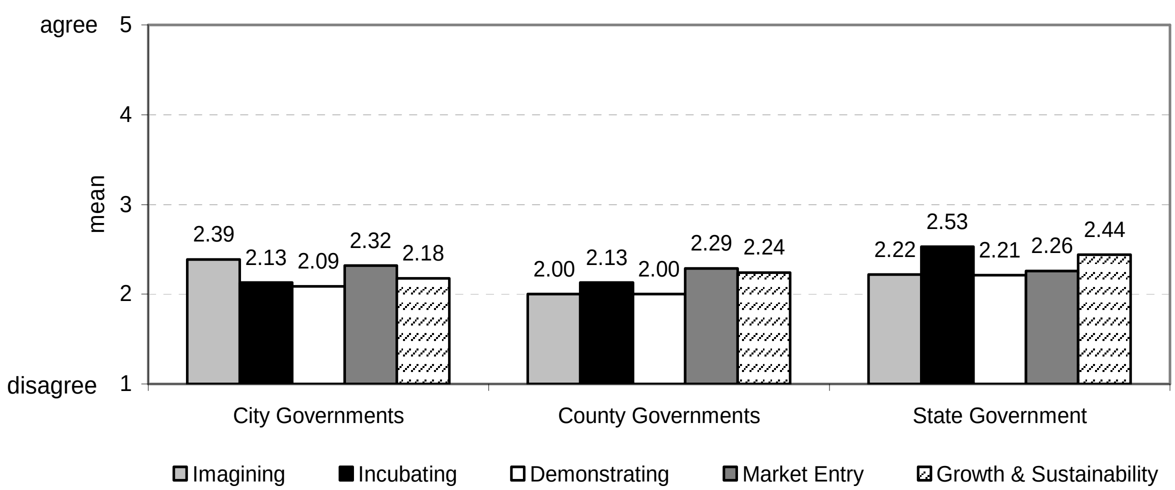
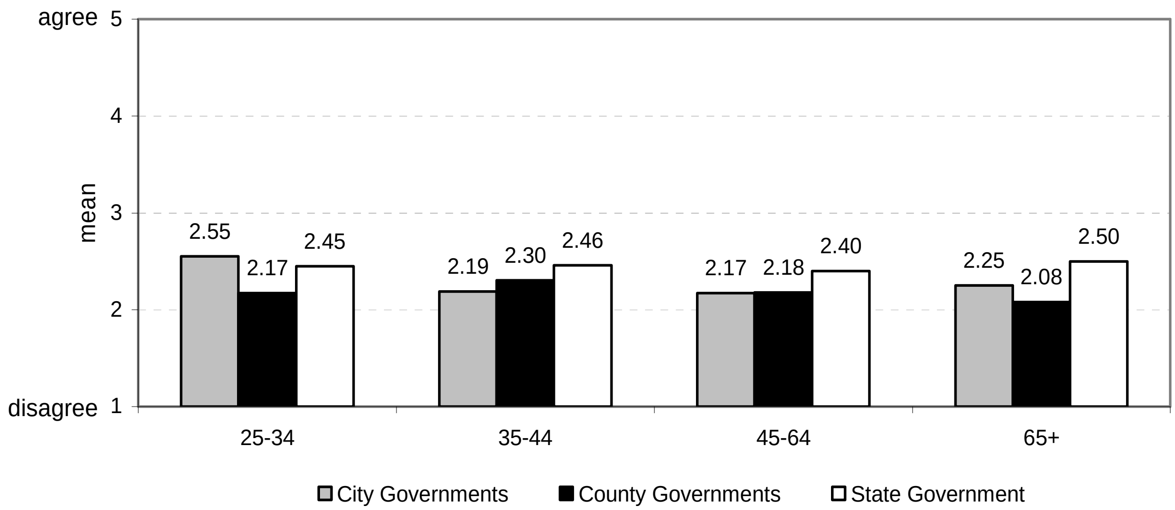


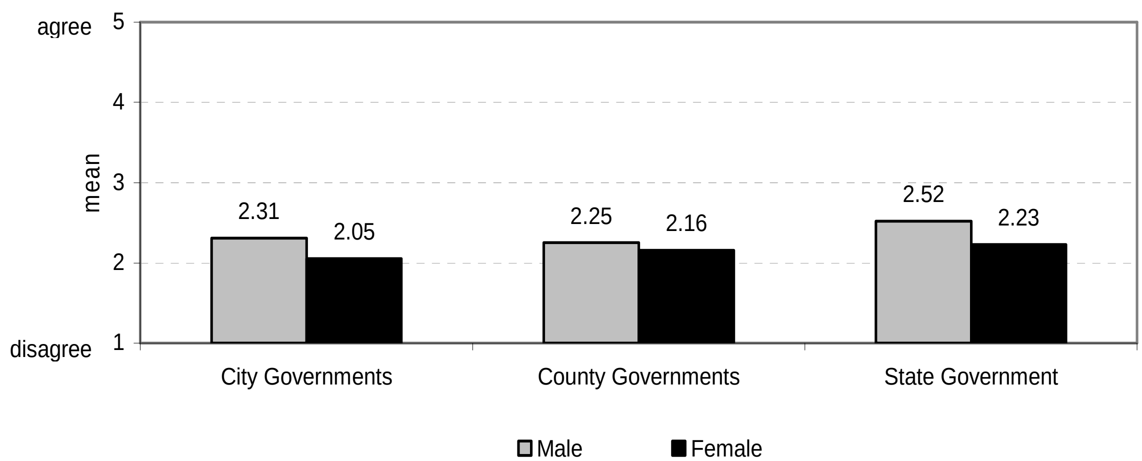
Figure 25 indicates that perceptions of state government's responsiveness to the needs of entrepreneurs are slightly higher among respondents for all age groups excepting those age 25-34, who rated city governments to be more responsive than county and state governments. As in the prior surveys, county governments were broadly perceived to be the least responsive across age groups.

Figure 25. Perceptions of Government Responsiveness by Age Group



Although the differences are small, men report higher scores for all three echelons of government responsiveness (Figure 26). This phenomenon is a reversal of the 2006 survey results that indicated perceptions of women entrepreneurs were higher for city, county, and state governments. The 2007 survey had mixed results between the genders as to the responsiveness of the various levels of government.

Figure 26. Perceptions of Government Responsiveness by Gender



VII. Attitude

Attitude towards entrepreneurs among the following groups in Northeast Ohio are receptive:

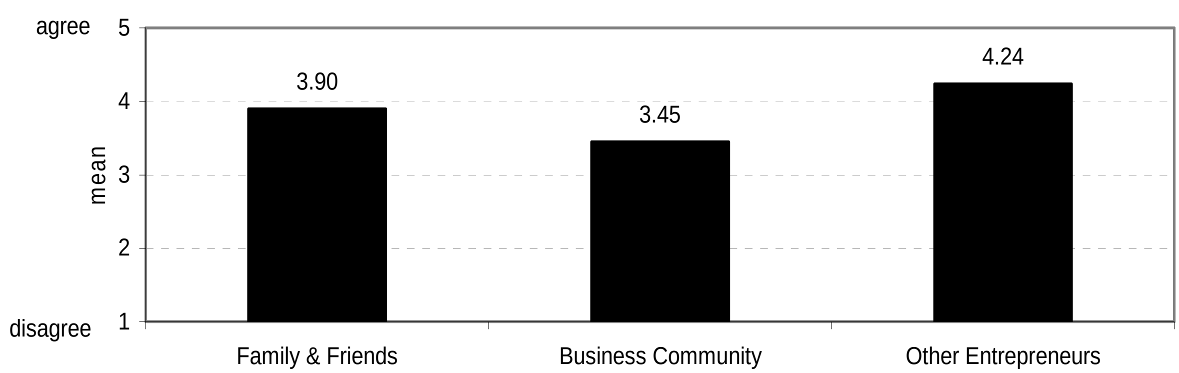
- Family and Friends
- Business Community
- Other Entrepreneurs

1 = disagree 5 = agree

Respondents strongly agreed with the statement that attitudes toward entrepreneurs in Northeast Ohio are receptive, with means ranging from 3.45 for the business community and 4.24 for other entrepreneurs (Figure 27). Although it is well above the midpoint, the business community is perceived to be the least receptive of the three groups with 25 percent of respondents strongly disagreeing (1 or 2 on the 5-point scale) about their receptiveness toward entrepreneurs. This score is statistically significant when compared to the 2006 survey. However, scores are fairly high for all categories, and the results for this year are very similar to the previous two surveys' scores.

Eighty-one percent of respondents strongly agreed (4 or 5 on the 5-point scale) that other entrepreneurs have receptive attitudes; 67.7 percent strongly agreed that family and friends are receptive, and 55.1 percent 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 a slightly lower score on the receptive attitude for all communities, while those who started a business more than five years ago have the most favorable perceptions of attitudes toward entrepreneurs by all communities.

Figure 28. Perceptions of Attitudes toward Entrepreneurs by Entrepreneurial Status

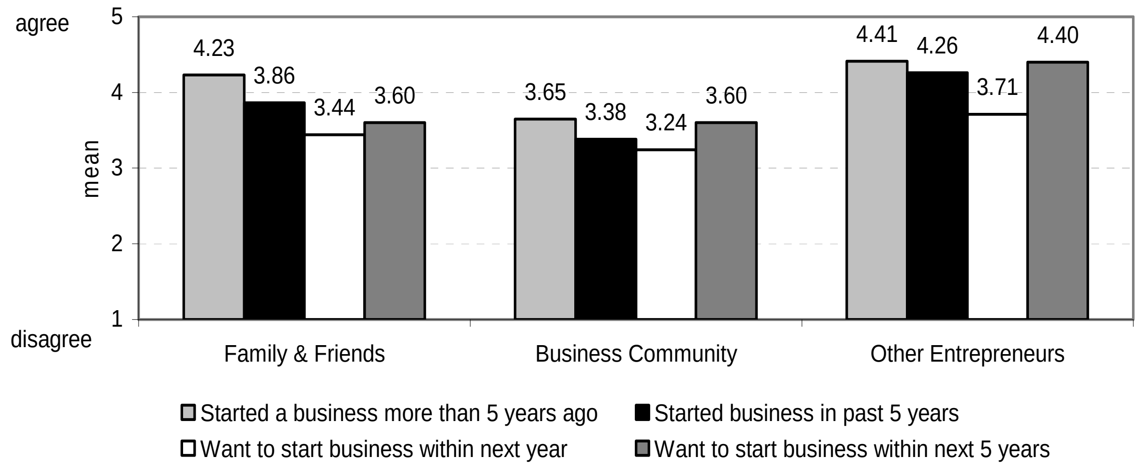
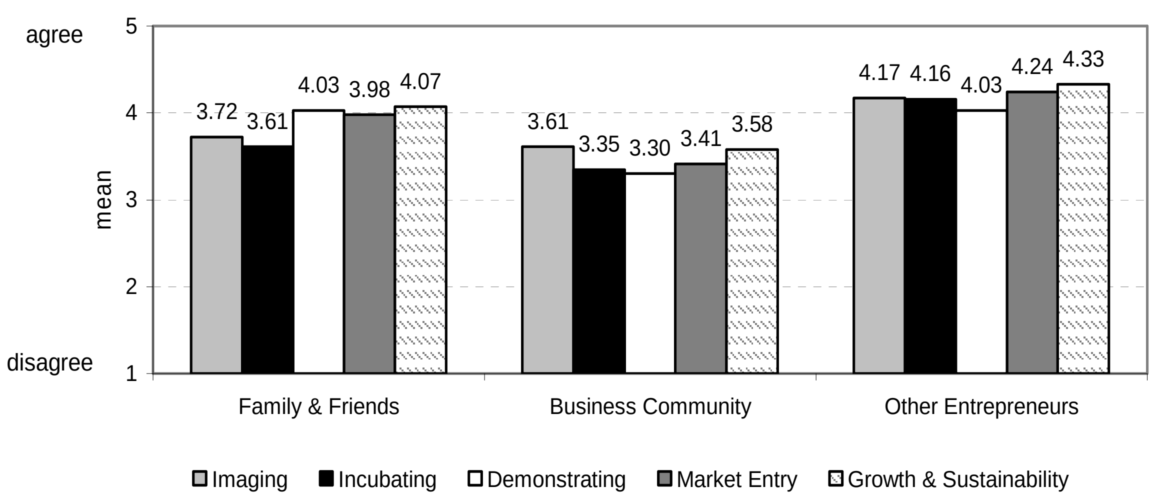


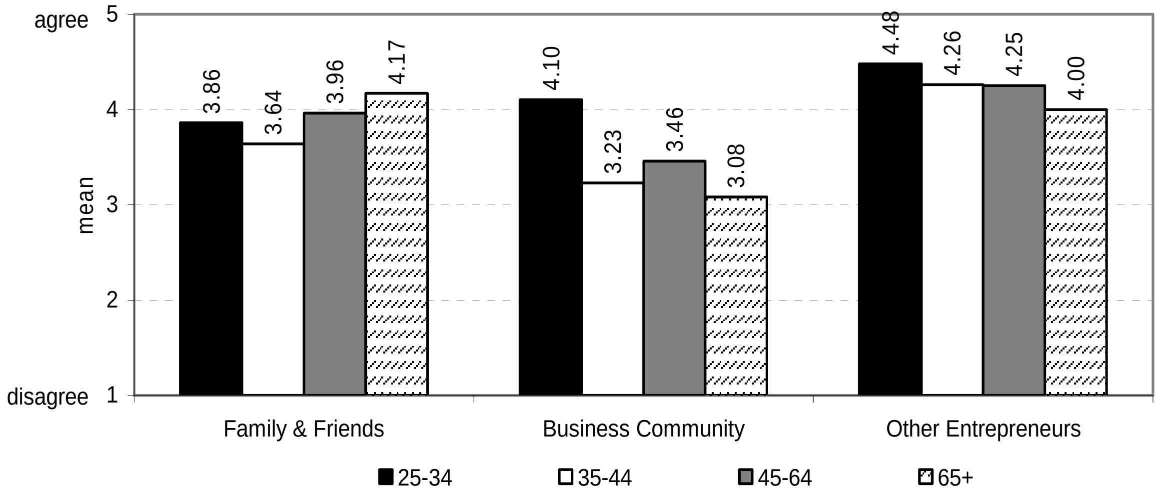
Figure 29 shows that, among respondents at all stages of business development, scores are highest in their perceptions of attitudes toward entrepreneurs by other entrepreneurs.

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



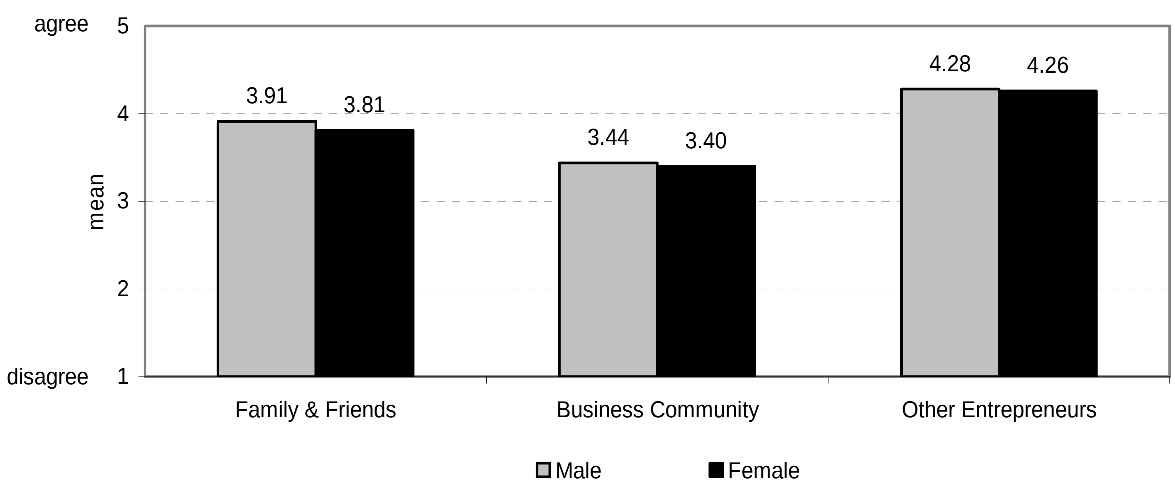
Respondents in the youngest age group report higher scores than individuals in the other age groups for their perception of attitudes from the business community and other entrepreneurs, suggesting that there is an atmosphere of collegial encouragement for new businesses in Northeast Ohio (Figure 30). Entrepreneurs in the 65+ age group have the most favorable assessment of support from their family and friends.

Figure 30. Perceptions of Attitudes toward Entrepreneurs by Age Group



Men and women report similar scores on measures relating to attitudes toward entrepreneurs (Figure 31). As in the past two years' surveys, men give slightly higher scores than women for all communities.

Figure 31. Perceptions of Attitudes toward Entrepreneurs by Gender



VIII. Infrastructure

The following infrastructure in Northeast Ohio satisfies your business needs:

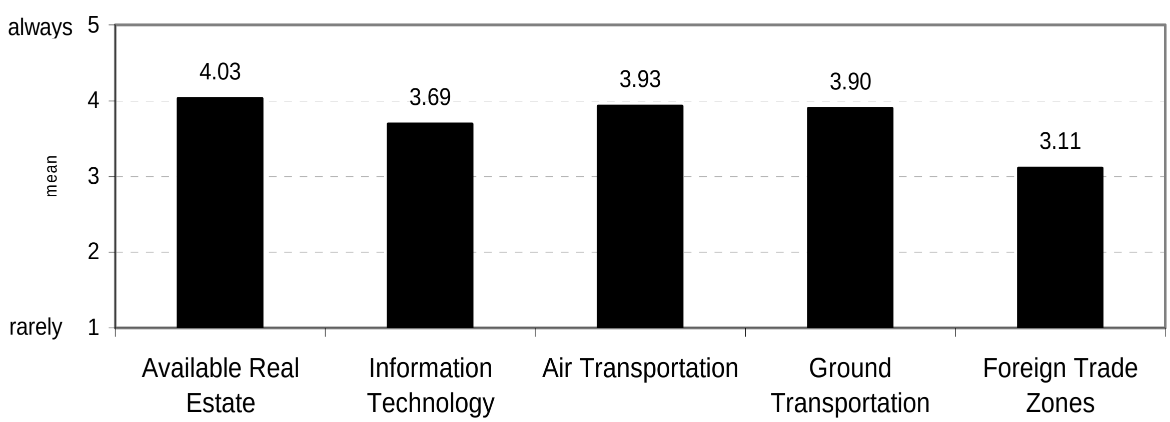
- Available Real Estate
- Information Technology
- Air Transportation
- Ground Transportation
- Foreign Trade Zones

1 = rarely 5 = always

Respondents indicated satisfaction with infrastructure in Northeast Ohio. They reported high scores when asked if infrastructure meets their business needs, especially in terms of available real estate and transportation infrastructures. More than two-thirds of respondents indicated strong agreement (4 or 5 on the 5-point scale) for each measure of infrastructure with the exception of foreign trade zones, which was seen as very favorable by 40 percent of entrepreneurs.

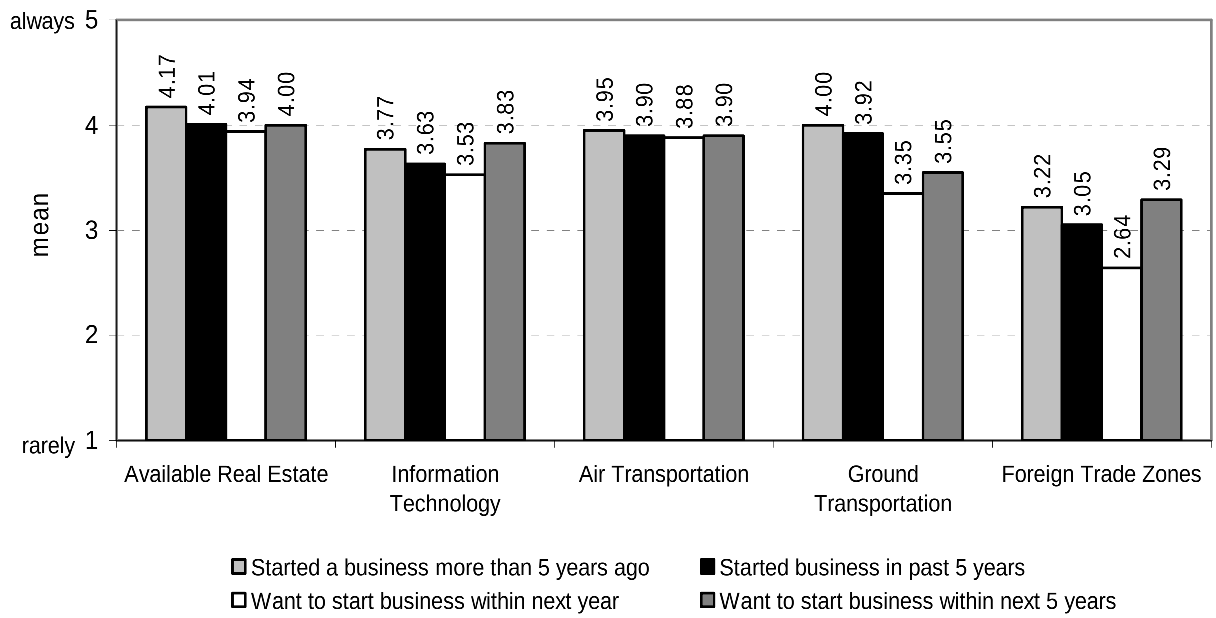
Figure 32 shows that mean scores were very high for available real estate, air transportation, ground transportation, and information technology. Foreign trade zones received the lowest score; however, it is still above the midpoint of the scale. The categories of ground transportation and foreign trade zones are new for the 2008 survey and therefore cannot be compared to the results of the 2006 and 2007 studies. The scores for the remaining three infrastructures of available real estate, information technology, and air transportation are slightly lower than the results from the previous studies, which were very similar in 2006 and 2007.

Figure 32. Perceptions of Infrastructure



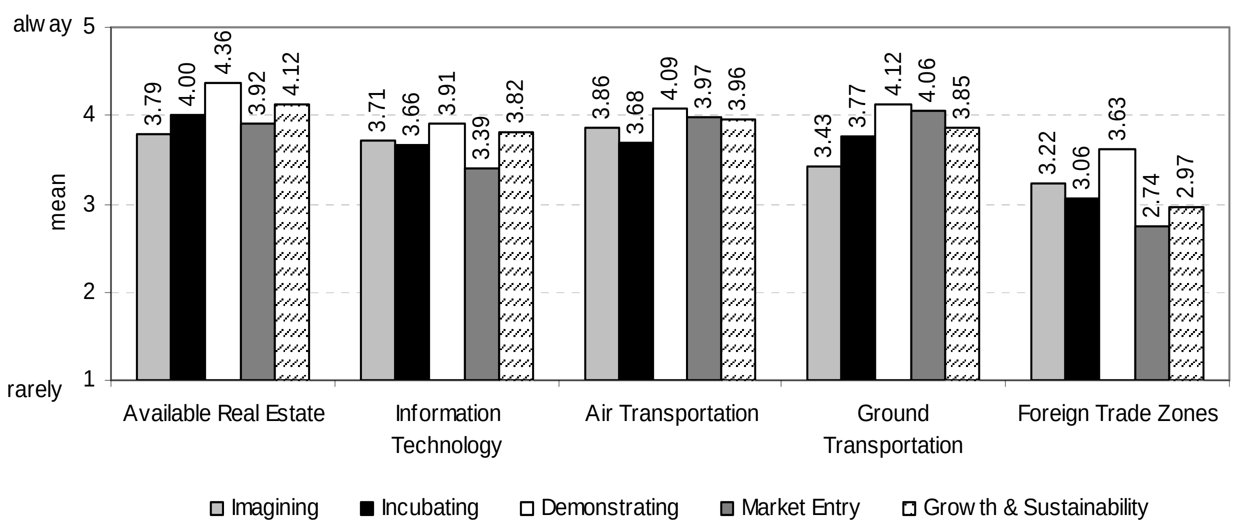
Scores are fairly consistent regardless of whether respondents have already started their own business or hope to within the next one to five years, particularly with respect to available real estate and air transportation (Figure 33). Again, perceptions of foreign trade zones had the least favorable perceptions, although only those who want to start a business in the next year gave scores below the midpoint of the scale.

Figure 33. Perceptions of Infrastructure by Entrepreneurial Status



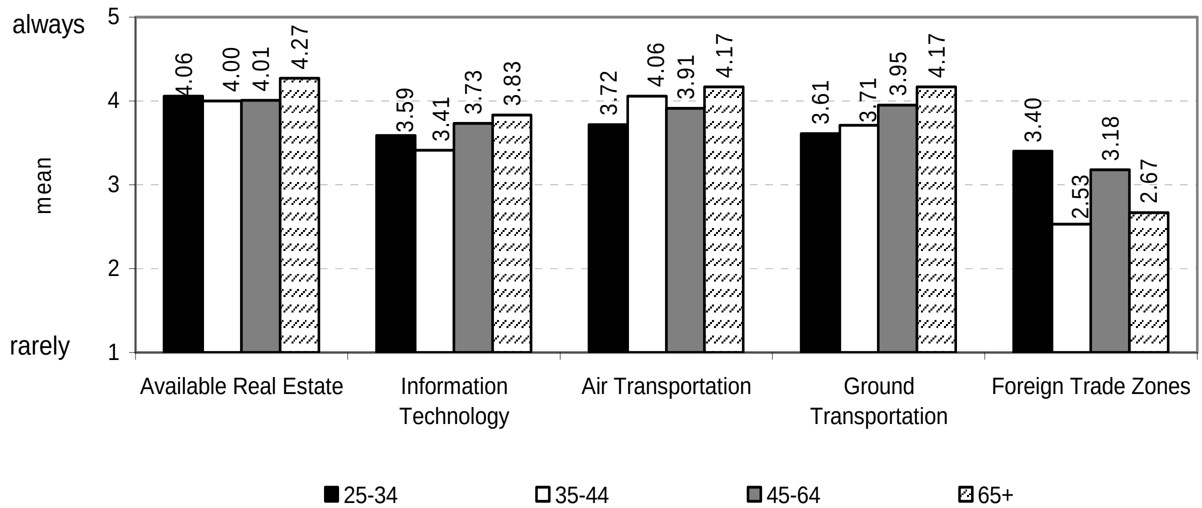
Scores vary more among respondents at different phases of business development, indicating that satisfaction with infrastructure needs is partly dependent of where entrepreneurs are in the process (Figure 34). Respondents in the demonstrating phase reported slightly higher scores for all categories of infrastructure.

Figure 34. Perceptions of Infrastructure by Phase of Entrepreneurial Activity



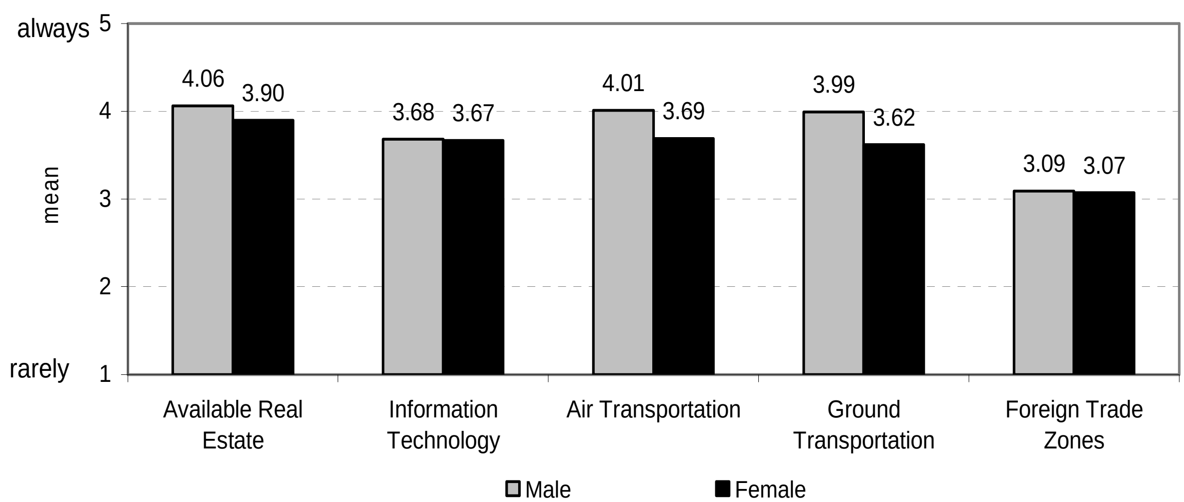
With the exception of foreign trade zones, older respondents had more favorable perceptions of infrastructure (Figure 35). Those age 25-34 gave the highest score for foreign trade zones, indicating that perhaps they are developing businesses that take advantage of these locations to their satisfaction.

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 two years' surveys, although this is the first time that men gave universally higher scores for infrastructure across all categories.

Figure 36. Perceptions of Infrastructure by Gender



IX. Quality of Life

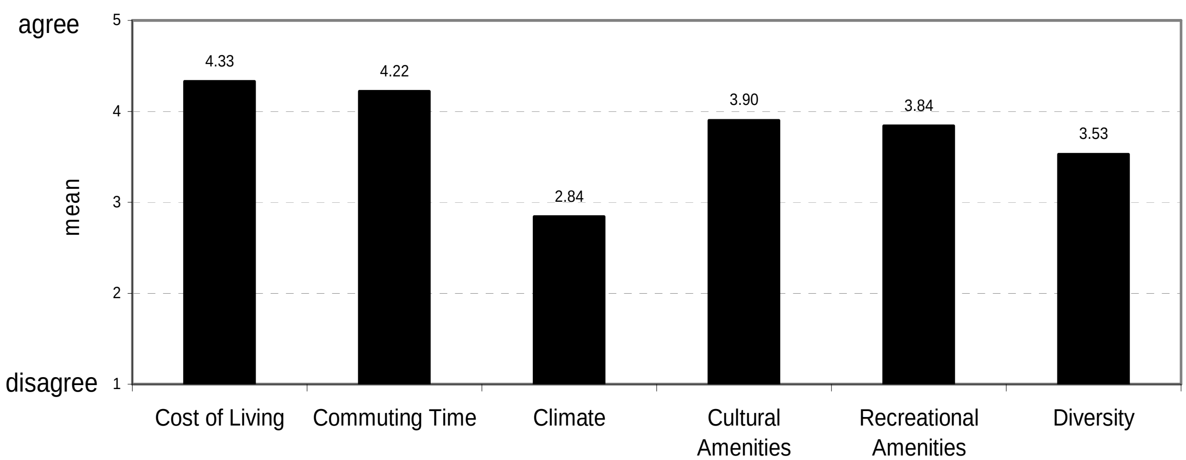
The following quality of life items help my ability to develop a business in Northeast Ohio:
- Cost of Living
- Commuting Time
- Climate
- Cultural Amenities
- Recreational Amenities
- Diversity

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 similar to those of the past two surveys, with the region's climate consistently scoring below the midpoint as a positive attribute for entrepreneurs' ability to develop a business.

Cost of living and commuting time are the most positive aspects of quality of life in Northeast Ohio; over 80 percent of respondents reported strong agreement (4 or 5 on the 5-point scale) with the statement, as shown in Figure 37. These two measures are statistically significant when compared to the 2007 survey, although the scores are very similar. 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 perception of cultural amenities is statistically significant when compared to the 2006 survey scores. 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 does not help entrepreneurs in their ability to develop a business in Northeast Ohio.

Figure 37. Perceptions of Quality of Life



Those who started a business more than 5 years ago gave consistently higher scores for quality of life measurements in Northeast Ohio (Figure 38). Again, those wanting to start a business in the next year were less optimistic about the quality of life attributes, in general.

Figure 38. Perceptions of Quality of Life by Entrepreneurial Status

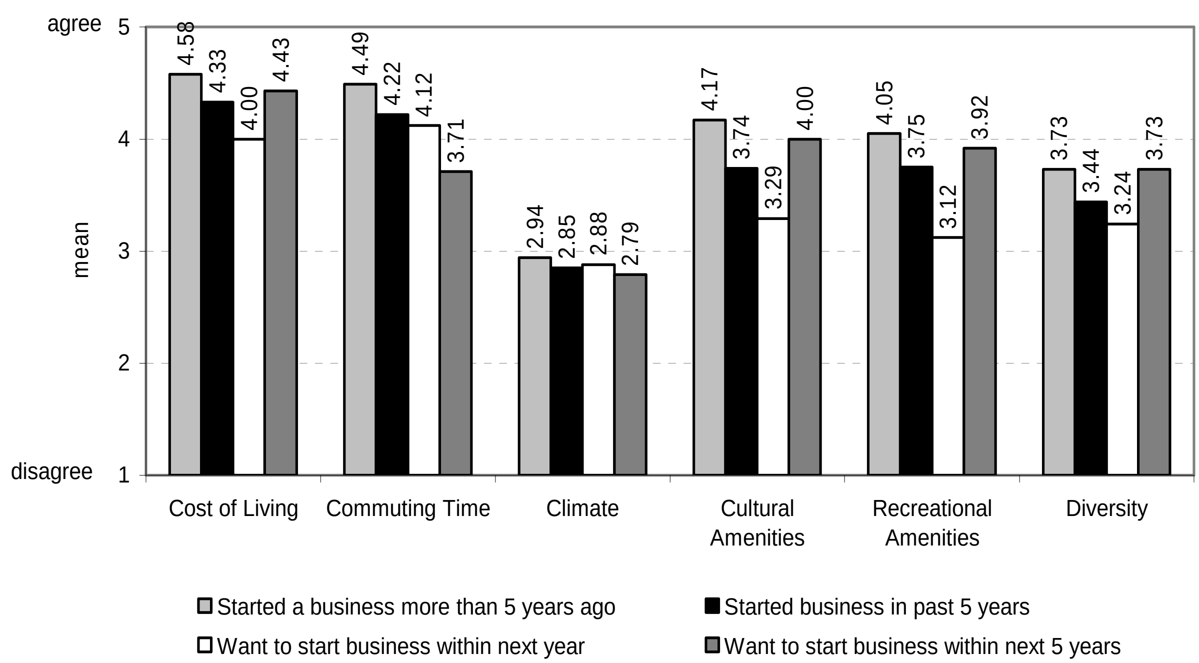
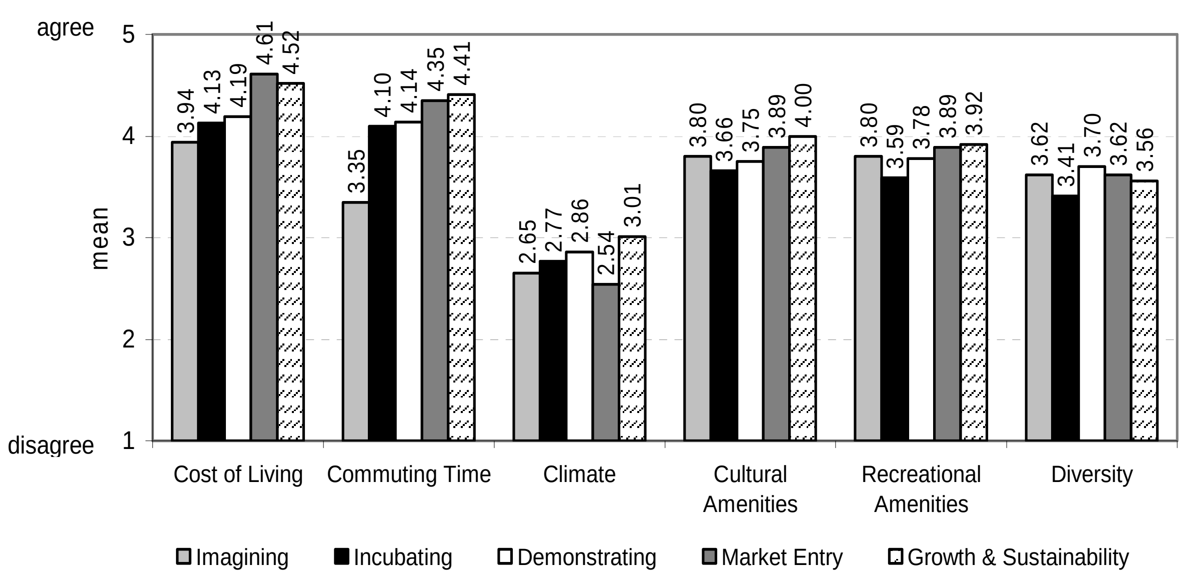


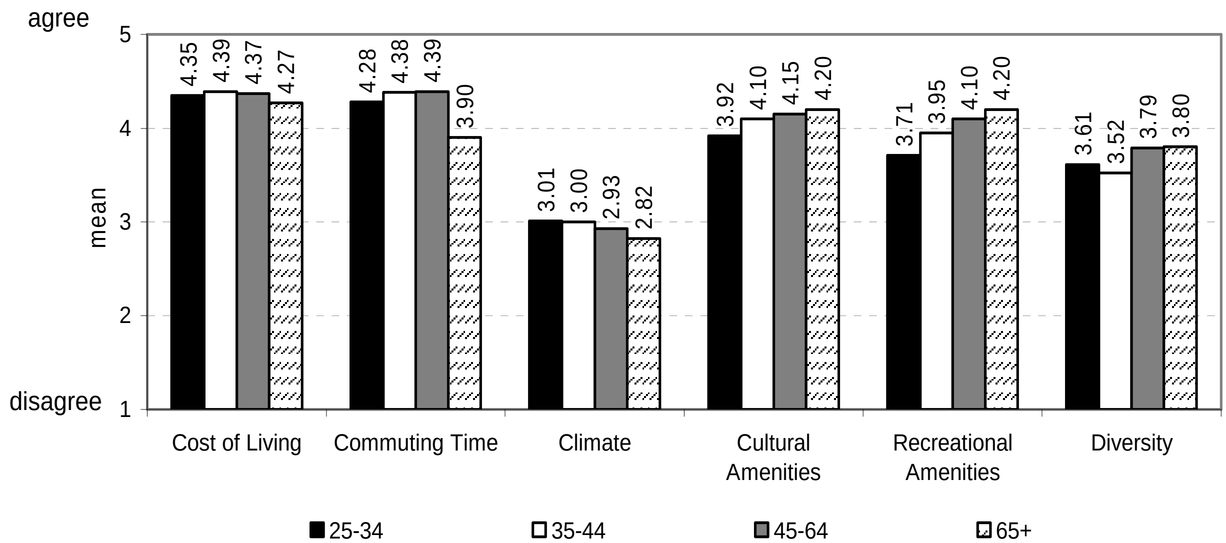
Figure 39 shows that there is some variation in scores based on respondents' phase in the business development process, with those in the Market Entry and Growth & Sustainability phases reporting higher scores on most. By contrast, in 2007 the highest scores for each category were usually given by those in the Imagining or Demonstrating phases.

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



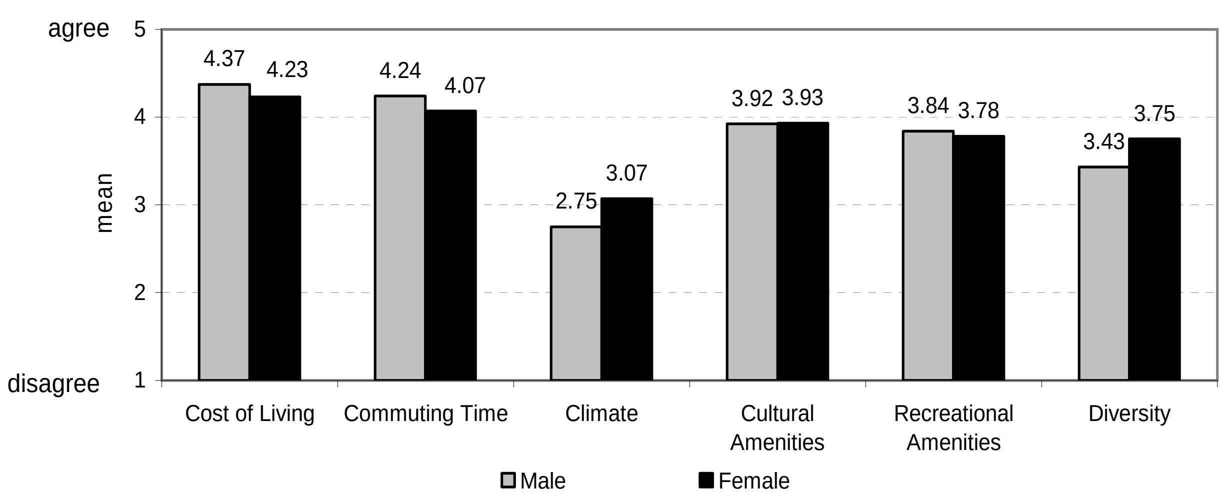
Scores are high across all age groups on all measures except for climate. There is no significant variation in perception for any category (Figure 40).

Figure 40. Perceptions of Quality of Life by Age Group



Men and women report similarly on quality of life measures (Figure 41). The score for climate was above the midpoint for women, however.

Figure 41. Perceptions of Quality of Life by Gender



X. Confidence

The overall economic health of the region is strong.

1 = disagree   5 = agree

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

1 = not confident   5 = very confident

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

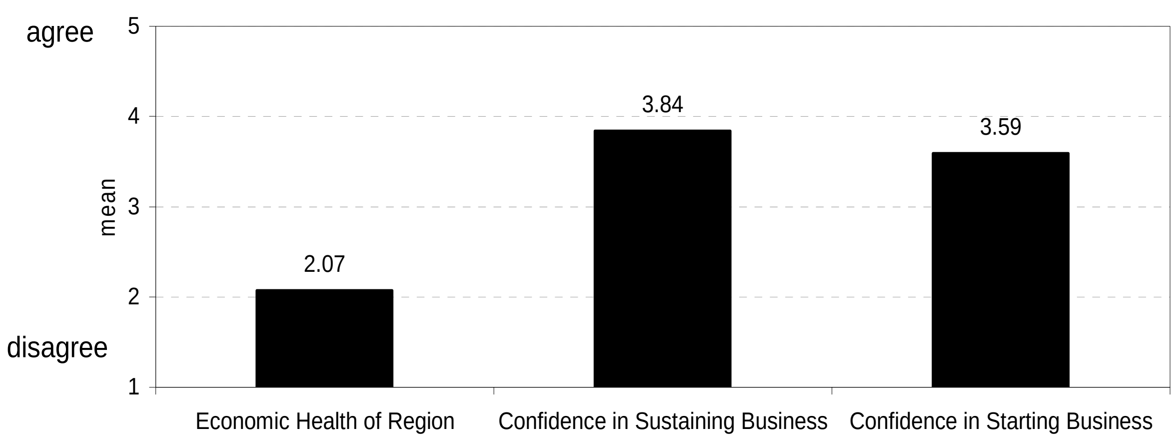
1 = not confident   5 = very confident

Respondents had particularly negative perceptions about the economic health of the region (Figure 42). The mean score (2.07) falls well below the midpoint of the scale; almost 70 percent of respondents strongly disagreed (1 or 2 on the 5-point scale) with the statement that the economic health of the region is strong.

Despite this, most of those who have started a business are confident that they can sustain it (mean=3.84), and those who would like to start a business are confident in their ability to do so (mean=3.59). Almost two-thirds were very confident (4 or 5 on the 5-point scale) they could sustain a business, and 57 percent were very confident they could start a business.

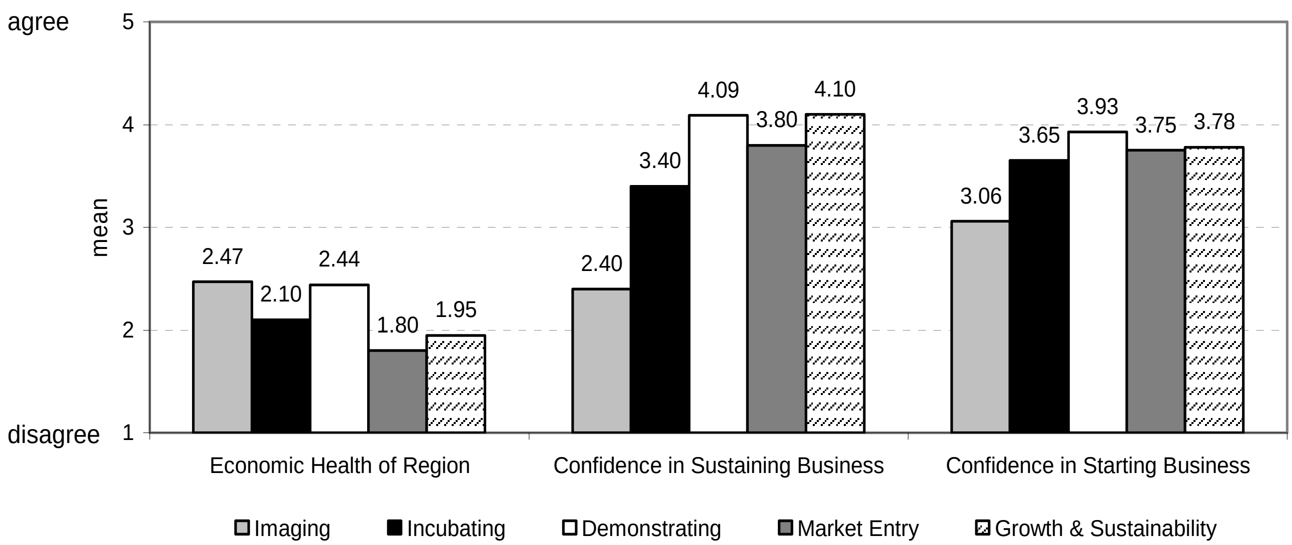
There is a large contrast between respondents' view of the regional economy and their confidence in being able to start or sustain a business in Northeast Ohio. The ordering of the scores below are very similar to those from the 2006 and 2007 surveys, although they are uniformly lower in 2008 in comparison to the earlier studies.

Figure 42. Entrepreneurial Confidence



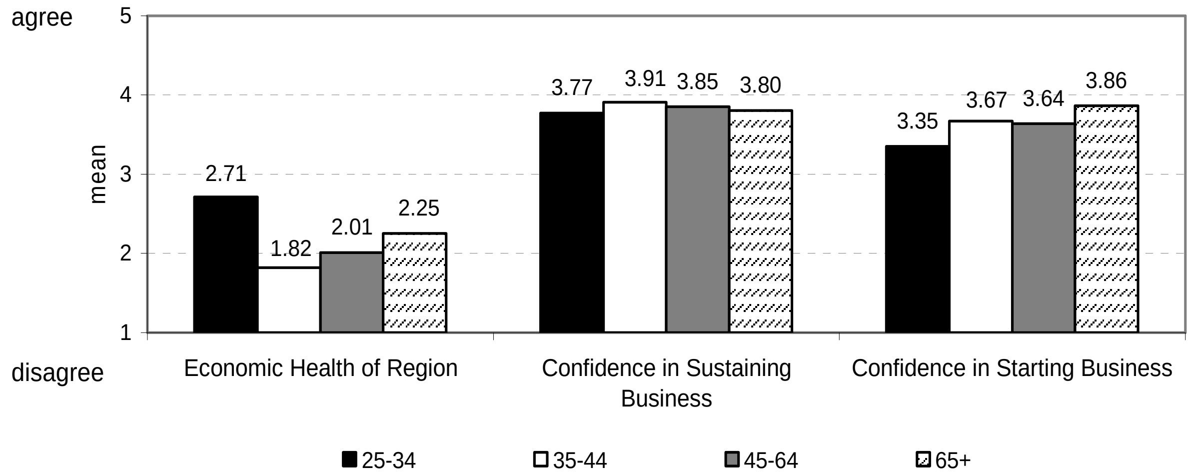
Perceptions of the economic health of the region do not vary systematically among respondents at different phases of business development (Figure 43). Although the score is slightly higher for those in the Imagining and Demonstrating phases, scores for all groups are far below the midpoint of the scale. Respondents' confidence to sustain a business, as expected, is highest for those in the most advanced stage of business development (Growth & Sustainability). Of particular concern is the low score (2.40) of those in the Imagining phase when asked about their confidence in sustaining a business, considering their higher perception of the region's economic health. The same respondents had the lowest score for their confidence in starting a business as well, suggesting that their view of entrepreneurial prospects and business success is jaded by factors other than the region's economic conditions.

Figure 43. Entrepreneurial Confidence by Entrepreneurial Status



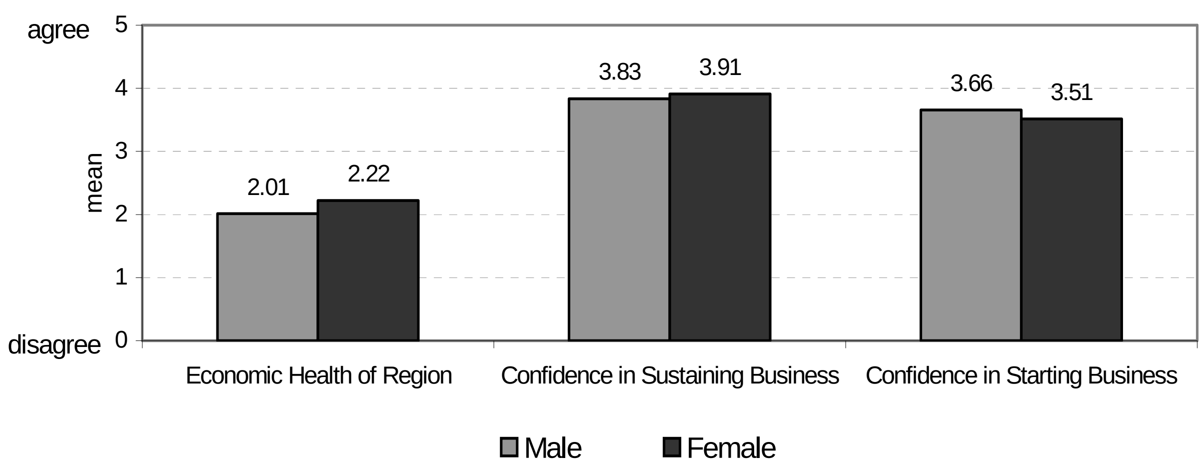
Mean scores remain fairly consistent across the different age groups with the exception of respondents age 25-34 reporting higher scores regarding their perception of the economic health of the region (Figure 44). Interestingly, the relative scores for the respondents' confidence in starting a business for all age groups are similar to the 2006 survey results, yet they are the inverse of 2007's scores which reflected higher confidence for younger respondents and lower scores for the older age groups.

Figure 44. Entrepreneurial Confidence by Age Group



Women report slightly higher scores than men in regards to the economic health of the region and their confidence in sustaining a business (Figure 45).

Figure 45. Entrepreneurial Confidence by Gender



XI. Respondent Comments

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 50 percent of the respondents did contribute remarks to at least one of these questions. It was reassuring that there were as many positive comments and responses that had encouraging suggestions as there were 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 as described in the following. Although the open-ended questions for 2008 were the same as those in 2007 survey, the responses showed some definite shifts in the perceptions of entrepreneurs. A direct comparison is difficult to validate, however, contrasts are noted where they are appropriate.

Among the comments related to the advantages of starting and sustaining a business in Northeast Ohio, the greatest pluralities were directed toward the high quality of life and low cost of living in the region. One response reflected the amenable cost of living and quality of life while adding that these qualities are, ‘still a bit of a secret that Cleveland + has not marketed well.’ Respondents were satisfied that the area was affordable and centrally located for their businesses, including a number of comments praising the transportation access and logistical attributes of the region. A number of comments highlighted the inexpensive and plentiful real estate for both office leases and manufacturing facilities, including one entrepreneur’s assessment that, ‘the manufacturing capabilities in the region are world-class. This is a great, low-cost area to build a company.’ Some respondents noted that there were also adequate business resources and support organizations available, such as COSE, NorTech, and JumpStart. Other comments reflected respondents’ positive assessment of the regional amenities, including cultural attractions, universities, and a diverse population that is open to new ideas. There were several comments that praised the quality and depth of Northeast Ohio’s labor pool; one respondent linked the cultural amenities to an effect on the labor pool: ‘the amenities…attract the right worker.’ Putting a positive spin on the regional recession, one comment stated that, ‘the harsh economy presents a multitude of marketing and client acquisition opportunities.’

The challenges to entrepreneurs included the conservative political and business atmosphere in Northeast Ohio, prompting one respondent to say that the, “’Good Old Boy’ network knows all the reasons things won’t work – get some new blood!” Some respondents express frustration with government restrictions (city, county and state level business regulations) and lamented about the lack of collaboration among peers and potential mentors. The region’s high taxes were also cited as barriers to starting and sustaining a business, with several responses exclaiming that, ‘taxes are out of control!’ As noted in the previous section regarding capital, many comments were directed at the lack of capital from angel and venture investors, as well as difficulties in obtaining debt financing from financial institutions. Several responses criticized media coverage of Northeast Ohio, including, ‘a perception of a dying area with dying industries.’

Respondents were asked to note the resources that are most needed to assist entrepreneurs. Many comments related to the need for more access to capital, as exemplified by this response: 'We need to do anything that improves access to capital, be that angel funds, low interest financing programs, tax incentives for start-ups, etc.' There were also several complaints about the lack of leadership and mentoring opportunities to guide entrepreneurs through the regulatory barriers. Some respondents called for tax relief for new businesses and a more amicable political environment for entrepreneurs. Although there are organizations in the region that target assistance toward new businesses, one comment noted that these agencies are not actively encouraging entrepreneurs: '[They treat] the small business economy as a constituency, not as a market for the services they have to sell.'

General comments and observations about the entrepreneurial climate in Northeast Ohio had several dominant themes. Respondents expressed a high level of frustration with the tradition-bound mindset of local organizations and funding sources that are not open to new ideas. One comment directed dissatisfaction with the role of government in promoting new businesses, calling it a 'broken system of growth.' There is also the perception that economic development efforts are being dominated and stifled by bureaucratic agencies – both government and non-profit – that are behind the vanguard of technology businesses. There were several comments directed at Ohio's Third Frontier project, ranging from the constructive to the severely critical.

Echoing comments from the earlier question about the challenges of starting a business in Northeast Ohio, entrepreneurs feel that the region is suffering from the conservative mindset of the business community that has been hesitant to explore developments outside the existing manufacturing base or the well-funded biotech fields. One respondent stated that, 'It's a pretty bourgeois climate around here; thinking out of the box clashes with an entrenched "heat 'em and beat 'em" manufacturing mentality.' Respondents often expressed frustration with the slow pace of change in the region. Other comments noted that the trend in leadership is 'looking outward instead of inward, particularly in regards to larger companies awarding contracts to companies beyond the region and not utilizing smaller local businesses for their needs.' Again, the high tax rates and low access to capital were noted as obstacles to development.

Nevertheless, there were some hopeful sentiments from respondents about the entrepreneurial climate. Many statements praised general improvements in the climate as well as specific attributes about the region that are helping entrepreneurs get their businesses up and running. Infrastructure was seen as a positive contribution to business development, as was the potential for working with area universities. The broadest positive comments cited the encouragement that entrepreneurs receive for their efforts from the community at large, as one respondent said, 'People in the region are very supportive…they are excited about innovative individuals working hard to improve the region.'

Obvious differences from the open-ended comments in the 2007 survey were threefold. Last year's respondents were dissatisfied with the quality of the labor pool, while this year's survey provided several statements that made special note of the talent available for new businesses. The improving employment prospects are dual-edged, however, as the improvement in available talent may be attributed to the loss of jobs by those same skilled workers. The second obvious shift was a more favorable outlook for the region as a whole. Although some respondents in 2008 had similar views to the 2007 respondents as to the level of economic suffering that Northeast Ohio is enduring, there were many comments this year that noted the horizon looked promising for a recovery, due in some part to the efforts of committed entrepreneurs. The final contrast from the previous survey centers on the quality of assistance entrepreneurs are receiving from organizations that are charged with helping business development. Respondents feel that Ohio's Third Frontier Project is failing in its mission to disseminate venture capital to promising high-tech entrepreneurial ventures. Some comments were critical of smaller support organizations that appear to promote their own sustainability over helping business development.

XII. Concluding Remarks

The 2008 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 undergoing a shift in view. In general, the respondents expressed optimism for the long-term prospects of new businesses while many responses suggested a degree of caution when looking to overcome the short-term economic obstacles that entrepreneurs have been experiencing.

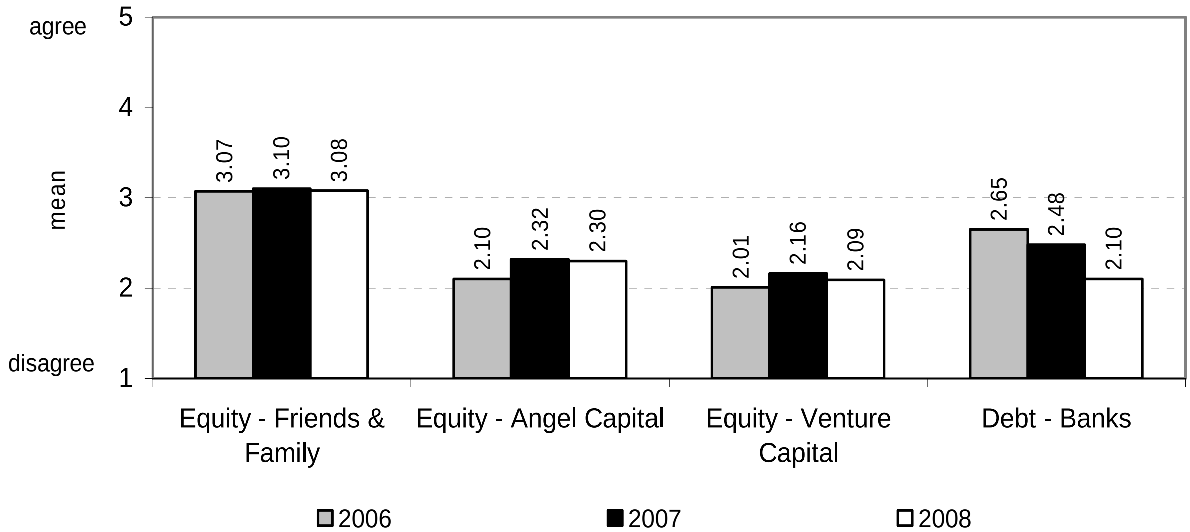
Perceptions reflected overall satisfaction with the attitude of the community, the existing infrastructure in the region, the cultural amenities, the low cost of living, and the quality of the available workforce. Entrepreneurs' confidence to start and sustain a business was marginally lower than perceptions in previous years, particularly when considered in light of the economic health of Northeast Ohio. As in the previous years, the survey revealed that there is a great need to increase access to capital for entrepreneurs. Respondents also feel that there is a need for more responsiveness from government at every level, as well as more focus and dedication from business resource and assistance agencies as evidenced in the open-ended comments.

The following charts illustrate some of the more interesting comparisons in respondent perceptions over the course of the three 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[8] for the 2006, 2007, and 2008 surveys. Access to equity from friends and family is consistently viewed as the best means for obtaining capital, scoring just above the midpoint of the range of perceptions in all years. Access to capital from banks as debt obligations has been steadily dropping in entrepreneurs' views, approaching the low perception of access to venture capital, which has been lowest scoring category in all years.

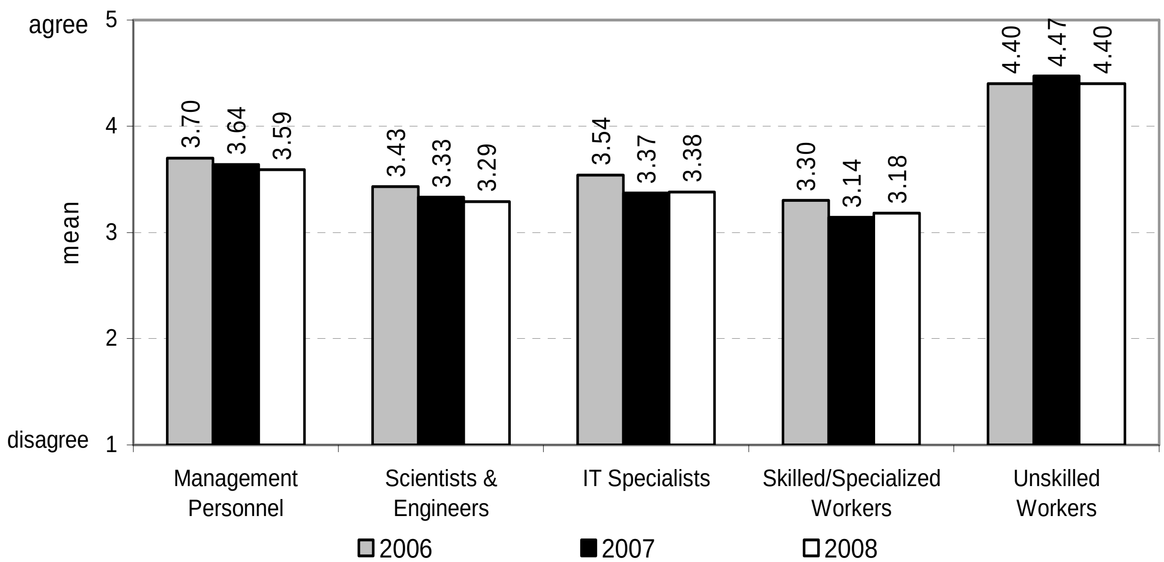
[8] The 2008 Survey presented three additional categories for respondents to score: Debt – Other, Grants – State, and Grants – Federal. Since these options were not available on the 2006 and 2007 surveys, the scores are not included here. For the full results of the 2008 survey across all categories, refer to page 8 of this report.

Figure 46. Perceptions of Access to Capital, 2006-2008



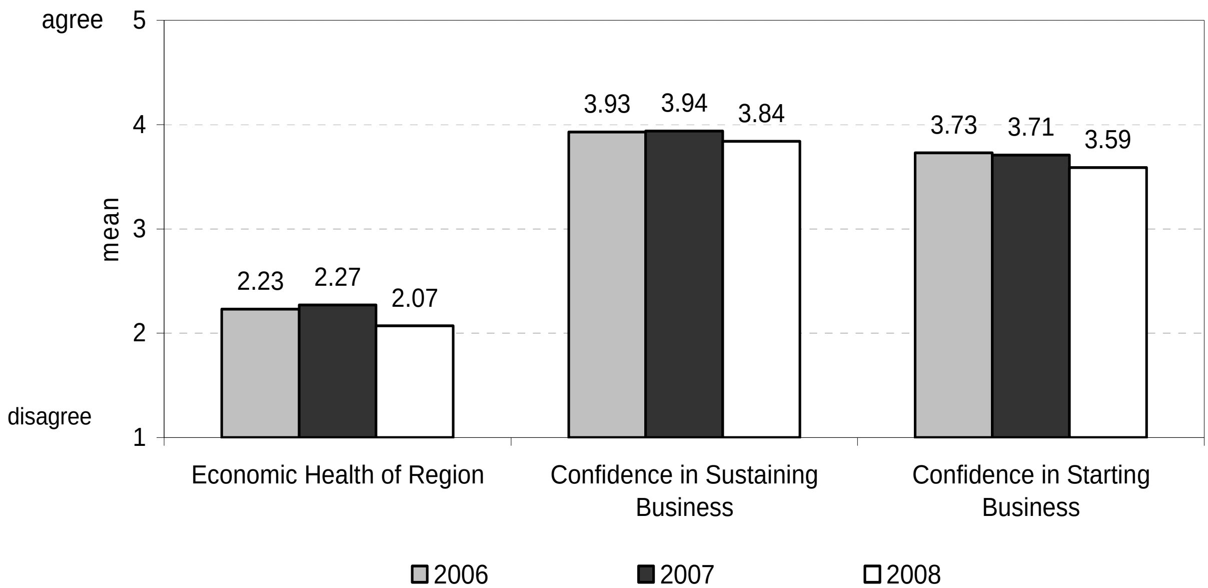
The perceptions of the workforce in Northeast Ohio have been consistent over the past three years (Figure 47). All categories exceed the midpoint of the scale in all surveys, although the categories for management personnel and scientists and engineers are edging lower from previous years.

Figure 47. Perceptions of Workforce, 2006-2008



Respondents' confidence in the economic health of the region is particularly dour, despite their optimism in their ability to start and sustain a business in the region (Figure 48). Although all measures have hit their low point in the 2008 survey, the scores are not significantly different from the 2006 and 2007 analyses. The low scores for the economic health of the region are consistent with the economic problems plaguing the Midwest and the nation as a whole.

Figure 48. Entrepreneurial Confidence, 2006-2008



These comparative analyses, coupled with the rest of the 2008 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 2008

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 third 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 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

***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.)

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
Debt - Banks	Disagree	1	2	3	4	5	Agree	N/A
Debt - Other	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 towards entrepreneurs among the following groups in Northeast Ohio is <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

OPEN-ENDED QUESTIONS/COMMENTS:

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

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

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

21. 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.

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

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

23. What is your gender? [single select drop down]

- Male
- Female

24. 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]

25. 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 yeas 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

26. Where is the primary location of your business?

- Zip code [form field]

27. 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).