

STATE OF

# ENTREPRENEURSHIP '21 REPORT



[Entre.CSUSB.edu](http://Entre.CSUSB.edu)



# INVESTMENT ADVANTAGES BY THE NUMBERS:

CALIFORNIA



**\$1 TRILLION**  
GROSS DOMESTIC PRODUCT



**\$3.8 BILLION**  
IN VISITOR SPENDING



**900+** FOREIGN-OWNED  
ENTERPRISES

**RANKED  
TOP 25**  
PLACES TO START  
A BUSINESS



**2.1M+** POPULATION  
COUNT



**3** MAJOR  
AIRPORTS



**95M+**  
SQ. FEET EXISTING  
RETAIL SPACE



**424M+**  
SQ. FEET EXISTING INDUSTRIAL  
MANUFACTURING SPACE



**40M+**  
SQ. FEET EXISTING  
OFFICE SPACE



**24** INCORPORATED  
CITIES & TOWNS



**20+** COLLEGES AND  
UNIVERSITIES



**63,000+**  
BUSINESSES



**23M** PERSON  
MARKET ACCESS



**990,000+** EMPLOYEE  
LABOR FORCE

200 mi

150 mi

100 mi

50 mi

LOS ANGELES

LONG BEACH

**SAN BERNARDINO  
COUNTY**

SAN DIEGO

*find out more at:*

Economic Development | [selectSBcounty.com](http://selectSBcounty.com)

# STATE OF ENTREPRENEURSHIP '21 REPORT

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RIVERSIDE COUNTY  
OFFICE OF ECONOMIC DEVELOPMENT

# RIVERSIDE COUNTY BUSINESS ASSISTANCE PROGRAMS

We are ready to help your business navigate through relocation or expansion, and offer guidance with the many business resources and programs available.

## BUSINESS ASSISTANCE NOW PROGRAM

Riverside County's business support team works with the County's Ombudsman to provide a clear path to navigating the Planning and Building & Safety departments.

## SMALL BUSINESS ADVOCATE

Available to assist small business owners and entrepreneurs with development and support through many tools, programs, and resources.

## SITE SELECTION

Team members will work with you to find a building or site that meets your needs. You can also search for sites by using Riverside County's advanced site selection tool: RivCoSites.com.

## BUSINESS SERVICES

- Tax Credits & Incentives
- Small Business Development
- Business Financing
- International Business Office





# SUPPORTING PARTNERS



## SPECIAL THANKS TO OUR 2021 STATE OF ENTREPRENEURSHIP SPONSORS



Economic Development



# ABOUT US



## WE SUPPORT AND CELEBRATE SMALL BUSINESS & ENTREPRENEURSHIP



According to a 2019 nationwide survey by the American Institute of CPA's, "the entrepreneurial spirit in America is alive and well." That survey showed that most young adult job seekers desire the freedom of being their own boss, and more than half said that they would like to start their own business in the future. Sadly, that rosy picture is countered by the fact that about 20% of all business startups fail in the first year. When examining entrepreneurship and its trends from an objective data perspective, much of the available information comes from nationwide rather than region-specific samples. This report aims to examine entrepreneurship at the specific regional level – the Inland Empire of Southern California.

Developed by a research team in the Inland Empire Center for Entrepreneurship (IECE) and School of Entrepreneurship at California State University, San Bernardino (CSUSB) in collaboration with the Institute for Applied Research (IAR), the State of Entrepreneurship Report is a comprehensive examination of the key statistics, trends, perspectives, organizations, and programs that are currently supporting entrepreneurship in the Inland Empire. The report blends primary and secondary data to provide insight in four (4) key areas:

### Indicators of Entrepreneurship

As developed and reported annually by the Kauffman Foundation's Indicators of Entrepreneurship Report, we use these widely accepted indicators to analyze trends in the Inland Empire region relative to national and state level data. The indicators integrate several high quality, timely sources of data that provide insight into early stage entrepreneurship.

### Voice of the Entrepreneur

The Voice of the Entrepreneur survey was developed by the research team and distributed to over 10,000 entrepreneurs throughout the region. The intent was to capture their unique perspective in a wide range of areas including the challenges they face, business trends, specific aspects of how they started the business and what drives them to be successful.

### Regional Perspectives

Drawn from individual interviews with a cross section of key leaders who have extensive experience in economic and community development. These leaders support and promote entrepreneurship. This section of the report seeks to identify specific trends and issues that need to be addressed at a regional level.

### Ecosystem Assessment

An initial cataloging and assessment of the key organizations, educational institutions, business support programs and entrepreneurial structures in the region. This section of the report is designed to identify areas of improvement that could increase support and services to drive additional development and growth of entrepreneurial firms.



## CONNECT

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## CUSTOM REPORTING

Custom reports and analysis are available, please connect with us to evaluate your needs.



## STATEMENT OF ACCURACY

This report is published by the Inland Empire Center for Entrepreneurship (IECE) at California State University, San Bernardino utilizing content and data sourced from multiple contributors. Every effort has been made to validate the accuracy of the information contained in this report and is believed to be correct as of the publication date. Nonetheless, this material is for informational purposes only.

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# OVERVIEW

## WHY DID WE DO THIS?

Like many entrepreneurs, the Inland Empire Center for Entrepreneurship (IECE) pursued this project to solve a pressing problem. As the largest and most comprehensive provider of services to aspiring and existing entrepreneurs and small business owners in the region, our community partners have increasingly approached us with requests for entrepreneurship data to help guide decision making and policy development. This annual report will address that need, providing the region with key insight and data regarding entrepreneurship.

## WHAT WERE THE GOALS?

The primary goal of the report is provide a snapshot of entrepreneurial activity and support in the Inland Empire region, particularly:

**Levels of early stage entrepreneurship** – analyzing early stage entrepreneurial activity relative to national and state trends, and what the data tells us about the type and frequency of entrepreneurship in region.

**Understanding the state of mind of our local entrepreneurs** – data that effectively identifies the challenges and opportunities facing local business owners, as well as obstacles that may be impeding business growth. Insight from business owners can inform policy makers and entrepreneurial support organizations to develop more effective programs and policies for business startup and growth.

**Building a stronger entrepreneurial ecosystem** – after analyzing specific aspects of the entrepreneurial ecosystem, assessing the opportunities and gaps that may be present.

Overall, the result is a timely, data driven tool for policy makers, economic development professionals, entrepreneurial support organizations to understand challenges and opportunities that support entrepreneurship within the Inland Empire so that we effectively learn and evolve together with a regional focus.



## INDICATORS OF ENTREPRENEURSHIP

PG 12



## VOICE OF THE ENTREPRENEUR

PG 22



## REGIONAL PERSPECTIVES ON ENTREPRENEURSHIP

PG 42



## ECOSYSTEM ASSESSMENT

PG 56



# KEY HIGHLIGHTS

**This State of Entrepreneurship Report contains a wide range of interesting data and insights, and we encourage you to read the entire report! To whet your appetite, here are a few key highlights:**

1. Entrepreneurial activity – as delineated by the relative number of startups, their ability to create jobs, and their survival rate, generally outperforms the activity seen at the national and state level. An encouraging sign is that the rate of new entrepreneurs in the Inland Empire in the post-pandemic period is showing a strong accelerating trend; the downside is that despite the strong numbers, the majority of startups in the region is driven by necessity entrepreneurship (the need to start a business) rather than opportunity entrepreneurship (driven by recognition of opportunity and innovation).
2. The entrepreneurial ecosystem in the Inland Empire is generally strong and well developed. However, even in well-developed areas (e.g., entrepreneurial support organizations and programs) there are challenges with duplication of efforts and strategic coordination. While there is some presence of venture/angel capital, it is limited in scope largely due to the fact that the region, as noted above, is driven more by necessity entrepreneurs rather than opportunity entrepreneurs (which generally have more investable firms).
3. Respondents to the Voice of the Entrepreneur survey are relatively bullish on the future, with more than half expecting to increase the number of employees in 2022. They view their most significant challenges to be finding talent, dealing with the impacts of the coronavirus, navigating government regulation, and moderating the supply chain disruptions and delays. Their primary goals moving forward are to increase their efficiency and grow sales. The respondents to the survey closely mirror the demographics of the region, with sales less than \$400,000 annually and 5 or fewer employees. Unfortunately, more than half of the entrepreneurs have thought about moving out of the state and said they would consider it seriously if it increased their ability to operate competitively.

The full report contains many key insights that will help us as a region to better understand entrepreneurs and create policies and programs that can help them continue to be key contributors to the growth and vitality of the Inland Empire economy.

**Read on!**





# BRIEF METHODOLOGY

**Indicators of Entrepreneurship** – all four (4) indicators of entrepreneurship are sourced and calculated by the research team from secondary data sources, including:

- / Current Population Survey (CPS)**  
Bureau of Labor Statistics (monthly data)
- / Census of Employment and Wages**  
Bureau of Labor Statistics (quarterly data)
- / Reference Solutions Data Access**  
(All Employer Establishments in the US, 2000-2021)

**Voice of the Entrepreneur Survey** – the research team spent a great deal of time developing a custom questionnaire that would capture the “story” of entrepreneurship in the region. After several iterations and pool of nearly 100 questions (including input from key community members and entrepreneurs), the research team finalized a questionnaire with 47 questions. The questionnaire was deployed via an online survey that was designed to take, on average, no more than 15 minutes to complete. The initial questionnaire was then translated into Spanish and pretested in both languages with a randomly selected group of local entrepreneurs. Several distribution methods were employed to maximize response rate. Survey links were distributed to a list of entrepreneurs known to IECE and the School of Entrepreneurship, and LinkedIn connections were added. In addition, the research team reached out to local public sector organizations (e.g., city government, county offices of economic development, chambers of commerce) requesting their help in circulating the survey link. These methods, used together, provided the broadest opportunity for Inland Empire entrepreneurs to respond to the online survey.

The survey included two (2) types of questions: Open-ended and closed-ended. Open-ended questions are questions that allow someone to give a free-form answer. Closed-ended questions can be answered with “Yes” or “No,” or they have a limited set of possible answers (such as A, B, C, or All of the above). Closed-ended data was analyzed in SPSS with the generation of descriptive statistics, while the research team using an Open Coding process, which focuses on developing substantial codes to describe, name or classify the insights provided, to analyze the Open-ended data.

**Regional Perspectives** – the research team identified an initial set of 28 key leaders in the region that are currently or in the past extensively involved in developing/supporting entrepreneurship alone or as part of a greater economic development strategy/initiative. All individuals were contacted for either a phone/ Zoom/in-person interview, using a protocol developed by the research team. The interview data was reviewed by the research team and key narratives selected for inclusion in the final report.

**Ecosystem Assessment** – the research team compiled a comprehensive database of entrepreneurial support organizations, programs and educational institutions that was iteratively updated. Three (3) leaders who have extensive experience in supporting and promoting entrepreneurship and economic development reviewed and assessed the accuracy and comprehensiveness of the final draft version. The research team then assigned an assessment of the relative strengths/weaknesses of the key components of the ecosystem.

Page 68  
contains the full  
methodology  
for this report.  
Briefly, we outline  
the methods/  
data sources used  
to compile this  
report.

# INDICATORS OF ENTREPRENEURSHIP



Each year, the Kauffman Foundation reports on the Indicators of Early Stage Entrepreneurship, which includes four (4) key measures that are taken from Bureau of Labor Statistics (BLS) data and provide a snapshot of activity at the national and state level. As the Kauffman Foundation notes, “The indicators track changes in entrepreneurial activity over time, across geographies, and among various demographic groups.”

For this report, we utilize the four key measures, but drill down to the regional (Inland Empire) level so that the indicators can be compared at the national, state and local level.



# INDICATORS OF ENTREPRENEURSHIP

As developed and established by the Kauffman Foundation, the Indicators of Entrepreneurship are:

**RATE OF NEW ENTREPRENEURS** – the broadest measure possible for business creation by population. It is the measure of entrepreneurship via the capturing new business owners regardless of business size. New business owners are defined as individuals who work an average 15 or more hours per week in their businesses in the preceding month.

**OPPORTUNITY SHARE OF NEW ENTREPRENEURS** – the percentage of new entrepreneurs who created a business out of choice instead of necessity.

**STARTUP EARLY JOB CREATION** – employment of a cohort of startup businesses in their first year of operation. The annual measure of how many total jobs are created by startups in their first year, and is normalized by the population.

**STARTUP EARLY SURVIVAL RATE** – the percentage of new employer establishments that are still active after one year of operation.



## RATE OF *NEW* ENTREPRENEURS

*The broadest measure possible for business creation by population. It is the measure of entrepreneurship via the capturing new business owners regardless of business size. New business owners are defined as individuals who work an average 15 or more hours per week in their businesses in the preceding month.*

**OPERATIONALIZATION:** The percentage of the adult, non-business owner population that starts a business each month. (The number of the new owner/general population).

## FINDINGS

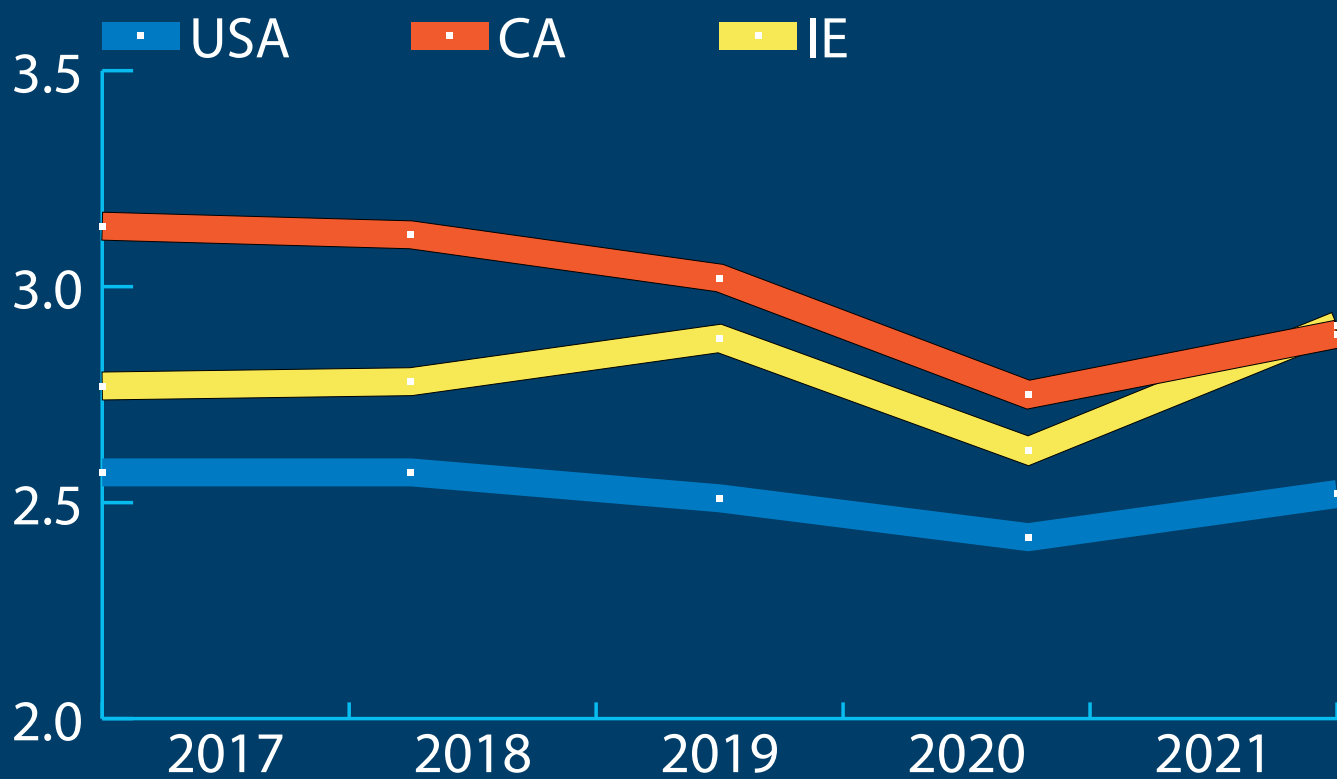
The five-year trend for the rate of new entrepreneurs shows that the Inland Empire region has higher rate of new entrepreneurs than the national level, which is a strong positive trend. However, the rate of new entrepreneurs is lagging when compared to the average rate of entrepreneurship in the state of California. In 2020, we see the pandemic and its ongoing effects exhibit a significant negative impact on the rate of new entrepreneurs at all levels. Despite this, the Inland Empire has the strongest accelerating trend for the rate of new entrepreneurs in the post-pandemic period as compared to the national and state average. This suggests that a significant part of the post-pandemic recovery is being driven by the creation of new enterprises. What is unknown to us at this time is whether those new entrepreneurs represent former business owners that are reengaging with new ventures, current business owners with additional ventures being launched, or distinct new entrepreneurs driven by opportunity or necessity.

CPS monthly survey data\* from Census and BLS; available at <https://www.census.gov/data/datasets/time-series/demo/cps/cps-basic.html>

\*The CPS monthly data for 2021 is only available to September 2021.



## RATE OF *NEW* ENTREPRENEURS



## OPPORTUNITY SHARE OF NEW ENTREPRENEURS

*The percentage of new entrepreneurs who created a business out of choice instead of necessity.*

**DEFINITION:** the measure of the business that is opportunity-driven, not necessity driven.

**OPERATIONALIZATION:** The percent of the total number of new entrepreneurs who were not unemployed and not looking for a job as they started the new business.

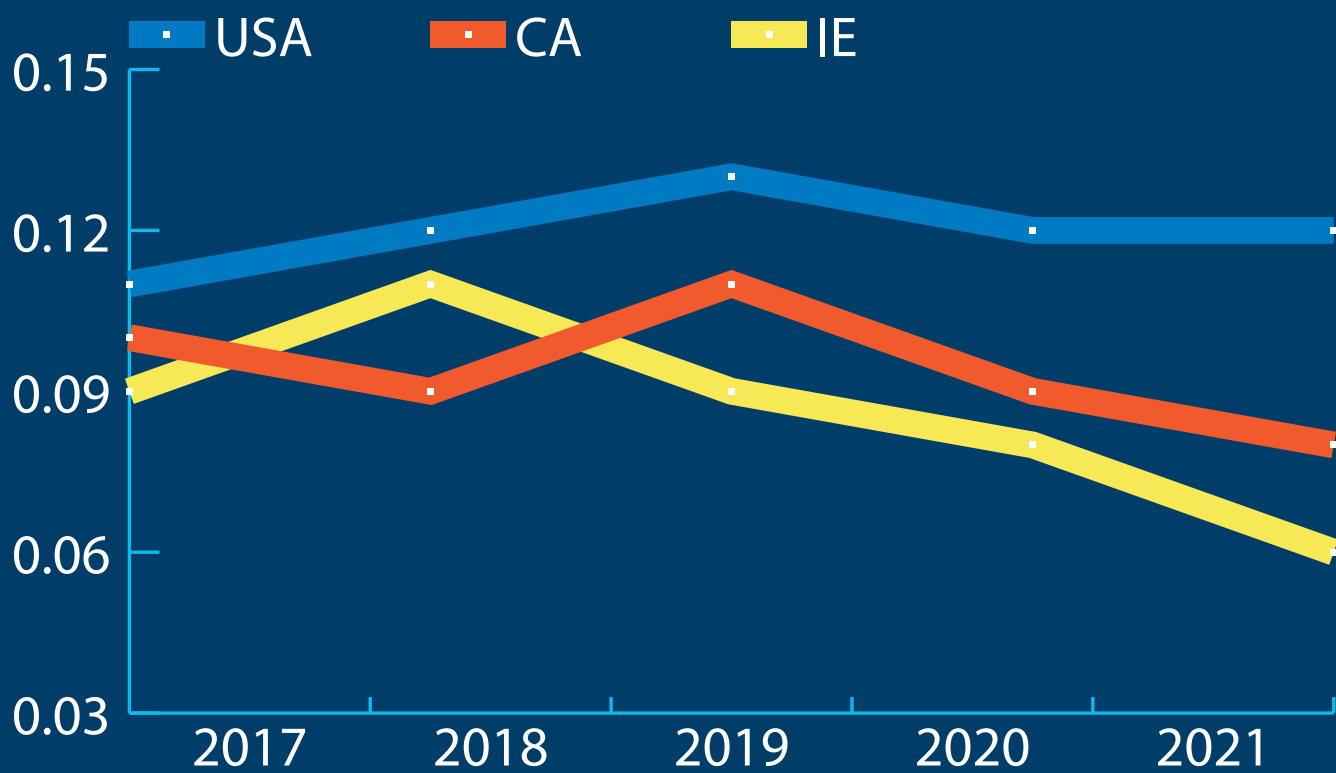
## FINDINGS

In 2017 – 2018, the Inland Empire had a surge in opportunity entrepreneurs. However, since 2018, the Inland Empire has been primarily driven by necessity entrepreneurship, as opportunity entrepreneurship has continuously declined during the period of 2018 – 2020; in 2020-2021, this downward trend continued. Relative to state and national levels, which also experienced declines during the pandemic, the Inland Empire lags overall in the creation of opportunity-based firms. We suggest that the effects of the pandemic have contributed to this downward trend, as more entrepreneurs seek to create new ventures out of necessity, driven by the challenging economic and social dynamics. However, overall the Inland Empire has lower rates of opportunity entrepreneurship, suggesting that regionally we may have less emphasis, structure and culture around creating innovative new firms.

CPS monthly survey data from Census and BLS



## OPPORTUNITY SHARE OF *NEW* ENTREPRENEURS



## STARTUP *EARLY* JOB CREATION

*Employment of a cohort of startup businesses in their first year of operation. The annual measure of how many total jobs are created by startups in their first year, and is normalized by the population.*

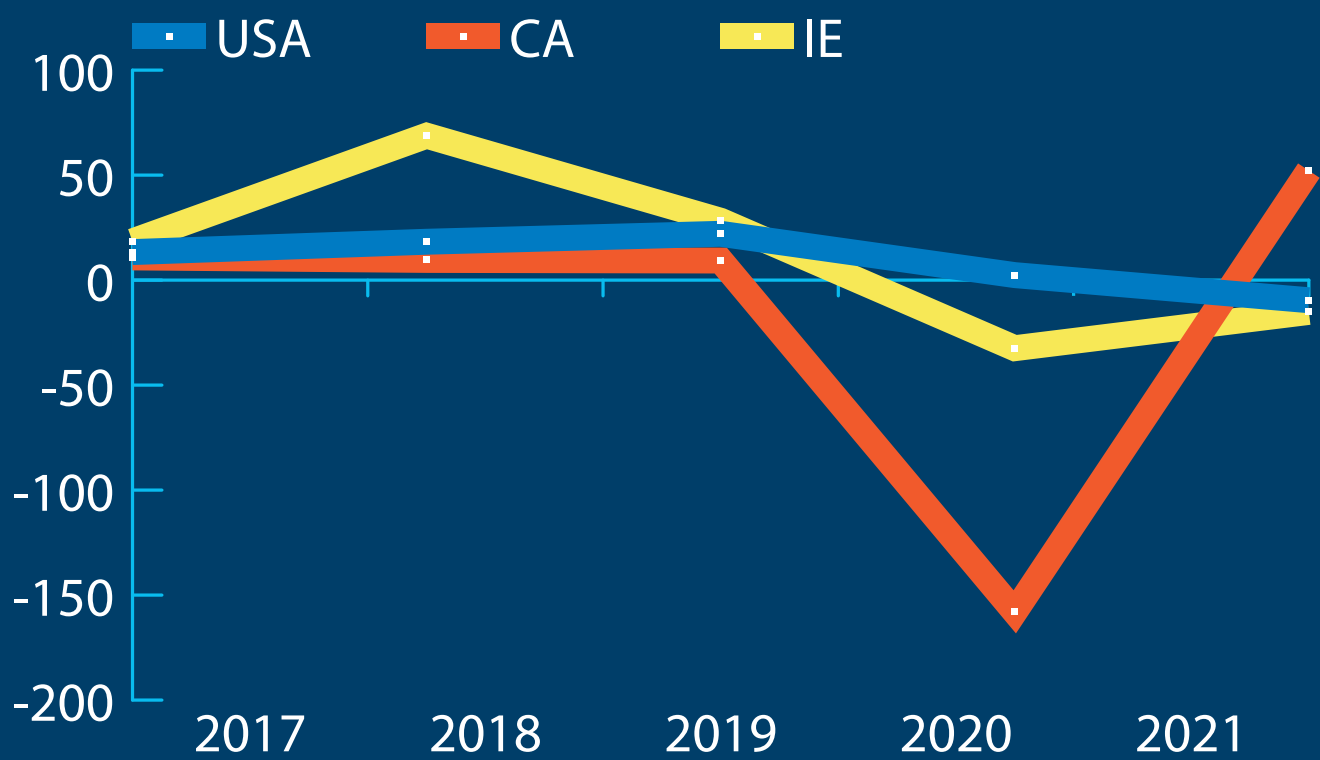
**OPERATIONALIZATION:** The total employment created by an average new employer firm in their first year for every 1000 people.

## FINDINGS

In the Inland Empire region, average startup job creation was an increasing trend from 2017 – 2018, higher than national and state average levels. In 2019 – 2020, the startup job creation level fell below the national level but was still above the state level average. In 2020 – 2021, we observed a rebound trend for the Inland Empire startup job creation to be comparable with the national level. This data suggests that in the Inland Empire region, new startups outperform their peers at the national and state level, on average, when it comes to creating total new jobs. Since much of the job creation on a regional level is often attributed to entrepreneurial firms, this data reinforces the prevailing wisdom that startups are critical for creating new job opportunities. Regionally, entrepreneurs are key drivers, outpacing the typical job creation seen at both national and state levels. What we cannot determine at this stage, is the type or quality of the jobs, since the focus of the data is on total jobs created. Further, the data as reported here does not provide information on trends in job creation by specific industries. For a region focused on creating quality jobs and emphasis on supporting regional industry clusters, this is an important consideration.

Quarterly Census of Employment and Wages;  
available at <https://www.bls.gov/cew/downloadable-data-files.htm>

## STARTUP *EARLY* JOB CREATION





## STARTUP *EARLY* SURVIVAL RATE

*The percentage of new employer establishments that are still active after one year of operation.*

**DEFINITION:** The percentage of new employer establishments that are still active after one year of operation.

**ADAPTED OPERATIONALIZATION\*\*\*:**

- i. (1) General death rate: The percentage of total number of entrepreneurs switching back to employment in a year over the population percentage.
- ii. (2) The percentage of establishment still in business after one year of operation

**RESULTS:** From 2017 – 2018, the general firm death rate for IE is below the national and state average, while self-reported\* startup death rate is similar to the national and state level. In 2018 – 2019, the general firm death rate remain low in the IE region, while we observe a sharp decline in the state level, and a mild decline in the national level. For self-reported startup death rate, we observe a nation-wide increasing trend. In 2019 – 2020, there's a slight increase in firm death rate for IE firms, while both national and state level's firm death rate continuously to decline, whereas the self-reported death rate for startups also increased, but in a decelerating manner. In 2020 – 2021, we observe a sharp decline for firm death rate in IE, while the state and national level's firm death rate remain flat.

## FINDINGS

From 2017 – 2018, the general firm death rate for the Inland Empire is below the national and state average. In 2018 – 2019, the general firm death rate remained low in the Inland Empire region, while we observe a sharp decline at the state level and a mild decline at the national level. In 2019 – 2020, we observed a slight increase in firm death rates for Inland Empire firms, while at the national and state levels, the firm death rate continues to decline. Notably, we found that the death rate for firms is the highest in May 2020, October 2020, and June 2021, indicating a high volatile trend for the business dynamism (combination of firm birth and death rate) in the Inland Empire region as compared to state and national level. In 2020 – 2021\*\*, we observe a sharp decline in the firm death rate in Inland Empire, while the state and national level firm death rates remain flat. Overall, during the five years, the Inland Empire region experiences a lower overall death rate of firms than the national and state average.

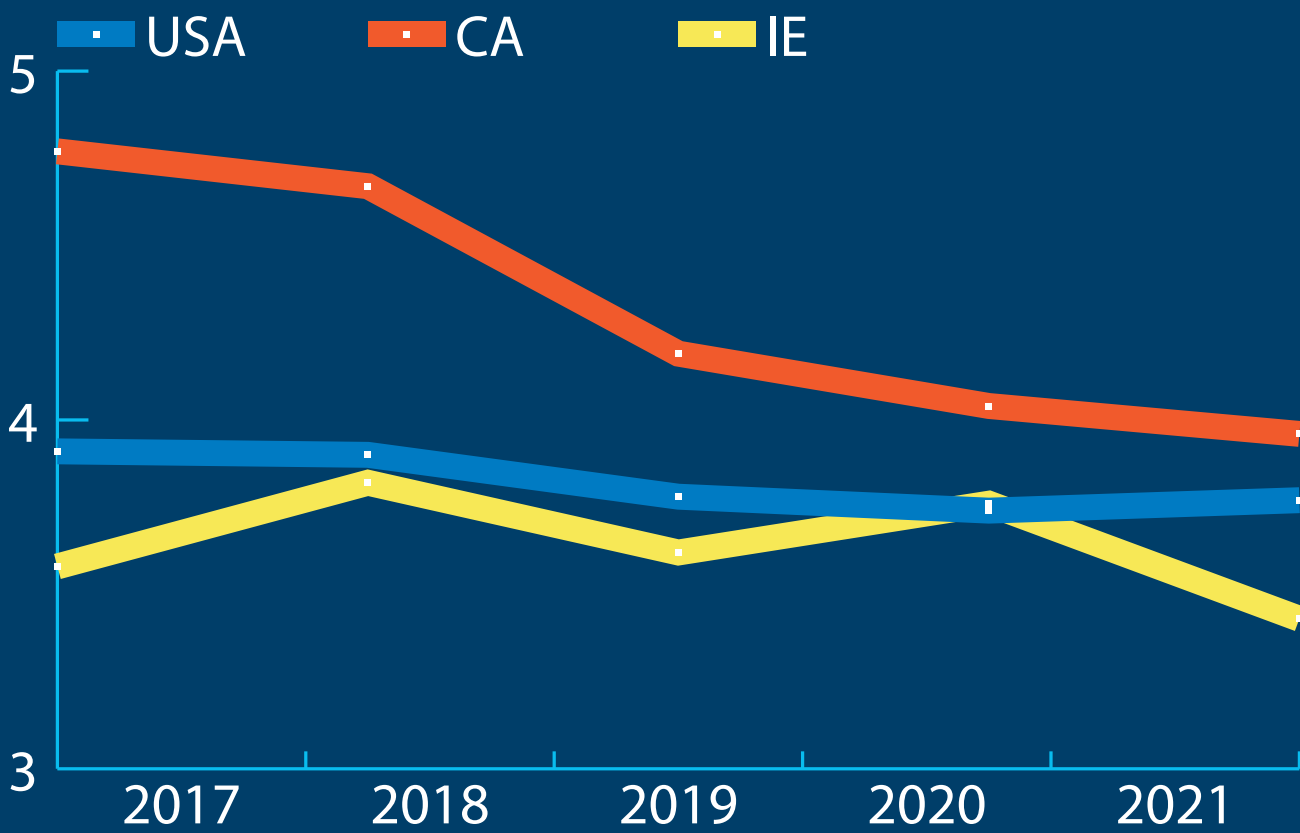
CPS monthly survey data from Census and BLS; and Reference Solutions Data Access

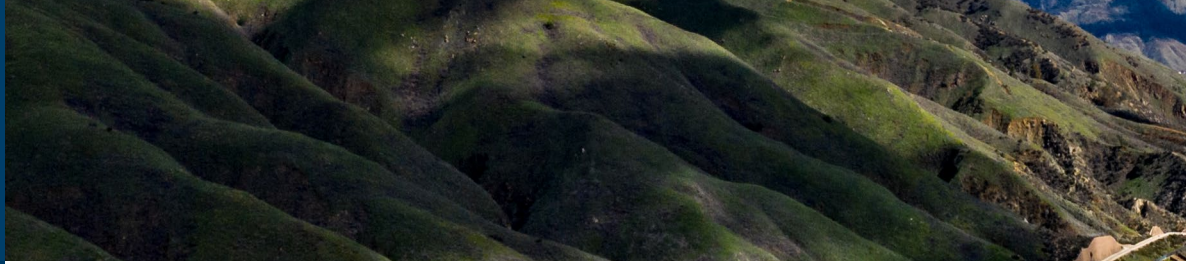
\*Please note that entrepreneurs often delay, or not report firm death, as a psychological coping mechanism (Usbasaran et al., 2013)

\*\*The CPS monthly data for 2021 is only available to September 2021.

\*\*\*The Kauffman indicator 4 data is only available at the State level.

## FIRM DEATH RATE





“

**THANK YOU  
FOR FINALLY  
ASKING!**





# VOICE

OF THE

# ENTREPRENEUR

# 2021 SURVEY

This section of the report addresses the “Voice of the Entrepreneur,” a survey which looks at the challenges and opportunities facing entrepreneurs in the region. It summarizes the results of a survey of Inland Empire entrepreneurs (data collected between June 4, 2021 and September 30, 2021). Questions on the survey addressed:

- / The profile of survey respondents and their business
- / Motivation for starting their business, most rewarding aspects of owning a business, personal goals as an entrepreneur, and most “misunderstood aspect” of what entrepreneurs do
- / Effects of the COVID lock down
- / Current status of the business (including difficulty of running the business during the pandemic and estimates of the timeframe for the business to “return to normal”)
- / Primary source and level of funding needed to launch the business
- / Most significant challenges currently faced by the company and the entrepreneur him/herself
- / Support (or lack thereof) from government
- / Difficulty accessing capital for the business
- / Definition of business “success”
- / Suggestions for what the public sector could do to help businesses
- / Plans to move the business outside of California
- / Skills missing in current employees

# TOP *ENTREPRENEUR* RESPONSE THEMES

## What is success to you?

- / Being able to satisfy the demand of goods/service as an entrepreneur*
- / Build a strong , and profitable business structure/model*
- / To create social benefit, and provide solutions to the society*
- / To fulfill one's passion, and lifestyle desire*

My definition of success is making a difference in someone's life for the better. Money is an important factor to be able to continue to sustain the business but 'getting rich' is not my desire.

**CUSTOMER  
SATISFACTION  
AND REPUTATION.**

Success is ending over 22 Veterans a day dying by suicide, we don't know complete success yet. But with every person we meet, and help the smile is success. The healthier relationship is success.

**SUCCESS IS  
WHEN YOU HAVE  
A WELL-OILED  
MACHINERY.**

**WHERE EVERYONE  
AT THE COMPANY  
IS VESTED, KNOWS  
THE VISION OF THE  
COMPANY, CAN  
SELF-MOTIVATE  
AND TAKE  
OWNERSHIP OF  
WHAT THEY DO,  
AND HOW  
THEY DO IT.**

Success is spending time with my family. Through entrepreneurship, i have been able to find time with my family

# TOP *ENTREPRENEUR* RESPONSE THEMES

## What is your personal goal as an entrepreneur?

*/ Achieve Financial Freedom*

*/ Build a self-running business model*

*/ Retire, and have succession plan*

*/ To serve the community*





To make myself obsolete in the business so it runs without me. The business is only valuable to a buyer with a solid team in place that can run it without the owner turning the crank.

**TO HAVE A SUCCESSFUL  
BUSINESS AND BE ABLE  
TO RETIRE FROM MY  
FULL TIME JOB.**

**MAKE ENOUGH  
MONEY TO GIVE  
AWAY SUPPORTING  
CAUSES NEAR AND  
DEAR TO ME.**

**TO BE ABLE TO  
IMPACT THE  
DESTITUTE  
CHILDREN  
WHO NEED  
OPPORTUNITIES  
TO LIVE A BETTER  
LIVES.**

To build a business that will allow me to retire but will continue to provide me with financial revenue forever as Warren Buffet once said: “ if you don’t find a way to make money while you sleep, you will work until you die.”

**To open and grow  
more of my business  
and be able to offer  
my employees steady  
income, benefits and  
opportunities**



# TOP *ENTREPRENEUR* RESPONSE THEMES

What could the public sector do or not do that would help businesses like yours be more successful?

- / More training/education for government, and training for entrepreneurs*
- / Government officials should receive entrepreneurship education*
- / Tax breaks and less restrictions for conducting businesses*
- / Better access to entrepreneurial resources*

“

I believe there should be more resource.

There is no place to go to foster your ideas, get help with funding and to learn what it really takes to have a successful business. As an entrepreneur, I feel like I am on my own. I can't go to a bank, they will laugh at me.

The major problem is most of these sources of support are offered by employees, not people with entrepreneurial experience. It's not that they aren't trying to be helpful, they are actually not qualified to work with entrepreneurs. They just don't truly understand that world.

**THEY DON'T UNDERSTAND BUSINESS, FOR THE MOST PART. THEY ACT ON WHAT WILL GET THE RE-ELECTED**

**ADVOCATE FOR LAWS THAT ARE MORE FAIR FOR THE EMPLOYER – THEY DON'T HAVE TO BE IN FAVOR OF THE EMPLOYER, JUST STOP BEATING US DOWN.**

**Be more forthright with educating the public on how to access funding. Public comments at council or board meetings is not enough.**

”

# VOICE OF THE ENTREPRENEUR

*This report primarily includes the results of the closed-item questions on the survey as well as a summary of responses to open-ended questions which allow us to “flesh out” the thinking (the voice) of the entrepreneurs.*

## PROFILE OF THE INLAND EMPIRE ENTREPRENEURS WHO RESPONDED TO THE SURVEY

A smallbizgenius article from August 19, 2021, compiled “39 Entrepreneur Statistics You Need to Know in 2021,” an interesting profile of US entrepreneurs gleaned from a variety of web sources. We use this profile to compare to the Inland Empire respondents of the Voice of the Entrepreneur survey.

First, the article notes, “for every seven women starting a business in the US, 10 men do the same.” Male vs. female disparity in entrepreneurship has been declining over time, but still exists somewhat. In our survey, there is an almost even split of males (49.5%) and females (48.1%).

The article also indicates that the majority of entrepreneurs across the US (64%) are White, 14% are African Americans, and 8% are Latino/Hispanic. Given the Inland Empire’s high rate of residents of Hispanic/Latino origin, it is not surprising that 21.7% of our survey respondents self-identified as Hispanic/Latinx. The majority (53.7%) of our survey respondents are White.

Some people have a pre-conceived notion that a college degree is necessary for success in business, yet data from guidantfinancial.com indicates that nearly a third of US entrepreneurs have only a high school degree. Respondents to our survey were much more highly educated than those in that nationwide survey – in our Inland Empire survey, we found that only 9.8% of respondents have only a high school degree or GED. Over 60% (61.4%) have a college degree or graduate degree.

The table to the right (FIG 1.0) also shows that over two-thirds of our survey respondents (69.4%) have their current business as their primary source of personal income (as opposed to a part time effort to supplement other income). Further, our respondents are experienced entrepreneurs who have owned multiple businesses: six in 10

### Description of Respondents /FIG 1.0

#### GENDER

Male	49.5%
Female	48.1%

#### ETHNICITY (MULTIPLE RESPONSE QUESTION)

White	53.7%
Hispanic/Latinx	21.7%
Black/African American	14.1%
Asian/Pacific Islander	6.5%
Native American/American Indian	2.5%
Other	3.8%

#### MEDIAN AGE

25 to 34 years old	6.1%
35 to 44 years old	19.4%
45 to 54 years old	23.7%
55 to 64 years old	29.9%
65 or older	21.0%

#### EDUCATION

High School Degree/GED	9.8%
Some College	28.8%
College Degree	30.5%
Graduate Degree	30.9%

#### PRIMARY SOURCE OF PERSONAL INCOME?

Yes	69.4%
No	30.6%

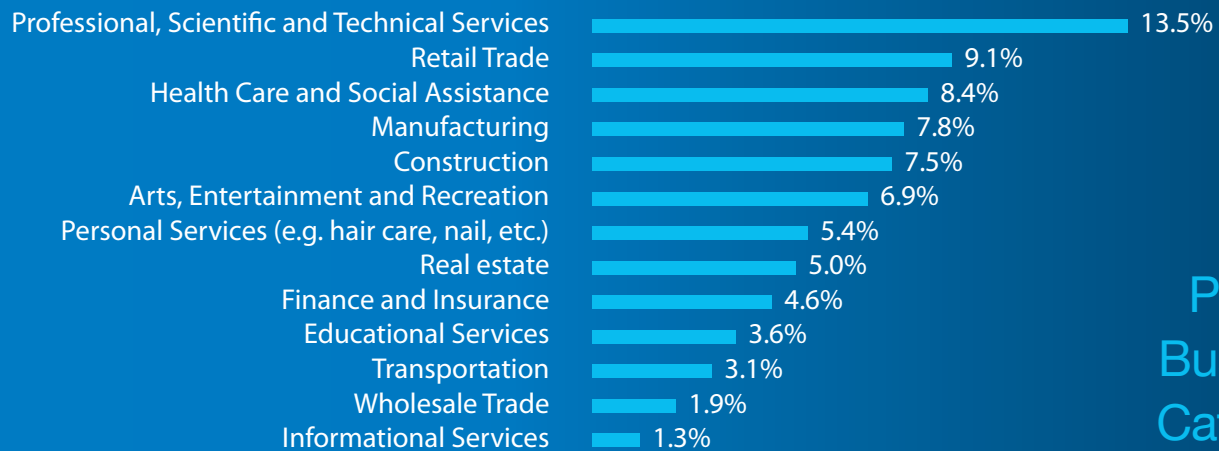
#### AVERAGE (MEAN) # BUSINESSES OWNED (INCLUDING THE CURRENT BUSINESS)

	2.36 BUSINESSES
1	39.5%
2	29.0%
3	16.1%
4 or more	15.4%

#### FOUNDER OF CURRENT BUSINESS?

Founder	72.7%
Co-founder	14.5%
Purchased the business	8.6%
Other	4.2%





/FIG 2.0

## Primary Business Category

have owned businesses other than the one they currently own, with 15.4% of respondents indicating that they have owned four or more businesses. Finally, the vast majority (87.2%) of respondents are the Founder or Co-Founder of their current business.

### PROFILE OF THE RESPONDENT'S CURRENT BUSINESS

Survey responses came from entrepreneurs owning businesses in a variety of categories, with the highest number coming from the Professional/Scientific/Technical Services category (13.5%).

As shown in the above table (FIG 2.0), nearly half of respondents (47.8%) are long-time entrepreneurs who have been operating their current business for more than 10 years. The sample includes an almost even split of Riverside and San Bernardino County locations, with a small number of LA County businesses (from the cities of Claremont and Pomona) represented. Most of the businesses are either sole proprietorships or S-Corporations.

Most of the respondents own small businesses with 5 or fewer employees, and the data show that they have fewer employees currently than they had pre-pandemic (a mean of 17.95 currently vs. 20.42 pre-pandemic). About six in 10 (62.4%) had gross revenues of less than \$400,000 in 2020.

The table to the right (FIG 2.2) includes further description of the businesses represented in the survey.

### Description of Respondent's Current Business: /FIG 2.2

#### NUMBER OF YEARS OPERATING CURRENT BUSINESS

Just started through 5 years	33.0%
> 5 years up to 10 years	19.2%
More than 10 years	47.8%

#### CURRENT STRUCTURE OF BUSINESS

Sole proprietorship	34.9%
S-Corporation	29.0%
Limited Liability Company (LLC)	19.3%
Corporation	13.4%
Partnership or Limited Partnership	3.3%

#### PRIMARY LOCATION (HEADQUARTER)

Riverside County	47.6%
San Bernardino County	49.8%
Los Angeles County	2.6%

#### NUMBER OF EMPLOYEES (FT & PT) PRE-PANDEMIC

	MEAN = 20.42 MEDIAN = 3
0 employees	15.9%
1 to 5	48.4%
6 to 10	12.3%
11 to 20	8.6%
More than 20	14.7%

#### NUMBER OF EMPLOYEES (FT & PT) CURRENTLY

	MEAN = 20.42 MEDIAN = 3
0 employees	15.5%
1 to 5	52.4%
6 to 10	9.6%
11 to 20	8.7%
More than 20	13.9%

#### GROSS REVENUE LEVEL FOR 2020

Below \$400,000	62.4%
\$400,000 - \$999,999	15.9%
\$1 - \$4.99 million	12.4%
\$5 million or more	9.3%

## WHY DO PEOPLE START THEIR OWN BUSINESS?

Most people, at some point of their career, have found their jobs “unsatisfying.” In fact, one nationwide survey revealed that 44% of US workers reported having “mediocre” jobs and 16% said they were in “bad” jobs. Some workers unhappy with their jobs simply accept their situation and keep working, some seek to change departments or job roles in their company, some quit and either apply for jobs in other companies or decide to start their own business.

Focusing on those who chose to quit their jobs: a Digital.com survey released on September 7, 2021, showed that 32% of Americans who chose to quit their jobs decided to start their own business. That is an interesting choice considering that 20% of new businesses fail within a year, and according to BLS data, only 34% make it to 10 years. Yet recent surveys show that more than half of respondents feel that starting one’s own business is a good career move, 40% of respondents seemed to think that “it is easy to start a business,” and nearly half (49%) believe they personally “have what it takes” to do it.

What do Inland Empire entrepreneurs say about the reasons for starting their current business? As noted in the following table (FIG 3.0), the main motivations for Inland Empire entrepreneurs to start their own business are: having the freedom to control their lifestyle and schedule, being their own boss, creating a business that would allow them to take advantage of their talents in a specific skill or trade, and making more money (i.e. “building real wealth”). These results are consistent with those in the Digital.com nationwide survey.

### What led you to start your own business?

Check all that apply. /FIG 3.0

	Number of mentions	Percent of Respondents Who Answered
More freedom to control my lifestyle & schedule	490	48.6%
Being my own boss and working on things that matter to me	478	47.4%
Creating a business that would allow me to take advantage of my talents in a specific skill or trade	472	46.8%
Potential to make more money/financial independence	451	44.7%
Recognized a great problem or need in the market	287	28.4%
Interested in creating a business from the ground up	209	20.7%
Lost a job/laid off, and created a business to replace it	132	13.1%
Wanted more job security	92	9.1%
Other	100	9.9%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.

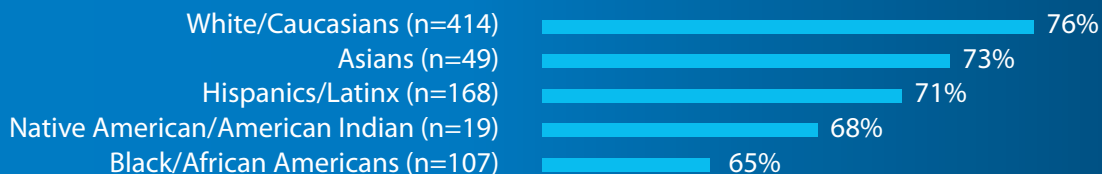
In a related question, respondents were asked, “What is/are the most rewarding part(s) of owning your own business?” “Serving clients/customers” was listed as one of the most rewarding parts of owning the business. “Flexibility” and “Being my own boss” were close seconds (which is not surprising since they had already mentioned it as one of the major factors in starting the business originally). In addition, factors such as passion, pride, challenge, ability to innovate, and work/life balance were also mentioned in large numbers.



/FIG 3.2

**Most Rewarding  
part(s) of owning  
your own business**

Respondents were asked an open-ended question: “how did you know that the current business you started represented an opportunity for success?” Some people responded by saying that they DID NOT know...they just “took it on faith and kept going.” Others responded with statements reflecting altruism, for example: “Realized I am a servant leader and wanted to offer my help in any way that would be wanted and received well,” or “Actually I wanted to start a business to help people be healthier and happier pre-pandemic. Now the timing / need is there.” Some cited having prior experience in the industry before forming their own business: “Had experience supplying our markets with a previous employer. We perform better, we get the work.” Some responded with the attitude of: “if others can do it, why can’t I?” However, the predominant theme of the responses was the simple recognition that there was a need they could fill, for example: “Everyone needs a landscaper,” “Every business owner needs the service we provide to be compliant with State and Federal law. We found our niche market,” “I knew there was an opportunity for success because it was a perfect little bubble of high demand, not a widely known solution, and little to no competition.”



/FIG 4.0  
% “very” or “somewhat difficult dealing with the pandemic”

## EFFECTS OF THE COVID LOCKDOWN

For many small businesses, the COVID lockdown was a challenging and perhaps business-killing event. In fact, according to the Federal Reserve Bank of New York and AARP, more than 20% of small businesses nationwide closed during the first wave of COVID-19, and closures were even higher for businesses owned by older people (45 and older) and people of color. Yet the pandemic also provided opportunities for some entrepreneurs who were able to pivot quickly to virtual operation or provide much-needed products such as attractive face-masks, sanitizers, and yes, of course, toilet paper. The Digital.com survey noted that 60% of “budding entrepreneurs” used their time in lockdown to educate themselves on starting a business, and 59% realized how vulnerable they were working for someone else who might close down at any time. Some used stimulus money to help fund their new enterprise.

In the Inland Empire, the vast majority of our “Voice of the Entrepreneur” survey respondents (92.6%) indicated that they were able to keep operating during the pandemic (and are operating currently). Of the 57 individuals who indicated that their business closed and answered a multiple response question asking about reasons for the closure, 34 cited “effects of the pandemic.” Twenty (20) cited a lack of capital, and 17 cited low sales and cash flow.

Even though most of the respondents were able to continue operating during the pandemic, the lockdown and “pandemic safety procedures” have been a challenge as entrepreneurs strove to find new customers and keep existing customers. Nearly three quarters of respondents (72.9%) indicated that it has been “very difficult” or “somewhat difficult” to deal with the coronavirus pandemic (from a business perspective). Males were slightly more likely than females to report such difficulty (75.4% of males vs. 72.2% of females). White/Caucasian entrepreneurs were more likely to report such difficulty than entrepreneurs of different ethnicities, followed by Asians and Hispanics/Latinx.

Age of the business was also a factor in the difficulty dealing with the pandemic, but the Inland Empire survey data are not necessarily consistent with US data regarding whether younger or older businesses were affected more. In the Voice of the Entrepreneur survey, 61.5% of businesses that have been operating 5 years or less reported that dealing with the pandemic was “very” or “somewhat” difficult, vs. 79% of those that have been in business more than 5 years (perhaps reflecting that “younger” businesses were able to pivot better when faced with COVID). In contrast, a report by the Kauffman Family Foundation concluded that US entrepreneurs with “younger businesses” (especially those less than a year old) experienced more challenges than “older businesses.”

The obvious question on the minds of businesspeople, public officials, scientists, and most of the world’s population is: when will the COVID pandemic end and things “return to normal?” The answer from a scientific point of view is: who

knows. It depends on the vaccination rate and the possibility of new variants. In fact, many scientists believe that COVID will never completely go away. If that is correct, it is probable that businesses will have to continue to take precautions (i.e., masking, social distancing, improved sanitizing protocols) for the foreseeable future to protect the safety of their employees and customers.

Inland Empire survey respondents were asked for their best estimate of how long it will take their business to return to normal (whatever their definition of “normal” is). Many (14.0%) had no idea how to answer the question. Approximately 1 in 5 (18.4%) indicated that there had been little or no effect on the business’s normal level of operations during the pandemic, thus the idea of a “return” to normal is irrelevant. Another 26.7% indicated that business has already returned to normal or predicted it will do so within another 6 months.

Given the responses in FIG 5.0, what are respondents’ plans for hiring or rehiring during the remainder of 2021 and for 2022? About a third of respondents indicated (FIG 5.2) that they would not be hiring or rehiring for the remainder of this year. However, the predominant response is that companies plan to increase the number of employees for the remainder of 2021 and into 2022 (assuming they are able to find the talent they need).

Finally, we asked entrepreneurs to compare their gross revenue levels for 2020 with a “typical year” for their business, and asked for their projections of changes for 2021. Over half (56.3%) of respondents said that revenue for 2020 was either slightly or significantly lower than a “typical year.” Fortunately, only 15.3% believe that 2021 will also turn out to be a difficult year revenue-wise when compared with 2020.

#### SOURCES OF FUNDING TO LAUNCH THE BUSINESS

A financesonline.com nationwide survey showed that 77% of

#### Now looking towards the future, how long do you think it will take for your business to “return to normal?” /FIG 5.0

	Frequency	Percent
<b>Business has already returned to normal</b>	142	17.8
<b>Within 6 months</b>	71	8.9
At least 6 months but less than a year	95	11.9
At least a year but less than 2 years	143	17.9
2 or more years	33	4.1
Will never return to its normal pre-pandemic level of operations	57	7.1
<b>There was little or no effect on the business's normal level of operations</b>	147	18.4
No idea	112	14.0
<b>Total</b>	800	100.0

#### For the remainder of 2021, what are your plans for hiring or rehiring? /FIG 5.2

	Plans for remainder of 2021		Plans for 2022	
	Frequency	Percent	Frequency	Percent
<b>No new hires or rehires</b>	272	34.4	151	19.2
<b>Rehire furloughed employees</b>	23	2.9	16	2.0
Increase number of employees	320	40.5	400	50.8
Decrease number of employees	10	1.3	5	0.6
Don't know yet	166	21.0	216	27.4
<b>Total</b>	791	100.0	788	100.0

#### /FIG 5.4

	Revenue for 2020 compared with “typical year”		Projected changes in 2021 revenue when compared with 2020	
	Frequency	Percent	Frequency	Percent
<b>Significantly higher</b>	58	7.8%	173	23.0%
<b>Slightly higher</b>	109	14.6%	270	36.0%
About the same	159	21.3%	193	25.7%
Slightly lower	142	19.0%	61	8.1%
Significantly lower	279	37.3%	54	7.2%
<b>Total</b>	747	100.0%	751	100.0%



entrepreneurs use personal funds to finance their small business. In the Inland Empire Voice of the Entrepreneur survey, that number was even higher – 81.3%. Further, 18.2% borrowed from friends and family, and 11.1% got a bank loan to launch their current business.

Since most of the entrepreneurs used personal funds, it is important to know approximately how much financial investment was needed to start the business. The literature is unclear on this issue, with some surveys listing \$10,000 as the average amount of startup capital required by a small business owner, and others listing as much as \$80,000.

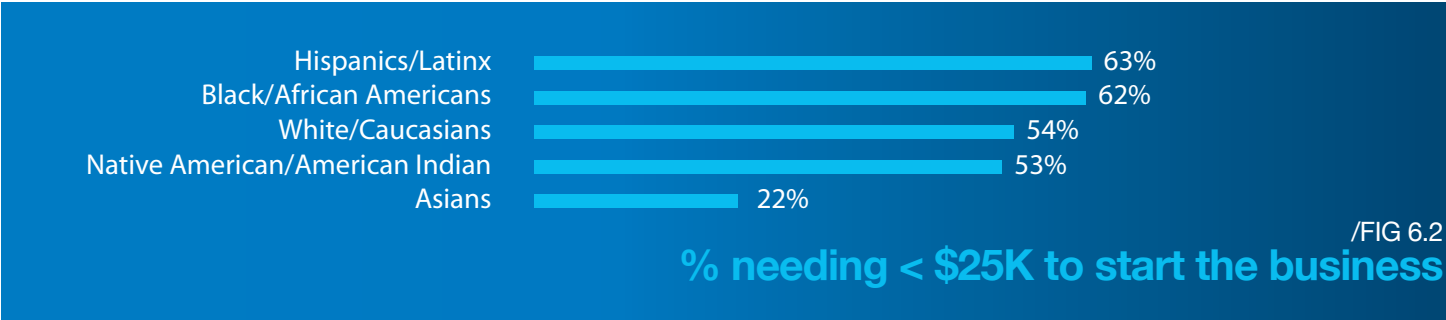
As noted in the table below, 54.6% of our respondents needed less than \$25,000 to start the business. It is worth noting, however, that women needed less financial investment than men did when starting a business – 65.6% of women vs. 42.9% of men needed only a relatively small amount of financial investment (less than \$25K) to start their business.

Further, there are differences based on ethnicity of the entrepreneur, with Hispanic/Latinx and Black/African American entrepreneurs needing less initial financial investment than entrepreneurs in other ethnic categories do.

How difficult was it to access capital for the business (either for start-up or for ongoing costs)? Some respondents (21.2%) reported that they had not sought outside capital for their business. Of those who DID seek such capital, 61.6% reported that it has been either “very difficult” or “somewhat difficult” to access the capital.

**In total, approximately how much financial investment was needed to start the business? /FIG 6.0**

	Frequency	Percent of Total Sample	Percent for Male Respondents	Percent for Female Respondents
\$0 - \$24,999	495	54.6%	42.9	65.6%
\$25,000 - \$49,999	107	11.8%	11.1	11.2%
\$50,000 - \$99,999	104	11.5%	14.8	7.9%
\$100,000 - \$249,999	100	11.0%	14.8	9.6%
\$250,000 - \$499,999	43	4.7%	7.9	2.2%
\$500,000 - \$749,999	18	2.0%	2.6	1.1%
\$750,000 - \$999,999	8	0.9%	1.1	0.3%
\$1,000,000 and above	31	3.4%	4.8	2.2%
Total	906	100.0%	100.0	100.0%



**CHALLENGES**

As noted earlier, a majority of the entrepreneurs surveyed indicated that dealing with the pandemic has been a challenge, thus it was not surprising to find that when presented with a multiple response question regarding the most significant challenge(s) faced by the company, “impacts of the coronavirus” was the most-often mentioned challenge (45.2%).

In addition, a large group of entrepreneurs mentioned “finding talent” (41.2%). It is not surprising to find entrepreneurs expressing frustration with the challenge of finding talent to work in the business. A National Federation of Independent Business survey released in August 2021 showed that 50% percent of small business owners nationwide reported job openings that could not be filled (a 48-year record high for the second consecutive month) . Newspapers are replete with stories about the reasons why people are staying out of the job market even when employers are offering higher-than-usual salaries and signing bonuses for their employees. Those reasons include parents needing to stay at home with their children during the school closures, concerns of

**What is/are the most significant challenge(s) your company faces right now?**  
Please check all that apply. /FIG 7.0

	Number of mentions	Percent of Respondents Who Answered
Impacts of the Coronavirus pandemic	366	45.2%
Finding talent	333	41.2%
Government regulation	282	34.9%
Supply chain disruptions/delays	271	33.5%
Controlling costs	236	29.2%
Access to capital	234	28.9%
Cash flow	230	28.4%
Keeping up with technological changes	160	19.8%
Competition	117	14.5%
Other	141	17.4%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. "Percent of respondents who answered the question," therefore, does not sum to 100%.

**What is/are the most significant challenge(s) you personally face right now?**  
Please check all that apply. /FIG 7.2

	Number of mentions	Percent of Respondents Who Answered
Time management	346	43.6%
Working more hours than "typical" businesspeople	341	42.9%
Managing stress	322	40.6%
Finding time for family and friends	226	28.5%
Saying "no"	205	25.8%
Delegating tasks	186	23.4%
Self-doubt	182	22.9%
Other	139	17.5%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. "Percent of respondents who answered the question," therefore, does not sum to 100%.

potential employees about workplace safety, availability of stimulus money, which extended unemployment benefits and rental assistance, etc.

Even if entrepreneurs can find employees for their business, those employees do not necessarily have all of the skills that would be desired. When respondents were asked in an open-ended question about the "one key skill" employees are currently missing, a wide variety of responses were given, however the overwhelmingly predominant answer focused on personal characteristics and soft skills. Specifically, respondents talked about the need for employees with ambition, pride, a good work ethic, honesty, a pattern of showing up for work on time, curiosity and initiative, dependability, determination, loyalty, and motivation. In addition, respondents talked about wanting their employees to have time management skills, customer service skills, communication skills, technology skills, and "accuracy and attention to detail."

As noted in the table above (FIG 7.0), other significant challenges faced by companies include government regulation (e.g., rules for social distancing in the workplace, public health measures, etc.) and supply chain disruptions/delays on raw materials, personal protective equipment (PPE), and consumer products ranging from toilet paper to computer chips to automotive parts.

A related survey multiple response question focused on the challenges personally faced as an entrepreneur. In a word, the major issue verbalized is TIME – time management, working too many hours, managing stress, finding time for family and friends, and saying "no" (perhaps to find time for better work/life

balance). It is possible that mentorship programs through universities or non-profits will provide education and networking to help entrepreneurs in that regard.

The above categories (FIG 7.2) were presented to respondents in a “check-off” list, but there were a great many “other” challenges noted, including finding childcare, concerns about personal finances, making decisions about whether to “cut one’s losses” if there is another shutdown, managing employees, and lack of support by city/county/ state government because of not having a “brick and mortar” business.

### PERCEPTIONS OF SUPPORT (OR LACK THEREOF) FROM GOVERNMENT

Representatives of the public sector (local, state, and federal government) often talk about supporting entrepreneurs with policies such as aid for R & D, help with commercialization and tech transfer, and creation of loan and grant programs to stimulate business activity. However, do entrepreneurs see this as “just talk,” or do they believe that the talk is translated into action?

Three survey questions focused on entrepreneurs’ perceptions of the attitude and supportive actions taken by the public sector towards entrepreneurs. The results are quite sobering. A substantial-sized group of entrepreneurs (42.2%) disagree or strongly disagree that the public sector has a **favorable attitude** toward entrepreneurs, and even more (47.5%) disagree to some level that the actions of local, state, and federal government are supportive

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly Agree
“In my experience, those in the public sector (local, state and federal government) have a <b>favorable attitude</b> towards entrepreneurs.”	18.7%	23.5%	25.8%	24.4%	7.5%
“In general, I believe that the <b>actions</b> taken by the public sector (local, state and federal government) are <b>supportive of entrepreneurs</b> .”	21.2%	26.3%	23.0%	23.2%	6.3%
“In general, I believe that the <b>actions</b> taken by the public sector (local, state and federal government) are <b>consistent with their attitude</b> toward entrepreneurs.”	10.9%	15.4%	29.3%	30.7%	13.7%

of them. In addition, 44.4% agree or strongly agree that public sector **actions** are consistent with their attitude toward entrepreneurs.

### WOULD THEY DO IT AGAIN...ESPECIALLY IN CALIFORNIA?

Being an entrepreneur is not easy. It takes hard work, passion, belief in oneself, patience, persistence, commitment, financial backing, and the support and advice of family and friends. The entrepreneur must be ready for unanticipated “bumps in the road,” and frustrations can be high. Yet 85.5% of respondents to the Voice of the Entrepreneur survey said that they would start their business again, even knowing what they know now about the business climate. Another 10.9% said that they “might” start it again.

**The 3.6% of respondents who said they would NOT start their business again were asked for their reasons.** The following examples of verbatim quotes focus on the **amount of time** that must be spent (and the **sacrifices** that must be made) to make a venture successful:

“A 24-hour commitment is not what I was expecting.”

“I had NO idea about the time commitment required, employee challenges, or the cost of running a business in California. Starting a business in a more minimum wage & tax friendly state, with lower rent would be a better decision, as I don’t see a lot of profit in this business due to costs.”

“If I knew how much more you work for yourself and the sacrifices given up, (i.e.: seeing my kids more as they grew up) I think I would have stayed working for someone else. I know my husband, who has ALWAYS worked for himself, would not have been as successful if I had not helped him with the business.”

“It takes A LOT of time to run a business ethically and responsibly, which takes quite a bit of time away from my personal/family life.”

### Some respondents talked about the financial strain of starting a business:

"Challenges of economics, increased competition, increased taxes, reduced financial reward."

"I went through years of poverty and determination before I started to become successful. Then, after I'd pretty-much starved myself into success, suddenly the government demanded more money from me than I actually had earned."

"There is no way to raise capital for my business. Banks refuse to fund me because I am too small and I was passed over 5 times for COVID relief grant, denied economic injury loans even though the government closed me for over a year due to COVID."

"Very hard to break even between government regulations, increase in cost of living, increase in wages, insurance, and cost of getting clients."

### Complaints about government regulation were sprinkled throughout the comments:

"It's not that I wouldn't want to start or buy a business, the issue revolves around the current state of the economy in California relating to the shutdowns with COVID and over-regulation in the segment I am in. I would have opted to delay the business start a few years and considered another state when it was time."

"Regulation and labor laws (wage and hour class action suits) are an issue. I am at a huge disadvantage doing business in California when my competition is in more business- friendly states."

"Regulations, taxes, fees and dealing with employees."

The reader will note that some of the above comments also included statements regarding the **difficulty of doing business in California**. Following are a few other comments on that issue:

"The business climate in California is horrible. Constantly feel I am a target for the state bureaucracies to extract money from. Insurance companies operate like a monopoly, Worker's compensation, minimum wage, CARB, ....so many regulations and hoops to jump through."

"As President Reagan famously said, 'Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.'"

The government and California specifically, does everything in its power to control, conform, and contain small businesses in a hostile environment of regulation and taxation. It won't end well for California as more and more business leave and never look back!"

"California is not a good place to start a small business. Too many laws and agencies working against you."

Respondents were also asked whether they would recommend to their friends or family that they start a business. Half (50.2%) said "yes" (perhaps due to factors such as those quoted above) and another 44.7% said "maybe." Respondents noted that it takes a lot of work, commitment, and discipline to succeed, yet can

### Who do you talk to most frequently about your business that understands what you are going through and can provide feedback/guidance? / FIG 8.0

	Number of mentions	Percent of Respondents Who Answered
Peer entrepreneur	491	57.2%
Spouse or significant other	434	50.6%
Accountant	210	24.5%
Business coach	193	22.5%
Attorney	68	7.9%
Banker	56	6.5%
Other	217	25.3%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. "Percent of respondents who answered the question," therefore, does not sum to 100%.



be incredibly rewarding. They noted, “Being an entrepreneur isn’t for everyone.” As one person said: “A lot depends on resources, skill-set, motivation and more.”

Whom do entrepreneurs turn to when they need feedback, advice, and guidance from someone who understands what they are going through? Over half of respondents (57.2%) mentioned a “peer entrepreneur” with whom the person can discuss ways to deal with situations at work (e.g., employee “challenges,” financial issues, work/life balance, etc.), share ideas to make things run more efficiently and effectively, and commiserate about frustrations and confusions. Half (50.6%) mentioned spouses/significant others as people to talk to.

### TO STAY, OR NOT TO STAY...

Sometimes the difficulties of running a business become so frustrating that entrepreneurs either close their business completely or move to what is perceived to be a more “business friendly” state. A Hoover Institute report just published in August 2021 shows that there have been more headquarter losses from January to June 2021 than in the previous two-years combined... not a good sign. Companies are moving because of California’s high tax rate, regulatory environment (e.g., permits and licensing, overtime laws), and some of the highest prices in the country for labor, energy, housing, and the general cost of living.

Our Inland Empire respondents were asked whether they had ever thought about moving their business outside of California. Over half (55.6%) of respondents answered in the affirmative. A multiple response follow-up question asked those individuals for their reasons for considering moving outside of California. The data in the table below show that people are not being “pulled” from California, lured by incentives from other states. Rather they are being “pushed” – they are tired of dealing with the high cost of doing business, the tax rate, and the regulatory environment. In addition, although some people come to sunny California for the enviable “California lifestyle,” about 50.5% of respondents felt that there are better lifestyle choices in other states.

One brief note: we noted earlier in this report that 41.2% of respondents listed “finding talent” as one of the major challenges companies currently face. And in a specific question asking whether there is an adequate pool of talented labor in the region, only 40.7% of respondents said “no.” Yet the table above shows that relatively few people (13.2%) had considered moving out of California due to a lack of skilled labor. This issue is apparently not overwhelming enough to make companies consider making the move, or perhaps they understand that labor shortages are significantly affecting businesses in other states as well as in California.

If feasible, would our respondents actually consider moving their business outside of California in order to operate more competitively? 36.3% of respondents said “yes” and another 22.9% said “maybe.” As noted in the Hoover report, rising business costs, tax policies, regulatory policies, etc. are causing an increasing exodus of companies from the state. The report states: “Unless policy reforms reverse this course, California will continue to lose businesses, both large established businesses, as well as young, rapidly growing businesses, some of which will become the transformational giants of tomorrow.”

### CONCLUDING COMMENTS

This section of the report has “given a voice” to Inland Empire entrepreneurs, many of whom said in a final survey question that they love being an entrepreneur and appreciated the opportunity to weigh in regarding the motivations, rewards, and challenges of their professional lives. Several commented that they are willing to collaborate on entrepreneurship initiatives in the region, and were willing to provide their name and contact information to show they were serious. We hope that public sector representatives take advantage of our respondents’ interest in helping to improve the entrepreneurship ecosystem in the region.

### Reasons for considering moving outside of California /FIG 8.2

	Number of mentions	Percent of Respondents Who Answered
Cost of doing business	378	83.1%
Taxes	349	76.7%
Regulatory environment	285	62.6%
Better lifestyle choices in other states	230	50.5%
Business climate	169	37.1%
Incentives from other states	136	29.9%
Lack of skilled labor	60	13.2%
Other	61	13.4%

*NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.*



# FACTS AT A GLANCE

The 1<sup>st</sup> and ONLY School of Entrepreneurship in California  
–One of Less Than 15 Worldwide

The School delivers and coordinates academic programs at the undergraduate and graduate level. The programs focus on helping students acquire an entrepreneurial mindset and the competencies and knowledge that will enable them to launch new ventures or be innovative changemakers in existing organizations.

**Programs offered include:**

- /BA – Administration – Entrepreneurship Concentration
- /Minor in Entrepreneurship
- /Master of Science in Entrepreneurship and Innovation (MSEI)
- /Master of Business Administration (MBA) – Entrepreneurship Focus Area

In addition, the School coordinates the following interdisciplinary programs in Entrepreneurship:

- /BA – Liberal Studies – Entrepreneurship Concentration
- /BA – Career and Technical Studies – Entrepreneurship Concentration
- /Minor – Entrepreneurship in the Arts
- /Certificate – Arts and Entrepreneurship



**9<sup>th</sup> most popular @ CSUSB**  
out of 108 programs

**The most popular @JHBC**  
for Freshman applications (Fall 2021)



**338 students**  
currently enrolled

**5 full-time and 12 part-time Faculty**



**Nearly 1,000 students**  
representing

**35 degree programs** took Entrepreneurship courses last year

**Recognized as a  
Top 35 Global Program  
for Fostering Entrepreneurship**



*The Inland Empire Center for Entrepreneurship (IECE) and the academic programs in Entrepreneurship have been recognized for their excellence through numerous rankings and awards, including recognition as a Top 35 Global Program for Fostering Entrepreneurship and Innovation*



# INNOVATION DESTINATION

The School aims to be a “destination” program that attracts students and faculty from beyond the Inland Empire.



- **TOP #15** Graduate Program in the Western States
- The Only CSU to Rank in 2022 Entrepreneur magazine and The Princeton Review



## GROWING POPULARITY

For Fall 2021, Entrepreneurship is the most popular Freshman application for the Jack H. Brown College (JHBC), and the 9th most popular application at CSUSB out 108 programs.

Entrepreneurship is now taught as part of the General Education program at CSUSB (Category E) and is included in the *Core Elective Curriculum* for all Administration majors in the JHBC.





# REGIONAL PERSPECTIVES ON ENTREPRENEURSHIP





# REGIONAL PERSPECTIVES ON *ENTREPRENEURSHIP*

The Inland Empire is fortunate to have strong regional leadership in the areas of economic development and entrepreneurial support organizations and programs.

From a list of 28 prospective leaders that represent the geographic diversity of the region, the research team conducted virtual and in-person interviews in October and November 2021. This section of the report taps into that extensive network of experience to present their insight on the state of entrepreneurship in the region.





## ROB MORAN

**Deputy Director, Riverside County  
Office of Economic Development**

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**Many  
weathered the crisis  
by finding alternative  
ways to do business  
or diversifying their  
services**



**RIVERSIDE COUNTY  
OFFICE OF ECONOMIC DEVELOPMENT**

County officials say small business makes up the vast majority (96 percent of businesses have 50 employees or less) and drives the economy in the two-county region.

But the COVID-19 pandemic wreaked havoc on international, national and local economies. Certain sectors were impacted more significantly than others and for some, it was detrimental. Even so, many weathered the crisis by finding alternative ways to do business or diversifying their services, says Rob Moran, Riverside County Office of Economic Development deputy director. He says this new type of crisis planning or business resiliency along with significant support has historically and will in the long run contribute to thriving small businesses and entrepreneurs.

“This region is well suited for folks that want to set up a business and grow. And I’m absolutely biased, but I

don’t think there’s a better place to set up and establish businesses. We have a growing marketplace and powerful ecosystem of support that exists and continues to evolve and grow.”

Through partners and internal initiatives, the Riverside County Office of Economic Development offers assistance from getting started, growth to public/private loans and specialized guidance like securing intellectual capital. The county also has a small network of incubators in Coachella, Riverside and Southwest Riverside County concentrated in genomics, technology transfer, cybersecurity and general manufacturing. Small and micro-grant programs are in the works as well as an effort to build and develop a continuum of care pipeline and mentorship opportunities.

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**We try to bolster what *businesses* do and get them to a place *where they can be successful* because ultimately their success is our success**



Economic Development



**MICHAEL  
JIMENEZ**

**Deputy Executive Officer**  
County Community Services

## INCREASED BUSINESS FOCUS, SUCCESS AT HEART OF SB COUNTY EFFORTS

As leadership has changed over the past few years in the country's largest county in area - San Bernardino - there's been an increased focus and efforts on business, especially through the lens of equity since the county declared racism as a public health crisis in 2020.

"We try to bolster what businesses do and get them to a place where they can be successful because ultimately their success is our success," says Michael Jimenez, Deputy Executive Officer of the Community Services Group.

With industries like manufacturing, logistics and green technology still booming and much less startup capital needed than neighboring counties, officials say opportunities and growth will continue to rise. The hope is that results will benefit local communities, the nation and possibly the world. At a recent county business summit, the County highlighted CSUSB alumni and young entrepreneurs David Friedman, of Realicore Real Estate Group and Viva La Boba, and

Destiny Muse, of Grounded Self Care Studio; the Black and Brown Economic Empowerment Partnership (BEEP); MP Materials, the only rare earth mining and processing site in North America; and KIGT, the first and only African- American manufacturer of electric vehicle charging stations. On top of that, officials say there are also longtime examples of success such as ESRI, Garner Holt and Stater Bros. Markets.

The challenge is keeping up with and staying ahead of the demand for business support, especially when it comes to capital dollars. But Jimenez is optimistic that the partnerships being forged now will help along with collaborative efforts to continue to bring major funding into the region.

"The report being put together will be a game changer for the region to understand how many entrepreneurs are actually here, the percentage of entrepreneurs and how much is the equity divide because we need that type of resource. We have it for every other industry, but not necessarily just for entrepreneurship."



CATHERINE  
MARSHALL

**Executive Director,** MicroEnterprise  
Collaborative of Inland Southern California

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**We've got a *big divide*, especially when it comes to financial literacy and technology**

Gap in Entrepreneurship in the IE,  
Optimism for Increased Funding/  
Support



**MicroEnterprise  
Collaborative**

INLAND SOUTHERN CALIFORNIA

“We’ve got a big divide, especially when it comes to financial literacy and technology. There’s a large percentage of disadvantaged entrepreneurs that struggle with basics like how to do bookkeeping, search the Internet or operate business with more than just a telephone. On the other hand, there are some businesses that thrived during COVID and did so because they accessed the resources they needed, were savvy about how they found their research to pivot and actually changed their market and some businesses did fantastic. But there’s a big divide between those who got there and those that didn’t quite get there and still need a lot of help. If we can just make sure they get that help, then they’re going to be able to catch up and make a nice income for themselves and their families.”

The MicroEnterprise Collaborative of Inland Southern California is a consortium of about 800 partners that support small business development and the entrepreneurial ecosystem through education, capacity building and tools to connect service providers. This past year, the Collaborative ran a multi-media campaign to help create more awareness about resources for

entrepreneurs. The collaborative is now working to provide more professional development and other opportunities to strengthen organizations that help entrepreneurs and small businesses. Without this support, these agencies can’t continue to do the valuable work they do, Marshall says.

“Twenty years ago I was shocked to see so little small business development, especially in the state’s largest counties. It was so hard for people to understand micro business, but they get it now and understand how important it is. Now there is federal and state money coming and hopefully foundation funding, so we really have to be ready to jump on these opportunities and not let this kind of golden time pass us by. The Inland area has been forgotten as far as a region, so now it’s getting its own definition and people can see the potential. The people collaboratives work together really well. I’m excited and energized and optimistic that if we keep on doing what we are doing and stay collaborative, we’ll figure out different configurations to go after this funding and pull some of this once in a lifetime, as far as my lifetime is concerned, funding that can serve small business development.”

“

**We want to  
empower women  
and strengthen  
them to start their  
businesses**



**MARITZA  
GOMEZ**

**Chapter President, NAWBO Inland Empire  
Owner, MG Custom Printing  
Business Counselor, IE Women's  
Business Center**

## **SUPPORT NEEDS, SISTERHOOD IN BUSINESS**

We have innovation, we have opportunity to grow, we have some resources - but we can do more. Further support is needed in the following ways:

- / **Access to capital**
- / **Financial literacy**
- / **Knowledge to grow including commercial property options and workforce expansion**
- / **Increased promotion of resources in different languages**
- / **Increased collaboration among support providers and consistency in information**

“As women, we have the ability, we just need to have that empowerment. Yes, you're a mom, you're a wife, you take care of the family, but you can STILL have your own business. It is possible even though you have these other responsibilities. Our focus is building that network of sisterhood, being able to surround yourself with business women that have been in your shoes, see them as mentors and to say one day I'm going to be like her. We want to empower women and strengthen them to start their businesses.”

The National Association of Women Business Owners (NAWBO) provides networking, resources, advocacy and collaboration to empower women business owners and ensure their voice is heard locally and nationally. This nonpartisan organization allows business owners to remain focused on their business, while receiving valuable updates on public policies that might affect them.



KAREN  
SUAREZ

Director, Uplift San Bernardino

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**We've been doing  
a lot, *but* there's so  
much more to do**



“People forget San Bernardino is a large urban center. There are opportunities and for some neighborhoods, we should have local economic engines and I really believe that is the small business community.”

In the City of San Bernardino, one of the biggest champions for small business and entrepreneurship is Uplift San Bernardino, a collective impact program of the Making Hope Happen Foundation. From determining how to advance small manufacturing and advocating for policies like the micro enterprise home kitchen ordinance to connecting talent and resources and fostering entrepreneurship among youth, the community program is hard at work.

“We've been doing a lot, but there's so much more to do,” says Karen Suarez, Director of Uplift San Bernardino. “Largely what we're seeing in our ecosystem, is that there's a desire for a network and for the city to offer more programs and services. I'd like to really look at the skill sets that our community members have and get them plugged into supports. More intentional programs can also be fruitful.”

After walking neighborhoods and visiting businesses, Suarez says they've learned the following:

- / Many are unaware of tools and resources available.
- / More intentional programming and support can be fruitful.
- / Language is a barrier, especially among migrants and immigrants.
- / Some community members have significant expertise and advanced degrees from other countries that are disregarded and underutilized.
- / Permit and other processes are hard to navigate.
- / There is a lack of procurement opportunities for Latinas, Black and African Americans, and for other ethnic minority lead entities.
- / Businesses are dealing with a lot of chronic issues such as vandalism and cleaning up after those who are homeless.
- / More programming that encompasses the whole family can be a key to fostering entrepreneurship and growth in family businesses.



“

**I think  
entrepreneurship  
has found its time**



## SIDE GIGS & ENTREPRENEURSHIP EDUCATION

Entrepreneurship is vastly growing. People are really understanding that for our community, especially because we have such socioeconomic diversity, we really need to find new ways of employing our people. Creating new businesses is part of that.

Since the pandemic, entrepreneurship has really been on a fast track. People are realizing they have to figure out a way to pivot and that whole entrepreneurial way of thinking is how you pivot - you're problem solving and you're figuring out new ways to do things. I think entrepreneurship has found its time.

Over the past 18 months, there has been an uptick of people seeing side gigs as a way of creating income for themselves other than just holding that nine to five job, especially younger generations. They really want to work for themselves and set their own hours and it's a way things are trending to go. There's just going to be a whole different way that the workforce operates in the future.



**LISA KIPLINGER  
KENNEDY**

**Regional Director,** Business & Entrepreneurship, Inland Empire/Desert Regional Consortium, California Community Colleges, and Inland Empire Entrepreneur Network

The California Community Colleges Inland Empire/Desert Regional Consortium connects industry to education, ensuring programs provide the skills and knowledge that leads to successful employment or entrepreneurship. Officials say they are seeing a mix of students

Within the past three years, the consortium has helped create an entrepreneurship certificate program, which it hopes all colleges will eventually implement. It also helps provide ongoing professional development for faculty to increase student engagement and innovation with maker spaces, a resource and gathering place where members of the community can share skills and equipment while imagining, exploring, creating and designing. Inland Empire Entrepreneur Network was recently launched to further help educators collaborate on pathways to an entrepreneurial education and connect aspiring entrepreneurs to resources.



## THOMAS HALLIN

**Co-chair, Team of the Mountain Desert  
Economic Partnership**

“

**The impact we can  
make when we're  
*working together*  
is so much greater  
than when we are  
competing...**

### LOCAL BUSINESS SUSTAINABILITY

"I kind of live and breathe innovation and entrepreneurship," says Thomas Hallin, a self-identified intrapreneur from the High Desert.

Co-chairing the Innovation, Entrepreneurship & Training Centers Team of the Mountain Desert Economic Partnership, volunteering with the local Smart Cities Innovation Initiative and serving as an innovation advisor at UC Irvine are just some of the areas that keep him busy. But he does so out of a passion for an ecosystem of strategic support for local sustainable business. Hallin is part of a collaborative working on GIS mapping and analysis to identify gaps and opportunities by answering a variety of questions.

"We have a lot of small businesses here, but how successful are they? How long have they been in business? How sustainable? How were they impacted by COVID? Is there overcrowding in certain industries like barbers and nail salons in certain areas? We're looking at it from a "smart cities" perspective."

Hallin believes a focus on clean air; alternative energy; urban farming; the arts; physical education; mental health; opportunities to stay local through entrepreneurship and small business; improved processes for start-ups; and more local angel investors and funding will lead to a boost in neighborhood pride, safety, food security, creative confidence and overall long-term positive impact.

"We need a more collaborative spirit and widespread design thinking on every level - government, private, education - where we're looking at the root causes of problems, not putting band-aids on things, and bringing everyone into the mix of impacting our communities. The impact we can make when we're working together is so much greater than when we are competing with each other."

The Mountain Desert Economic Partnership is a collective impact group which, among a number of other areas, supports entrepreneurship and innovation and creating an educational pipeline in the region.

“

**We have to have  
that *engagement*  
and *those resources*  
in the region,  
otherwise we're  
just going to get  
overlooked**



Fourth Sector Innovations offers free innovation and entrepreneurship support, including a 10,000 square-foot office space in Ontario, online tools, training, connections and incubator/ accelerator programs focused on technology development for the region's largest economic driver – commerce and logistics. Still, it's been a struggle generating local interest and engagement.

"I think it's fractured and immature," says Founder Kevin Meredith on the state of entrepreneurship. "I don't like saying that, but we've been trying to work in the region for about five years now and it's really difficult."

When COVID-19 likely caused some apprehension in getting in-person support, Fourth Sector Innovations started offering hybrid programming and services that were not geographically constrained. Despite active marketing, their resources remain underutilized.



KEVIN  
MEREDITH

Founder, Fourth Sector Innovations

With global supply chain issues bringing more focus and resources to the industry, Meredith says there are opportunities for local entrepreneurs. He expects continued increases in automation and decreases in lower pay fulfillment jobs, which will lead to a higher demand for innovation and transferable skills. On the flip side, Meredith says major employers need to be more part of the local ecosystem too, sharing the problems that they face so local entrepreneurs know they are providing solutions with real market value. Institutional research support is also critical.

"If we really want to start driving this industry, so that we are the ones creating the solutions and the trajectory of where the industry goes, we have to have that engagement and those resources in the region, otherwise we're just going to get overlooked."



MICHELLE  
DECKER

President & CEO, IE Community Foundation

“

We could unleash a lot more creativity if we *thought about entrepreneurship as a legitimate pathway*



## COMMUNITY BUILDING THROUGH BUSINESS SUPPORT

Community foundations don't generally give grants to businesses, but there is a growing trend in supporting the community by supporting its economic growth. The Inland Empire Community Foundation, the oldest and largest operating in the region, has two initiatives supporting small business and entrepreneurship. In the last couple of years, it launched Just San Bernardino, a group of community based organizations working on an inclusive economic development planning process in the City of San Bernardino. Another initiative, Inland Empire Growth and Opportunities (IEGO), focuses on strategically growing sector-based clusters. Although it started six years ago, it has picked up traction since 2020.

“Being organized around sectors is a really big issue. You can have 50 innovative logistics companies trying to emerge, but if there's no center where they can go and nobody says ‘hey this is a sector we want to get around,’ you're never going to find and connect entrepreneurs” says Michelle Decker, president and CEO of the IE Community Foundation. “We can

get more synergies out of our universities and out of these entrepreneurs, if we show that there's actually something we're focused on and going for - that's at the heart of IEGO.”

She says it's increasingly important to look at how small businesses and entrepreneurs can become subcontractors, ancillary businesses or play other parts within proposed clusters such as in biosciences, engineering, advanced manufacturing, bio plastics or sustainable logistics.

If there were additional resources available, there are a number of areas the expert in leadership development, social enterprises, and environmental restoration says there are needs to invest in:

- / Hispanic, Latinx, African American businesses
- / Alternative models (start-up pilots, cooperative, employee ownership in business succession)
- / Understanding California regulatory, policy and financial barriers, and motivations to start/keep a business in the IE

“I just think we could unleash a lot more creativity if we thought about entrepreneurship as a legitimate pathway with policies that were supportive.”



“

**We need the word to get out that *entrepreneurs can emerge from their garages***



## SOUTHWEST RIVCO OPTIMISM, COLLABORATION AND FUTURE

If there ever was a time to be an entrepreneur in Southwest Riverside County, this is it, say Southwest Riverside County officials.

“It’s an exciting time for entrepreneurship and we need the word to get out that entrepreneurs can emerge from their garages, gain access to resources and allow themselves to grow.”

Christine Damko, Temecula’s Economic Development Manager.

The micro-region includes high-tech and small business incubator programs in Temecula and Murrieta, along with makerspaces at Mt. San Jacinto Community College, which is launching a new area focused on animatronics. While traditionally known for its wine and tourism, Temecula is seeing a growth



CHRISTINE  
DAMKO

**Economic Development Manager,**  
Temecula Economic Development

in a variety of innovations and ideas. There is a mix of advanced manufacturing and healthcare focuses, but also a growing craft brew industry and new niche in culinary businesses dubbed ‘foodiepreneuers’ launching in storefronts.

“If ever there is a time where you have a crazy idea, it’s a great place to try it out. The community is so ripe and we’re so receptive. I think overall there is excitement and will and you know, when there is a will, there’s a way.”





## DR. DAVID C. PEARSON

**Managing Director of  
Entrepreneurial Programs,  
UCR's Office of Technology Partnerships**

The region suffers from a dearth of C-level business talent who live and work in the Inland Empire. Small businesses typically are cash constrained. We suggest providing financial incentives to viable small businesses for them to participate in certification programs in basic business finance, supply chain operations and data analytics/IT. We would also secure investments to accelerate key regional economic development projects such as IEGO, Lithium Valley, and the UCR-led Opportunity to Advance Sustainability Innovation and Social Inclusion (OASIS) is a public-private partnership led by UCR to drive regional economic development through research translation, innovation & entrepreneurship, and workforce development. It is focused on sustainability and social inclusion that will lead to the creation of high wage, quality jobs for the residents in the Inland Empire.

Entrepreneurial and business growth opportunities in the Inland Empire are at an all-time high. Collaboration between the regions' economic development organizations, for the benefit of local business, is replacing traditional siloing. New initiatives such as CARB and UCR's School of Medicine are serving as magnets for well-paid talent as well as companies from outside the region who want to co-locate. In contrast

to 5 years ago, a foundation for regional optimism is in place.

### GAPS & CHALLENGES

We need to crack a tough nut: Getting small business owners to engage in growth- and job-generating opportunities, including diversification, which fit their risk profile. Our small businesses need to become more competitive on a state and national level in order to attract and retain customers and their own workforces. New product and service development driven by regional strengths and rapid adoption of innovative technologies can make this possible. Investment capital, corporate partnerships, and incentives for companies to remain and grow in the region are essential.

### TRENDS

We must encourage industries improving job prospects and quality of life for IE residents, in particular businesses related to clean air, water and soil, healthcare equity and sustainable food sources.

UCR's Office of Technology Partnerships provides a comprehensive entrepreneurial program for UCR faculty, students and Inland Empire businesses which are tech based. This includes mentorship, entrepreneurial education, technology patenting, company formation, customer discovery, early-stage funding from grants and venture sources, development road mapping and corporate partnering

### THREE NEW INITIATIVES:

Riverside Angel Summit, a 10-week program connecting investors to high-quality, vetted local entrepreneurs.

"Discover UCR" outreach project, which focuses on linking students, faculty and businesses to resources, services and opportunities. A new UCR Extension mini-MBA certificate is one effort to offer growth opportunities to minority and women entrepreneurs and business owners.

New EDA Cares Act grant: A \$900,000 grant for providing technical assistance to 1000 small businesses in the IE through collaboration with 15 regional development organizations, including economic development organizations, cities, chambers of commerce and organizations providing channels to minority and women business owners. This project is in its planning phase and will be implemented in January 2022.

“

The foundation in the region is *just getting* to be fully formed



**e!evate**



JOE WALLACE

**CEO & Chief Innovation Officer,**  
Coachella Valley Economic Partnership  
(CVEP)

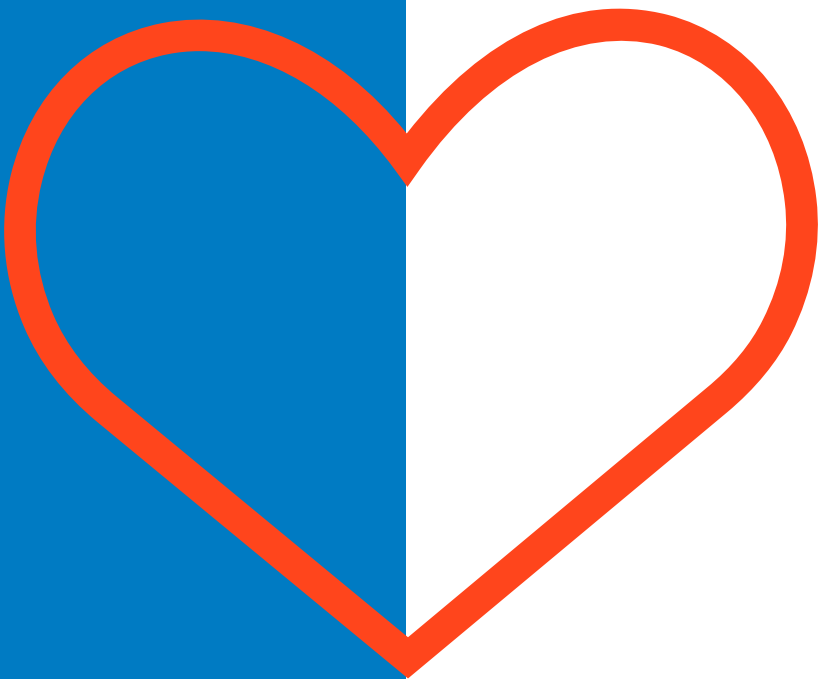
The Coachella Valley was one of the first six iHUBS, and Joe was recruited from here from Kentucky as the right person to lead the innovation center to become a place for entrepreneurs to get all of the support they need, “whether it’s a desk for a day, a desk for the week... or access to our accelerator campus in Palm Springs when they are ready to start making things.”

“The foundation in the region is just getting to be fully formed,” says CEO & Chief Innovation Officer of the Coachella Valley Economic Partnership (CVEP), Joe Wallace.

Joe goes on to articulate that the State of Entrepreneurship is better than they were five years ago, but the Inland Empire still has much room to improve to help budding entrepreneurs, “I think the Inland Empire has challenges with digital state-of-the-art things - it’s a problem anywhere that’s not Orange County or Silicon Valley.” To keep really moving in the right direction, Wallace maintains the area needs the local universities to start putting more emphasis on STEM degrees, “we are the largest populated region in

the US doesn’t have a 4-year college that offers STEM degrees...right now, if we have a company that needs to hire 5 or 6 engineers, we don’t have them in the area. We have had a company that moved because of a lack of talent and you need to have the talent if you want to compete.”

Joe and CVEP’s Palm Desert facility have been doing their part to attract STEM talent to the area with a state-of-the-art bandwidth connection not available anywhere else in the Coachella Valley. “Five years ago you couldn’t watch Netflix without getting the buffering wheel,” jokes Joe in reference to the lacking internet and tech resources in the area that he is helping tackle every day. But now, by helping bring symmetrical fiber optic internet to the area, large files that can take five to six hours to upload in Palm Springs only take five to six seconds in Palm Desert - and this type of technological improvement can make all the difference for entrepreneurs, “like medical startups in the area that need to move around heart images, scans, and important files like that.”



# ENTREPRENEUR ECOSYSTEM



# ENTREPRENEUR *ECOSYSTEM*

Ecosystem assessment – the research team compiled a comprehensive database of entrepreneurial support organizations, programs and educational institutions that was iteratively updated. Three (3) leaders who have extensive experience in supporting and promoting entrepreneurship and economic development reviewed and assessed the accuracy and comprehensiveness of the final draft version. The research team then assigned an assessment of the relative strengths/weaknesses of the key components of the ecosystem.



# ENTREPRENEUR ECOSYSTEM

**As entrepreneurship has become an increasingly important aspect of economic development, much of the conversation around fostering entrepreneurial activity has focused on the concept of the “entrepreneurial ecosystem.” Just what is an entrepreneurial ecosystem?**

There are many definitions, and most cite these common elements as being critical: entrepreneurs, talent, people and institutions with knowledge and resources, people and institutions that serve as champions and connectors, and rich social capital. As Mason and Brown (2014) note, “The Entrepreneurial Ecosystem is a set of different individuals who can be potential or existing Entrepreneurs, organizations that support Entrepreneurship that can be businesses, venture capitalist, business angels, and banks, as well as institutions like universities, public sector agencies, and the entrepreneurial processes that occur inside the ecosystem such as the business birth rate, the number of high potential growth firms, the serial entrepreneurs and their Entrepreneurial ambition.”

Most communities have an entrepreneurial ecosystem, whether it has been developed purposefully through a coordinated strategic regional approach, or whether it has grown and developed organically over time. Since we assume that entrepreneurs are most successful when they have access to the talent, resources, knowledge and connections they need, and operate in an environment where public sector policies encourage and support business development, we would expect a healthy ecosystem to reflect these attributes.

For the Inland Empire region, the key driving question for us as part of this report is: what is the relative state of the entrepreneurial ecosystem? The four (4) indicators of entrepreneurship, along with the insight from the Voice of the Entrepreneur survey, give us some perspective on the entrepreneurs (people) aspect of our region. However, there has never been a comprehensive attempt to catalog and assess the people and institutions that support entrepreneurship.

This aspect of the report is the first in what we will be an ongoing and iterative process to catalog, assess and coordinate elements of the entrepreneurial ecosystem, with an emphasis on the key institutions, resources and programs that are necessary for a vibrant ecosystem.

As noted in our full Methodology, the research team iteratively developed and refined a database of key ecosystem components, which focuses on the following categories:

- / Civic Programs
- / Colleges & Universities - Community Colleges (Entrepreneurship Programs)
- / Colleges & Universities - 4-Year (Academic Schools/Departments - Entrepreneurship Programs)
- / Coworking Space
- / Maker Spaces
- / Entrepreneurial Support Organizations
- / Entrepreneurial Support Programs
- / Incubator
- / Innovation Hub/District
- / K-12 Support
- / Media
- / Venture Capital
- / Small Business Focused Non-VC Funding

What follows is an initial assessment of the relative strengths/weaknesses of the key components of the entrepreneurial ecosystem in the Inland Empire. The research team used a simple, “green/yellow/red” scheme to highlight the relative state of each of the aspects of the ecosystem as is delineated here:

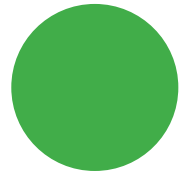
**Green:** no level of concern – this is a healthy, vibrant state. The ecosystem has most or all of the key elements needed to support the development and growth of entrepreneurs.

**Yellow:** moderate level of concern. The ecosystem has many identifiable and established elements, but is lacking one or more critical components to support the development and growth of entrepreneurs.

**Red:** high level of concern. The ecosystem is lacking several critical components that are needed to support the development and growth of entrepreneurs.



# CIVIC PROGRAMS



RATING: **GREEN**

## SUMMARY COMMENTS:

*For those with extended history in supporting entrepreneurship in the region, they would note this as an area that has seen much improvement. However, we believe that more concerted and coordinated efforts need to be made among civic programs. We are particularly encouraged that both counties are placing more sustained emphasis on supporting entrepreneurship, and initiatives like IEGO are an example of regional collaboration. Our biggest concern? See the results from the Voice of the Entrepreneur survey; entrepreneurs view significant challenges dealing with the public sector organizations; strong perception that government, in particular, does not understand entrepreneurs or enact policies that support their endeavors.*

**NOTABLE:** *Organizations such as the Aspen Institute, the Governor's Office of Business and Economic Development (Go-BIZ) and the Inland Empire Community Foundation (IECF) are working to fund or drive regional initiatives and support for entrepreneurs.*

SMART CITIES INITIATIVE

INLAND EMPIRE INNOVATION  
CONSORTIUM

INLAND ECONOMIC GROWTH AND  
OPPORTUNITY (IEGO)

US SMALL BUSINESS ADMINISTRATION  
(SBA)

ASPEN INSTITUTE - LATINOS &  
SOCIETY - LATINO BUSINESS AND  
ENTREPRENEURSHIP INITIATIVE (SAN  
BERNARDINO)

INLAND EMPIRE ECONOMIC  
PARTNERSHIP (IEEP)

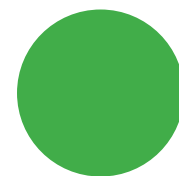
SAN BERNARDINO COUNTY ECONOMIC  
DEVELOPMENT DEPARTMENT

RIVERSIDE COUNTY OFFICE OF  
ECONOMIC DEVELOPMENT

INLAND EMPIRE COMMUNITY  
FOUNDATION (IECF)

US EXPORT ASSISTANCE CENTER  
(ONTARIO) - US DEPARTMENT OF  
COMMERCE, INTERNATIONAL TRADE  
ADMINISTRATION

CALOSBA CA OFFICE GOBIZ



**RATING: GREEN**

# COLLEGES & UNIVERSITIES

## – Community Colleges (Entrepreneurship Programs)

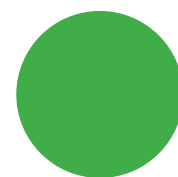
### **SUMMARY COMMENTS:**

*The community colleges have put an increasing amount of effort and resources into supporting entrepreneurship. In addition, they have made sure to work collaboratively with community organizations and four-year Universities concerning program development and the creation of pathways. The colleges involved in entrepreneurship meet frequently and communicate well with a wide range of stakeholders. While 9 of the 12 regional colleges have substantive academic programs – associates degree or certificate (or both) – this is a relatively new development and it will take time for those programs to scale their impact.*

**NOTABLE:** *Strong leadership with a dedicated Regional Director and institutions such as Riverside City College, with a long history, strong faculty support and comprehensive programs and activities to encourage entrepreneurship.*

BARSTOW COMMUNITY COLLEGE  
CHAFFEY COMMUNITY COLLEGE  
COLLEGE OF THE DESERT  
CRAFTON HILLS COMMUNITY COLLEGE  
MT. SAN JACINTO COMMUNITY COLLEGE  
MORENO VALLEY COLLEGE  
NORCO COLLEGE

RIVERSIDE CITY COLLEGE  
SAN BERNARDINO VALLEY COLLEGE  
VICTOR VALLEY COLLEGE  
PALO VERDE COLLEGE  
COPPER MOUNTAIN COLLEGE



RATING: **GREEN**

# COLLEGES & UNIVERSITIES – 4-YEAR

## (Academic Schools and Programs in Entrepreneurship)

### SUMMARY COMMENTS:

*The strength here is that the two regional pillars in 4-year University education (Cal State San Bernardino and UC Riverside) are engaged in entrepreneurship education, and Cal Baptist, a leading private university with a strong business school, is offering unique programs such as the Family Business Management degree. With three (3) universities driving the effort to educate future entrepreneurs at the 4-year level, there is the potential for the programs to be impacted in the future, if efforts at the high school and community college level continue to drive student interest and demand for an entrepreneurship education.*

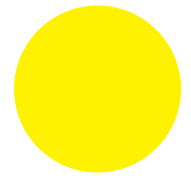
**NOTABLE:** *Cal State San Bernardino has been a key driver in this area for over 20 years, with a dedicated School of Entrepreneurship, global rankings for its programs, and nearly 1,000 students studying entrepreneurship annually.*

CALIFORNIA STATE UNIVERSITY  
SAN BERNARDINO

CALIFORNIA BAPTIST  
UNIVERSITY

UNIVERSITY OF CALIFORNIA  
RIVERSIDE

# COWORKING SPACE



RATING: **YELLOW**

## SUMMARY COMMENTS:

*We identified seven coworking spaces that appear to be active in the region. Given the increasing trend of virtual offices, the need for coworking space is likely to increase. While the region has a solid foundation of existing spaces, we believe that additional programs will be necessary to offer the most flexibility for emerging companies.*

**NOTABLE:** *While some of the coworking space development is being driven by local entrepreneurs (e.g. Orange Space, FoundrSpace), the region is seeing the involvement of non-local companies developing coworking spaces, a good sign that external parties see the region as a viable market for expansion.*

## COWORKING CONNECTION

FOUNDERSPACE

HERA HUB

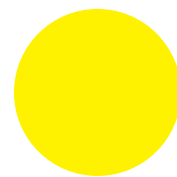
THE ORANGE SPACE

REGUS

SPARK TANK

TAILOREDSPACE

# MAKERSPACES



RATING: **YELLOW**

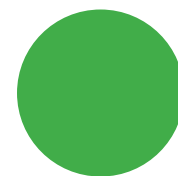
## SUMMARY COMMENTS:

*There is an impressive number of maker spaces throughout the region. The potential challenge here is that they are located primarily at academic institutions – we could identify only one maker space not affiliated with a community college or 4-year university. Further, the most well established for-profit maker space was unable to survive, raising the issue of whether maker spaces are economically viable outside of public sector support. There is also some question as to the accessibility of the makerspaces, particularly for entrepreneurs in the community, given they are embedded at campus locations.*

**NOTABLE:** *All of the regional community colleges have received funding support to establish and operate Makerspaces.*

BARSTOW COMMUNITY COLLEGE  
CHAFFEY COMMUNITY COLLEGE  
COLLEGE OF THE DESERT  
COPPER MOUNTAIN COLLEGE  
CRAFTON HILLS COMMUNITY COLLEGE  
CREAT'R LAB (UCR)  
MORENO VALLEY COLLEGE  
MT SAN JACINTO COMMUNITY COLLEGE  
NORCO COLLEGE  
PALO VERDE COLLEGE  
RIVERSIDE CITY COLLEGE  
SAN BERNARDINO VALLEY COLLEGE  
UMAKERS  
VICTOR VALLEY COLLEGE





**RATING: GREEN**

# ENTREPRENEURIAL SUPPORT ORGANIZATIONS

## SUMMARY COMMENTS:

*There are a number of experienced and well-funded entrepreneurial support organizations that serve the entire region or specific geographic areas of the Inland Empire. For the regional entrepreneurial ecosystem, this aspect, along with entrepreneurial support organizations, appears to be the most developed and impactful. Our biggest concern here is the coordination among the organizations, as well as a small number of organizations that are delivering services primarily by leveraging programs and resources of larger and better-established organizations. In this case, it makes it appear as if the region has more standalone organizations than it really has.*

**NOTABLE:** Organizations such as the Coachella Valley Economic Partnership (CVEP), the Inland Empire Center for Entrepreneurship (IECE) and UC Riverside's Office of Technology Partnerships have strong leadership, significant and sustainable funding, and offer a wide range of programs and services the result in tangible impact in the region.

ASSOCIATION - INLAND EMPIRE

ASOCIACION DE EMPRENDEDOR@S

CALIFORNIA INLAND EMPIRE DISTRICT  
EXPORT COUNCIL (CIEDEC)

CARAVANSERAI PROJECT

CENTER FOR SOCIAL INNOVATION (CSI) AT UC  
RIVERSIDE

CENTERO COMMUNITY PARTNERS

CLEANTECH SAN DIEGO

COACHELLA VALLEY ECONOMIC  
PARTNERSHIP

COOPERATIVE ECONOMIC EMPOWERMENT  
MOVEMENT (CEEM)

ENTREPRENEURS ORGANIZATION (EO)

GARNER HOLT FOUNDATION

GET IN MOTION ENTREPRENEURS

HISPANIC ASSOCIATION OF SMALL  
BUSINESSES

INSOCAL CONNECT

INLAND EMPIRE CENTER FOR  
ENTREPRENEURSHIP (IECE) AT CSU SAN  
BERNARDINO

INLAND EMPIRE WOMEN IN MANUFACTURING  
(IEWIM)

MICROENTERPRISE COLLABORATIVE OF  
INLAND SOCAL

NATIONAL ASSOCIATION OF WOMEN  
BUSINESS OWNERS - INLAND EMPIRE  
(NAWBO-IE)

NATIONAL LATINA BUSINESS WOMEN

OFFICE OF TECHNOLOGY PARTNERSHIPS  
AT UC RIVERSIDE

ONE I/E

RENAISSANCE EXECUTIVE FORUMS

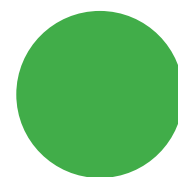
RIVERSIDE COMMUNITY COLLEGE  
DISTRICT WORKFORCE AND ECONOMIC  
DEVELOPMENT (WED)

SERVICE CORPS OF RETIRED EXECUTIVES  
(SCORE)

UPLIFT SAN BERNARDINO

VISTAGE

YPO



**RATING: GREEN**

# ENTREPRENEURIAL SUPPORT PROGRAMS

## SUMMARY COMMENTS:

*Similar to the comments for entrepreneurial support organizations, the region has a wide range of programs and services, which appear to be increasing each year. This is the positive aspect – aspiring and existing entrepreneurs in the community have a plethora of programs and resources they can access to help launch or grow their business. A potential challenge is that many of the programs are duplicative, deploying resources into support areas where substantive and impactful programs already exist. This denotes the need for better regional coordination – and dare we say it – a strategic approach to how the region is best served by entrepreneurial support organizations and the various programs they deploy. Further, as will become evident from the findings of this overall report, many programs are not aligned with the current needs of the entrepreneurial community, and thus not offering the full value needed to support entrepreneurial activity.*

**NOTABLE:** *The region has several programs, most notably the Small Business Development Centers (SBDC), Women's Business Centers (WBC) and Procurement Technical Assistance Center (PTAC) that leverage substantive federal funding and have a long history (30 years in the case of the SBDC program) of serving the entrepreneurial community in the region.*

AMPAC BUSINESS CAPITAL - ENTREPRENEUR ECOSYSTEM

CMTC

COACHELLA VALLEY SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

COACHELLA VALLEY WOMEN'S BUSINESS CENTER (CVWBC)

COUNTY OF RIVERSIDE BUSINESS CENTER

CROSS BORDER E-COMMERCE - ASIA

OWN IT! (IECE)

ENTREPRENEURIAL GROWTH AND SCALE PROGRAM (IECE)

ENTREPRENEURIAL LEAD FELLOW PROGRAM (URC OTP)

ENTREPRENEURIAL PROFESSIONAL (IECE)

ENTREPRENEURIAL TECHNICIAN (IECE)

EPIC SBDC

FINANCIAL FITNESS PROGRAM (IECE)

FIRST COMMUNITY CAPITAL BUSINESS COACHING

GARNER HOLT FAST PITCH JR.

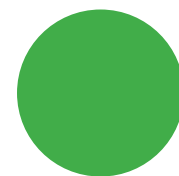
I2TEC2

IGNITE: 90 DAYS TO BUSINESS MASTERY (WBC)

IT'S YOUR TIME (WBC)

INLAND EMPIRE - ENTREPRENEURSHIP BOOTCAMP (CENTERO)

INLAND EMPIRE SMALL BUSINESS DEVELOPMENT CENTER (IESBDC)

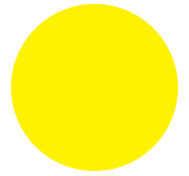


**RATING: GREEN**

# ENTREPRENEURIAL SUPPORT PROGRAMS continued...

INLAND EMPIRE WOMEN'S BUSINESS CENTER (IEWBC)  
INLAND PROSPERITY CONFERENCE (WBC)  
INNOVATION CHALLENGE (IECE)  
KAISER PERMANENTE  
LEAP 2 LAUNCH ENTREPRENEUR DEVELOPMENT PROGRAM  
LONG SOCAL/STARTUP RIVERSIDE  
MICROENTERPRISE TECHNOLOGY ASSISTANCE PROGRAM (MTAP)  
NSF I-CORPS PROGRAM (UCR OTP)  
PEER MENTORING PROGRAM (IECE)  
PROCUREMENT CENTER (IESBDC)  
PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC)  
SMALL BUSINESS TECHNICAL ASSISTANCE EXPANSION PROGRAM (TAEP)  
SMALL BUSINESS TECHNICAL ASSISTANCE EXPANSION PROGRAM (TAEP) - RCCD  
SOCIAL ENTREPRENEURSHIP ENGAGEMENT & DEVELOPMENT LAB (SEED) LAB  
SPIRIT OF THE ENTREPRENEUR AWARDS (IECE)  
STATE OF ENTREPRENEURSHIP REPORT (IECE)  
STATE TRADE EXPANSION PROGRAM (STEP) (IECE)  
TAKING THE LEAP: ENTREPRENEUR TO EMPLOYER  
TECH BRIDGE - INLAND EMPIRE  
¡TÚ SI PUEDES! (WBC)  
UPSTARTERS DISCOVERY CAMP (IECE)

# INCUBATOR/ ACCELERATOR



RATING: **YELLOW**

## SUMMARY COMMENTS:

*We were able to identify 11 active incubators situated across the region, but with a concentration in Riverside County. Despite the impressive number of incubators, the research team had some concern about the long-term viability of the programs (most being supported by public sector funds) as well as the tangible economic impact of the programs and the relative alignment with the needs of the region.*

**NOTABLE:** *Among the programs reviewed, the ExCITE in Riverside, UC Riverside Life Sciences Incubator, Murrieta Genomics Incubator and the 4th Sector Innovations in Ontario appear to have the most long-term potential to accelerate and incubate companies that will transition into the community as long term sustainable ventures.*

4TH SECTOR INNOVATIONS ONTARIO

BOURNS TECHNOLOGY CENTER

ENTERPRISE RESOURCE AND  
INNOVATION CENTER (MJSC)

EXCITE INCUBATOR

MIND AND MILL STARTUP ACCELERATOR

MURRIETA GENOMICS INCUBATOR

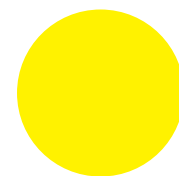
MURRIETA INNOVATION CENTER

N3EIGHT AT LOMA LINDA HEALTH

TEMECULA VALLEY ENTREPRENEURS  
EXCHANGE (TVE2)

UC RIVERSIDE LIFE SCIENCES INCUBATOR

YUCAIPA BUSINESS INCUBATOR CENTER



RATING: **YELLOW**

# INNOVATION HUB/ DISTRICT

## SUMMARY COMMENTS:

*This area has the potential to be a more significant driver of entrepreneurial activity, particularly as several newer initiatives mature (e.g. Riverside Innovation District, Opportunities to Advance Sustainability, Innovation, and Social Inclusion (OASIS)). Among the key resources that hold potential is the establishment of the California Air Resources Board (CARB) - Southern California headquarters, which could be a potential catalyst for the development of innovative technologies and solutions commercialized through entrepreneurial ventures in the region. Where we see the biggest challenge is increasing the number of these programs regionally, and perhaps most importantly when looking at programs like the iHub, is the long term sustainability and investment to keep them operating.*

**NOTABLE:** To date the iHub programs operated by the Coachella Valley Economic Partnership (CVEP) have graduated 37 companies, helped raise more than \$33 million in capital and resulted in the creation of 203 jobs.

CALIFORNIA AIR RESOURCES BOARD  
(CARB) - SOUTHERN CALIFORNIA  
HEADQUARTERS

CENTER FOR ENVIRONMENTAL  
RESEARCH & TECHNOLOGY (CE-CERT)

INDIO IHUB

INLAND SOCIAL LINK IHUB

OPPORTUNITIES TO ADVANCE  
SUSTAINABILITY, INNOVATION, AND  
SOCIAL INCLUSION (OASIS)

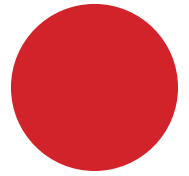
PALM SPRINGS IHUB

PALM DESERT IHUB

RIVERSIDE INNOVATION DISTRICT



# K-12 SUPPORT



RATING: **RED**

## SUMMARY COMMENTS:

*While there are efforts being made to support entrepreneurship programs and education experiences at the high school level – introducing students to the concept and potential of business ownership as a viable option along with other career pathways – far too little is being done in this area. A concerted effort is needed to develop resources, programs and find ways to support existing organizations that are leading the effort to expose high school students to entrepreneurship as a life pathway.*

**NOTABLE:** *REAL Journey Academies (RJA) is a non-profit, charter school organization that has created two (2) Entrepreneurship focused high school campuses in San Bernardino and Fontana. The Virtual Enterprise (VE) program, which exposes high school students to the potential of entrepreneurship, is well-regarded and gaining traction with schools in the region, led by standout campuses Murrieta Valley High School and Bloomington High School.*

CHAFFEY ENTREPRENEURSHIP  
& ENTERPRISE DEVELOPMENT

ENTREPRENEUR HIGH SCHOOL -  
HIGHLAND

ENTREPRENEUR HIGH SCHOOL -  
FONTANA

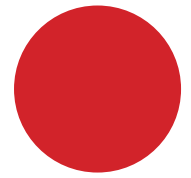
UPSTARTERS DISCOVERY CAMP

VIRTUAL ENTERPRISE

VIRTUAL ENTERPRISE SCHOOLS  
(MURRIETA VALLEY HS, BLOOMINGTON  
HS)

VERIZON MINORITY MALE MAKERS  
(CSUSB)

# MEDIA



**RATING: RED**

## **SUMMARY COMMENTS:**

*As observed by Lou Desmond, a public relations professional with more than 25 years of experience, the Inland Empire is its own market but without dedicated media, particularly as it relates to business. We concur with this assessment - there is very little dedicated media in the region that focuses reporting on business in general, let alone entrepreneurial stories and activity. Part of the vitality of an ecosystem is the ability to communicate successes both regionally and beyond. Currently, we lack a robust and comprehensive media presence that can consistently champion the success and activity in the region.*

**NOTABLE:** *Bright spots include IE Business Daily, business features in Inland Empire magazine and a brought back to life Inland Empire Business Journal. Keep an eye on StartEmpire Wire, a recent addition that seeks to serve the startup community in the region.*

BLACK VOICE NEWS

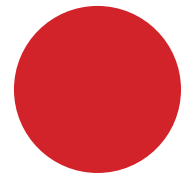
HISPANIC LIFESTYLE

IE BUSINESS DAILY

INLAND EMPIRE BUSINESS JOURNAL

INLAND EMPIRE MAGAZINE

STARTEMPIRE WIRE



**RATING: RED**

# VENTURE/ANGEL CAPITAL

**SUMMARY COMMENTS:**

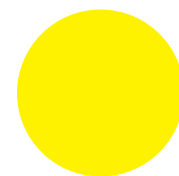
*In this area, it is difficult to place the blame on funding sources, as historically the region has had limited deal flow that met the criteria of typical angel and venture capital funders. That said, relative to regions of similar size and makeup, the Inland Empire region lacks a comprehensive and active investment community. In addition, the region may need to explore non-traditional equity programs, such as revenue-based investment (capital raising method in which investors agree to provide capital to a company in exchange for a certain percentage of the company's ongoing total gross revenues).*

**NOTABLE:** *Three organizations – Tech Coast Angels, the UCR Highlander Fund, and the emerging Citrus Seeds angel investment initiative, are poised to provide needed funding as the region grows the number of startups meeting the requirements of equity funding.*

CITRUS SEEDS

HIGHLANDER FUND

TECH COAST ANGELS



RATING: **YELLOW**

# SMALL BUSINESS FOCUSED NON-VC FUNDING

## SUMMARY COMMENTS:

*In this area, we do not include longstanding programs such as those offered by the SBA and their participating lenders. Rather, we look at special funds or programs focused on entrepreneurs that primarily focus on unique access to debt capital. While there is a range of organizations providing alternative or specialized funding, we believe that the region needs a more comprehensive set of funding mechanisms, particularly around capital to finance growth (a key need cited by entrepreneurs in the Voice of the Entrepreneur survey).*

**NOTABLE:** *Accessity, AmPac Business Capital, CDC Small Business Finance and Enterprise Funding have extensive experience serving entrepreneurs in the region and are continuously seeking to develop new programs and funding mechanisms to meet the ever-growing capital needs in the region.*

ACCESSITY

ACCION OPPORTUNITY FUND

AMPAC BUSINESS CAPITAL

BLACK COOPERATIVE INVESTMENT  
FUND

CDC SMALL BUSINESS FINANCE CORP.

ENTERPRISE FUNDING CORP (EFC)

FIRST COMMUNITY CAPITAL

PACIFIC COAST REGIONAL CORP.

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# METHODOLOGY

**To create the State of Entrepreneurship report, our research team followed a specific methodology for each of the four (4) key components. The following delineates the methodology.**

## INDICATORS OF ENTREPRENEURSHIP

### RATE OF NEW ENTREPRENEURS

This is defined as the measure of entrepreneurship via the capturing new business owners regardless of business size. New business owners are defined as individuals who work an average 15 or more hours per week in their businesses in the preceding month.

It is calculated using data from the Current Population Survey (CPS), sponsored jointly by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS), which is the primary source of labor force statistics for the population of the United States. CPS is one of the oldest, largest and most widely recognized surveys in the United States, available at <https://www.census.gov/data/datasets/time-series/demo/cps/cps-basic.html>. The data is operationalized as the percentage of the adult, non-business owner population that starts a business each month. (The number of the new owner/general population).

### OPPORTUNITY SHARE OF NEW ENTREPRENEURS

Like the rate of new entrepreneurs, this utilizes the CPS data as a measure of businesses that are opportunity-driven, not necessity driven. It is operationalized as the percent of the total number of new entrepreneurs who were not unemployed and not looking for a job as they started the new business.

### STARTUP EARLY JOB CREATION

Using data from the Quarterly Census of Employment and Wages (<https://www.bls.gov/cew/downloadable-data-files.htm>) from the BLS, this is defined as the employment of a cohort of startup businesses in their first year of operation. It is the annual measure of how many total jobs are created by startups in their first year, and is normalized by the population. The data is operationalized as the total employment created by an average new employer firm in their first year for every 1,000 people.

### STARTUP EARLY SURVIVAL RATE

Using data from the CPS as well as data secured from Reference Solutions Data Access (paid access data), the startup early survival

rate is the percentage of new employer establishments that are still active after one year of operation. Because indicator data for this rate is only available at the state

level, we utilize an adapted operationalization to include national data, which has two (2) facets:

- (1) General death rate: The percentage of total number of entrepreneurs switching back to employment in a year over the population percentage.
- (2) The percentage of establishment still in business after one (1) year of operation.

## VOICE OF THE ENTREPRENEUR SURVEY

In order to assess the current condition of local businesses and gain insight into the direct experience of entrepreneurs, the research team constructed an original questionnaire that could capture the "story" of entrepreneurship in the region. The process began with three (3) specific tasks:

1. The research team developed an initial set of key questions that would capture timely and important data about the experience of being an entrepreneur;
2. Requesting questions from key regional leaders that are currently involved in developing/supporting entrepreneurship alone or as part of a greater economic development strategy/initiative;
3. Through various interactions and conversations with a wide range of local entrepreneurs, we sought their input on what they felt was important to share about their experience as an entrepreneur.

After several iterations of developing the questionnaire, a pool of nearly 100 questions was under consideration. In order to deliver a reasonable length survey that took on average 10-15 minutes to complete, the research team narrowed down the questions to a more manageable number (45). As a final step before deployment, the survey was delivered to 25 entrepreneurs as part of a pre-test, where they were instructed to complete the survey and provide comments back to the research team in terms of the overall experience. Because of that feedback, the questionnaire was revised. The revised questionnaire was then translated into Spanish and pretested in both languages with a randomly selected group of local entrepreneurs.

The questionnaire was disseminated from June 4 to September 30, 2021. Several distribution methods were employed to maximize response rate. Survey links were distributed to a list of entrepreneurs known to the IECE and the School of Entrepreneurship, and LinkedIn connections were added. In addition, the research team reached out to local public sector organizations (e.g., city government, county offices of economic development, chambers of commerce) requesting their help in circulating the survey link. Lastly, the IECE used a wide range of social media announcements and promotions to highlight the survey and help drive responses. These methods, used together, provided the broadest opportunity for Inland Empire entrepreneurs to respond to the online survey.

The survey included two (2) types of questions: Open-ended and Closed-ended. Open-ended questions are questions that allow someone to give a free-form answer. Closed-ended questions can be answered with “Yes” or “No,” or they have a limited set of possible answers (such as A, B, C, or All of the above). Closed-ended data was analyzed in SPSS (a statistical software platform commonly used in research) with the generation of descriptive statistics. For Open-ended questions, the research team using an Open Coding process, which focuses on developing substantial codes to describe, name or classify the insights provided so that specific themes emerge.

Respondents to the survey were allowed to skip any questions they did not wish to answer or felt were not applicable.

The survey received 1,401 responses. After a complete evaluation of the responses, there were 1,014 surveys with usable data (substantive enough to include for overall analysis).

## REGIONAL PERSPECTIVES

The research team identified an initial set of 28 key leaders in the Inland Empire region that are currently (or in the recent past) extensively involved in developing/supporting entrepreneurship alone or as part of a greater economic development strategy/initiative. All individuals were contacted for either a phone/Zoom/in-person interview, using an interview protocol developed by the research team. The interview data was reviewed by the research team and key narratives selected for inclusion in the final report.

## ECOSYSTEM ASSESSMENT

Utilizing initial work performed by the leadership team of the IECE, the research team revised and compiled a comprehensive database of Inland Empire entrepreneurial support organizations, programs and educational institutions. The data was updated multiple times, seeking to provide a comprehensive listing. It should be noted that the focus was on identifying and including only those entrepreneurial support

organizations, programs and educational institutions that are substantive, consistent and active in the Inland Empire region. The database focused on the following categories:

- Civic Programs
- Colleges & Universities - Community Colleges
- Academic Programs - Community College
- Colleges & Universities - 4-Year
- Academic Schools/Departments
- Academic Programs - 4 Year
- Coworking Space
- Maker Spaces
- Entrepreneurial Support Organization
- Entrepreneurial Support Programs
- Incubator
- Innovation Hub/District
- K-12 Support
- Media
- Venture Capital
- Small Business Focused Non-VC Funding

With a final draft of the database, the research team recruited three (3) external regional leaders who have extensive experience in supporting and promoting entrepreneurship and economic development reviewed, and asked them to assess the accuracy and comprehensiveness of the final draft version.

Based on that feedback, the research team finalized the database and then proceeded to perform a subjective assessment of the relative strengths/weaknesses of the key components of the entrepreneurial ecosystem in the Inland Empire. The team used a simple, “green/yellow/red” scheme to highlight the relative state of each of the aspects of the ecosystem as is delineated here:

**Green:** no level of concern – this is a healthy, vibrant state. The ecosystem has most or all of the key elements needed to support the development and growth of entrepreneurs.

**Yellow:** moderate level of concern. The ecosystem has many identifiable and established elements, but is lacking one or more critical components that are needed to support the development and growth of entrepreneurs.

**Red:** high level of concern. The ecosystem is lacking several critical components that are needed to support the development and growth of entrepreneurs.



INLAND EMPIRE  
Center for Entrepreneurship  
CAL STATE SAN BERNARDINO

**Recognized as a Top 35 Global Program  
for Fostering Entrepreneurship**



**The Inland Empire Center for Entrepreneurship (IECE) founded and presents the Spirit of the Entrepreneur Awards. But the organization, based in the Jack H. Brown College of Business and Public Administration at Cal State San Bernardino, does so much more to cultivate innovation and entrepreneurship throughout the Inland Southern California region!**

## Why is IECE Unique?

IECE is a largely self-sustaining venture, run by entrepreneurial faculty and staff. To fund its various programs and operations, IECE has raised more than \$36 million in grants, contracts, gifts and sponsorships.

It is the only Center for Entrepreneurship in the Inland Empire, and has provided assistance to more than 100,000 individuals and entrepreneurs over the last 18 years, resulting in more than

3,000 new jobs created and nearly \$300 million in economic impact from investments in new ventures and expansion of existing firms. It is a nationally recognized program, receiving a wide variety of top tier awards over the years, including: honored in 2017 by AACSB International as a Top 35 Global Business School for Fostering Entrepreneurship; given the prestigious National Excellence in Entrepreneurship Education Award by the *United States Association for Small Business and Entrepreneurship* (USASBE) in 2010; and top rankings from *The Princeton Review*, *Entrepreneur* magazine and *EntrePrep* as one of the leading entrepreneurship programs in the US.



### STUDENT OPPORTUNITIES

Cultivating the entrepreneurial passion, applying the discipline and defining direction from experiential



### PROGRAMS & MENTORS

Select programs cultivated at IECE offer unique ways to get involved and engage in applied learning opportunities



### PROFESSIONAL COMMUNITY

We establish real connections to the professional community to enrich the growth of regional entrepreneurship

# WELCOME TO A WORLD OF OPPORTUNITY!

Supporting the efforts of more than 100,000 aspiring entrepreneurs, small business owners, and students within the Inland Empire, We are dedicated to the growth of entrepreneurship both on campus and in the community through our major service segments...



**INLAND EMPIRE**  
Small Business Development Center

**California STEP**  
SMALL BUSINESS EXPORT PROGRAM

## School of Entrepreneurship

### • DEGREE-BASED PROGRAMS IN ENTREPRENEURSHIP

(BA and MBA) Students learn what it takes to be a successful entrepreneur through course work, innovative experiential learning and engaging connective events and programs.

### • MASTER OF SCIENCE IN ENTREPRENEURSHIP & INNOVATION (MSEI)

Designed to offer students with business, technical or other non-business degrees a comprehensive education that prepares them to launch entrepreneurial ventures or new business ventures in large organizations.

## What does IECE do?

IECE focuses on encouraging the development of entrepreneurial ventures and fostering the entrepreneurial mindset through:



### • THE CATALYST BUSINESS ACCELERATOR

Student startups are supported and nurtured with office space, mentoring and seed funding. Overseen by our engaged Entrepreneur-in-Residence, Steve Abbott who also provides direct mentorship and coaching for students developing their businesses.



### • THE GARNER HOLT STUDENT FAST PITCH COMPETITION

Students with viable startup ideas are given the opportunity to pitch their concept to local angel and venture investors for the chance to win cash prizes to further their startup ideas.



### • THE CSUSB INNOVATION CHALLENGE

CSUSB students, faculty and staff with viable startup ideas are given the opportunity to team up with multiple departments and colleges to deliver their concept for the chance to win \$20,000 in cash prizes.



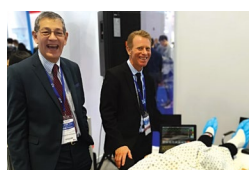
### • THE UPSTARTERS DISCOVERY CAMP

High school students visit CSUSB to get an in-depth preview of college life and the fundamentals of entrepreneurship. Students stay in campus housing and participate in a full class schedule and engaging events with local visiting entrepreneurs. A true glimpse into the experiential learning environment!



### • BUSINESS ASSISTANCE PROGRAMS

Where local entrepreneurs and small business can gain assistance with business consulting, training, workshops, programs and mentoring services through the Small Business Development Center (SBDC), Women's Business Center (WBC) programs.



### • INTERNATIONAL TRADE INITIATIVE

Through our newly established California Small Business Export Program (STEP), local Southern California businesses can gain assistance in breaking into international markets through export promotion activities serving multiple sectors.



WE DEFINE THE *Future*

Entrepreneur

The  
Princeton  
Review

**TOP 50**  
**GRADUATE**  
ENTREPRENEURSHIP  
PROGRAMS OF 2022

*"Best Business School in the West"*

CALIFORNIA STATE UNIVERSITY  
**SAN BERNARDINO**

Jack H. Brown College  
Business and Public Administration

Our Cybersecurity Center leads national workforce initiative with NSA \$10.5 million grant & the prestigious designation —  
**Community National Center for Cybersecurity Education**

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**1<sup>st</sup> & ONLY**  
SCHOOL OF ENTREPRENEURSHIP  
IN CALIFORNIA

Master of Science Entrepreneurship & Innovation

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The ONLY CSU to rank in 2022 Entrepreneur Magazine & The Princeton Review

**UNDERGRADUATE PROGRAMS** | BUSINESS ADMINISTRATION, INFORMATION SYSTEMS TECHNOLOGY

**GRADUATE PROGRAMS** | MBA, MPA, MSA, MSEI, MSF, MSIST

*JHBC is nationally & globally ranked in U.S. News & World Report (MPA, MBA Online/Part-time), CEO Magazine (MBA) & The Princeton Review (MBA, MSEI)*



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