“Individually, small businesses may not have a large impact, but collectively they are a major driver of job creation. They populate our neighborhood business districts and provide unique products and services. The SBAC was created to identify and address the unique needs of this community, which often takes a back seat to large corporations in economic development initiatives. I am proud to work with this group of small business owners, service providers, and funders to re-focus Cincinnati’s efforts on our small business community.”

— Cincinnati Councilmember Yvette Simpson, who established and leads Cincinnati’s SBAC

Provide Platforms for Networking

Cities can also play “matchmaker” by hosting networking opportunities for businesses that connect them to local vendors and service providers. In May 2013, Mayor Ed Lee and sf.citi co-hosted “The Tech Connection: Speed Matching Event” at San Francisco City Hall as a means for connecting small business owners with the city’s tech industry to maximize collaboration between the two sectors. As a result of this business-to-business engagement, several local San Francisco restaurants are entering into contracts with local tech companies.

San Francisco and sf.citi: “The Tech Connection: Speed Matching Event”

The San Francisco Citizens Initiative for Technology and Innovation, or “sf.citi,” is a 501(c)6 organization created to leverage the power of the technology community around civic action in San Francisco. sf.citi supports innovative policies and works collaboratively with government and communities to find new solutions to historic problems facing San Francisco.

As part of an initiative to connect the city’s small business community and the local technology sector, sf.citi has taken various steps to convene and host events that engage these two economic and cultural engines of San Francisco. sf.citi created the “Tech Connection: Speed Matching Event” in partnership with Mayor Ed Lee, Supervisor Mark Farrell, the city’s Office of Small Business, the Small Business Commission, the local tech sector and various small business organizations such as the Golden Gate Restaurant Association, Small Business Network, and the San Francisco Council of District Merchants. The event, hosted at San Francisco City Hall in May 2013, paired 50 small business owners with 50 tech professionals for brief one-on-one “speed-dating” style interactions. The goal was to provide guests with the opportunity to pitch their products and services and to build customer-service provider relationships. This setting created a space for small businesses to have greater access to potential relationships with tech companies in San Francisco, as well as to learn about innovative, online tech tools to make business processes more streamlined and efficient. Tech companies were afforded the opportunity to reach out to new customers and “get off campus” by integrating with the small business community and learning about the many services and products they could provide to tech employees on a daily basis.

Among some of the tech companies who participated were Celery, AirBnB, Appallacious, Avaya, Citibank, Koozoo, Global Logic, Matrix Partners, Shopseen, Sonic.net, Square, Talus Labs, Yelp, and ZenPayroll. Among the small businesses who participated were marketing/professional services, pet sitting, event planners, food consultants, small manufacturers, hardware stores, and wellness consultants. The participants appreciated that Mayor Lee and the Board of Supervisors sponsored and supported these important business-to-business efforts.

The Tech Connection: Speed Matching Event, sf.citi
“In San Francisco, we believe it is critical to find ways for our technology industry to partner with our traditional small business community to expand networking and business opportunities for both industries. The Tech Connection, facilitated by sf.citi, is a fantastic example of how to foster stronger relationships between small businesses and emerging industries, like the technology industry.”

— San Francisco District Supervisor Mark Farrell

Create Incubator Spaces

Many cities have established incubator spaces, which are shared working spaces made available at low or no cost to entrepreneurs working on start-up projects. In addition to providing affordable office space where start-ups can begin to grow, incubators also provide access to business mentors, potential investors, and other networking opportunities that help an early-stage business to scale up. At the same time, incubators deliver trainings and seminars designed to help enhance the skill sets of business owners and strengthen their business plans.

The goal of incubators is to help accelerate the pace at which small businesses can expand, and also to ensure that start-ups are successful in the long-term. The National Business Incubation Association (NBIA), an international association supporting the incubator industry, reports that 87 percent of the firms that have graduated from their members’ incubators are still in operation.

Incubators also serve as an economic development tool for attracting specific industries to take root in a city. Typically, incubators attract specific types of start-ups, such as those hoping to enter the technology or restaurant industries, in order to better provide targeted resources and support. Once the start-ups graduate from the incubator they most often choose to remain in the same city. The NBIA reports that 84 percent of graduates remain in the same city.

The city of Chicago’s 1871 incubator program is a model for how cities can use their incubators as a driver for local economic development. The tech incubator has produced 1,000 jobs and helped 26 start-ups advance into larger enterprises.