ECOSYSTEM CASE STUDY: KANSAS CITY
UNITED STATES

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KANSAS CITY, AMERICA'S MOST ENTREPRENEURIAL CITY

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Why learn about Kansas' entrepreneurial ecosystem?

Kansas City has several examples of good practices that led to it becoming "America's most entrepreneurial city". One of them is the wonderful work KC Sourcelink has been doing for over 20 years-Building sustainable structures that allow entrepreneurs to make the most of opportunities in their entrepreneurial ecosystem, by connecting people and institutions and aligning their goals.

This case study aims to briefly describe observations of the dynamics and key success factors that allowed Kansas City to create a strong entrepreneurial ecosystem, from the perspective of the team of people that lead the different initiatives that compose this ecosystem.

This case is not a "blueprint" to replicate step-by-step in other communities, but an account of a path that worked for KC.

A brief story of KC's ecosystem

Support for entrepreneurships has not always been a thing in KC. When the whole movement started, the government and the private sector were not involved-this overnight success is the result of the creativity and resilience of a bunch of extremely persistent individuals.

There are some milestones that have been important for the development and growth of this ecosystem:

1. 1968 to 1993 Ewing launches his philanthropic foundation
2. 1977-Missouri joins the SBDC
3. 1979-The Hispanic Chamber of commerce is founded in KC
4. 2003-KC Sourcelink is founded
5. 2010-The Kaufmann Foundation publishes a report that shows how a significant number of jobs are created by new companies, which gets people interested in entrepreneurship support. More on: https://www.kauffman.org/entrepreneurship/
6. 2011-Kansas City develops a plan to become "America's most entrepreneurial city", which was driven by the local community and articulated by the Greater Kansas City Chamber of Commerce.
7. 2011-Kansas City is selected as the first Google Fiber City, which triggers the creation of the "Startup Village", a neighborhood that attracted startups from far and wide a created a unique setting for collaboration and exchange.
8. They kept working!

It would be oversimplistic to assume these milestones are all the reasons Kansas' ecosystem is where it is now. There are hundreds of stories, people and companies behind these milestones: Making them the center of the progress, creating visible role models and a culture that favors collective learning and actively involving entrepreneurs have been essential to make the events in these milestones happen.

Differentiators and non-replicable advantages

Each ecosystem is unique in its challenges and advantages. Ecosystems behave a lot like startups, and identifying their non-replicable differentiators and advantages is key for understanding why their dynamics work (or do not work).

For Kansas City, some of the key differentiators are:

- Companies such as Hallmark, Sprint, Garmin and Cerner have their roots in Kansas City.
- KC Sourcelink, an organization dedicated entirely to ecosystem building and improvement, was born and is headquartered in KC. More on: https://www.kcsourcelink.com/
- Philanthropic collaborators such as the Ewing Marion Kauffman Foundation, that actively works to provide resources for ecosystem builders and actors all over the world, have their headquarters (and rather fantastic conference center) as an available resource for the local community.
- Being selected as the first Google Fiber City was no small feat. However, it was not luck what allowed this, but a carefully crafted strategy (that included successful entrepreneurial stories from the city) that actively involved the community.

Ecosystem building has a strong strategy component, that allows actors to identify opportunities and constantly build capacities to seize these opportunities. However, even if the capacities exist, if there's a lack of coordination and common vision, the communities' response capacity is dimmed.

The challenges of fostering the local entrepreneurial ecosystem

Different types of entrepreneurs need different attention

Specialized support is key for stimulating a thriving entrepreneurial ecosystem. Kansas City's ecosystem goes the extra mile with this specialization, defining very specific stages of growth and business models and dividing the available resources in the ecosystem according to the specific needs of entrepreneurs.

What they do

Teamwork

It is not a far stretch to say that everybody knows everybody in the Kansas City entrepreneurial ecosystem, which leads to a unified front when it comes to addressing the challenges and seizing the opportunities presented for the creation of new businesses and growth of the existing ones. This constant communication (constant conversations, lunches, interaction and exchange) allows the ecosystem to have high levels of resilience, adaptability and responsiveness. Kansas City does believe (and work) to create the best social program in the world for people, which, according to Mr. Erwing Kauffman, is a good job. There is a universal understanding that to create sustainable jobs, support for entrepreneurs to create more sustainable businesses is needed.

"There's different subgroups that meet weekly, by-weekly, monthly, to create what we want (the ecosystem) it to be"

Daniel Smith, Founder and CEO of the Porter House

Figure 1-The Porter House's Support Network

Figure 2-Launch KC's Support Network

Figure 3-KC Sourcelink's support network

Welcome everyone!

Inclusion, attending underserved communities and providing specialized support for historically excluded populations are key aspects of KC's success story. Initiatives such as The Porter House KC (https://www.theporterhousekc.com) where entrepreneurs from the urban community can find "knowledge, support and skillset to start, grow, or transition their businesses to the next level" clearly demonstrate that prosperity and economic growth are more effective when you include those historically left behind.

Build entry points and onramps

Visiting KC made it clear for me that access points for the entrepreneurial ecosystem can come in many shapes and forms. They can be a coworking space located in an underserved community, support in a language different than English, or an organization such as PTAC, (https://extension.missouri.edu/programs/missouri-procurement-technical-assistance-centers) which assists businesses to obtain federal, state and local government contracts. Support also comes in the form of legislation (that requires a percentage of all federal contracts is assigned to businesses from minorities) and an overall ease to create and operate a new business. The requirements and permits to start a business are listed as public information in multiple platforms, and there are several organizations that offer personalized assistance for entrepreneurs on initial stages, to ensure a seamless process.

"We had a lot of entrepreneurs in underserved areas, and so, the low hanging fruit for us was education. So I said, -Hey, what can we do to figure this out- So we did workshops...And that grew into small business development programs, mentorship programs..."

Daniel Smith, Founder and CEO of the Porter House

Community first

Consistent and conscious efforts are made to connect people and create opportunities for all (such as the coworking space in an area with traditionally underserved communities, or an incubator specializing in urban communities, "primarily minority individuals seeking the knowledge, support and skillset to start, grow, or transition their businesses to the next level"). These efforts are symptoms of a mature ecosystem, and will be created when the ecosystem is no longer in survival mode.

Organizations create open events, people get together for lunch and conversations, and there is a general openness and willingness to collaborate and share.

How do they do it? Key success factors of Kansas City

Identify, Connect, Empower, Measure

The framework, developed and compiled by Maria Meyers and Kate Pope Hodel, is an excellent summary of the blocks of important activities needed to foster a vibrant, strong entrepreneurial ecosystem. Another key aspect mentioned in their book "Beyond Collisions: How to build your entrepreneurial infrastructure", is to create a movement: Ecosystem are dynamic and in constant change, but of this ICEM framework is constantly being applied and there are clear shared goals and visions for the ecosystem, new players can seamlessly integrate into a system that's moving forward.

This process is also reflected in KS Sourcelink (https://www.kcsourcelink.com/) where resources and useful information can be found for Entrepreneurs, Investors, Resource Organizations and Job seekers. Another wonderful example of the work of KC Sourcelink is the Resource RailTM, a structured map of all the programs and resources available for entrepreneurs in the entrepreneurial ecosystem, separated by routes or types of business created. This tool makes it evident that different types of entrepreneurs require different types of support, which is a good practice that should be replicated in every entrepreneurial ecosystem.

Program design and talent attraction

Initiatives such as Launch KC, designed specifically to attract entrepreneurs and IT professionals to an already thriving tech community, have been carefully crafted to include points that generate value for entrepreneurs- such as reducing the costs of launching tech companies in KC and creating a "wireless district"- which is possible by including the different actors' perspectives and ideas. More on: https://www.launchkc.org/

There's also the SBDC Missouri (https://sbdc.missouri.edu/) that offers training, news and events, tools to grow a business and start one, to name a few.

The city also offers wonderful resources when it comes to office spaces, such as Plexpod (https://www.plexpod.com/) , Expansive workspace (https://expansive.com/locations/missouri/kansas-city/kessler-building/) and Iwerx (https://iwerx.org/), to name a few.

Public-sector involvement

The public sector is actively involved in stimulating entrepreneurship from a very open, hands-on perspective, partnering with actors from the private sector and ESOs, which favors public policies and reforms that enable the creation and escalation of startups and small businesses. An excellent example is the services offered by the public sector is the Bizcare page from the City of KC, Missouri: https://bizcare.kcmo.gov/BusinessRegistration. Entrepreneurs can find everything they need regarding the processes and regulations involved in starting and maintaining a business, in an easy to understand, easy to access manner. The local government supports closing the gap of access to capital in the early stages, which catalyzes the creation of companies that can grow and receive investment in more advanced stages. It is important to note that financing options are tied to a rigorous requirements and monitoring process, to ensure that the capital is used in the correct way. The most interesting thing is that the process is efficient without being restrictive.

The city also offers several programs and incentives, opportunity zones (which "encourages long-term investment and job creation in low-income areas of the state, by allowing investors to re-invest unrealized capital gains in designated census tracts") and tax credit projects, to make it attractive both for entrepreneurs and investors. More on: https://www.kcmo.gov/city-hall/departments/city-manager-s-office/office-of-economic-development/initiatives-and-programs

Entrepreneurs Wanted: Make it clear, make it accessible for everyone

The existence of spaces such as the Ennovation center (https://www.ennovationcenter.com/), The Toolbox (http://www.thetoolboxkc.com/) and KC BizCare (https://bizcare.kcmo.gov/) shows how relevant accessibility and clarity are for success of an entrepreneurial ecosystem. Entrepreneurs can find resources and services "Offered at no-cost to local residents and businesses" and support for "planning, registering, funding, operating, and growing your business."

Helping entrepreneurs to solve their questions and issues, making it easy and hassle free to start a business and providing personalized, one on one support and advisory to solve questions regarding permits, licensing and zoning has an enormous impact not only in talent attraction but in talent retention. Businesses that have access to this kind of support network are more likely to succeed and achieve a growth level that has a positive economic impact on their communities.

Understand your communities' strengths and weaknesses

The KC approach towards developing their entrepreneurial ecosystem is deeply rooted in the city's identity. It's not about building the next Silicon Valley, but about understanding the strengths and challenges that are unique to the city and making the most out of them. There is a large group of people whose purpose is to attract, retain and train the talent of entrepreneurs in their city or region. This team is composed of diverse individuals with the willingness to work and collaborate in an inter-institutional way. It is important to mention that the existence of actors who are not implementers but coordinators and linkers is key. Coordination between ecosystem actors may or may not occur in an organic way, but if it does, it's going to be slow.

First two images: Plexpod's work spaces
Third Image: The Hispanic Business Center Meeting Room

Additionally, it's important to stress that ecosystems can be built from the top (to obtain quick wins but not long term, sustainable changes) or from the bottom, which is likely going to be a slower process, but will deliver more sustainable, long-term changes to the culture and dynamics that can boost or stall an entrepreneurial ecosystem. The people in KC are clear about this, and their efforts are aligned with a bottom up, comprehensive approach.

Make entrepreneurship a part of education

The University of Missouri-Kansas City offers entrepreneurship degree programs, courses, events and classes related to entrepreneurship, as wells as mentorship services: https://bloch.umkc.edu/entrepreneurship/
However, it is not the only education provider. Over 50 organizations offer training and access to content and support to acquire entrepreneurial skills (https://www.kcsourcelink.com/resource-navigator?service-category=training&btn=true&pagesize=10&pagenumber=1) in the Kansas City area, which leads to well educated entrepreneurs who make the most of incubation and acceleration programs.

Measure

It is often said that what can't be measured, can't be improved. This is especially true for KC's model. With the support of many actors, the ecosystem is constantly being evaluated (https://www.joinsourcelink.com/measure). Updates and findings are shared with the community via several websites and reports, so everybody knows what is going on, and which are the pressing challenges and impact the ecosystem is generating. There is also a site that shares best practices and presents awards and recognition to the people and organizations creatin a better ecosystem for all.

Storytelling and communications: We are here!

Communication (both between local actors and outside of the city) is a key aspect of the entrepreneurial ecosystem. There is a rigorous work to promote "main street businesses" or traditional businesses. It is important to work on the distinction that not all businesses are startups, not all are going to grow to a million-dollar business, nor are all eligible to receive investment, and generate more support so that traditional entrepreneurs can grow and develop in a sustainable way.

Allow entrepreneurs to lead the way-and create a strong foundation: Eat, breath and sleep entrepreneurship, no matter where you come from

Building entrepreneurial ecosystems is an iterative process. Just because a tool works for one ecosystem does not mean that it will work for another. However, there are universal basic aspects, such as the need to build capacities (which is usually a work with qualitative and non-quantitative indicators) and connections between the actors of the entrepreneurial ecosystem.

"The efforts we see in KC, Kansas, are multifaceted: Commerce, education, beautification of the city, public services...All has been synchronized, which influences innovation and business creation in the city"

Veronica Alvidrez-Experience manager, Startland

The creation of KC Startup Village (and its transformation on [Startland](#)), an entrepreneur-led, grassroots initiative, was both a product and a consequence of KC's efforts to build an auspicious environment for entrepreneurship. Startland's mission, "Unlock the starter in everyone", has three important components that are also present in other organizations in the ecosystem:

1. Education
2. Stories
3. Experiences

Their hands on, adaptative approach allows them to disseminate not only entrepreneurial skills but also entrepreneurial attitudes on people from all over the city, regardless of their level of experience with entrepreneurship. By focusing on capacity building to reach those that have been left behind, Startland unlocks and enables the "next steps" in the pyramid of entrepreneurial ecosystems, which lead to creation and innovation and further down the road, to economic prosperity and cultural vibrancy.

This capacity building also leads to a significant change in mindset, which influences the culture of the entrepreneurial ecosystem. Culture is a key element of entrepreneurial ecosystems. Although it is a non-tangible part of it, its effects are always observable-It determines how people collaborate, the levels of risk aversion and many other behaviors key to entrepreneurial activities. There is enough practical evidence that demonstrates how higher degrees of collaboration, information exchange and innovation are likely to yield favorable environments for entrepreneurs to thrive, (Maroufkhani, 2018), which makes the capacity building and connection efforts even more relevant and important.

Create deliberate collision spaces

Spaces such as Plexpod offer a perfect collision space for workshops, conversations and collisions that can lead to collaboration. Community leaders constantly organize events that allow people to interact and promote not only a common vision for the ecosystem, but a tight support network. People come first, and the ecosystem is human centered. Relationships between community organizers and ESOs are on a first-name basis, and trust and collaboration are staples of interaction.

> *"We started (KC Sourcelink) by connecting the entrepreneurial support organizations, and we've been building resources for entrepreneurs ever since...*
> *I started KC Sourcelink in 2003, it's an overnight success that took almost 20 years"*
>
> *Maria Meyers, Founder KC Sourcelink*

UMKC Innovation Center

Final words

For the ecosystem builder:

There are no shortcuts when it comes to ecosystem building. It implies hard work, a lot of awareness about the community and its circumstances and understanding that changes are going to take time. It's not a static work, and each day may look different from the one before, especially on initial identification stages, when you are starting to gather information and contacts of those active in the community. However, being an ecosystem builder is deeply rewarding: The connections and interventions you create have the potential to boost business creation and sustainability in the long term.

No two ecosystems are alike, and recognizing their strengths and identity was one of the key aspects that led Kansas City to success. It is important to remember that even if some interventions worked in KC, it does not mean they will work in another entrepreneurial ecosystem, due to several environmental factors that are different (country, culture, language, involvement of the public sector, etc.). However, their approach will lead you to a better understanding of your own ecosystem. Quoting Maria Meyers, a key ecosystem builder in Kansas City: "You may be looking for a step-by-step guide to building the Next Silicon Valley. That's easy. Build Stanford and wait 100 years. You don't want to build the next Silicon Valley…You want to build the best version of your community that you can."

We create opportunities