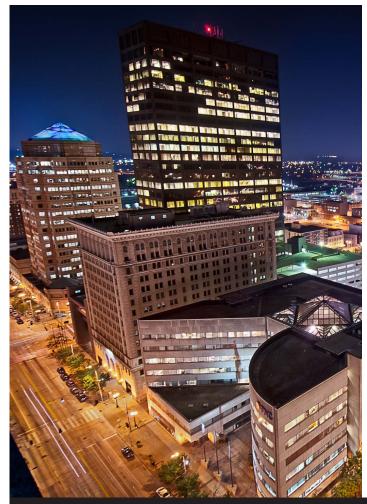
# START DOWNTOWN

#### **PRIORITY RECOMMENDATIONS**













## INTRODUCTION

At the heart of Dayton's comeback are talented people taking risks and shaping our city. You can find their stories in locally-run coffee shops, coworking spaces, entrepreneurial hubs, artist spaces, brewery tasting rooms, and the kitchens of local restaurants. A groundswell of entrepreneurial and creative activity is changing Dayton.

Much of it is happening downtown. Fueled by the live-work-play lifestyle inherent to urban environments, entrepreneurial and creative-driven enterprises are flourishing in our center city. The inventor working in isolation is the exception, not the rule – density of people, collaboration, and connectivity are essential ingredients to new endeavors.

Seeing these efforts and appreciating their impact, we set out six months ago to identify new projects and strategies that would help more people start downtown. This plan is a product of that work. More than 100 people, including a mix of downtown entrepreneurs, artists, and creatives, contributed to the recommendations here-in. We are not just stating in this report what others should do; we are also taking responsibility to do our part.

Slowly, but surely, Dayton is rediscovering its entrepreneurial DNA. This awakening is not being led by any institution or organization – it's being driven by people from the bottom up. It's not waiting for any single person to move forward, nor does it need any organization's permission to take action. It's not owned by anyone, but instead shared by all.

Dayton is currently lagging behind other cities in supporting startups and new endeavors. We are losing talented people because of it. We have all the assets we need to catch up - it's not a matter of whether Dayton is coming back, it's just a matter of how quickly we are going to make it happen.







# START DOWNTOWN: EXECUTIVE SUMMARY

Earlier this year, almost 100 people came together to begin an initiative to help more enterprising Daytonians start downtown. Volunteers spent hundreds of hours identifying best practices from other cities, identifying gaps in the Dayton community, and crafting new projects that will help move our entrepreneurial and creative ecosystem forward. Start Downtown recommends the following priority areas based on this work:

#### THINGS NEED TO GET A WHOLE LOT DENSER

The space between entrepreneurs and creatives is holding them back – our ecosystem is fragmented. Dayton needs a large physical hub for entrepreneurs and creatives embedded in a live, work, play environment – housing the best startup talent and startup resources, and providing flexible and inclusive space where entrepreneurs can bounce off each other.

## FUND THE STARTUP AND CREATIVE COMMUNITY

Startups are leaving for cities where funding is much more abundant – we are not only losing the economic activity from the businesses they create, but also some very talented people. We need consistent deal flow for investment at the various stages of new business growth. Funding can't just be for high-growth companies – other small businesses provide benefits to our community and need support as well.

#### ESTABLISHED BUSINESSES HAVE TO GET ENGAGED

We need to accelerate the interaction between startups and established businesses. If you're an established company, startups want to learn from you and find mutually beneficial relationships that can help both of you grow together. Sometimes a first customer connection or discounted service can make or break the launch of their endeavor.

#### **EMBRACE THE ORGANIC**

A thriving entrepreneurial ecosystem isn't something that can be engineered or forced. Rather it's about creating an environment that facilitates people working together from the bottom up. Dayton has numerous programs that support entrepreneurs. Equally important are the organic analogs to these formal programs – creatives supporting each other and fostering a culture that celebrates risk taking.

### DOWNTOWN IS FUNDAMENTAL TO A SUCCESSFUL ECOSYSTEM

Downtown's development is critical to the region's efforts to build a thriving entrepreneurial ecosystem. The characteristics of the downtown environment – random, dense, serendipitous, authentic – all feed creative energy. Stakeholders that support entrepreneurship, technology development, and commercialization need to get engaged downtown in ways that they haven't before.

# PROMOTE THE PEOPLE CHANGING DAYTON AND WHY THEY ARE LAUNCHING THEIR ENDEAVORS HERE

Growing an entrepreneurial ecosystem requires growing an entrepreneurial culture – celebrating both those who succeed and those who fail. Telling the story of the people launching new endeavors rewards risk taking and will ultimately help us better attract and retain top talent.



## START DOWNTOWN SESSIONS & PARTICIPANTS

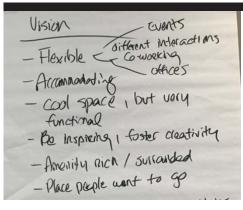
Since we wanted to know what downtown could do to better support entrepreneurs and creatives – we actually asked entrepreneurs and creatives. This effort has been grass roots led from the very beginning.

Start Downtown launched with a series of "introductory collisions" in early May. These sessions were held at some of the most creative-feeling downtown spaces and almost 100 people participated. Downtown entrepreneurs and creatives composed the largest segment of participants, followed by passionate difference makers from some of the public and private supporter organizations. Attendees talked about the recurring challenges faced by enterprising Daytonians in our community and described their vision for how we could grow an entrepreneurial and creative environment. We heard clear enthusiasm for the topic, but a lot of skepticism as well – participants wanted to know how this initiative would lead to action versus others like it in the past that had not produced results.

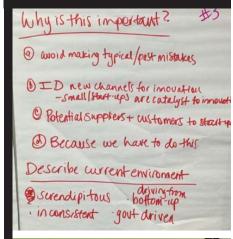
About half of the original attendees said they were ready to get to work over the summer to move the key areas forward. Groups rallied around five teams, organized by topics we heard to be important from the May sessions:

- Catalyzing greater collaboration and connections between entrepreneurs and creatives
- Funding the creative and entrepreneurial community
- Facilitating more mentoring and business connections between established / successful business owners and start-ups
- Creating density of entrepreneurship and creativity through a large physical hub surrounded by live, work, play amenities
- Taking control of the Dayton story of creativity and entrepreneurship

Over the summer volunteers dedicated hundreds of hours of their time to move these areas forward. The recommendations contained in this report are products of their knowledge, energy, and enthusiasm. Because it's not enough to just say what others should do, each team is launching a new project as their contribution to the cause.











# KEY INGREDIENTS TO A THRIVING ECOSYSTEM

An extensive amount of research has been done in support of Start Downtown. This includes looking at best practices from other cities and an examination of the gaps and needs here in Dayton. This work has benefited greatly from the work done by Wright State University as part of their Office of Economic Adjustment grant.

Site visits have been made to more thriving entrepreneurial and creative ecosystems, including Durham, Baltimore, Columbus, Cincinnati, and St. Louis. We've seen some awesome examples of how those cities are supporting their startup and creative communities.

Across all of these research efforts we've seen common themes emerge – to us, they are the key ingredients to a successful entrepreneurial and creative community:

**A COLLABORATIVE CULTURE AND COMMUNITY.** This ingredient is a lynch pin. If you don't have a community among startups and creatives – specifically, if they don't know each other and they aren't working together, you don't have an ecosystem.

**AN INFRASTRUCTURE THAT FACILITATES THIS COLLABORATIVE CULTURE AND COMMUNITY.** Specifically, the right kind of open and collaborative work spaces with low barrier to entry, flexible to accommodate the evolution of startup endeavors, high speed internet, access to maker tools, etc.

**DENSITY OF STARTUP AND CREATIVE ACTIVITY.** Hundreds of entrepreneurs and creatives need to be closely packed together. Every step that a startup needs to take to find another person like them is a barrier to a business connection and new collaborative endeavor. If they need to get in the car to connect, it's even worse.

**EMBEDDED AND INTEGRATED IN A LIVE / WORK / PLAY ENVIRONMENT.** The energy and assets of the urban environment help stitch together the creative community. Serendipity, randomness, diversity of thought, authenticity... and also great local dining and nightlife, all feed an entrepreneurial and creative lifestyle.

**RESOURCES FOR ENTREPRENEURS AND CREATIVES.** Support mechanisms including a steady stream of funding, technical assistance, mentoring, and more. Truly vibrant ecosystems have both formal programs to provide this support, and entrepreneurs and creatives organically supporting each other.

**ENTREPRENEURS AND CREATIVES INTERACTING AT ALL STAGES IN THE CONTINUUM AND ACROSS A DIVERSITY OF INDUSTRIES**. Established businesses and successful entrepreneurs are providing first customer connections, offering discounted services to startups, and finding other ways to give back to the ecosystem. Also, a diversity of industries working with each other provides a much richer collaborative culture.



cincinnati's union HALL (located in Over the Rhine) is a dense hub of entrepreneurial activity. The 38,000-square-feet space offers a flexible work environment – coworking, dedicated desks, and private offices – and houses Cintrifuse, The Brandery, and CincyTech, three organizations that play major roles in supporting entrepreneurs.



massive makerspace that offers classes and equipment for welding, wood working, 3D printing, sculpture, sewing, and more. A renovation is underway on the second floor that will add flexible office space for startups. The Idea Foundry is located in Franklinton, an urban neighborhood undergoing revitalization on Columbus's west side.



AMERICAN UNDERGROUND (AU) in Durham, NC, provides 117,000 square feet of flexible work space that is able to accommodate companies with one employee up to 25. Tenants also include the Startup Factory (startup accelerator), and Fidelity Labs (the new product arm of Fidelity Investments), which is collocated at AU to expose its development teams to the entrepreneurial culture of the hub.

## THINGS NEED TO GET A WHOLE LOT DENSER

### **CREATE** A LARGE STARTUP / ENTREPRENEURIAL HUB AT THE CENTER OF THE ECOSYSTEM

Our community needs a large physical hub of startup and creative activity at the center of the ecosystem – providing flexible, inclusive space for hundreds of entrepreneurs at various stages of the business evolution continuum. This isn't a new idea – several examples of spaces like this exist in other cities. These hubs house the best startup talent, the best startup services, and the best startup funding in their respective communities. A virtual hub won't cut it, we need a home.

### **IDENTIFY** A CLEAR COMMUNITY FRONT DOOR ORGANIZATION THAT WE CAN ALL GET BEHIND

A benefit of a large hub is that it creates a clear community front door for startups and creatives. Lacking this physical space, the new joint venture between Nucleus CoShare and The Entrepreneurs Center (now called Nucleus) should be the go-to organization for startups and creatives entering the ecosystem. Other organizations will certainly continue to play important roles supporting new small businesses and creative endeavors, but Nucleus should be the entry point to provide a clearer sense of path for entrepreneurs in our community.

#### **CREATE REASONS TO BRING STARTUPS AND CREATIVES TOGETHER**

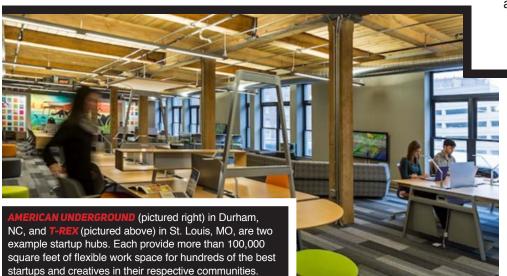
The new events and programs that have launched in the past six months that bring together and intersect startups and creatives in our community have contributed significantly to the current startup energy in downtown Dayton. Lacking a large physical space that helps sustain these interactions more consistently and organically, we should look for reasons to continue this type of programming.

#### **CURRENT ENVIRONMENT:**

There are pockets of activity in smaller creative / entrepreneurial hubs and other places in and around downtown, but the connectivity between these pockets is inconsistent at best. While some of these locations are within walking distance of each other, many of the pedestrian corridors are uninviting and lack vibrant connections. Besides specific events designed to bring people together, entrepreneurs and creatives are not bouncing off each other and connecting on a regular basis. Finally, the locations of these hubs of creative activity aren't strategic with respect to each other, but rather are the result of isolated decisions - most motivated by a supportive property owner and opportunity for cheap space.

# NEW START DOWNTOWN PROJECT: POP-UP COWORKING

Beginning this fall, Start Downtown volunteers will be teaming with several partners to host monthly "pop-up coworking" events in and around downtown. These events will be held at interesting downtown locations (e.g. a brewery) and will continue to bring more startups and creatives into the fold. Event partners will include successful entrepreneurs and some the best startup services and resources in our community.



## FUND THE STARTUP AND CREATIVE COMMUNITY

#### AGGREGATE STARTUPS AND INVESTORS AND PROVIDE CONSISTENT DEAL FLOW

53 miles south of Dayton is The Brandery – a top fifteen nationally-ranked startup accelerator that seeds 10-12 companies per year with \$50k in initial investment and \$200k in startup support resources. At the end of each fourmonth cohort, graduates pitch to investors for their next round of funding. It's one of eight accelerators in Cincinnati alone. In a thriving ecosystem like Cincinnati, not only do startups know where they need to go for funding, investors know where they can go to find startup talent.

In Dayton we're making a handful of investments per year and the majority of these startups are post revenue. We don't expect to have the investment power of Cincinnati, but we could be doing much more. A startup accelerator may not be the right answer for Dayton, but more formal programs that match startup talent to potential startup money would provide more consistent deal flow. Without this, our talent will continue to look elsewhere to get their ventures off the ground.

## FUND ALL TYPES OF BUSINESSES – NOT JUST HIGH TECH / HIGH GROWTH

Certainly not every person with an idea deserves funding, but if you are a non-tech / non "high growth" newer small business with the right experience and a solid plan, outlets for any significant financing are still scarce in Dayton. Recently launched financial products to support small businesses from the Human Relations Council / First Financial and Montgomery County help, but they aren't nearly enough. Lifestyle businesses, small professional service firms, and food and beverage providers all provide important economic benefits to our community – they need funding support as well.

#### **AGGREGATE INFORMATION ON FUNDING OUTLETS**

The funding opportunities that are available in Dayton are scattered across multiple organizations. On the internet they are difficult to find – information for these products are buried on websites and are rife with out of date information. Simple web searches with expected combinations (e.g. "Startup Funding Dayton") result in little information about where someone seeking funding should go. These outlets need to be aggregated in one web location – and that location needs be a high performer in standard web searches.







Since 2011, the **ACTIVATED SPACES POP-UP PROJECT** has been connecting entrepreneurs to supportive property owners, funding, and business support services.

#### **CURRENT ENVIRONMENT:**

Funding outlets for startups and creatives are lacking in Dayton, and as a result we are losing talent to other cities. Pre-seed / idea stage startups have virtually no local investment outlet, whereas in neighboring cities the opportunities are comparatively abundant. The investment requirements for these stage companies are relatively small (\$20-\$50k), but the impact they can have in supporting new ideas and attracting and retaining talent can't be overstated. Most of the loan products provided by Dayton-area community finance organizations require significant participation from commercial lenders - a difficult requirement for any startup or newer small business. With few exceptions, personal resources, friends and family loans, and crowdfunding are the ways new businesses are getting off the ground in Dayton.

# NEW START DOWNTOWN PROJECT: A DAYTON KIVA PORTAL

To help more Daytonians achieve their dream of launching a small business, Start Downtown will create a Dayton-focused Kiva network so local funders can connect to local small business owners. For more than ten years the crowdlending application Kiva has been connecting entrepreneurs to funders with 0% micro-loans that can help them get their new endeavors off the ground or reach the next stage of growth. This Dayton based Kiva portal will be modeled after other U.S. cities that have launched similar efforts. This funding outlet isn't designed for tech or high growth businesses - those endeavors should receive more traditional investment.

## ESTABLISHED BUSINESSES HAVE TO GET ENGAGED

## **BE A DISCOUNTED SERVICE PROVIDER, A FIRST CUSTOMER, A MENTOR, ETC.**

Startups don't just need funding and other traditional support services. Sometimes a first customer connection can provide the critical data they need to secure additional customers or a critical round of investment support. Additionally, discounted services in areas such as marketing, legal advice, accounting, etc. can help fill critical gaps on a startup talent team. If you're an established company in Dayton, you can play an important role in the ecosystem. Startups want to learn from you, do business with you, and find mutually beneficial relationships that can help both of you grow together.

#### **ESTABLISHED BUSINESSES NEED TO COLLOCATE WITH STARTUPS**

Virtual connections between established businesses and startups are not enough – in some instances, both need to be under the same roof. Larger employers in other cities value this interaction with startups as an opportunity to expose their employees to entrepreneurial and innovative thinking. When graduates of the entrepreneurial continuum continue to have a presence in a hub for startups and creatives, new small businesses get a sense of process for growth and can directly interact with aspirational examples of businesses that have successfully launched to the next step.





#### **CURRENT ENVIRONMENT:**

The interaction in Dayton between startups and established businesses is limited. Most of the spaces that are collection points for creatives and new endeavors are limited to just that — established businesses work somewhere else. The prevailing feeling among the startup and creative community in Dayton is that the larger employers are sitting on the sidelines when it comes to supporting our entrepreneurial ecosystem.

# NEW START DOWNTOWN PROJECT: INNOVATION / IMPROVEMENT CHALLENGE

To help provide direct and meaningful connections between larger companies and the startup community, Start Downtown volunteers will launch a new project to bring these two entities together around solving problems and creating significant returns on investment at the established business. Volunteers will organize one-week "sprints" to make this happen – through a facilitated process, problem "champions" from the company will collide with some of the best startup talent in Dayton. At a minimum, results of this process could yield a valuable fresh look at a problem for the large company. At a maximum, the process could result in a new business concept that could have a ready-made first customer.



In August, Dayton Tech Guide launched *EARLY RISERS* (pictured above), a forum designed to connect startups with established businesses and other potential partners. Startups pitch their business model and make a request for something other than funding – perhaps a first customer connection, a business partner, or some other critical element that will help their business grow.

# EMBRACE THE ORGANIC

# TECHNICAL SERVICES AND FORMAL SUPPORT PROGRAMS ARE IMPORTANT, BUT ORGANIC MENTORING, BUSINESS ADVICE, ETC. ARE JUST AS IMPORTANT

Dayton has numerous support organizations that provide business advice, workshops, and other consultations to entrepreneurs. Almost every week of the year you can find an agency hosting a program designed to help you get your business off the ground. Equally important (but until recently, virtually non-existent) are the organic analogs to these formal support programs. Specifically, startups and creatives mentoring and supporting each other, bartering services, and fostering a culture that celebrates risk taking.

#### LET GO OF CONTROL; CREATE THE KITCHEN, DON'T TRY TO SPECIFY THE RECIPE

Creating a vibrant entrepreneurial and creative ecosystem will require community stakeholders to embrace shared ownership in a way that they haven't before. Success isn't something that can be engineered by replicating some recipe of programs from another community. Rather it's about creating an environment and infrastructure that facilitates people working together from the bottom up. When we try to force an outcome by predetermining an industry focus or regional specialty, we are also limiting the outcome. Diversity maximizes the organic support mechanisms that help startups thrive.



#### **CURRENT ENVIRONMENT:**

Dayton is fortunate to have several organizations and talented service providers that provide business consultations, workshops, and more to someone looking to start something new in Dayton. We aren't lacking in people who care, but we have lacked an organic community of entrepreneurs providing this kind of support to each other. Additionally, most work spaces for creatives and startups in our community are isolated to a particular industry i.e. just for tech companies, just for artists, etc. We are missing the critical mass of organic connections and collaborations that can happen when a diversity of people collide together.

# NEW START DOWNTOWN PROJECT: DAYTON COLLABORATION NETWORK

Start Downtown volunteers are launching a new program to facilitate business connections between startups, creatives, and established businesses. Starting with the businesses already engaged in Start Downtown, volunteers will create a referral network of those willing to provide mentoring and discounted services to startups and creative endeavors during the first year after their launch. This network will be maintained and shared by the entities that interact with and support these new businesses on a regular basis.



creatives helping each other.

for entrepreneurs and creatives. The Nucleus community has grown into an organic support system of startups and

# DOWNTOWN IS FUNDAMENTAL TO A SUCCESSFUL ECOSYSTEM

### **DOWNTOWN MUST BE A PRIORITY IN THE REGIONAL EFFORTS TO GROW ENTREPRENEURSHIP**

Downtown development efforts are critical to the region's work to build a thriving entrepreneurial ecosystem. Many recent national studies have highlighted the important role urban areas play in supporting innovation. The inherent characteristics of the downtown environment – random, dense, serendipitous, authentic – all feed creative energy. In recent years many stakeholders have rallied around downtown development under the Greater Downtown Dayton Plan, yet much more still needs to be done. For us to build a thriving entrepreneurial ecosystem, current regional players that support entrepreneurship, technology research and development, and commercialization need to get engaged downtown in ways that they haven't before.

## DOWNTOWN PROPERTY OWNERS AND DEVELOPERS NEED TO CREATE SPACES FOR STARTUPS AND CREATIVES

While downtown has ample places to office, it is lacking in the modern, loft-style, flexible work spaces that foster collaboration and connectivity. Current options for ultra-fast internet are priced higher than what most startups can afford. Some spaces are starting to transition to meet these demands, but multi-year lease terms and high tenant improvement burdens continue to turn many startups away. This community of creatives wants to be downtown, but until we provide the vibrant & connected environment and infrastructure that is needed to support their growth, they will continue to look to neighboring cities to launch their endeavors.

YELLOW CAB'S monthly food truck rallies (picture above) are a collision of food, entertainment, and hundreds of talented Daytonians. CATAPULT CREATIVE'S new office space (pictured right) is a prime example of the wide open, flexible office environment desired by startups and creatives.

#### **CURRENT ENVIRONMENT:**

Startup and creative activity is playing a major role in downtown's revitalization. While this activity is growing organically, it won't reach its full potential unless we can better stitch together the pockets of creative and entrepreneurial energy in and around downtown. Of all the hot spots of entrepreneurship, really only Nucleus CoShare is embedded in a vibrant live, work, play environment. Other clusters of creative activity are isolated and require jumping in the car to find a place for lunch or continue a creative conversation over a beer. Additionally, downtown's office environment is lacking an ample supply of flexible, easy to access, modern (but still gritty) work spaces that can adapt as quickly as the entrepreneurs that want to work in them.





# PROMOTE THE PEOPLE CHANGING DAYTON AND WHY THEY ARE LAUNCHING THEIR ENDEAVORS HERE

#### **PROMOTE SUCCESSES** AND ATTEMPTS AT SUCCESS; CELEBRATE THOSE WHO TRY

There are numerous examples of people making great things happen in Dayton – many of them are under the radar and under-appreciated in the impact they are having in this city. Growing our regional entrepreneurial ecosystem requires also growing an entrepreneurial culture – celebrating both those who succeed and those who fail. Telling the story of the people launching businesses and new endeavors in Dayton (and why our city was a good place to do it) rewards risk taking and will ultimately help us better attract and retain top talent.

#### **COLLABORATE AND SHARE PROMOTIONAL EFFORTS**

If an organization, startup, or other entity has a new program or endeavor that will grow our entrepreneurial and creative ecosystem, we all benefit by doing our part to promote it. Additionally, other cities have created shared promotional umbrellas to unite messaging — Startup Cincy is a great example. A similar effort here could help create a sense of collective action — not just between entities that share the umbrella, but also to the larger community taking notice of these efforts.

# There are **HUNDREDS OF DAYTONIANS** making substantial contributions to downtown's revitalization by starting new businesses, community initiatives, and collaborative endeavors.

#### **CURRENT ENVIRONMENT:**

The collaborative culture and community among startups and creatives is an area that has drastically improved in the past 12-18 months. Nucleus CoShare has led the way. The events around commercialization, Dayton Startup Week, Dayton Tech Guide, Startup Grind, and Start Downtown have also contributed significantly to this growth. This work has not only helped foster a sense of community, but also increased the visibility of startups and creative endeavors in the region. Many of these grassroots endeavors have been underway for years, but they are just now being noticed by regional stakeholders.

# NEW START DOWNTOWN PROJECT: I STARTED DOWNTOWN

Start Downtown volunteers are launching a new video series and social media campaign to celebrate the entrepreneurs and creatives who are having an impact downtown. The series will feature two videos per month for four months and will spotlight the diverse cross section of people making things happen downtown. The team will share the series via a collaborative marketing campaign using the software Thunderclap. The series will be united by a shared hashtag and leveraged by downtown stakeholders to showcase other businesses that are launching in the center city.



## **IMPLEMENTATION**



The entrepreneurial and creative community in Dayton is at a tipping point. Through the collective efforts of many, the community of entrepreneurs, creatives, and passionate difference makers has grown substantially over the past twelve months. People are working together who weren't before, but we need to keep expanding the tent.

This report highlights what we're doing well as a community and casts a vision for how we need to improve to take our startup and creative culture to the next level. Implementation of the recommendations in this document will require collaboration between the entities that support entrepreneurs and creatives in a way that we haven't seen before. The entrepreneurial and creative community must also play a leadership role. Funding for these efforts can't just come from the same places they always come from in our community – the pie has to get bigger.

Our city needs more base hits – not people swinging for the fences – new efforts that build on the momentum in a collaborative way, but don't try to solve every problem at once and all by themselves. The new projects launching through Start Downtown are examples.

Our team has truly enjoyed working with the Start Downtown volunteers. It's a talented group of doers and we can't wait to see what they accomplish in Dayton. While they have been candid about our city's current shortfalls, they are also committed to doing their part to make Dayton better.

Supporting startups and creatives is a contact sport. We hope you will get engaged by joining one of the many efforts underway or launching your contribution to the cause.

FOR MORE INFORMATION ABOUT THE START DOWNTOWN INITIATIVES AND HOW TO GET INVOLVED, VISIT: HTTP://BIT.LY/STARTDOWNTOWN.

