



SNOHOMISH, WA

Photo Credit: Richard Porter

WINTER 2024

MAPPING ENTREPRENEURSHIP ASSETS REPORT **SNOHOMISH, WA**

Prepared for: Snohomish, WA

Prepared By: SourceLinkSM



EXECUTIVE SUMMARY

Snohomish, WA is a small, close-knit, and vibrant city looking to expand its support for its entrepreneurs and identify what additional resources are needed. Snohomish is no stranger to supporting local ventures, however, as more small businesses look to Snohomish as their homebase, it's important to identify what gaps there may be in the entrepreneurial ecosystem.

To strengthen its support of local small businesses, the City of Snohomish joined the National League of Cities' (NLC) 2024 City Inclusive Entrepreneurship (CIE) cohort, a program that is designed to drive regional entrepreneurship and innovation. Snohomish committed to catalog local resources available to entrepreneurs.

Thanks to the funding through the CIE program, a new print resource document – the SourceFinder™ – and an ecosystem assessment report have been developed. This report will be used to expand support of small business owners and entrepreneurs in Snohomish. The goal is to educate local entrepreneurs and provide them with better access to resources.

“Small businesses are the heart and soul of Snohomish,” notes Snohomish Mayor Linda Redmon. “Small business owners and entrepreneurs are our friends, family, and neighbors – their success is our community’s success. The City’s partnership with SourceLink, supported by the National League of Cities, has helped us identify a wealth of resources for our small business community to tap into. As a city with an entrepreneurial spirit, it is important that we make connections to support new and growing businesses. You never know what might be the next Funko Inc., which started in a Snohomish home in 1998 and has grown into a company that brings in over \$1 billion in revenue per year.”



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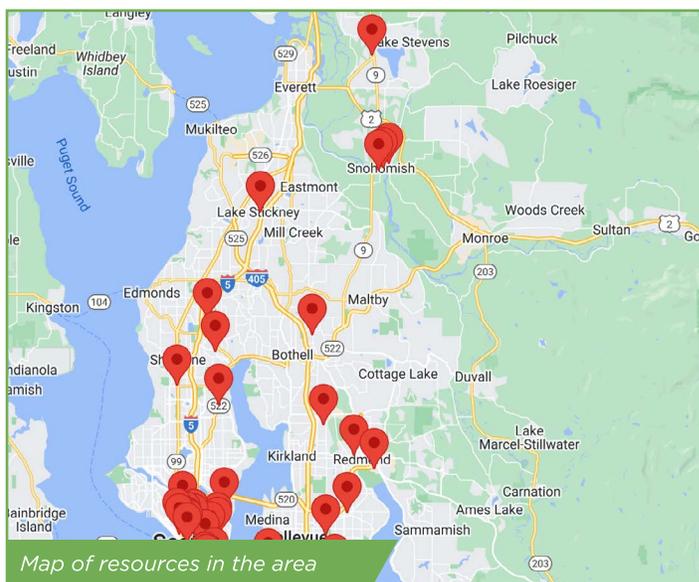
KEY FINDINGS

This analysis provided four Key Findings/Recommendations:

1. There is a notable gap in the availability of legal services for entrepreneurs.
2. A significant number of organizations offer resources tailored to startups and businesses in their early growth phases.
3. Despite the presence of 25 providers across the Seattle area offering business planning services, entrepreneurs continue to face challenges in acquiring essential business knowledge.
4. There is a large and growing number of resource providers available to support entrepreneurs.

Thirty resource providers filled out a survey describing their organization's services. After analysis of the data, it was found that there is a notably small number of resource providers that offer legal support services. This lack of legal support can make it difficult for entrepreneurs to navigate regulatory requirements and protect their ventures effectively.

Also, there is a wealth of resources dedicated to helping businesses during their startup and early growth phases. Numerous organizations provide services assisting entrepreneurs in overcoming initial hurdles, from securing funding to creating business plans. This extensive support network can be invaluable as entrepreneurs seek to establish a solid foundation.



Despite the broad availability of business planning services—offered by over 20 providers—resource providers reported that entrepreneurs continue to struggle with acquiring the necessary business knowledge to succeed. This finding might suggest that while ecosystem resources are abundant, there may be challenges in the accessibility, applicability, or awareness of these services. This is in line with what the Washington State Department of Commerce found when researching technical assistance across the state: <https://www.commerce.wa.gov/ta-report>.

WHY ENTREPRENEURS ARE IMPORTANT

According to Kauffman Foundation research, companies less than one year old created an average of 1.5 million jobs per year over the past three decades in the United States¹. Those entrepreneurs need thriving networks to grow and succeed. This precept has revealed itself over the 20+ years since SourceLink began bridging resource organizations to one another and to entrepreneurs throughout the country.

It's simple: the more contacts entrepreneurs can make early in the life of their companies – that is, the more help and information they can access – the greater their chances of getting products developed, finding viable markets, surviving the first years, and growing toward success.

Critical issues for an entrepreneur's success are usually information and social contacts. Regardless of where companies may be located, or what their products are, virtually all entrepreneurs grapple with how to start and fund their businesses, and eventually, how to grow their businesses to scale. Gaps in knowledge and experience complicate the startup process and extend the time it takes for valuable businesses to grow.

What SourceLink has learned from research and through lessons shared by thousands of entrepreneurs is that entrepreneurs extract significant and important benefits from their own social networks. Social networks are where entrepreneurs and small business owners access a variety of tangible and intangible resources that enhance the owner's experience and bring critical support as the business starts and grows.

Gaining access to, and better utilization of, available resources creates a stronger environment resulting in firm success and growth. Communities can help entrepreneurs – first by creating a vibrant network of resources to support them, and then by helping aspiring and existing business owners connect to a larger network of support.

A healthy entrepreneurial ecosystem facilitates access to information, resources and social networks critical to the success of emerging businesses.

¹*The Importance of Young Firms for Economic Growth* by Jason Wiens and Chris Jackson.

FOUR TYPES OF ENTREPRENEURS

A healthy entrepreneurial ecosystem acknowledges that not all entrepreneurs and business owners are the same. This is a good thing, because economies are based on many different kinds of businesses and each plays a different role in defining an economy.

After years of research and on-the-ground entrepreneurial ecosystem building research, SourceLink has developed a classification of entrepreneurs by the type of companies they lead and their goals for growth: Innovation-Led, Second Stage, Main Street and Microenterprise. A brief overview of each type follows.

INNOVATION-LED

Innovation-led enterprises are businesses in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace and serves as a foundation for a high rate of growth.

Often formed around life sciences or technology innovations, these enterprises can require significant funding and specialized facilities. Owners are willing to give away equity to investors to secure the financial resources they need to grow. These businesses may cluster around research institutes and universities as technology is transferred from research labs into the marketplace.

SECOND STAGE

Second-stage enterprises have survived the startup phase and have owners who are focused on growing and expanding. The second-stage firms generally have between 10 to 99 employees and/or \$750,000 to \$50 million in revenue.

For these companies, business plans have morphed into strategic marketing plans. Finding a location is replaced by funding an expansion. Defining a market niche transforms into finding new markets, launching a new product line, exporting or selling to the government. And finding a team to launch the business becomes a search to find the experts who can take the business to the next level.



Photo Credit: Christina Mitchell

MAIN STREET

Main Street companies make up a large segment of the economy, serve communities' growing populations and define a community's cultural character. These entrepreneurs are found among the local dry cleaner, grocery store owner, coffee shop owner, restaurateur or graphic design boutique.

Main Street entrepreneurs aren't driven by rapid growth. The founders create them to build a successful career in their area of passion and expertise and plan to work in the company for a long time. Their exit plan may involve selling the company to a key employee or passing it on to a family member.

MICROENTERPRISE

By definition, microenterprises are businesses that require less than \$35,000 in capitalization to start. In today's economic environment, dislocated workers and retirees are starting these companies to replace income lost through downsizing or retirement.

In the microenterprise space, there is a segment of support organizations that help those in poverty build wealth through microenterprise programs. Referrals may come from social services agencies and this group may need additional technical assistance due to lack of basic business operations skills.

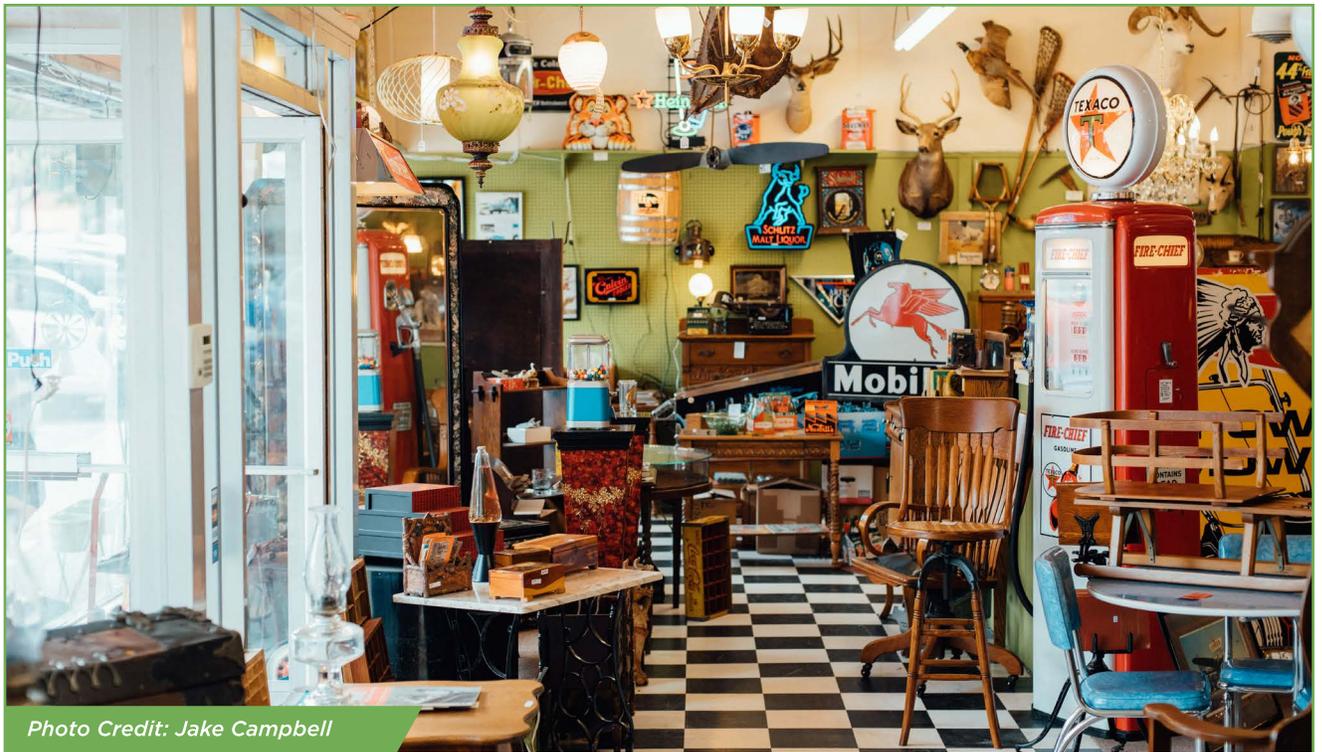


Photo Credit: Jake Campbell

This report also breaks out services specifically targeted to those starting businesses. Regardless of industry or type of business, almost all startups go through the same steps: ideation, feasibility, legal formation, licensing and permits. In most communities it is helpful to route the earliest-stage startups to specific resources who have time and resources to spend with those in the conceptual stage.

SNOHOMISH ENTREPRENEURSHIP STRENGTHS & GAPS

The project collected data through an online survey and facilitated discussion to look at the strengths and gaps of the entrepreneurial support network in Snohomish, WA. A focus group with 16 entrepreneurial support organizations (ESOs) represented was hosted on June 13, 2024.

Participants divided into breakout groups and addressed four questions:

- What makes Snohomish unique?
- What are the strengths of the local entrepreneurial ecosystem?
- What are the biggest challenges facing entrepreneurs who seek your assistance?
- What are the challenges facing you and your organization when providing that assistance?

During the meeting, there was a lot of pride for the City of Snohomish: while it's close to Seattle, and strategically located on major highways, it maintains its own distinct feel. It was noted that Snohomish County is one of the fastest growing counties in Washington, with the City of Snohomish itself (population: 10,000) projected to grow by an additional 3,000 people over the next 20 years. While Snohomish is growing, the historic business district still boasts a well-preserved, Hallmark-like charm. Residents and businesses alike are drawn to Snohomish by its small town feel and quality of life.

The entrepreneurial community within Snohomish was noted as being collaborative with a wide variety of resources. The area is increasingly diverse and the entrepreneurial support organizations are working to make that a bigger part of the conversations being had. The ecosystem is very community-driven, with a lot of networking opportunities and events for small businesses. The industries in Snohomish are broad, ranging from microenterprises to farmers, to tech ventures. There are experienced mentors and educators available to assist entrepreneurs.



Echoing other communities across the United States, there is a lack of funding and microloans for small businesses. This issue is not unique to Snohomish, but still presents a large barrier for new business owners or entrepreneurs looking to scale. Some of the entrepreneur support organizations (ESOs) noted that the amount of paperwork and red tape around the funding that is available can be frustrating to entrepreneurs. Capacity of these small business owners is also a big issue, as it can be hard to balance a day job, business education and applying for funding. While there are a lot of resources, entrepreneurs sometimes lack awareness of those resources or feel overwhelmed by the sheer amount and don't know where to start. Another challenge worth noting is that there really aren't many resources in the immediate Snohomish area, which is why Seattle area resources are included in this research. This could account for some of the lack of entrepreneur awareness touched on throughout this report.

The entrepreneurial support organizations expressed that their own funding and capacity were an issue for them. Consistency in their funding would help maintain programs. Finding easy ways to reach entrepreneurs and spread awareness of the resources available in Snohomish was also noted as a challenge for some organizations.

The following section features direct quotes and themes referenced and grouped by each prompting question during the facilitated discussion held in June 2024.

WHAT MAKES SNOHOMISH UNIQUE?

Top Responses:

- Proximity to Seattle
- Opportunities for growth
- Tourism and natural resources
- Diversity of population and industries

WHAT ARE THE CHALLENGES THAT YOU AND YOUR ORGANIZATION FACE WHEN PROVIDING THAT ASSISTANCE?

Top Responses:

- Funding
- Identifying resources
- Capacity

WHAT ARE THE STRENGTHS OF THE LOCAL ENTREPRENEURIAL ECOSYSTEM?

Top Responses:

- Collaboration
- Accessibility
- Resources

WHAT ARE THE CHALLENGES FACING ENTREPRENEURS WHO SEEK YOUR ASSISTANCE?

Top Responses:

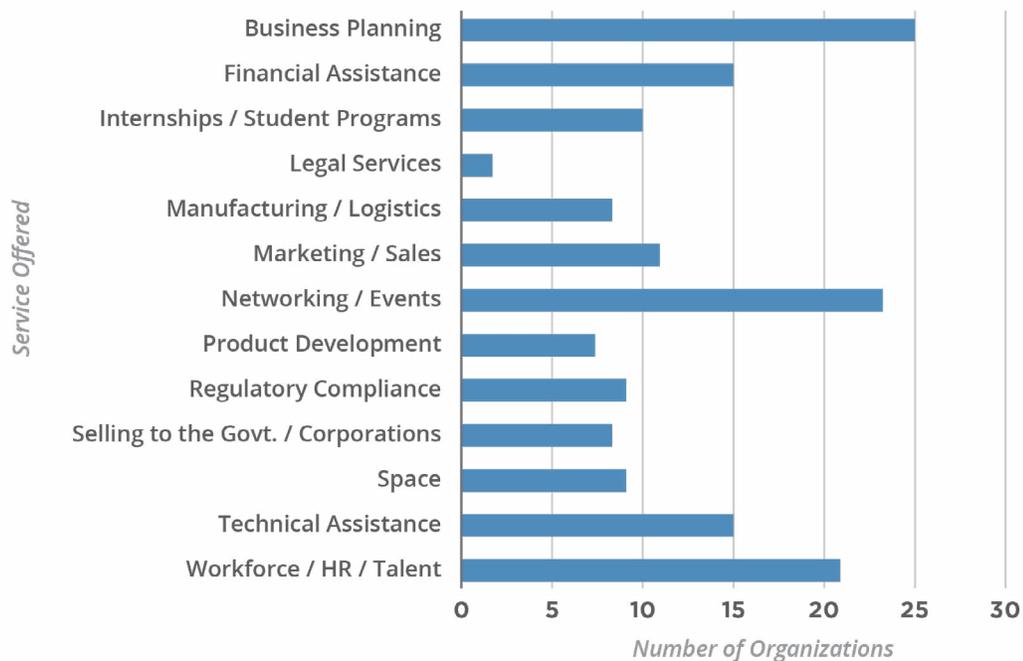
- Funding
- Identifying resources
- Lack of business knowledge
- Financial insecurity/cost of living and doing business

ENTREPRENEURSHIP RESOURCES IN SNOHOMISH

As part of the project, SourceLink conducted an in-depth analysis of services offered by resources organizations serving the city of Snohomish.

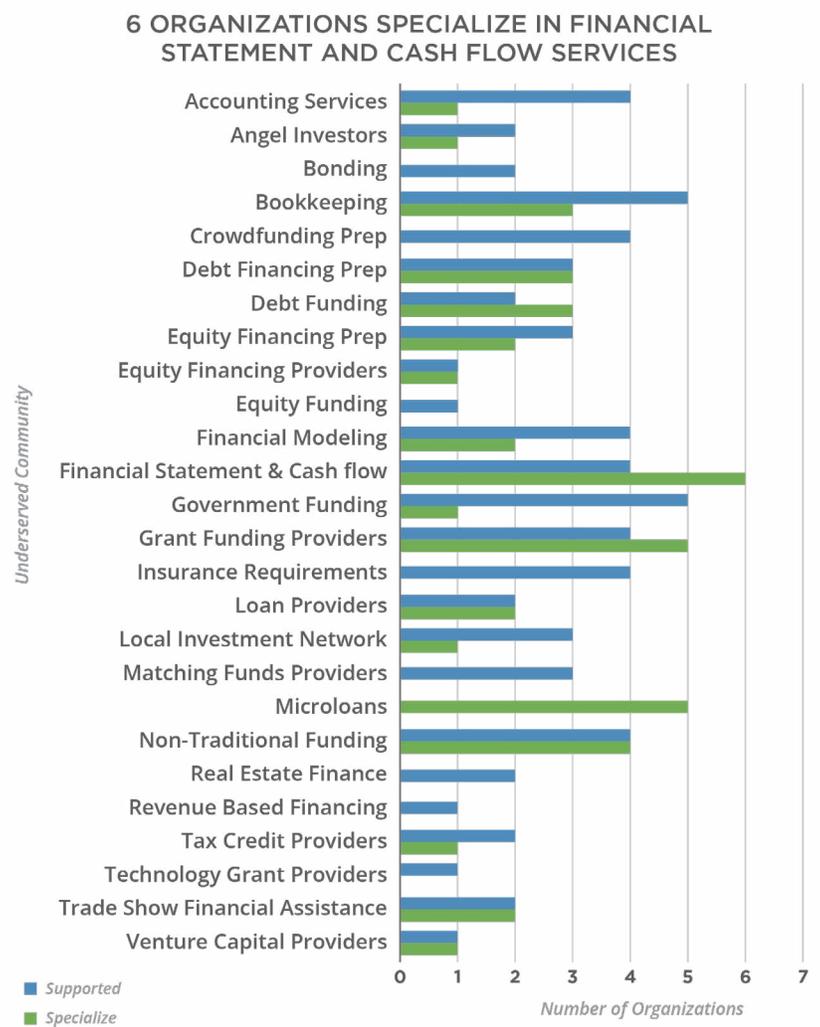
Thirty organizations completed an Evergreen BizLink Resource Navigator profile, indicating services offered and services they specialized in. Most of the respondents were nonprofits and public sector organizations. Organizations not included did not complete a survey by the deadline.

BUSINESS PLANNING IS TOP SERVICE OFFERED BY ORGANIZATIONS

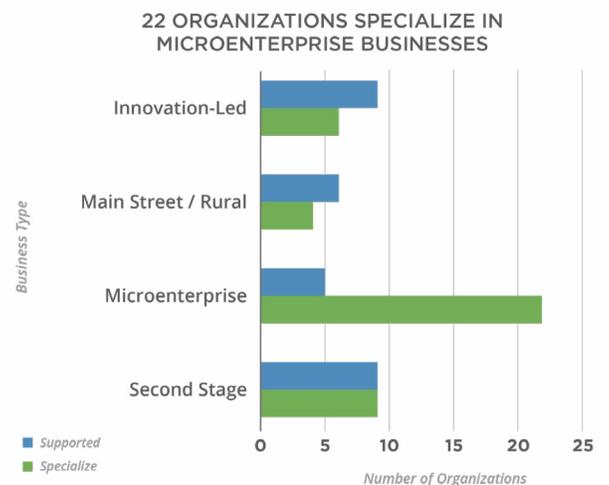
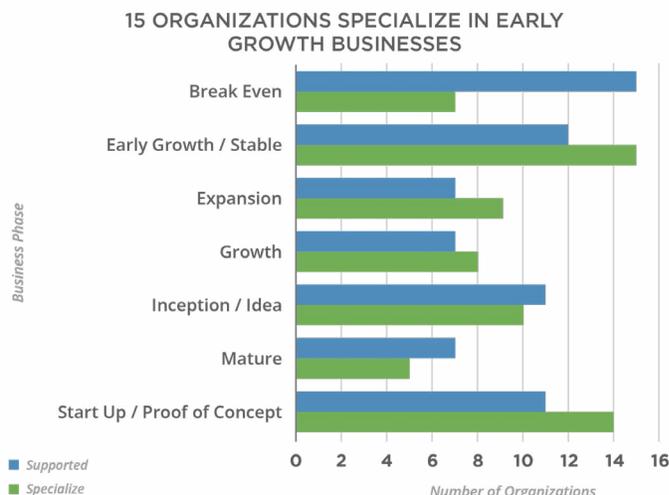


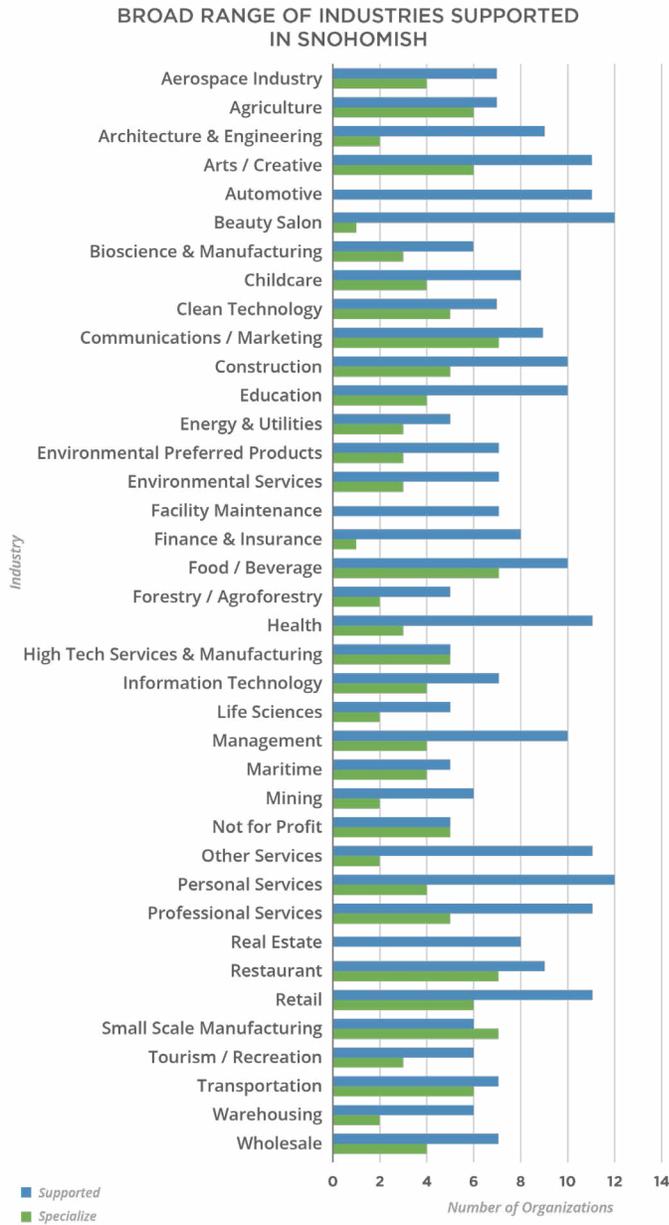
Overall, the scope of services offered by resource organizations is in line with other communities of a similar size with a few variations. Across the greater Seattle area, business planning services are offered by 25 organizations, indicating a strong support for helping entrepreneurs make a strong start. Networking/Event services were offered by 23 ESOs, which can include mixers, meet-ups, training sessions, workshops, resource fairs, etc. Likewise, Workforce/HR/Talent was offered by 21 organizations as well, which can be a critical need for small businesses looking to develop quality talent. Marketing is usually the top service offered in cities of a comparable size but came in a little lower with 16 organizations offering it to entrepreneurs.

Fifteen organizations offer financial assistance, which is critical given the need for entrepreneurs needing access to capital and financial literacy. Out of those, 12 specialized in specific types of financial support, which is captured in a graph below. Depending on the specific needs of Snohomish small businesses, further analysis may be needed to check if there is a gap within the financial education services and the types of funding offered.



The next charts break down the resource organizations by the audiences they serve. Most serve all stages and all types of businesses. We also asked if there were special populations served and those are indicated on the charts.





ESOs across the greater Seattle and Snohomish area offer services to a wide demographic of entrepreneurs, including language services. It was noted in the meeting that innovation-led businesses are becoming more common in the area, so an increase in resources serving those businesses could be needed, but this only reflects the organizations that completed the survey.

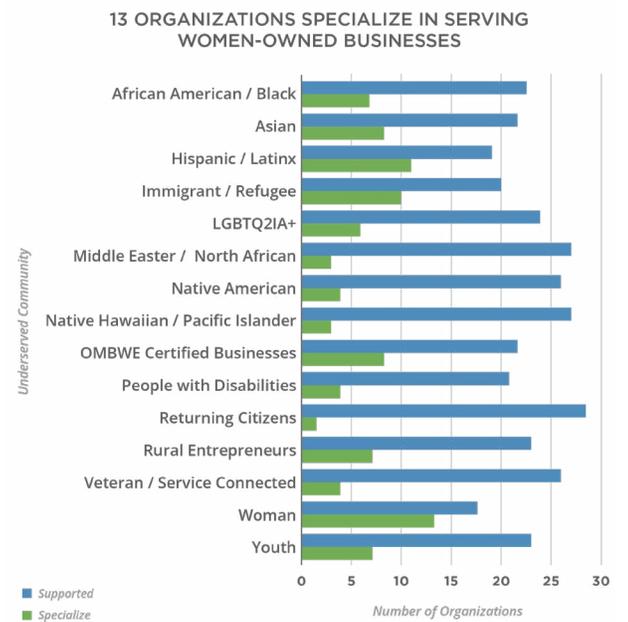


Photo Credit: Christina Mitchell

CONCLUSION

Mapping assets to support entrepreneurs and business owners in a community and understanding the gaps is the first step in strengthening a region's entrepreneurial ecosystem. The analysis of assets in Snohomish reveals an array of resources for entrepreneurs of all types, stages and demographics.

The greater Seattle area has an abundance of providers that can help educate and support entrepreneurs in the Snohomish community, but the focus group identified that small business owners have trouble navigating them. It will be important to take a closer look at those organizations to see what type of education is offered and what may be missing.

The focus group done in the summer can be the starting point to building an engaged entrepreneurial ecosystem. With Evergreen BizLink in place, new resources for the Snohomish area can be added and maintained on a digital platform. Entrepreneurial resource organizations that serve Snohomish should continue to meet in order to collaborate and share information.

ABOUT

ABOUT SNOHOMISH

Snohomish, WA is a small but mighty town of just over 10,000 people located 40 minutes northeast of Seattle. Most Snohomish businesses are small, employing 10 or fewer full-time employees, and its close-knit community is eager to support its entrepreneurs. Businesses are strengthened by a variety of business associations and nonprofits such as the Snohomish Chamber of Commerce, Historic Downtown Snohomish Association, Snohomish Wedding Guild, and Snohomish Art Community.

Snohomish is known for its unique sense of place, which attracts visitors as well as new residents and businesses. The historic district, which is listed on the National Register of Historic Places, is home to a thriving collection of boutiques, bars, restaurants, personal services, and the antique stores that earned Snohomish its title as "Antique Capital of the Northwest." That said, small businesses are found all over town – including in garages and basements. Which home-based business will be the next Funko Inc., which began in a Snohomish residence in 1998? The City of Snohomish values its entrepreneurs and seeks to support entrepreneurship-led economic development in our community.



Photo Credit: Cascade Loop Assoc.



Photo Credit: Jake Campbell

ABOUT

ABOUT SOURCELINKSM

SourceLink was selected for this project due to its experience with entrepreneurial data analysis, asset mapping, and project management and consulting. Founded in 2003, SourceLink is a national organization working to build connected and cohesive entrepreneurial ecosystems that attract startups, accelerate business growth, create jobs and develop sustainable partnerships.

Blending consulting and technology backed by decades of experience, SourceLink supports the organizations that support entrepreneurs in building diverse and equitable entrepreneurial ecosystems in more than 70 communities across the country. More information is available at <http://www.joinsourcelink.com>.

ACKNOWLEDGEMENTS

This report was made possible by grants from the National League of Cities and the Kauffman Foundation through the City Innovation Ecosystems program.



APPENDIX 1: METHODOLOGY

SourceLink mapped Snohomish's resource programs and organizations that help small businesses and entrepreneurs grow and succeed. Those resources were compared to a taxonomy developed through work with communities across the country to uncover gaps and/or opportunities for entrepreneurial ecosystem development.

Taking into account the clustering of service providers, SourceLink has developed a methodology to categorize and map these entrepreneurial support assets. Each provider is categorized by the following:

- **Specific Service(s) offered:** Service providers were categorized using only those services that they directly offer to new clients. Service providers were not categorized under a service for which they offer referrals, or a service offered only to existing clients.
- **Client Profile:** Some service providers focus on specific types of entrepreneurs as described in the section on four types of entrepreneurs. For example, two organizations may provide one-on-one business counseling, however, one might provide that service only to innovation-led businesses. We therefore further categorize service providers based upon the type of entrepreneur they serve.

It is worth noting that these categories are not mutually exclusive. Providers may officially serve multiple quadrants, while focusing most of their time serving only one.

Specific services were summarized under broad category headings. For instance, assistance with social media and exporting falls under the broader category of marketing. Planning/management includes services such as business counseling and mentoring.

This project included the development and production of a graphic illustration of findings which can be found via <https://www.snohomishwa.gov/769/Business-Resources>.