



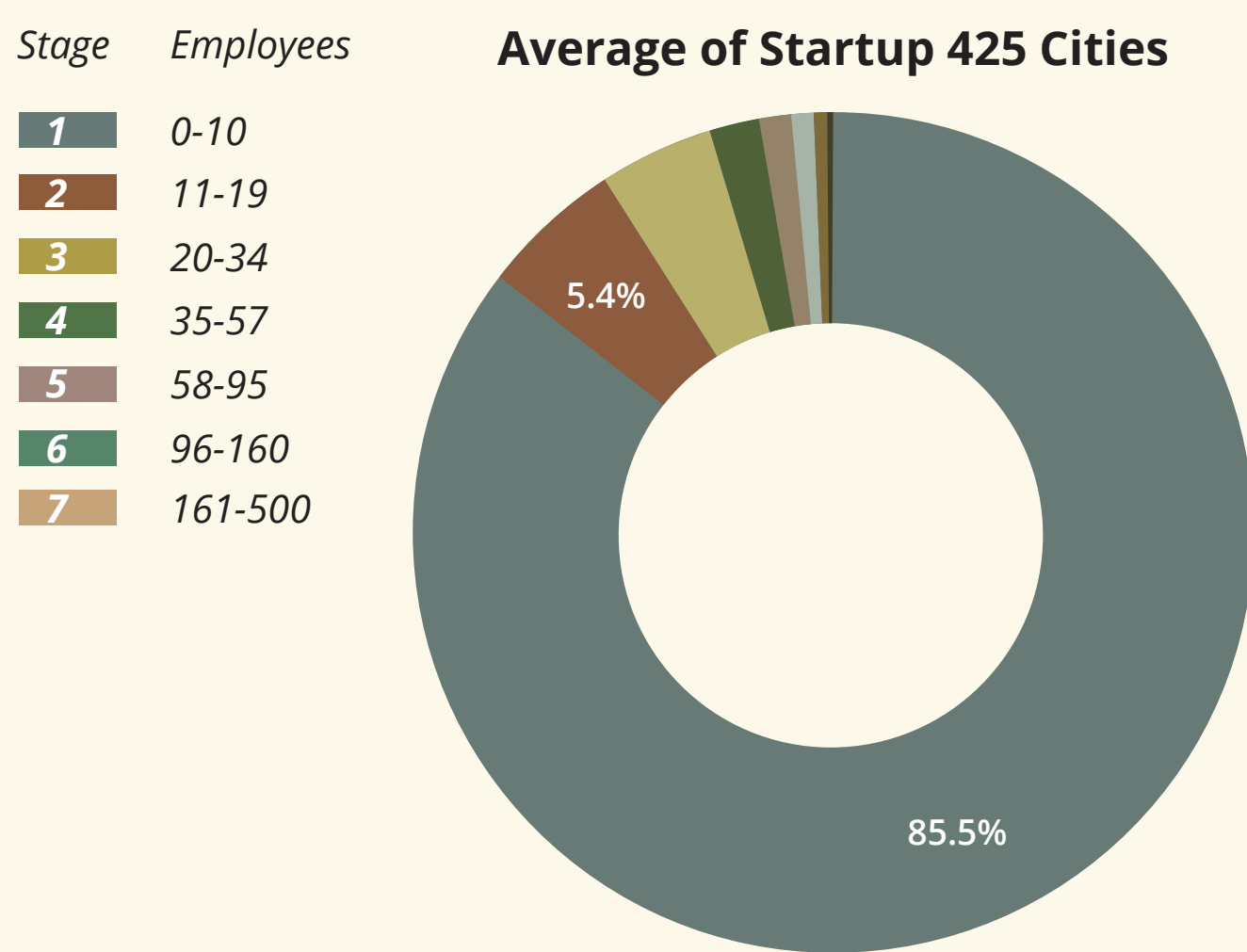
LONG-RANGE PLANNING RECOMMENDATIONS FOR STARTUP 425

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THE CHALLENGE

Startup 425 is a small business development program in partnership with five cities — Bellevue, Redmond, Kirkland, Issaquah, and Renton — with the goal to expand entrepreneurship across communities in the Eastside area of the Puget Sound. With a declining rate of business survivability in Washington State, Startup 425 has the opportunity to make a positive impact by directly addressing the root causes of business failure and low survivability.



The proportion of businesses in the Startup 425 cities in each of the seven business stages, as determined by number of employees.
LCY STUDENT TEAM

Startup 425 currently offers business education classes through the King County Library System. The program does not currently have a method to generate revenue, therefore managers are exploring sustainable revenue models, and how the city governments can be involved in developing and offering services.

OUR METHODS

Our team used three main questions to guide our research:

What are the root causes of business failure?

What services can Startup 425 provide to address these root causes?

What are some successful practices in small business development, and how are these practices implemented?

The main resources used in our research were relevant publication reviews, incubator feasibility studies, and state economic profiles from the Small Business Administration. We also looked at successful practices from existing small business development programs, as well as cities with high rates of business survivability. Austin, Texas, and Redmond, Washington, were chosen as model cities due to high rates of business survivability and business development capabilities.

OUR FINDINGS

Our research found that the root causes of business failure and low survivability rates were a lack of appropriate business education and a lack of resources (or the ability to find them). Roughly 60% of business owners have difficulty understanding business laws and regulations. This may stem from the fact that about 85% of business owners do not have business degrees or a comparably appropriate business education.

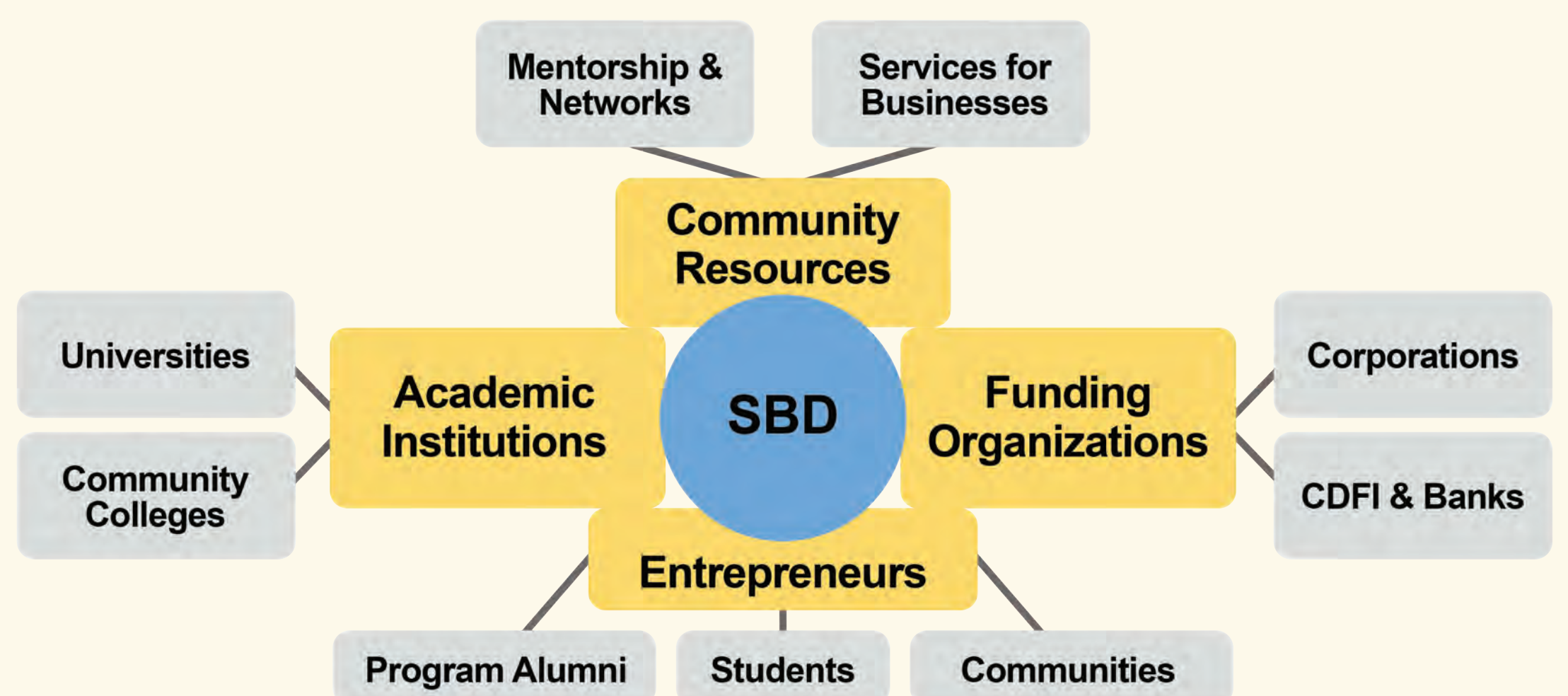
Furthermore, resources such as small business loans are increasingly difficult to find. Studies show that when business owners participate in business classes that include finance as part of the curriculum, owners are able to find more funding and resources.

Three potential sources of revenue generation for Startup 425 are:

- Incubator
- Accelerator
- Workshops and classes
- For the long term, we recommend that Startup 425 act as a nonprofit that includes all three of these functions. We also recommend Startup 425 build and expand its existing workshops and classes, as this will be the quickest and most efficient method to address the root causes of business failure.

City partners could be involved in this process by helping Startup 425 establish and develop relationships with outside organizations. Possible organizations include:

- Academic institutions
- Business funding organizations
- Local corporations
- Existing business development organizations such as the Small Business Administration



We recommend that Startup 425 partner with a variety of actors, including academic institutions and funding organizations. LCY STUDENT TEAM

