



**eCities 2010**  
iLabs – Center for Innovative Research  
College of Business  
University of Michigan-Dearborn  
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eCities is an annual research study that examines the factors – at the community level – that foster entrepreneurship and encourage economic development. The focus is on entrepreneurship because of its importance to expansion and diversification of regional economies and small businesses' impact on job creation. The primary purpose of eCities is to help communities benchmark their efforts and hear the best practices from other communities.

## **Background**

Across the country, economic development activities are carried out by various entities, including state agencies, regional associations, and counties. While these broader organizations engage in promoting economic development in Michigan, similar activities are also undertaken by many townships, cities and villages. Given this, the eCities study uses the community as the unit of measurement and not a county or metropolitan area as other studies have used.

The eCities project provides benchmarking tools and overview reports for participating communities and has assembled a collection of Best Practices of what local communities are doing to promote entrepreneurship and economic development. While there is no single solution for every community, the Best Practices allow communities to understand strategies that can be tailored to local resources and cultures. Helping local communities, who often have the most impact on small and entrepreneurial firms, provides an opportunity to improve the culture of entrepreneurialism in the state.

## **Data Sources**

A six-factor, 30-item analytical tool is the key research instrument in the eCities study. The factors consist of Clustering, Incentives, Growth, Policies, Community, and Education. All of the quantitative data comes from publicly available records. Such records include the US Census, local building department databases, city and county assessing rolls, and state crime reports. The quantitative findings are validated with personal interviews with city managers, township supervisors, and others involved with economic development at the local level. The analytical tool compares the items and weights the factors to identify top performing communities. The items were selected based on knowledge of what information local government's track and what data is relevant to business attraction and retention.

The six factors and the items they include are:

***Clustering:*** Examines concentrations of business property and municipal infrastructure investment.

***Incentives:*** Examines tax rates, tax abatements, and the use of tax incremental finance tools employed by local governments.

***Growth:*** Examines changes in business activity and commercial construction occurring within communities.

***Policies:*** Examines organizational support for entrepreneurship and the use of economic development tools by local government.

***Community:*** Examines the socioeconomic and cultural factors for economic development in cities and townships, including percentage of households reporting self employment income, average household self-employment income, and crime rates.

***Education:*** Examines education levels of residents, which provides businesses with a pool of knowledge-based workers.

## **2010 Top Performing Communities**

For the 2010 project, over 140 communities participated in the study, with 112 completing the process to receive benchmarking and overview reports. Out of the 112 communities, the 2010 study recognized seven communities for their innovative and successful efforts at fostering entrepreneurship and encouraging economic development: The City of East Lansing, the City of Grand Rapids, the Village of Jonesville, the City of Livonia, Meridian Township, the City of Tecumseh, and the City of Wixom each stood out for their Best Practices.

The City of East Lansing with the assistance of partners opened the Technology Innovation Center (TIC) incubator to provide entrepreneurs networking opportunities, business development support, training sessions, and mentoring programs. Being located adjacent to MSU, provided the opportunity to leverage the Center's impact by partnering to open The Hatch, which gives student entrepreneurs access to the TIC resources. In addition to home-grown entrepreneurs, the City promotes walkable areas and bikable connections between the Capital and campus, and marketing the City as a place for the best and brightest to work.

The City of Grand Rapids is focusing on the culture of sustainability, not just with City efforts, but to make it part of the community's values. One of the notable City programs, MyGRCity Points, allows residents to earn "points" for participating in sustainable efforts and redeem those points at local businesses. The City has a very engaged business community and has several large employers who initiate many of the programs to help economic development. The Mayor's office is also working with local businesses to find meaningful work experiences for youths to teach teamwork and leadership skills.

The Village of Jonesville has consolidated critical online resources on their webpage, providing a single point of information for business resources. In addition to the online tools, the Village is part of a county-wide effort that created an expo for entrepreneurs to connect to offline resources such as business contacts, mentors, and local and state services. Continuing the online efforts to reach businesses; the Village has a facebook page, manager blog postings, and a community calendar to share key issues. To provide a face-to-face connection with businesses the Village holds an annual Business Appreciation Lunch.

The City of Livonia uses partners from several educational centers, including the Schoolcraft College VistaTech program, to provide resources to small businesses.. The City is also working to strengthen their second-stage and established firms with their Business Ambassador Program. Through the process the City was able to identify and address several infrastructure improvements. The City is identifying ways to reutilize the overcapacity of manufacturing property in the City and leveraging County and State programs to reduce the costs to update the properties.

Meridian Township has shifted from a passive role in economic development to a very active effort in the past few years. To take a proactive approach, they have created the Meridian Asset Resource Center to provide entrepreneurs business counseling, mentoring, and training seminars. The Township also partners with Prima Civitas to provide young entrepreneur's free space at the Township's Business Expo to connect them with customers and business contacts. Businesses have a high level of transparency into government by the Township utilizing the local cable network, various municipal social network sites, round table forums, and attendance at the monthly business association meetings.

City of Tecumseh acknowledges the business community as the original funder of the economic development efforts in town. The City continues to act as a partner to help the business community grow. The City is partnering with businesses to create a Tecumseh Innovation Fund which will make \$2.5 million of capital available to spur economic development. They have found opportunities to partner existing business owners with budding entrepreneurs to serve as a mentorship program. Looking toward the future the City has developed new course offerings based on where workforce demand is growing. Additionally, they have engaged students to take pictures of things they do like and don't like throughout the community to help prioritize future City improvements.

City of Wixom has invested in green technologies and service changes for cost savings. The poster child of the effort is "surgical demolition" where underutilized properties and remodels are not wholesale demolished, but instead reused as much as possible. The City has also revised outdated policies to accommodate high-tech firms, incubator space, and green efforts. The implementation of an Online Networking Hub gives local businesses the opportunity to network

in an online portal. Additionally, the City is working with a communication company who has created a free promotional film on the community which can be leveraged by the local business owners for promotional opportunities.

### **2010 Five-Star and Four-Star Communities**

In addition to the seven top performing communities, forty-eight other communities were honored as 5-Star and 4-Star communities. The 5-Star and 4-Star communities in the eCities Project are part of an elite group of Michigan communities making up the top places for business.

#### **Five-Star Honored Communities**

City of Ann Arbor	City of Auburn Hills	City of Chelsea
City of Coldwater	City of East Lansing	City of Farmington Hills
City of Frankenmuth	Village of Jonesville	City of Litchfield
City of Marquette	City of Marshall	Meridian Township
City of Midland	City of Northville	Northville Township
City of Novi	Village of Oxford	Pittsfield Township
City of Rochester	City of Rochester Hills	City of Royal Oak
Scio Township	City of Southfield	City of Sterling Heights
City of Tecumseh	City of Troy	City of Wixom
	Ypsilanti Township	

#### **Four-Star Honored Communities**

Ada Township	Alpine Township	Cascade Township
City of Dearborn	City of Farmington	Flint Township
City of Grand Rapids	City of Hillsdale	Holland Township
City of Howell	Independence Township	City of Lansing
City of Livonia	City of Madison Heights	Milford Township
City of Monroe	Plymouth Township	City of Romulus
City of Saline	City of Sturgis	Superior Township
City of Taylor	Thomas Township	Traverse City
City of Westland	Waterford Township	West Bloomfield Township

## **Discussion**

Each of the highlighted communities uses strategies that match their overall goals and community culture when attracting and retaining business. While no single solution is right for all communities, common themes and trends emerge.

Successful communities listen to their local businesses. Through various communication channels they hear from local businesses on a variety of issues, whether it is a suggestion for a service or a concern about a change. It is through that listening that communities learn and understand the needs of existing businesses, budding entrepreneurs, and prospective new companies. If we think of the community as a company and the local businesses as customers, shaping successful product offerings comes from understanding the customer's needs.

The leading communities aren't providing resources alone. More often, they have partners and connect entrepreneurs and new business with other organizations. We know communities are all asked to do more with fewer resources. This is where partners become even more important as those efforts have long-term and wider impact.

Thriving communities have taken a good look at themselves and understand what is and isn't possible. There isn't a one-size-fits-all solution. It is important to have strategies and processes that match the culture of a community, and realize the expected outcomes.

## **Conclusion**

eCities 2010 continues the tradition of helping communities to help the state's entrepreneurial climate. Collecting and sharing the Best Practices of local communities and providing an understanding of what strategies are successful at engaging the business community and entrepreneurs. The eCities project continues to expand and create a body of knowledge that can assist local communities with the tools and skills needed to foster entrepreneurship and encourage economic development in Michigan.

Much like the entrepreneurs whom they covet, communities need to understand that Best Practices cannot be copied and installed without forethought. Communities need to recognize and match their resources to best meet the needs of their businesses, if they are to encourage growth and attract entrepreneurial investment.