

ENTREPRENEURIAL RECIPROCITY

THE CASE FOR ENTREPRENEURS'
ENGAGEMENT IN THE COMMUNITY



NOVEMBER 2019

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EXECUTIVE SUMMARY

Communities invest significant resources and support to help entrepreneurs succeed, and there is a rich history of entrepreneurs engaging communities in return. In fact, the origin of much philanthropy in America is entrepreneurship, as many entrepreneurs throughout history have created wealth through their business endeavors that has allowed philanthropy to thrive. However, a lot remains unknown about how the rising generation of entrepreneurs thinks about community engagement and giving back.

Philanthropy for Active Civic Engagement (PACE) and New Economy Initiative (NEI) partnered on a project to explore the relationship between entrepreneurs and community engagement, asking the question: How can we motivate and position rising generations of entrepreneurs to give back to the communities that supported them along the way?

In the way that corporate social responsibility has become a common expectation of businesses and corporate leaders have increased their attention, understanding, and investment in CSR over the last decade, this paper aims to have a similar impact in encouraging individual entrepreneurs in their community engagement—acknowledging that individual entrepreneurs have fewer resources and need to approach engagement differently. However, our research and conversations in executing this project left us with a resounding sense that community engagement is not a topic discussed in many entrepreneurship circles. This paper seeks to change that reality.

The cornerstone of this project is the feedback we gathered from entrepreneurs themselves as we sought to understand their philosophies, attitudes, and activities related to their communities. A survey of over 80 entrepreneurs and interviews with over 40 entrepreneurs and entrepreneurship experts informed our major findings:

- **91%** of entrepreneurs are currently engaging their communities outside of their business responsibilities.
- **44%** of entrepreneurs say their businesses have grown as a result of engaging their communities; this increases to **54%** for female entrepreneurs.
- Entrepreneurs' most commonly selected motivations to engage the community—by a significant margin—center around **intrinsic motivations** like personal values and passion.
- Entrepreneurs see **more than double the benefits than obstacles** to engaging their communities. Across all demographics, the largest reason entrepreneurs do not start or increase their community engagement is business demands on their time.
- While **53%** of entrepreneurs define community as the place where they live and work, 43% have a different definition of community and 4% have no definition of community.
- **69%** of entrepreneurs say their current geographic community helped them on their entrepreneurial journey.

Definitions and Terminology

Further detailed in the full paper, below are brief descriptions of the definitions and terminologies that guided this project.

ENTREPRENEUR: An individual who started and still actively leads a profit-seeking, growth-oriented business in the United States.

COMMUNITY: The geography where an entrepreneur lives or works.

COMMUNITY ENGAGEMENT: Any way that entrepreneurs—in their personal capacities—are supporting, influencing, or participating in activities that are good for the whole community in which they live and work.

RECIPROCITY: The practice of exchange between entrepreneurs and communities for mutual benefit.

Recognizing that many entrepreneurs see their primary responsibility as building a successful business, this paper asks readers to consider “What if community engagement was a major factor in contributing to business survival and success?” We break down this exploration into three phases, making the case that community engagement is good for business, entrepreneurs, and communities.

| COMMUNITY ENGAGEMENT IS GOOD FOR BUSINESS | COMMUNITY ENGAGEMENT IS GOOD FOR ENTREPRENEURS | COMMUNITY ENGAGEMENT IS GOOD FOR COMMUNITIES |
|--|---|---|
| <ul style="list-style-type: none"> ■ Advertises values to customers and investors ■ Models values for employees and hiring candidates ■ Provides opportunities for business development and feedback from customers | <ul style="list-style-type: none"> ■ Helps entrepreneurs find balance and stamina for building their businesses ■ Broadens entrepreneurs' networks ■ Makes better business leaders | <ul style="list-style-type: none"> ■ Makes stronger communities ■ Increases entrepreneurs' connection to their communities ■ Contributes to stronger local economies |

Lastly, this paper aims to provide useful strategies to entrepreneurs to more effectively engage their communities, including how to assess their readiness, build an engagement approach, and balance community engagement with business responsibilities. Profiles of five entrepreneurs provide an added resource and showcase entrepreneurs engaging their communities in various ways with various motivations.

Strategies are also shared for entrepreneurship funders and ecosystem builders on how to encourage an environment of reciprocity among entrepreneurs and communities. Specific guidance focuses on how to start the conversation, design new resources and support systems, make investments that encourage or reward community engagement, catalyze peer networks among entrepreneurs focused on community engagement, and encourage entrepreneurs and communities to define goals together.

Very little research or data exists on the topic of entrepreneurs and community engagement. This paper aims to change that reality and provide a resource that becomes the beginning—not the end—of an important conversation in our country today.

INTRODUCTION

Many of us have heard the phrase “*It takes a village to raise a child.*”

People inside and outside the family are needed to help a child grow. Beyond adults at home, the child has teachers who help the child learn everything from shapes and colors to poetry and geometry. The child has relatives or babysitters who fill in when mom or dad cannot be in two places at once. The child has doctors who ensure the child is healthy and meeting development milestones. The child has friends who influence personality, style, and choices. The village makes an undeniable impact on the way a child matures and prepares for adulthood.

The same is true for entrepreneurs.

Entrepreneurs are special people. Many people believe they have **distinguishing personality traits and characteristics:**

They have the ability to deal with uncertainty, to take risks and tolerate ambiguity.

-PROFESSOR JAMES V. KOCH, OLD DOMINION UNIVERSITY

To be truly great, entrepreneurs need to be a little...out there. After all, fearless creativity, maverick thinking and risk taking seldom show up in the middle of the bell curve.

-ANTHONY K. TJAN IN HARVARD BUSINESS REVIEW

When you're an entrepreneur, you have to go in feeling like you're going to be successful.

-LILLIAN VERNON, FOUNDER LILLIAN VERNON CORPORATION

What do people do when they're acting like entrepreneurs? They make decisions. They invest in activities and assets that aren't a sure thing. They persuade others to support a mission with a non-guaranteed outcome. They embrace (instead of run from) the work of doing things that might not work. Entrepreneurial behavior isn't about scale, it's about a desire for a certain kind of journey.

-SETH GODIN, ENTREPRENEUR AND AUTHOR

I like to say it's an attitude of not just thinking outside the box, but not even seeing the box.

-SAFRA A. CATZ, ORACLE

Beyond possessing these characteristics, successful entrepreneurs are also willing to work hard, invest significant time into their business, sacrifice relationships with family and loved ones, and oftentimes, risk financial security. They are special for who they are as people, but they exceed that exceptionalism with the investments they make in their idea or mission without guarantee of success.

However, there is a socially pervasive belief in our culture—often stemming from the traditional American definition of success—that entrepreneurs “make it” on their own. They value their independence and often see themselves as the main characters of the story. Often, entrepreneurs believe that if they are successful, ideas, talent, intelligence, and hard work were the factors that led there.

While ideas, talent, intelligence, and hard work are essential ingredients to success, entrepreneurs also need support, resources, and validation. Entrepreneurs need partners to provide feedback about their ideas. They need mentorship from people who have “done it” and can relay the opportunities and trappings of the next phase of business development. They need their first customer.

None of that happens in a vacuum. In fact, it happens in a community.

The simple truth is that entrepreneurs never build a business on their own. They have the support of various communities throughout their entrepreneurial journey. **It takes a community to raise an entrepreneur.**

The origin of philanthropy in America is entrepreneurship, as many entrepreneurs throughout history have created wealth through their business endeavors that has allowed philanthropy to thrive. Some of the most significant entrepreneurs of the last century are also the most prominent philanthropists. Examples include **John D. Rockefeller**, founder of Standard Oil and The Rockefeller Foundation; **Andrew Carnegie**, founder of Carnegie Steel Corporation and many philanthropic endeavors, including Carnegie Corporation of New York, Carnegie Endowment for International Peace, Carnegie Hall, and Carnegie Mellon University; **Henry Ford**, founder of Ford Motor Company and co-founder of the Ford Foundation; **Ewing Kauffman**, founder of Marion Laboratories and the Ewing Marion Kauffman Foundation; **Ralph C. Wilson, Jr.**, owner of the Buffalo Bills and founder of the Ralph C. Wilson, Jr. Foundation; **Bill Gates**, founder of Microsoft Corporation and the Bill & Melinda Gates Foundation; **Steve Case**, founder of AOL and co-founder of the Case Foundation; **Oprah Winfrey**, founder of Harpo Productions, Oprah Winfrey Network and the Oprah Winfrey Foundation; **Sara Blakely**, founder of Spanx and the Sara Blakely Foundation; **Mark Zuckerberg**, founder of Facebook and co-founder of the Chan Zuckerberg Initiative.

Building on the rich tradition of American entrepreneurs-turned-philanthropists, this paper explores two important topics. First, we seek to understand the *spectrum of ways* in which entrepreneurs give back to their communities. Are there activities or investments entrepreneurs are making in their communities beyond philanthropy and financial donations? Second, we seek to understand how the rising generation of entrepreneurs thinks about community reciprocity. Are there differences in how this new generation of entrepreneurs wants to give back to the communities that helped them along the way?

This paper looks at how communities support entrepreneurs and the ways that entrepreneurs give back to their communities in return. The core question is: **How can we motivate and position rising generations of entrepreneurs to give back to the communities that supported them along the way?**

In the way that corporate social responsibility has become a common expectation of businesses and corporate leaders have increased their attention, understanding, and investment in CSR over the last decade, this paper aims to have a similar impact in encouraging individual entrepreneurs in their community engagement –acknowledging that individual entrepreneurs have fewer resources and need to approach engagement differently. However, our research and conversations in executing this project left us with a resounding sense that community engagement is not a topic discussed in many entrepreneurship circles, which likely explains why there is little existing research or data on the topic to date.

In the way that corporate social responsibility has become a common expectation of businesses and corporate leaders have increased their attention, understanding, and investment in CSR over the last decade, this paper aims to have a similar impact in encouraging individual entrepreneurs in their community engagement.

This publication seeks to change that reality by breaking open a conversation about reciprocity with the next generation of business entrepreneurs. It seeks to make the case for community engagement, provide a framework for dialogue, and ultimately, motivate rising entrepreneurs to think about how they engage with the communities that invested in and propelled them from their earliest days to their current levels of success. This paper will share:

- Findings and analysis from a survey of entrepreneurs, asking for their self-reported activities, opinions, and thoughts related to their community engagement;
- An overview of why community engagement is a benefit for business, entrepreneurs, and communities;
- Strategies for entrepreneurs to begin or expand their community engagement, including guidance on assessing readiness, building an approach, and balancing community engagement with business;
- Profiles of entrepreneurs who are engaging their community in different ways and at various stages of their business' growth. These profiles are placed throughout the paper.

This paper will also serve as a resource for entrepreneurship funders and ecosystem builders by providing guidance on how to:

- Encourage an environment of reciprocity among entrepreneurs and communities;
- Engage entrepreneurs in a conversation about community engagement;
- Make philanthropic investments focused on increasing entrepreneurs' community engagement.

Furthermore, we recognize that there are important conversations related to these topics emerging in many sectors. For example, we acknowledge the larger conversation about philanthropy and wealth in America that is gaining momentum, and in particular, the exploration of capitalism, systems reform, and the business community's role in "changing the world." We also acknowledge the reality that there are many kinds of entrepreneurs, all of whom have the potential to impact their communities, whether they are small business owners or high-growth entrepreneurs. While efforts to deepen understanding of these topics—and others—are important, this paper does not aim to critique, comment, or explore these topics in detail.

At its core, this paper explores the relationship between communities and entrepreneurs, and it aims to provide a resource that becomes the beginning—not the end—of an important conversation in our country today.

ALEX LOFTON

CO-FOUNDER, LANDED
LANDED.COM
SAN FRANCISCO, CA

An early-stage entrepreneur who sees the value of community engagement in building his business.

Landed is a finance company helping educators build financial security near the communities they serve. Providing down payment support, financial coaching, and homebuying education, Landed helps educators in expensive cities become the long-term residents their communities depend on. Since its founding in 2015, Landed has helped over 200 educators in five metro areas achieve the otherwise impossible—buying homes in the communities they work and are committed to.

Four years into building his business, Alex has always thought deeply about how he engages the community. “Whatever my physical surroundings are, I feel really invested in them. The more you put in, the more you get out.”

Currently, Alex sits on the board of a local San Francisco charter school and the board for the alumni association of his business school. Combined, his board service requires about 20 hours per quarter and an annual personal donation, but what he gains is more than what he gives. His seat on the charter school’s board, for example, builds his local network and provides invaluable insight into a school system, while his engagement with his business school alumni board allows him to see, firsthand, new research and insights into how academic institutions think about topics related to Landed’s work. Alex takes a cross-pollination approach to his community engagement: “What I learn in one place I can bring back to the work I do. What I do at Landed might be relevant to my charter school work, for example. I take data from one place and bring it to another place where it’s relevant. It’s all a big marketplace of resource exchange.”



While this is a savvy approach to community engagement, Alex says he did not have a grand plan when he started. “I am strategic about it, but I don’t have a white board planning it out. I’m opportunistic. Things come my way and I evaluate based on what makes sense.”

In addition to his board service, Alex and his friends from Washington state started a scholarship fund at their high school. Recognizing that they were regularly solicited for donations from their private universities to give back to the next generation of students, they wondered why this was not a common practice for their public high school back home. So they started a scholarship fund to change that. Since they started in 2015, they raised over \$20,000 and helped a dozen students afford college.

Even though Alex lives in San Francisco now, he still feels connected to his home community. “I always believed that community helps. The idea of reciprocity—if you’re taking from, you have to give back—it’s how I operate.”

“Whatever my physical surroundings are, I feel really invested in them. The more you put in, the more you get out.”

At the end of the day, says Alex, “entrepreneurs need to see the value of community engagement and the opportunity it provides.”

LESSONS LEARNED

- **Entrepreneurs can take an opportunistic approach to their community engagement.** While Alex has a general vision for his community engagement, he considers opportunities as they come. It is important for entrepreneurs to evaluate opportunities that present themselves and see what makes sense against primary objectives.
- **Entrepreneurs often have multiple definitions of community.** Alex is very involved in his current community of San Francisco, but he also stays connected to his home community in Washington. Many entrepreneurs define their community as the geography they live and work, but the nature of our world today means entrepreneurs can feel connected to other communities they want to support.
- **Entrepreneurs do not need to wait until their businesses have reached a certain point of “success” before they think about community engagement.** Many entrepreneurs recognize they have assets to share with the community at all stages of their business cycle, and some entrepreneurs, like Alex, even see the opportunity community engagement presents in building their businesses.

CURRENT STATE OF PLAY



Aligning Definitions and Terminology

As we explore how entrepreneurs think about and approach community engagement, an important place to start is aligning definitions. Over time, words like “entrepreneur,” “community,” and “engagement” have grown to mean different things to different people. In order to ensure we have a common understanding in this paper, these are the definitions and terminologies guiding this project.

ENTREPRENEUR: This project specifically aims to understand entrepreneurs who...

...**started a profit-seeking business**, versus “social entrepreneurs” who started 501c3 non-profit organizations. We recognize that many entrepreneurs start businesses with a social mission, many for-profit entrepreneurs refer to themselves as social entrepreneurs, and, overall, the line between for-profit and nonprofit is becoming increasingly blurry. For this reason, we screened for entrepreneurs with specific business structures, including sole proprietorships, LLPs, LLCs, C Corps, S Corps, B Corps, close corporations, and cooperatives. Their business structures may range from large-scale, multinational ventures to place-based small businesses.

...**registered their business in the United States**. This project is specifically interested in understanding how entrepreneurs in the United States think about community engagement.

...**are the founders (or part of the founding team)** of the company and still actively lead the business day-to-day as CEO or another senior leadership role. This project seeks to understand the philosophies and perspectives of the people who have been responsible for the business since day one.

...**have ambitions to grow their business over the next five years**. It is important to this project to explore how “high-growth entrepreneurs” think about community engagement, as those players will likely have the greatest impact on our culture and communities moving forward. Whether already pursuing a business growth strategy or just starting out, entrepreneurs who did not have plans or ambitions to grow their business over the next five years were filtered out of the survey.

COMMUNITY: The project defines community as the geography where entrepreneurs live or work. We recognize larger cultural trends exist that lead individuals to define community in various ways beyond their current geographic community. We will address that later in the paper.

COMMUNITY ENGAGEMENT: This project intentionally left the definition of community engagement open because we wanted entrepreneurs to help us understand their definition. That said, our broad operating definition includes any way that entrepreneurs—in their personal capacities—are supporting, influencing, or participating in activities that are good for the whole community in which they live or work. We specifically did not explore how entrepreneurs engage politically, through voting, advocacy, or political contributions.

RECIPROCITY: Similarly, the definition of reciprocity was intentionally left open to allow entrepreneurs to share their definitions, but broadly speaking, we operate with a definition that includes the practice of exchange between entrepreneurs and communities for mutual benefit. For this project, reciprocity includes all the ways communities provide productive ecosystems of resources and connections that allow entrepreneurs and their businesses to flourish, as well as the ways that entrepreneurs provide benefits back to communities in return.

Hearing from Entrepreneurs Directly

The cornerstone of this project is the feedback we gathered from entrepreneurs themselves as we sought to understand their philosophies, attitudes, and activities related to their communities.

We did this two ways. First, we designed and distributed a survey, which 80 entrepreneurs completed. The survey was developed after a review of business survey best practices, and it was refined by three survey experts. It was distributed through entrepreneurship networks, accelerators, incubators, and made available on multiple social media platforms. Second, we interviewed 17 entrepreneurs and 26 entrepreneurship experts, which gave us the opportunity to go deeper with questions and to better understand individual stories, approaches to giving, and broader themes related to this topic.

An important caveat is that the information below is based on self-reported data from entrepreneurs, reflecting their own perceptions of their activities, impact, motivations, benefits, and challenges. The data, therefore, is a self-assessment and it may or may not align with how the community receives or perceives their engagement. More research is suggested at the end of this paper to understand that dynamic better, especially when considering concepts of reciprocity and mutual benefit.



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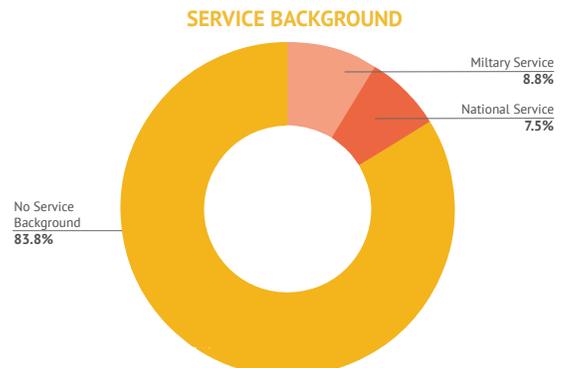
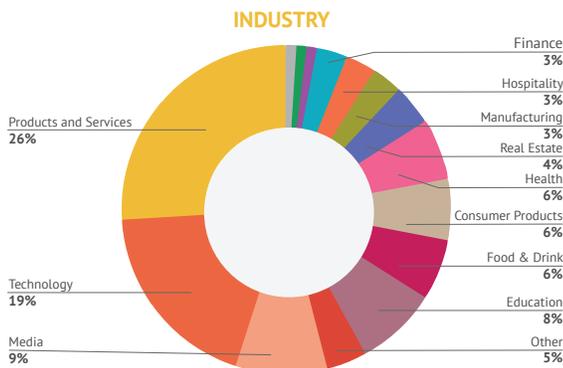
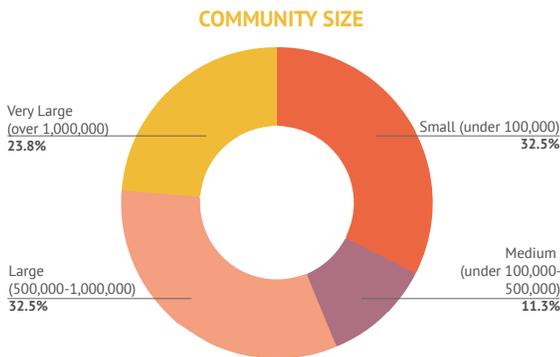
entrepreneurs completed a comprehensive survey and over 40 in-depth interviews were conducted for this project.

Who We Heard From

Twenty-five million entrepreneurs¹ exist today. The age and gender demographics of our survey sample—while comparatively small—maps closely to the full population of entrepreneurs in the U.S. In terms of the race and ethnicity breakdown, white entrepreneurs remained consistently the largest percentage in both our survey sample and the full universe of entrepreneurs, while our survey captured fewer Hispanic and more Black and Asian entrepreneurs than the full population.

| | AVERAGE AGE | MEN | WOMEN | RACE/ETHNICITY |
|--|---------------------------------|--------------|---------------------------|--|
| ENTREPRENEUR SURVEY RESPONDENTS | 41.2 years | 53.8% | 45% | 8.75% ASIAN 18.75% BLACK 7.5% HISPANIC 68.75% WHITE 12.5% OTHER |
| ALL ENTREPRENEURS | 45 years ² | 60.5% | 39.5% ³ | 7.59% ASIAN 9.24% BLACK 24.12% HISPANIC 55.59% WHITE 3.46% OTHER ⁴ |

In addition, the entrepreneurs surveyed in our project represent various industries and communities across the United States. Sixteen percent report a service background, having served in either the military or a national service program.



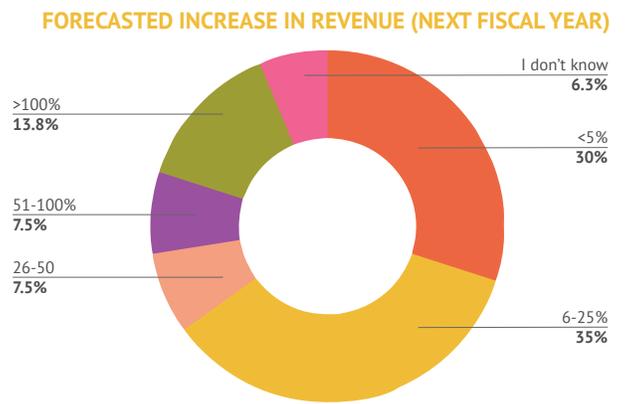
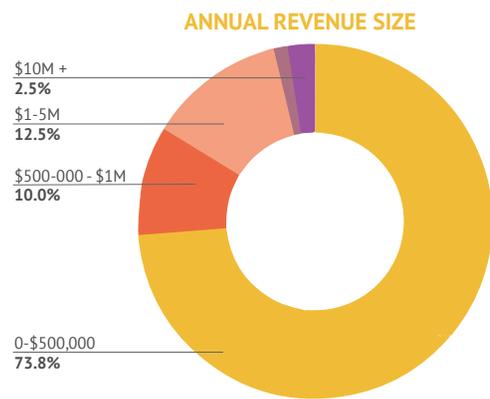
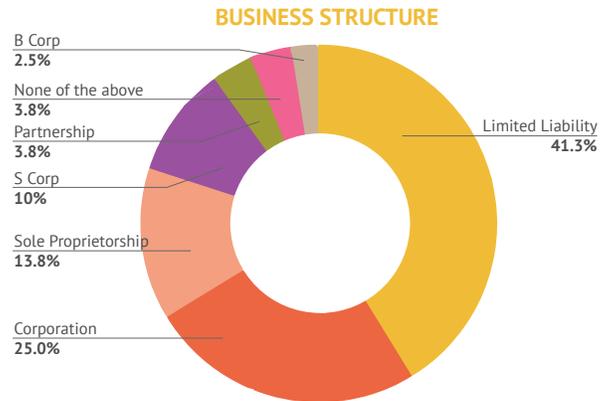
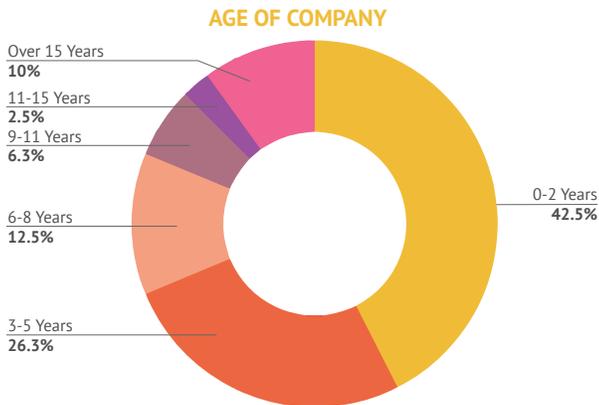
¹ Kelley, Donna J, Abdul Ali, Candida Brush, Andrew Corbett, Phillip Kim and Mahdi Majbouri. 2016 *United States Report, Global Entrepreneurship Monitor*. Babson Park, MA: Babson, 2017.

² Azoulay, Pierre, Benjamin Jones, J. Daniel Kim, Javier Miranda. *Age and High-Growth Entrepreneurship*. Evanston, IL: Northwestern University Institute for Policy Research, 2018.

³ Fairlie, Robert, Amobio Morelix, Inara Tareque. 2017 *Kauffman Index of Startup Activity*. Kansas City, MO: Ewing Marion Kauffman Foundation, 2017.

⁴ Fairlie, Robert, Amobio Morelix, Inara Tareque. 2017 *Kauffman Index of Startup Activity*. Kansas City, MO: Ewing Marion Kauffman Foundation, 2017.

Entrepreneurs surveyed are predominantly leading early-stage companies, with an average of six years in operation. The majority of companies are making under \$500,000 in annual revenue, and approximately 30% expect to grow their revenue by more than 25% in the next year.



What Entrepreneurs Said...About Community

The survey began by asking entrepreneurs how they defined community for themselves. While 54% of entrepreneurs surveyed define community as the place where they live and work, 43% of entrepreneurs have a different definition of community, which spans from the community where the entrepreneur was born and raised (which may be different from the community where the entrepreneur currently lives and works), the community where the entrepreneur started their company, their community of fellow entrepreneurs, the global community, or the community that is served by the entrepreneur's company, products, and services. Almost four percent of entrepreneurs do not have a definition of community. In our interviews, many entrepreneurs struggled with how to engage with the premise of our community-related questions.

While 54% of entrepreneurs surveyed defined community as the place where they live and work, 43% of entrepreneurs had a different definition of community...Almost four percent of entrepreneurs did not have a definition of community.

This may be a symptom of a larger trend. Increasingly, we are living in a “placeless” world where we connect predominantly through technology, which can mean we spend a majority of our time not embedded in our “local community.” According to a 2018 study by Pew Research Center, four in ten Americans today say they do not feel attached to their community, and 69% said they know only some or none of their neighbors.⁵ In addition, Americans are increasing their donations to global issues. Giving USA Foundation’s 2019 report indicated that giving to international affairs increased by 9.6% in 2018—more than any other category’s growth.⁶ Movements in philanthropy, such as “effective altruism” and “moneyball philanthropy,” encourage donors to make charitable donations based on metrics and return on investment, which often leads donors to support international causes where the need is perceived to be greater or their donation can stretch to reach more lives.⁷ All of these are indicators that Americans—especially American donors—are increasingly thinking less locally and more globally.

Entrepreneurs are no exception. As one entrepreneur wrote in a survey response, “Communities can be online rather than geographical.” Businesses

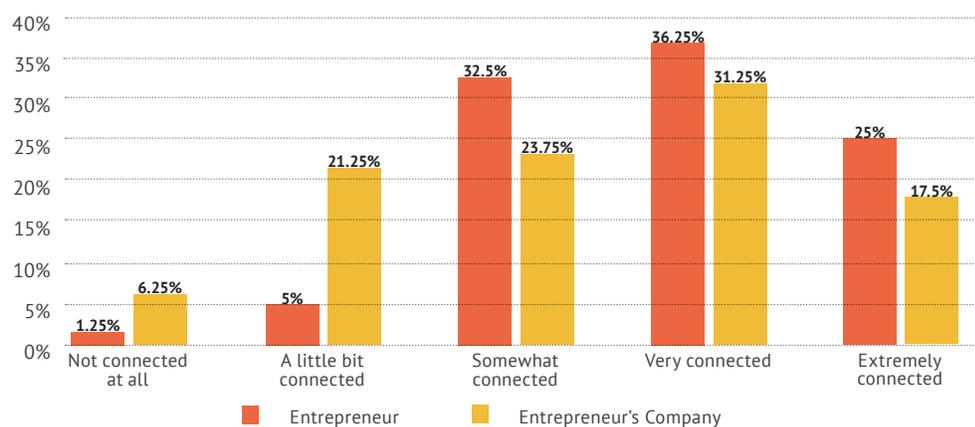
today are more equipped than ever to broaden their customer base beyond their local community, and for many companies, the entire global population is a potential market. In 2015, 97.6% of exported goods from the United States were from small firms (under 499 employees), which generated 32.9% of the United States’ \$1.3 trillion in total exports.⁸ In addition, the internet is making the global community just a click away for many companies. According to Nasdaq, “by 2040, it is thought [that] 95% of purchases will be facilitated by e-commerce.”⁹ This means that entrepreneurs may have an incentive to think about people around the globe as often—or more often—than people next door. Slowly, the definition of community is evolving for some entrepreneurs into a global definition.

However, it is important to note that this larger trend does not translate into a complete disregard for the local community. On the whole, entrepreneurs still feel connected to their communities. In fact, 61% of entrepreneurs surveyed said they feel “very connected” or “extremely connected” to their communities. While slightly less strong, entrepreneurs surveyed feel their companies are also connected to the community, with 49% of entrepreneurs reporting their company is “very connected” or “extremely connected.”

61%

of entrepreneurs surveyed said they feel “very connected” or “extremely connected” to their communities.

HOW CONNECTED DO YOU FEEL TO YOUR COMMUNITY?



⁵ Parker, Kim, Juliana Menasce Horowitz, Anna Brown, Richard Fry, D'Vera Cohn, Ruth Igielnik. *What Unites and Divides Urban, Suburban, and Rural Communities*. Washington, DC: Pew Research Center, 2018. <https://www.pewsocialtrends.org/2018/05/22/americans-satisfaction-with-and-attachment-to-their-communities/>.

⁶ Giving USA. “Giving USA 2019: Americans gave \$427.71 billion to charity in 2018 amid complex year for charitable giving,” Giving USA, June 18, 2019, <https://givingusa.org/giving-usa-2019-americans-gave-427-71-billion-to-charity-in-2018-amid-complex-year-for-charitable-giving/>.

⁷ Meiksins, Rob. “Effective Altruism: A New Movement, or Another Failed Philanthropic Proposition Repurposed?” *Nonprofit Quarterly*, June 5, 2018, <https://nonprofitquarterly.org/effective-altruism-new-movement-another-failed-philanthropic-proposition-repurposed/>.

⁸ “2018 Small Business Profile,” U.S. Small Business Administration Office of Advocacy, 2018, <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>.

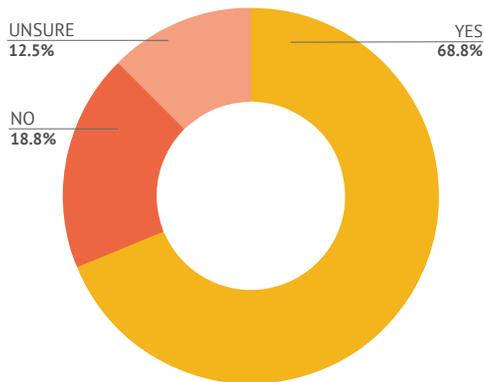
⁹ Kitonyl, Nicholas. “UK Online Shopping and E-Commerce Statistics for 2017,” Nasdaq, March 14, 2017, <https://www.nasdaq.com/article/uk-online-shopping-and-e-commerce-statistics-for-2017-cm761063>.

What Entrepreneurs Said...About Support from their Community

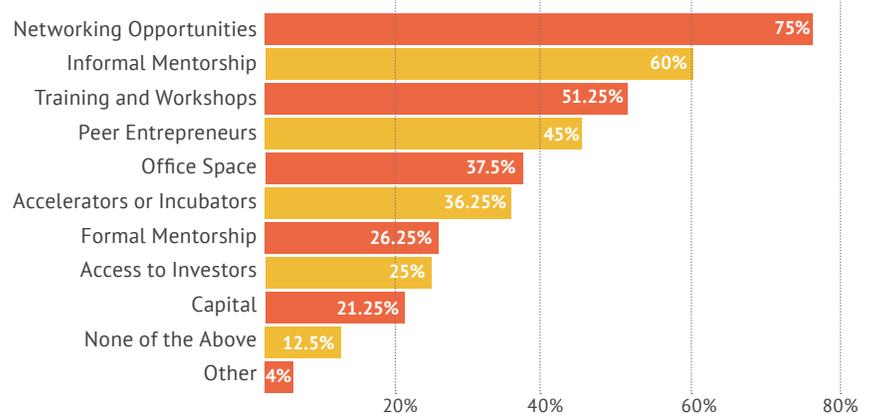
As mentioned earlier in this paper, it takes a village to raise an entrepreneur. Communities invest significant capital and resources to be entrepreneur-friendly, and media outlets, including *Forbes*, *Entrepreneur Magazine*, and countless others, regularly publish lists of the top cities for entrepreneurs, which are widely marketed and discussed. In the last decade, there has been an increase in interest and attention among city and state leaders to enhance their offerings for entrepreneurs. In 2013, the Ewing Marion Kauffman Foundation started hosting an annual Mayors Conference on Entrepreneurship, and a 2019 report from the National League of Cities indicated that 74% of Mayors’ “state of the city” speeches included significant coverage of economic development issues, with entrepreneurship being in the second largest category discussed.¹⁰ Clearly, entrepreneurship is on the minds of community leaders.

All of that investment is making a difference, according to entrepreneurs. Sixty-nine percent of entrepreneurs surveyed report that their geographic community helped them on their entrepreneurial journey, and only 19% claim their community did not help them (the remaining 12% were unsure). The most common resources entrepreneurs access when starting their companies are networking opportunities (75%), informal mentorship (60%), training and workshops (51%), and a peer entrepreneur network (45%). On average, entrepreneurs access four resources from the community when starting their business.

DO YOU FEEL THAT YOUR CURRENT GEOGRAPHIC COMMUNITY HELPED YOU ON YOUR ENTREPRENEURIAL JOURNEY?



DID YOU ACCESS ANY OF THE FOLLOWING SUPPORTS OR RESOURCES IN YOUR COMMUNITY WHEN YOU STARTED A COMPANY?



It is worth noting that many of the resources entrepreneurs access when starting their companies are supported by philanthropy. Foundations fund accelerators, incubators, fellowships, trainings, workshops, and programs that provide networking and mentorship opportunities. In some cases, foundations are starting and running these programs themselves. In this way, philanthropy plays a major role in catalyzing the entrepreneurship ecosystem that keeps entrepreneurs in their community, helps them be successful, and encourages them to give back in return.

¹⁰ Yadavalli, Anita, Rose Kim, Christina K. McFarland, Brooks Rainwater, “State of Cities 2019,” National League of Cities, 2019, <https://www.nlc.org/sites/default/files/2019-05/StateOfTheCities%202019.pdf>.

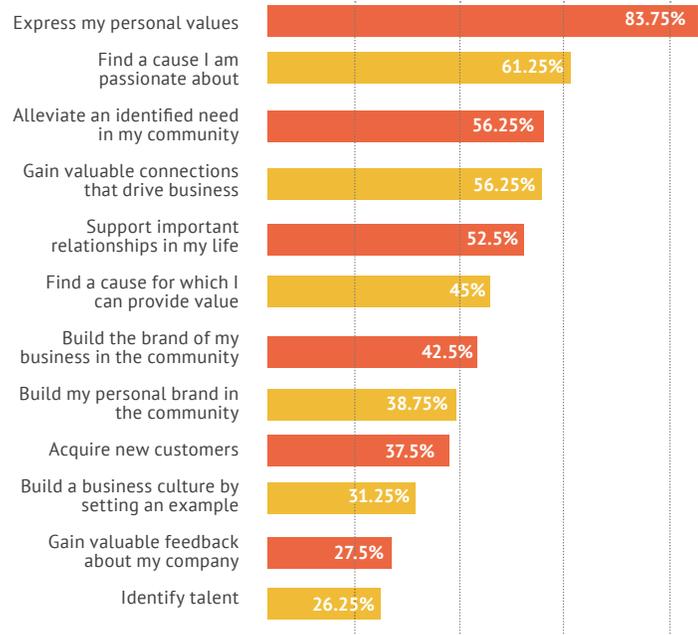
What Entrepreneurs Said...About Community Engagement

Our survey found that entrepreneurs are very involved in their communities—91% report they currently engage their community outside of their business responsibilities. The most popular ways entrepreneurs engage is through volunteering their time for local programs or events (71%), mentoring up-and-coming entrepreneurs (60%), mentoring non-entrepreneur community members (54%), donating to charitable groups through their philanthropy (54%), and serving on boards (44%). On average, entrepreneurs surveyed engage in three activities to give back to their communities.

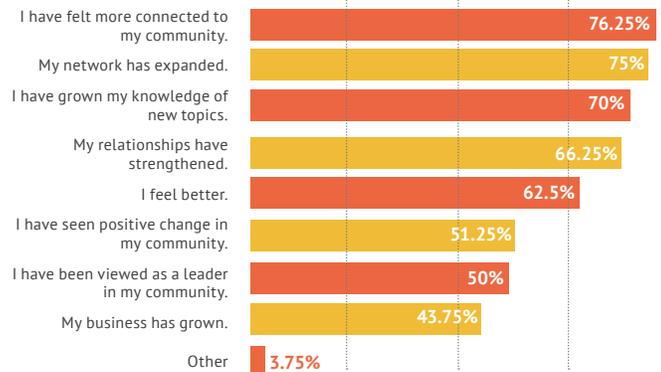
We cannot explore the topic of entrepreneurs and community engagement without understanding their motivations for engagement. What drives entrepreneurs to engage the community? The answer to that question may be more complex, however. Our survey indicates that entrepreneurs have, on average, five or six motivations behind their community engagement. The most commonly selected motivations—by a significant margin—center around intrinsic motivations like personal values (“Giving back is part of who I am.”) and passion (“I have found a cause(s) that I am passionate about.”). Over a third of entrepreneurs are motivated by the ways that giving back advances their company, specifically, by gaining valuable connections that drive business, building the brand of the company, acquiring customers, and encouraging a giving culture among employees.

Adding to their motivation, entrepreneurs report seeing more than double the benefits of engagement than obstacles to engagement. The average entrepreneur could identify five benefits to engaging the community, such as feeling more connected to their community (76%), expanding their networks (75%), growing their knowledge on new topics (70%), strengthening their relationships (66%), and helping them feel better (63%). 44% of entrepreneurs say their business has grown as a result of engaging the community. On the other hand, entrepreneurs say the most common reasons they do not engage or limit their engagement with the community include business demands (50%), family/personal life demands (35%), and feeling content with what they are already doing (30%). On average, entrepreneurs could only identify two reasons to not engage their community.

WHAT IS YOUR MOTIVATION FOR ENGAGING THE COMMUNITY?



WHAT BENEFITS HAVE YOU EXPERIENCED FROM ENGAGING THE COMMUNITY?



WHAT IS PREVENTING YOU FROM ENGAGING THE COMMUNITY?



How Demographics Impacted Engagement and Attitudes

If we just look at the survey headlines, we are not getting the full story of how entrepreneurs think about community engagement. Not surprisingly, demographics play a role in how entrepreneurs engage their communities.

FEMALE ENTREPRENEURS

Female entrepreneurs are a growing force in entrepreneurship, especially in how they think about their impact beyond their businesses. According to a recent Fast Company article, “The number of U.S. businesses owned by women climbed nearly 60% over the past 11 years, a period when new business creation grew just 12% overall...Some 28% of [female founders] say they would consider running for political office now or in the future, up from 22% a year ago.”¹¹

While our survey indicates that female entrepreneurs are as engaged as their male counterparts in their communities (92% and 91%, respectively), they engage in a different way. Both groups rank volunteering time for local programs and events as their first engagement activity, but female entrepreneurs seem to value philanthropy and donating to charitable groups at a slightly higher rate (57% females, 51% males). In addition, the motivations behind female entrepreneurs are much more personally driven—92% said they are motivated by personal values and a sense of identity around giving, compared to 84% of all entrepreneurs and 77% of male entrepreneurs.

Perhaps most surprising when analyzing the responses between male and female entrepreneurs is their take on family demands as an obstacle to giving back. While over the past many generations, women have traditionally been responsible for focusing on the home, only 32% of female entrepreneurs said family demands keep them from engaging their community outside their business responsibilities, versus 40% of male entrepreneurs. Both groups identify business demands as their single biggest obstacle to giving back to the community more.

The most important learning, however, is that 54% of female entrepreneurs report that their business has grown as a result of their community engagement, while only 44% of all entrepreneurs and 37% of male entrepreneurs could make the same claim. Without a doubt, community engagement is an important asset to female entrepreneurs in building a successful company.

54%

of female entrepreneurs report that their business has grown as a result of their community engagement

¹¹ Mehta, Stephanie, “1 in 4 female founders have considered running for office.” Fast Company, September 12, 2019, https://www.fastcompany.com/90396198/1-in-4-female-founders-have-considered-running-for-office?mc_cid=710c3e5242&mc_eid=ae49ae616b.

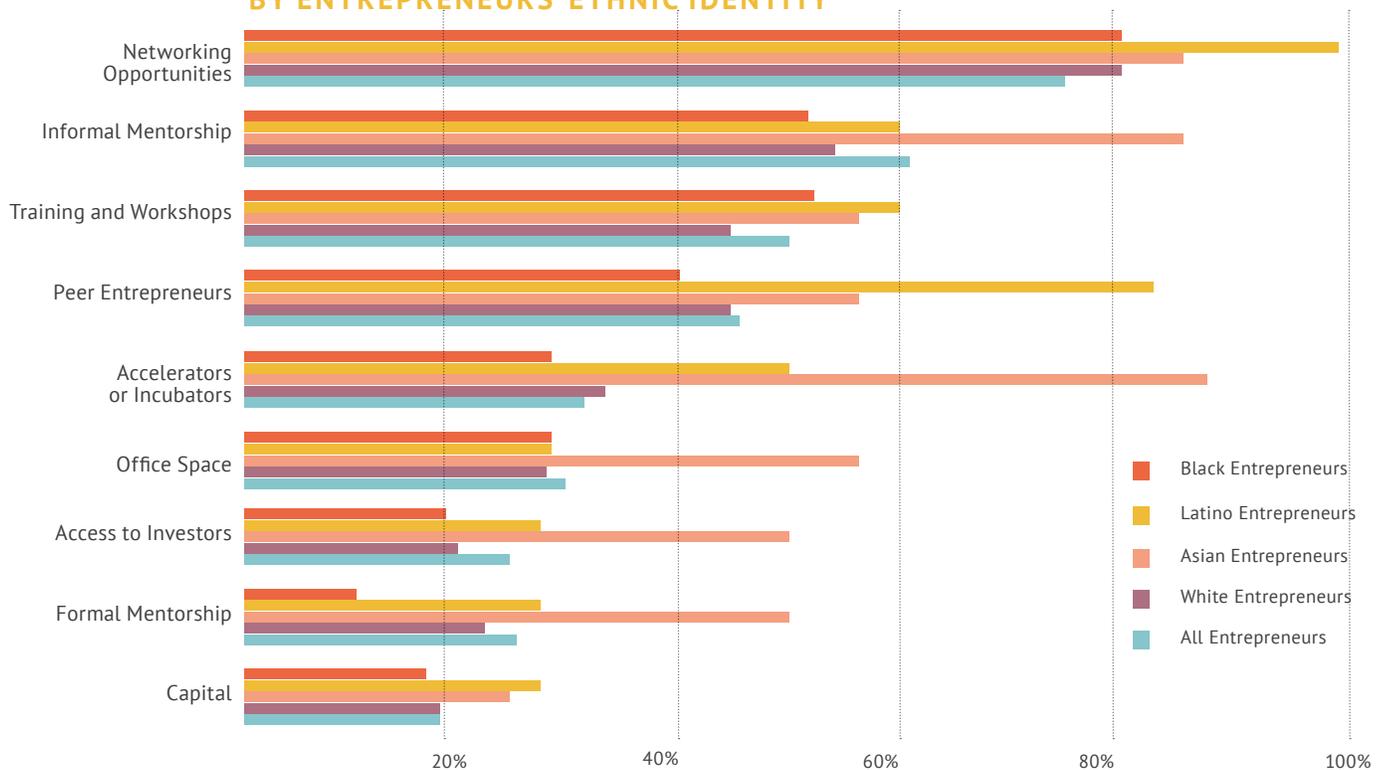
ENTREPRENEURS OF COLOR

Entrepreneurs of color and white entrepreneurs are engaging their communities at the same rate (91% reported giving back to their community outside of their business responsibilities), but they are doing it somewhat differently. While all other groups list volunteering time for local programs and events as their first prioritized activity, entrepreneurs of color prioritize mentorship of up-and-coming entrepreneurs at the same rate (67%) and mentorship of community members as their second priority (64%). In addition, entrepreneurs of color are making philanthropic donations at a lower rate (42%) compared to white entrepreneurs (57%), but the reasons behind that difference were not fully explored in the scope of this project.

While entrepreneurs of color share similar motivations to engage their community as their white counterparts, they are even more strongly motivated by their personal values (85%) and passion (67%) than white entrepreneurs (82% and 57%, respectively).

An important learning from the survey is what entrepreneurs of color shared about feeling supported by their communities. The good news is that 64% felt supported by their communities when they started their businesses. However, 71% of white entrepreneurs reported feeling supported by their communities, making for a noteworthy difference. This is significant because entrepreneurs of color accessed resources in the community to start their businesses at higher rates than white entrepreneurs. For example, 85% of non-white entrepreneurs took advantage of networking opportunities (versus 71% of white entrepreneurs), 73% accessed informal mentorship (versus 54% of white entrepreneurs) and 61% participated in trainings and workshops (versus 46% of white entrepreneurs), indicating that other factors are at play that would make entrepreneurs of color feel less supported by their communities than white entrepreneurs when starting their businesses.

BREAKDOWN OF COMMUNITY RESOURCES ACCESSED, BY ENTREPRENEURS' ETHNIC IDENTITY



JONATHAN FRANGAKIS

CEO, CO-FOUNDER, MIRA
MIRA.CO
NEW YORK NY



A tech entrepreneur who understands that giving back sets an important culture for his company and community.

After serving in the United States Marines Corps, Jon started a career in the marketing and advertising industry. Quickly, he observed that companies were trying to get to new customers, and yet, they were not seeing the strategic or financial case for investing in the “out-of-home” channel—or, the offline marketing channel that includes things like billboards, taxi tops, or digital signage. In 2015, Jon started a data technology company with his brother to provide a solution. Mira leverages location intelligence technology to create real-time and historical data sets that give companies the same tools and metrics that they get with digital advertising. Today, Mira has ten employees and almost twenty clients, including Lyft, MGM Grand, Turner, Taco Bell, and Major League Baseball.

As an entrepreneur, Jon thinks deeply about how he shows up for his community. He is involved in many groups, such as Venwise, Patriot Boot Camp, and VetsinTech. Jon shares, “A lot of what I do is focused on providing a hand back to help people like me coming up.” Jon is a child of immigrant parents, raised in the south, and a veteran. He seeks every opportunity to provide mentorship—formal and informal—to entrepreneurs with similar backgrounds. As Jon reflected, “I think giving back validates your own journey. It provides a way to check, ‘Am I advancing in a way that tells me I’m evolving?’ Where I once was a mentee, now I am a mentor, and that’s a helpful check for me.” Jon also shared that giving back to his community has been tremendously helpful to growing his business. “It opens doors and lets me recruit talent and get introductions to investors and customers.”

Jon and his brother have taken a creative approach to more substantial philanthropic engagement in their communities as well. Beyond sponsoring events for local organizations, they make donations in a way that gets their employees involved in a giving culture. Instead of giving their employees \$3,000-\$5,000 bonuses at the end of the year, they make a donation in each employee's name to a local organization and let each employee claim the contribution as a tax write-off. As Jon says, "For us, giving back is less about altruism and more about culture. For one, it just sort of makes me feel better about myself which I suppose selfishly is part of why anyone gives. But there's also something at play in which we as a team are doing something that brings us together."

"For us, giving back is less about altruism and more about culture. For one, it just sort of makes me feel better about myself which I suppose selfishly is part of why anyone gives. But there's also something at play in which we as a team are doing something that brings us together."

LESSONS LEARNED

- **Understanding the ways you connect with people is key to knowing your motivations for engaging the community.** Jon is very self-aware, and he knew that he was fed by helping people who had a similar background as him. This shaped the way he chose to engage his community as his time got more and more limited in building his business.
- **Entrepreneurs have a unique power and responsibility to set a culture of giving.** Jon understood this responsibility at his company and with his employees. Because entrepreneurs are often leaders in their companies and in their communities, when they give back, they are sending important cultural cues about community engagement as a value that should be practiced

THE CASE FOR COMMUNITY ENGAGEMENT



In entrepreneurship, a commonly accepted principle is that an entrepreneur must demonstrate complete dedication to and focus on building a company until the business is successful. Professor Galloway, professor at New York University Stern School of Business, said, “An entrepreneur’s primary responsibility is survival.” An entrepreneur in our survey echoed that sentiment by sharing, “An entrepreneur has a responsibility to their investors, customers, and employees to give 110% of themselves to ensure that the company becomes viable; dedicating time or mental energy to other goals could risk the business’ success.”

This mentality is not wrong. Entrepreneurs are the sole drivers of making their idea a reality, and with only one in twelve entrepreneurs reaching success for their business,¹² the odds are stacked against them. If entrepreneurs are not pushing their business forward everyday, no one else is. The responsibility of entrepreneurship is real.

However, in this section, we take a moment to challenge this premise by suspending common teachings about what it takes to be successful in business and explore the question, “What if community engagement was a major factor in contributing to business survival and success?” We break down this exploration into three phases, making the case that community engagement is good for business, entrepreneurs, and communities.

Community Engagement is Good for Business

Entrepreneurs increasingly understand that community engagement can be an asset in growing a business. In fact, 44% of entrepreneurs report that their community engagement helped to build their business, and in Startup Genome’s 2019 Global Startup Ecosystem Report, “connectedness” was named as one of the key success factors for startup businesses, which relies on a measure of how much support startups receive locally. What, exactly, does community engagement do that contributes to a company’s growth?

COMMUNITY ENGAGEMENT ADVERTISES VALUES TO CUSTOMERS AND INVESTORS.

By engaging the community, entrepreneurs are putting their personal values on display in an important way. The causes, organizations, and efforts where they dedicate their time and money, as well as the amount of time and money they contribute, are important indicators for potential customers and investors about the people they are and what is important to them. This is critical to business today, as research from Cone Communications found “87% [of Americans] will purchase a product because a company advocated for an issue they cared about and 76% will refuse to purchase a company’s products or service upon learning it supported an issue contrary to their beliefs.”¹³

As entrepreneurs are often the most visible faces of their companies, the ways they show up for their community and the causes they engage in are important extensions of the company.

¹² Gauthier, JF, “Global Startup Ecosystem Report 2019,” Startup Genome, May 2019, <https://startupgenome.com/reports/global-startup-ecosystem-report-2019>.

¹³ 2017 Cone Communications CSR Study. Boston, MA: Cone Communications, 2017.

COMMUNITY ENGAGEMENT MODELS VALUES FOR EMPLOYEES AND HIRING CANDIDATES.

Similarly, entrepreneurs have an opportunity to position their community engagement as a tool to attract and retain talent. On the recruitment side, when entrepreneurs are out in the community more frequently, they are constantly engaging with individuals who could join their team. Twenty-six percent of entrepreneurs surveyed indicate that community engagement allows them to identify talent that could be helpful to their business. As one entrepreneur shared, “Community engagement is core to who we attract to work here. I can teach a skill set, but I can’t teach alignment. It’s important that we attract people who care about who we are.” In addition, the rising generation of talent views responsible businesses as highly attractive: 76% of workers want their employers to make a difference in their community,¹⁴ and 75% of millennials say they would take a pay cut to work for a responsible company.¹⁵ With millennials making up 35% of the workforce—the single largest generation working today¹⁶—displaying a company’s values and commitment to responsibility can be essential in the future health of a company.

For current employees, entrepreneur community engagement provides two benefits. First, it contributes to employee satisfaction. According to research from McKinsey & Company, employees are satisfied when their companies deliver great leaders (89%) defined as inspiring, supportive, and empowering and a great company (81%), defined as a company’s reputation, values, culture, business results, and contributions to society.¹⁷ In addition, leaders who engage the community set a culture at companies and model values for employees to follow suit. As an entrepreneur shared in our survey, “Starting a ‘pay it forward’ expectation makes a difference.” Consider this insight based on MetLife’s 2018 poll of American workers: “When employees feel alignment between their values and their work, companies benefit from increased loyalty and motivation. Eight-five percent of employees who work for companies that reflect their values describe themselves as ‘loyal’ to their company and 54% are willing to go above and beyond at work, compared to 44 percent and 4 percent, respectively, when values don’t match. To create greater alignment, the most important factor is trustworthy leadership, which 93 percent of workers say is important.”¹⁸ In this way, when entrepreneurs engage the community, they are both showcasing their values and serving as an example of trustworthy leadership, which in turn, creates a company culture that will make employees more loyal and motivated.

76%

of workers want their employers to make a difference in their community.

¹⁴ Bolden-Barrett, Valerie, “Workers increasingly want employers to address societal problems.” HR Dive, November 28, 2018, <https://www.hrdiver.com/news/workers-increasingly-want-employers-to-address-societal-problems/543111/>.

¹⁵ “% of Millennials Would Take a Pay Cut to Work for a Socially Responsible Company,” Sustainable Brands, 2017, <https://sustainablebrands.com/read/organizational-change/3-4-of-millennials-would-take-a-pay-cut-to-work-for-a-socially-responsible-company>.

¹⁶ Fry, Richard, “Millennials are the largest generation in the U.S. labor force.” Washington, DC: Pew Research Center, April 11, 2018, <https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>.

¹⁷ Keller, Scott and Mary Meany, “Attracting and Retaining the Right Talent.” McKinsey & Company, November 2017, <https://www.mckinsey.com/business-functions/organization/our-insights/attracting-and-retaining-the-right-talent>.

¹⁸ “Great Expectations: Americans Want More from Companies.” MetLife, November 27, 2018, <https://www.metlife.com/about-us/newsroom/2018/november/great-expectations-americans-want-more-from-companies/#>.

COMMUNITY ENGAGEMENT PROVIDES OPPORTUNITIES FOR BUSINESS DEVELOPMENT AND FEEDBACK FROM CUSTOMERS.

All companies—no matter the industry, product, or service—need customers. Perhaps a company provides transportation to the general public or maybe a company provides specialized technology to a hyper-specific group of small businesses. No matter if an entrepreneur sees their customer base as one person or all 7.5 billion people on the planet, in all cases, community engagement provides an important and differentiated channel to hear from customers. While entrepreneurs are volunteering their time at local programs or events, they are interacting with potential customers. While entrepreneurs are serving on boards of nonprofit organizations, they are rubbing elbows with community influencers and potential partners. Entrepreneurs share the ways that community engagement is directly impacting their businesses:

- **28%** say while they are in the community, they are gaining valuable feedback about their company.
- **38%** say that by engaging their community, they are able to gain more customers for their business.
- **43%** say that community engagement builds the brand of their company.
- **57%** say that they gain valuable connections that drive their business through their community engagement.



38%

of entrepreneurs say that by engaging their community, they are able to gain more customers for their business.

As one entrepreneur shared, “All of my company’s business development is referral, and much of that is through my board engagement. Once I realized that, my team and I saw my board service as integral to our business’ growth.”

Community Engagement is Good for Entrepreneurs

Engaging the community is not just good for business, it is also good for the person leading the business. Sixty-three percent of entrepreneurs surveyed share that a major benefit of their community engagement, is, simply, that they “feel better.” Volunteering and serving others has a powerful impact on individuals’ health—both mental and physical—which helps keep entrepreneurs feeling strong in all parts of their lives, including their professional lives.

COMMUNITY ENGAGEMENT HELPS ENTREPRENEURS FIND BALANCE AND STAMINA FOR BUILDING THEIR BUSINESSES.

Entrepreneurs will tell you how stressful the first years of building a business can be. Many entrepreneurs are singularly focused on the company, and they are susceptible to tunnel vision in one part of their lives. Community engagement combats that risk by keeping entrepreneurs’ minds and hearts focused on another project, team, or effort. This can go a long way for entrepreneurs’ health and stamina, keeping them in top shape to continue building their business. According to *Health* magazine, people who are generous with their time or money experience lower blood pressure, lower stress levels, longer lives, and better moods than their counterparts who do not give.¹⁹ Consider these reflections we heard from entrepreneurs:

“Meeting a payroll is part of the juggling act and the stress of owning a business. That responsibility overwhelms all others. I have taken time away from growing the business to become involved in the community. It replenishes what the stress takes away.”

“Being an entrepreneur is exhausting. Engaging the community helps me lift my mental energy to think about something besides me and my company.”

“Community engagement refocuses on what is important in life. If we can get out of a ‘heads down’ mode and look around, I think that is good for entrepreneurs.”

COMMUNITY ENGAGEMENT BROADENS ENTREPRENEURS’ NETWORKS.

Seventy-five percent of entrepreneurs report that their networks expanded as a result of engaging their communities, and 35% of founders said business and social networks are extremely important factors when starting a new business.²⁰ This is important for two reasons. First, network expansion gives entrepreneurs more support. As stated in an interview, “Entrepreneurs need all the support they can get.” By creating more and stronger relationships in the community, entrepreneurs are creating a support system for their business and themselves (see Jelani Memory’s story on page 37). One entrepreneur shared, “Being an entrepreneur can be lonely. By engaging the community, I am making friends, especially fellow entrepreneur friends who understand this path.” Second, network expansion allows entrepreneurs to diversify their rolodex. By forging relationships with people in the community with different knowledge, skills, and networks, entrepreneurs are positioning themselves to manage through any challenge or obstacle they may face as they build their business. Even better, by making new relationships through community engagement, entrepreneurs can ensure they are building their network with people who are committed to the community and share similar values. Community engagement is a very effective screener and makes for a positive first impression.

¹⁹ Swalin, Rachel, “4 Health Benefits of Being Generous.” *Health*, December 1, 2014, <https://www.health.com/stress/giving-tuesday-health-benefits-of-generosity>.

²⁰ McDermott, John, “Who’s an Entrepreneur Now?” *Inc.*, June 29, 2012, <https://www.inc.com/john-mcdermott/entrepreneur-demographics-whos-an-entrepreneur-now.html>.

COMMUNITY ENGAGEMENT MAKES BETTER BUSINESS LEADERS.

In the bestselling book, *Good to Great*, Jim Collins describes his findings in what it takes to transition from a good company to a great one. One of the key insights is the presence of what he calls Level 5 leadership: “Level 5 leaders display a powerful mixture of personal humility and inimitable will. They’re incredibly ambitious, but their ambition is first and foremost for the cause, for the organization and its purpose, not themselves.” He goes on to say, “The good-to-great leaders never wanted to become larger-than-life heroes. They never aspired to be put on a pedestal or become unreachable icons. They were seemingly ordinary people quietly producing extraordinary results.” Community engagement is an important tool in shaping character and honing skills to stay humble. Engaging the community forces entrepreneurs to place their experiences in a larger context, which keeps their egos in check and allows them to become the transformational Level 5 leaders, who, as Jim Collins shares, are actually quite ordinary people.²¹



In addition, community engagement allows entrepreneurs to exercise their unique talents in new ways. As one entrepreneur said, “I believe that entrepreneurs have a unique skill set that can benefit their local communities. We are problem solvers and disruptors; we think creatively; we are resourceful...I believe it’s important that you are involved and use your talents to help others.” This was a common theme in our interviews, especially among community leaders. As the challenges that face communities grow in complexity and urgency, entrepreneurs were consistently described as creative, resilient, and optimistic. They look at old problems with fresh ideas for solutions. As the leader of a community foundation said, “I would love to see them share that talent with nonprofits and the civic sector.”²²

As one entrepreneur said, “I believe that entrepreneurs have a unique skill set that can benefit their local communities. We are problem solvers and disruptors; we think creatively; we are resourceful...I believe it’s important that you are involved and use your talents to help others.”

²¹ Collins, Jim, *Good to Great*. New York: Harper Business, 2001.

²² Hull, Patrick, “Entrepreneurs Should Be Community Leaders.” *Forbes*, October 4, 2013, <https://www.forbes.com/sites/patrickhull/2013/10/04/entrepreneurs-should-be-community-leaders/#37d729b43325>.

Community Engagement is Good for Communities

There is a lot of discussion about what entrepreneurs stand to gain from communities, but what do communities stand to gain from entrepreneurs? In our survey, 51% of entrepreneurs self-report they have seen a positive change in their community as a result of their community engagement. This next section explores the major ways engagement is important for the community.

COMMUNITY ENGAGEMENT MAKES STRONGER COMMUNITIES.

The benefits of engagement for the community are well documented. According to the National Conference on Citizenship's Civic Health Index, which defines civic engagement across five measures (attending meetings, helping neighbors, registering to vote, volunteering, and voting), "communities with strong indicators of civic health have higher employment rates, stronger schools, better physical health, and more responsive government."²³ When community members engage, communities are better prepared to respond and recover when emergencies strike.²⁴ For example, a 2012 study found that communities with greater nonprofit density and stronger social cohesion were not hit as hard during the Great Recession.²⁵ In addition, service and volunteering matters financially for communities. An hour of volunteering is valued at \$25.43,²⁶ and according to a report by economists at Columbia University, "for every \$1 invested in national service, there are returns to society of \$3.95 in terms of higher earnings, more output, and community-wide gains."²⁷

Something else happens when entrepreneurs engage their communities, however. Because entrepreneurs are often viewed as leaders and public figures in their communities, their engagement sets a culture in the community and inspires others to do the same. Just as momentum often begets momentum, the same is true for community engagement. Engaging the community is inspiring, motivating, and contagious. According to the Association of Colleges and Universities, "longitudinal studies show that young people who serve their communities and join civic associations succeed in school and life better than their peers who do not engage."²⁸ Entrepreneurs engaging their community can set a ripple into the community that can pay dividends for generations to come.

COMMUNITY ENGAGEMENT INCREASES ENTREPRENEURS' CONNECTION TO THEIR COMMUNITIES, WHICH HAS TREMENDOUS BENEFITS FOR COMMUNITIES.

A significant number—76%—of entrepreneurs surveyed say a benefit of their engagement is that they feel more connected to their community. A study by the John S. and James L. Knight Foundation and Gallup defined community attachment as an "emotional connection to a place that transcends satisfaction, loyalty, and even passion. A community's most attached residents have strong pride in it, a positive outlook on the community's future, and a sense that it is the perfect place for them."

²³ National Conference on Citizenship, *Civic Health Index*, <https://ncoc.org/chi/>.

²⁴ "Building a Culture of Health: Civic Engagement," Robert Wood Johnson Foundation, <https://www.rwjf.org/en/cultureofhealth/taking-action/making-health-a-shared-value/civic-engagement.html>.

²⁵ Levine, Peter and Kei Kawashima-Ginsberg, "Civic Health and the Economy: Making the Connection." National Conference on Citizenship, 2013, <https://ncoc.veracitymedia.com/wp-content/uploads/2015/04/2013EconomyCHI.pdf>.

²⁶ "Value of Volunteer Time," Independent Sector, 2019, <https://independentsector.org/value-of-volunteer-time-2018/insights/attracting-and-retaining-the-right-talent>.

²⁷ "The Economics of Expanding National Service," Voices for National Service http://voicesforservice.org/2016/03/Summary_Sep18_Econ_Value_National_Service-6.pdf.

²⁸ Levine, Peter, "What Do We Know About Civic Engagement?" Association of American Colleges & Universities, 2011, <https://www.aacu.org/publications-research/periodicals/what-do-we-know-about-civic-engagement>.

The study goes on to share that the economy and civic involvement are two characteristics positively correlated with creating attachment to a community. Said another way, when businesses are strong, the economy is doing well, and people are involved in their communities, community members feel a stronger attachment to where they live. The same study goes on to share, “Just as actively engaged employees are more productive and committed to the success of their organizations, highly attached residents are more likely to actively contribute to a community’s growth.” In addition, “highly attached residents are more likely to see their community as being open to many kinds of people... communities that are more open to diversity are better able to compete for talent.”²⁹ This is great news for communities, and entrepreneurs can have an outsized impact in making those factors become a reality.



COMMUNITY ENGAGEMENT CONTRIBUTES TO STRONGER LOCAL ECONOMIES.

According to the Federal Reserve Bank of St. Louis, four factors lead to increased production and serve as building blocks of the economy: land, labor, capital, and entrepreneurship.³⁰ Not surprisingly, entrepreneurs’ efforts to innovate, increase production, utilize labor, and grow capital all contribute to a community’s economic growth. Probably less understood is the role entrepreneurs’ community engagement has in economic growth. As established, community engagement increases attachment and connection to a community, and the aforementioned Knight Foundation and Gallup poll found a “positive correlation between community attachment and local GDP growth...This is a key metric in assessing community success because local GDP growth not only measures a community’s economic success, but also its ability to grow and meet residents’ needs.”³¹ As such, entrepreneurs who engage their community have double the potential to be a contributive force for their community’s economic and civic health.

2x

Entrepreneurs who engage their community have double the potential to be a contributive force for their community’s economic and civic health.

²⁹ “Knight Soul of the Community 2010: Knight Communities Overall,” The John S. and James L. Knight Foundation, 2010, <https://knightfoundation.org/sotc/overall-findings/>.

³⁰ Walla, Scott, narrator. “Factors of Production.” The Economic Lowdown Podcast Services, episode 2, Federal Reserve Bank of St. Louis, 2012, <https://www.stlouisfed.org/education/economic-lowdown-podcast-series/episode-2-factors-of-production>.

³¹ “Knight Soul of the Community 2010: Knight Communities Overall,” The John S. and James L. Knight Foundation, 2010, <https://knightfoundation.org/sotc/overall-findings/>.

JACQUIE BERGLUND

CO-FOUNDER & CEO, FINNEGANS BREW CO.
FINNEGANS.COM
MINNEAPOLIS, MN

A seasoned entrepreneur who intentionally designed her business to contribute to the community and pushes herself to do more at every phase of building her business.



FINNEGANS Brew Co. started 20 years ago, when Jacquie Berglund decided to turn a hobby into a business. Today, FINNEGANS brews over a dozen craft beers, distributes in four states across the Midwest, and earns about \$2.5 million in revenue a year.

What makes FINNEGANS stand apart from its peers is Jacquie's vision for the company. In many ways, FINNEGANS started with a social mission first. Inspired by the Newman's Own model of giving profits to support local programs and causes, Jacquie designed FINNEGANS to be the first beer company in the world to donate 100 percent of its profits to charitable projects, and she focuses those profits on eliminating hunger and serving as a catalyst for social entrepreneurs. Today, FINNEGANS brings in revenue through its brewing company, taproom (FINNEGANS Taproom), events space (Brewer's Den), and a co-working space on the top floor of its brewery for social entrepreneurs (FINNOVATION Lab). All of these streams allows Jacquie to fund FINNEGANS Community Fund, which is an independent 501(c)3 dedicated to alleviating hunger in all markets where FINNEGANS products are sold. In 2016, FINNEGANS hit a milestone of reaching \$1 million in impact back to the community and it is currently working on its next goal of \$2 million.

Jacquie thinks taking this approach to build her company has made her business stronger: "It is a big differentiator for us. No one was doing this when I started. It's core to our business model."

"Most people think about getting to a win-win, but I think about the community and strive for a win-win-win."

At each step of building her business, Jacquie has continued to take this “community first” approach. When she saw an opportunity to build a brewery in downtown Minneapolis in 2018, her first thought was how to be strategic in making it a resource for the community. First, she intentionally built the brewery in the low-income neighborhood of Elliot Park in East Town Minneapolis. Jacquie felt it was important to bring economic development to the area and to be a player in the community where they live and work. In addition, Jacquie wanted the design of the brewery to include dedicated space for entrepreneurs who are working on business ideas that keep the community in mind. “I thought to myself,” Jacquie shared, “what support and resources would I have wanted when I started my business?” Launched in 2018, the FINNOVATION Lab is located on the top floor of the FINNEGANS House and serves as an accelerator for entrepreneurs. It provides an inspiring and creative space for like-minded people to collaborate and cross-pollinate business ideas. The Lab provides important programming for entrepreneurs as well, such as a fellowship program, mentorship program, partnerships with local universities, pitch days, and one-day business training sessions. The Lab is also designed to be a gathering place for the community and frequently hosts community events.

Jacquie shared that she is not immune to the pressures entrepreneurs feel. She works long hours, struggles to find balance, feels the pressure of her bottom line, and constantly thinks about how she will push her company to the next level. In many ways, Jacquie shared that she built community engagement into her business so that she could ensure she spent time on it. When asked what makes Jacquie different than other entrepreneurs, she reflected, “I think it’s my intentionality. Most people think about getting to a win-win, but I think about the community and strive for a win-win-win.” She added, “I am an entrepreneur. I take all the risks every entrepreneur does. I just choose to have a social mission.”

LESSONS LEARNED

- **If entrepreneurs are concerned they will not have the time or headspace to think about community engagement while building their business, they should think about early design considerations that might build it into their business.** FINNEGANS is a brewing company, by definition, but Jacquie found ways to design revenue streams that also benefited the community as a way to ensure she was spending time engaging the community.
- **It is never too late to think about how to design community engagement into business models.** At every turn of building her business, Jacquie reflected if there was a way to simultaneously support with the community. Even almost 20 years into her business, Jacquie found new ways to prioritize the community in her business decisions.
- **It is all about a mind-set.** Finding ways to stay cognizant of the community as you build your business will make you a stronger contributor to the community and a better business citizen.

STRATEGIES TO ENGAGE THE COMMUNITY



Community engagement is an important element in building the fabric of a community. Particularly in a democracy like America,³² our social lives are dependent on everyone rolling up their sleeves and engaging to strengthen communities. The added good news for entrepreneurs is that stronger communities make better places to live and build successful businesses. In other words, it pays to engage. In this section, we explore the tactical ways to approach engaging the community as an entrepreneur and address many of the common questions that arise.

In addition, profiles of five entrepreneurs have been placed throughout this paper, all of which showcase entrepreneurs engaging their community in various ways with various motivations. We hope these spotlights provide an added resource for entrepreneurs as they explore strategies to engage their community.

Assessing Readiness

A common question entrepreneurs ponder is when to start engaging the community. On one end of the spectrum, some believe that entrepreneurs must be fully focused and committed to their businesses, especially for the first few years, and anything else requiring their time or energy is a harmful distraction. On the other end of the spectrum, some believe engaging the community is part of everyone's responsibility and there is no choice in delaying time and energy to support the community. Other entrepreneurs exist in between these two ends of the spectrum and are swayed by the benefits and opportunities community engagement provides for building their businesses and helping them develop as strong entrepreneurs. These entrepreneurs do not see community engagement and building a successful business as mutually exclusive. In fact, 81% of entrepreneurs surveyed fell into this category, saying they can engage their community simultaneously to building their business.

81%

of entrepreneurs surveyed feel they can engage their community and build their business simultaneously.

No matter where entrepreneurs are on this spectrum, it is important they take the time to assess their readiness to engage the community. After all, nonprofit organizations and local causes are often running off lean budgets and small staffs. Just like a business, every hour of their time must be high-leverage to push their mission and organization forward. If an entrepreneur is engaging them without being ready, that can have consequences for the organization. Take board service, for example. According to a 2015 study by Stanford Graduate Business School, BoardSource, and Guidestar, "almost half (48%) [of nonprofit directors] do not believe that their fellow board members are very engaged in their work, based on the time they dedicate to their organization and their reliability in fulfilling their obligations."³³ Readiness assessment is as much about the entrepreneur as it is ensuring the community's time is well spent in the process.

³² "Democracy Primer," Philanthropy for Active Civic Engagement, 2019, <http://www.pacefunders.org/democracy-primer/>.

³³ Larcker, David F., Nicholas E. Donatiello, Bill Meehan, Brian Tayan, "2015 Survey on Board of Directors of Nonprofit Organizations." Stanford GSB, April 2015, <https://www.gsb.stanford.edu/faculty-research/publications/2015-survey-board-directors-nonprofit-organizations>.

To that end, there are a few questions entrepreneurs should ask themselves to assess if they are ready to engage the community:

- **Can I identify my motivations in engaging the community?**
- **Do I have clear objectives for my community engagement?**
- **What does engagement success look like for me and for the community?**

Entrepreneurs do not need overly sophisticated answers to these questions. They do not need to develop a ten-point plan or vision statement for their community engagement. However, if entrepreneurs cannot answer the basic questions of why they are engaging the community, what they hope to get out of it, or what success looks like, they should press pause and do some soul-searching before they explore further.

It is worth noting that a lot of the “how” questions (How will I engage the community? How will I find the time? How will I balance community engagement with business?) are not part of the readiness assessment. At this point in exploration, it is important that entrepreneurs have a cursory understanding of the big picture of their community engagement; the details can come later.

Lastly, these readiness assessment questions are also the ones entrepreneurs should ask themselves when they are considering a pause or exit from community engagement. Things change in life, and new demands or factors may require a reprioritization. Even after beginning their community engagement, entrepreneurs can use these questions on an on-going basis to evaluate their engagement and determine if a change is needed.

Building Your Approach

Entrepreneurs engage their communities in many different ways. In fact, entrepreneurs in our survey report engaging their communities through an average of three different activities. No way is the right way, which is why it is important to do the critical work of assessing motivations, objectives, and pictures of success first. Once these are identified, it is easier to determine how to build community engagement on top of that strong foundation.

Entrepreneurs should take these steps in designing their unique approach to community engagement:

STEP 1

Get to know the community and its needs.

The first step is to build relationships in the community, which will help entrepreneurs understand the greatest needs of the community, as understood by fellow community members. Is the community experiencing a rise in students who cannot afford lunch at school? Are elderly residents struggling to get by? Is the local reservoir suffering from pollution? Are other entrepreneurs struggling to find advice for how to build their business? The challenges a community might face are countless, and it is important to start by listening without an agenda.

STEP 2

Assess how your assets meet the needs of the community, and vice versa.

The best partnerships occur when both parties are clear about their needs and pain points, as well as the assets they have to offer. This is especially true when entrepreneurs approach communities. Entrepreneurs should take some time to explore the assets they are willing to share with the community. Some common examples include financial capital and philanthropy, time, networks, labor, connections, expertise, convening ability, and physical space, but there is no limit to the creativity of what an entrepreneur might be able to offer. Similarly, entrepreneurs should revisit their motivations and objectives from their readiness assessment to determine what needs they have and hope to fulfill by engaging the community. For example, perhaps entrepreneurs want to expand their knowledge on a new topic, broaden their network into target industries, or find connection to a cause that is aligned with their passions.

STEP 3

Find the right partners.

With this foundational work set, it is time to find the right partners. Often, this will come through connections and referrals to community leaders and members who are committed to different issues in your community. There are also resources and groups that can help you connect to partners, such as your local United Way, Chamber of Commerce, or Community Foundation. Whether you decide to engage individuals in an informal way (through mentorship or making connections) or organizations in a formal way (like philanthropy or board service), you will need partners to make your community engagement effective.

STEP 4

Determine how to track progress.

An important step in building your approach to community engagement is getting a plan together for how you will track progress, which further underlines the importance of the earlier steps to determine what success looks like. For example, if a tech entrepreneur was looking to expand her knowledge about the environment by engaging a local environmental group, after twelve months of volunteering on a monthly basis, does she feel like her knowledge base has grown? While entrepreneurs do not need to develop a formal tracking system, they should have a mechanism they feel confident will communicate indicators of progress against goals.

Community engagement is often very personal for entrepreneurs, stemming from various motivations. You can see that by exploring the entrepreneur profiles in this paper and reading how differently the five entrepreneurs are leveraging their assets for the benefit of their communities, as well as what they get in return. Similarly, each entrepreneur has a different approach to the formality of their community engagement approach. Some entrepreneurs build engagement plans with consultants that include specific metrics for progress, and others move forward on their intuition, responding to opportunities as they come. While there is no right way to approach community engagement, it is worth noting the effectiveness of having a thoughtful strategy. As a philanthropic advisor warns, “Ad hoc philanthropic actions, however well intended, are often not enough to make a real difference.”³⁴

³⁴ * Alto, Philo, “Entrepreneurial Philanthropy.” Stanford Social Innovation Review, January 28, 2013, https://ssir.org/articles/entry/entrepreneurial_philanthropy.

Either way, an important reminder for entrepreneurs is that the responsibility of building a meaningful and impactful community engagement experience is shared. Certainly, community organizations and leaders should find ways for entrepreneurs to bring their assets to bear and hopefully mitigate their needs. However, as mentioned earlier, community organizations are often balancing lean budgets, small staffs, and huge demands for their services. In the face of working on large issues and community challenges, it can feel overwhelming for community leaders to stay afloat. In fact, it can feel as busy as being an early-stage entrepreneur! It is not entirely the job of the community to build a tailored and meaningful experience for entrepreneurs, and entrepreneurs should build their community engagement approach with this in mind. When asked if she had any advice for other entrepreneurs thinking about engaging the community, one entrepreneur shared, “Be ready to serve. Check your ego at the door.”

It is not entirely the job of the community to build a tailored and meaningful experience for entrepreneurs, and entrepreneurs should build their community engagement approach with this in mind.

ENTREPRENEURS AND PHILANTHROPY

Entrepreneurs create businesses that create wealth in our economy. The origin of much philanthropy in America is entrepreneurship, as many entrepreneurs throughout history have created wealth through their business endeavors that has allowed philanthropy to thrive.

In 2019, Fidelity Charitable released a report that looks specifically at entrepreneurs’ philanthropy as a way to understand their unique approach to giving. Below are excerpts from their report:

- On average, the median annual gift for entrepreneurs (\$3,600) is 50% higher than non-entrepreneurs (\$2,400).
- Two-thirds of entrepreneurs (66%) volunteer two or more hours a month, compared to just more than half of non-entrepreneurs (55%).
- Nearly half of entrepreneurs (47%) consider themselves philanthropists, compared with less than a third of non-entrepreneurs (30%).
- 61% of entrepreneurs want to be personally involved in charities, as opposed to just making financial contributions.
- Entrepreneurs (34%) are more than twice as likely as non-entrepreneurs (15%) to prioritize being recognized publicly for their contributions.

Source: “*Entrepreneurs as Philanthropists*,” Fidelity Charitable, 2019.

JELANI MEMORY

FOUNDER & CEO, A KIDS BOOK ABOUT
AKIDSBOOKABOUT.COM
PORTLAND, OR

A serial entrepreneur who understands that creating a cycle of giving to the community can pay dividends, personally and professionally.



A Kids Book About started as an idea that would not stop nagging Jelani Memory. He had co-founded a tech start-up seven years ago, and it was doing very well. At home, the father of six was raising children who were growing and becoming more curious about the world. “When my kids asked me hard questions about the world,” Jelani said, “I answered honestly. Most parents say ‘I’ll tell you when you’re older’ or ‘It’s not appropriate for you yet.’ Hard conversations are put off until it’s too late. I wanted to work against that and treat kids like they can handle stuff. I wanted a book that embodied the conversations my kids and I were having about race and hard topics.”

Jelani created one book—A Kids Book About Racism—meant for one audience—his six kids. It started as a creative outlet and a tool to help him in his parenting, but as other parents caught wind of the book and saw its power in helping his kids understand racism, they wanted to know where they could buy one for themselves. Thus, a new company was born, and Jelani started A Kids Book About. In fall 2019, they will launch their first twelve books, addressing such topics as feminism, creativity, belonging, depression, adventure, and racism.

As a successful entrepreneur in Portland, now on his second venture, Jelani always made giving back central to his life. “The secret that I keep is that when I’m doing something for someone else, it is actually more enjoyable for me. The more joy they get, the more mine goes over it. It’s a way of living. It’s a repeatable practice.”

Jelani can point to many moments in his life when he was the recipient of generosity, and he is not shy about sharing how that impacted him to adopt a giving lifestyle. For example, Jelani credits his ability to go to college to a stranger who heard him speak at an event. One of the attendees had heard through the grapevine that he would not be able to go to college without a cosigner for his loan. The stranger offered to serve as a cosigner, Jelani went to college, and that forever changed his life. He continues to find ways to give back similarly. Today, Jelani is involved with his local church, university, homeless ministries, and kids' sports programs, and he advises multiple companies in their growth and development. In addition, he gives philanthropically on a monthly basis, but as he shared, "I almost never give as a percentage of income or because I am asked. It is sort of like, what can I give this month? It's completely random. I feel like when giving is done out of compulsion, it ruins the gift itself."

"I'm all about the multiplication theory of generosity and giving. If I give, that will multiply itself out later. If I give enough, then when I need something, usually people are generous back. It creates a nice cycle."

Thinking about generosity first is not just good for his soul; it is also good for business: "I'm all about the multiplication theory of generosity and giving. If I give, that will multiply itself out later. If I give enough, then when I need something, usually people are generous back. It creates a nice cycle." Without a doubt, his companies have benefitted from that cycle. Jelani reflected, "The moment I need anything from anyone, people are ready to help me. I'm in such a cycle of giving that people are excited to participate in what I'm doing. I trade in trust. That cycle helped my last company grow. Even in difficult times like when we were raising cash, we made it through because people were ready to help. This new company is no different."

As Jelani says, "The math is simple. Helping people always produces an exorbitant dividend that is delightful. I would rather overdo it on the generosity aspect."

LESSONS LEARNED

- **Giving creates trust capital, which entrepreneurs never know when they will need to leverage.** In life and business, Jelani has made a practice of being generous. It has buoyed his company in hard times, and allowed him to launch a second venture with the support of people in his community. Giving creates trust, and that trust is a very important capital source for entrepreneurs building companies.
- **Philanthropic donations are a common way entrepreneurs give back to communities, and entrepreneurs should determine the way that fits them and their values best.** Jelani has a strong philosophy about giving, but even he does not have a master plan about his philanthropy. Entrepreneurs should consider philanthropy as an important component of how they show up for their communities, no matter how that takes shape.

ENTREPRENEURS GIVING BACK TO ENTREPRENEURS

To get their businesses started, many entrepreneurs benefited from trainings, networking, and mentorship from other entrepreneurs, and as a result, entrepreneurs often think about their community of fellow entrepreneurs when they begin to engage communities. Approximately 60% of the entrepreneurs surveyed report they are mentoring up-and-coming entrepreneurs, and that rate is higher for entrepreneurs of color (66%, compared to 59% for white entrepreneurs). Most of the entrepreneurs interviewed in this project spoke with gratitude and appreciation for the help they received, fueling their desire to pay it forward for other entrepreneurs. As one entrepreneur shared, “A lot of what I do is focused on providing a hand back to help people like me coming up.” Some examples of organizations that are facilitating the ecosystem of entrepreneur reciprocity at local, national, and global levels include:

- **Bunker Labs:** A national network of veteran entrepreneurs dedicated to helping new veteran entrepreneurs start their own business.
- **Great Lakes Women’s Council:** A local nonprofit that provides access to training, certification, networking, and capital assistance for women and minority business owners.
- **Endeavor:** A global network of entrepreneurs supporting fellow entrepreneurs, with a specific focus on how entrepreneurs use their platform to pay their success forward.
- **Black Founders:** An organization providing black founders with access to advice, mentorship, and funding, with a goal of increasing the number of successful black entrepreneurs in technology.

ENGAGEMENT VERSUS FULFILLMENT

Many entrepreneurs are motivated to engage the community in order to find fulfillment, or a sense of purpose and completeness. A 2019 report from Imperative, a web-based career and culture transformation platform used by purpose-driven employers, explored how people move from engagement to fulfillment. While Imperative specifically studied fulfillment in the workforce, many of their learnings can be applied to finding fulfillment, generally. Fulfillment looks quite different than engagement. According to their survey, respondents used words like “happy, love, enjoy, difference, achieve, and goals” to describe fulfilling work and words like “busy, active, interest, hard, like, challenges” to describe engaging work. Below are excerpts from their report, which paint a fuller picture of their learnings:

- It is nearly impossible to be fulfilled in life without meaningful relationships, impact, and growth.
- More than twice as many people reported wanting fulfilling work (64%) versus engaging work (28%).
- Individuals with a “purpose mindset”—or those who view work as having the potential to be a source of meaning in their lives and having a positive impact on others and the world—are 52% more likely to report being fulfilled.
- Fulfillment is seen as something that people create for themselves, not as an entitlement. Sixty-eight percent of respondents report that the primary responsibility for fulfillment lies with the individual.

For entrepreneurs looking for fulfillment in engaging their community, it is worth keeping these points in mind when designing a community engagement approach.

Source: “2019 Workforce Purpose Index,” Imperative, 2019.

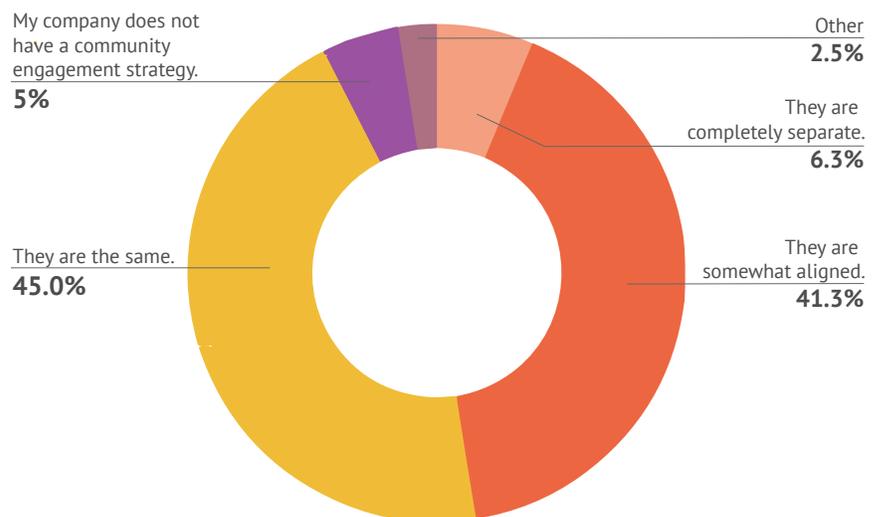
Balancing Community Engagement with Business

Across demographics in our survey, the number one obstacle keeping entrepreneurs from engaging communities is business demands on their time. In the high-pressure and high-stakes environment entrepreneurs operate, it is no surprise that they are thinking a lot about how to balance community engagement with business demands.

First, what does balance mean? While the answer to that question is a personal one for every entrepreneur, one entrepreneur offers advice: “I shoot for a balance that is not too overwhelming of a time commitment yet enough to make a real difference and feel good about the experience.” Again, this is why it is important for entrepreneurs to spend the up-front time to define motivations and design a thoughtful approach to engage the community. How an entrepreneur defines “making a difference” will be highly dependent on those early steps in the process. Knowing their assets—including how many hours per week, month, or year they have to give—is critical to scoping out an opportunity that is not too overwhelming.

One way entrepreneurs achieve this balance is by building community engagement into their business. Some entrepreneurs build community engagement into their business model, such as the increasingly popular “one for one” model where companies donate a product to someone in need for every product a customer purchases. While TOMS is famously credited with launching this model, companies like Warby Parker and SoapBox have adopted the model for their businesses as well. Other entrepreneurs build community engagement into their business by making giving back a corporate priority for all employees, including themselves. Sometimes this takes the shape of reserving a portion of profits for a corporate matching program, building community engagement into performance reviews, or providing volunteer time off (VTO) so employees can volunteer in their communities while still getting paid by their employer.

HOW DO YOU VIEW THE RELATIONSHIP BETWEEN YOUR PERSONAL ENGAGEMENT IN THE COMMUNITY AND YOUR COMPANY'S ENGAGEMENT IN THE COMMUNITY?



STRATEGIES TO SUPPORT COMMUNITY ENGAGEMENT



Interviews throughout this project indicated mixed observations about how much community engagement is on entrepreneurs' radars. About a quarter of our interviewees said it was on their radar, a quarter said it was not on their radar, and half said it was on some entrepreneurs' radar, but it depended on certain characteristics such as age, business sector, prior exposure, corporate culture, community culture, personal values, relevance to business, or ego. Overall, there was not a resounding sense that community engagement is a topic discussed in many entrepreneurship circles, which likely explains why there is little existing research or data on the topic to date.

Entrepreneurship funders, accelerators, incubators, ecosystem builders, and supporters play an important role in influencing the culture around community engagement and entrepreneurship. While efforts to advance the culture will require creativity and experimentation, a few strategies demonstrate higher probability to be effective:

- **Start the conversation.** While 91% of entrepreneurs are engaging their communities, we found that our survey questions and interviews served as the “light-bulb moment” when entrepreneurs realized that what they were doing could be considered community engagement. In some ways, that is good news, as it indicates entrepreneurs are making community engagement part of their lives without intervention. In other ways, this trend indicates that an opportunity is being missed to raise consciousness about the importance of community engagement, being an active member of a community, and giving back. More people asking entrepreneurs about their community engagement will help entrepreneurs create an identity around giving back that will set a culture for future generations of entrepreneurs.
- **Design new resources and support systems.** Entrepreneurs are looking for ways to engage the community, but business demands make even exploration of opportunities difficult. As one entrepreneur shared, “It is hard to learn about and seek out resources and opportunities because our primary focus is economic viability.” The resources that have traditionally helped business leaders engage the community (e.g. local United Ways, Chambers of Commerce, Community Foundations) do not seem to be meeting the evolving needs of this rising generation of entrepreneurs. One entrepreneur shared that he mostly utilizes his local community foundation for administrative support in making donations to organizations, but he really needs strategic consultation or assistance in assessing the greatest needs of the community. While one-third of entrepreneurs surveyed accessed these groups to give back to their communities, on average, 67% of entrepreneurs did not. When asked if they plan to use these groups in the future to support them in giving back, only 15% of entrepreneurs said yes (30% said no, 24% were unsure, and 31% wanted to learn more). Entrepreneurs are telling us that there is an opportunity for these groups to evolve or for new resources and support systems to emerge to help entrepreneurs, especially millennial entrepreneurs, navigate their community engagement.

There are examples of new models to turn to for inspiration. On the global stage, the **Founders Pledge** works with 1300 entrepreneurs in 30 countries who make a binding commitment to donate a chosen percentage (above 2%) of personal proceeds at the point of liquidity. The organization coordinates community events from intimate dinners to annual forums, providing the latest evidence-led solutions to social problems alongside the best charity leaders, researchers, policy-makers, and intellectuals. They are backed by a research team that helps entrepreneurs maximize the impact of their giving. Focused more locally, the **Ann Arbor Entrepreneurs Fund (A2EF)** enables local entrepreneurs to turn business success into positive community impact. Members commit to either 1% of their ownership in business ventures or 1% of annual profits from those ventures, which are designated to a “community impact fund” at the Ann Arbor Community Foundation and generates a permanent stream of charitable grants for local nonprofits.

- **Make investments that encourage or reward community engagement.** It is rare to find a grantmaker or investor who makes funding decisions based on the community engagement of entrepreneurs or their businesses. Imagine the impact incorporating this as a funding-decision criteria could have to encourage more entrepreneurs to take an active role in their communities. As this paper discusses earlier, the benefits of community engagement are significant for the community, the entrepreneur, and the business, which aligns incentives for entrepreneurs and investors alike. For grantmakers, new programs that convene entrepreneurs to discuss or build local strategies around their community engagement could pay dividends for the community, as well as position the grantmaker as a distinguished leader in the entrepreneurship field.
- **Catalyze peer networks.** Many entrepreneurs report feeling isolated, and that is especially true when discussing their community engagement. Not only does there seem to be a lack of consciousness for entrepreneurs about community engagement, but there also seems to be very little support. Most entrepreneurs are navigating their community engagement in a silo. There is an opportunity for entrepreneurs to find support among their fellow entrepreneurs in how they approach and innovate on their community engagement, and peer networks could provide a tremendous support.
- **Encourage entrepreneurs and the community to define goals together.** Even though 91% of entrepreneurs report they are engaging their communities, when we talked to community leaders, there was an overwhelming sense that entrepreneurs could be doing more. This trend suggests that there may be a divide in perception. Where entrepreneurs were coming into the conversation with the approach of “here is what I can give,” community leaders were coming in with the approach of “here is what is needed.” Among both groups, there seems to be discomfort about how to address the gap. Thirty percent of entrepreneurs surveyed said they are not doing more for their community because they are content with what they are already doing, which indicates that there may be an opportunity for communities to be more clear about where they need help and how entrepreneurs could play an important role.

KEY MESSAGES FOR TALKING TO ENTREPRENEURS ABOUT COMMUNITY ENGAGEMENT

In addition to influencing the culture, entrepreneurship supporters also play a role in changing the conversation. Here are key messages that are effective in talking to entrepreneurs about community engagement:

- Approximately 70% of entrepreneurs believe they were helped by their current geographic community on their entrepreneurial journey.
- On average, entrepreneurs access four resources from their communities (e.g. networking opportunities, informal mentorship, training and workshops, peer entrepreneur network) when they start their businesses.
- Entrepreneurs report seeing more than double the benefits than obstacles to engaging their community.
- 44% of entrepreneurs say their business has grown as a result of engaging their community.
- Entrepreneurs have numerous and varying motivations for why they engage their communities. On average, entrepreneurs engage with five or six motivations in mind, varying from intrinsic motivations (e.g., “Giving back is part of who I am.”) to strategic motivations (e.g., “I gain valuable connections that drive my business.”). There is no right reason to engage the community.
- Community engagement is good for business—it advertises your values to customers and investors, models values for employees and hiring candidates, and provides opportunities for business development and feedback from customers.
- Community engagement is good for entrepreneurs—it helps entrepreneurs find balance and stamina for building their businesses, broadens entrepreneurs’ networks, and makes better business leaders.
- Community engagement is good for communities—it makes stronger communities, increases entrepreneurs’ connection to their communities, and contributes to stronger local economies.

JESSICA WILLIS

FOUNDER AND CEO, POCKETNEST
POCKETNEST.COM
DETROIT, MI

A pre-launch entrepreneur who still finds a way to incorporate community engagement into a busy time in her business.



Pocketnest is a fintech company building the world's first free financial planner. Founded on the idea that financial planning should not be frustrating, confusing, or exclusive, pocketnest is an app that puts users in the driver seat of their own financial planning by providing a do-it-yourself process and step-by-step guidance through all ten themes of financial planning.

Pocketnest is at an interesting point in its evolution. With two decades of experience in wealth management, founder and CEO, Jessica Willis, left her job in 2017 after noticing that the majority (86%) of financial planners ignore Gen-X and millennials. She began to work on her idea, and today, pocketnest is poised for its launch in fall 2019.

As a pre-launch company, pocketnest is very much in start-up phase. Jessica is working long hours to build her product and get it ready for launch, yet, she is actively thinking about how she engages her community.

Jessica approaches her community engagement with both personal and professional motivations. "On a personal level, community engagement is part of who we are as human beings." Beyond intentionally raising children who think about giving back (her family has a rule that one-quarter of any money they get goes into a jar for charity), Jessica is a trustee of the Mount Elliott Cemetery Association, which serves the needs of families in Southeastern Michigan and organizes community events like blood drives, remembrances for veterans, and charity runs. Additionally, she has continued mentoring young people. In her previous career, she was mentoring young females on career progression and work/life balance. Today, she mentors young entrepreneurs who are figuring out how to navigate imposter syndrome and public exposure as a start-up founder. While a start-up founder herself, she finds that the life lessons she has gained over the last twenty years of her prior career provide value to younger entrepreneurs beginning their careers.

On the professional side, Jessica sits on the Millennial Advisory Board for First Independence Bank, where she and her fellow board members focus on engagement and ways to serve the next generation of bank customers. Additionally, her pocketnest team has started to give presentations about investing to low-income groups. This provides an important service and value to the community while also allowing her team to refine their content before launch and, most importantly, feel the direct impact of the service pocketnest provides.

Jessica adds: “We’re at a place of infancy. Think of it as a parent. When you have a newborn, your child is crying and needs your full attention. You start accepting help from everybody. You’re trying hard to survive.” Jessica and the pocketnest team have not taken the help for granted. They have stayed cognizant and intentional about taking notes of all the mentorship (formal and informal), introductions, networking opportunities, support systems (e.g. Ann Arbor Sparks and Tech Town), and validation that has helped them along the way. “There’s no way I could do it on my own. We’d be at a fraction of the place we are if we didn’t have support from the community,” Jessica said. When she and the company are ready to give back, she wants to ensure they are adding to the culture in greater Detroit area that supported them along the way.

“Think of it as a parent. When you have a newborn, your child is crying and needs your full attention. You start accepting help from everybody. You’re trying hard to survive.”

LESSONS LEARNED

- **Entrepreneurs can start small and engage how they can, when they can.** Especially true for those in the early stages of building their business, entrepreneurs can start with what they have—time, money, or wisdom—when they have it. The community will benefit, and it gets entrepreneurs into a practice of being cognizant of the community early-on.
- **Entrepreneurs in the grind of start-up phase are best positioned to take notes on the support they receive so they can think about how to give back later.** If an entrepreneur is not ready to give back to the community quite yet, they will never be more attuned to the help and support they receive than when they are in the thick of it. A good idea is to build a system to record what you want to remember so you have a way to revisit when the time is right.
- **Early-stage entrepreneurs have a lot to offer their fellow early-stage entrepreneurs by engaging in the local entrepreneurship community.** Entrepreneurs should not forget that simply showing up and being there for fellow entrepreneurs in the trenches is an important community engagement strategy. In this way, entrepreneurs are actively adding to a supportive and generous culture in the community. Put another way, entrepreneurs can be giving while they are also receiving.

CONCLUSION

Under the right conditions, entrepreneurs have an incredible power: they help regional areas prosper economically, and they also serve society as they help engineer innovative solutions to problems and challenges.

-ED SAPPIN, CEO OF SAPPIN GLOBAL STRATEGIES

Indeed, entrepreneurs do have great power, and how they help engineer innovative solutions to problems and challenges is not limited to the products and services their companies contribute to society. It is also in how entrepreneurs engage their communities, especially the communities that helped them along their path of building their businesses.

Entrepreneurs bring a unique skill set to communities. As one entrepreneur shared, “Entrepreneurs, I have found, are typically some of the most supportive individuals because they know how challenging things are.” They are resilient problem-solvers and relentlessly optimistic in the face of difficult realities. They have unbridled creativity and energy. It is very good news that 91% of entrepreneurs are engaging the community and bringing some of their magic to help communities thrive.

Entrepreneurs make up approximately eight percent of the American population,³⁵ meaning that almost all communities in the United States have an entrepreneur making an impact. Therefore, it is critical that entrepreneurs take steps to engage their communities with thought, care, and intention.

Indeed, entrepreneurs have great power, and perhaps no power is greater than their capacity to spark a giving culture—in their companies and in their communities—through their example, which has the potential to transform communities and impact generations to come.

³⁵ Kelley, Donna J, Abdul Ali, Candida Brush, Andrew Corbett, Phillip Kim and Mahdi Majbouri. 2016 *United States Report, Global Entrepreneurship Monitor*. Babson Park, MA: Babson, 2017; “U.S. and World Population Clock,” United States Census Bureau, August 19, 2019, <https://www.census.gov/popclock/>.

APPENDIX

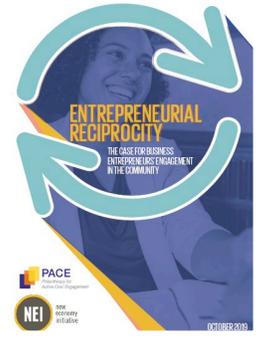


OVERVIEW AND BRIEF



Communities invest significant resources and support to help entrepreneurs succeed, and there is a rich history of entrepreneurs engaging communities in return. In fact, the origin of much philanthropy in America is entrepreneurship. However, a lot remains unknown about how the rising generation of entrepreneurs thinks about community engagement and giving back.

Philanthropy for Active Civic Engagement (PACE) and New Economy Initiative (NEI) partnered on a project to explore the relationship between entrepreneurs and community engagement, asking the question: *How can we motivate and position rising generations of entrepreneurs to give back to the communities that supported them along the way?*



KEY FINDINGS

- ▶ 91% of entrepreneurs are currently engaging their communities outside of their business responsibilities.
- ▶ 44% of entrepreneurs say their businesses have grown as a result of engaging their communities; this increases to 54% for female entrepreneurs.
- ▶ Entrepreneurs' most commonly selected motivations to engage the community—by a significant margin—center around intrinsic motivations like personal values and passion.
- ▶ Entrepreneurs see more than double the benefits than obstacles to engaging their communities. Across all demographics, the largest reason entrepreneurs do not start or increase their community engagement is business demands on their time.
- ▶ While 53% of entrepreneurs define community as the place where they live and work, 43% have a different definition of community and 4% have no definition of community.
- ▶ 69% of entrepreneurs say their current geographic community helped them on their entrepreneurial journey.

| COMMUNITY ENGAGEMENT IS GOOD FOR BUSINESS | COMMUNITY ENGAGEMENT IS GOOD FOR ENTREPRENEURS | COMMUNITY ENGAGEMENT IS GOOD FOR COMMUNITIES |
|--|---|---|
| <ul style="list-style-type: none">■ Advertises values to customers and investors■ Models values for employees and hiring candidates■ Provides opportunities for business development and feedback from customers | <ul style="list-style-type: none">■ Helps entrepreneurs find balance and stamina for building their businesses■ Broadens entrepreneurs' networks■ Makes better business leaders | <ul style="list-style-type: none">■ Makes stronger communities■ Increases entrepreneurs' connection to their communities■ Contributes to stronger local economies |

In addition, the paper provides helpful strategies to entrepreneurs to engage their communities, including how to assess their readiness, build an engagement approach, and balance community engagement with business responsibilities. Strategies are also shared for entrepreneurship funders and ecosystem builders on how to catalyze this conversation and help entrepreneurs prioritize engagement in their communities.

CONVERSATION GUIDE

In fall 2019, New Economy Initiative and Philanthropy for Active Civic Engagement released *Entrepreneurial Reciprocity: The Case for Entrepreneurs' Engagement in the Community*—a paper which explores how entrepreneurs think about community engagement and giving back. This paper is meant to help encourage a conversation about the relationship between communities and entrepreneurs. To guide that conversation, we are providing a list of questions that can serve as prompts for further discussion.



- ▶ What does community mean to you? Does place (or geographic community) have a role in that definition? How should entrepreneurs think about community?
- ▶ What does community engagement mean to you?
- ▶ How is your community supporting entrepreneurs, either in building their businesses or engaging their communities? Are there examples that you think should serve as a model for other communities?
- ▶ How do you see entrepreneurs engaging your community? What are they doing, and what seems to be their motivations? Are there examples of entrepreneurs engaging the community you think should be replicated?
- ▶ What do you see as the major benefits of entrepreneurs engaging communities? What do you see as the major obstacles? Do you have any ideas or solutions to mitigate the obstacles?
- ▶ Do you think certain characteristics of entrepreneurs make them more or less likely to engage communities? What are those characteristics?

Future Learning + Research Agenda

In fall 2019, New Economy Initiative and Philanthropy for Active Civic Engagement released *Entrepreneurial Reciprocity: The Case for Entrepreneurs' Engagement in the Community*—a paper which explores how entrepreneurs think about community engagement and giving back. This paper is meant to help encourage a conversation about the relationship between communities and entrepreneurs, and in many ways, it scratches the surface of all the associated topics that could be explored. Here is a list of topics that warrant further research for their potential in contributing to future learning:

- ▶ Research that looks at the revenue or profit margin for businesses led by entrepreneurs who are engaged in communities versus those that are not.
- ▶ Research on which industries are best positioned to see business returns when entrepreneurs engage communities.
- ▶ Research on how geographic environment (rural, suburban, urban) impacts how entrepreneurs approach community engagement.
- ▶ Research that compares community engagement approaches between high-growth entrepreneurs and small business owners.
- ▶ Research that measures the community development impact of small business owners versus high-growth entrepreneurs.
- ▶ Deeper exploration of how different identity factors of entrepreneurs (race, gender, but especially age and generation) impact their attitudes and activities related to community engagement.
- ▶ Deeper research on why female entrepreneurs feel their businesses grow as a result of their community engagement, especially compared to male entrepreneurs.
- ▶ Deeper understanding of the spectrum of motivations and mindsets that fuel entrepreneurs to give back to communities.
- ▶ Research on how investors view community engagement, and how that impacts the environment for entrepreneurs.
- ▶ Research that explores how entrepreneurs engaged in cross-sector partnerships and collective efforts differ from entrepreneurs engaged in individual efforts to strengthen communities.
- ▶ Research that looks at if and how self-perceptions from entrepreneurs about their community engagement align with perceptions from nonprofits and other community groups.
- ▶ An exploration of the ways traditional community resources (e.g. United Ways, Chambers of Commerce, Community Foundations, etc) are successfully providing value to entrepreneurs in engaging the community and what should be improved for the future.

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About the Partners

ABOUT NEW ECONOMY INITIATIVE

The New Economy Initiative (NEI) is a philanthropic collaboration that is building an inclusive network of support for entrepreneurs in Detroit and southeast Michigan. Since 2007, NEI's funders have contributed a total of \$159 million to the effort, which is housed within the Community Foundation for Southeast Michigan.

Since 2007, NEI has increased the capacity of organizations and created programs that help local entrepreneurs get access to the people, services, capital and other resources they need to start and grow businesses. NEI has provided more than \$120 million in grants to local organizations supporting entrepreneurs, and the more than 12,000 companies supported by NEI grantees have created or sustained more than 30,000 jobs. For more information, visit <https://neweconomyinitiative.org/>.



ABOUT PHILANTHROPY FOR ACTIVE CIVIC ENGAGEMENT

PACE (Philanthropy for Active Civic Engagement) is a community of funders that invests in the sustaining elements of democracy and civic life in the United States. Its members share a belief that America will be healthier and more successful, resilient, and productive if democracy is strong and the office of citizen is treated as central to how it functions. PACE believes that American democracy will thrive when all of its people are informed and engaged in the process of creating it. PACE's mission is to deepen and enrich philanthropy's practice and support of democracy and to amplify the importance of philanthropic investment in civic engagement. To learn more about PACE, visit: PACEfunders.org and follow @PACEFunders.



