

Small Business Administration Field Hearing

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Written comments

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Thank you for inviting me to speak today. This is how policy is made. As a public servant and citizen, I am honored to be a part of it. Welcome to Fargo Administrator Contreras-Sweet. And Senator Heitkamp, thank you.

My job with the City of Fargo is about contributing to make the systems in our community places where people, families and friendships thrive – and to help make my community a place where people have fair and just access to opportunities. Fargo is a city where a wonderful group of people created a great community. We want it to grow and be more effective at collaborating to get support and long-term buy-in in ways that involve more people.

The City has enjoyed strong economic and household growth over the years, both of which have helped the area maintain a strong economy. Even during the economic downturn of 2008-2009, Fargo and the State of ND endured fewer layoffs and added more new jobs than most of the country. Although there are many factors that contribute to growth (and the needs associated with it), we believe business and entrepreneurship is at the root of full economic health. It is clear that start-up activity and entrepreneurship is key to job creation, as well as community growth and development.

So what is in front of us today? Building relationships, listening and asking questions about whether and how we are making things happen. Recognizing how the quality of our connections dictates the quality of our work over the long haul. And God knows, for the world to become a place where everyone can participate and prosper – it's going to be a long haul.

To that, I appreciate the opportunity to share understanding of Fargo and entrepreneurship, with the hope that we can make a difference by committing to strategic, coordinated action – and recognize that such support is essential to the continued success of our local economies.

Physical and Social Infrastructure

As city planners, we recognize a community's physical and social infrastructure combine to show the strength and long term viability of our cities. Continued investment in the physical infrastructure in neighborhoods (streets, utilities, housing, facilities, parks, and open space) will encourage vitality. In addition, investing in social infrastructure may be just as important. Social infrastructure involves leadership development and support for grass roots activities (neighborhood groups, ethnic communities, opportunities for break-through thinkers to gather and share meaningful and enjoyable experiences).

Land-use and zoning regulations are reported as concerns of entrepreneurs. This concern is likely significant because about half of all entrepreneurs start their firms within their own homes, while only 40 percent rent or lease space. One immediate action we can take is to ensure transparent criteria for approvals and support for swift decision-making. Both are crucial to start-ups, especially those in the earliest stages. Long processes can function as a de facto denial and are detrimental to entrepreneurs who have great ideas, finances, and customers.

And I pause for us to picture Bill Hewlett and Dave Packard's noncompliant land use when they constructed audio oscillators for Disney in their one stall garage (Bill sleeping in the shed, no less). That garage is now called the birthplace of Silicon Valley. It is a poignant reminder to all of us in the planning world. To be fair, the private sector does it, too. In 1970, just over 200 miles from here, Art Fry converted 3M's Post-It notes in his basement because he refused to believe his adhesive experiment was a failure.

Poverty and Livability

Fargo and surrounding communities are fortunate to have a cost of living that is low compared to most other urbanized areas. However, a more in depth examination of the personal economic picture of area households reveal affordability concerns for the lower income portion of the population. In Fargo, as well as throughout ND and the nation, extremely low income households face the most extreme cost burdens and overall life challenges. Efforts to reduce poverty levels by increasing earning power and family self sufficiency – and let's be bold and include entrepreneurship in this area – have a major impact on community and individual well

being. Call me a dreamer because I am, it would be nice to make decisions about great start-up ideas on assumptions based on human capital rather than access to wealth.

Welcoming Community

Fargo is becoming a more diverse community. Immigrants come from two distinct groups – a highly educated and relatively affluent group associated with the metro area’s universities and medical institutions, and a relatively disadvantaged group of refugees that have been resettled to the United States to avoid persecution and war in their native lands. In addition, Native American people exhibit the most need (as measured by poverty, health status, education levels, homeownership). Community systems and residents must continue to adjust to diversity of language and culture. Not only because it is the right thing to do, it makes economic sense.

Studies show people that immigrate to the United States are nearly twice as likely as native-born Americans to start a business. This activity has been thought to be limited to low-skill, entry-level sectors (such as grocery shops, restaurants, and the provision of basic services) but recent understanding indicates that immigrants also are more entrepreneurial in high-skill, high-tech sectors. As an example, 52 percent of key founders of high-tech firms in Silicon Valley are New Americans. While the federal government is responsible for larger immigration policy issues such as visas and citizenship, local governments can create a welcome environment for people that immigrate here and we should continue to recognize and respect diverse perspectives in order to attract job-creating entrepreneurs. In the United States, our equality framework is one of our greatest strengths. Let’s lead with it.

Nationwide Efforts to Promote Start-Ups

Nationally, local governments are part of efforts to promote business startups. A recent study from the Kauffman Foundation, *Guidelines for Local and State Governments to Promote Entrepreneurship*, reports that even though many cities and states have been promoting entrepreneurship for at least two decades, the rate of new business formation is declining. The Kauffman study states cities “have been devoting a great deal of energy and resources toward the promotion of entrepreneurship, yet entrepreneurship has been sputtering” and “traditional methods of encouraging entrepreneurship are not producing desired results and should be replaced with methods that are more likely to gain traction.” The paper goes on to say, “the

public sector typically lacks the expertise to evaluate and support entrepreneurs, and business incubators may only serve to prop up businesses that would not otherwise survive, and at the same time, entrepreneurs often find it difficult to meet other entrepreneurs or investors."

So, the advice is for local governments to implement strategies that focus on entrepreneurs as individuals who learn by doing and interacting with others. There is no substitute to human connection and navigating the complicated decisions together. That is what is exciting about opportunities like this today... to help our collaborative work flourish. It is also what excites me about my responsibility as a husband and father of four beautiful kids.

Last month, Fargo updated its 5 Year Consolidated Plan for Housing and Community Development. In it, a section is dedicated to Economic Development, where City policy now states it will support the continued development of Fargo's entrepreneurial ecosystem. In addition, we aspire to take a long-term view of investment, building on new ideas, and repeating actions that work. And we have a number of exciting strategies that focus on entrepreneurship.

Conclusion

In closing, I have been thinking about being asked to share information about entrepreneurship today. What I know about it – thanks to the effort and support of so many great leaders in our community – is that entrepreneurs are connected to a purpose. They have the courage to tell people about what they want to see in the world. And when they tell people about it, they open space for other people to share and connect. Entrepreneurs find real ways to meet needs. And for that, I enjoy seeing entrepreneurs laugh, especially at themselves, at how outrageous it sometimes seems that the world will be better. I hope they laugh more, and get back to it. The key to success may be as simple as showing up, having fun, and making a new friend.

Thank you Administrator Contreras-Sweet and Senator Heitkamp.