City of Austin Small Business Program Needs Assessment Report

December 2017

Small Business

CITY OF AUSTIN ECONOMIC DEVELOPMENT

About This Report

- This report provides a brief summary of data gathered by survey and through a series of focus groups, interviews and other events
- The full survey results report can be accessed online by clicking here.
- For the privacy of respondents, we have removed any personal contact information from the public report view. The complete data set, including that personal contact data, will be provided directly to city staff.

Prepared for City of Austin Small Business Program by
Austin Independent Business Alliance in partnership with Distance Learning Media, LLC.

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Executive Summary

The Needs Assessment Study participants included 1,018 online surveys, 105 in focus groups and 15 intensive phone interviews. 53% of respondents were woman-owned and 24% were minority-owned. A startling 75% reported 5 or fewer employees. We collected responses from every single zip code in Austin so every City Council District is represented. 48% of respondents have been in business 10 years or longer.

The themes that carried this study were personal connectivity, hands-on experience, vision-enabling and quality of value. These should be used as filters or lens through which to view all offerings of classes and resources.

While the majority of responses were obtained through the online survey, the focus groups were perhaps the most revealing. The focus group format allowed us to probe answers and included an exchange of dialogue that an online survey simply cannot accommodate. But the dialogue in the focus groups wasn't just between participants and moderators (AIBA and DLM), it was between participants as well. This level of communication became a trending theme throughout answers in all modes of data collection.

Personal Connectivity

EXECUTIVE SUMMARY

Through different industries, genders, ages, ethnic backgrounds and size of businesses, connectivity ruled the answers. Respondents want contact with their peers through discussion, mentors who would help them individually, classes taught in person by a seasoned expert in their field and more. For example, when asked on the survey if they preferred live or online classes and events, only 9% preferred online, but 68% chose both. In focus groups, this answer was further defined by expressing that they preferred live but wanted materials online and downloadable. Or that follow up could be done online but they wanted the initial connectivity through a live event. Several of the attendees of the first focus group wanted to attend other focus groups as well. This speaks to both the need to connect and the success of the focus group. Having such discussions ongoing was one of the requests.

Connectivity also extended to finding resources. They asked for industry-specific resources, funding resources including angel and seed investors, access to experts in their fields and mentors. Much of this is existing in Austin through numerous companies and organizations. While we often think that community resources are readily available to all, the search for these is time consuming and confusing. An observation from the focus groups—the resources they're looking for may not be from the top or larger sources such as Austin Community College, City of Austin or State of Texas but are found in smaller sources such as our local nonprofits. They want the city to connect them to these resources.

Vision Enabling

EXECUTIVE SUMMARY

Vision enabling is teaching not just the information, but how to think about it. Any learning experience includes the information or data being taught. But beyond the transfer of this data is how to use it, what does this mean for an individual business and what is the vision for how this will help. Give them the nuts and bolts of social media but what they really want to know is how to think about using this for their business. Where do the pieces fit in my marketing? How do I think about what my goals are for social media?

One revealing statement from a focus group attendee was that while he had produced balance sheets for years, he did not understand what they could show him about his business. He took a class that showed him what his balance sheet revealed about his business and how to use that information. This was a profound experience for him. Again, not the information of how to create a balance sheet but how to use it.

Quality of Value

EXECUTIVE SUMMARY

The focus groups were also revealing for what wasn’t directly asked in the survey but came through conversation. There was much discussion about the quality of the value they were getting. There seemed less interest in any information that was already available elsewhere and much more interest in unique experiences of a high quality not readily available to most small businesses. This included local resources and information that might not surface in a web search.

Both survey and focus group participants valued being taught by a local professional with real world experience over an academic. While this was the first choice of instructors on the survey with 66% choosing a local professionals, in all focus groups, 100% chose local professionals over academics. Interestingly, the focus group of artists was the most vocal in their perception that quality of value is most important. They were looking for a higher level of events and presentations and were willing to pay more for it. In fact, they most equated cost with value—higher cost equals greater value—than any other group.

Observations and Surprises

EXECUTIVE SUMMARY

- 25% of survey respondent said they would like to know more about importing and exporting. For businesses with primarily less than 5 employees, this was surprisingly high.

- Respondents were very evenly divided in the categories of years in business and in industries. While artists and retailers took top percentages, each had only 10% of respondents.

- Of respondents who are involved in the arts or music in any way, most were practicing artists (66%) or musicians (67%). Perhaps not surprising was the top ranked topics of interest for artists and musicians were about how to make more money from their craft.

- Of 15 class topics suggested to all survey respondents, knowledge of industry-specific information and knowledge of regulations impacting your business were the top two choices. This dovetails well with the desire to be taught by a local professional.

- The business owners who came to the focus groups were excited, vibrant, passionate about what they do and eager to learn and grow. They want more than they're getting.

- While most focus group attendees knew that the city offers some classes, few were well versed in what is available. In fact in the import & export focus group of 13 businesses currently involved in importing or exporting, not one knew of the city's Global Business program and that they offer services to small business. This suggests that an awareness and outreach campaign is needed.

In Summary

EXECUTIVE SUMMARY

There is a definite and defined need in the small business community for learning and resources beyond the nuts and bolts of starting a business. They need help understanding the next step in their business.

The City of Austin has the opportunity to step forward as the leader in high quality, intensive classes that go beyond basics. By stepping back from basic classes offered elsewhere and moving towards innovative sessions that coach, inspire and lead, the city can really support it’s small business community. This support helps the City of Austin excel in job growth, a healthy and stable local economy and the preservation of our local culture through thousands of small businesses.

Objectives & Methodology

- Create a needs assessment survey with input from the Small Business Program staff to measure local business interest and sentiment toward city-hosted classes and events
- Engage the local business community with a marketing/outreach campaign
- Generate 1000 survey responses from local small businesses with under 100 employees
- Host 5 focus groups with a total of 100 participants and 3 specialty groups:

  - Creatives and The Arts
  - Musicians and Music Industry
  - Import/Export Businesses

Creating the Survey

METHODOLOGY

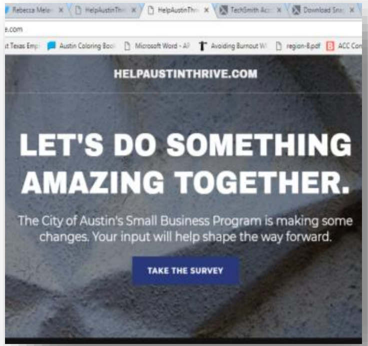
- We worked with City of Austin Small Business Program staff to create a set of questions designed to engage the respondent with relevant options, keeping it simple to complete in a short amount of time.
- We used a fully integrated online survey system that allowed for skip-logic, changing which questions appear based on previous answers, so that each respondent's experience would be unique and customized to their personal responses, industry and background.

Example: If a respondent selected Creative/The Arts as their industry, additional questions specific to that sub-group would appear automatically.

- The full set of general questions was presented to all respondents.

Our Process

METHODOLOGY



BEFORE publishing the survey

- Set up HelpAustinThrive.com
- A simple one-page website
- Scheduled events and coordinated with local orgs and our own networks

DURING the process

- Managed a citywide digital outreach campaign (email/social)
- Interviews, events & focus groups
- Encouraged Austin small businesses to take the survey or attend an event

AFTER the data was gathered

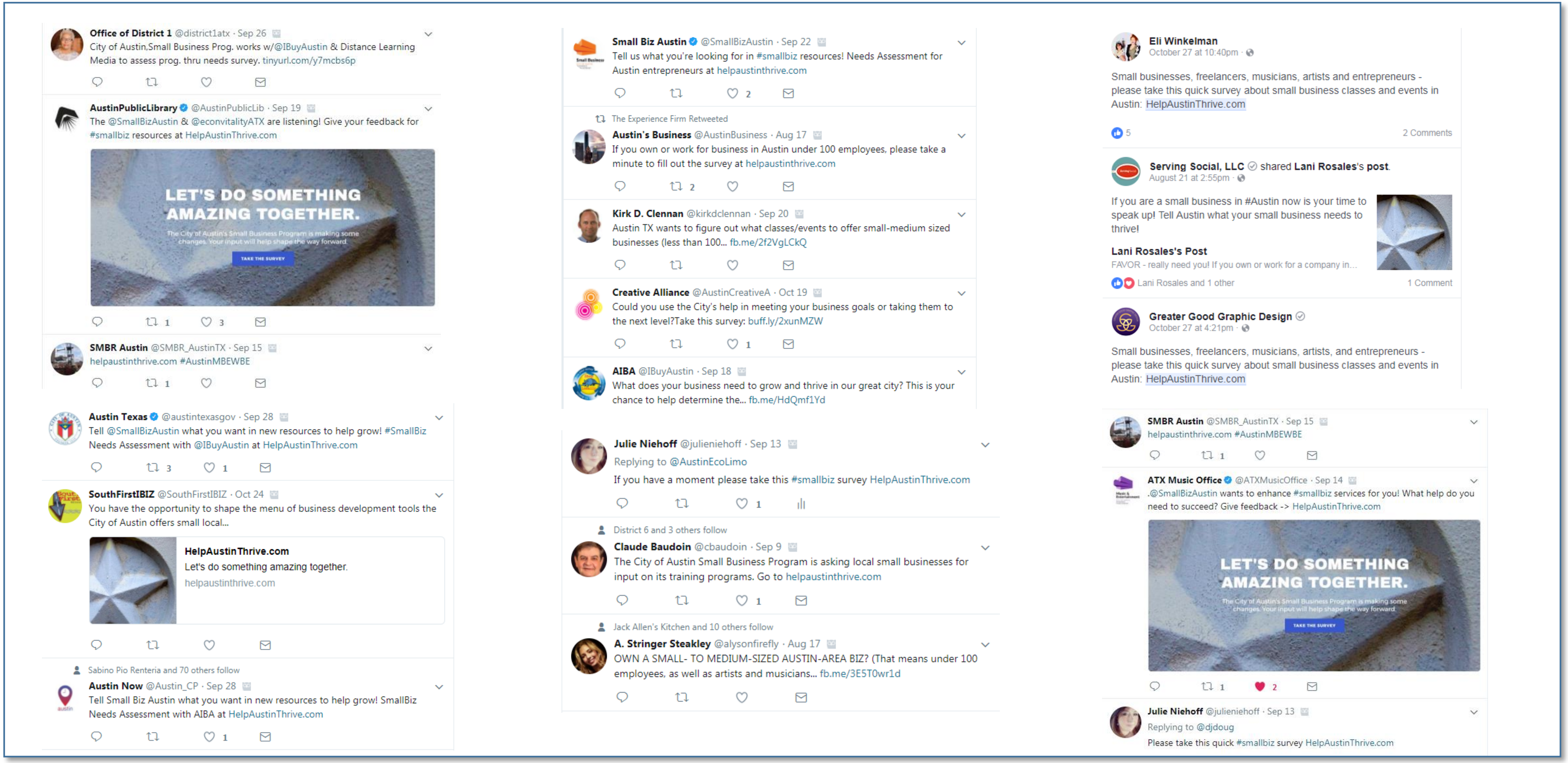
- Closed the survey
- Culled our notes and data
- ID common themes, sentiments and trends.

METHODOLOGY

HelpAustinThrive.com

- Made sharing the survey easy for everyone
- Gave the whole campaign a unified message
- Encouraged participation and collaboration

A Sample of Social Sharing



Systematic Email Outreach

More than 100,000 emails were sent out over the course of this project, leveraging multiple contact lists and relationships

- Some contact lists were provided by COA Small Business Program
- We leveraged our own extensive professional network lists
- Some local organizations and COA departments also sent out emails about the survey to their members and subscribers

5 Focus Groups

+ 15 One-on-One Phone Interviews

2 Small Business Groups

1 Creatives & The Arts

1 Music & Musicians

1 Import / Export

105 Focus Group Participants Overall

Survey Results

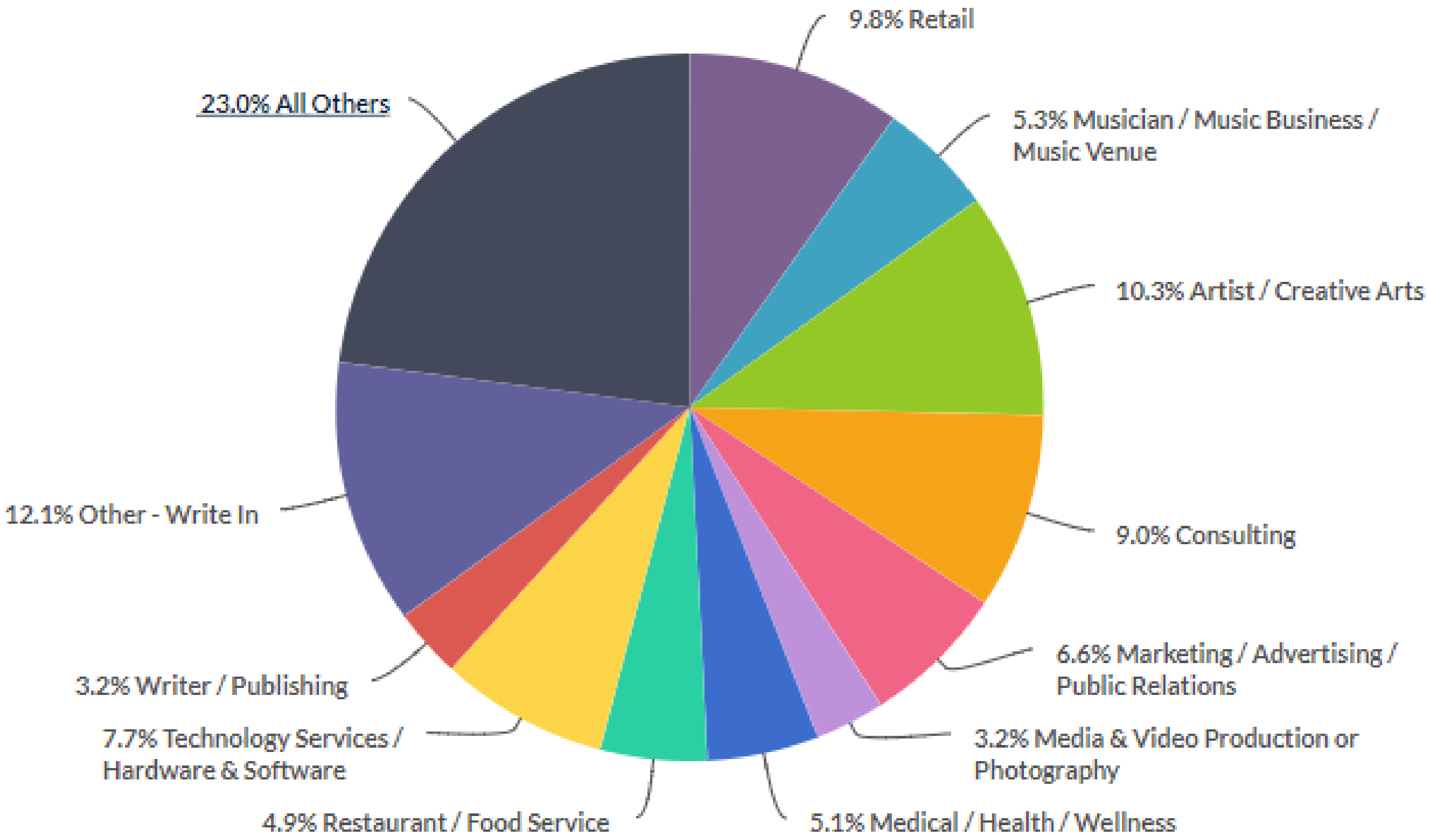
A brief summary of the data we gathered
Aug 21 – Nov 10, 2017

The following provides only highlights of
the survey results. To access the full report, click here.

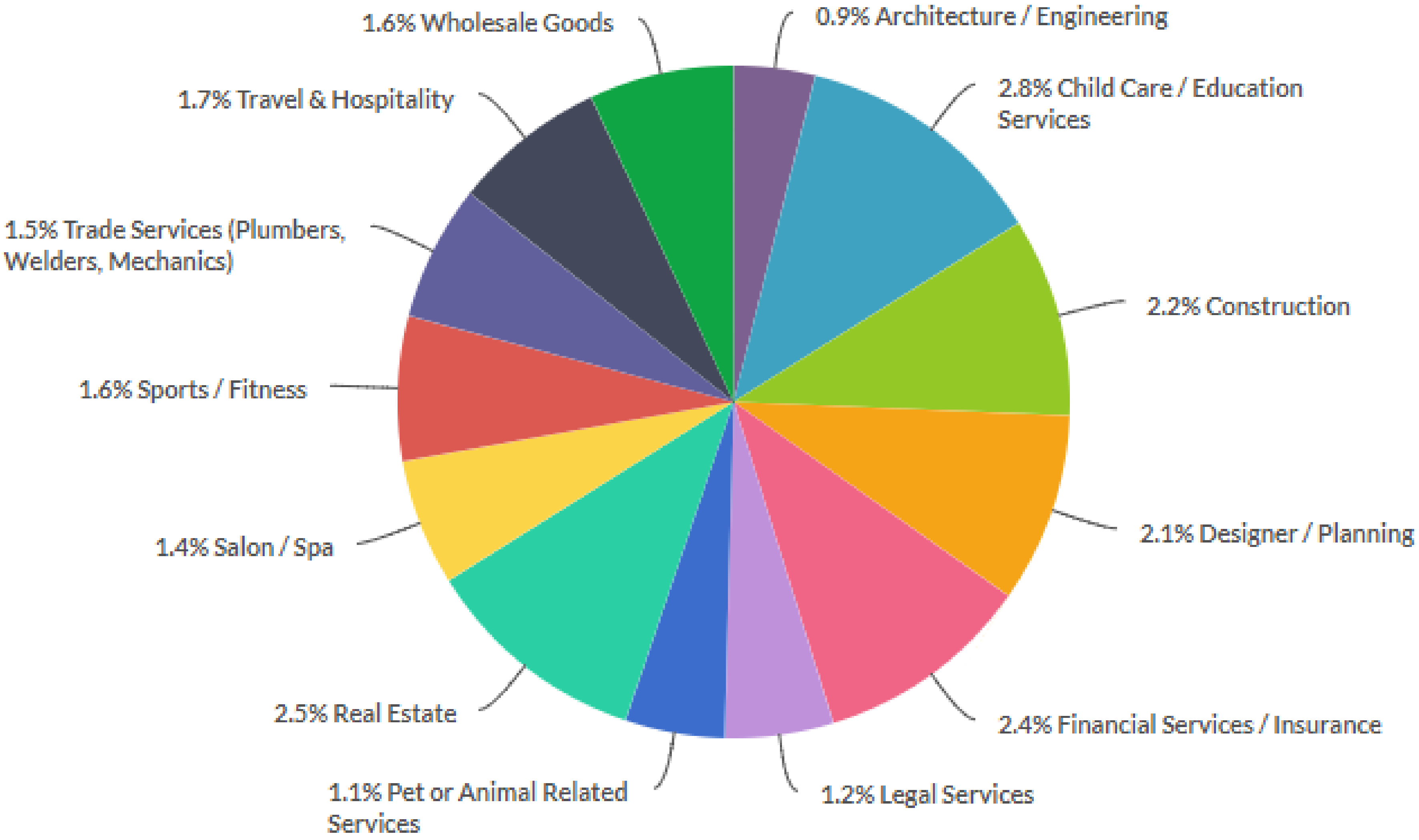
The data and information in this report represents a balanced and varied sub-set of Austin's small business community.

- 1018 Total Survey Responses
- 53% reported as woman-owned and 24% reported as minority-owned
- 75% report having 5 or fewer employees, so we know they represent truly small businesses
- Each of the 10 city council districts are well represented in the response data
- We have respondents from every zip code
- Responses represent all 24 pre-set industries as equally as possible across the data
- Retail, the Arts & Consulting had the most participants, in that order – avg. 10% each
- Overall, responses reflect a balanced grouping of demographic data like type of organization, annual revenue and years in business

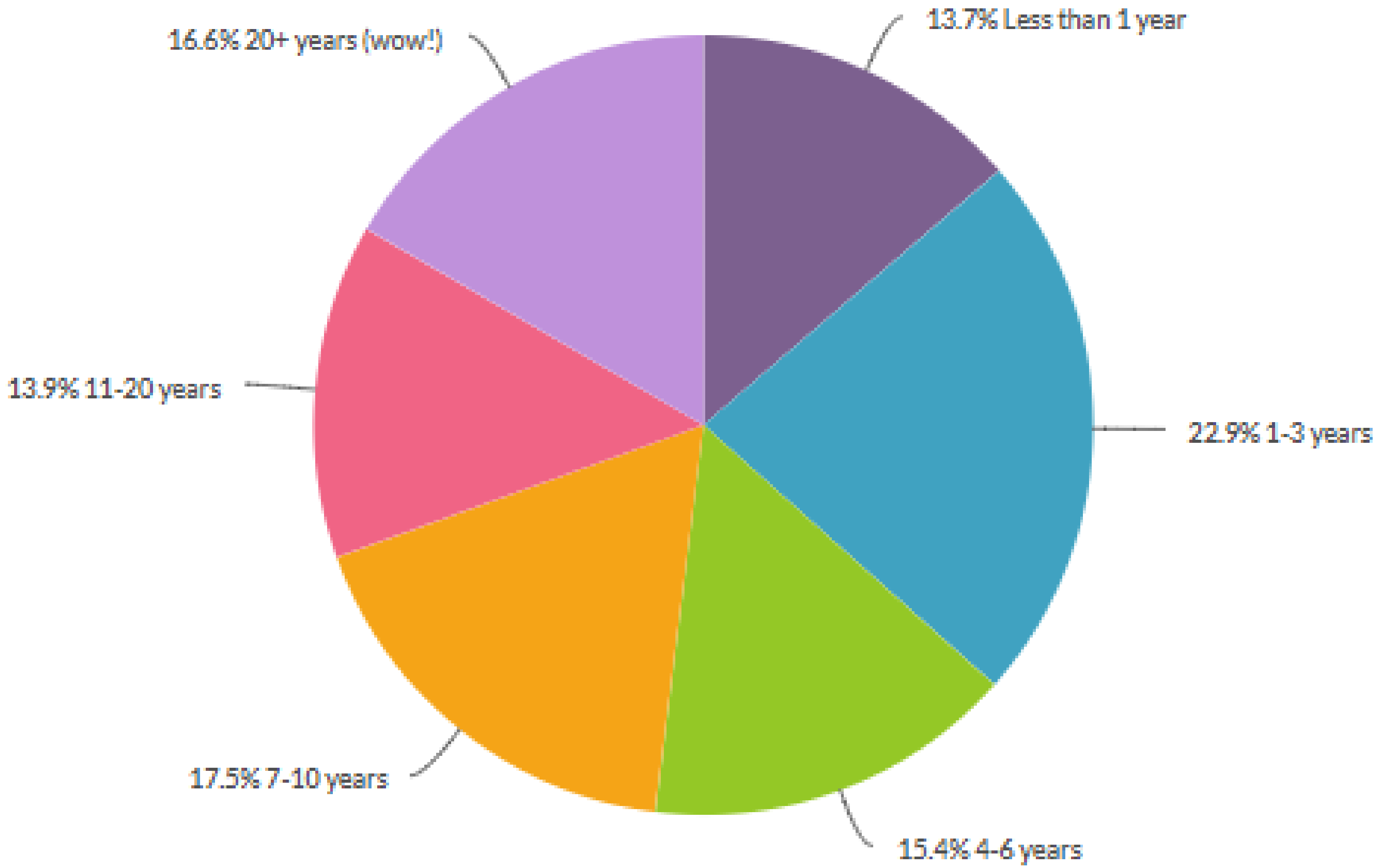
Industries Represented by Respondents



23 “Other” Categories

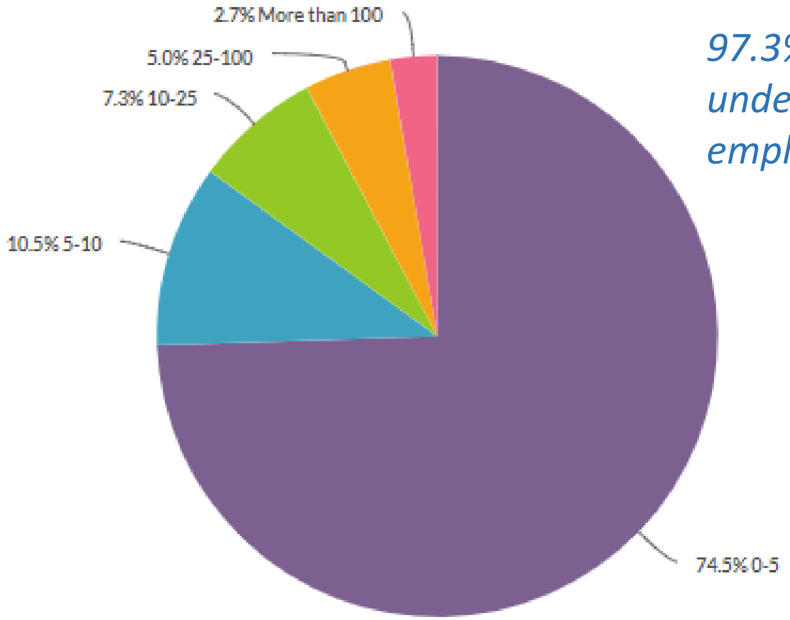


Respondent Years in Business



More Respondent Demographics

Number of Employees



97.3% have under 100 employees

Estimated Annual Revenue

0 - $10,000	21.3%
$10,000 - $49,000	20.4%
$50,000 - $149,000	19.4%
$150,000 - $499,000	16.8%
$500,000 - $999,000	7.2%
$1 million - $5 million	10.0%
$5 million - $10 million	2.3%
Over $10 million	2.7%

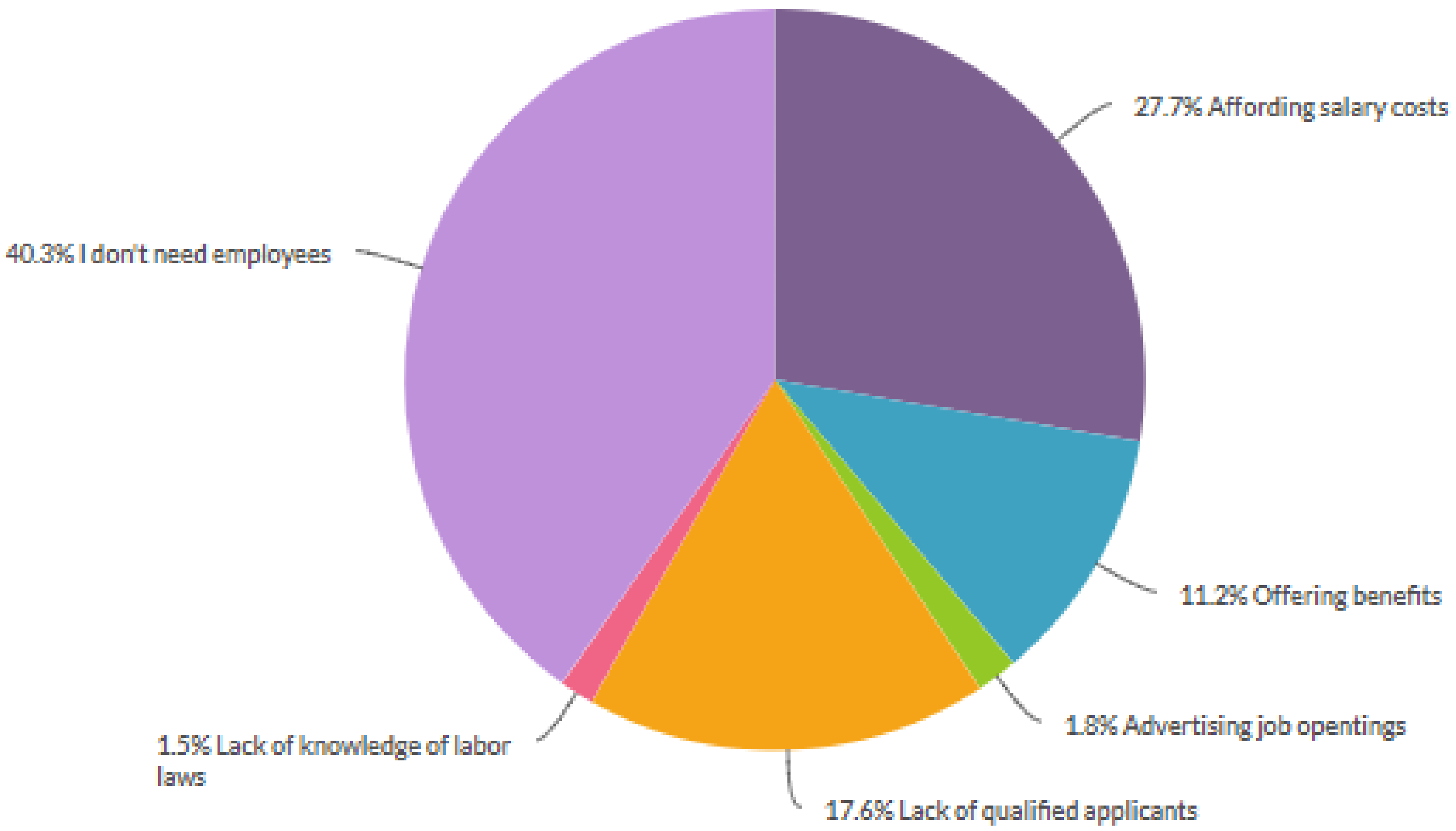
Type of Organization

Sole Proprietor / Individual / Freelancer	36.6%
Partnership or LLC	36.8%
Corporation	21.1%
Other - Write In (click to view)	5.5%

Zipcodes

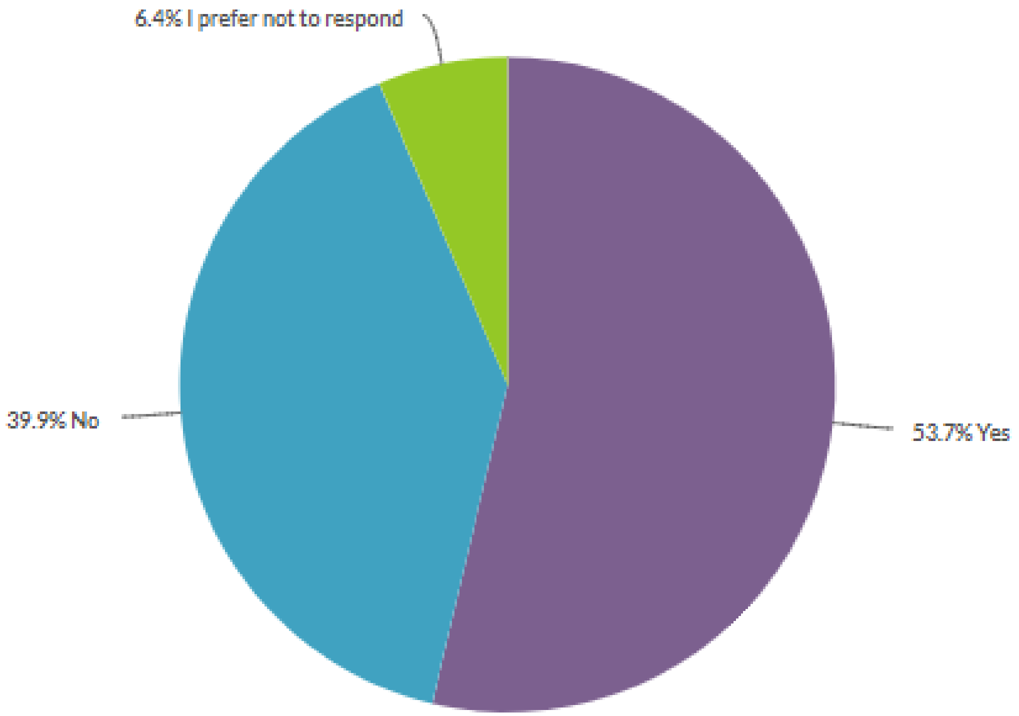
We have respondents in every Austin zipcode.

Biggest Challenge in Hiring New Employees

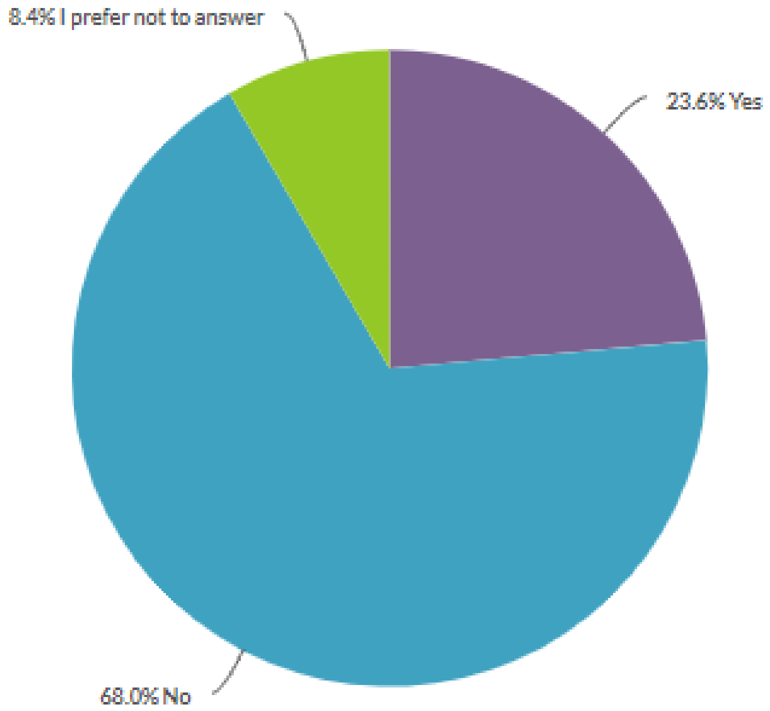


Women & Minority-Owned Respondents

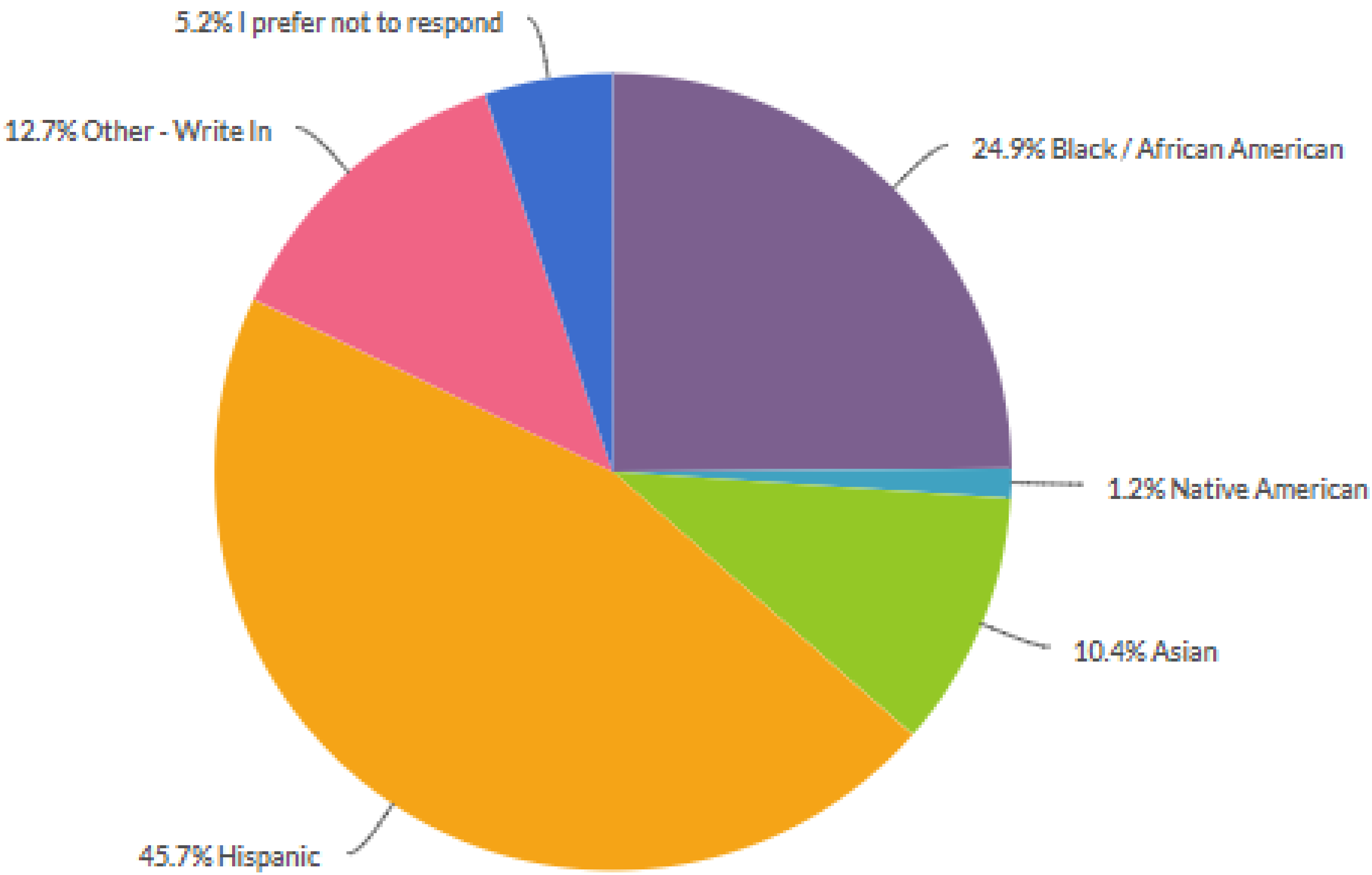
53.7% are Women-Owned



23.6% are Minority-Owned



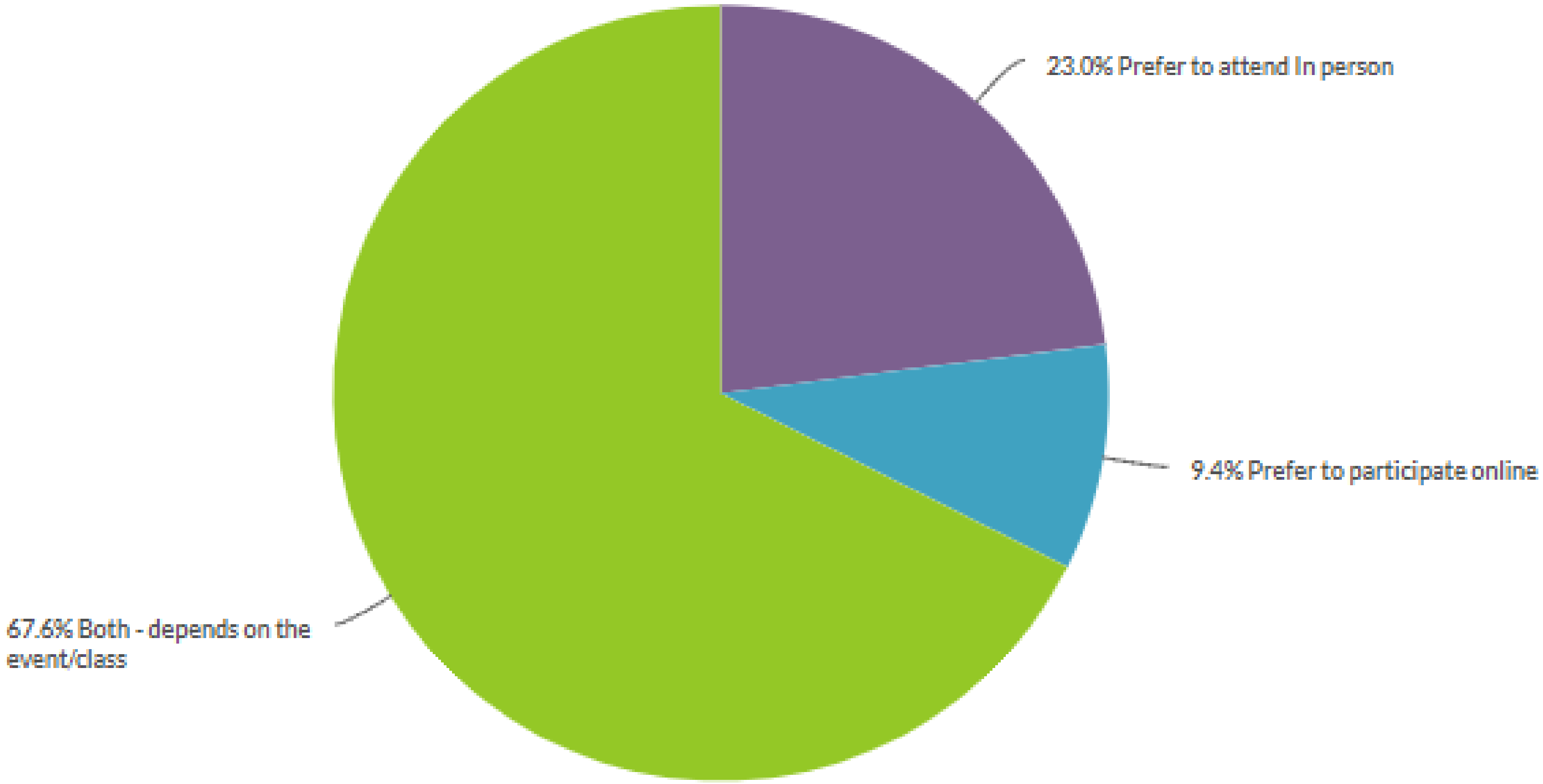
Minority Ownership Represented by %



Participants with Import/Export Interests

Value		Percent	Responses
Yes, I import products or services		11.4%	114
Yes, I export products or services		8.6%	86
No, I do not but might like to learn how		24.7%	247

Preference for Live Classes vs Virtual/Online



Interest in Class Format & Types of Content

	Very Interested	Somewhat Interested	Neutral	Not Interested
Live, formal class with an instructor Checks Row Check %	366 43.3%	332 39.2%	108 12.8%	40 4.7%
Multi-session class with 3-6 sessions over time Checks Row Check %	212 25.2%	357 42.4%	177 21.0%	96 11.4%
Less formal workshops & seminars on a variety of topics Checks Row Check %	314 37.2%	384 45.4%	116 13.7%	31 3.7%
One-on-one coaching or working with a mentor Checks Row Check %	310 36.9%	263 31.3%	166 19.8%	100 11.9%
Lectures, interviews & panel discussions Checks Row Check %	263 31.2%	370 43.8%	169 20.0%	42 5.0%
How-to manuals, guides & FAQs Checks Row Check %	309 37.1%	308 36.9%	157 18.8%	60 7.2%
Podcasts & videos - I like to learn at my own pace Checks Row Check %	300 35.6%	301 35.7%	165 19.6%	76 9.0%

"Other" responses included:

- Mix of live and video
- Classes with 10-20 sessions
- Live streaming with chat/video
- Hands-on workshops
- Webinars, eBooks
- Jobs, not trainings
- Live performances
- Mixers and networking

Types of Instructors

	First Choice	Second Choice	Third Choice
A local professional with real experience in your field Count Row %	575 67.5%	196 23.0%	81 9.5%
A well-known influencer, recognized in your industry Count Row %	296 34.8%	428 50.3%	127 14.9%
An academic with official credentials in your industry Count Row %	94 11.0%	189 22.2%	568 66.7%

- This result is consistent with the focus groups as well. Real world experience tops all lists.
- Focus Groups said almost 100% local professional with real experience in their field
- Academics were important in focus groups, but still came in last overall.

Class Timing Preferences

	Works Very Well	Possible Sometimes	Will Not Work for Me
Mornings - before 11:00am Checks Row Check %	249 29.1%	379 44.3%	228 26.6%
Lunch - 11:00am to 1:00pm Checks Row Check %	272 31.8%	425 49.7%	158 18.5%
Afternoons - 1:00 to 5:00pm Checks Row Check %	186 21.9%	436 51.3%	228 26.8%
Evenings - 6:00 to 9:00pm Checks Row Check %	269 31.4%	374 43.7%	213 24.9%
During the work week Checks Row Check %	347 40.8%	448 52.6%	56 6.6%
On weekends Checks Row Check %	185 21.7%	371 43.5%	296 34.7%

Interest in General Topics

“Other” responses included:

My business is mainly of interest within a limited geographical area of the city (north central). Networking among businesses within that area or a chamber of commerce for that area would be very helpful.

Creation of a local "exchange" where local businesses have the opportunity to either barter or purchase services / products from each other. It would be a practical way for companies to support each other.

What the city outlook in the future is 10 -20 year plans

Please note: Many presentations by the city are the same people about bonding and money, over and over again so it is hard to maintain interest.

Diversity hiring crisis management and prevention, advanced marketing

How to find clients; how to choose between LLC, sole proprietor, etc.

To read all responses, access full report by clicking here

	Very Interested	Slightly Interested	Neutral	Not Interested	Don't Know
Knowledge of the tax code Row %	23.4%	29.0%	19.9%	23.0%	4.6%
Time management Row %	22.9%	29.4%	24.6%	19.5%	3.6%
Recruiting and hiring employees Row %	19.0%	28.0%	23.3%	26.2%	3.5%
Negotiating skills Row %	32.9%	34.9%	17.5%	11.3%	3.3%
Knowledge of business law Row %	25.5%	33.9%	21.3%	16.0%	3.4%
Having a mentor Row %	34.4%	28.5%	20.9%	13.4%	2.8%
Opportunities to network Row %	39.1%	34.4%	15.7%	8.0%	2.8%
Accessing business capital/credit Row %	25.1%	27.0%	23.3%	21.2%	3.3%
Knowledge of accounting, including cash flow mgmt Row %	30.0%	31.1%	19.7%	16.2%	3.0%
Obtaining appropriate bonding and insurance Row %	16.5%	24.8%	27.4%	27.1%	4.3%
Communications skills, such as writing and presentation Row %	21.2%	31.3%	24.3%	19.6%	3.6%
Developing a business or marketing plan Row %	29.5%	33.2%	20.1%	13.8%	3.5%
Using technology (internet, social media, website) Row %	34.6%	31.0%	18.1%	13.2%	3.2%
Knowledge of industry-specific information Row %	47.7%	29.5%	13.9%	5.2%	3.6%
Knowledge of regulations impacting your business Row %	40.4%	33.1%	15.7%	7.5%	3.2%

Marketing Preferences

Radio	23.3%
Television	9.7%
Print ads in newspapers	7.7%
Social Media	67.4%
Mailed Fliers	21.0%
Websites / Online	56.2%

Open Comments

- I would love a local mentor, that seems challenging to find.
- It is good you are doing this
- Thank you for offering many programs to Small Business in Austin.
- Communication - captioning and CART (communication access realtime translation) and sign language are all forms of communication that is also in the service industry.
- Non-profits should be considered as one of the major types of small businesses -- not as a write-in/other
- THANK YOU ALL FOR DOING THIS!!!!!!!!!!!!
- I would like to see a program that will help local business now! Not in 5 years or never. Because the Austin Culture we Luv will be Gone soon :(By a large % in Personal and Property Tax deductions now.

- Where are the political action committees etc to promote the interests of AIBA and yes in many ways this is the most important issue because right now city gov't and regulations and senior management if not most city employees are an impediment to small business

Types of Music Business Participants

Value	Percent	Responses
I am a musician	67.9%	36
I hire/promote musicians	39.6%	21
I provide other professional services in the industry	37.7%	20
I have a music venue	15.1%	8
I provide sound / stage equipment	11.3%	6

Topics of Interest in MUSIC INDUSTRY

Value	Percent	Responses
Finding The Money - Sponsors, Grants & Patrons	79.5%	35
How To Sell More Tickets & Fill Your Venue	68.2%	30
Using Social Media To Grow Your Fan Base	65.9%	29
Band & Show Promotion 101	61.4%	27
Masterclasses - Advice from well-known local musicians	45.5%	20
Breaking In - How To Book Better Shows	45.5%	20
Contract Negotiations 101	38.6%	17
Copyright Law & Licensing 101	36.4%	16
Business Plan for Musicians, Bands or Music Businesses	31.8%	14
Health Insurance for Musicians	29.5%	13
None of these are of interest to me	2.3%	1

Types of Creative or Arts Participants

Value	Percent	Responses
I am an artist (painter, sculptor, mixed media, etc...)	66.0%	68
I provide other professional services in the industry	19.4%	20
I buy/sell art	18.4%	19
I work in the arts, but behind the scenes	18.4%	19
I hire/promote performers	15.5%	16
I am a performer (dance, theater, etc...)	13.6%	14
I have a gallery, theater or venue	9.7%	10
I provide supplies / equipment for artists & performers	4.9%	5

Topics of Interest in THE ARTS

Value	Percent	Responses
The Business of Art - How Creative People Make Money	66.3%	61
Using Social Media To Grow Your Following	60.9%	56
Finding The Money - Sponsors, Grants & Patrons	58.7%	54
Masterclasses - Business advice from successful local artists	57.6%	53
Email Marketing for the Arts	57.6%	53
Selling Your Art Online	47.8%	44
Events & Show Promotion 101	47.8%	44
Copyright Law & Licensing 101	42.4%	39
Contract Negotiations 101	35.9%	33
Preparing to Exhibit	32.6%	30
None of these are of interest to me	3.3%	3

Focus Groups

What People Told Us
Face-To-Face and in Phone Interviews

ON INSTRUCTOR CREDENTIALS

FOCUS GROUP & INTERVIEW NOTES

- **An overwhelming majority of focus group participants, across all sets, expressed a strong preference for instructors with real-world experience in an industry or topic vs. academic credentials.**
- There was still interest in academics, and no disregard for higher education, but in terms of value to our participants more than 95% of them said they would prefer instructors with success “in the field”
- In general, it did not seem to matter if the instructor was “well known” but more that they want someone with real world experience and perspective to help them cut through the fog of information.

vs Online Survey: The results of the online survey closely mimic those of the focus group. Most participants want instructors with real world experience and would like someone fairly well-known, but only because they are known for their success, it was less about celebrity and more about access to guidance. Both live and online participants did not care very much about academics, ranking academic credentials the lowest of all choices provided – not that academics do not matter, they do, but they are not the most important aspect.

ON INSTURCTOR TEACHING ABILITIES

FOCUS GROUP & INTERVIEW NOTES

- **A significant majority of all focus group participants also expressed a key concern with any instructor's ability to actually teach their topic.**
- Many people shared stories of various class instructors (not city-hosted events, but in general) who talked more about themselves and what they had been able to accomplish instead of actually teaching.
- Many also expressed interest in the option to view a short video or to read reviews of an instructor when deciding whether or not to sign up for a class, especially if it is an expensive session or unusual topic.

vs Online Survey: The online survey did not specifically allow for data sharing on these points. However, some open comments were consistent with the sentiments shared in the live discussions.

ON CURRICULUM

FOCUS GROUP & INTERVIEW NOTES

- **More than 90% of focus group participants expressed interest in classes that focus more on strategy and practical application of lessons than they had commonly experienced in other classes**.
  (This is not referring to city-hosted classes, just in general.)
- Approximately 80% of participants told us they want information they can “really use” vs “just listening to a lecture”.

“I need more than just a list of what I need to go learn next.”
“Don’t just tell me what I need to do, show me.”
“Tell me more about why I should do things this way, help me really get it.”
“If possible, give me a chance to do it myself.”

vs Online Survey: These responses are consistent with the online survey results.

MORE ON CURRICULUM

FOCUS GROUP & INTERVIEW NOTES

- Two Import/Export group participants had attended a class offered by the Texas State Small Business Development Center about how to grow profits. They shared that this class was particularly helpful because …

"They didn't just tell me how to make a P&L statement, they explained what I could learn about my own business by having this kind of document."

and

"They helped me look past just entering the information and really understand why it matters."

ON CLASSROOM MATERIALS

FOCUS GROUP & INTERVIEW NOTES

- **In all groups, a significant majority of participants wanted to have “companion” materials if they went to a class – things like handouts, binders, worksheets, etc.**
- In all groups, especially the arts and music groups, a majority of participants also wanted some form of downloadable material, after the class. Like templates or links to sites mentioned during the class.
- When we discussed the costs of taking a class, in all groups, people assumed or mentioned that if they paid for a class, there should be printed or downloadable materials to go with it.

vs Online Survey: These requests are consistent with the online survey results.

ON WHAT MAKES A CLASS VALUABLE

FOCUS GROUP & INTERVIEW NOTES

We asked participants in all groups to share about a class they had taken for their business that was particularly valuable:

- **Across the board, all who shared a positive experience cited that the class provided very practical, usable info with real impact on their business.**
- Most were on a topic very specific to their industry or type of business and had a slightly higher ticket price than most other classes in the market.
- Most of the high-value classes were multi-session events, where the participant attended multiple classes on different dates.
- All of the high-value classes discussed featured qualified, industry leaders with proven track record in business and/or very skilled communicators.

vs Online Survey: These requests are consistent with the online survey results.

ON WHAT MAKES A CLASS LESS VALUABLE

FOCUS GROUP & INTERVIEW NOTES

We also asked all focus groups to share about a class they had attended in the past but ended up regretting taking the time out of their day:

- In all groups, people who shared a negative experience were unhappy with the curriculum and/or the instructor saying things like...

  "The instructor just went on and on about himself and didn't really teach."
  "I didn't feel like I was getting anything that I couldn't find on Google."
  "I was hoping for some strategy and insight but they just read bullet points."

- We expected to hear that location, space or topics were factors in a negative experience but that isn't what people shared. The lasting impression seemed to come directly from the instructor & content.

vs Online Survey: This was not covered in the online survey.

ON TOPICS THAT MATTER

FOCUS GROUP & INTERVIEW NOTES

We asked all focus groups what kinds of topics really appeal to them:

- In all groups, 90% expressed interest in higher-thinking, strategic topics that help provide a 10K-foot level of understanding – even when talking about general how-to or hands-on classes.
- **The most popular topic suggestions <u>in all five groups</u> included some form of leadership training or success mindset – less about how to do tasks, more about how to think about business.**
- We were surprised to hear from a significant portion of participants (Approx 60%) that they want to learn how to network more effectively. Most feel they might be doing it wrong and/or avoid it.

vs Online Survey: Online participant interest in networking or "success mindset" topics did not register quite as strongly as in the live focus groups but they were strong. Interest in these soft skills resonated both online and in live session. Many online participants noted their interest as open comments when they had to rank topics.

ON TOPICS THAT DO NOT MATTER

FOCUS GROUP & INTERVIEW NOTES

We also asked focus group participants to tell us what topics they do not care to learn or where they do not see any need:

- **About 80% of all participants mentioned or agreed that there are too many duplicated topics offered by a variety of organizations.**
- They shared a variety of perspectives, including…

"Look at QuickBooks. I can get that anywhere and everywhere."
"It is really hard to justify leaving work to go to a class if it is not going to help me build my business right now."
"Any class I go to has to pay me back for the time I spend away from selling so it has to help me see new ways to sell even more."

vs Online Survey: We did not specifically ask these questions in the online survey but these responses are consistent with topic responses and open comment notes from online survey participants.

ON AWARENESS of CITY CLASSES

FOCUS GROUP & INTERVIEW NOTES

- Approximately 30% of focus group participants were aware that the city's Small Business Program currently offers classes.
- Approximately 75% of focus group participants were aware of classes hosted by SCORE and/or Small Business Development Centers.
- In the Import/Export Focus Group, only one participant was aware of the city's Global Entrepreneurship program.

Note - once all participants became aware that small business classes are offered by the city, a significant majority of participants were interested in learning what topics are offered, the cost and location.

vs Online Survey: We did not ask these questions in the online survey.

ON MENTORING

FOCUS GROUP & INTERVIEW NOTES

We asked focus group participants in the two general small business focus groups to tell us if they would be interested in having a mentor provided by the city:

- Approximately 20% expressed interest in having a city-provided mentor. That lead to questions… and more discussion.
- **This topic became a larger discussion about what makes a good mentor, what mentoring really is and how it may or may not impact the business owner – there was significant interest in this discussion.**
- The general consensus came down to mentors being a good thing if both parties understand each other’s level of commitment and their prospective responsibilities before entering into a mentoring program.

Vs Online Survey: These results are consistent with the online survey results; strong interest in mentoring.

LIVE CLASSROOM vs VIRTUAL CLASSES

FOCUS GROUP & INTERVIEW NOTES

We asked the focus groups if they had to choose between live classes or online classes and could only choose one, which would they prefer:

- **Across the board, in all groups, a significant majority of participants (Approx. 99%) indicated a preference for live classes vs virtual.**
- Most participants did not like having to choose between these two options, indicating that the topic would impact their choice.
- **A significant majority indicated that they would like to have online access to related class materials, even if the class is live. (Approx. 95%)**
- Approximately 50% expressed an interest in hybrid classes, where participants go in person some of the class and online for the rest.

vs Online Survey: Like the focus groups, a majority of online survey responses chose live classes over online but those participants also had the option to choose an "it depends" response and that option won out with a significant margin at almost 68%. It should be noted that interest in online classes has grown and will go up.

ON COST OF CLASSES

FOCUS GROUP & INTERVIEW NOTES

- **Almost 100% of focus group participants indicated that having some cost to the class was a positive, not a negative.**
- The perception of free classes was less positive, indicated a lack of value of the content and a lower level of commitment for participants.
- **In both the arts group and the music group, participants shared that some of the best classes they have ever taken were "expensive".**
- In the import/export group, participants also shared that they had gotten much more out of classes with higher costs.

vs Online Survey: We did not ask the same questions in the online survey. However, nothing in the survey data is inconsistent with the focus group responses, regarding cost.

ON CLASS LOCATION

FOCUS GROUP & INTERVIEW NOTES

- 90% of all focus group participants were unaware that all City of Austin Small Business classes are at the Austin Entrepreneur Center.
- 100% expressed interest in having classes in a variety of locations, specifically asking that they become more accessible to all areas.
- Most participants expressed a belief that classes should be held where public transportation is available. However, those same respondents reported that they would drive to the class themselves.
- **Most also expressed an interest in making sure underserved communities had easy access to attend city-hosted classes.**

vs Online Survey: We did not specifically ask about location preferences in the online survey.

SPECIFIC TO MUSIC & THE ARTS

FOCUS GROUP & INTERVIEW NOTES

- All participants in the arts and music discussions expressed an ongoing concern around affordability and the bleak prospect for making a living in Austin.
- 100% expressed worry for the future of their entire industry segment in the Austin area and while they acknowledge awareness of the problem by city leadership, they do not see any kind of tangible solution in place or in the works.
- About 10% of these participants cited lack of support from the city. Most did not directly blame city leaders, but instead cited growth and the typical changes that occur in many growing cities that are recognized for strong creative communities.
- **95% of creative participants asked for classes or guidance on how to make more money while pursuing their chosen career path.**

vs Online Survey: These points are consistent with online survey participants in music or the arts.

One Unexpected Outcome

FOCUS GROUP & INTERVIEW NOTES

- **It seems important to share that we were surprised by the number of participants with a strong, favorable reaction to the focus group experience. Many asked if we would host more of them so they could come participate again.**
- This reaction was not specific to the specialty groups where people were grouped with others in their industry. Response was equally positive in the general groups.
- People shared business cards, agreed to meet with each other, asked us if we would facilitate more group discussions, emailed afterward to share updates, etc.
- We read this collective positive reaction to mean that **Austin's small businesses community wants even more opportunities for authentic interaction together. They want to be heard and they liked having the chance to hear what others had to say as well.** Business owners are sometimes isolated, but not that day.

This may be the most valuable take away of the whole project.

Findings

SYNOPSIS & FORECAST

Things That Have Changed

SYNOPSIS

Since the previous study, advancements in technology, a steady increase in the use and adoption of new technologies and a significant surge in Austin's population have likely contributed to the following changes in response data between the last study and this one:

- Increased interest in access to online course materials & virtual classes.
- New tech-related topics have emerged like podcasts and video marketing.
- We saw an increase in woman-owned businesses participating.
- We saw a slight increase in participation by minority-owned businesses.
- For businesses who have employees, the challenge to find qualified applicants in Austin has grown to be the #2 problem holding them back from more hiring.

Things That Have <u>NOT</u> Changed

SYNOPSIS

Some of the data gathered in previous studies remained statistically unchanged when compared with this new study:

- Most participants still prefer a live classroom experience vs online; Interest in online options showed an increase but live is still preferred.
- Local business owners still show interest in the general class topics that the City of Austin has been offering like tax law, business plans, marketing
- There is still a strong interest in mentoring programs, both to have a mentor and to serve as one. *It also seems to be very important that expectations around any mentoring program be laid out very clearly.*
- Among respondents who do have employees, the number one issue impeding new hires is affordability with respect to salary and benefit costs.

Emerging Data, New With This Study

SYNOPSIS

- For both music and arts professionals, class topics with titles that offer direct instruction about how to make more money were consistently ranked the highest.
- We now know that almost 45% of respondents have some interest in learning about import/export topics for their business.
- Many participants expressed strong interest in connecting with other small businesses. Many of the write-in topics and suggestions included requests for networking, mixers and other types of connecting events.
- We found that many also want to help each other. People from all segments, both online and in focus groups, expressed an interest in being the mentor, teaching classes, offering to share their resources.

Austin & Tech Are Both Growing Fast

FORECAST

- As Austin's population continues to grow, we are likely to see more small businesses launching in the city. These small businesses will need training and will need a clear, accessible path to get the help they need to thrive and grow. The city should lead this effort.
- Advances in technology give us reason to predict that some of the newer training topics like podcasting and social media marketing will not just increase but will also evolve. It will become more important to keep course content up to date and relevant for local businesses.
- We had more tech companies respond to this recent study than in the last one. As that trend continues, we are likely to see similar growth in tech startups as well. It will be important for the City of Austin to make sure industry-specific opportunities are available.
- Increased adoption of new technologies, like online learning tools, and data from this survey showing an increased interest in online training, will likely result in more people wanting to take classes online. It is important for the City of Austin to add virtual options to the current class offerings and resources.

  Note – Even as virtual learning options grow in popularity, live classes continue to be in high demand as well.

Minority & Woman-Owned Focus

FORECAST

- Austin has made a visible commitment to the minority and woman-owned business community across the city. We do not anticipate that this trend will turn down in coming years. If anything, support for this key segment of our business community is growing.
- This study produced a much higher response rate for woman-owned and a slightly higher response from minority-owned businesses than the previous study. We believe these increases to be related to local efforts to increase support for these organizations. That support is bringing growth to Austin’s small business community as a whole.
- The city is well-served by this growth and is poised to continue nurturing this important group. If the City of Austin can find ways to build up new class offerings, specific to this key group, the trend will continue to be a positive one for all of Austin.

Emerging Industry Segments

FORECAST

- There are several industries experiencing growth across the country that have a strong footprint in Austin and are poised for more growth as the city continues to expand; eco-friendly and energy-related businesses, health and medical fields, education, sports and entertainment, travel and hospitality, etc…
- If the city continues to support these emerging industries, we will of course see more growth for all. The City of Austin can play a role in that sustained benefit to the city by engaging and supporting the growing local business community, especially for those in these industries.
- Conversely, with some growth, there are also perceived threats to smaller businesses. Larger hotels, sports and entertainment venues, the growth of big events like SXSW and ACL Festival all contribute to Austin’s growth but can also be seen as pushing smaller businesses out of the way. The City of Austin can play a crucial role in fostering the local business community by staying aware of this trend and working to support locals and to help level the playing field where possible.

Affordability Issues

FORECAST

- There has been a lot of discussion and concern around affordability, especially as it relates to the arts and music professionals in our city. As more people move to and visit Austin, the need for service workers increases but they can no longer afford to live here.
- Musicians, artists and performers also have trouble with affordability, though they play a key role in attracting so many people to the city for work and for play. They are part of the reason the city is growing and that growth is at the same time pushing them out.
- The City of Austin has an opportunity to help this key segment of our local business community by reaching out, finding ways to train and engage them, teaching them practical ways to make more money and to help them learn how to approach their career from the perspective of a business owner. According to our study, they want to be empowered to solve the challenge of affordability for themselves. We all need to see this solution emerge, if we are going to keep Austin creative and weird.

Change Brings Opportunity

FORECAST

- Austin is a one-of-a-kind city with a chance to forge a new path for local business growth. The challenges of rapid population growth, a stimulated business climate and our role as an emerging tech and tourism hub can sometimes feel like chaos. But out of chaos comes opportunity.
- The City of Austin has been providing small business services the same way, successfully, for many years; teaching classes on topics that matter for the local business community and providing mentoring and other learning opportunities to support growth for small businesses. And it has worked.
- Looking forward, as all of the changes cited in this report converge on Austin, we are all looking to find solutions to keep our local growth moving forward while also sustaining our famous level of local “cool”. Affordability, sustainability, lack of qualified workers, changes in technology, - all of it can be addressed with a comprehensive, updated training program for today’s business climate.
- If City of Austin support for small businesses continues to evolve with current trends, Austin will continue to grow and to serve the small business community that gives us super star success stories. No other city can tout a stronger local community that we can. The recommendations in this report are offered in the spirt of maintaining that brand and sustaining the growth of a city that so many already see as a leader on these issues, across the nation.

Recommendations

2017 Small Business Needs Assessment
City of Austin

On Function & Style

RECOMMENDATIONS

- **Offer classes in multiple locations.**
  This might seem small but there was significant interest in seeing additional locations for the city's classes. It might be helpful to work with local colleges, co-work spaces and other organizations to find locations that serve more segments of the community and that can be easily accessed by public transportation and with plenty of affordable parking options.

- **Build in more options for variety in format.**

  - Respondents consistently mentioned flexibility and variety with regard to scheduling, location, the duration of a class and learning formats.
  - They want options like the ability to view some classes online or to just download a guide or kit, events that allow them to participate in a round table discussion, along with occasional opportunities to take an intensive all-day, hands on class.
  - They are looking for non-linear tracks of study as well, to learn more but with the ability to jump around. They want to know they are working toward something, but cannot always go in order.

On Topics & Content

RECOMMENDATIONS

- **Create more industry-specific learning opportunities.**
  The highest rated class topics across the board were those that would address industry-specific needs where possible. Not just for creatives or musicians. There was significant interest in class offerings for retail, restaurants/food service, consulting, hospitality, etc. Even if the material is the same, the discussion is not. In particular, it is also clear that a solid group of participants want to learn about import/export opportunity.
- **Design learning opportunities that are focused on strategy and leadership.**
  We heard this request over and over again, in every session. Across the board, when asked what kinds of classes they really want, without our providing a list of possible topics, many participants expressed significant interest in learning at what they often described as "higher level" topics…
  - They very often used words like leadership, mindset and strategy.
  - Many cited that some topics currently offered by the city are also offered by other organizations in the area and that they would rather see the city provide what only the city really can – real Austin success stories. And real leadership.
  - On this kind of topic, people specifically asked for panel discussions, master classes, lectures and round tables. They want to be inspired.

On Sharing Resources

RECOMMENDATIONS

- **Consider working together with other local organizations**.
  There was a lot of discussion around the potential to bring multiple organizations together to work for the greater good. Many participants expressed an interest in seeing the city take the reins by rallying with other organizations that do the same kind of work. We are suggesting that there is real opportunity for the city to build a strong local business eco-system:

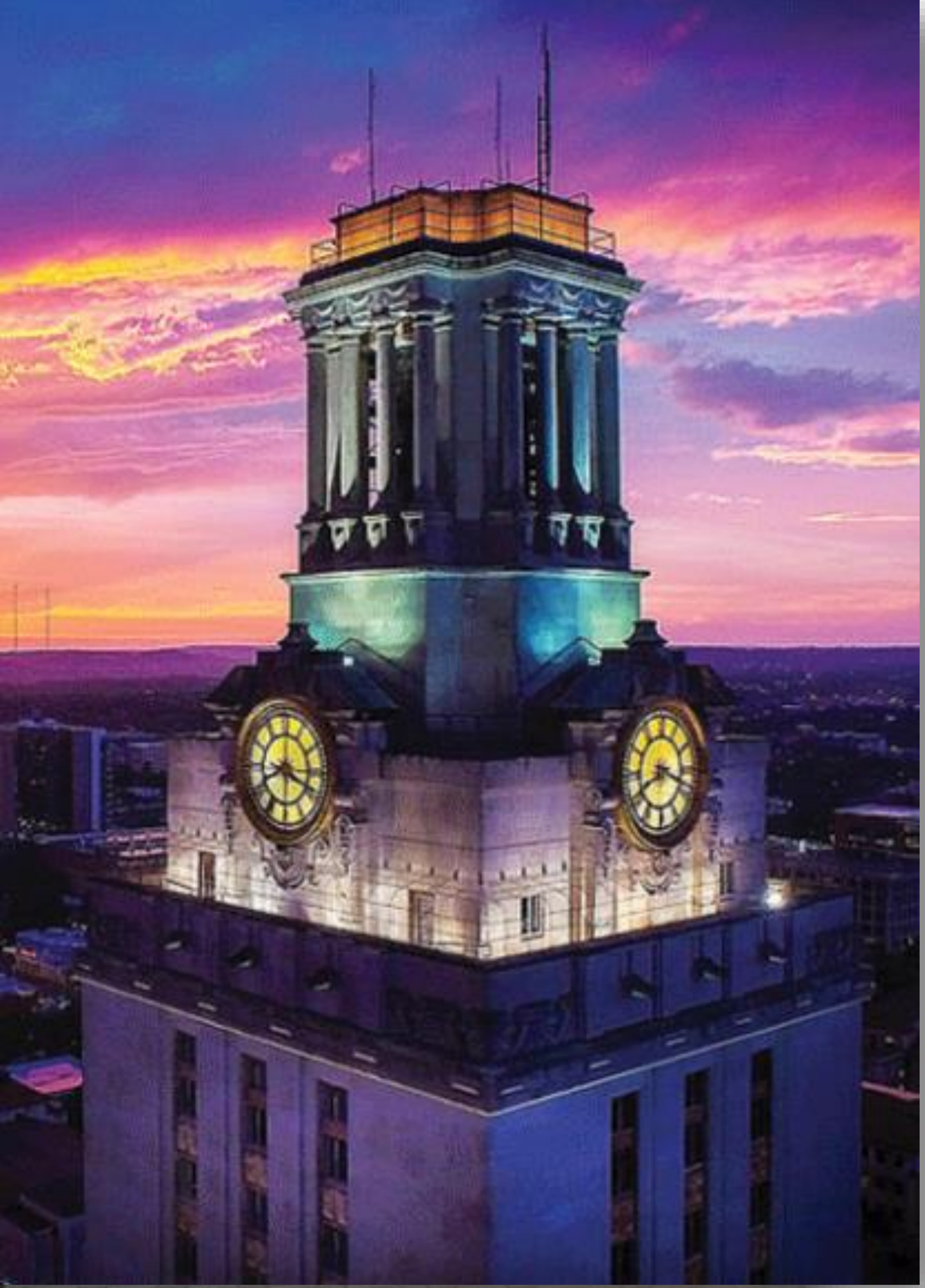
  - A shared community calendar could list all small business training and events available, increasing access and awareness for many, in all parts of the city.
  - This would help to reduce confusion for local businesses, increase the reach of the City of Austin's offerings and could also allow the city to focus on leadership while increasing capacity to reach and teach more small and local businesses.
  - More businesses would get the training they need, those partner organizations would bring in more class participants and the city would benefit from a more engaged local business community.

On Engagement

RECOMMENDATIONS

- **Consider going beyond just teaching to include real engagement.**
  In response to the data, we are recommending that the city begin to host events that allow participants to talk to each other. It can be networking events, meet up groups, possibly industry-specific "think tanks" or round table discussions. This came up repeatedly. They like having training on specific topics, but they get more out of the experience by talking to each other and having a chance to really discuss challenges and getting peer-to-peer input.

  - Part of the big takeaway from this study was in the participants' strong and collective response to having the chance to meet each other. They wanted more.
  - During each event and even after, they consistently asked for networking opportunities (and training on how to do it well), they actually wanted to do more focus groups. They told us they enjoyed learning from and listening to the others and they were enriched by the act of sharing their own insights.
  - We believe this kind of enrichment and connectivity would actually boost attendance and participation in all of the other classes and activities hosted by the City of Austin Small Business Program.



Questions?

For questions or comments concerning this report, please call the City of Austin Economic Development Department's Small Business Program at (512) 974-7800.

Thank you.