

Communities Need to Make Space for Entrepreneurs

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This article is part four in [a new in-depth series](#) we're launching on the economic challenges facing resource-based communities, and strategies that can help build lasting prosperity. Read part three [here](#) and part five [here](#).

Image via [Flickr](#).

As the effects of globalization have worked their way through all aspects of the economy, the way Americans talk about [entrepreneurship](#) has changed. Today, we tend to talk about entrepreneurs like we talk about other businesspeople—as persons engaged with commercial activity that take on some level of risk and, if successful, will experience a financial reward.

This vastly discounts entrepreneurs and their important role in building a prosperous community. Entrepreneurs are fundamentally different from someone who owns or operates a business, someone who is more properly understood to be an investor.

Investor: A person that allocates capital with the expectation of future financial return.

Entrepreneur: A person with a crazy idea who does not know they can fail.

First and foremost, entrepreneurs have an idea, passion, or insight that drives them in an almost reckless pursuit. They tend to not make very prudent assessments of risk and they tend to discount their own time and capital in pursuing their idea. An entrepreneur can be a bit of a fanatic.

The person who buys the Dunkin Donut franchise is an investor. The person who starts a doughnut shop in the vacant storefront with only a deep fryer, a folding table, and a smartphone for taking payments is an entrepreneur.

Local communities, especially when they are struggling, need entrepreneurs. They need their energy and passion. They need their risk-taking. They need their ideas. Even if it takes 50 failed entrepreneurs to create one successful one, that success can transform an entire community.

Fortunately, unlike many investors, [a strategy to grow entrepreneurs](#) does not require handouts or subsidies. They don't require massive investments in public infrastructure. Entrepreneurs merely require an economic ecosystem that enables them to pursue their passion. They literally just need space to be an entrepreneur.

Nassim Taleb, risk management expert and author of many books including *The Black Swan*, *Antifragile*, and *Skin in the Game*, has suggested that:

“In order to progress, modern society should be treating ruined entrepreneurs in the same way we honor dead soldiers.”

That is because success for an entrepreneur is in finding a way to make a living by being of service to others, by providing a good or a service that is so valuable that their neighbors will pay them to continue doing so. That’s the kind of success every community needs.

A Necessary Mental Shift to Make Space for Entrepreneurs

Making space for entrepreneurs requires resource-focused communities to think differently about some things.

- **Understand the nature of small bets.** An investor seeks steady gains over time, but entrepreneurs are generally engaged in pass-fail types of endeavors. Most entrepreneurs will fail, at least at their first attempt. The nature of [small bets](#) is to have many attempts, each with low cost and low risk, as a way to grow into success. Make it easy to fail early, and accept those small setbacks as the cost of large future gains.
- **Tolerate a degree of messiness.** Local governments often prefer to work with investors over entrepreneurs because investors know to keep things tidy. They fill out their paperwork professionally, they pay their fees without much complaint, and they market themselves as good citizens. In comparison, the entrepreneur can come across as disorganized, difficult, and counter-culture. Communities that want the magic of entrepreneurship need to embrace its tendency towards messiness.
- **Get out of the way.** Creating an ecosystem for entrepreneurs is more about removing obstacles than it is about providing assistance and support. Local economic development programs will be more successful when they ask entrepreneurs, “what are you struggling with,” and then work to diminish that struggle than developing plans and programs to broadly assist the business community.
- **Celebrate success and don’t personalize failure.** Many communities take business failure as indication of a broader community failing. This can lead to finger-pointing, or worse. The reality is that most entrepreneurs will fail, regardless of what the community does. What should reflect poorly on the community is if not enough entrepreneurs are stepping forward to give their ideas a try.

Steps to Make Space for Entrepreneurs

Making space for entrepreneurs to unleash their creative energy is easy. Here are some things any community can do:

The [Possible Project Maker Space](#) in Cambridge, MA.

- **Use the Makerspace and Co-Working Models.** The explosion in both [makerspaces](#) and co-working office space has created tremendous opportunity for startup entrepreneurs to not only get started, but to learn from others doing similar work. These models are hives

for innovation that every community serious about entrepreneurship should be promoting.

The Possible Project

Cambridge, MA

HMFH’s design for The Possible Project, a youth entrepreneurship center that teaches high school students to start and run their own businesses, transformed an unused maintenance garage owned by the Cambridge Housing Authority into a makerspace.

The makerspace enables our students to design and manufacture their own products in a unique, hands-on learning environment.

The HMFH team stretched the limited budget for maximum effect by using bright colors and an industrial palette as a backdrop to the products designed and created by the teen entrepreneurs, such as the sculptural pendant light fixtures.

The client’s goal for the project was to support hands-on exploration and the development of business and manufacturing skills by giving students access to traditional tools as well as 21st century technologies including 3D printers and a laser cutter.

With this goal in mind, surfaces have been optimized for flexibility and collaboration: mobile storage cabinets have whiteboard on the back sides, purple tack boards are installed to showcase projects and hang equipment, and a strut system for lighting and power allows students to move and group tables as their projects require.

Leveraging Entrepreneurs to Attract Investors

While there is a difference between investors and entrepreneurs, any community that wants to experience success ultimately needs both. A big part of building local wealth is giving the community the capacity to invest in itself, but investments of outside capital can also be positive.

In the resource trap, the most common way to attract investment capital from outside the community is to provide subsidies. This means using community resources to lower the risk and increase the return for that outside investor. While these transactions can provide the illusion of progress, they rarely make financial sense for the community, especially when compared to other investment opportunities.

A more successful approach is to create an active ecosystem of entrepreneurs that signals to outside investors that they should want to be there. In this case, success creates its own success. An active set of successful local entrepreneurs will lower the risk, and potentially increase the return, for outside investors and make the community a more attractive place for them to put their capital to work, no subsidy required.

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Low-Cost Pop-up Shops Create Big Value in Muskegon, Michigan

The [*Western Market*](#) in Muskegon, Michigan.

- **Use Pop-Up Commercial Spaces.** We think of businesses as storefronts or offices, but often they are not ready for that. A tent or a street table can be a low-cost alternative. Muskegon, Michigan, even bought some storage sheds, painted them up and then [rented them out affordably to startup entrepreneurs](#). These small spaces are great for filling gaps in a streetscape.
- **Waive Home Occupation Requirements.** Would Bill Gates or Steve Jobs be able to start their multibillion-dollar businesses in their garage today? Not with the zoning restrictions found in most cities. If you can do the business inside the house or an outbuilding and nobody passing by can tell, then there is not a lot of justification for regulating it. We can let entrepreneurs get started by easing up on home occupations.
- **Ease Up on Permitting, Especially for Building Reuse.** When one business closes and another comes in, there is generally no need for lengthy permitting processes, especially in established commercial areas. Processes that require someone to prove a negative up front—that they won't be a nuisance—are easy on bureaucrats but a huge obstacle for entrepreneurs. Let that startup know the community's expectations for how to be a good neighbor, then burden them with process only when they don't meet those expectations.
- **Lower the Bar of Entry on Using Existing Buildings.** The regulatory default is to require a business owner wanting to use a building to bring it up to the latest codes before doing anything else. This forces entrepreneurs to become developers and building contractors, as well as expend a lot of time and capital, before they can focus on their business venture. Make sure buildings are safe, but then get the entrepreneur working. Allow their success to provide the resources for bringing the building into full compliance

Sometimes, all it takes is a little push to get a big thing rolling. That's what Muskegon, Michigan learned when they invested in low-cost, small-scale business spaces in their downtown.



An aerial shot of the row of chalets at Western Market

Like many American cities, Muskegon (population 38,000) chose to bulldoze much of its historic downtown to build a mall in the 1970s. Then in 2001, a new mall was constructed on the outskirts of the city, which led to the closure of the downtown mall. It's a dark story of waste and decline, but one piece of good came out of that: downtown Muskegon is coming back. The farmers market is booming and local businesses are coming up in the town center.

One small but very impactful way that the city of Muskegon has helped to make this happen is by constructing low-cost "chalets" on a vacant strip of land in the downtown dubbed, Western Market, and renting them to local businesses.

Building off the success of its popular farmers market nearby, the city of Muskegon decided to use a similar small-scale approach to create more long-term opportunities for local businesses. The city hired a builder to manage the construction of 12 wooden buildings ranging from [90-150 square feet](#) at a cost of just \$5,000-6,000 per chalet. Their simple design — a portable wooden structure with windows and doors (but no running water) — kept them very affordable. In May 2017, these buildings [opened for business](#) — filled with clothes, gifts, crafts and food. (See the photos below for a peak at some of the store interiors and owners.)

They have been a serious success, appealing to tourists and residents alike, and they stayed open well into the holiday season before shutting down for the winter. Now the city is in the process of constructing [five more chalets](#) to open later this year. The waiting list for business owners who hope to rent these spaces is already more than 25 names long.

To build the initial 12 structures, the city secured donations from the local chamber of commerce, a community foundation and other area organizations. But after that success, the value has been clear enough to residents that it makes sense to use municipal funds for construction of the new chalets, says Frank Peterson, City Manager of Muskegon and originator of the idea

The chalets decked out and doing a roaring trade for the holiday season

The chalets have not just created initial opportunities for new businesses, they are also helping *existing* businesses grow and helping developers to fill *permanent* storefronts. Peterson explained that as new mixed-use developments go up downtown, the owners have struggled to find commercial tenants that were either a) able to afford the rent on a typically-sized first-floor storefront, or b) willing to take a leap on a downtown space with little commercial activity around it.

The chalets have changed that by activating the downtown area and allowing local businesses to test things on a small scale before renting a permanent storefront. One popular bakery which began its Muskegon operations in a chalet is now opening [its own permanent downtown storefront](#) (although they've decided to keep their chalet spot as well because of its success). Peterson also shared that some downtown developers are now choosing to build smaller spaces on the first floors of their new constructions because they have seen how that "micro-retail" size accommodates businesses more effectively.

Frank Peterson has a few tips for other communities looking to take on a small-scale, low cost initiative like this one:

1. **Offer something unique.** In reviewing the applications of businesses who want to rent the chalets, Peterson stresses, the application committee chose a diversity of businesses

- that would offer unique items for visitors and residents, not the sorts of things you could just purchase online or at a big box store. This ensured that the space would attract shoppers and keep them coming back for more.
2. **Build unity among businesses.** As part of their rental terms, the businesses who occupy the chalets agree to maintain regular hours consistent with their neighbors. This keeps the downtown active at times when it might otherwise empty out and it also creates a lively street where shoppers can check out several stores in one visit. Peterson says that the city really wanted business owners to feel that "they sink or swim together." He mentioned that business owners now feel comfortable asking a neighbor to mind their shop if they need to step away briefly, and the proximity of the buildings facilitates that as well.
 3. **Grow incrementally.** The step-by-step growth of this initiative has been key. Starting with a few simple, affordable chalets meant a low risk for the city and the chance to scale up as the project succeeds. "We don't want to put up 20 [chalets] tomorrow," says Peterson. "We want to keep adding them a few at a time." The portable nature of the chalets also means that down the road, if they're no longer needed or the space is transformed for another use, they can easily be sold off or moved to another location that could use a small business boost.

Nearly every town has vacant space and eager small business owners looking for affordable store fronts. Put the two needs together and you have the perfect opportunity to kickstart the local business community in your city.

15 Muskegon retail shops open in chalets, add variety to downtown

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Soft Opening of Western Market

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MUSKEGON, MI - Fifteen retailers opened up shop downtown Muskegon on Thursday, May 25.

The businesses are lined up in 12 chalets on West Western Avenue, dubbed Western Market.

Some are new, others are new to downtown. One thing is for sure, they offer a mix of products and an experience that Muskegon pedestrians haven't seen before.

The retail spaces range from 90-150 square feet on a lot that would otherwise sit empty for the summer. The shops are just east of Rootdown on the south side of West Western Avenue.

Shops are required to be open 11 a.m.-6 p.m. Thursday-Saturday from May 25-June 30 and Aug. 15-Oct. 30. From July 1-Aug. 14, shops will be open 11 a.m.-6 p.m. every day. Shops will also be open 11 a.m.-6 p.m. during all cruise ship visits and festival days.

Here's what you'll find:

Gems Near the Lakeshore: Choose from Michigan jewelry, t-shirts, totes, wine accessories, candles, bath bombs, essential oils, Ice Box Ice Cream, fine jewelry and more.

Maggie's Gourmet Foods & Gifts: Find Michigan-made foods, including chips, salsa, pretzels and candies, along with etched glass items, and Muskegon and Michigan souvenirs.

Y-Knot Embroidery: Tie up the Muskegon experience with Muskegon and Lake Michigan mementos including embroidered and screen printed hats, bags, water bottles, mugs, license plates, shirts, t-shirts, hoodies, beach towels and flip flops.

Vintastalgia: Find vintage kitchen, home and repurposed items along with original artwork from pen and ink drawings to paintings to wood and Lake Michigan sandcasts.

Bodhi Tree Market: This shop is dedicated to selling eco-friendly and Fair Trade items such as clothing, home decor, jewelry, pottery and musical instruments to support humanitarian efforts. It also features products from Muskegon's Kitchen 242.

Abeshi: Authentic and handmade, this shop includes specialized jewelry created from Ghanaian beads and fabric, hand sewn purses and handbags, patchwork sneakers, and African photography and artwork.

Just Classics: Flavored popcorn, candy bars and soft drinks provide a quick refreshment at the Western Market.

Muskegon Inspired: Find Muskegon and Michigan apparel, shirts, hats, signs, stuffed animals and nautical-themed knickknacks.

Baby Bears Children's Boutique: This shop features boys and girls clothing and accessories for newborn to 7 years old inspired by baby bear Isadora. Unique toys, games, gifts and made-in-Michigan items are also available.

Sili Pint: Find Silicone drinkware that is BPA-free, and grill, microwave, dishwasher and freezer safe.

No name: This business features blown glass art and jewelry.

Tatterweave Designs: Choose from hand-made fiber arts and herbal crafts, including soaps, jewelry, dried florals, handspun yarn, wall art, and knitted, woven and wearable art.

Donna Jeanne's Sweet Dreams: This artisan sweet shop features small-batch baked goods and unique confections, including cookies, doughnuts, cinnamon rolls and muffins alongside specialty treats such as French macarons, gourmet fudge and candy apples.

Love Bites Treatery: Western Market didn't leave out the four-legged friends with this handmade, organic treat shop that donates half of its inventory to local animal shelters. Products include traditional and gluten-free dog biscuits, power chews, cat treats and more.

Morat's Bakery-Pub: Pick up baked breads from a New Era staple, including farmers white, Morat's English muffin bread, cinnamon raisin muffin bread, round cinnamon, cranberry walnut, cracked wheat sunflower. Also find local honey, maple cream and candy, and more.

Gems Near the Lakeshore has a location inside the Century Club down the street. Baby Bears has a store downtown Montague. Y-Knot has a retail space in North Muskegon. Bodhi Tree Market is an established business with offices in Ferrysburg and an online presence. SiliPint is an established business based in Oregon with a strong online presence. Love Bites Treatery is sold by several retailers and at the Downtown Market Grand Rapids. Morat's bakery is located downtown New Era. Maggie's Gourmet Foods is in the Muskegon area on Harvey Street.

<https://possiblezone.org/>

The Possible Zone was founded originally as The Possible Project in 2009, with a goal to support high school students with unlimited talent but less access to opportunities and career-enriching experiences. Since then, we have served 1,000+ students in the greater Boston area and are poised for a period of expansion—both in the number of students served and in local and national impact. TPZ has a bold vision for the future of education and career readiness driven by a passion for youth development, rooted in research and data, and informed by our history of serving students in Boston and Cambridge.

Our mission is to advance economic equity by ensuring young people develop the entrepreneurial spirit, skills, and networks to launch successful careers. We are committed to helping students find their passions; cultivate essential skills, mindsets, and assets; and shape their futures so that they can experience upward economic mobility in their chosen career paths.

The Possible Zone's team has the skills necessary to drive social impact in the 21st century. We rely on the talent and unrelenting commitment of our team to advance our mission.

We look for passionate people who have a demonstrated interest in entrepreneurship and social change—from former social and for-profit entrepreneurs, policy experts, educators, strategy consultants, finance and marketing professionals, and others. Great candidates thrive in our fast-paced, high-performing, learning-oriented, and collaborative environment.