



NEXT Missouri

POLICY PLATFORM

VERSION 1.0

October 30, 2020

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Executive Summary

Entrepreneurship is part and parcel with the American dream. A ‘startup’ itself, the story of the United States carries deep entrepreneurial roots—from famed inventors and innovators, to our Founding Fathers. The very act of launching a new venture in spite of existing barriers, market trends, or larger, more established competitors is, at the very least, revolutionary in nature. Our country owes much to the contributions of entrepreneurs—new technologies, products, services too numerous to name within this document. It is too often we overlook these contributions and fail to realize the barriers that exist for many Americans who want to participate in this part of the American dream by starting something of their own.

For the state of Missouri, the contributions of entrepreneurs to the economy could not be more clear: state and federal jobs data show nearly 80% of new jobs in Missouri are created by startups, an average of 40,000+ net new jobs per year. This data shows new businesses are unequivocally driving the future of our state’s economy.

Unfortunately, Missouri and new business owners face an uphill battle for further economic and individual gains. Missouri painfully lags our peer states when it comes to overall job and wage growth (bottom quartile comparatively with 14 midwestern states). Furthermore, economists project that Missouri’s population will increase at a rate of only 6% over the next decade, compared to an average national growth rate of 10%. At any ‘rate’, we’re headed in the wrong direction.

A closer look at our state’s economic development strategy helps illuminate Missouri’s challenges. Unfortunately, strategies to support new business formation have been neglected or absent for many years. Vast amounts of economic development resources are concentrated on incentivizing the relocation of existing businesses instead of the growth of new ventures. If this strategy is out of alignment, many of the resources and policies that could be employed to support new businesses and new business owners are simply left off the table.

Fortunately, entrepreneurs and new business owners are not without statewide champions. Informal networks of partners and stakeholders have been convening and collaborating across Missouri through a variety of channels and for several years. Over time, these informal networks solidified in NEXT Missouri, a 501(c)(4) advocacy organization that was publicly launched in January of 2020 with 20 stakeholder organization members from all regions of Missouri. Quickly called into action facing continued cuts to the Missouri Technology Corporation (MTC), the state’s best and primary vehicle to support high-growth startups, NEXT Missouri leadership rapidly deployed messaging to its growing network about the devastating nature of the funding cuts, and mobilized a campaign prompting stakeholders to contact state legislators and the governor urging them to stabilize and restore MTC funding to sustainable levels.

The ‘anthem’ and expressed goals of NEXT Missouri are clear: in order to push Missouri’s economy forward, we need explicit support for new businesses. To realize these outcomes, Missouri must:

- ▶ create a pro-entrepreneur climate;
- ▶ champion activities that support new businesses; and
- ▶ promote new business opportunities for all Missourians, especially for communities where entrepreneurship is traditionally underrepresented

1. Defined as first-time employers who employ fewer than 20 employees (employer has no previous record of wages paid for unemployment insurance)



While these goals seem generic in nature, we believe a strong indicator of future success lies within the survival rates for new businesses. While startups generate an average of 79% of new jobs in Missouri and pay wages that exceed the state average wage in their second year, Missouri has, at times, struggled to promote the sustainability and growth of new business. In 2019, Missouri ranked last in the U.S. for survival rate of startups—just over 70% of Missouri startups survive past their first year, 9% below the national average. By creating a more friendly policy landscape for new businesses, NEXT Missouri believes the state can flip this trend; increase the survival rate of new firms; and, as a direct result, generate positive economic outcomes for the state.

Leaning heavily on the America’s New Business Plan framework via the Start Us Up Coalition, NEXT Missouri leadership sought feedback (through round tables, surveys, and polls), from both individuals and organizations alike, around both policy ideas that would be beneficial for new business owners and challenges that prevented them from further growth. Slowly, these ideas solidified into key policy ideas and recommendations that form the basis of NEXT Missouri Policy Platform. These concepts were grouped into four main categories:

OPPORTUNITY **A Level Playing Field and Less Red Tape**

- ▶ Increase focus on the entrepreneurial impact of legislation and administrative policies
- ▶ Streamline of government processes and requirements (across city, county, and state levels) involved in starting and maintaining a business in Missouri
- ▶ Conduct an annual tax policy and regulatory review
- ▶ Relax occupational licensing requirements

FUNDING **Equal Access to the Right Kind of Capital Everywhere**

- ▶ Implement programs, incentives, and regulation reforms that expand access to capital for all entrepreneurs

KNOWLEDGE **The Know-How to Start a Business**

- ▶ Strengthen entrepreneur support programs across the state
- ▶ Integrate entrepreneurship into K-16 education
- ▶ Foster pro-entrepreneur workforce education and training programs

SUPPORT **The Ability for All to Take Risks**

- ▶ Reform unemployment insurance to further allow a person to receive benefits while engaged full-time in self-employment activities
- ▶ Provide student loan reductions and education support for new business owners
- ▶ Create access to affordable health insurance for entrepreneurs and employees of new businesses

This Next Missouri Policy Platform is a living, continuously improving—based on the insights and needs of entrepreneurs—that serves as the foundation for NEXT Missouri’s actions and advocacy. From the platform, more specific policy positions, agendas, and legislative language will arise to meet the needs and opportunities for invigorated economic development policies that help reduce barriers to entrepreneurship in Missouri. In doing so, new businesses can continue to, and increasingly, drive job and economic growth for the state.



Current Membership



Background

STATE OF NEW BUSINESSES IN MISSOURI

Over the past decade, innovation and entrepreneurship activities have grown significantly across the state of Missouri. New businesses, new industries, and new jobs are transforming the state's economy. In fact, state and federal jobs data show **nearly 80% of new jobs in Missouri are created by startups¹, an average of 40,000+ net new jobs per year**. Furthermore, wages paid by these new companies exceed the state average after their second year in existence. In 2019 alone, Missouri boasted 19,004 new firms; these companies generated 43,081 net new jobs across the state².

MISSOURI'S ECONOMIC GROWTH

Despite Missouri's gains in entrepreneurial activity this momentum is unfortunately counter to Missouri's overall trajectory and economic outcomes. As of 2017, Missouri ranks 13th out of 14 midwestern states for GDP growth, and we are in the bottom quarter for jobs and wage growth (9th and 10th respectively)³. While Missouri's economy is growing, it is not at rates anywhere near what is being experienced by our neighbors. Furthermore, Missouri's population growth continues to lag—economists project that Missouri's population will only grow 6% per decade between 2000 and 2030, compared to 10% nationally⁴.

POLICY CHALLENGES

In the face of declining economic prospects, Missouri's mix of economic development policies has not kept pace with the need to support the seeding and growth of new businesses that drive economic growth. While tools exist and evolve to support the retention of large companies or the attraction and relocation of existing firms, limited policy tools exist to reduce the barriers inhibiting the creation and growth of new businesses. As it has with recent initiatives, like "Best of the Midwest," Missouri must sharpen its existing economic development tools and, more importantly, add new 21st Century tools to support the launch and growth of new businesses.

A key example of this misaligned economic development focus was particularly evident as states and regions across the country marshalled resources, with Herculean effort, in an attempt to lure Amazon's "HQ2" location and its promise of more than 50,000 jobs over five years. Hundreds of millions in incentives were put on the table and countless hours of economic development time spent for the chance to win such a large prize. Yet, startups in Kansas City (for example) generated 74,935 new jobs themselves over five years (2015-2019). More fully supporting these entrepreneurs and centering these new businesses in our policy discussions has the potential for outsized economic gains for Missouri.

² Defined as first-time employers who employ fewer than 20 employees (employer has no previous record of wages paid for unemployment insurance)

³ Meyers, Maria E.; Hodel, Kate Pope; and Krajack, Jon. *We Create Jobs*. KCSourceLink, July 2020.

⁴ U.S. Bureau Of Labor Statistics

⁵ State of Missouri, Office of Administration



NEXT Missouri

ORGANIZATIONAL HISTORY

While partners across Missouri have informally collaborated on innovation and entrepreneurship policy issues for more than 15 years, initial steps to formalize a statewide entrepreneur advocacy network came in 2018. With support from the Kauffman Foundation, BioSTL piloted the Missouri Innovation Policy Network (MOIPN) through a series of surveys; focus groups; meetings in Kansas City, Columbia, and St. Louis; and a virtual, statewide gathering with participation from every corner of Missouri. Through engagement with existing Missouri business owners, entrepreneurship and business support organizations, civic leaders and other stakeholders, MOIPN helped deepen understanding of the challenges faced by entrepreneurs and the possibilities that new businesses present for Missouri.

In 2019, MOIPN and its partners from across Missouri came together to formalize these ad hoc relationships and evolve into NEXT Missouri, a 501(c)4 advocacy organization. These statewide partners were quick to advocate on behalf of new business with the Missouri General Assembly, relevant Missouri government departments, and the Governor's office. During this time, and with little formal outreach and membership activity, NEXT Missouri grew to more than 20 organizations and hundreds of individual members, representing a broad range of entrepreneurs and those who support them.

Following its public launch in January 2020, NEXT Missouri immediately focused its energy and constituency toward dire budget cuts to the state's Innovation Centers and new business support activities. Repeated and continued budget cuts to the Missouri Technology Corporation (MTC) threatened to slow, if not eliminate, economic momentum across the state. Members of the NEXT Missouri coalition pooled time and resources to activate the entrepreneurship community and send a direct message to Missouri's policy makers—that further cuts to statewide entrepreneurship and innovation infrastructure cripple our ability to seed new companies and technologies, and grow high-paying, sustainable jobs. Through the collective efforts of this broad coalition, NEXT Missouri was able to salvage a modest FY 2020 appropriation for MTC, which is a critical source of funds used to support new businesses through statewide innovation centers, entrepreneurial support organizations, and direct investments into high-growth companies.

MISSION AND VISION

NEXT Missouri exists to give a voice in Missouri's policy conversations to new businesses, entrepreneurs, and those who support them. NEXT Missouri envisions a state where economic and job growth for all Missourians is driven by Missouri becoming the most new business-friendly state in the heartland. To realize these outcomes, Missouri must:

- ▶ create a pro-entrepreneur climate;
- ▶ champion activities that support new businesses; and
- ▶ promote new business opportunities for all Missourians, especially for communities where entrepreneurship is traditionally underrepresented

New businesses are launched by people of all ages and walks of life, in all parts of our state. While our country often glorifies entrepreneurs like Bill Gates and Mark Zuckerberg—portraying that successful entrepreneurship



is exclusive to young founders with multiple degrees or futuristic technology—national data shows that the rate of new entrepreneurs is highest in Americans aged 45-54 and 55-64⁵.

NEXT Missouri envisions a state where the opportunity to launch and grow a new venture is within reach for all Missourians—one’s success in growing a new business cannot be predicted by race, gender, geography (e.g, rural/urban), sexual orientation, or other demographic characteristics.

ORGANIZATION FOCUS

NEXT Missouri aims to help create a friendly climate for new companies to launch and grow in Missouri. Unfortunately, the reality is that most new businesses fail. The causes attributed to business failure can vary greatly—from insufficient startup capital, unsuccessful marketing campaigns due to mismatched product/market fit, or inadequate/ineffective management. Given the inherently risky nature of new ventures, creating an economic environment that not only helps businesses launch but also survive will translate into long-term job and wage growth.

While startups generate an average of 79% of new jobs in Missouri and pay wages that exceed the state average wage in their second year, Missouri has, at times, struggled to promote the sustainability and growth of new business. In 2019, Missouri ranked last in the U.S. for survival rate of startups—just over 70% of Missouri startups survive past their first year, 9% below the national average. By creating a more friendly policy landscape for new businesses, we believe Missouri can flip this trend; increase the survival rate of new firms; and, as a direct result, generate positive economic outcomes for the state.

NEXT Missouri arose from statewide collaboration fostered over more than a decade. Currently, more than 20 partners across the state have formally signed on as NEXT Missouri organizational members—with many others collaborating and participating in various activities.

Additionally, and with little proactive membership building activity to date, more than 230 individuals—representing entrepreneurs in every corner of Missouri—have signed up to be a part of the NEXT Missouri movement.

⁵ Fairlie, Robert, Sameeksha Desai, and A.J. Herrmann. (2019) 2018 National Report on Early-Stage Entrepreneurship, Kauffman Indicators of Entrepreneurship, Ewing Marion Kauffman Foundation: Kansas City



Platform Process

INITIAL REVIEW

In developing its strategic vision and policy platform, NEXT Missouri charted a comprehensive process to understand the policy landscape and the needs of new business. Building on initial work through its MOIPN pilot, NEXT Missouri leadership began by engaging stakeholders and peer organizations to review and understand the existing policies that affect new businesses. This initial review leveraged the work of others and the plans/platforms of many, including:

- ▶ *America's New Business Plan* | Start Us Up Coalition
- ▶ *Rebuilding Better, Activating The Start Us Up Coalition In Response to COVID-19* | Start Us Up Coalition
- ▶ *Missouri 2030: An Agenda To Lead* | Missouri Chamber of Commerce and Industry
- ▶ *Technology 2030* | Missouri Chamber of Commerce and Industry
- ▶ *Legislative Agenda 2020* | Missouri Chamber of Commerce and Industry
- ▶ *Show Me Jobs* | MOSourceLink
- ▶ *Show Me Capital* | MOSourceLink

POLICY FRAMEWORK

As NEXT Missouri aggregated learnings from entrepreneurs and peer organizations, it decided to fully adopt the policy framework embedded within America's New Business Plan⁶ from the national Start Us Up Coalition (as supported by the Ewing Marion Kauffman Foundation). This roadmap provided NEXT Missouri with four clear, key pillars around which to solicit further feedback from new businesses and to prioritize policies that can improve the landscape for entrepreneurship in Missouri. These pillars (as described in American's New Business Plan) include:

OPPORTUNITY **A Level Playing Field and Less Red Tape**

When it comes to starting a business, entrepreneurs need a level playing field to compete with established businesses, which have better access to policymakers. Among other things, this means economic development efforts should support local business owners and not just offer incentives to attract outside businesses. Policymakers should prioritize the development of supportive ecosystems that help everyday Americans start businesses and they should cut red tape that holds people back.

FUNDING **Equal Access to the Right Kind of Capital Everywhere**

Entrepreneurs continually emphasize the need for access to capital, including patient capital and other innovative models that give them an opportunity to get their businesses off the ground. These funding streams must extend beyond the coasts and reach deep into the heart of America to serve communities that lack access to capital and populations that are underrepresented as entrepreneurs.

⁶ Start Us Up: America's New Business Plan - October 2019



KNOWLEDGE The Know-How to Start a Business

Starting a business is a courageous act, and far too many entrepreneurs take that risk without really knowing where to begin or understanding the requirements and barriers that come with turning an idea into reality. Policymakers can help by supporting policies that connect entrepreneurs to those who can show them the ropes and programs that teach entrepreneurs the skills needed to successfully launch a business. Policymakers can ensure a strong current of new entrepreneurs and their employees by embedding real world learning in classrooms—sharpening workplace skills such as communication, problem-solving, judgement, and decision-making.

SUPPORT The Ability for All to Take Risks

Becoming an entrepreneur means leaving behind the stability of a traditional job, and with it benefits such as health care and retirement savings. Most importantly, it often means forgoing a stable salary—a daunting proposition for anyone, but especially for the many Americans living paycheck to paycheck or with little savings. Policymakers must act to ensure the next generation of entrepreneurs is not locked out of opportunities to improve their economic situations by addressing Americans’ real financial concerns that limit risk-taking.

SURVEY & WEBINAR

In May 2020, as the 2020 Missouri General Assembly wound down and NEXT Missouri’s advocacy toward increased support for Missouri Technology Corporation wrapped, NEXT Missouri began its process to formulate a broader, more robust pro-new business policy platform for the state. To initiate the process, NEXT Missouri first launched an online survey of entrepreneurs and entrepreneur support organizations across Missouri to better understand their challenges and help prioritize possible policy solutions as aggregated from the findings and plans of NEXT Missouri partners (as cited above).

Through survey responses, an initial understanding began to emerge of where entrepreneurs felt policy changes could help reduce the barriers they experienced in growing their new businesses. Organized around the pillars of “America’s New Business Plan” and NEXT Missouri’s platform, some of the concepts that rose to the top in survey response included:

<p>OPPORTUNITY A Level Playing Field and Less Red Tape</p>	<p>Reducing employer mandates on employers with fewer than (20) employees Reduce barriers to obtaining professional licenses in Missouri</p>
<p>FUNDING Equal Access to the Right Kind of Capital Everywhere</p>	<p>Tax incentives to encourage private investment in activities that support new business creation and growth. Designation of state funds to be used towards federal grant matching requirements that can be allocated to special projects that support entrepreneurship</p>
<p>KNOWLEDGE The Know-How to Start a Business</p>	<p>Increase exposure to entrepreneurial opportunity and skill-building resources through other publicly funded initiatives that support economic development</p>
<p>SUPPORT The Ability for All to Take Risks</p>	<p>Unemployment insurance reform that would allow a person to receive benefits while engaged full-time in self-employment activities State income tax exemption opportunities for certified Missouri Incubator tenants</p>

To further understand and refine areas of priority, NEXT Missouri partnered with the Missouri Chamber of Commerce and Industry to host a focus group webinar later in May 2020. The webinar set context about the state of new businesses in Missouri through a presentation from the Chamber about its Chamber 2030, Technology 2030, and Recovery 2030 (COVID response) plans, and from MOSourcelink about its Show Me Capital report. It then leveraged survey results to solicit participant feedback in breakout rooms organized around each platform pillar and priorities surfaced through foundation documents and entrepreneur surveys.

Focus group feedback helped NEXT Missouri further prioritize policy areas, understand how to operationalize its policy platform and better engage stakeholders, and surface new barriers to entrepreneurship as related to the COVID-19 crisis.

STATE POLLING

NEXT Missouri—through its co-founding partner BioSTL and additional Missouri partners BioNexusKC and the University of Missouri, in conjunction with national partner SSTI and its Innovation Advocacy Council—also benefited from public opinion polling of Missouri voters related to their support of innovation and entrepreneurship.

This polling showed overwhelmingly that Missouri voters want their government to support innovation and entrepreneurship. 93 percent of likely voters expressed support for an initiative to strengthen public investments in innovation and entrepreneurship as a path toward economic prosperity. Support cuts across common policy divides: Republicans and Democrats; white, black and LatinX voters; and the employed and unemployed all voice approval at rates above 90%.

The initiative described to respondents would bring the “benefits of American innovation to the American people.” Policies discussed to implement the idea include increasing investments in research, expanding start-up companies’ access to capital, and converting “government-funded research into new companies and jobs.”

Support continued to be overwhelming when voters were asked to consider specific policies for implementation and even when asked to consider how to fund such policies with public investments. Suggestions with the most support in Missouri were training workers for the jobs of the future and funding programs that help turn promising research into new products and jobs.

STRATEGIC PLANNING

In the summer of 2020, as the policy platform was still in development and NEXT Missouri partners remained vigilant about policy developments that could impact Missouri’s new businesses, NEXT Missouri leadership engaged an independent consulting firm to assess the current state of NEXT Missouri and provide short- and medium-term recommendations for the initiative moving forward. A ‘startup’ in its own right, NEXT Missouri needed to answer a number of key questions in order to move forward as an organization to advance its mission of advocating for new businesses and entrepreneur-friendly policy across the state:

- ▶ What is the vision of NEXT Missouri? What future are we advocating for? (MISSION)
- ▶ How does NEXT Missouri talk about itself? What are its key messages and target audiences (COMMUNICATIONS)
- ▶ What does the coalition care about? What do we champion? (ADVOCACY)



- ▶ What activities support these outcomes? What initiatives should the organization focus on in its first year of existence? How do we engage potential supporters? (MEMBERSHIP/OPERATIONS)
- ▶ How does the NEXT Missouri structure itself to achieve its goals? Now? In the future? (LEGAL)
- ▶ What resources and infrastructure are required to take the critical next steps as an organization? What does a minimum viable organization look like? How does it keep itself accountable? How does the current all-volunteer board (sans vendors) start to transition from execution to oversight? (LEADERSHIP/GOVERNANCE)

As a result, the following high-level recommendations came out of this exercise:

1 Establish an organizational identity

- Engage in strategic communications exercise
- Develop a content strategy and updated copy for NEXT Missouri website
- Publish 'out-of-the gate' policy framework and pillars

2 Firm up organizational infrastructure

- Push forward on associated 501(c)(3) formation
- Revisit governance for to-be-established 501(c)(3) and current 501(c)(4) entities
- Approve 2021 (year one) budget

3 Add capacity

- Develop job description for part-time Executive Director
- Raise year-one startup/capacity-building capital
- Hire inaugural ED (part- or full-time)

With this plan in place and through robust development of this policy platform, NEXT Missouri stands better positioned to further engage entrepreneurs across Missouri and ensure their voices are heard in the policy discussion of Missouri.



Policy Recommendations

Taken together, all of the process, feedback, and formulating described above provided a platform upon which NEXT Missouri could build its policy “anthem”—a song sheet, of sorts, that amplifies the voices of entrepreneurs and new businesses in the policy discussions. The priorities below serve as the foundation upon which NEXT Missouri will advocate on behalf of Missouri’s new businesses. It will guide the daily, weekly, monthly, and yearly activities of NEXT Missouri as it engages with the public, influencers, and policymakers.

The outline below will serve as NEXT Missouri’s “constitution” and the lens through which NEXT Missouri proactively and reactively promotes pro-entrepreneur policies. As further described below in the “Execution” section, NEXT Missouri will leverage this platform to develop additional, more specific policy positions, agendas, and stances in various arenas of public discourse. Whether in planning economic development strategies, allocating budget appropriations, or the drafting of new legislation to authorize or amend business activities in Missouri, NEXT Missouri’s positions will be grounded in the principles and priorities below. NEXT Missouri continues here, in its priorities, to leverage the framework, and even some of the specific language, of America’s New Business Plan.

POLICY PRIORITIES

OPPORTUNITY A Level Playing Field and Less Red Tape

Policymakers should make life easier for entrepreneurs by doing away with burdensome regulations and requirements, as well as by using their influence to lift up and support people in all communities who take the risk of starting a business. New enterprises are difficult enough to get off the ground; government shouldn’t make it more complicated. Many entrepreneurs encounter a confusing web of existing and outdated regulations, ordinances, and permits. And unlike established business (particularly big businesses), entrepreneurs lack the means to hire teams of consultants and attorneys to navigate these complicated systems. Billions of dollars are spent annually by state and local governments to attract existing businesses to relocate to their state or city, but comparatively few dollars are spent on supporting new, homegrown businesses. Unsurprisingly, 80% of entrepreneurs believe government prioritizes large corporations over small businesses.

- ▶ **Increased focus on the entrepreneurial impact of legislation and administrative policies:** At the state level, within existing and potentially expanded processes, Missouri should more specifically focus on the impact policies would have on new businesses (i.e., those less than 5 years old) before bills are passed or new regulations issued. Through dynamic fiscal scoring and other methods to estimate the direct costs to new businesses of changes to laws and regulations, Missouri can help ensure its policies and administrative procedures incentivize the creation and growth of new businesses.
- ▶ **Streamlining of government processes and requirements (across the city, county, and state levels) involved in starting and maintaining a business in Missouri:** According to a NEXT Missouri network survey, common themes included not having easy access to information online and the inability to talk to a person when trying to receive an answer to a question at the state level. Additional concerns raised include: many state and local fees and surcharges, including access fees, license fees, business license taxes, unemployment insurance fees and surcharges and workers’ compensation fees; zoning laws that may prevent businesses from operating at home/private residence; and the impact of non-compete agreements. Create state incentives for local authorities to reduce barriers to starting businesses, even down to the smallest fees and forms.



- ▶ **Conduct an annual tax policy and regulatory review** to maximize the benefits for start-up and high-growth companies and minimize barriers to launching and growing a new business—in doing so, leveling the playing field between new business and larger corporations.
- ▶ **Relax occupational licensing requirements** to remove barriers to the workforce. This will help workers regain employment and assist employers in finding the workforce. Replace licensing with less onerous forms of regulation, such as certifications or permits, in industries where public health is not seriously threatened. Streamline remaining licensing requirements.

FUNDING **Equal Access to the Right Kind of Capital Everywhere**

Business owners believe that access to capital is the most important resource for starting a business (43%) and also the most significant barrier to entrepreneurship (55%). Furthermore, 33% of Americans cite funding as the number one reason they have not started a business. However, capital doesn't flow to all deserving entrepreneurs. At least 83% of entrepreneurs do not access bank loans or venture capital when launching a business, tilting the scales in favor of those who have the wealth to create new enterprises. Women, black, and Latinx entrepreneurs disproportionately struggle to raise the funds their businesses need. Further, seventy-five percent of venture capital supports entrepreneurs in only three states: California, Massachusetts, and New York. Missourians, especially rural and minority communities, are often left behind. Since between 90% and 95% of entrepreneurs who hire employees require some amount of financing to start their businesses, Missouri misses out on job creation when entrepreneurs cannot access the financing necessary to establish a business and hire new employees. Capital must flow to empower entrepreneurs in every community and to ensure that populations too often left behind are given equal opportunities to turn their ideas into businesses.

- ▶ **State commitment to expanding access to capital for all entrepreneurs:** Like many of its peer and competitor states across the Heartland, Missouri must take steps to further catalyze private investment into new businesses. The Missouri Technology Corporation (MTC) is a proven vehicle for such investments and it should be scaled further. In addition, the state must take a broad, multi-pronged approach to ensuring capital is available to drive job creation through new businesses. Possibilities include:
 - Tax incentives to increase private investment in new businesses, early stage equity investment funds, and alternative loan funds for new businesses
 - Creation of “evergreen” community investment funds that support new businesses as they move through the early stages of proof-of-concept and product development.
 - Incentives to attract venture capital (VC) firms to locate offices in Missouri
 - Incentives for “large” Missouri businesses to contract with or purchase goods and services from new Missouri businesses
 - Expanding flexible capital formation through policies that encourage new market tax credits, venture capital, angel networks and crowdfunding; and bringing capital to rural areas of the state and opportunity zones through targeted tax credits that prioritize creation and retention (promote rural development).

KNOWLEDGE **The Know-How to Start a Business**

Policymakers can help by supporting policies that connect entrepreneurs to those who can show them the ropes and programs that teach entrepreneurs the skills needed to successfully launch a business. Missouri is home to strong entrepreneur support organizations and programs in every corner of the state. Policymakers can ensure a strong current of new entrepreneurs and their employees by supporting these

activities and helping embed real world learning in classrooms and curricula across the state. Possibilities include:

▶ **Strengthen entrepreneur support programs across the state**

- Provide tax incentives to increase private investment in business incubators, innovation centers and other entrepreneur support organizations
- Designation of state funds for federal grant matching requirements that can be allocated to special projects that support entrepreneurship

▶ **Integrate entrepreneurship into K-16 education**

- Embed entrepreneurial know-how and spirit in classrooms by creating opportunities for students to explore and acquire the habits of mind, behaviors, skills, knowledge, and competencies that equip them to be entrepreneurial
- Provide students with real world learning experiences through project-based learning, client-based projects, and internships

▶ **Foster pro-entrepreneur workforce education and training programs**

- Prioritize entrepreneurial skill-building, access to networks, and new business creation as key components of workforce training programs, like Fast Track and Missouri One Start as well as Missouri Jobs Centers. Expand investment into these and other, new workforce programs that integrate new business creation as a job placement outcome.
- Significantly expand the number of entrepreneur support organizations (ESOs) that receive workforce training funding

SUPPORT  **The Ability for All to Take Risks**

Becoming an entrepreneur means leaving behind the stability of a traditional job and, with it, benefits such as health care and retirement savings. Most importantly, it often means forgoing a stable salary. Policymakers must act to ensure the next generation of entrepreneurs is not locked out of opportunities to improve their economic situations by addressing financial concerns that limit risk-taking, especially among low-income, rural, and minority populations. Possibilities include:

- ▶ Unemployment insurance reform that would allow a person to receive benefits while engaged full-time in self-employment activities. Such programs are designed to encourage and enable unemployed workers to create their own jobs by starting their own small businesses. Individuals may be eligible even if they are engaged full-time in self-employment activities - including entrepreneurial training, business counseling, and technical assistance
- ▶ State income tax exemption opportunities for new business owners who make payments toward student loan debt
- ▶ Access to affordable health insurance for entrepreneurs and employees of new, small companies would help enable job creation and hiring, as healthcare costs are often one of the largest hurdles to hiring for new businesses



Execution

As described above, this platform serves as the foundation upon which NEXT Missouri will engage in policy dialogue alongside, and on behalf of, new businesses and entrepreneurs. In the coming years, NEXT Missouri will iterate on this platform and develop more specific, target positions and proposals in policy venues across Missouri. Here are some examples of where NEXT Missouri aims to execute its policy platform include:

COVID RESPONSE & RECOVERY

Given the COVID-19 pandemic, Missouri must prioritize entrepreneurship as a driver for job creation and economic recovery. While early interventions necessarily focused on stemming business closures and slowing dislocation of existing employees, new strategies for economic recovery must include support for entrepreneurs, including those currently unemployed, to rebuild and replace lost businesses and jobs with new companies and new employment opportunities. This requires prioritizing federal funding and other resources to meet the needs of new businesses; filling budget holes related to entrepreneur support activities; and enacting new programs to support new businesses' role in driving economic recovery for the state.

ENSURING NEW BUSINESSES ARE PRIORITIZED IN ECONOMIC DEVELOPMENT PLANNING

To complement Missouri's recent 'Best in the Midwest' economic development strategy, NEXT Missouri will deeply engage with stakeholders and policy makers to ensure that new business formation and growth are prioritized in the state's economic development plans and investments. In partnership with the Missouri Department of Economic Development, the Department of Higher Education and Workforce Development, the Missouri Technology Corporation, and other state agencies, NEXT Missouri will make sure the voices of entrepreneurs are at the table in the state's future plans. NEXT Missouri will also support its members and stakeholders to ensure that the Comprehensive Economic Development Strategies (CEDS) in communities across the state will include and prioritize new businesses/startup companies.

2021 MISSOURI GENERAL ASSEMBLY SESSION AND BEYOND

NEXT Missouri will leverage this platform to develop specific legislative agendas and policy proposals for the 2021 session of the Missouri General Assembly and subsequent years. NEXT Missouri and its partners originally coalesced around support for renewed funding for the Missouri Technology Corporation and NEXT Missouri will continue to advocate for MTC as a proven, existing model to be scaled as a component within a revamped economic development strategy in Missouri. Furthermore, this platform will inform the drafting of bills, appropriations requests, and engagement with and messaging to legislators to promote a broader array of pro-entrepreneur policies and to defend against policies that hinder new businesses in Missouri.

MOVING FORWARD

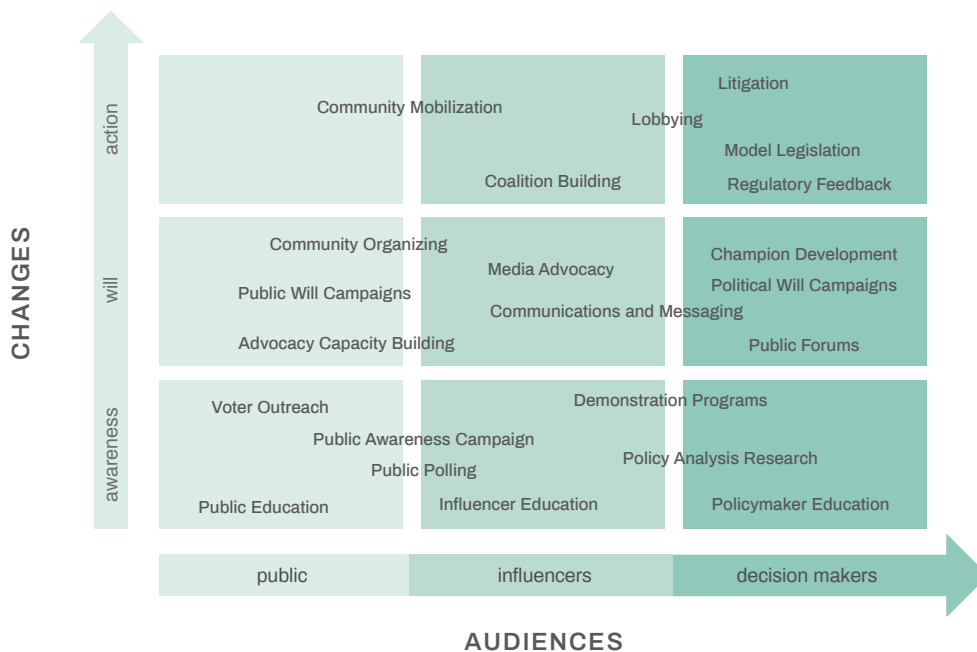
With this platform and a plan (as noted above) for strengthening NEXT Missouri as a voice for new business across Missouri, NEXT Missouri will look to expand its outreach and engagement activities in 2021 and beyond. Through improved communications tools (e.g. website, social media, newsletters, etc.), additional stakeholder engagement and feedback, NEXT Missouri will continuously iterate and improve on its policy platform as a living testament to the needs of new businesses and the role they play in driving economic growth in Missouri. Some more specific activities include:



- ▶ Virtual 'town hall' style forums with policy makers and new business owners
- ▶ Virtual 'coffee talk' round tables with Missouri entrepreneurs to seek out new policy ideas, feedback, insights and experiences
- ▶ Lobby Day/Day at the Capitol events where entrepreneur and entrepreneur supporters can speak directly with state legislators
- ▶ Educational webinars with local and state economic development stakeholders, Chambers of Commerce, government officials, etc.
- ▶ Ongoing policy updates (conference calls, newsletters) with NEXT Missouri membership

In designing and executing its activities, NEXT Missouri is again leveraging national research and best practice through the Entrepreneur's Policy Network (another initiative supported by the Kauffman Foundation). NEXT Missouri will organize targeted efforts aimed at "Public," Influencer," and "Decision Maker" audiences, working to move these audiences from "Awareness" to a "Will" to advocate and into "Action" in support of entrepreneurs and new businesses. The graphic below displays the types of activities that NEXT Missouri will grow into as it scales its advocacy on behalf of entrepreneurs⁷.

THE ADVOCACY STRATEGY FRAMEWORK



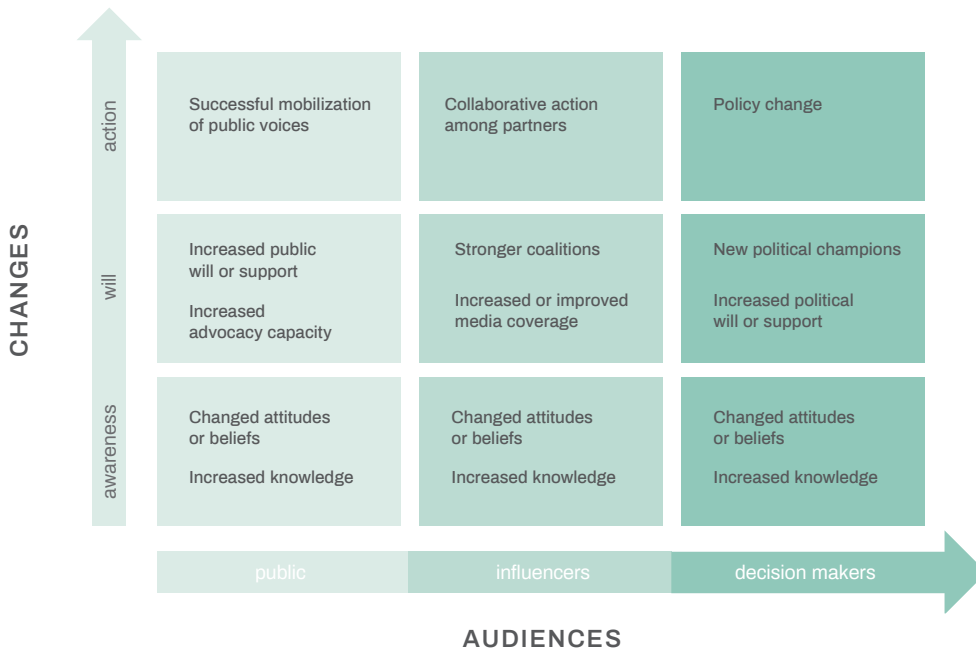
⁷ Coffman, Julia and Tanya Beer. "The Advocacy Strategy Framework: A tool for articulating an advocacy theory of change." Center for Evaluation Innovation. March 2015. As adapted by the Entrepreneur's Policy Network.



MEASUREMENT

NEXT Missouri will judge the state's (and its own) success by closely monitoring specific indicators important to new businesses and reflective of their health and success. Again adopted from the Entrepreneur's policy Network and its adaptation of the advocacy strategy framework, the graphic below depicts the possible metrics associated with advocacy activities by which NEXT Missouri will track and measure its outputs and interim outcomes—mapping how these progressions lead to policy change and, in turn, increased business outcomes for Missouri new business and increased economic outcomes for the state and all its citizens.

ASSOCIATED METRICS



Additional examples of possible outputs and outcomes related to NEXT Missouri's activities can be found in the Appendix.



Closing

This policy platform represents a possibilities for a new future for Missouri and the new businesses that drive its economic success. Entrepreneurship must be a central pillar of the state's economic development policy and entrepreneurs must be at the center of policy dialogues.

To learn more and stay informed, please visit NextMissouri.org.



Appendix

POLICY ADVOCACY LOGIC MODEL

This logic model aligns with the Strategy Framework for moving forward and the Associated Metrics framework for measurement cited in the document above. Using components of this tool, NEXT Missouri aims to be rigorous in measuring the impact of its activities, outputs, and outcomes.

Policy Goals

Policy Development	New proposals or guiding principles developed
Placement on Policy Agenda	Policies formally introduced (bills, bonds, ballot measures, regulations, admin. policies etc.)
Policy Adoption	Policies formally established (bills, bonds, ballot measures, regulations, admin. policies etc.)
Policy Blocking	Policies formally blocked (bills, bonds, ballot measures, regulations, admin. policies etc.)
Policy Implementation	Policies implemented or administered
Policy Monitoring and Evaluation	Funding established to formally monitor or evaluate policies
Policy Maintenance	Funding levels sustained for policies/programs Eligibility levels maintained for policies/programs



Advocacy Activities (Outputs)

Electronic Outreach	New website or pages developed Number of frequency of e-blasts
Earned Media	# of editorial board meetings held # of outreach attempts to reporters # of press releases developed and distributed
Paid Media	# of print, radio, or online ads developed \$ spent on advertisements # and types of distribution outlets for ads
Media Partnerships	# and types of media partnerships developed # and types of distribution outlets accessed through partnerships
Coalition and Network Building	# of coalition members Types of constituency types represented in the coalition # of coalition meetings held and attendance
Grassroots Organizing and Mobilization	# and location of communities where organizing efforts take place # of community events or trainings held and attendance
Voter Education	# and types of materials developed and distributed # of voters reached
Briefings/ Presentations	# of briefings/presentations held Types of audiences reached # of people attending briefings/presentations
Polling	Polls conducted with advocacy audience(s)
Issue/Policy Analysis and Research	# of research or policy analysis products developed (reports, memos, etc) # and types of distribution outlets # of products distributed
Policy Proposal Development	Policy guidelines or proposals developed # of organizations signing onto guidelines or proposals
Policymaker and Candidate Education	# of meetings or briefings held with policymakers or candidates # of policymakers or candidates reached Types of policymakers or candidates reached
Relationship Building with Decision Makers	# of meetings held with decision makers
Litigation or Legal Advocacy	Amicus briefs written Testimony offered
Lobbying	# of meetings held with policymakers or candidates # of policymakers or candidates reached Types of policymakers or candidates reached



Interim Outcomes

Organizational Capacity	<ul style="list-style-type: none"> Increased knowledge about advocacy, mobilizing, or organizing Improved media skills and contacts Increased ability to get and use data
Partnerships or Alliances	<ul style="list-style-type: none"> New or stronger organizational relationships developed New relationships with unlikely partners
Collaboration and Alignment	<ul style="list-style-type: none"> New organizations signing on as collaborators Policy agenda alignment among collaborators Collaborative actions taken among organizations (joint meeting, aligning of messages)
New Advocates	<ul style="list-style-type: none"> New advocates recruited New constituencies represented among advocates New advocate actions to support issue
New Champions	<ul style="list-style-type: none"> New champions or stakeholders recruited New constituents represented among champions Champion actions to support issue (speaking out, signing on)
New Donors	<ul style="list-style-type: none"> Number of first-time donors New donors offering financial vs. in-kind support Avg. \$ given by new donors
More or Diversified Funding	<ul style="list-style-type: none"> # of overall donors Types of donors (individual, foundation, corporate) \$ donated to support advocacy efforts Revenue earned to support advocacy efforts
Organizational Visibility or Recognition	<ul style="list-style-type: none"> # of requests for advocate products or information Number and types of invitations for advocates to speak as experts
Awareness	<ul style="list-style-type: none"> % of audience members with knowledge of an issue Website activity for portions of website with advocacy-related info
Salience	<ul style="list-style-type: none"> % of audience members saying an issue is important to them
Attitudes or Beliefs	<ul style="list-style-type: none"> % of audience members with favorable attitudes toward issue



<p>Public Will</p>	<p>% of audience members willing to take action on behalf of a specific issue Attendance at advocacy events/webinars</p>
<p>Political Will</p>	<p># of citations of grantee products or ideas in policy deliberations # of elected officials who publicly support the advocacy effort # of issue mentions in policymaker speeches or debates Number and party representation of bill sponsors and co-sponsors # of votes for or against specific legislation</p>
<p>Constituency or Support Base Growth</p>	<p>Website activity for portions of website with advocacy-related info # of fans, group members, or followers on social media accounts</p>

