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Encouraging Entrepreneurship: Resources Supporting Small Business Startup and Growth

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Encouraging Entrepreneurship:

Resources Supporting Small Business Startup and Growth

By

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A Dissertation Submitted to the Faculty of
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Small business success drives the health of a local economy. The problem of this three phase mixed methods study was to encourage entrepreneurship by identifying the resources that support business startup and growth. In the first qualitative phase, the city business resource webpage was observed and 10 entrepreneurs were interviewed to identify which business resources were used for their recent startups. Using the data from the interviews, a survey instrument was developed for the Small Business Subcommittee (SBS) that was used in the second quantitative phase which included 351 business owners; 35% were women and 65% were men. The sample represented small businesses of varying sizes and industries including construction trades, professional services, retail, manufacturing, food service, personal service, and healthcare/biotechnology. Ethnicity of the sample population mirrored the ethnicity of the city population. The Small Business Survey included 17 Likert-style and 2 open ended questions. Descriptive statistics were used to report the findings and the open ended questions were reviewed and coded by the researcher and the SBS. Exploratory factor analysis was performed on 12 items to validate the survey instrument. The data were used to develop a protocol for the third qualitative phase of the study and thirteen entrepreneurs who had used public business resources were interviewed. Three researchers coded the data to provide interrater reliability. Themes were clustered and a model for small business startup and growth was developed. The results indicated that the city could improve business growth by providing
information for startups, creating a streamlined process, developing an attitude that supports small business owners, offering more training opportunities, and initiating supporting services.
This dissertation is dedicated to my husband Dan, the love of my life, and to my son John, on whom the sun rises and sets. Thank you for the endless encouragement and support; this would not exist without your help. I love you both dearly!

I dedicate this dissertation also to my late parents, Ray and Barbara Weinig. My father instilled in me a love of learning and striving for excellence. Mom was the greatest encourager on the planet and the embodiment of unconditional love.

Karen A. Eagle
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CHAPTER I

Introduction

Small businesses play a critical role in the health of an economy. Entrepreneurs who succeed in their endeavors can grow their businesses, employ more people, and will pay more taxes; conversely, businesses that struggle or fail can cause the loss of jobs, wages, and tax revenues. While anyone can start a business in the United States, no education or training is required; entrepreneurs start their own operations because they seek control over their lives by doing something personally enjoyable while creating the opportunity for success (Begley & Boyd, 1987; Jarillo, 1988; Markman & Baron, 2003; Poschke, 2013). However, these motivations alone do not prepare individuals for the rigors of business ownership. Business owners require knowledge and special skill sets in order to succeed in today’s competitive business landscape and can benefit from business planning (Brinckmann, Grichnik, & Kapsa, 2010; Chrisman & McMullan, 2004). In the United States, many individuals start companies without the information they need to compete and stay in business (Townsend, Busenitz, & Arthurs, 2010; Watson, Hogarth-Scott, & Wilson, 1998).

The recent recession ranks as history’s worst in terms of the number of jobs lost since 1945, and policymakers are turning their attention to potential new firm growth to provide jobs and economic stability (Stangler, 2011). With the subdued startup activity, policies at the federal, state, and local levels can influence an individual’s ability to start a business and impact the growth and survival of the firm (Wiens & Jackson, 2014).

In Virginia Beach, Economic Development offers free courses for entrepreneurs and a mentorship program through the Small Business Development Center. Although studies show that individuals who own businesses desire training (Liang & Dunn, 2012; Watson et al., 1998), few entrepreneurs participate in these programs. Are the business owners aware of the opportunities available? A myriad of information sources, courses, and consulting opportunities
exist in the city and few business owners are participating. Do they have problems finding this information? Are new entrepreneurs aware of what they don’t know and operating their business under the assumption that they are informed, in other words, do they know what they don’t know (Koch, 2006)?

**Statement of the Problem**

The problem of this study was to encourage entrepreneurship by identifying the resources that support business startup and growth.

**Research Questions**

The research for the mixed-method study was guided by the following research questions relative to Virginia Beach.

RQ₁: What are entrepreneurs’ informational needs for business startup and growth?

RQ₂: What resources do entrepreneurs seek and use before starting up a new business?

RQ₃: To what degree do entrepreneurs perceive Virginia Beach as helpful in the process of small business startup in the city?

RQ₄: To what degree do entrepreneurs perceive Virginia Beach as supportive to small business expansion?

RQ₅: To what degree do entrepreneurs utilize training services offered by the city?

RQ₆: What type of training workshops would entrepreneurs want to attend?

RQ₇: What resources and assistance should public agencies offer that support entrepreneurship?

**Background**

New businesses are important for economic growth and small firms are the significant players. According to the U.S Census Bureau and the Small Business Administration (SBA), 99.7% of all US companies are “small businesses” and although the SBA defines small businesses as having fewer than 500 employees, 98.2% of “small” firms have 29 or fewer
employees and 81% of these businesses are considered to be “micro businesses” because they have five or fewer employees (Olsen, 2015; Ryan, 2014). Small business accounts for 41.7% of employment for the country’s labor force and account for 67% of new jobs (Rauch, Doorn, & Hulsink, 2014; Stangler, 2011). Despite these promising statistics, firms closing their doors have steadily increased in the past ten years, with only 44.6% surviving after five years in operation (Robb, 2013). Of the 55.4% that fail, 80% of those firms can expect to fail within the first 18 months after opening (Wagner, 2014).

Startups account for nearly all net new job creation and almost 20% of gross job creation (Wiens & Jackson, 2014). In 2007, the figure was roughly 12 million, or two-thirds of new jobs (Stangler, 2011, p. 6) and the smaller companies created more of these jobs than larger firms. However, the real driver of disproportionate job growth has been firm age; since 1980, nearly all net job creation has come from young firms, less than five years old (Bradley, Dutt, Mohsenzadeh, Pogue, & Sun, 2012; Haltiwanger, Jarmin, & Miranda, 2013; Stangler, 2011; Wiens & Jackson, 2014).

The number of new businesses have always outpaced business failures since the US Census bureau has been measuring business “births and deaths”; nonetheless, the startup numbers began declining in 2008, ranking the United States 12th among developed nations for startup activity per capita (Clifton & Badal, 2014). Currently, the number of business “deaths” far exceeds the number of “births” by 31% (“Small business facts,” 2015). These declining start-up rates threaten growth. Additionally, fewer young adults are starting their own businesses; the proportion of people under 30 owning a business has fallen to the lowest level in at least 24 years (Simon, 2015).

**Significance of the Study**

The consequence of lower startup rates can have a severe effect on the economy. Jobs lost in established industries due to the recession, globalization, and regulation may never
return; therefore, employment and economic growth may depend on new ventures (Blank, 2013b). Education can be the most significant factor that the public sector can affect to influence start-up rates and growth (Motoyama & Bell-Masterson, 2014) and entrepreneurs are hungry for information to help them run their businesses. Liang & Dunn (2012) interviewed 564 business owners and found that many entrepreneurs who were currently operating businesses felt that they needed to gain more business training and would seek help if they were to start another business. Watson et al. (1998) documented that business owners seek training to develop their business planning relative to their perceived needs and found that the primary subject sought for advice centered on developing a formal business plan; 13 other subject areas of interest for new business owners showed low participation. The authors posited two important questions for future research: first, “Do applicants correctly perceive their training needs prior to a business start-up” and second, “Is high quality training in appropriate areas readily available?” (p. 236).

Municipalities can create programs to assist entrepreneurs with network formation, provide peer learning opportunities and mentorships to help new businesses start and existing firms grow (Wiens 2014). Research has shown that guided assistance offered by local Small Business Development Centers (SBDC’s) improves the growth of firms (Chrisman, McMullan, & Hall, 2005; Chrisman & McMullan, 2004). But researchers have repeatedly found a “lack of coordination between economic development activities and support for small business” (Gomez, Isakov, & Semansky, 2015). In Hampton Roads, these programs already exist. Interviews with local Economic Development officials revealed, however, that the free workshops offered by the SBDC are poorly attended. Also, SCORE (the Service Corps of Retired Executives) offers free business counseling and few nascent owners seek their advice. The researcher recently conducted three ten-week entrepreneurship training camps called the Hampton Roads Retail Academy for the Hampton Roads Chamber of Commerce and all sessions were sparsely
attended. The lack of participation in sponsored programs has city officials believing that there is an absence of interest in the services. Why don’t business owners participate? In a study of entrepreneurs in a Midwest county, Birley (1985) found that business owners and their social networks appeared to be unaware of formal sources available for guidance. And apparently, in Virginia Beach, people also seem unaware of these resources.

In Virginia Beach, the recession has had a significant negative impact shown by decreases in the General Sales tax, Utility taxes, and Business Licenses which reflect the shrinking business population in the city and present added stress to the overburdened city budget (Spore, 2015). To overcome such shortfalls in Virginia Beach, city officials are looking for ways to increase business startups and empower growth in existing businesses. With a goal to “promote small business and entrepreneurial activity with every resource available” ("Virginia Beach strategy to grow includes small business," 2014), the city of Virginia Beach initiated a Small Business Subcommittee (SBS) to develop a survey to identify barriers to small business success in order to maximize prosperity in the community by recommending practical solutions to help small businesses thrive ("Small business subcommittee," 2015).

There is a void in the literature describing the motivations for entrepreneurs to use small business support programs (Shabaya, 2014). The aim of this mixed methods study was to learn whether entrepreneurs are aware of available public resources that assist startups and empower business growth and to identify the factors that influenced their decision to use them.

**Limitations**

The participants of the study included only entrepreneurs with businesses in Virginia Beach, Virginia. Participants self-selected and the samples for the qualitative interviews did not include business owners from every industry. Assistance available from government services was limited to the area. Bias was a limitation in the interviews in which the participants were acquainted with the researcher.
Assumptions

This study was conducted in a south-eastern Metropolitan Statistical Area and assumed that the surrounding cities offered free or low cost services and resources for entrepreneurs. Another assumption was that business owners were unaware of available government services that can enhance business growth. It was assumed that there is a gap between the knowledge possessed by nascent entrepreneurs and the knowledge required to start and operate a successful business.

Procedures

The study followed a mixed method design. The first phase of the study explored the informational needs and use of business start-up resources for the purpose of developing a survey instrument for the small business population in Virginia Beach and addressed the first two research questions:

RQ₁: What are entrepreneurs' informational needs for business startup and growth?
RQ₂: What resources do entrepreneurs seek and use before starting up a new business?

Based on the literature view, protocol was developed and interviews were conducted from a sample of 10 entrepreneurs with businesses in Virginia Beach. It was necessary to first conduct a qualitative study as there were no existing instruments or data that assessed the barriers to small business growth nor the needs for entrepreneurship training based on the views of the participants (Creswell, 2007).

The second, quantitative phase followed up on the qualitative phase to answer research questions 3, 4, 5, and 6:

RQ₃: To what degree do entrepreneurs perceive Virginia Beach as helpful in the process of small business startup in the city?
RQ₄: To what degree do entrepreneurs perceive Virginia Beach as supportive to small business expansion?
RQ5: To what degree do entrepreneurs utilize training services offered by the city?

RQ6: What type of training workshops would entrepreneurs want to attend?

A survey instrument was developed based on the initial interviews, and again was informed by the literature review. Three hundred and fifty one business owners in Virginia Beach completed the survey, which included 12 Likert-scale questions and two multiple choice open ended responses that addressed the operations of the city. Quantitative data were analyzed using descriptive statistics and a factor analysis was performed to validate the instrument for future studies.

The Virginia Beach Small Business survey indicated a need for further research to study the gap identified between entrepreneurs’ desire for government sponsored training and the programs in place that are not attended. The third, qualitative phase of the study explored the aspects of public business resources that are most helpful for entrepreneurs to answer the final research question:

RQ7: What resources and assistance should public agencies offer that support entrepreneurship?

A purposeful sample of 13 entrepreneurs was selected, representing small business entrepreneurs who have used public services for startup assistance in Virginia Beach. Protocol was developed based on the results of Phase 1 & 2 and data were collected during individual interviews with business owners who volunteered to participate in the study. The protocol, comprised of open-ended questions, was designed to confirm the model developed in Phase 2 which was informed by Phase 1 and the literature review. The qualitative data were analyzed by multiple researchers using consensus coding.

Both qualitative studies followed the phenomenological tradition in qualitative inquiry which views the subject through the eyes of the participants (Dowling & Cooney, 2012; Flood, 2010; Hays & Singh, 2012; Lala & Kinsella, 2011; Starks & Trinidad, 2007). Interviews were
recorded and transcribed. The researcher listened to the recordings and approached the transcriptions with openness to whatever patterns and themes emerged. Bracketing was used to set aside prior knowledge and assumptions; a code book was used for documentation and field notes were reviewed (Dowling & Cooney, 2012). Consensus coding increased trustworthiness; three researchers coded the data which resulted in 100% agreement across categories (Hays & Singh, 2012).

In addition to the interviews and survey, unobtrusive data was collected from the resource page of the city website, triangulating the data to enhance the conclusions (Leedy & Ormrod, 2013).

**Definition of Terms**

The following terms are defined for clarification:

**Entrepreneur**: a business owner who organizes and manages any enterprise, usually with considerable initiative and risk ("Small business development centers," 2015).

**Public Agencies**: government agencies that provide assistance to small businesses and aspiring entrepreneurs throughout the United States ("Small business development centers," 2015).

**Public Services**: government sponsored services available for business owners, including low cost training and free consulting ("Small business development centers," 2015).

**Resources**: knowledge and tools businesses need to grow and expand ("Small business resources," 2015).


**Summary and Overview of Chapters**

The problem of this study was to encourage entrepreneurship by identifying the resources that support business startup and growth. The assumption was that most entrepreneurs are unaware of free or low cost services and resources offered by the
government that can enhance business growth. This study consists of five chapters. The first chapter presents the problem, states the research questions, and outlines the background and significance. Chapter II will establishes a theoretical foundation for the research questions by reviewing the literature related to the history of entrepreneurship education and research and elements of small business success, including personal skills; financial, human, and social capital; public and private resources; and awareness of public resources available. Chapter III describes the methods and procedures used to gather data for the study, the population studied, and methods of analysis. Chapter IV presents the findings of this study and describes the research data in further detail. Chapter V provides a summary and draws conclusions about the factors influencing entrepreneurs to seek resources from government agencies and lists recommendations to support future studies based on these conclusions.
CHAPTER II

Literature Review

Chapter II includes a review of existing literature related to the research problem and the purpose of the mixed method study. The chapter begins with the history of entrepreneurship education and research and modern approaches for entrepreneurship education. Elements for startup success are explored and include personal skills; financial, human, and social capital; and support available for small businesses.

Entrepreneurship Education and Research

Business education emerged in the late 19th century after what Kaplan (2014) calls the “trade school or vocational era”. (p. 10-11). The first business school in the US was The Wharton School of Finance and Commerce, established in 1881 and was influenced by Frederick Taylor’s (1911) scientific management or production efficiency (Thomas, 2013). Development was slow for business schools because the liberal arts schools of the era were not accustomed to practical education; resulting in “problems between the arts and science faculty and the business school” (Van Fleet, 2005, p. 44).

Origins of Entrepreneurship Education. The earliest form of entrepreneurship education was part of the agricultural extension of the land-grant colleges at the end of the nineteenth century and was founded on the idea that college educated farmers could become more productive and prosperous (Katz, Roberts, Strom, & Freilich, 2014). It took more than 50 years for the business schools to offer something comparable; the first course for entrepreneurs, “Management of New Enterprises”, was taught at Harvard in 1947 (Katz, 2003). The first MBA small business course “Small Business Management” was offered at Stanford in 1954 and the first undergraduate concentration in entrepreneurship wasn’t offered until 1968 at Babson College when there were fewer than 10 universities offering courses in the nation (Katz, 2003).
During this time, the focus in American business was on the large corporation, which was believed to create the majority of jobs. In the view of economic development, small business was not thought to be important in job creation. Only 16 schools taught entrepreneurship classes in 1971, 15 of which were at the graduate level (Vesper, 1971). It wasn’t until a report was published in 1979 that the government acknowledged the importance of small businesses in the economy (Burlingham, 2012). Examining data from Dun & Bradstreet, David Birch (1979) found that small businesses (with fewer than 20 employees) were job-generating companies and created as many new jobs as large-scale firms (with over 500 employees). This was a new concept because until then, the focus was on large organizations.

Yet, there still was a lack of consensus on whether entrepreneurship should be offered as a major. Hills (1988) called entrepreneurship an evolving field that was in “the embryotic stage”, noting minimal commitment of university teaching as academia was “awakening” to the void in knowledge (p. 110). In the 1980’s, new conferences, scientific journals, and professional organizations were established by individual scholars. The first journal to focus on entrepreneurship, *The Journal of Business Venturing*, was launched in 1985 and included an essay by President Ronald Reagan (the editors included a footnote stating that the essay “had not been peer-reviewed”) (Aldrich & Yang, 2014, p. 1244). This is the same year that Peter Drucker published his seminal work *Innovation and Entrepreneurship*, which legitimized entrepreneurship as a business school subject.

By 1986, there were 253 colleges or universities with *courses* in small business or entrepreneurship, and fewer than 50 schools with undergraduate *programs* (Vesper & Gartner, 1997). Most of the courses offered focused on small business management. In 1987, the Academy of Management recognized entrepreneurship as a formal field of study (Hindle, 2015). These events led to enormous growth in entrepreneurship research in the 1990’s (Landström,
Today, the field has expanded beyond a small group of scholars to include a global research community focusing on new firms and high growth industries (Aldrich, 2012).

The research component in entrepreneurship education is still considered an emerging field, with about a 30 year history (Landström et al., 2012) and has been identified as fragmented and widely dispersed (Fayolle, 2013). Much of the early research centered on developing theories to explain the types of entrepreneurs and in the past decade, the focus has shifted to emphasize the consequences of actions (Aldrich & Martinez, 2001).

Modern Entrepreneurship Education and Training. At the undergraduate level, entrepreneurship is one of the fastest growing subject areas (Schramm, 2008) and there is a movement to teach entrepreneurship in a university-wide model that offers courses in different colleges within a university, showing students how one discipline helps another. Called Cross Campus Entrepreneurship Education (CCEE), it commits to promoting entrepreneurship “everywhere in the university” (Katz et al., 2014, p. 29). This model has seen opposition from some liberal arts academics, (Baldwin & Baker, 2009), yet it supports research indicating that business schools need to teach creativity to meet today’s challenges in business (Baker & Baker, 2012; Robinson & Stubberud, 2014). This model also employs the proper learning strategy for practitioners that makes a difference in learning outcomes because entrepreneurs learn by “doing”. For example, Ireland & Webb (2007) built a system of games to teach soft skills missing in formal programs for entrepreneurs, such as networking and creativity. Because there is no single approach that works in every institution, higher education campuses build their own programs or “ecosystems” and can include classroom instruction, business plan competitions, co-curricular learning programs with internships, clubs and lectures, and association with business incubators, accelerators, and mentoring programs (Torrence et al., 2013).
There are also some differences in nascent entrepreneur startup practices that business school textbooks need to address. Edelman, Manolova, and Brush (2008) discovered a gap between the education programs and what entrepreneurs actually practice. The concern is the time lag to create new courses in universities; by the time new topics are approved, business owners may have additional challenges that should be addressed. Today, new programs are finding positive results when developing partnerships with industry professionals and also by adding the distance learning component (Hegarty, 2006).

Although ongoing education can help business owners grow their enterprises, training has a higher value with startup firms than with established companies (Gruber, 2007) and outside assistance during the startup phase can significantly influence survival rates of new ventures (Chrisman & Ed McMullan, 2000) and financial performance (Katz et al., 2014). Human capital, external networks, and resources, are identified by Honig (2001) as essential to training programs to address the need to be flexible and adaptive to the business environment when planning entrepreneurial learning strategy and activity.

**Conceptual Framework: Elements of Business Success**

Nascent entrepreneurs are individuals who are actively involved in setting up a new venture (Parker & Belghitar, 2006). Access to information affects founders’ decision to start a venture (Vivarelli, 2004), and complexities perceived by new founders hinder the decision for business entry when individuals lack relevant information (Van Der Zwan, Verheul, Thurik, & Grilo, 2013). Though many would-be entrepreneurs spend time thinking about starting a business, individuals who aggressively pursue startup activities (i.e. organizing a team, preparing a plan, and looking for facilities and equipment), to make their business tangible are more likely to actually start rather than give up (Carter, Gartner, & Reynolds, 1996). Elements for startup success and business growth include personal skills, capital (financial, human, and social), public or private business resources (see Figure 1).
Figure 1. Conceptual Framework: Elements of small business success.

**Personal Skills.** These entrepreneurs who start new, independent businesses lack the support of a sponsoring organization, which can shelter the new firm from factors that hinder startup success and later, growth. Owners must rely on their own interpersonal and personal
skills to handle unexpected challenges that face new businesses and because they have incomplete information, they make strategic mistakes in the startup process or in their early years of operation which may lead to business closure. Without the safety net provided by a parent company, young firms face constraints of newness and lack of legitimacy, which is intensified in innovative technical firms (Aldrich & Fiol, 1994).

**Optimism.** Most individuals who start businesses believe they have the talent, knowledge, and skills to be successful, and entrepreneurs exhibit dramatically higher levels of overconfidence bias than typical business managers and tend to categorize their business situations positively (de Meza, 2002; Palich & Bagby, 1995). According to Ucbasaran, Westhead, Wright, and Flores (2010), even serial entrepreneurs who have experienced business failures exhibit higher confidence than the norm, calling it comparative optimism. The high degree of optimism leads entrepreneurs to expect their odds for success to be substantially high (Frankish, Roberts, Coad, Spears, & Storey, 2012; Koellinger, Minniti, & Schade, 2007), and makes individuals more likely to take risks and start new ventures (Townsend et al., 2010).

**Cognitive Bias.** Entrepreneurs, more than the general public, are more apt to focus on the future and are susceptible to cognitive bias (Forbes, 2005), particularly the self-serving bias where individuals give themselves credit for positive outcomes and blame others for negative events (Baron, 1998) and decision bias, where people are less cautious than the norm (Arenius & Minniti, 2005; Busenitz & Barney, 1997). In decision making, entrepreneurs gather less information, are less likely to use formal techniques to solve problems, and are less rational than managers (Markman & Baron, 2003).

Busenitz and Barney (1997) coined the term "entrepreneurial cognition" to explain cognitive factors, or biases, that are characteristic of entrepreneurs. These cognitive biases can lead entrepreneurs to underestimate risks by discounting uncertainty and negative outcomes (Simon, Houghton, & Aquino, 2000). These biases that can lead to the overestimation of
success during startup, they also enhance the ability to develop necessary positive relationships that advance business growth, such as the ability to convince customers that the new product will be successful and to enlist support from investors (Vecchio, 2003).

**Confidence.** Thinking positively fosters motivation and entrepreneurs who practice goal setting are more likely to start their ventures (Gielnik et al., 2014). But confidence is not a product of education or preparation in starting a new venture. Cooper, Woo, & Dunkelberg (1988) found that both well-prepared and poorly prepared individuals were equally optimistic. Because they chart their own paths, entrepreneurs can make irrational choices (Bernardo & Welch, 2001). Overconfidence leads nascent entrepreneurs to overestimate their first year sales (Cassar, 2010), and has a negative correlation with business survival in the long run (Koellinger et al., 2007). An entrepreneur’s human resource profile can greatly affect the success or failure of a firm; industry experience can act as a moderator and give new entrepreneurs an advantage for setting realistic goals (Cassar, 2014).


**Financial Capital.** Having sufficient financial capital in the startup phase is widely acknowledged as necessary for business survival (Baron, 2014; Fernández-Guerrero, Revuelto-Taboada, & Simón-Moya, 2012; Gelderen, Thurik, & Bosma, 2005; Granger & Sterling, 2012; Honig, 1998; Miles, 2013). Smaller businesses tend to have less capital at startup than larger businesses (Curran, 2000).

**Human Capital.** Human capital focuses on the knowledge and ability of the entrepreneur as well as previous experience, which also contributes to business growth (Jo & Lee, 1996; Van Praag & Versloot, 2007). Human capital includes information and industry experience.
Information and Training. Because entrepreneurs must learn significantly faster (than non-entrepreneurs) to react to business ownership challenges, knowledge is as imperative as capital (Aldrich & Martinez, 2001). There are informational limitations due to new venture novelty and founder ignorance increases business mortality risk (Shepherd, Douglas, & Shanley, 2000; Simmons, 2007). Therefore, business survival is strongly linked to human capital, where owner education plays a large role (Bates, 1990; Kim, Aldrich, & Keister, 2006); human capital acquired through education is significantly associated with entrepreneurship performance (Millán, Congregado, Román, van Praag, & van Stel, 2014). Founders can obtain knowledge and information through previous experience, formal education, or informal training (van Praag, 2003).

Industry Experience. The success of a small business depends on the efforts of the owner-manager (or partners), who must carve out a niche for the new entity. Though entrepreneurs tend to be well educated, the majority don’t come straight from business school or from a family of entrepreneurs; they have experience within their industry (Wadhwa, Aggarwal, Holly, & Salkever, 2009). Experience in an industry is positively correlated with success in new ventures and is actually a better predictor for an entrepreneurs’ success (Alasadi & Al Sabbagh, 2015; Kim, Aldrich, & Keister, 2006; van Praag, 2003). Previous work experience, or learning by doing, provides a basis of knowledge for entrepreneurs but learning through education and training in addition is also useful because many businesses fail due to lack of preparation (Aldrich & Yang, 2014).

Social Capital. Social capital, described as relationships with individuals, networks, communities, has a higher value than human capital, (Liao & Welsch, 2003). These include formal and informal networks, business planning, the development of a business plan, and mentors.
Networks. Knowing other entrepreneurs has a positive impact on the founders’ perception of starting a business (Arenius & Minniti, 2005). Formal business networks, consisting of bankers, accountants, and lawyers, exist in every community and provide opportunities for guidance. Entrepreneurs’ formal and informal networks can substantially influence the nature of their new venture. Most individuals rely on family, friends, and business contacts in the informal network (Henderson, 2002) and are preferred as mentors (LeBlanc, 2013). These formal and informal network contacts provide a key source of information and can also occur within the newly formed venture. Business owners benefit from strategic alliances and diverse information exchanges that result from balanced networks representing diversity in the players. Membership in formal business networks such as the Chamber of Commerce or Rotary Club are strong predictors of firm emergence (Davidsson & Honig, 2003) and policymakers are increasingly promoting business networks to strengthen the economic health of local communities (Besser, Miller, & Perkins, 2006). Support from friends and family has a great impact on business survival, although this has a small impact on sales growth (Hoang & Antoncic, 2003). Communities of practice also play a leading role in social networks for business owners by meeting the learning needs and aiding professional development (Campana, 2014). Government training programs can integrate social networks through peer-to-peer learning that create high trust and support participants by providing an opportunity to develop relationships with other entrepreneurs (Gordon, Hamilton, & Jack, 2012). Peer learning

Business Planning. To discover, diffuse, and employ informed action for firm survival, risk taking and a professionally planned founding process were significant predictors of new venture survival in one study (Kessler, Korunka, Frank, & Lueger, 2012). The use of professional advisors is affected by education level and is enhanced by the development of a business plan, and new founders seek more network contacts for assistance.
The Business Plan. The most widely used teaching tool for emerging business owners is the business plan, which is the principle means for investors to screen new businesses and make decisions on their potential to survive. The most common approach for education in entrepreneurial training focuses on writing one (Lange, Mollov, Pearlmutter, Singh, & Bygrave, 2007) and some research shows a correlation to business continuance when entrepreneurs complete them (Shane & Delmar, 2004).

On the contrary, there is debate among scholars about the significance placed on the business plan’s importance. Studies have shown that business plans alone are not an indication of future success in a new venture (Diochon, Menzies, & Gasse, 2005; Fernández-Guerrero et al., 2012; Gibson & Cassar, 2005) and business educators place too much emphasis on writing a comprehensive plan (Lange, Mollov, Pearlmutter, Singh, & Bygrave, 2007). Honig & Karlsson, (2004) found no relationship between profitability in companies that had written a formal business plan from those that had not, two years after founding. While business plans are produced in most cases to obtain funding (Lange et al., 2007), few entrepreneurs use them as a tool for ongoing guidance in their business operations. Karlsson and Honig (2009) found that firms do not follow their formal business plans over time and owners who write them rarely revisit the document after opening their business. In addition, business planning might actually have a negative performance consequence for a firm; only 40% of the INC 500 companies surveyed in 2002 had a formal business plan and of those respondents, 65% said they had strayed significantly from their original conception, adapting their plans to the changing business environment as they went along (Karlsson & Honig, 2009).

While the business plan alone will not indicate more potential for success; they are recommended specifically for entrepreneurs that are seeking capital from investors (Lange et al., 2007). They are also helpful for nascent entrepreneurs making a decision to enter the market, as they shed light on financial and marketing concerns (Chwolka & Raith, 2012) and
point to changes that should be considered before starting a business. Some researchers suggest that well-written business plans may improve a venture’s chance of survival and lead to growth. Mainprize and Hindle (2007), studied the common methods used by investors to measure performance of new ventures and tested the quality of writing in an entrepreneur’s business plan and found three business plan writing principles that significantly improved the likelihood of a new business achieving successful performance; they provide a full description of (a) the opportunity, (b) the entrepreneurial team, and (c) multiple plausible future scenarios (from best case to worst case).

When compared with 11 other factors that might contribute to a business’ success, the business plan was deemed the least important factor in Calvo’s (2010) study. Experience had the greatest impact, followed by environmental perception (attitude), resilience, and financial resources. Completing business plans and establishing legal entity early in the startup process can be beneficial for new ventures (Delmar & Shane, 2004; Gruber, 2007), but entrepreneurship education and training plays a greater role in business success than the establishment of a formal business plan (Fernández-Guerrero et al., 2012). Because the business environment is a volatile place, (Gruber, 2007) teaching practices should embrace an “adaptive toolkit” that may include a business plan for those who need it.

Mentors. For those with less experience, mentors have proven to increase the chance of a firm’s success; Gelderen, Thurik, & Bosma (2005) found that even those with limited industry experience had a better chance of success when coupled with education and guidance. Entrepreneurs are experiential learners (Pepin, 2012; Rae & Carswell, 2000), and mentors can guide business owners by providing meaning to experience (Sullivan, 2000) because small business mentors are experienced practitioners who can give insight to fledgling entrepreneurs. Wiens (2014) suggests that municipalities can create public programs to assist entrepreneurs with network formation, provide peer learning opportunities, and offer mentorships.
Public and Private Resources. Understanding the importance of small business survival and growth, the government supports entrepreneurs through the Small Business Association (SBA), providing information resources and education. Created in 1953 to preserve free enterprise and protect business concerns, their mission is to “help Americans start, build and grow businesses” ("Mission statement," 2015). In Virginia Beach, these services are provided through the office of Economic Development and the Chamber of Commerce together with their partnership with Tidewater Community College. Throughout Hampton Roads, private organizations also exist that support entrepreneurs.

Public Resources. Small businesses are known to have large failure rates; some believe this is attributed to the thought that nascent owners don’t know what they’re doing (Drucker, 1985). Publicly funded opportunities offering valuable insights already exist for entrepreneurs in local communities. In a longitudinal study of client participation with SBDC counselors, Chrisman & McMullan (2004) found a significant positive relationship with business survival among owners who received counseling during startup. Additionally, guided preparation provided by SBDC counsellors resulted in growth in sales and employment in businesses 3-8 years after inception (Chrisman et al., 2005).

The Department of Economic Development. Departments of Economic Development exist to improve a community’s general quality of life and economic health by implementing strategies to grow business (Chrisman, Holbrook, & Chua, 2002; "Virginia Beach department of economic development," 2016). The Virginia Beach Department of Economic Development conducts marketing outreach events to bring new businesses to the area, provides assistance to local businesses for expansion, and operates a division for minority and woman-owned businesses (SWaM). While the focus for many initiatives tends to lean toward larger businesses, policymakers should concentrate on developing small, local, and independent sectors to maximize the economic health of an area (Gomez et al., 2015). Departments of
Economic Development exist to help companies grow, yet many government employees “misunderstand entrepreneurship” and governments are known to “inhibit business activity” (Feld, 2012, p.35-36).

**Small Business Development Centers.** Small Business Development Centers (SBDCs) have been in existence since the late 1970’s and within 20 years were present in all 50 states (Chrisman et al., 2002). Local SBDCs, funded in part by the SBA, provide free and low cost consulting and training services through local universities and economic development offices. SBDCs help business owners develop business plans and financial packages, conduct market research and deliver guidance on healthcare and government contracting ("Small business development centers," 2015). They offer counseling and training for entrepreneurs in accounting, marketing, business planning, management, and legal aspects. Though they will consult with everyone, they emphasize women, minorities, veterans, and people with special needs (Barclay, 2009, p. 14) and assist startups as well as existing businesses who are trying to expand or struggling to survive. The SCORE Association (Service Corps of Retired Executives) is a network of seasoned entrepreneurs who provide free business advice and counseling for entrepreneurs. Unlike the paid employees of the SBDC, SCORE members volunteer their time to counsel business owners (Phillips, 2014). In Hampton Roads, SCORE has offices in Norfolk and Virginia Beach ("SCORE," 2016).

The free services offered are appreciated by entrepreneurs because there are few alternatives; in one study, 80% of entrepreneurs surveyed felt that they could not have found comparable quality mentoring at an affordable rate (Chrisman & Katrishen, 1994). But research shows that the services are underutilized. In a study conducted in a community in Indiana, Birley (1985) found that public sources were hardly used due to ignorance of their existence.

**Incubators.** A common program used to develop entrepreneurs is the business incubator, where marketing, management, and technology support is provided to multiple
businesses who share a single location. Incubators target early stage companies and help emerging business owners develop a community and assist them to become financially viable (Henderson, 2002). While some of these programs are sponsored by academic institutions or nonprofit organizations, others are fostered by local governments, included in the economic development investment strategy (Hires, 2010; Pappano, 2012). Renski’s (2008) study found strong entrepreneurial performance primarily in suburban areas and small cities, where the high number of entrants had the lowest failure rates. The International Business Innovation Association (IBIA) lists 12 U.S. State Incubation Associations that have varying presences on the web (“U.S. State incubation associations”, 2016). To date, the most successful incubators are located in cities known for tech innovation and the rate of success can be as high as 90%, compared to 44% of companies who start businesses without support (Sapinsley, Becker, & Kuyan, 2016; Smith, 2010).

*University and Other Organizations.* The *ODU Business Gateway*, located in Norfolk, supports several programs to assist business owners to start or grow their companies (“Business gateway,” 2016). They sponsor special programs that target women with the *Women’s Business Center* and veterans with the *Hampton Roads Veterans Business Outreach Center*. *Launch Hampton Roads* assists aspiring entrepreneurs to start businesses and create self-employment through training and collaboration with other area services. *The Hampton Roads Procurement Assistance Center* focuses on businesses owned by minorities, women, and service disabled veterans to assist in owners to make competitive bids for government contracts (“Hampton Roads procurement assistance center,” 2016). The newest operation at the *ODU Gateway*, *GOV2COM*, was developed in response to sequestration to assist small government contractors in making the transition to commercial markets (E. Dietzman, personal communication, February 10, 2016).
Private Resources

Accelerators. While incubators assist new entrepreneurs in the first stages of business ownership, business accelerators can take the enterprise to the next level of success. They differ from incubators in that they offer intense mentorship for a short period of time (typically 3-6 months) and are usually funded by small-scale or angel investors who offer pre-seed money in exchange for company equity (Pauwels, Clarysse, Wright, & Van Hove, 2015). Because they foster entrepreneurship, accelerators should be developed and supported by local stakeholders (Hathaway, 2014).

Private Organizations. There are private organizations in cities and counties throughout the nation that provide assistance for entrepreneurs (Gomez et al., 2015). The Kauffman Foundation sponsors 1 Million Cups (1MC) in Virginia Beach. 1MC is a network of cities throughout the country that provide pitch opportunities and feedback for new companies. Founded in 2012, there are 77 1MC Communities in the United States (as of January 2016). Each Wednesday morning, one or two entrepreneurs pitch their ideas. Founders have six minutes to present their business, followed by 20 minutes of feedback and questions from an audience of mentors, peers, educators, and business advisors (“1MC,” 2016; “Virginia Beach starts 1 Million Cups,” 2016). Participation is free and the organizers are volunteers. The supportive culture provides education for nascent business owners and networking opportunities to connect them with “trustable information” from other entrepreneurs (Stafford, 2013).

StartWheel is a relatively new private organization based in Hampton Roads that was developed by 757 Angels to assist entrepreneurs. 757 Angels is “the first & only organized angel group in Hampton Roads” (“757 angels,” 2016). The focus is to provide training resources and to connect nascent business owners with mentors. They aim to consolidate all the local entrepreneur resources on their website to make it seamless for new business owners to network with the right people or organizations.
Hatch is a business incubator located in Norfolk, a neighboring city. Started by Zach Miller, Hatch offers free online business resources and holds weekly seminars featuring local entrepreneurs. The City of Norfolk assists Hatch by providing the space for their operation. Promoted as “for entrepreneurs by entrepreneurs”, Hatch provides mentorship and access to additional training material to individuals who join 1000 Four and pay a monthly fee (B. Sheavly, personal communication, February 2, 2016).

**Availability of Public Resources and Awareness.** Entrepreneurs who receive help from outside experts, whether from universities, educational programs, or SBDCs, tend to have better survival rates (Katz et al., 2014). Creating an entrepreneur-friendly environment is critical for the economic health of a city and some local governments aspire to portray a welcoming city environment for aspiring entrepreneurs and business owners looking for expansion opportunities.

Recently, the Kauffmann Foundation conducted a national Small Business Friendliness Survey with 7,766 participants from very small businesses (Allen & Daniels, 2013). Assigning letter grades for performance, the survey asked participants to rank their city on “friendliness” with questions about fair taxes, training and networking programs, zoning regulations, and state support of business owners. Of the 53 cities ranked, Virginia Beach scored second in “business-friendliest” cities, but city officials should be careful before putting too much stock in the results because their sample of entrepreneurs did not mirror the business population of the city. For Virginia businesses, there were no responses from either the manufacturing or wholesale sectors, service providers were over-represented (75% of the participants, versus 57% nationally), and retail stores were underrepresented (1% of the participants, versus 11% nationally). According to the researchers, training and networking programs were significant indicators for business friendliness and in this survey overall, small business owners’ awareness
of public training programs raised their cities’ scores by an average of 10 percent (Eddy, 2014). In this category, Virginia Beach earned a B- and ranked 29th.

It is difficult to establish awareness for public support programs for entrepreneurs (Curran & Blackburn, 2000) and several studies indicate that low levels of awareness prevented participation in these programs (Audet & St-Jean, 2007; Birley, 1985; Shabaya, 2014). Municipalities should address this issue and also develop or support programs for small businesses that are “more business friendly” (Shabaya, 2014, p. 82).

**Summary**

Chapter II reviewed the literature related to the research problem including the history and modern approaches of entrepreneurship education and research. Elements for startup success and business growth were examined and included personal skills, capital (financial, human, and social), and public or private business resources. Availability and awareness of resources for entrepreneurs was also discussed. The literature review resulted in a conceptual framework which guided the development and implementation of Phase 1: interviews with startup entrepreneurs, Phase 2: survey of business owners, and Phase 3: interviews with entrepreneurs who used public resources.
CHAPTER III

Methods and Procedures

Mixed method design was used for the three-part study. Blending qualitative and quantitative research produces usable knowledge in creative ways to fit within a contextual, interpretive framework Yanchar (2006). The use of quantitative data alone can be narrowly constrained, one-dimensional and overly restrictive (Dawson, Fischer, & Stein, 2006); therefore, the collection of both quantitative and qualitative data brings together the strengths of both forms of research and enhances the quality of conclusions by presenting contextualized, useful, and balanced results (Behar-Horenstein, 2010, pp. 578-579) and reflect the participants’ perspective in order to obtain a richer response and generate new ideas (Abusabha & Woelfel, 2003).

Figure 2. Mixed method process model in the study of small business startup and growth.
The literature review resulted in the development of an initial model that identified elements of success for small business startup and growth. Review of the literature also served in the development of the protocol used in Phase 1: interviews of entrepreneurs. Construct that were discovered in the Phase 1 results guided development of survey items used in the instrument for the second, quantitative phase (Creswell, Plano-Clark, Gutmann, & Hanson, 2003; Leedy & Ormrod, 2013). Qualitative data was sought for the third phase of the study to confirm the phenomenon discovered in the Small Business survey results. This process is illustrated in Figure 2.

This chapter describes the procedures used to answer the following research questions:

RQ1: What are entrepreneurs’ informational needs for business startup and growth?
RQ2: What resources do entrepreneurs seek and use before starting up a new business?
RQ3: To what degree do entrepreneurs perceive Virginia Beach as helpful in the process of small business startup in the city?
RQ4: To what degree do entrepreneurs perceive Virginia Beach as supportive to small business expansion?
RQ5: To what degree do entrepreneurs utilize training services offered by the city?
RQ6: What type of training workshops would entrepreneurs want to attend?
RQ7: What resources and assistance should public agencies offer that support entrepreneurship?

The sample populations, research variables, instruments, procedures, methods of data collection, and statistical analyses for the qualitative and quantitative studies are described in this chapter.

Sample

The population the mixed methods study consisted of small business located in Virginia Beach. All of the participants volunteered to participate in the study without incentive.
Phase 1: Qualitative

The sample for the first phase included 10 entrepreneurs. Targeting individuals with certain characteristics (Markova, Perry, & Farmer, 2011), a purposeful and convenient sample was used to identify entrepreneurs operating businesses in Virginia Beach. According to Creswell (2007), interviewing 5-25 individuals for a phenomenological study adequately represents the population (pp. 61-62). Multi-method studies that focus on a purposeful sample fills gaps in entrepreneurship literature (Naia, Baptista, Januário, & Trigo, 2014) and have been encouraged by business network researchers (Hoang & Antoncic, 2003).

The researcher used criterion sampling to select businesses who had recently opened a business in Virginia Beach and had a brick and mortar presence. Five different types of business were identified for data collection for the first phase: four retail stores (menswear, womenswear, one gift shop, and one lifestyle store), three restaurants (Italian, seafood, and pizzeria), a hair salon, a health service provider, and a fitness operation.

Phase 2: Quantitative

The quantitative phase of the study included entrepreneurs with small businesses located in Virginia Beach. Because the city did not have an email database for the approximately 22,000 businesses in the city, Economic Development and members of the Small Business Subcommittee provided email lists of small businesses in their business networks and invited approximately 5200 entrepreneurs to take the survey posted on Survey Monkey. A total of 349 individuals responded and completed the survey for a response rate of 6.7%.

Phase 3: Qualitative

The sample for the third, qualitative, phase included a population of 13 entrepreneurs with businesses in the city. Continuing with the phenomenological tradition, the researcher used criterion sampling to select entrepreneurs who used public resources for startup and growth assistance. Identified by Virginia Beach Economic Development and members of 1MC,
Table 1.

**Phase 1: Protocol for Interviews with Entrepreneurs**

<table>
<thead>
<tr>
<th>Literature</th>
<th>Website Observations</th>
<th>VB Themes</th>
<th>Interview Protocol Questions</th>
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<tbody>
<tr>
<td>Aldrich &amp; Yang, 2014</td>
<td></td>
<td>Business Planning</td>
<td>Did you seek information on how to open and operate a business <em>before</em> making your decision to start up your business?</td>
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<td>Birley, 1985</td>
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<td>Public resources for small business</td>
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<td>Chwolka &amp; Raith, 2012</td>
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<td>Social capital</td>
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<td>Karlsson &amp; Honig, 2009</td>
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<td>Lussier, 1995</td>
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<td>Delmar &amp; Shane, 2003</td>
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<td>Vivarelli, 2004</td>
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<td>Henderson, 2002</td>
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<td>Hoang &amp; Antoncic, 2003</td>
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<td>Acs, Desai, &amp; Hessels, 2008</td>
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<td>Social capital</td>
<td>a) Where did you find the information/resources?</td>
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<td>Birley, 1985</td>
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<td>Aldrich &amp; Martinez, 2001</td>
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<td>Government supports business startup</td>
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<td>Chien-Chi, 2013</td>
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<td>Training</td>
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<td>Acs, Desai, &amp; Hessels, 2008</td>
<td>XX</td>
<td>Government supports business startup</td>
<td>How helpful was the city of Virginia Beach in helping you establish your business?</td>
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<td>Birley, 1985</td>
<td></td>
<td>Public resources for small business</td>
<td>Did you consider contacting economic Development for assistance?</td>
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<td>Chrisman &amp; McMullan, 2004</td>
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<td>Acs, Desai, &amp; Hessels, 2008</td>
<td>XX</td>
<td>Public resources for small business</td>
<td>How about the SBDC? , are you aware of their programs?</td>
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<td>Birley, 1985</td>
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<tr>
<td>Delmar and Shane, 2003</td>
<td>XX</td>
<td>Public resources for small business</td>
<td>Now that you’ve started up your business, what information/resources do you wish you’d had before starting your business?</td>
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<td>Liang and Dunn, 2012</td>
<td>XX</td>
<td>Public resources for small business</td>
<td>What kind of barriers, if any, did you encounter in opening [or expanding] your business?</td>
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participants included individuals from various businesses in the city including two manufacturers, three retailers, four professional/training businesses, one digital streaming business, a technology company, and two consulting firms.

Protocol and Survey Development

Phase 1: Qualitative

Data were collected during individual interviews using a questionnaire designed specifically for this study. Before conducting the interviews, unobtrusive data were collected from the Small Business Resource page of the Virginia Beach website to provide insight. The development of the interview protocol for the first phase of the study was informed by the conceptual framework which emerged from the literature review, website observation, and discussion with the subcommittee members (Saldaña, 2013).

Questions were developed to address the themes that emerged: the importance of human and social capital, information and training, business planning, and public resources to support business startup that are available for entrepreneurs. Two questions were added after meeting with the SBS to inform the second phase of the study; the members were concerned to know what the city can do to help make the process smoother for entrepreneurs opening up a location in Virginia Beach (Table 1). The questions for the survey were designed to answer the first two research questions:

RQ1: What are entrepreneurs’ informational needs for business startup and growth?

RQ2: What resources do entrepreneurs seek and use before starting up a new business?

Background questions were asked to identify the type of business and how long it had been in operation. Questions were included in the interview to discover how participants sought, found, and used resources before opening their business. The review of the Virginia Beach website prompted questions to discover whether business owners went there for information and/or found it helpful. Additional questions asked if the City was helpful for
Table 2.

**Phase 2: Virginia Beach Small Business Survey**

<table>
<thead>
<tr>
<th>Literature</th>
<th>Website Observations</th>
<th>VB SBS</th>
<th>Phase 1 Interviews</th>
<th>Themes</th>
<th>Survey Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davidsson &amp; Honig, 2003 Honig 2001 Liao &amp; Welsch, 2003</td>
<td>XX</td>
<td>XX</td>
<td>XX</td>
<td>Networks, Formal Social capital</td>
<td>Before I opened my business I contacted ____ , check all that apply for guidance: ( a ) A banker, lawyer, and/or an accountant</td>
</tr>
</tbody>
</table>

Before I opened my business I contacted ____ , check all that apply for guidance:

- A banker, lawyer, and/or an accountant
- The city of Virginia Beach
- Mentors
- Networks, Formal Social capital
- Industry associations
- Business associates/friends
- Industry Experience
- Human Capital
<table>
<thead>
<tr>
<th>Literature</th>
<th>Website Observations</th>
<th>VB SBS</th>
<th>Phase 1 Interviews</th>
<th>Themes</th>
<th>Survey Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldrich, 2001</td>
<td>XX</td>
<td></td>
<td></td>
<td>Elements for startup success</td>
<td>The biggest challenge I had to overcome to start my business was getting capital/funding.</td>
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<td>Gadenne, 1998</td>
<td></td>
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<tr>
<td>Aldrich, 2001</td>
<td>XX</td>
<td></td>
<td></td>
<td>Elements for startup success</td>
<td>The biggest challenge I had to overcome to start my business was finding qualified employees.</td>
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<td>Gadenne, 1998</td>
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<td></td>
<td></td>
<td>Elements for startup success</td>
<td>The biggest challenge I had to overcome to start my business was finding information regarding government requirements or city regulations, permits, licenses, taxes, or zoning.</td>
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<td>Elements for startup success</td>
<td>The biggest challenge I had to overcome to start my business was finding a cost effective location.</td>
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<td>XX</td>
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<td></td>
<td>Government supports business startup</td>
<td>Virginia Beach outlines clear steps for a streamlined process in opening a business in the city.</td>
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<tr>
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<td></td>
<td>Government supports business startup</td>
<td>I was able to locate all the information that I needed on the VB website.</td>
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<td>City services for startups</td>
<td>I am aware of services that the city offers to assist business owners to open a business.</td>
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<td>Kedia &amp; Chhokar, 1986</td>
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<tr>
<td>O'Connor, 2013</td>
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<td>Literature</td>
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<td>Themes</td>
<td>Survey Questions</td>
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<tr>
<td>Birley, 1985</td>
<td>XX</td>
<td>XX</td>
<td></td>
<td>City services for startups</td>
<td>The city does a good job informing and encouraging businesses to use all of the private sector resources available for assistance in opening and operating a business.</td>
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<td>Kedia &amp; Chhokar, 1986</td>
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<td>Government supports business startup</td>
<td>I looked at other cities in the Hampton Roads area to open my business and found that VB offered more help in the process.</td>
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<td></td>
<td>City supports small business growth</td>
<td>City departments and inspectors are more interested in assisting to achieve compliance than penalizing businesses.</td>
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<td>Acs, Desai, &amp; Hessels, 2008</td>
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<td>City supports small business growth</td>
<td>I feel that the city encourages business expansion by offering incentives.</td>
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<td>Huggins, R. &amp; Williams, N., 2011</td>
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<td>O'Connor, 2013</td>
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<td>O'Connor, 2013</td>
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<td></td>
<td>The city gives a preference for larger businesses over small businesses.</td>
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<td>City supports small business growth</td>
<td>The department of economic development is aware of the impact on existing small business when they offer incentives for competing larger businesses.</td>
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<td>O'Connor, 2013</td>
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<tr>
<td>O'Connor, 2013</td>
<td>XX</td>
<td></td>
<td></td>
<td>City supports small business growth</td>
<td>The level of city administered taxes has inhibited the growth of my business.</td>
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</table>
Table 2. (Continued)

<table>
<thead>
<tr>
<th>Literature</th>
<th>Website</th>
<th>VB SBS</th>
<th>Phase 1 Interviews</th>
<th>Themes</th>
<th>Survey Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acs, Desai, &amp; Hessels, 2008</td>
<td>XX</td>
<td>XX</td>
<td>City supports small business growth</td>
<td>I feel that the city encourages business expansion by offering education or mentors.</td>
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<td>Delmar &amp; Davidsson, 2000</td>
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<td>Gelderen, Thurik, &amp; Bosma, 2005</td>
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<td>Lerner &amp; Malmendier, 2013</td>
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<td>Michaelides &amp; Benus, 2010</td>
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<tr>
<td>O'Connor, 2013</td>
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<tr>
<td>Rauch, 2013</td>
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<tr>
<td>Brinkmann, 2008</td>
<td>XX</td>
<td></td>
<td>City supports small business growth</td>
<td>I would be interested in attending one or more of the following training workshops for business owners:</td>
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<tr>
<td>Chien-Chi, 2013</td>
<td></td>
<td></td>
<td>Training</td>
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<tr>
<td>Kedia &amp; Chhokar, 1986</td>
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<tr>
<td>Naia, Baptista, Januário, &amp; Trigo, 2014</td>
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<td>Ulvenblad, Berggren, &amp; Winborg, 2013</td>
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<tr>
<td>Wiens, 2014</td>
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</tbody>
</table>
business startup and whether the participant used available public resources or experienced barriers during startup. A final question asked what recommendations the interviewees would offer to the city. Quantitative measures were not used in this phase.

**Phase 2: Quantitative**

The second phase of the study was informed by the literature review, Phase 1 interviews, observation of the Virginia Beach Website, and input from members of the SBS committee. Questions were developed for the survey to address the themes that emerged: industry experience, government efforts to support business startup and growth, formal and informal networks, public resources for small business, elements for startup success, helpfulness of city employees, and mentors (see Table 2).

Seventeen questions followed a Likert scale format ("strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree") to measure participant responses. Two questions allowed participant to select "all that apply" (multiple choice). Respondents were asked what resource person(s) they contacted before opening their business and also what training workshops they might be interested in attending. The respondents were required to answer the first seventeen questions in order to submit the survey. The demographic and multiple choice questions were voluntary. Two optional open ended questions allowed participants to add additional information.

To enhance validity, the instrument was tested for content and face validity (Leedy & Ormrod, 2013; Patten & Bruce, 2012). The first draft was reviewed by the subcommittee members to get feedback and editing suggestions. Each member took the survey to identify typographical errors and make suggestions for improvement. At the following committee meeting, results were discussed. The questions were ordered and some were combined or rejected. The amended instrument was tested for face validity on Survey Monkey by a 25
### Table 3.

*Labels and the Related Research Question for Survey Analysis*

<table>
<thead>
<tr>
<th>RQ</th>
<th>Survey Question</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>City employees are helpful and receptive to working with small businesses.</td>
<td>EmpHelpful</td>
</tr>
<tr>
<td>3</td>
<td>Virginia Beach outlines clear steps for a streamlined process in opening a</td>
<td>ClearSteps</td>
</tr>
<tr>
<td></td>
<td>business in the city.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>I was able to locate all the information that I needed on the Virginia Beach</td>
<td>VBWebsite</td>
</tr>
<tr>
<td></td>
<td>website.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>I looked at other cities in the Hampton Roads area to open my business and</td>
<td>OtherCities</td>
</tr>
<tr>
<td></td>
<td>found that Virginia Beach offered more help in the process.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>City departments and inspectors are more interested in assisting to achieve</td>
<td>Inspectors</td>
</tr>
<tr>
<td></td>
<td>compliance than penalizing businesses.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>I feel that the city encourages business expansion by offering incentives.</td>
<td>Incentives</td>
</tr>
<tr>
<td>4</td>
<td>The city gives a preference for larger businesses over small businesses.</td>
<td>PrefLarger</td>
</tr>
<tr>
<td>4</td>
<td>The Department of Economic Development is aware of the impact on existing</td>
<td>ImpactLgBus</td>
</tr>
<tr>
<td></td>
<td>small business when they offer incentives for competing larger businesses.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The level of city administered taxes has inhibited the growth of my business.</td>
<td>CityTaxes</td>
</tr>
<tr>
<td>5</td>
<td>I am aware of services that the city offers to assist business owners to open</td>
<td>AwareServices</td>
</tr>
<tr>
<td></td>
<td>a business.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The city does a good job informing and encouraging businesses to use all of</td>
<td>InformEncourage</td>
</tr>
<tr>
<td></td>
<td>the private sector resources available for assistance in opening and operating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a business.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>I feel that the city encourages business expansion by offering education or</td>
<td>EducMentor</td>
</tr>
<tr>
<td></td>
<td>mentors.</td>
<td></td>
</tr>
</tbody>
</table>

Business owners who reviewed the document and made suggestions to improve question clarity. Corrections were discussed at the following SBS meeting, amendments were made, and the final survey was approved. All participants remained anonymous.
**Proposed Constructs and Items.**

Proposed research constructs and associated items were developed in response to the research questions to answer the third, fourth, and fifth research questions (Table 3). Factor analysis was conducted to test whether the survey items related to the intended constructs (Tabachnick & Fidell, 2001, pp. 25-29). The constructs were also tested for reliability and internal consistency using Cronbach’s Alpha.

RQ3: To what degree do entrepreneurs perceive Virginia Beach as helpful in the process of small business startup in the city?

The dependent variable, “Perceived Helpful for Business Startup”, was computed with the four questions associated with the RQ3 which asked if City employees were helpful, if clear steps were outlined by Virginia Beach, if information was available on the Virginia Beach website, and if Virginia Beach was more helpful compared to other Hampton Roads cities.

RQ4: To what degree do entrepreneurs perceive Virginia Beach as supportive to small business expansion?

The dependent variable, “Perceived Supportive of Small Business Growth”, was computed with the five questions associated with RQ4 which asked whether City departments and inspectors were helpful, if the participant was aware of incentives offered by the city, if the city preferred larger businesses over small businesses, if Economic Development was aware of the impact of their decisions to support larger businesses, and whether city taxes inhibited business growth.

RQ5: To what degree do entrepreneurs utilize training services offered by the city?

The dependent variable, “Public Resource Use”, was computed with the three questions associated with the RQ5 which asked if the participant was aware of services the city offers to assist business owners, if the city informed and encouraged participation in available services, and if the city offered education or mentors.
The review of literature identified the impact of education for small business owners and an open-ended survey question was asked to determine whether entrepreneurs were interested in participating in public workshops.

RQ₆: What type of training workshops would entrepreneurs want to attend?

The participant could either skip the question or check any that applied.

**Phase 3: Qualitative**

The purpose of Phase 3 of the study was to confirm the model identified in Phase 2.

The development of the interview protocol for the third phase of the study was informed by the literature review, Phase 1 interviews, **Phase 2 Small Business Survey**, and the observation of the Virginia Beach Website. Questions were developed for the interview questionnaire to address the themes and confirm the findings of Phase 2: training and education, formal and informal networks, public resources for small businesses, government efforts to support business startup and growth, elements for startup success, and mentors (see Table 4).

Questions were designed to answer the final research question:

RQ₇: What resources and assistance should public agencies offer that support entrepreneurship?

Entrepreneurs were asked how the city could be more helpful for business startups and were asked to rate the importance of specific items for the city to provide entrepreneurs, as identified in the Virginia Beach survey. The participants were asked to recommend how the city can improve the use of services offered, to identify services that are missing, and to make suggestions for Virginia Beach to inform business owners of services available as well as how to make Virginia Beach more “business friendly”.
### Table 4.

**Phase 3: Protocol for Interviews with Entrepreneurs**

<table>
<thead>
<tr>
<th>Literature</th>
<th>Website Observations</th>
<th>Phase 1 Interviews</th>
<th>Phase 2 VB Survey</th>
<th>Themes</th>
<th>Interview Protocol Questions</th>
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<tbody>
<tr>
<td>Barclay, 2009</td>
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<td>XX</td>
<td>Government supports business startup</td>
<td>How can the city be more helpful for business startups?</td>
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<td>Chrisman, Holbrook, &amp; Chua, 2002</td>
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<td>Gomez, Isakov, &amp; Hathaway, 2014</td>
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<td>Semansky, 2015 O'Connor, 2013</td>
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<td>Pauwels, Clarysse, Wright, &amp; Van Hove, 2015</td>
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<td>Sapinsley, Becker, &amp; Kuyan, 2016</td>
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<td>Elements for startup success</td>
<td>How important are the items in the model?</td>
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<td>Brinkmann, 2008</td>
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<td>Henderson, 2002</td>
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<td>How important are the items in the model? (continued)</td>
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<td>Koellinger, Minniti, &amp; Schade, 2007</td>
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<td>Robinson &amp; Stablerud, 2014</td>
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<td>Stuetzer, Obschonka, &amp; Schmitt-Rodermund, 2013</td>
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<td>Ulvenblad, Berggren, &amp; Vivarelli, 2004</td>
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<td>Winborg, 2013</td>
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<td>Wiens, 2014</td>
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<td>Birley, 1985</td>
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<td>City supports small business growth</td>
<td>How can the city improve the use of these resources?</td>
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<td>Chrisman &amp; Katrishen, 1994</td>
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<td>Chrisman, McMullan, &amp; Hall, 2005</td>
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<td>Curran &amp; Blackburn, 200</td>
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<td>Kedia &amp; Chhokar, 1986</td>
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<td>O'Connor, 2013</td>
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<tr>
<td>Hegarty, 2006</td>
<td></td>
<td>XX</td>
<td>XX</td>
<td>Do you have any recommendations for Virginia Beach to make the city more ‘business friendly’?</td>
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Methods of Data Collection

Phase 1: Qualitative

The first phase of the study included qualitative data, which views the subject through the eyes of the participants (Creswell, 2007; Dowling & Cooney, 2012; Flood, 2010; Hays & Singh, 2012; Lala & Kinsella, 2011; Starks & Trinidad, 2007) collected from the Virginia Beach website and interviews with entrepreneurs. Concentrating on the perspective of the interviewee, the phenomenology tradition is an appropriate approach because the focus of the study is to describe the essence of the phenomenon (Creswell, 2007).

Collecting data for a phenomenological study uses a mix of approaches which can include observations and interviews (Starks & Trinidad, 2007, pp. 1373, 1375) and according to Dowling & Cooney (2012), “there is no single way to conduct a phenomenological study” (p. 21). In addition to the interviews, the Virginia Beach website was observed to gather preliminary, unobtrusive data for the study and semi-structured interviews were conducted to discover the essence of the lived experience.

Observation – The Virginia Beach Website. The city website was observed because it might be the first place entrepreneurs go to obtain startup information. New business owners would likely visit the site to get information regarding procedures required by the city. According to Hays and Singh (2012), written materials including public documents (such as websites) can benefit research when they “provide source information critical to understanding a phenomenon” (p. 284).

Interviews with Entrepreneurs. Data were collected during individual interviews using an open ended protocol designed specifically for this study. The research was based on the constructivist paradigm which is subjective in nature and creates meaning in a community (Flood, 2010). Participants described their own stories in seeking, identifying and using the local resources, offering individual interpretation and observations of their experiences.
Personal interviews were conducted with ten entrepreneurs who had recently opened businesses in the city and volunteered to participate. Questions in the semi-structured interviews asked about their lived experience (Koch, 1995; Starks & Trinidad, 2007) and the effect of their perspective on that experience (Flood, 2010, p. 10). According to Lala & Kinsella (2011), “First-hand accounts can reveal critical insights” to reveal issues of social concern” (p. 205).

While qualitative inquiry is not a common method found in business studies (Tucker, Powell, & Meyer, 1995, p. 384), Starr (2014) argued that qualitative work can provide a valuable instrument in adding stock to economic knowledge. Nelson (2005) performed open-ended interviews with owners of small businesses to determine their secrets to successfully competing with major retailers in their trading area; because every retailer had a different “story”, the qualitative method was germane to the study.

Interviews were conducted in the participant’s business location or by phone; all were recorded by the researcher and lasted about ten to fifteen minutes. Five of the subjects were people known by the researcher. The researcher capitalized on opportunistic sampling (Hays & Singh, 2012, p. 170) and invited three interviewees to participate after chance meetings with owners. The last two interviewees resulted from snowballing, which is a “natural fit for convenience sampling” (Hays & Singh, 2012, p. 169); the researcher was introduced to additional individuals who were interested in the research. Participant numbers were used for reporting findings.

**Phase 2: Quantitative**

The second phase of the study involved understanding entrepreneurs’ perception of Virginia Beach as “small-business friendly” and the perceived barriers to small business growth. The survey was posted on Survey Monkey. Potential participants were emailed a link to the survey and asked to give consent to participate in the study. Also, the researcher created a QR
code that linked to the survey and members of the SBS emailed or texted the code to business owners they came in contact with throughout the duration of the data collection period.

The completion of the survey took approximately 5-15 minutes, depending whether the participant selected to answer one or both open-ended questions. No identifying data was collected from the entrepreneurs and participation was anonymous.

**Phase 3: Qualitative**

Personal interviews were conducted with a new population: thirteen entrepreneurs who had used public resources to start their businesses in the city and volunteered to participate. Interviews were conducted in the participant’s business location or by phone; all were recorded by the researcher and lasted an average of 55 minutes. This phase of the study also followed the phenomenological theoretical approach in qualitative inquiry. Two of the subjects were individuals known by the researcher, four participants were identified by Virginia Beach Economic Development, four by 1MC, and two resulted from snowballing.

**Analysis**

**Phase 1: Qualitative**

In the first phase of the study, the strategy used for data collection and analysis followed methods outlined by other researchers: steps developed by van Kaam, Anderson & Eppard (1998), together with strategies outlined by Hycner (1985) and developed by Priest (2002); see Table 5. Interviews were recorded and transcribed. The researcher listened to the recordings and approached the transcriptions with openness to whatever patterns and themes emerged. Bracketing was used to set aside prior knowledge and assumptions in order to address the participants’ accounts with an open mind (Dowling & Cooney, 2012; Hycner, 1985; Priest, 2002; Pringle, Hendry, & McLafferty, 2011; Starks & Trinidad, 2007; Tufford & Newman, 2012). Participants’ names were coded by numbers (P1-1, for example) and remained anonymous.
Phase 2: Quantitative

Descriptive statistics were used to report participant demographics: type of business, number of years in business, number of employees, annual revenue, gender, race/ethnicity, preferred language, and whether the entrepreneur owned a previous business or had another location (identified in the literature as serial entrepreneurs). Descriptive statistics were used to report the multiple choice questions.

Table 5.

The Phenomenological Analysis Process

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>One</td>
<td>Bracketing; suspend own meanings and interpretations; sensitize presuppositions and bias.</td>
</tr>
<tr>
<td>Two</td>
<td>Transcribe interview verbatim; read transcript through several times, making notes and comments.</td>
</tr>
<tr>
<td>Three</td>
<td>Identify and label emerging themes and meanings within the text; first hypothetical description of the experience.</td>
</tr>
<tr>
<td>Four</td>
<td>Link themes to quotes in text by using constant comparison.</td>
</tr>
<tr>
<td>Five</td>
<td>Create second textural description.</td>
</tr>
<tr>
<td>Six</td>
<td>Repeat steps for each participant.</td>
</tr>
<tr>
<td>Seven</td>
<td>Cluster the themes and identify related subthemes.</td>
</tr>
<tr>
<td>Eight</td>
<td>Examine texts more closely for greater depth of meaning and interpretation.</td>
</tr>
<tr>
<td>Nine</td>
<td>Develop a summary table of themes, and a detailed, interpretative, written account.</td>
</tr>
</tbody>
</table>


The open ended questions were reviewed and coded by the committee and sorted into common themes. Volunteers from the SBS met once to identify the codes and sort responses. The following month, the entire committee reviewed the grouped comments to modify, count, and agree on the common themes previously identified.
Factor analysis was used to test the proposed construct model. Appropriate statistical techniques to analyze data are determined by the research questions; factor analysis helps researchers understand the factors (underlying structure) to develop or assess theory (Tabachnick & Fidell, 2001, pp. 17, 25). The variables were examined using exploratory factor analysis (EFA) to determine the correlations and cluster the underlying themes (Leedy & Ormrod, 2013, p. 301) that explain most of the common variance, or communality (Klein, 2013, p. 173) of the variables.

EFA is commonly used in survey instrument development (Fabrigar & Wegener, 2012, pp. 20-23, 35) and construct identification (Thompson, 2004, p. 4) as a statistical method to assist in determining which variables cluster together on the same scale. In EFA research, the number of factors are not specified in advance (Klein, 2013, p. 174). This method is recommended to help develop a model that can later be examined with confirmatory factor analysis (CFA) in future studies (Fabrigar & Wegener, 2012).

A sample of reasonable size that is representative of the population tested is preferred in EFA. With 351 participants, the sample size for this study is adequate. The cases-to-indicator ratio for this study was > 20:1, which exceeds the common guideline of 10:1 and meets research recommendations (Fabrigar & Wegener, 2012, pp. 26-27; Klein, 2013; Nunnally, 1974; Thompson, 2004).

**Phase 3: Qualitative**

The phenomenological analysis process was repeated for the third, qualitative phase of the study (see Table 5). Phenomenological research uses the analysis of significant statements, the generation of meaning units, and the development of what Moustakas (1994) called an essence description. Interviews were recorded and transcribed and field notes were reviewed. The researcher made margin notes and formed initial codes after reading through the transcribed interviews. To classify the data, the significant statements were grouped into
meaningful units (Creswell, 2007; Wolcott, 1994).

The researcher developed a qualitative codebook of predetermined codes to maximize coherence (Creswell, 2014) and three researchers coded the data. The initial codes were based on the first readings of each of the interviews and the common themes were determined (Moustakas, 1994). For the iterative process, text was read in batches and segmented into categories and relationships adapting the process outlined by Guest, Namey, & MacQueen (2012). Each code included a code label and brief definition (pp. 52-55). The codes were used to develop themes and shaped into a general description for this qualitative phase. In keeping with the phenomenological research design, the codes were not counted by the researchers as they were for the open ended questions in Phase 2; instead the researchers clustered the constituents related to the thematic label to determine significance (Hays & Singh, 2012) and reached 100% agreement on the essence of each theme (Creswell, 2007). Validity strategies that were used included data triangulation, clarifying researcher bias, and peer debriefing. To improve reliability, transcripts were checked for transcription mistakes and codes were cross-checked for intercoder agreement (Guest et al., 2012). Participants’ names were coded by numbers (P3-1, for example) and remained anonymous.

Summary

Chapter III described the methods and procedures used to conduct this study. Using survey instruments developed for this study, data were collected. The sample for the first, qualitative phase included 10 entrepreneurs with new businesses in Virginia Beach. Interviews identified participants’ needs and use of small business resources. The sample for the second, quantitative phase included a wide variety of small businesses in Virginia Beach. The survey measured perception of city helpfulness and support of small business expansion as well as participant awareness of public resources. Descriptive statistics and factor analysis was described to analyze results. The sample for the third, qualitative phase included 12 business
owners who used available public startup resources. Interviews confirmed resources identified in Phase 2 that assist small business owners for startup and growth. Qualitative analyses and statistical procedures were outlined in Chapter III. The findings of the data collected will be reported in Chapter IV.
CHAPTER IV

Findings

The mixed method design included three phases. The first, qualitative, phase of the study explored entrepreneurs' perceived needs and use of resources for business startup and growth, and included unobtrusive data collected from the Virginia Beach website as well as data from individual interviews. The second, quantitative phase included data collected from the Virginia Beach Small Business Survey. The third, qualitative phase included data from interviews with different entrepreneurs who used public resources for business startup.

Phase 1: Website Observation and Interviews

Observation of the Virginia Beach website revealed some useful information (see Figure 3). The tone of the writing on the web page indicated a helpful attitude. There was a great deal of information available but some good resources were hard to find because observers must scroll down a page filled with print. The problem was the confusing layout. There were only two main headings on the website page, Economic Development and Public Libraries. Economic Development should be retitled “SWaM” (Small Woman and Minority), because the two short paragraphs of text deal with this topic, not general economic development, leaving out any entrepreneurs who are not women or minorities. An additional problem was that the highlighted iBook link led to a dead page. Training was accessible as well, but was poorly labeled. All of the subheadings looked very similar to one another; nothing really stood out. A few great points were not highlighted to draw your attention and some valuable links to websites like SCORE could easily be missed by an entrepreneur.

“Public Libraries” was the second major topic observed and though there was a list for the of types of resources available, someone who wants to start a business in Virginia Beach would first have to have a local library card to access the material. To obtain a card, one must visit a physical location; this leaves out anyone who does not live in the city and therefore does
not serve people from outside the area who might want to open a business in Virginia Beach. The “Public Library” section was also coded as a confusing heading.

![Figure 3. Themes from the city Business Resource page.](image)

A number of links took one to a blank page and “Steps to Establish a Small Business in Virginia” was listed in two places. Other links lead you to another site that required a password or subscription: “Business Plans Handbook”, “Encyclopedia of Small Business”, and “The Wall Street Journal’s Small Business”.

This finding is significant because it aligns with data discovered after examining the transcripts from the business owner interviews. Only one owner interviewed (P1-2) visited the Virginia Beach website, but he did not find it useful: “I did go to the website, I can't remember it being helpful” and “But I still don’t go to the Virginia Beach small business website, or can't find anything, nothing declarative that says ‘these are your steps, this is what you need to do’”. If nascent entrepreneurs are seeking information for steps to take to get a local business started, they will not find clear directions on the city website that specify either which city office to visit first, or the information that the city will request from them.
Table 6.  

*Summary of Themes from Phase 1 Interviews*

<table>
<thead>
<tr>
<th>Thematic Cluster Origin</th>
<th>Thematic Clusters</th>
<th>Codes</th>
</tr>
</thead>
</table>
| Research Questions      | Sources of information used                           | Online
Other research- visited competitors
Clients, Business Associates
Distributors/manufacturers
Other Business Owners
SBDC
SCORE

Resources entrepreneurs wish they had
Mentor
List for opening a business
More information on Demographics, etc.

Participant Recommendations  
Policy to help small businesses
Tax incentives
Business Incubators
Advice on how to get started

Simpler process is needed
Simplify / Streamline
Give clear directions (Permits)
Provide start-up list or packet
Make information available online

New Themes  
The city is not helpful
Runaround
Wasting time
Poor communication between departments
Focuses only on large businesses

City employees have a bad attitude
Never happy
Make it difficult
Don’t care

**Questions and Themes from Interviews.** A code book was used for documentation and field notes were reviewed. To develop codes, the recordings were listened to several times to get accurate transcriptions and to get a sense of the whole interpretation; then units of relevant meaning were clustered (Hycner, 1985, pp. 282-284). The process was repeated for each participant, (Priest, 2002, p. 59) using constant comparison to collapse codes after all the data were analyzed (Hays & Singh, 2012, pp. 49, 302-303). As the data were analyzed, new themes emerged (see Table 6). The entrepreneurs interviewed discussed their experiences
opening their businesses in Virginia Beach and new themes emerged that were not related directly to the research questions. Results revealed that the participants had similar experiences and issues with the city.

**Sources of Information.** The first question in the interview asked whether entrepreneurs sought information before opening their businesses. Asked to think back to the time they first opened, all participants sought information from outside sources; P1-1 and P1-5 found information online and P1-6 said “I visited other stores”. Six of the respondents used their spheres of influence and got information from their clients, distributors, or friends in business, and two went to the SBDC.

“We have a lot of clients that are in various businesses. I have a client who does marketing, so I mean, I will talk to her. I have a client who is in banking, so you use the sources that are available.” (P1-5)

One owner indicated that he is dubious of getting advice from a generic source:

“And this is going to, it may sound arrogant, but usually when you go outside to look for information to help you learn your business, it’s people who have never worked your business. They can’t tell you anything about it, they went and got an MBA or whatever, their doctorate in business administration and they are telling you this is how you should run your business and I’m like, I don’t see it. I’d rather go talk to someone like =Bill= who’s owned =2 local restaurants=, 15 years, 20 years and say, “hey, =Bill=, what are you doing; =Bill= what are you seeing, what’s the trend?” (P1-2)

Six interviewees who had been in business for several years had all opened new locations recently, yet none of the respondents thought about the Virginia Beach website as a source for information that would help them open their businesses. P1-9 visited the website but found the information on the Norfolk site more helpful:
“Norfolk has a little better website, um; they actually have a ‘simplify the process’ that you can use.” (P1-9)

Findings indicated an opportunity for Virginia Beach to help entrepreneurs by improving their website.

Entrepreneurs are finding sources of information available, even those who opened businesses before websites existed. P1-7 got information from his banker about the SBDC, which provided some very helpful material: “I got a full study on how to run a [business].”

While P1-7 and P1-4 took advantage of the local SBDC, the other interviewees relied on a network of business associates, friends, and clients to get the information that they needed. None of the ten entrepreneurs considered looking to the city for information.

“I've never thought to go to the Virginia Beach website for information on how to help run my business.” (P1-7)

**Information Entrepreneurs Wish They Had.** A key question in the interview attempted to determine information that entrepreneurs would like to see the city offer. Three participants offered specific advice:

“I think a mentor would have been great. I think if I had somebody who have help me not have made as many mistakes before I first opened my first business, I think it would have probably helped me be more successful after [someone who] understands labor, and product and costs; you know, tax incentives, and maybe some connections with lawyers and meeting with bankers, and helping with loans.” (P1-7)

“I probably would've looked, should have looked more into the demographics of this area as far as what the income was and that kind of thing.” (P1-1)

“I would say that the best way the city could have helped me, is if there had been a piece of paper like this one right here that says “okay, if you are opening a restaurant, these are the things you've gotta have”. (P1-3)
Seven participants suggested that the city provide a list of steps to make the process smoother; P1-7 was given a list when he opened a location in Chesapeake:

“I wish there would have been a better check list for Virginia Beach” (P1-9)

“If they put together and said, “okay. You are opening a restaurant. This is what you need to open a restaurant. If you are opening a hair salon, this is what you need to open a hair salon.” (P1-5)

These findings further confirm the need for clear directions from the city which could be posted on the website.

**Participant Recommendations**

*Policy to Help Small Businesses.* Several entrepreneurs offered ideas for proactive steps that the city could take to assist small businesses, suggesting incentives that could help the smaller companies compete:

“There is enough incentives out there for the major companies. When you take a look at small businesses, small businesses the driving force for the economy.” (P1-8)

P10 believes that there are talented individuals with experience in their fields who just need some assistance to get started in business, saying “What is the city doing to promote people to step out there and get their own thing started?” P1-9 suggested setting up business incubators “like the city of Norfolk. I love to see it for Virginia Beach as well. Give some of these young ideas chance.” and P1-8 believes the city could offer tax incentives to small businesses, not just the large ones.

“You major businesses have tax incentives. Should there be a tax incentive for a small retailer? That might be a good idea so you can give them the first year.” (P1-8)

*Simplify the Process.* Simplifying or streamlining the process was the strongest theme that emerged in these interviews. According to the participants, when an entrepreneur goes to the city office, there are no clear directions for the process.
“If there was a whole way to streamline the process. Streamline is probably the word that I would fire out over and over again.” (P1-3)

“They need to work on the district as far as streamlining the operations” (P1-7)

“I think they need to simplify how the people get into business. It takes way too long.” (P1-2)

“[it would have been simpler] had they said to me, okay: step one, go get a health permit. Step two, bring me business plans.” (P1-5)

“But another example is, we changed addresses. So in order to change your address on your business license, you have to, go down to the-why can’t I fill out a form on just doing the same business I’ve always done, but I have to go down to the city and fill out more forms on changing my address for my business. …How about, let me go online, and fill out a form that says “here’s my new address” and be done.” (P1-5)

“I guess what I would do, when you go in there and buy a business license; they could give you a packet. Here are the numbers to call if…” (P1-6)

“If this information was available to someone ahead of time, they probably could save a lot of time and money by doing this before they go and select a location.” (P1-10)

P1-2 blames it on leadership: “There is no clear leadership there trying to simplify the system for the citizens. None whatsoever.” P1-7 offers a suggestion borrowed from an experience with the city of Norfolk:

“[Norfolk] assign[s] somebody to you. When you tell them that you were going to open a business, they assign someone to you that carries you through all of the processes. The whole process. I spoke with =business owner=, and he can’t say enough about the city of Norfolk, how they helped him so much. They gave him a mentor. They gave him someone to help him with economic development, as far as, you know, the enterprise zones, tax incentives, you know, all that stuff. It’s pretty crazy.”
Another entrepreneur had experiences with both Norfolk and Virginia Beach and echoed P1-7’s sentiments:

“When I went to Norfolk, I had someone from economic development, they pushed us through zoning, they got us all the resources that we need like, and I don't know if that’s how they do it all the time but it was an unbelievable experience, we went through it flawlessly with her and I will say that with Virginia Beach and opening, I was out there on my own, wandering around.” (P1-4)

The need for a simpler, more defined process was brought up by several interviewees. Apparently, the city does not outline clear steps to follow for opening a business.

“Nobody told us up front what we needed to do.” (P1-5)

Chesapeake made the process simple by giving P7 an outline for what they needed to get their operation running, P1-9 and P1-7 made similar suggestions.

“They actually, when we dropped off our plans, they said that we are going to give you a list before you come back. And they actually e-mailed us a list so that we would be more prepared when we would go back to the city.” (P1-7)

Their thoughts can be summed up by P1-2’s last comment in his interview:

“Simplify the process. Simplify the process.”

**New Themes.** In addition to the information related to the research questions, entrepreneurs comments produced new themes for the study (see Figure 4).

**The City is Not Helpful.** Two entrepreneurs made comments on the lack of help they found when going to city offices to get information or to turn in required documents. Neither man felt that city employees felt obligated to help business owners; instead, it is quite the opposite:

“Absolutely no help. You’re on your own. You've got to figure it out.” (P1-2)
“You are completely on your own… Not only are you on your own, but you are made to feel like you are bothering them.” (P1-7)

Figure 4. Words used to describe experiences opening a business in Virginia Beach.

Four participants felt that there is a level of disorganization together with a disinterest in helping business owners succeed in opening their companies. P1-2 said that you need to get names of individuals that you deal with “in case you have to go back. Which, happens often.”

“It was crazy that we had to go get a building permit to build out this, but in order to get a building permit you have to have the health permit, so there was a lot of going back and forth between the departments of the city to get where we needed to be, to get the permits we needed to work. That I thought was a little bit crazy.” (P1-5)

“There are literally times when I went down they and some people would know what they were doing and some people wouldn't… You have to be calm and you have to be assertive, in order for them to find somebody that can answer your questions. You know it's such a, there's so much red tape that, um, it's difficult to digest, it's not a process.” (P1-2)
Several participants described some form of “runaround”:

“We just needed a construction permit. They sent us to three different buildings. We went to the location that they originally told us, my wife and I, they said “No, you have to go to this location”, and by that time I was hungry for lunch.” (P1-8)

“Opening up in Virginia Beach was trial and error…there's a lot of running.” (P1-2)

“Now when you got there, it was ‘well you don't have this. So you need to go get this and come back.’ So it's a lot of going back and forth getting what you needed.” (P1-5)

“Here's a perfect example. We had to have a diagram of the tables. So we went like four different times down to the courthouse to get information and they kept taking us back get information, and to do different things.” (P1-3)

“It's a standing joke that we have, no matter how prepared you are, they always send you home to get something else.” (P1-7)

P2 went into great detail on several of the problems he had with people in different city offices. On getting a fire inspection, two departments gave him conflicting requirements. Poor communication with city employees caused delays that affected revenue for P1-2: “So again, it was another two days waiting before we could get the plumbing inspection.” With “no communication between bureaucracies”, he had the “runaround” from City and State ABC officials: “And there’s no process.”… “Why can't the city of Virginia Beach, when they know it’s a restaurant, why can’t they email it out to people that need it. It should be an automatic thing. Here it goes, bang.”

“If somebody would have said, “when you come to apply for building permit, you need to have a health Department, you know, approval for the site. You need to have, you know, everything you needed to have, when you came and said to them, “I need a building permit for XYZ”. It didn't happen that way.” (P1-5)

“And then, once you go to planning, planning doesn't always agree with zoning.” (P1-2)
These problems cause numerous delays, and four men commented on the value of their time, or as P1-7 said, “just an employee that cared enough to know that “time is money”.

Others had similar comments:

“So I wasted, countless hours, since I called the lady in the office saying, “You don't need a fire inspection to open.” You know, she thought it was odd that I was calling for a fire inspection. I said, “That would be great to know, let your front desk person know. Because I wouldn't have not wasted your time, because I came out here twice.” (P1-2)

“Everything is drawn out the last-minute. We try to start things way early. We started months early, trying to get paperwork and we are still waiting on, you know, you have to have your fire inspection-going back to that piece of paper again” (P1-3)

“We had to have someone on site and come out and visually look at the place to see that it is the same that is depicted by the city of Virginia Beach… And then when they came by, the just stepped up to the front door and didn't actually look at the venue, they just stepped up to the front door and said, 'hi, I'm just here to collect, you know the document’. It was just time and resources [wasted]”. (P1-10)

Three participants suggested better communication between the different city offices:

“There's not real good communication or resource communication between like let's say the Commissioner of revenue's office and the treasurers department…There’s no, there's no small business step process that you go to and say, okay, if you are opening a restaurant, this is your first action. And this is the information that we are looking for when you go there. Nothing like that.” (P1-2)

“I felt like there was lack of communication between departments. So, I guess, [it would be helpful] if they communicated.” (P1-5)

While the experienced business owners complained about the problems with the city offices, P1-1, a nascent entrepreneur who opened a gift shop last spring, did not experience any of
these issues; she went to the city for her business license and did not have any trouble, saying:
“I had a very helpful person down there, I can't remember his name, but yeah, he was very helpful.”

**Not there to serve: Bad Attitude.** Coupled with the lack of organization and communication, two participants cited examples of working with city employees with bad attitudes, making the process even harder.

“The big problem with the city is, you know, they forget that they work for us… You go down there, they always have an attitude, they're never happy. They, um, were trying to make it difficult on you, opening up your business.” (P1-7)

“Some people are just a cog in the machine. You know, the sad part about it is, it gives you a real, can give a real sour taste in your mouth about government employees… Because it is literally, “this is my job, I have to move from it, you can't get anything done unless I approve it’” (P1-2)

Entrepreneurs have choices where they will open up their businesses; the city should look at business owners as customers who create revenue for the community. Apparently, other area cities view business owners differently and have a more welcoming attitude. The entrepreneurs pointed out how the bad attitudes and lack of concern result in lost opportunity besides loss of revenue.

“They need to appreciate business and I think that the city of Norfolk appreciates that you're trying to open up a business in the city and I think that that truly is the big difference.” (P1-7)

“In other words, they don't see us as customers.” And “They don't go, “this is great because it will bring us more tax dollars, bring us more revenue, employ more people. They don't see it that way. They don't care.” (P1-2)
In addition, restaurant owners also collect meal tax for the city. P1-2 feels that restaurants should be held in high regard and feels underappreciated: “Yeah, we’d probably collect $12,000 a month, $15,000 a month for them in the city of Virginia Beach”. He imagines someone challenging the system:

“What if the guy wanted to open up the restaurant and he said, ‘Look, I don’t want to be your tax collector. I want to open a restaurant and I want to charge them just for their meals. And I’ll let them worry about having to pay their 6 1/2% tax to the city. Go collect it from them.’ But they can’t do that.”

He recognized that this is a time and resource consuming hassle: “But there’s no benefit for us doing it. No benefit. So I have to use my resources, my manpower”.

The suggestions made by these entrepreneurs are not unreasonable. Virginia Beach could improve their process by providing clear directions for the steps to open a business and also work on the attitude of employees by treating business owners like customers.

“You know, obviously, we have to work, so you’re going to do what you have to do, but, it’s a hassle. It's a hassle.” (P1-5)

The results from the interviews were used to develop the survey instrument for the Virginia Beach Small Business Survey, Phase 2 of the study (see Figure 5).
Figure 5. Initial business startup Phase 1 model: interviews.
Phase 2: Virginia Beach Small Business Survey

Of the 351 owners who participated in the Virginia Beach (VB) Small Business Survey; 35% were women and 65% were men. Over a third (35%) had owned a previous business or had opened another location. The races varied and closely mirrored the ethnicity of the city (see Table 7). English was the preferred language of 99% of participants. As shown in Table 8, the sample represented owners from different industries: Construction Trades, Professional

Table 7.

Race/Ethnicity of Participants and the City of Virginia Beach

<table>
<thead>
<tr>
<th>Race/ethnicity</th>
<th>Response Percent</th>
<th>Response Count</th>
<th>VB Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian or Alaskan Native</td>
<td>1.7%</td>
<td>6</td>
<td>.4%</td>
</tr>
<tr>
<td>Asians / Pacific Islander</td>
<td>3.2%</td>
<td>11</td>
<td>6.6%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>18.0%</td>
<td>62</td>
<td>19.3%</td>
</tr>
<tr>
<td>Hispanic American</td>
<td>8.1%</td>
<td>28</td>
<td>7.7%</td>
</tr>
<tr>
<td>White / Caucasian</td>
<td>69.0%</td>
<td>238</td>
<td>68.9%</td>
</tr>
</tbody>
</table>

N = 345

Table 8.

Type of Business

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Trades</td>
<td>18.1%</td>
<td>62</td>
</tr>
<tr>
<td>Professional Services</td>
<td>49.7%</td>
<td>170</td>
</tr>
<tr>
<td>Retail</td>
<td>12.3%</td>
<td>42</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.1%</td>
<td>14</td>
</tr>
<tr>
<td>Food Service</td>
<td>5.3%</td>
<td>18</td>
</tr>
<tr>
<td>Personal Service</td>
<td>7.6%</td>
<td>26</td>
</tr>
<tr>
<td>Healthcare / Biotechnology</td>
<td>2.9%</td>
<td>10</td>
</tr>
</tbody>
</table>

N = 342
Services, Retail, Manufacturing, Food Service, Personal Service, and Healthcare / Biotechnology. The majority of participants (49.7%) represented professional service businesses. Various size businesses were represented in the survey sample. Annual revenue ranged from less than $100,000 to more than 5 million dollars (see Table 9) and numbers of employees varied from zero to more than 50 (see Table 10). Over half of the businesses (56.1%) would be considered microbusinesses with 1-5 employees. New and established

Table 9.

*Estimated Annual Revenue*

<table>
<thead>
<tr>
<th>Annual Revenue</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $100,000</td>
<td>103</td>
<td>29.9%</td>
</tr>
<tr>
<td>$100,000 - $250,000</td>
<td>54</td>
<td>15.7%</td>
</tr>
<tr>
<td>$250,000 - $500,000</td>
<td>35</td>
<td>10.2%</td>
</tr>
<tr>
<td>$500,000 - $1,000,000</td>
<td>45</td>
<td>13.1%</td>
</tr>
<tr>
<td>$1,000,000 - $5,000,000</td>
<td>70</td>
<td>20.3%</td>
</tr>
<tr>
<td>More than $5,000,000</td>
<td>37</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

*N = 344*

Table 10.

*Number of Employees (Including Respondent)*

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>80</td>
<td>22.9%</td>
</tr>
<tr>
<td>2-5</td>
<td>116</td>
<td>33.2%</td>
</tr>
<tr>
<td>6-10</td>
<td>44</td>
<td>12.6%</td>
</tr>
<tr>
<td>11-20</td>
<td>41</td>
<td>11.7%</td>
</tr>
<tr>
<td>21-49</td>
<td>41</td>
<td>11.7%</td>
</tr>
<tr>
<td>More than 50</td>
<td>27</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

*N = 349*
Sixteen percent have been in operation for less than 2 years and would be considered new businesses. Length of time in business ranged from 1-2 years for 56 companies, 2-5 years (47 organizations), 5-10 years (68 firms), and eleven firms have been in business for more than 10 years. Before opening their businesses, 336 individuals (95.7%) contacted one or more of these for guidance: a banker, lawyer, and/or an accountant; the city of Virginia Beach; a mentor, industry associations, or business associates and/or friends (see Figure 6).

Table 11.

Number of Years in Business

<table>
<thead>
<tr>
<th>Years in Business</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>8.0%</td>
<td>28</td>
</tr>
<tr>
<td>1-2 years</td>
<td>8.0%</td>
<td>28</td>
</tr>
<tr>
<td>&gt;2-5 years</td>
<td>13.4%</td>
<td>47</td>
</tr>
<tr>
<td>&gt;5-10 years</td>
<td>19.4%</td>
<td>68</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>51.1%</td>
<td>179</td>
</tr>
</tbody>
</table>

* N = 350

![Figure 6](image_url). Individuals that participants contacted for guidance before opening their business(s).
**Statistical Analysis.** Seventeen questions followed a Likert format using a five point scale as follows: 5 = strongly agree, 4 = somewhat agree, 3 = neutral, 2 = somewhat disagree, 1 = strongly disagree (see Table 12). Four questions on the survey asked for entrepreneurs to identify their biggest challenge to overcome when opening a new business. Getting funding ranked the highest as the greatest challenge ($M = 3.40$, $SD = 1.39$), followed by finding information regarding government requirements or city regulations ($M = 3.19$, $SD = 1.35$), finding qualified employees ($M = 2.91$, $SD = 1.26$) and finding a cost effective location ($M = 2.84$, $SD = 1.31$).

**Helpful For Business Startup.** Four survey questions addressed entrepreneurs’ perception of Virginia Beach as helpful to small business owners. The first question asked whether city employees were helpful and receptive to working with small businesses. While 101 (29.1%) individuals remained neutral on this topic, 116 owners (33.4%) answered strongly disagree or disagree and 130 owners (37.5%) either agreed or strongly agreed ($M = 3.02$, $SD = 1.17$). The second question asked participants to rate whether VB outlines clear steps for a streamlined process in opening a business in the city ($M = 2.81$, $SD = 1.13$) and while 128 (37.2%) were neutral, fewer participants (88 or 25.7%) agreed that steps were clear than (127 or 37%) disagreed. The third question addressing RQ3 asked if the business owners were able to locate needed information on the VB website. While 131 (38.08%) participants were neutral, 137 (39.83%) somewhat or strongly disagreed and 78 (22.09%) agreed or strongly agreed ($M = 2.72$, $SD = 1.05$). The last question in this group asked participants if they looked at other cities in the Hampton Roads area before opening their business and found that Virginia Beach offered more help in the process. Comparing Virginia Beach to other area cities, 138 owners disagreed with the statement (40%), 169 participants (49%) were neutral and 38 owners (11%) indicated that Virginia Beach was more helpful in the startup process ($M = 2.49$, $SD = 1.05$).
Table 12.

*Descriptive Statistic Results From Survey Questions: Mean, Median, and Standard Deviation*

<table>
<thead>
<tr>
<th>RQ</th>
<th>Survey Question</th>
<th>N</th>
<th>Median</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>City employees: helpful to work with small businesses</td>
<td>347</td>
<td>3.00</td>
<td>3.02</td>
<td>1.17</td>
</tr>
<tr>
<td>3</td>
<td>VB outlines clear steps for a streamlined process in opening a business in the city</td>
<td>343</td>
<td>3.00</td>
<td>2.81</td>
<td>1.13</td>
</tr>
<tr>
<td>3</td>
<td>Able to locate needed information on the VB website</td>
<td>344</td>
<td>3.00</td>
<td>2.72</td>
<td>1.05</td>
</tr>
<tr>
<td>3</td>
<td>I looked at other cities in Hampton Roads for my business /found VB offered more help in the process</td>
<td>345</td>
<td>3.00</td>
<td>2.49</td>
<td>1.05</td>
</tr>
<tr>
<td>4</td>
<td>City departments /inspectors are more interested in assisting to achieve compliance than penalizing</td>
<td>342</td>
<td>3.00</td>
<td>2.83</td>
<td>1.05</td>
</tr>
<tr>
<td>4</td>
<td>The city encourages business expansion by offering incentives.</td>
<td>341</td>
<td>3.00</td>
<td>2.42</td>
<td>1.11</td>
</tr>
<tr>
<td>4</td>
<td>The City gives a preference for larger businesses over small businesses.</td>
<td>338</td>
<td>4.00</td>
<td>3.77</td>
<td>1.22</td>
</tr>
<tr>
<td>4</td>
<td>Economic development is aware of the impact when offering incentives for competing larger businesses</td>
<td>340</td>
<td>3.00</td>
<td>2.71</td>
<td>1.20</td>
</tr>
<tr>
<td>4</td>
<td>City administered taxes has inhibited the growth of my business</td>
<td>344</td>
<td>3.00</td>
<td>3.21</td>
<td>1.12</td>
</tr>
<tr>
<td>5</td>
<td>Aware of city services to assist business owners</td>
<td>346</td>
<td>2.00</td>
<td>2.42</td>
<td>1.22</td>
</tr>
<tr>
<td>5</td>
<td>VB informs/encourages businesses to use available private sector resources to assist businesses</td>
<td>345</td>
<td>2.00</td>
<td>2.44</td>
<td>1.15</td>
</tr>
<tr>
<td>5</td>
<td>VB encourages business expansion by offering education or mentors</td>
<td>342</td>
<td>3.00</td>
<td>2.52</td>
<td>1.07</td>
</tr>
</tbody>
</table>

*Note.* A five point Likert scale was used: 5 = strongly agree, 4 = somewhat agree, 3 = neutral, 2 = somewhat disagree, 1 = strongly disagree.

*Supportive For Small Business Expansion.* Five survey questions addressed entrepreneurs’ perception that Virginia Beach is supportive for small business expansion. The first question in this group asked if city departments and inspectors are more interested in assisting to achieve compliance than penalizing businesses ($M = 2.83$, $SD = 1.05$). More
owners believed that inspectors were more interested in penalizing businesses (109 or 31.9%) than achieving compliance (79 or 23.1%); 154 owners were neutral (45.03%).

The second question queried if the respondent felt that the city encourages business expansion by offering incentives. More than one third (37%) of the respondents were neutral on the subject of the city offering incentives, 137 participants (49%) disagreed or strongly disagreed with the statement \((M = 2.42, SD = 1.11)\). Forty nine owners agreed or strongly agreed that Virginia Beach offers incentives to encourage business expansion (14.4%). The third question asked if the city gives a preference for larger businesses over small businesses. The majority of respondents, 205 owners (60.7%), either strongly agreed or agreed that the city gives preferences for larger businesses over small businesses and 50 people (14.8%) disagreed; 83 individuals (24.6%) were neutral \((M = 3.77, SD = 1.22)\).

The fourth question in this group asked if the Department of Economic Development was aware of the impact on existing small business when they offer incentives for competing larger businesses. While 76 owners answered that they believe that the Department of Economic Development is aware of the impact on existing small business when they offer incentives for competing larger businesses (22.4%), 136 owners, or 40% remained neutral and 128 owners (37.7%) feel that the Department is not aware of the negative impact \((M = 2.71, SD = 1.20)\).

The final question addressing this research question asked if the level of city administered taxes has inhibited the growth of respondents’ businesses. More individuals agreed that their growth has been hindered by city taxes (36.7%) than those who feel that it has not (28.6%); 37% were neutral on taxes hindering growth \((M = 3.21, SD = 1.12)\).

**Training Services Offered by the City.** Three survey questions explored entrepreneurs’ awareness of services offered by the city. The first question asked whether the participant was aware of services that the city offers to assist business owners to open a business. Only 75 respondents (21.7%) agreed that they were aware of city services to assist
business owners; 194 (56.1%) responded that they are unaware of city services and 77 (22%) were neutral on the subject ($M = 2.42$, $SD = 1.22$).

The second question asked if the city does a good job informing and encouraging businesses to use all of the private sector resources available for assistance in opening and operating a business. The majority of business owners (178 individuals, 51.6%) either disagreed or strongly disagreed that the city does a good job informing and encouraging businesses to use all of the private sector resources available for assisting businesses ($M = 2.44$, $SD = 1.15$). 112 owners (32.5%) remained neutral and 55 (15.9%) believed that the city informs and encourages businesses to use these resources. The third question asked whether the participant felt that the city encourages business expansion by offering education or mentors. Only 47 business owners (13.8%) agreed that the city encourages business expansion by offering education or mentors; 145 owners (42.4%) were neutral and 150 (43.9%) felt that the city does not encourage business expansion by offering education or mentors ($M = 2.52$, $SD = 1.07$).

**Interest in Workshops.** The final survey question addressed the sixth research question, asking owners what type of training workshops they would want to attend. Twelve workshops were identified for the respondents to select from and participants could check all that they have interest in. The list of workshops was developed based on classes that are offered in Austin, Texas, a city identified as one of the most small-business friendly (Allen & Daniels, 2013; Clifton & Badal, 2014; Ortmans, 2016) and fastest-growing (Carlyle, 2015) in the United States.

Choices for workshops on the survey included: Small Business Accounting, Strategic Planning, Pricing Strategies, Internet Marketing/SEO, Setting Goals, Getting Investors for your Business, Developing a Marketing Plan, Customer Service and Keeping Customers, Using Social Media, Understanding Business Taxes, Secrets of Small Business Success,
Understanding Cash Flow (see Figure 7). Two hundred fifty eight participants (73.5%) indicated interest in one or more workshops with an interest in attending an average of 3.68 workshops.

![Bar chart showing interest in each workshop](image)

*Figure 7. Number of individuals interested in each workshop and percentage of interest in each workshop*
Secrets of Small Business Success and Understanding Business Taxes were the most popular valued by 48.8% and 41.9% individuals. At least one third of the respondents were interested in Internet Marketing/SEO, Using Social Media, Strategic Planning, and Getting Investors for Your Business. More than one-fourth of the entrepreneurs were interested in learning about Small Business Accounting, Pricing Strategies and Developing a Marketing Plan. Both Setting Goals and Customer Service - Keeping Customers ranked the lowest and had about 16% interest.

**Factor Analysis.** Business owners were asked to rate 12 Likert scale items (that were associated with research questions 3, 4, and 5) on the instrument used for this study. The data were loaded in SPSS to perform a factor analysis to detect the underlying structure and see whether the items loaded into three factors.

**Data Screening and Benchmarks.** Criteria that are well recognized for the factorability of a correlation were used. Only items that loaded ≥ .4 and had an eigenvalue of >1 were included in the analysis (Field, 2009; Karami, 2015; Sanders, Gugiu, & Enciso, 2015; Zhang & Preacher, 2015). All items loaded higher than .4 and were retained.

First, the distributions were analyzed to determine whether any variables should be removed due to limited range or skewness and all items were retained. Using listwise deletion, 338 – 347 cases were analyzed, satisfying the minimum amount of cases for factor analysis. Principle Component Analysis (PCA) was conducted on the 12 items with orthogonal rotation (verimax). The Kaiser-Meyer-Olkin measure of sampling adequacy was .88, which indicated great a level of correlation between items and meets the >.6 standard of acceptance (Field, 2009; Hutcheson & Sofroniou, 1999; Tabachnick & Fidell, 2001). Bartlett’s test of sphericity was highly significant $\chi^2(66) = 1491.15, p < .001$ and indicated that correlations between items were sufficiently large for PCA. Analysis of the correlation matrix indicated no need for excluding
Table 13.

Factor Analysis Pearson Correlations

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EmpHelpful</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>ClearSteps</td>
<td>0.49</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>VBWebsite</td>
<td>0.39</td>
<td>0.74</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>AwareServices</td>
<td>0.32</td>
<td>0.53</td>
<td>0.52</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>InformEncourage</td>
<td>0.38</td>
<td>0.54</td>
<td>0.60</td>
<td>0.67</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>OtherCities</td>
<td>0.18</td>
<td>0.27</td>
<td>0.31</td>
<td>0.26</td>
<td>0.37</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Inspectors</td>
<td>0.46</td>
<td>0.48</td>
<td>0.41</td>
<td>0.36</td>
<td>0.44</td>
<td>0.27</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Incentives</td>
<td>0.44</td>
<td>0.50</td>
<td>0.49</td>
<td>0.47</td>
<td>0.58</td>
<td>0.34</td>
<td>0.46</td>
<td>1</td>
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<td></td>
<td></td>
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<tr>
<td>9</td>
<td>ImpactLgBus</td>
<td>0.26</td>
<td>0.32</td>
<td>0.30</td>
<td>0.27</td>
<td>0.31</td>
<td>0.14</td>
<td>0.33</td>
<td>0.29</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>EducMentor</td>
<td>0.32</td>
<td>0.41</td>
<td>0.38</td>
<td>0.50</td>
<td>0.60</td>
<td>0.29</td>
<td>0.33</td>
<td>0.57</td>
<td>0.41</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>CityTaxes</td>
<td>0.14</td>
<td>0.10</td>
<td>0.09</td>
<td>0.06</td>
<td>0.07</td>
<td>0.03</td>
<td>0.13</td>
<td>0.24</td>
<td>-0.04</td>
<td>0.10</td>
<td>1</td>
</tr>
<tr>
<td>12</td>
<td>PrefLarger</td>
<td>0.13</td>
<td>0.21*</td>
<td>0.27*</td>
<td>0.30**</td>
<td>0.32**</td>
<td>0.18**</td>
<td>0.17</td>
<td>0.36</td>
<td>0.09**</td>
<td>0.33*</td>
<td>** **</td>
</tr>
</tbody>
</table>

N=349  **boldface** = p ≤ 0.001  ** = p ≤ 0.01  * = p ≤ 0.05
items due to singularity; almost all of the items indicated significant values of < .01 and Pearson correlations < .9 (Field, 2009). Significant correlations between variables are shown in Table 13.

**Factors and Reliability.** Themes for the variables were identified through exploratory factor analysis using verimax orthogonal rotation to enhance retained factors' interpretability (Karami, 2015). This method of rotation was selected to maximize the distribution within factors to discover interpretable clusters (Field, 2009). Factors with eigenvalues > 1 were retained.

Table 14

*Eigenvalues and Percentages of Explained Variances for Analysis of Survey Questions*

<table>
<thead>
<tr>
<th>Item</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>6.29</td>
<td>40.93</td>
</tr>
<tr>
<td>2</td>
<td>1.53</td>
<td>9.99</td>
</tr>
<tr>
<td>3</td>
<td>1.36</td>
<td>8.88</td>
</tr>
<tr>
<td>4</td>
<td>1.15</td>
<td>7.50</td>
</tr>
<tr>
<td>5</td>
<td>0.95</td>
<td>6.17</td>
</tr>
<tr>
<td>6</td>
<td>0.94</td>
<td>6.10</td>
</tr>
<tr>
<td>7</td>
<td>0.80</td>
<td>5.22</td>
</tr>
<tr>
<td>8</td>
<td>0.63</td>
<td>4.13</td>
</tr>
<tr>
<td>9</td>
<td>0.59</td>
<td>3.86</td>
</tr>
<tr>
<td>10</td>
<td>0.44</td>
<td>2.86</td>
</tr>
<tr>
<td>11</td>
<td>0.41</td>
<td>2.66</td>
</tr>
<tr>
<td>12</td>
<td>0.26</td>
<td>1.71</td>
</tr>
</tbody>
</table>

Because the scree plot was somewhat ambiguous, the interpretation was not the sole determinant for retaining factors (Field, 2009; Klein, 2013). Three components were retained based on the large sample size and Kaiser’s criterion of eigenvalues >1. In combination, the three factors explained 59.79% of the variance (see Table 14). Verimax rotation with Kaiser
Normalization converged 7 iterations to further define the underlying structures. Eleven of the twelve item loaded greater than .6 (see Table 16) and over half of the variables in each factor can be considered “good” to “superb” (Hutcheson & Sofroniou, 1999). The factor solutions can be considered reliable using Guadagnoli & Velicer’s (1988) criteria: two of the factors had more than four loadings greater than .6; the third factor may possibly be considered with few loadings.

Table 15.

*Factor Loadings and Communalities for 12 Items from the Virginia Beach Small Business Survey.*

<table>
<thead>
<tr>
<th>Items</th>
<th>Factor 1 Helpful for Business Startup</th>
<th>Factor 2 Encourages Business Expansion</th>
<th>Factor 3 City Taxes</th>
<th>Communalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Helpful</td>
<td>.91</td>
<td></td>
<td>.64</td>
<td></td>
</tr>
<tr>
<td>Clear Steps</td>
<td>.80</td>
<td></td>
<td>.65</td>
<td></td>
</tr>
<tr>
<td>Inspectors</td>
<td>.70</td>
<td></td>
<td>.51</td>
<td></td>
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<tr>
<td>VB Website</td>
<td>.61</td>
<td>.51</td>
<td>.58</td>
<td></td>
</tr>
<tr>
<td>Large Bus. Impact</td>
<td>.61</td>
<td></td>
<td>-.57</td>
<td>.52</td>
</tr>
<tr>
<td>Preference for Larger</td>
<td></td>
<td>.96</td>
<td>.72</td>
<td></td>
</tr>
<tr>
<td>Inform Encourage</td>
<td>.52</td>
<td>.80</td>
<td>.71</td>
<td></td>
</tr>
<tr>
<td>Aware Services</td>
<td>.83</td>
<td></td>
<td>.63</td>
<td></td>
</tr>
<tr>
<td>Education – Mentor</td>
<td>.68</td>
<td></td>
<td>.55</td>
<td></td>
</tr>
<tr>
<td>Incentives</td>
<td>.58</td>
<td>.64</td>
<td>.63</td>
<td></td>
</tr>
<tr>
<td>Compare Other Cities</td>
<td></td>
<td>.45</td>
<td>.23</td>
<td></td>
</tr>
<tr>
<td>City Taxes Inhibit Growth</td>
<td></td>
<td></td>
<td>.93</td>
<td>.73</td>
</tr>
</tbody>
</table>

Eigenvalue                        | 3.83                                  | 3.90                                   | 1.46                |
Proportion of Variance Explained   | 24.93                                 | 25.39                                  | 9.47                |
Cumulative Variance Explained      | 24.93                                 | 50.32                                  | 59.79               |
Factor Mean                        | 14.05                                 | 14.41                                  | 3.2                 |
Chronbach’s alpha                  | .81                                   | .78                                    | --                  |
Valid N                            | 232                                   | 328                                    | 344                 |

*Note:* based on a Principle Components Analysis (PCA). Rotation Method: Orthogonal Verimax with Kaiser Normalization. Only loadings with absolute values >.4 are shown. Higher absolute values are in boldface.
as the sample size was greater than 300 (pp. 271, 274). As shown in table 15, both helpful for business startup and encourages business expansion had high reliabilities, Cronbach’s α = .78 and .81 respectively.

The following three components were identified:

Factor 1 suggested a relationship with “helpful for business startup”. This factor contributed to 40.93% of the variance and 25.16% of the rotated variance. The five items that loaded on the variable included: helpful city employees, Virginia Beach outlines clear steps, helpful inspectors, VB website information, and large business impact. This factor was found to be highly reliable, α = .78.

Factor 2 suggested a relationship with “encourages business expansion”. This factor contributed to 9.99% of the variance and 24.71% of the rotated variance. The six items that loaded on the variable included: VB prefers larger businesses, VB informs/encourages the use of public resources, personal awareness of public resources, VB provides education or mentors, VB provides incentives, and VB compared to other cities. This factor was also found to be highly reliable, α = .81.

Factor 3 suggested a single item, “City taxes inhibit growth”. This factor contributed to 8.89% of the variance and 9.18% of the rotated variance. Only one item loaded on the variable: City Taxes prohibit growth. Reliability analysis was not performed on this variable since only one factor loaded here. For future studies, this component could either be eliminated or enhanced with additional questions to address the construct.

**Open Ended Questions.** Two questions on the survey allowed respondents to offer their views. The common themes are reported on Table 16. Many of the participants who answered the first open ended question continued their thoughts on the second question; therefore, the results for these two questions is reported in aggregate, as illustrated in Figure 8.
Table 16.

Recurring Themes from Open-Ended Questions.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Suggestions to make VB more business friendly</th>
<th>Other information for the SBS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Responses</td>
<td>Number of Responses</td>
</tr>
<tr>
<td>Taxes – Fees</td>
<td>22</td>
<td>13</td>
</tr>
<tr>
<td>Information</td>
<td>19</td>
<td>10</td>
</tr>
<tr>
<td>Double standard – Discrimination-Favoritism</td>
<td>18</td>
<td>—</td>
</tr>
<tr>
<td>Process</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Attitude - Competence</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Training and Services</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Large vs Small Businesses</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Incubator – Networking</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Internal Communication - Runaround</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Norfolk</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Policy</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Chesapeake</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Website</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Zoning</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Permits</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Something Positive</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Incentives</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Networking opportunities, Inspectors</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Minorities and Women</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td><strong>135</strong></td>
<td><strong>106</strong></td>
</tr>
</tbody>
</table>

Figure 8. Recurring words in open ended responses on the Small Business Survey.
The first question asked respondents to suggest ways that Virginia Beach could be “more friendly” to businesses of every size. Comments were made by 133 business owners. The second question asked participants to “give any other information you would like the SBS to know” and 105 people wrote comments. Respondents were allowed up to 500 characters for each response and some comments were coded with more than one theme. Additionally, there were a few non-constructive comments that were not coded in cases where the survey participant complained about particular individuals or companies. The 8 top ranking themes were: Taxes/Fees, Information, Double standard/Discrimination/Favoritism, Process, Attitude/Competence, Training and Services, Large vs Small Businesses, Incubator/Networking, and Internal Communication/Runaround. Five individuals compared Virginia Beach to Norfolk and four participants compared Virginia Beach to Chesapeake. Three people made positive comments.

**Taxes/Fees.** The most popular theme for the first open ended question was Taxes/Fees with 22 comments, summed up by P55: “City and State taxes, personal property taxes are killing small businesses in this area”. Together with the responses from the second question, this theme had the highest number of remarks overall (34). Property taxes were coded a total of 19 times.

“Get rid of the business property tax.” (P2-19)

“I feel the tax on equipment owned by the business is unjust.” (P2-11)

Business license taxes were cited 15 times.

“The gross receipts/privilege tax is antibusiness and should be abolished.” (P2-41)

“The business asset tax is excessive.” (P2-14)

“The taxes that are imposed on all businesses by the City of Virginia Beach are becoming overwhelming. Especially the property taxes and business license taxes.” (P2-26)
“Tax rate over $100,000 is outrageous! My taxes went up 500% because I worked harder, and made a few extra grand” (P2-55)

“I moved to Chesapeake because of the constant Tax headache the City of Virginia Beach was to my business.” (P2-56)

Excessive fees were mentioned by 6 individuals; the burden on new businesses was identified by P2-72: “Every agency in the City and State has their hands out for some type of fee. It costs so much in fees and special taxes just to get started. It was frustrating to say the least”.

“There are so many fees that are nothing but another form of taxation. (P2-75)

Large vs Small Businesses. The highest rated response on the Likert scaled questions reflected a belief that Virginia Beach prefers large businesses over small, and 26 comments were counted for this theme overall. Several pointed out the discrepancy toward larger businesses:

“… these people think a win for VB is a huge business/restaurant chain. A win for Virginia Beach is a strong healthy small business scene.” (P2-80)

“I understand incentives are an important part of attracting new business to the area. But it really cuts deep when you started a business from scratch and pay taxes in a city where you grew up and see your tax money in the form of significant incentives to outsiders to come to town and compete against you.” (P2-13)

Four respondents pointed out that Virginia Beach focuses on oceanfront business, as expressed by P2-109, “Va. Beach's reputation is they support larger industry "heads on beds" for tourism” and P2-92, “only gives attention to the ocean front not small businesses throughout the city”. Some comments were coded that asked for more interest in small business:

“The City of Virginia Beach and the State of VA do not in any way encourage small businesses.” (P2-38)

‘Please support small, local business against large out of state businesses. All things
being equal, go with the small local business.” (P2-40)

"Pay Attention" to the new, small businesses!!! We are the backbone of the economy!!!

(P2-131)

And one participant compared Virginia Beach with a neighboring city:

“I feel the city is currently uninterested in small business. Which is why I took my
business/business opportunity to a neighboring city. That was interested...” (P2-95)

Information. Participants requested a more organized city operation for disseminating
information, as stated by P2-25: “Better outreach to small business through marketing. (inside
business, AGC, etc)”. The most common code for this theme were centralized location.

“Please put everything a perspective business owner needs to know about starting a
business in one place. (P2-47)

“Can you have one central office to help in starting a business?” (P2-51)

The second most coded item was checklist or steps to open.

“When you go to apply for a business license there should be some sort of checklist that
is given out depending on your business giving you an outline on things that need to be
done before you open.” (P2-14)

“Welcome packets filled with "where do I go from here" along with comprehensive
steps.” (P2-64)

P2-68 made a suggestion for improvement: “I think it would be great idea to hand out or mail an
information packet when you purchase your business license”.

Double standard –Discrimination-Favoritism. Survey respondents would like the city
to treat small business owners with fairness. P2-23 made it clear: “There is a double standard
that favors large businesses”. Comments were made concerning fairness in the awarding of
contracts.

“I live in Virginia Beach, and have sold to every city / county in this state, other than
Virginia Beach.” (P43)

“The good ole boy network is a huge problem. The way the city picks the winners from the losers.” (P2-92)

Process. Eighteen participants made comments concerning process improvement. Faster turnaround was coded 4 times.

“They don't have any idea how much stress is involved when they hold up an opening of a business for such small things. In many cases we have our life savings on the line and what they do is harmful for us.” (P2-106)

The expense of keeping up with city requirements is expensive and burdens small business, as expressed by P 96: “The cost for compliance is significant and prevents growth”.

Three participants suggested that the city update their processes to conform with current technology:

“Let us update our Personal Property Taxes online. I can never remember the data from one year to the next.” (P2-89)

“Why am I still keeping a separate Excel spreadsheet with all of my equipment, and mailing it in with a check every year?” (P2-77)

“When obtaining a business license for the first time, it is a hassle to go to the license office in one building, walk to zoning in another building, and then back to the license office to finish the transaction. I would think the license office could have access to the same computer that zoning has to determine if a particular business is allowed to operate in a particular area.” (P2-17)

The sentiments can be summed up by P2-76: “City departments need incentives to get work done in a timely manner”.

Attitude – Competence. Several comments were made reflecting the attitude of city employees; most requested better understanding.
“Improve attitudes at the city's building and permits office. They have a king complex behind the desk.” (P2-82)

“We shouldn’t dislike going to the city permits office because of the people working there and their lack of wanting to help or tell you all the things you need to know. I never know if I will be successful when I go apply for a permit or not. Flip a coin.” (P2-71)

“The city needs people who have been in our shoes to help us and not hinder us. Those who have never dealt with the stresses we deal with just don't get it. If I had a choice at this point, I would be located in Chesapeake or Norfolk.” (P2-87)

“The only thing I want is to be treated fairly by a city staff who is knowledgeable about their position and roll in the city.” (P2-22)

Respondents felt that there is room for improvement through proper training:

“The front line people that interact with potential business owners are forty hour employees and have little if any concept of the challenges of opening a business. They seem to think everyone has the same amount of resources as they do, as a city employee. Somehow they really need to be ambassadors for the city to grow the city's economy. It's just an attitude that needs to be revised or properly educated.” (P2-38)

**Training and Services.** As reported in the previous section, respondents are interested in training workshops. References to public resources for training and the awareness (or lack of) were made 20 times.

“I believe if there was ways to learn more and get resources that we don't know about in to our hands we can expand.” (P2-3)

“Advertise whatever services you do offer.” (P2-8)

To make training more accessible, P2-62 suggested the use of technology: “Embrace virtual technology a bit more. Biz training and/or information sharing can happen from laptops and mobile devices. Do your best to have some offline meetings activities not during biz times of 8 -
Many of the small biz can't REALLY afford to close shop to attend an info session. Keep it simple, one page or one site with just about everything a biz owner needs to know.” This sentiment was echoed by P2-33: “Often workshops are held when I couldn't attend.”

**Incubator – Networking.** Fourteen remarks were coded in this theme. The researchers coded these answers together because the participant focused on a ways to “grow” small businesses. Several comments specifically asked for an incubator or accelerator:

“VB doesn't even have an incubator -- we go to Norfolk for that.” (P2-19)

“..Every other city in Hampton Roads and even Franklin have an incubator of some sort. Virginia Beach should take lead in the region on small business development.” (P2-70)

“Local incubators and accelerators and more "co-housing" offices for small businesses.” (P2-9)

“My dream is to have several real business accelerators and well as an incubator here at the beach in addition to what is available in Norfolk.” (P2-5)

Two participants specifically asked for networking opportunities.

“I would like to see small business networking events at low cost. I would like to see small businesses once they apply for their license to be put on a contact list advising them of these networking events so they can get their businesses underway and learns from others. This support network is needed if the small business community is destined to survive initial startups.” (P2-68)

**Internal Communication – Runaround.** “Communication between departments” garnered 7 of the 11 comments in this theme, asking for “coordination between departments on rules & requirements” (P2-2).

“If you go to 5 different officials you get 5 different answers.” (P2-80)

“One hand never knows what the other is doing.” (P2-78)

“I was given the runaround at the city office and conflicting info” (P2-106)
**Comparison to Other Cities.** Respondents compared Virginia Beach to other neighboring cities that exhibit more “business friendliness”:

“I see zero benefit to being located in Virginia Beach and would move in a heartbeat should a better option appear.” (P2-118)

“Terrible assistance in finding zoning information, would like to keep my business in Virginia Beach but will likely be moving to Chesapeake due to easier zoning restrictions and assistance.” (P2-4)

“Norfolk has embraced and fostered our efforts, whereas Virginia Beach has been lackluster.” (P2-90)

“We have found other cities (Norfolk) amazingly more fostering in our small business niche.” (P2-109)

“It does not appear that Virginia Beach gives contracting preference to businesses located in Virginia Beach; whereas some of the other local municipalities do (Norfolk, for example). Perhaps this should be investigated.” (P2-59)

“Throw a nice breakfast monthly like Chesapeake!” (P2-8)

**Website.** Four comments from participants confirmed the website observation from Phase 1 of this study:

“VB’s website is terrible! You cannot find anything you need, even with multiple searches using different terms. The results that pop up seem never to be related to the search terms, and the website layout is confusing and chaotic.” (P2-85)

“The City of Virginia Beach website has too much information scattered to hell and gone. It’s very hard to find what you’re looking for. We should break it up and have various departments using their own dedicated websites.” (P2-7)

**Zoning and Permits.** These themes were intertwined with some of the other themes: Information, Attitude, Process, Inspectors, Training, and Runaround.
“Terrible assistance in finding zoning information.” (P2-4)

“Make the zoning & permits department easier to understand & get people there that want to help people.” (P2-13)

Incentives. Incentives were coded 7 times. P2-116 suggested helping small businesses to get contracts: “Open up more purchasing options to department by creating incentives for buying from small businesses in VA Beach”.

“Offer incentives. Norfolk offers more.” (P2-51)

Minorities and Women. This theme was only apparent in the second question that asked for participants to offer additional information to the SBS. Most comments asked for more government assistance.

“I don’t believe that the city has a true commitment to use minority and small professional services. It’s very discouraging.” (P61)

“Virginia Beach has long been more interested in providing contracts to large firms vs small business owners. It is a well-known fact and a shame, shame, shame. Please don’t be small women and minority because at that point you will never ever get a contract.” (P2-121)

“We in the African American community need more assistants from the city of VA Beach when it come to starting a business in the city of VA Beach.” (P2-116)

Two respondents presented the opposite view, expressed by P2-4: “I think that every benefit, set-aside and program that the government provides women and minorities places a white-male owned business at a disadvantage. If you’re doing special things for minority owned businesses, do you assume that I’m smarter than I am or they’re dumber than I am? Either way, I don’t think it’s fair to offer help to one business owner because of their race or gender and offer none to another for the exact same reason?”

Something Positive. Nine individuals took the opportunity to offer a positive remark, thanking the city for its efforts or offering encouragement in the quest to improve services.
“Economic Development folks have been outstanding in their encouragement and genuine interest in seeing us succeed.” (P2-19)

“I am thrilled to see all the new efforts being activated to support small businesses.” (P2-5)

“We appreciate VB’s desire to diversify the City’s business portfolio and the emphasis on Small business. But now we need a bit of infrastructure behind the message to actually support it.”

“Thanks very much for what you all are doing already for us.” (P2-58)

“It’s a mess, good luck” (P2-73)

A number of the recurring themes found analyzing participant comments can be summed up by P2-77:

“The barriers to entry starting a business are the lowest they have ever been, but the government side isn't keep with the times. I can run a business from my iPhone... take payments, accounting, social media, and nearly everything else. The process of taking that idea live then requires lots of searching on old outdated websites, going into offices and asking questions like a clueless person, and spending lots of time finding the info needed to comply with regulations, zoning, taxes, etc.”

**Proposed Model for Virginia Beach.**

The results of the survey were consistent with the recommendations made by entrepreneurs in the initial interviews. The initial model developed in Phase 1 was updated to reflect the two larger factors identified: (a) helpful for small business startup and (b) encourage business expansion. The third factor, “city taxes” would need further exploration in a future study to indicate an independent category. Based on the comments made by participants, “tax breaks” was added to “encourage business expansion” because most off the comments were related to the business license tax which is tied to business volume and therefore, associated
with growth. The revised model for business startup and growth is shown in Figure 9 and provided the foundation for Phase 3 interviews.

Figure 9. Virginia Beach survey results: Components for business startup and growth.
Phase 3: Interviews with Entrepreneurs who used Public Business Resources

Themes from Interview Questions. Entrepreneurs who used public resources to start their businesses were interviewed to confirm the model developed in Phase 2. Several of the participants had experience opening multiple businesses. Codes were developed using the same process outlined in Phase 1 of the study. Three researchers coded the data and reached consensus on each theme (see Table 17). Of the original 17 codes established, four were collapsed into the 13 codes that were retained and relabeled. Figure 10 illustrates the themes that repeated in all three phases of the study; the most discussed topic was the need for information.

Table 17.

Summary Table of Themes, Phase 3 Interviews

<table>
<thead>
<tr>
<th>Thematic Clusters</th>
<th>Codes</th>
<th>Number of Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>Where to Start</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Concierge/Hub</td>
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<td>User-Friendly Website</td>
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<tr>
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<td>Checklist</td>
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<td>Process</td>
<td>Streamline</td>
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<tr>
<td></td>
<td>Customer Service</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Understanding City Employees</td>
<td>5</td>
</tr>
<tr>
<td>Small Business</td>
<td>Incentives-Tax Breaks</td>
<td>9</td>
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<td>Attitude</td>
<td>End Favoritism</td>
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<td></td>
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<td>Training</td>
<td>Learning</td>
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</tr>
<tr>
<td></td>
<td>Mentoring</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Networking</td>
<td>4</td>
</tr>
<tr>
<td>Services</td>
<td>Incubator</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Independent District</td>
<td>3</td>
</tr>
</tbody>
</table>
All of the entrepreneurs had a positive attitude toward Virginia Beach for conducting the Small Business Survey and were eager to assist by participating. The sentiment is summed up by P3-2:

“The city’s mantra should be to enable [entrepreneurs] to be successful in the city of Virginia Beach. I don’t think that they haven’t wanted to but I think they just haven’t focused on it….Today business is different and the consumer has changed it is more competitive than ever. There’s a certain freshness that comes with having new businesses, particularly in a resort area.”

Information. The majority of coded comments clustered around the need for information. Participants explained how new business owners don’t know where to begin or what to do. Where to start, concierge/hub, user-friendly website, and checklist made up this thematic cluster.

Where to Start. The most recurring theme was labeled “where to start”; 12 entrepreneurs expressed a need for information because new business owners don’t know what to ask:
“I think that some people just don't know—any of it. How the smaller details work.” (P3-11)

“A new business wouldn’t know unless they asked, and how would they know the right questions to ask?” (P3-10)

The consensus was that the government process is a mystery to nascent business owners and there is currently no clear place in the city to find the answers.

“I get calls all the time from people who are thinking about opening here and they don't know where to start when it comes to city government. The first thing would be to make it easy to access whatever services are available.” (P3-2)

“...maybe I didn't do a good enough job seeking things out, following the bread crumbs and really working hard to figure out how to start a business here. I think having little or no experience with that, I was looking for the green neon sign that said “hey come here and you will grow your business”. (P3-13)

Having information about government requirements is important in the startup process, as P3-7 commented, “Right off the bat you have to hire a real estate attorney. You have to hire attorney to walk you through the city process. The cost of doing business”. Pointing out that there aren't “any directions out there about that”, P3-11 called it “trial and error learning”. Some mentioned existing programs that are available to help entrepreneurs, yet they are not well-known:

“There are so many programs out there to help startup businesses, but if you are not connected to organizations like 1,000,000 Cups, or all these other—Business Gateway, Women in Business, you know, there is a bunch of them. But if you don't know about that, then you have no idea what you're supposed to be doing.” (P3-12)

Most felt that having better information before opening a business can reduce the strain felt by people who shouldn’t have started their business in the first place:
‘There are many businesses that do not understand the process it takes to get into business and the financial wherewithal needs to be gone over with some because there is more loss starting a business that is not financially sound and just saying “I am not just ready at this time”. (P3-5)

Regarding zoning requirements, P3-3 said that these are “questions you need to find out before, not after” starting your business.

Every participant interviewed agreed that having city demographic information available would help business owners. In the vein of “they don’t know what they don’t know”, P3-12 remarked, “you have to be a business person who understands why [understanding demographics of an area] is important…the new business owner—is he even introduced to that?”

Concierge/Hub. Following the thought that entrepreneurs need helpful startup information, 7 people described the need for some type of “ombudsman” (P3-5 and P3-3), “startup representative, a small business concierge” (P3-3), “liaison” (P3-11), or “point of contact person to help them navigate the system”.

“[Entrepreneurs] often get discouraged because they don’t feel like they have, kind of that single point of contact. I think it’s a wonderful position to have, someone who is a specialist to help facilitate the process. If they were considering having a retail specialist, that would be a huge competitive advantage. Huge. Our vacancy rate isn't too high, it is our success rate, the turnover, and the enabling of staying in business piece. I see this in my work with retail alliance over the years, trying to find someone for assistance – people get in trouble a lot of times before they raise their hand and ask for help-steps along the way to be successful. I don’t think it is the role of the government to run the business, but to have resources and make it user friendly. People can learn from each other.” (P3-2)
“They should have an ombudsman there if they want to be ‘open to the public’ and really encourage small business. There should be a desk in City Hall. And everything should be centralized. That would really release a lot of anxiety for new business people. There should it should have a few paid people, and it should have some trained and screened volunteers.” (P3-5)

Participants explained that the average new business owner does not understand the function of economic development and wouldn’t know to go there for help.

“For someone like me who isn't familiar with the language of economic development, and this business center and that, it's all a little confusing-you don't understand that economic development, “this is where I go when I'm starting a business”. Here's a breakdown before you can get there. Like those services might be there but you don't know that this is where you are supposed to go if you are not already a savvy person that is starting a business. And I think that sometimes people don't want to admit that they don't know that information. That reaffirms that the blinking light that says “this is where you should come”… There needs to be a place where people get their information.” They could say, “hey, this is the hub. We are Virginia Beach. Do you want to come here and work with us? We are glad to have you. Here's where you can really find authentic sources”. Because everyone is leery about what they find on the Internet. There's StartWheel, there's Gov2Com; is one of them for mom and pop businesses? Is it for the government? Can I use both? Can I be involved in both?” (P3-13)

P3-12 suggested that “whenever they open a new business in the city, [the concierge could] connect with the new business owner, sit down with the business owner and tell them things that the city can do for them. Or have an orientation session once a month at one of the restaurants here. The restaurant may cater it for free to let the new business owners know that they do catering. The city needs to let us know about their services.”
“How about an advocate between you and them? An advocate between you and the government. If I'm going to start out, they are the ones that know the Cobra rules and the building rules.” (P3-8)

User-Friendly Website. Ten people made comments on the city website which “needs to be updated” (P3-4). Two people had never visited it, P3-9 called it “a last resort for me”, and P3-6 explained that “[business owners] don't trust the city to give them business advice”. While calling the importance of the city website “huge”, P3-13 wasn’t sure which website belongs to Virginia Beach:

“Before you ask the next question though, I am not 100% sure what the city website is. Is it just YES Virginia Beach? Is it Hampton Roads Chamber of Commerce? What is the city website? I definitely been to vbgov.com to pay my personal bills, but I wasn't exactly sure if that was the same place you go for a business license and stuff like that. I got referred to “yes Virginia Beach” by the Chamber of Commerce-I was a little unclear about what the site is.”

P3-1 explains it this way: “I think the website is out of date and hard to use. From a user’s perspective, you know as soon as you get there that you are on a government website.” the interviewees agreed that in today’s economy, people expect a completely different experience when they visit a site to get information.

“I recently went to the website and I can tell you that it really didn't make much of an impression on me [laughs], that's an impression by itself. And right now I think it could be improved. There is nothing compelling that would make me think, "wow they really want retail". It's very stereotypical government.” (P 3-2)

“From an organizational perspective, it doesn't really flow the way a lot of sites, there is a lot of, content there. A lot of this stuff is available but you have to hunt for it. And one,
small businesses are already in overwhelm and “what do I have to do?” The last thing they should have to do is to hunt for stuff. I tend to avoid [the VB website].” (P3-11)

Several participants described a more user-friendly page and that “information should be easy to find and centralized” (P3-11) that “they should move towards a cluster of apps that are designed specifically for what we need to get done…designed from the user’s perspective. Not the government perspective” (P3-1). Two participants noted that a larger font is needed:

“It's got to be simple that my grandmother can do it. And they can't see something less than 14 font. And they are not going to scroll down. If they don't see it on the first page, they are not going to read it.” (P3-12)

“Plus, the older we get, the smaller the print looks. It's not that easy for us.” (P3-11)

The entrepreneurs offered ideas for improvement; P3-11 suggested “more video or and testimonial from some of our entrepreneurs”, a point that was elaborated by P3-2:

“I've been talking to people coming down from Pittsburgh, and you see this static site instead of pictures looking out the window, or here's some success stories for retailers, I think a lot of retailers would volunteer to be on some kind of a forum just to get their name in there. They could say “hey, we came here seven years ago”, testimonials.”

Three interviewees discussed a page that simplified the business startup process.

“They could add a dedicated website, you know, starting the process. They could list may be 10 different markets or industries. Like manufacturing, they click on that and they would list everything that's required like how to get a business license, how to do this, how to do that, maybe a 3 or four step process. Something that outlines what a person needs to do so that they can go into it knowing exactly what is needed and not after-the-fact.” (P3-10)

Overall, they all agreed that more is needed on the website if the city wants to have the persona of business friendliness.
“When you are doing things electronically, you need to act like a human. On the city website, it says “for information call, 627-blah blah blah”. You know what, why do I even go to the website when that's all that I get?” (P3-5)

“Everything from permits, regulations, to starting up, even going out of business. If we had something that was kind a like a real user-friendly website, that says, ‘here are the points of contact’, that anticipated the questions.” (P3-2)

Checklist. To assist new business owners, nine people agreed that the city should provide some kind of checklist, also calling it “a how-to kit” (P3-11) and “Business persons startup kit [that explains] kind of the who, what, when, where, how”. (P3-3).

“Make it idiot proof. Just to have a generic checklist, starting from the top: get your EIN number, next you get just a sequential checklist, just to go through. When I had my consulting firm out west, it was a given for me. For somebody doing a fresh start up, that's not true. People forget to do their taxes. They forget to get an EIN number. They forget the structural things that if you had a checklist that said phase 1, phase 2, phase 3, make it idiot proof, make sure you check the boxes. The information is in various places but it is not in one place as a checklist.” (P3-9)

Participants repeated their comments made about the website and felt that the information should be available in multiple places and should address requirements by type of business or industry.

“There would be a lot of variance in the list. You would have to do retail, you would have to do consulting, have to, it would be a hard list to put together. Because even in consulting you would have to target, I mean you could do it. Make a decision tree out of it. The decision would vary between the types of industry. You'd almost have to target it by age, too. “ (P3-8)
“Yes, for those who have not previously been in the waters being an entrepreneur, it can be a generalized process that is outlined or it could be more defined, depending on what industry to startup is in. It would be different for every industry, I would assume. There could be a generalized outline that could help every company.” (P3-10)

P 3-13 suggested “creating an app” and P3-3 outlined a procedure that would make the process better experientially for both the business owners and the city:

What if the economic development, city of Virginia Beach, they had a special place on their website- you as an entrepreneur could login and see the progress of every department involved. Economic development sends out an email to all these offices and they already know who you are before you get there. And you go down the checklist and each city department signs off on it as they go down through it.” (P3-3)

The entrepreneurs felt that this solution is necessary and ultimately will be very helpful for new business owners as well as save them money:

“They are not doing that now! ODU pays people to do those steps to open a business. The rudimentary things. And there are plenty of companies out there that charge $799, $599, to do these things for you...they cost Nothing!” (P3-12)

**Process.** The business owners interviewed agreed that a smooth process would assist entrepreneurs starting new businesses. Codes in this cluster included streamline, customer service, and understanding city employees.

**Streamline.** The need for a more streamlined process was unanimous among the 11 entrepreneurs who had opened a brick-and-mortar location in the city. People called for better directions up front, because “people really do not know which permits they need” (P3-5). P3-9 called for “a generic list and then a different one if you're building something; [including] subsets of lists”. Apparently, getting the permit is not the problem, it is the lack of information that is not available up front:
“Once you get a permit to open a business, the average person thinks you are finished. Then you learn later, most often by a phone call or a letter saying that you need to be signed off for construction, then you have to be signed off for fire, and all of that happens later; when a permit person gives you the business license, they often times don't tell you this. Then it becomes disconcerting. The streamlining process could take some of the angst and an anxiety out of this by saying "this is what you were going to expect next, The inspector is going to come to your store, the fire marshal is going to come to your store," .. No, that part is not done." (P3-5)

“[I did have an issue with that], building my wife's clinic, I skipped one of the permits. Do I need to have a framing permit because it is a vanilla structure? One would think you don't. You do. They wanted to count the number of screws we put between the drywall in the metal studs. I didn't know that I needed that. No, I had to have the guy come back in and get a certification from three different people and hand present it to him and he said, ‘OK, we're going to get a sample’, and did a metal detector- but he throws me for a couple of days. Lot of pucker! Lot of pucker. The clock was running down." (P3-8)

Respondents felt that the city offices could coordinate better with one another and revisit some of the rules on the books:

“I know that I've had frustrations when I opened my office. I have an office condo. Just trying to get the place inspected so I could start working in here, they said I couldn't start working until all six offices were open and inhabitable. That wasn't going to happen for three years. The permits and things, they have got too many antiquated rules that they need to look at.” (P3-4)

Frustration with the process was a recurring theme. Delays cause financial burden on entrepreneurs, who do not typically have large cash reserves and discourages new business owners.
“Usually they are pretty helpful but sometimes it can be pretty frustrating.” (P3-11)

“When it came to building permits that was ridiculous. It took nine weeks for us to get a building permit. After you get the conditional use permit, basically your design has been approved by the city. And when you go get your building permit you have to show that you are up to code. Apparently they were getting busy and had some apartments going up that time and we’re getting back-logged. Nine weeks to approve. And at that point you know I’m paying rent. It’s a few hours work for them to approve and I respect that but cost me quite a bit of money. And starting out, you’re not really flush with cash, so it’s been painful.” (P3-7)

“I have talked to so many people that were so discouraged before they even got started because the person, they felt like they were doing them a big favor. Streamline it, make it user friendly, give them everything they need on one visit. But more than that it is not even just about the process, most complaints I get are about that real bureaucratic, ‘you have to do this, you have to do that’. I think the permits are there for a number of reasons and you have to understand why they can benefit them and how they can protect them.” (P3-2)

One person recommended that the city should try to do the process themselves:

“A city doesn’t make or break a company, but they can make the process difficult for someone not to want to do things in said city. So if the city is interested in doing all those things, they should backtrack and try to do it themselves and see if those things are easy.” (P3-6)

Customer Service. The term runaround recurred with three interviewees, who described having to go back and forth between buildings. P3-5 feels that “the right-hand didn’t know what the left hand was doing and often times when you were referred it was really just to get you out
of the line and push you somewhere else and the other person was equally not attuned to what you were looking for.” P3-2 called for more simplicity:

“When you start the maze of permits, and where to go, in which building.... So many people make it so complicated. It's a cumbersome run around.” (P3-2)

This code was collapsed in the final model and is covered by “streamline” and “understanding city employees”.

*Understanding City Employees.* Although 9 of the interviewees acknowledged that they have had good dealings with city employees, 5 individuals made suggestions for improvement. The respondents felt that it would be helpful for startups if the city workers had more empathy for entrepreneurs by understanding what they experience opening a business. The recurring theme was that the attitude starts at the top:

“People say "I don't think I want to be here, those people of the city are so mean, they weren't engaging." I think that comment any time a person is thinking of investing in the city, the attitude of the person on the other side-because this is going to be their tax dollars that are paying them. And I don't think that's the overture, that's where they see themselves... And that's a matter of repositioning. Somebody in the city government has to believe it first.” (P3-2)

“ I think most of the people in economic development are doing a good job and are trying to be helpful. What would be nice is to have somebody who can go in to the city employees and teach them, “this is what a startup looks like, you need to take baby steps with them”. Don't stick your nose up in the air and say, "well this business is not…", be encouraging. If you're in permits, for instance, be helpful. I think it's just a matter of training and having the directive that comes from the Mayor or the city manager that says, "you know what, we want to support entrepreneurs and startups and we need everybody down to the last little clerk to be helpful for the startups". (P3-3)
The importance of customer service was emphasized and P-3-2 compared it to the “hospitality business” that the beach is known for. If Virginia Beach wants to be known as small-business friendly, the first interaction the entrepreneur experiences is very important.

“That's absolutely important, especially to help the business owner at the business license place. That is their first interaction with the establishment, the bureaucracy of the city. And for them to get anything other than total help, I mean you have got to have the real people there who can handle some guy, you know some kind of like, a baby in a car seat.” (P3-12)

“City employees, and every city in the world, should run like a business and make sure that customer service is like, the most important thing. Because at the end of the day, you can be the best customer service-based business. We have to realize that we are in business with people, every step of the way, and we have to take the steps that customer service is important. So it's extremely important”. (P3-6)

One respondent had good experiences with city employees but problems with permits:

“Would say [the city employees] are all very helpful. Permitting was, they don't give a shit. They are just doing their job. You have to keep following up. After a while I would just drive down there and asked them “hey, what's going on? What's going on?” It's costing you money that you may or may not have, you've got to get going on this. Trying to get in here by the end of the summer. City Council took the day off because it snowed, and that cost me another 30 days.” (P3-7)

**Small Business Attitude.** Participants expressed the perception that policymakers prefer large businesses over small businesses. Originally labeled “prefers large businesses”, this cluster was renamed to present a positive focus; the interviewees would appreciate efforts made by the city to embrace small businesses.

“If you're trying to nurture small businesses, that's pretty huge.” (P3-7)
This cluster includes incentives-tax breaks, end favoritism, and attitude.

Incentives. The Virginia Beach Small Business survey indicated that local business owners that the city believe that incentives are reserved for larger businesses, revealed in the interviews by P3-4, “[the] resources economic development has, I mean they're looking for bigger stuff, mostly bigger than what we do”. Although two interviewees were neutral on incentives for small business owners, the remaining people had ideas for offering something to entrepreneurs. P3-7 called tax incentives “massively important, when you look at it” and P3-12 felt that tax credits should be offered to individuals who work for them:

“People who are serious need to do the work; to get these tax credit you will have to join the training or take the workshops. If you are not serious, that’s OK, but don’t waste our time. We want to work with the people who are serious.” (P3-12)

Most of the ideas offered involved a five year plan that has a graduated path to assist new business owners in the beginning:

“Make it attractive [taxes] for the first five years. Or make it attractive for a first period of time. I would picture that as no tax for the first two years. Followed by a gradient for the third year and if you make it to five but you are going to pay everything, for the first five years you incentivize a business to locate in Virginia Beach.” (P3-8)

“Give them a couple maybe three years of tax incentives, maybe other things, and it keeps coming back to you. If you can keep veterans here, veterans pay more taxes on their retirement. They need to incentivize the hell out of those guys. You tell veteran that they are not going to pay state taxes for five years, they’re going to stay.” (P3-4)

“A new small business, there should be a five-year plan. They should have an abatement of two years to let them get off the ground where it is tax-free, and the third year to the fifth year should be prorated amounts and you get back to normal status on
the fifth year. Basically that corresponds with people that take five-year leases out. If by the fifth year you are not making it, it is your problem.” (P3-5)

Overall, the ideas suggested justifying the incentives or tax breaks; that the recipients had to “give to get” and that the city should be part of an integrated strategy:

“[Find] a way to provide financial incentive (tax breaks or awarding of contracts). There should be some way of measuring the overall affect, a ROI. It’s like a capital investment of a business. There should be a strategy in place so that the incentives are designed to achieve a result and they have a way to monitor the result. [They should also] be supportive of small business and new businesses that are growing. – give a tax incentive with Stihl if Stihl is working in some way with a small business. There should be an incentive for a big business to work with the small.” (P3-1)

Business owners feel that they pay “lots of taxes. Pay a tremendous amount of tax here” (P3-7) and ‘from a small business perspective, both for my business and my husband's business, I feel that that we really pay a lot of money on taxes. A lot.” (P3-11).

“The city's job is to find the clusters of business are doing well and help them.” (P3-1)

*End Favoritism.* Making comments that aligned with the respondents from the VB Survey, interviewees felt that the city favors tourism and the oceanfront.

“Tourism is a terrific thing, but we need more than that.” (P3-11)

“Economic development focuses on large businesses versus small, they give you a sense that, ‘well if I am not Amada Hoffler, I don't mean anything to you”’. (P3-5)

“What they tried to do, is to make at the oceanfront, the Mecca.” (P3-8)

“I think that, supporting the local businesses. I think the city does a lot of that down at the oceanfront, with the tie in with hotels in Beach Street with the hotels. But in other parts of the city, they seem much more neglected, the bread-and-butter. Period. If you got a laundry or a dress shop over in Kempsville, you're not going to get much help. It's
difficult because you want the government to be a, what's the best way to put it, level playing field, but it seems like instead of picking favorites from amongst the ones that need it most, they are picking favorites amongst the ones that are high profile. And I'm not slamming anyone, but- [The other areas,] they are not getting anything.” (P3-7).

**Attitude.** Eight people made comments that were coded as this theme. The focus is not the same as the attitude toward large businesses, according to P3-11: “looking to attract large corporations here, the approach is very different than courting small entrepreneurial businesses”. P3-2 indicated a lack of attention to small businesses:

“I don't want to sound harsh, but I feel that ever since I've lived here, I don't think the city has, you know they are doing a lot of great things, it just hasn't been very pro-business for small business. Maybe they think that score is going to take care of it, but SCORE, SBDC, they are stressed as tight as they can be. If you think about the role of economic development and how many millions of dollars, think if we had that vitality. I think it's a no-brainer. I've lived here for more than 50 years and we have never seen a more trying time for small businesses.”

The prevailing thought is that the city gives preferences to larger businesses.

“The city of Virginia Beach offers quite a lot of tax incentives for large businesses. The travesty is that you was a tax payer pay for those relationships, but the city offers absolutely nothing for the small businesses. Let's call this parity at this point.” (P3-5)

Everyone agreed that small businesses are important for city revenue, and some wonder when the city will focus more on this and “be treated with respect when you are a new business calling into the city of Virginia Beach”. (P3-3)

“I am past the shock, the cities live and die off the revenue for business sales. For some reason, I'm wondering if they hire people who don't understand. It's a real simple answer: be more engaged with them.” (P3-12)
“When [my partner] wrote his first check to the city to keep the license in play, I remember he said “they should be paying me because I am paying people”. By then we were at about 10 or 12 [employees], about two years into the business.” (P3-8)

As noted in the VB Survey by different participants, the city should recognize the competition, the neighboring cities where businesses can locate.

“People are going to take their business where they feel welcome and wanted. It's not an accident.” (P3-2)

Three of the participants who work in contracting noted the disparity toward small businesses in the city.

“I think what the city needs to do is to get a rigorous small business policy for awarding contracts to small businesses. It is very hard to get work as a small business in the city of Virginia Beach. It has been easier for me to get work and Iraq and it has been for me to get work in my own city-and my office is right next to municipal center. They would rather go hire someone from Colorado or Ohio or other people. That is what they do.” (P3-4)

P3-2 warns that without paying attention to and helping small businesses, we could see more of them closing their doors.

“For the most part, people think that economic development is open for big business. The oceanfront is open for business. And right now with the onset of the outlet mall coming in, there are a lot of antsy retailers. You should help them position for success instead of trying to be a corrective measure. They need to be positioned for small to medium expansion. The city needs to invest in person to make this happen putting good money after bad. We need good, vibrant retail in Virginia Beach. We have to remind people that is our first and foremost in the hospitality business. Show some love!” (P3-2)
**Training.** Participants agreed that training opportunities, mentors, and association with fellow entrepreneurs would assist new business owners start their ventures and help existing businesses stay afloat and grow. The codes in this category include learning, mentoring, and networking.

*Learning.* “Opportunities to learn” were coded in 11 interviews and included statements about classes, workshops, and help for businesses. Lack of experience as a business owner leaves the entrepreneur the option to learn on their own.

“I didn't know when I hired my first HR person that there were funds available as I hired veterans…but I didn't even have to have a HR department until I hired about 60 people [laughs]. I’m 70% veterans and of those, 50% are retired.” (P3-8)

“One thing to attract, but I think there are tons of business people already out there that could use these things that we are talking about they don't know how to raise their hand or how to get there. With good marketing tools, the city could market to some of the existing businesses.” (P3-2)

The entrepreneurs interviewed felt that educational workshops for business owners are an important resource for business owners. P3-2 feels that it is “a function of government, a function of economic development to keep business is healthy”.

“I see this as an opportunity to make businesses successful before they open and having resources to keep them healthy. People absorb information and a lot of different ways and even though we are in a digital community, I am finding that even some of the savviest businesses still want to handholding.” (P3-2)

“The sad statistic, is the number of businesses who are already in businesses and they are failing. They need to get the help beforehand and they don’t get the help at the right time and they go by the wayside. So they should help the people that have been in business a few years and help them before they fail.” (P3-5)
Preferences varied on whether the courses should be offered face to face or online (or both).

“I don't know if this is an age related thing, because I am more high-touch then high tech, I will listen to webinars and do those sorts of things but I like to get most of my information on a one-on-one consultation. Way I can fine-tune my questions. I usually have very specific questions and it takes me too long to sit through all of the online stuff to get the answers that I want.” (P3-9)

“I would love to be able to participate in workshop via [Technology]. I am not able to get that location, I would love to be able to log in and be there for all of it or part of it. It would be so much easier.” (P3-10)

“I think [training] would be fabulous, I do. I think a couple of sessions a year on ‘so you are thinking of starting your own business, Virginia Beach is a place to do that.’ You know, finding a location and do a session on what that involves. I think if they had cycle of classes that they could do online about what makes you successful; I think that that would be tremendously helpful.” (P3-11)

People feel that the city should partner with local higher education institutions and the courses should not always be free; business owners expect to pay for something that is valuable.

“You tell the people getting out of the service, if you want to start a business, we are going to have a classroom, it's free, it's a one hour thing, those of you that want to start a business raise your hand. That kind of thing. Then if you want to come back it's going to cost you. A school, maybe ODU or Tidewater Community College would help, I bet you. Because they love things that they can make money on.” (P3-8)

“Let's say it brews out of either ODU's entrepreneurial program or Regent's like, do it in some sort of combination of an educational [program] that may sponsor something like that. Or over at TCC, someplace where they can come together and feel comfortable in that environment, learning "here's the steps." (P3-11)
“I wouldn't mind paying a fee to compensate for any cost incurred on their end because it takes off the travel time and convenience is worth it.” (P3-10)

“There's another disconnect and you will love this one. And Northern Virginia who have almost the same types of workshops and opportunities, but guess what? Northern Virginia, every organization, SBA, All the organizations, they charge. You want to come to our workshop? It's $100. It's $200. $75. Down here, most of these things are free. They're free! Now, obviously you can argue both sides. And I’m not saying that you need to charge, that's not only worth my time, it's worth my money.” (P3-12)

One participant noted that the training received from the Virginia Beach contracting Institute was helpful; “they have two rounds of nine hour courses and a great wealth of information. Out of that process I got it very clear that that was not my market, so it was very useful for me.” (P3-7)

P3-12 laid out a plan for Virginia Beach to carry out:

“Here's something else that the city ought to offer. When you get that business license, first of all, you shoot that emergency email to one of those economic development guys, and you say 'hey, congratulations on your business. Our sole job in Virginia Beach is to make sure you are successful and you achieve the goals that you want to achieve'. Now on the attachment is: ‘three workshops coming up in the next month:

- How to start your business
- How to file for the EIN number
- How to do this, that’

And guess what? 90% of those workshops are already offered and they are offered for free. You're a veteran, there's even more free stuff. You could say, “here are the workshops, here they are. Heard of the Tidewater Association of Contractors?” And on
and on. It's doable. They are already out there. You need to have the presenters who are dynamic and unbelievable. Need to capture the mind of the entrepreneur.”

Mentoring. Although six people offered opinions regarding business mentors, most of the interviewees did not feel that it was the city’s job to provide them. P3.1 said, “I’m not sure the city can give advice, but they can probably facilitate the mentor protégé process” and P3.4 feels Virginia Beach can “be a catalyst for that in some way.”

“I think [having mentors is] awesome. Before doing this, I thought, no, that's on each individual person, the responsibility for growing the business, they should figure that stuff out and get their own mentors. But the more that I get involved, there is lots of organizations that provide those types of mentors. And I think that if the city would get on board and say “here's where you can get your mentors, here's the hub; that would set them apart.” (P3-13)

“There's so many other things, programs out there. You don't want to duplicate, you want to make things effective.” (P3-4)

“I think like, that Million Cups thing offers a tremendous opportunity there. That type of thing. You really need mentors outside of the city to do that. If there’s a matching service or something; that would be really cool. Especially, you get like smart business guys, whatever, but having specific knowledge of an industry is really helpful for us. You know, you get warned how bad it's going to be. I was literally working 100 hours a week to maintain production. Was not fun. It was not fun at all. It's a 24 hour job. You know, even if you're not there, you're there.” (P3-7)

Some mentoring relationships do not turn out well:

“We were offered a mentor in the first six months. The mentor I had, I heard from him once and I never heard from him again.” (P3-10)

P3-6 believes the job is suited for experienced entrepreneurs:
“They haven’t done it themselves. But I think they can create programs that people can help them with, but I don’t think that a city, or anyone, should be giving advice on anything that they haven’t done themselves.”

Networking. The entrepreneurs interviewed would like to see opportunities to network and learn from other entrepreneurs.

“It would be awesome if there was some kind of connection point where someone could say, okay you’re a new kind of business, you were a new vendor, something like that. A networking opportunity, something available monthly or quarterly.” (P3-13)

“Being able, being able to even like, sharing horror stories with the guy next-door and a collegial attitude with everyone. Giving that opportunity encourages everyone to do it. You say, if he did it, I can do it. Like the breweries that are popping up everywhere, if he can make it I can do it.” (P3-7)

“We could be assigned to our industries and if there were companies where to connect with certain industries because it makes sense that would be good for networking. Going into it, provide your email, wanting to receive information about different industries or different companies within certain industries. You would have to agree to that of course. It would be help full as an entrepreneur to be available to other business owners to give advice. If I could help them, I will. I would like to talk to other manufacturers in the area.” (P3-10)

Some of these opportunities exist, but awareness level is low.

“There are so many programs out there to help startup businesses, but if you are not connected to organizations like 1,000,000 Cups, or all these other—Business Gateway, Women in Business, you know, there is a bunch of them. But if you don’t know about that, then you have no idea what you’re supposed to be doing. It is the same with if you are a doctor or a lawyer or some other profession, you need to be connected with your
professional group. And the fact that people think that they can start a business on their own..." (P3-12)

**Support.** Two themes were identified in the interviews that were included in this cluster. Entrepreneurs discussed how the city could support local businesses by providing an incubator or by developing an "independent" district for local specialty stores and restaurants.

**Incubator.** Though 9 people believed that it is time for Virginia Beach to join the incubator scene, P3-2 thought it wasn't a priority, P3-13 didn't know enough about them, and P10 had no opinion.

“I think there should be an incubator and maybe there should be an Accelerator. I don't think, as much as Hatch is great, I don't think we should all have to go to Norfolk. I'd like to see a Hatch in Virginia Beach.” (P3-9)

“Don't they have Nest in Norfolk or something like that?” (P3-7)

Most agreed that the city did not need to "reinvent the wheel"; they can tie in with other organizations that are doing something similar.

“Maybe the city could give people a meeting space or something like that. Entrepreneurs tend to be very suspicious and very skeptical of government agencies. These are economic/MBA people, not boots on the ground people. I believe that Hatch fills that space already. They can co-brand an event with the city.” (P3-3)

“Yes, would I like to see one? Yes. And I think it is going to take being innovative on how to get it started. I would not start it through the city, I would start it through some sort of private enterprise. Look at what Zack has done [with hatch] and replicate it in Virginia Beach.” (P3-9)

Co-working spaces, where the rent is low, were suggested by P3-9 and P3-6. Virginia Beach could follow a model that works in other cities, as outlined by P3-4:
“The city needs to do an incubator and the perfect slot is out there with Old Dominion and Norfolk State, that complex out on Princess Anne Road, together with Tidewater community college. You get all three of those universities which are within 200 yards of each other, put in an incubator in there, with key objectives, that is funded. Some could be working on their capstone projects or on patents. That business model works really, really well out at Caltech and MIT.” (P3-4)

Another detailed plan was presented by P3-11:

“Let’s say there is a competitive arrangement, or competition to get placed into the incubator or something based upon Economic Developments’ priorities. Find the ones you liked based on criteria-fit and they get, say, 24 months to go through this incubator process before they get to the point where they could move out and stand on their own…I think that it should be based upon some of the priorities that they work on supporting and developing, based on either the types of locations that they want to fill, or the areas of innovations they are looking to drive. So I think that you can have more than one incubator. I definitely think a mentor-protégé type relationship would help drive success. Find something that is not rented out yet for some reason. Maybe a landlord who has some space, they can get a grant from the city to sponsor an incubator. Maybe those people could get something from the city for hosting in there. Bring in some folks who want to mentor in that space; for community development that would be great.”

P3-6 feels that the city should help provide the space and leave the rest to the participating entrepreneurs.

“They should just focus on getting people around each other, and nothing else. The education should be done by people who have done it before.” (P 3-6)
Independent District. Three people feel that the city can improve small business in the area by designating a shopping and dining area in the city that caters to independent businesses.

“Virginia Beach has a helter-skelter plan for growth, unlike Norfolk which has Ghent and 21st St., for instance. I would try, for the growth of Virginia Beach, to create an independent district [for small businesses]. Independents fail summarily and they are put in a center next to a large chain, might as well throw their money out of the window at that particular point. A good example of a place that does this right is Naples, Florida.” (P3-5)

“Think if you could get a geographic grouping, that's massive. Because you can revitalize in area.” (P3-7)

Final Recommendations by Participants. Two new requests were made for the city’s consideration, one to offer more digital services and one to clarify contract work:

“A lot of people are working on their mobile phones now. I would like to see more of my services moved to my laptops or phone.” (P3-1)

“With the city needs to do is make a decision on what small business certifies they are going to have. They haven't done that.” (P3-4)

P3-2 recommended that Virginia Beach establish liaisons with shopping center developers to get the word out that they are prioritizing small businesses.

“They probably need to do a campaign about what they are doing [laughs] because I think a lot of people don't know are doing anything. I rarely hear anybody talking about going to the city for help, anything to do with retail. And it's not just about what they can do but about making people aware of other things that are being done- through the entrepreneurial center, Retail Alliance or other economic agencies…SBDC, is a wonderful organization. I think the rule is more of helping to package it. And then to tell
people what do these [organizations] even do? Sometimes grants are available. Average small business owner, they cannot navigate the waters of big government, so they throw up their hands and do nothing.” (P3-2)

If the City of Virginia Beach wants to extend the attitude that they are welcoming to small business, P3-9 describes how they must develop a “mindset, a mentality of supporting business”. A vision should be developed and facilitated by city leaders:

“The question is not what is your vision, it is do you have a vision? I don't think that the city has defined the vision, the importance, and the dynamic that comes with retail. Doing a project like this will only have traction if it comes with a vision. You have to find the vision you have to sell the vision and you have to put someone in there to facilitate the vision. So what is the vision? The visioning thing really has to start from within. They don’t need to say something that they are not going to act on or fund. This should be thought of as an investment in the future and a very prudent investment, quite frankly.” (P3-2)

Virginia Beach is a city where people want to live and locate their businesses; if the leaders can organize the resources better, more small businesses can thrive and make it.

“I think people want to be here. People want to be in Virginia Beach. I think sometimes people think “I'd like to stay close to Virginia Beach but I might have an easier time in Chesapeake or Norfolk”. But I wanted the close to Virginia Beach and want to stay here. As for me, I want to be in Virginia Beach. There is a draw here, so how do you compile the resources that you have and provide some sort of gateway that can filter people in a way that not just saying- “oh yeah, go over there, but this is where you want to be and you need to talk to this person”. Maybe there needs to be more of the walk alongside, instead of just pointing, pointing, pointing.” (P3-13)
Figure 11. Themes from three phases of the study.

**Model for Virginia Beach.** The themes that emerged from the three part mixed method study shown in Figure 11 were used to develop the final model. The thematic clusters identified in the third phase verified the findings from the first two phases and were used to develop a final model for the City of Virginia Beach (see Figure 12).
Figure 12. Model for small business startup and growth in Virginia Beach
The code “where to start” was collapsed into “concierge/hub” in the model. Using the model developed in Phase 2 of the study as a guide, the clusters were associated with the factors identified in the factor analysis: (a) helpful for business startup and (b) encourages business expansion. For the final model, these were renamed: (a) support small business startup and (b) support small business growth.

**Summary**

The problem of this study was to encourage entrepreneurship by identifying the resources that support business startup and growth. To address the research hypotheses, the researcher conducted a three phase study. In the first, qualitative phase, interviews were conducted with 10 entrepreneurs to explore the needs and use of resources for business startup and growth. The data were used to develop a preliminary model and subsequently a survey instrument for the small business population in Virginia Beach in the second, quantitative phase; 351 business owners in Virginia Beach participated. The data were analyzed using descriptive statistics and a factor analysis was performed to validate the instrument for future studies. Two factors were identified, (a) helpful for business startup and (b) encourages business expansion. Both factors had high reliabilities, Cronbach’s α = .78 and .81 respectively. A model was developed from the Phase 2 data.

The third, qualitative phase of the study explored aspects of public business resources identified in the Virginia Beach Small Business Survey as most helpful or needed for entrepreneurs. Thirteen entrepreneurs representing small businesses in the city who have used public services for startup assistance were interviewed to validate the model developed in the second Phase. Participants identified services that are missing, recommended how the city can improve the use of services offered, and made suggestions for making Virginia Beach more “business friendly”. The interviews in the first and third phases followed phenomenological
tradition in qualitative inquiry. Participants in Phase 3 validated the model and slight modifications were made to establish the final model.
CHAPTER V

Summary, Conclusions, and Recommendations

This study examined the resources and assistance that public agencies should offer in support of entrepreneurship. This chapter summarizes the study, presents conclusions based upon the findings, and provides recommendations for future studies based upon the results of this study.

Summary

The purpose of this study was to encourage entrepreneurship by identifying the resources that support business startup and growth. The mixed method study was guided by seven research questions. Phase 1 was guided by the first two research questions:

RQ₁: What are entrepreneurs’ informational needs for business startup and growth?
RQ₂: What resources do entrepreneurs seek and use before starting up a new business?

Phase 2 was guided by research questions 3-6:

RQ₃: To what degree do entrepreneurs perceive Virginia Beach as helpful in the process of small business startup in the city?
RQ₄: To what degree do entrepreneurs perceive Virginia Beach as supportive to small business expansion?
RQ₅: To what degree do entrepreneurs utilize training services offered by the city?
RQ₆: What type of training workshops would entrepreneurs want to attend?

Phase 3 was guided by research question 7:

RQ₇: What resources and assistance should public agencies offer that support entrepreneurship?

There were several limitations to this study. The participants of the study included only entrepreneurs with businesses in Virginia Beach, Virginia. Because the survey was posted on Survey Monkey, the researcher did not have control over whether the participants had a
business in Virginia Beach or were actual business owners. The researcher did not have access to a complete roster of businesses in the city; therefore, many local business owners did not get an invitation to participate. All participants self-selected. Forming the VB Small Business survey was a group effort with the SBS and the researcher did not have complete control of the questions included.

Limitations of the qualitative phases 1 and 3 include researcher bias and familiarity with some of the subjects. The researcher was formerly an entrepreneur who had experience using small business public resources and was acquainted with some of the participants. Being an insider has its benefits but also brings drawbacks; while this was the ticket for gaining access and interviewees gave information freely, the researcher had to guard against leading the interview.

Because qualitative research is contextual and subjective in nature, standards were followed to reduce bias and increase trustworthiness, which replaces reliability and validity in social constructivism (Hays & Singh, 2012; Koch, 2006). To maximize trustworthiness, the researcher kept detailed field notes and memos during the research process to improve credibility and create an audit trail. Peer debriefing helped increase ethical validation. In Phase 1, the researcher consulted business experts who are members of the Small Business Subcommittee before conducting the interviews and also during the process. For Phase 3, multiple researchers coded and interpreted the data.

Triangulation of data methods helped improve credibility, transferability, confirmability, authenticity, sampling adequacy and substantive validation (Hays & Singh, 2012; Koch, 2006; Tucker et al., 1995). Validity was increased by comparing data obtained through different methods (Priest, 2002). Data were triangulated by using different classifications of businesses, methodological triangulation was used by including two sets of interviews and unobtrusive data, and investigator triangulation was used for Phase 3 interviews.
**Phase 1: Website Observation and Interviews**

To answer the first two research questions, ten Virginia Beach entrepreneurs were interviewed in Phase 1 and unobtrusive data was collected from the Virginia Beach “Business Resources” website page. Using criterion sampling, the researcher selected businesses with brick and mortar location(s) in Virginia Beach. Five different types of business were identified for data collection for the first phase: four retail stores, three restaurants, a hair salon, a health service provider, and a fitness operation. All of the entrepreneurs had prior experience in business; seven had worked jobs in their industries and three had experience running other businesses. The information from the website observation and the interviews helped design a survey questionnaire for the Phase 2.

**Phase 2: Virginia Beach Small Business Survey**

In the second phase of the study, a survey instrument was designed based on data from Phase 1, the literature review, and input from SBS members to answer research questions 3, 4, 5, and 6. The survey included a total of 17 Likert scale questions; 12 questions addressed the operations of the city. Two open ended questions allowed participants to add additional thoughts. Demographic questions were voluntary. The questionnaire was tested for content and face validity; 25 business owners in Virginia Beach participated in the beta test and amendments were made on the instrument as recommended by participants.

The population in Phase 2 included 351 Virginia Beach business owners. Descriptive statistics were used to analyze data and a factor analysis was performed to validate the instrument for future studies. Volunteers on the SBS met to code the open ended questions. The results of the Likert questions and the responses to the open ended questions were used to develop a conceptual model identifying entrepreneur resources important for business startup and growth.
Phase 3: Interviews

For the third phase of the study, a purposeful sample of 13 entrepreneurs were interviewed, representing small business owners who have used public services for startup assistance in Virginia Beach. To confirm the model developed in Phase 2 of the study, the participants were asked and to identify resources Virginia Beach could provide small business owners that assist business startup and expansion. Three researchers coded the data and identified five distinct themes that were used to develop the model for recommended resources and support services for small businesses in Virginia Beach, confirming the data analysis from the Virginia Beach Small Business Survey.

Conclusions

Phase 1: Website Observation and Interviews

The website review revealed that while there were quite a number of linked sources with excellent information and training available, most of it was buried deep in the webpage within an abundance of small-font text and a few real “gems” were found far down the page. Because the very first link takes a visitor to a dead end (“page not found”), it is possible that visitors may give up on this source early on.

None of the interviewees considered looking to the city of Virginia Beach as a resource for assistance in developing their enterprises; one was led to the SBDC by his banker and another entrepreneur contacted SCORE.

Therefore, they all looked to industry associates and friends for advice; four did some research online. Only one of the interviewees had sought resources (a mentor) about running a business since opening, the others called on a client, banker, attorney, or distributor for advice or collaboration.

The participants wish they had more information before opening up their businesses, because as P1-5 commented “it’s just a ‘work in progress’” and nascent entrepreneurs “learn
from mistakes” (P1-6) or “learn[ed] as we go” by doing (P1-3). In response to this question, six respondents wished that the city had been more helpful by giving clear directions on the process; four suggested that departments within the city communicate better so that business owners understand the requirements without having to return to the office several times.

The data from the interviews revealed some additional themes that emerged. Virginia

Although some of the respondents had a good experience dealing with city employees during their business startup; those who voiced the most problems had experience opening operations in other cities. Citing that the city is disorganized and employees have bad attitudes, respondents described running back and forth between departments due to lack of clear directions with departments not communicating with one another, resulting in wasting valuable time and even causing expensive delays for independent entrepreneurs who historically do not have deep pockets to cover unexpected losses. During this process, the city employees do not treat the business owners as “customers” who provide city taxes that pay salaries and add to the community coffers. Altogether, the seasoned entrepreneurs expressed that they felt that the experience was frustrating.

“So I wasted, countless hours…” (P1-2)

“It’s a standing joke that we have, no matter how prepared you are, they always send you home to get something else.” (P1-7)

“It’s a hassle. It's a hassle. That's bureaucracy.” (P1-5)

**Phase 2: Virginia Beach Small Business Survey**

The respondents’ believed that Virginia Beach prefers large businesses over small and indicated the need to streamline processes, offer incentives and training, provide startup information, and update the website. Participants who answered the open ended questions expressed concerns about taxes, favoritism, city employee attitudes, and the process for opening a business. They requested business incentives, learning and networking
opportunities, and a business incubator. Suggestions were made for updating the website and adding services offered in neighboring cities.

The factor analysis identified three components that explained 59.79% of the variance. Verimax rotation with Kaiser Normalization converged 7 iterations to further define the underlying structures. Factor 1, which suggested a relationship with “helpful for business startup”, loaded five items and was found to be highly reliable, $\alpha = .78$. Factor 2, which suggested a relationship with “encourages business expansion” loaded six items and was also found to be highly reliable, $\alpha = .81$. Because factor 3 suggested only one item, “City taxes inhibit growth”, this component could either be eliminated or enhanced with additional questions to address the construct in future studies.

The majority of survey respondents (56.1%) indicated that they are unaware of services and training offered by the city, yet 73.5% of participants indicated an interest in attending various small business workshops.

**Phase 3: Interviews**

The interviews with entrepreneurs who had experience using public business resources revealed insight to the information obtained from the VB Small Business Survey. Participants appreciated the policymakers who initiated the Virginia Beach survey and had interest in improving the small business development in the city. They elaborated on themes that emerged in Phase 2 of the study and identified ways that the city can support small business startup and growth.

There was agreement that Virginia Beach could improve their resources for new businesses by providing better information and streamlining the process. Participants found the website to be “out of date and hard to use” (P3-1). Frustration resulted from unnecessary delays when business owners were not informed of the process causing, as P3-8 put it, a “lot of pucker!” Getting permits was a recurring problem and several described some form of
“When it came to building permits that was ridiculous.” (P3-7)

“The maze of permits, and where to go, in which building.... It's a cumbersome run around.” (P3-2)

Confirming the perception that the city favors large businesses over small entities and businesses at the oceanfront, participants suggested that Virginia Beach should develop more of a welcoming attitude toward small entities, since “cities live and die off the revenue for business sales” (P3-12). This includes an attitude change for the city employees who don’t show empathy for new business owners due to lack of understanding. They also recommended that the policymakers consider considering tax breaks and other incentives. The entrepreneurs agreed that the city could support entrepreneurship by providing access to education, business networks, and other learning opportunities to assist startups and existing businesses. They do not think that training offered by the city has to be free because according to P3-12, “if it’s worth my time, it’s worth my money.” The data obtained from the interviews confirmed the themes from the model developed in Phase 2 and were used to modify the final model.

**Recommendations**

The model developed from the data defined five clusters that guided the recommendations: Information, Process, Small Business Attitude, Training, and Support.

**Information**

**Concierge.** The City of Virginia Beach should make it easier for entrepreneurs to find the information they need to open a business. A small business “central office” should be established and staffed by an individual or team that has startup experience. In this “one-stop” location, business owners can find all the information they need regarding licenses and permits. The staff can direct the entrepreneur through the process, acting like a “concierge”.

**Website.** The Virginia Beach website should be updated and made user-friendly. The
“checklist” should be easy to find and can be segmented by industry. Information on permits and zoning should be clear and the website can create a portal to area resources that assist business startups in the private sector. Apps could be developed to facilitate processes for business startup, obtaining permits, or paying taxes. The website should include links to learning opportunities, both face-to-face local workshops and online courses that are available.

**Checklist.** The steps to take for opening a business in a city should be compiled on a “checklist” that business owners can follow to keep the process organized. These steps can be published as documents or brochures that will be available on the website and at the city offices. They should also be distributed to local stakeholders such as commercial leasing agents, bankers, business attorneys, and accountants, as these individuals often see the entrepreneur first.

**Process**

**Streamline Process.** The process for opening a new location should be streamlined, eliminating the current practice of sending individuals back and forth between buildings. Very clear directions are needed that spell out the requirements so that entrepreneurs know what documents they need to bring to the city office, eliminating multiple visits that waste valuable time and “runaround”.

**Helpful Employees.** City leadership must develop a culture among the City employees that respects and appreciates small business. Business owners produce needed revenue for the city budget and some need more “hand-holding” navigating the government system while going through the startup process. City employees that work with entrepreneurs should receive training to improve employee awareness: (a) the critical importance small business plays to increase city revenue and (b) how employees can assist business owners by understanding their challenges. The recommendation by P76, “City departments need incentives to get work done in a timely manner”, illustrates the aspect that for entrepreneurs, time is money.
**Small Business Attitude**

**Incentives.** Participants in all three phases of the study indicated that small business owners have fewer financial resources, especially in the early years of business. The City should look for ways to assist small businesses with tax breaks and incentives that are offered to larger businesses. They should also understand that Virginia Beach competes with other cities for startups and know which incentives and tax breaks are offered in neighboring cities.

**End the Perception of Favoritism.** Business owners in the area perceive Virginia Beach to prefer larger businesses and national chains as well as businesses located at the oceanfront. Explained by P3-7:

“It's difficult because you want the government to be a, what's the best way to put it, level playing field, but it seems like instead of picking favorites from amongst the ones that need it most, they are picking favorites amongst the ones that are high profile.”

While perceptions are difficult to change, they can make inroads here by awarding city contracts to Virginia Beach small businesses and by giving incentives to larger businesses when they “work with the small” (P3-1).

**Attitude.** In addition to ending the perception of favoritism, interview and survey participants suggested that the city consider adopting a “small business attitude” and city leaders can look to find ways to assist small businesses in startup and expansion in Virginia Beach. The metropolitan area is home to the largest active-duty U.S. military population ("Defense: Virginia beach department of economic development," 2015), and current initiatives focus on assisting retiring service members and veterans. While the SWaM” (Small Woman and Minority) office is also active in Virginia Beach, some survey participants felt left out. The city can start by publicizing that “Virginia Beach is open for Small Business” and adopting a proactive attitude toward all small business.
Training

**Learning.** Starting with the Concierge in the central office and made available on the website, information can be given to business owners that answers common questions and enlightens inexperienced and experienced owners alike. The city does not need to produce elaborate trainings; links on the website can lead to training available online and also to workshops that are offered by various outside organizations. Directing entrepreneurs to *StartWheel* and *1MC* are examples. The Department of Economic Development should consider adding more workshops for business owners and partnering with Regent University or TCC to facilitate the effort. Using the results from Phase 2 of this study, topics could include (in order of popularity): Secrets of Small Business Success, Understanding Business Taxes, Internet Marketing/SEO, Using Social Media, Strategic Planning, and Getting Investors for Your Business, Small Business Accounting, Pricing Strategies and Developing a Marketing Plan. Technology should be used to deliver these workshops to owners that have little time to leave their operations for training.

**Mentoring.** Providing mentors for entrepreneurs may not be the job for city government, as stated by several participants, but the City can provide information to business owners about available local resources and direct individuals to existing programs. The Concierge can act as a conduit for this information as well.

“I think if I had somebody who have help me not have made as many mistakes before I first opened my first business, I think it would have probably helped me be more successful after…” (P1-7)

**Networking** Informal business networks provide strong opportunities for entrepreneurs to learn from one another. While the City does not need to develop new networks, they can use their existing resources to direct business owners to industry-specific networks that currently operate in the city.
“A networking opportunity, something available monthly or quarterly.” (P3-13)

This can be established on the website and the marketing materials that are developed (see Checklist) can direct individuals to the site.

**Support**

Finally, Virginia Beach can begin to create a culture that supports small businesses by considering supporting a business incubator or developing new or existing shopping areas in the city.

**Incubators.** Business incubators and accelerators assist small business growth. Though the City currently sponsors an accelerator with bio-tech firm(s) together with Tidewater Community College (TCC), they could partner with TCC or Regent University, to facilitate an incubator and develop a program based on successful incubators in other areas. Policymakers could fund a location as P3-3 and 3-6 suggested, and partner with Norfolk’s Hatch to run the operations. Another suggestion would be to sponsor co-working spaces to offer startups low-rent for their fledgling businesses.

**Independent District.** Creating a district for independent retail shops and restaurants is one of the most interesting concepts from the interviews and yet perhaps the most difficult to execute at the same time. Small businesses thrive in other cities where they are grouped together in a physical location. Consumers know they can find unique experiences and escape the “cookie cutter’ establishments at shopping malls.

**Directions for Future Research**

The interviews with entrepreneurs and survey results illustrated the contrast between different business types and their needs for growth; small business owners are not all alike. Individuals enter into entrepreneurship for a number of different reasons, measuring their success on both financial and non-financial criteria, including lifestyle, flexibility, and personal satisfaction (Estay, Durrieu, & Akhter, 2013; Walker & Brown, 2004). Aulet & Murray (2013)
identify 2 types of entrepreneurs: high growth and lifestyle. High growth entrepreneurs build a competitive advantage by bringing new ideas in the technical, market, or business-model domain and create what they call “innovation driven enterprises” (IDEs) with global opportunities for high growth potential. Lifestyle entrepreneurs create the more common type of startup, “small and medium enterprises” (SMEs) whose business ideas are more traditional and serve local markets. The requirements for these entrepreneurs vary significantly.

To clarify these different needs, Steve Blank goes further to differentiate six varieties of startups:

1. Lifestyle Startups: individuals create a business out of their passion so that they can continue to pursue their passion (a surfer with a surf shop, for example).
2. Small-Business Startups: the overwhelming number of small businesses are set up to “feed the family”, and many of these are barely profitable (hairdressers, carpenters, consultants, for example).
3. Scalable Startups: these entrepreneurs envision their company “changing the world” by building scalable businesses and seek venture capitalists who will eventually publicly trade the company (Facebook and Google, for example).
4. Buyable Startups: these are set up to be sold to larger companies (mobile apps, for example).
5. Social Startups: started by individuals who are passionate more to “make a difference” than to scale and grow a profitable enterprise (non-profits, for-profit, or hybrids).
6. Large-Company Startups: these large corporations are experiencing shorter life cycles and disruptive changes from external threats which require innovation for business survival (Android and Google, for example) (Blank, 2011, 2013a).

Although the needs of these entrepreneurial types are considerably different,
governments that try to promote entrepreneurship generally group all startups together. Entrepreneurship programs and education should address the differences between these founders and the financial strategies needed. Policy makers should decide which groups they want to help and grow; understanding them will make the difference between success and failure (Blank, 2011).

The model developed in his study can be used for future research to determine business friendliness in other cities. While the factor analysis identified two distinct factors, the third factor (city taxes) requires further research and could be expanded upon in future studies. Additional research will aid Virginia Beach in developing an effective and engaging City website. Stakeholders could study efforts made in cities nationally known as “business friendly” and by investigating how to incorporate technology to improve ease of use and provide clear information for entrepreneurs. Finally the second phase of the study identified a gap for further research. The majority of participants (73.5%) were interested to participate in public workshops to assist startups, yet the survey results indicated that most entrepreneurs were unaware of services the city currently offers. Future studies could research this gap and identify ways that the city can develop and deliver training that facilitates participation of business owners.
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Protocol Questions – Phase 1

Background questions

a. What kind of business do you operate?
b. When did you open your business?

Seeking and Identifying Information

1. Did you seek information on how to open and operate a business before making your decision to start up your business?
   a. Why? / Why not?
   b. How did you know what information you needed?

2. Where did you find the information/resources?
   a. Did you go to the City of Virginia Breach website? If so, how navigable was it?
   b. Were you satisfied with the quality of information you identified?
   c. How useful was the information/resources you found?

3. How did you determine what kind of information you needed?
   a. Financial
   b. Local government regulations
   c. Business operations

Using the Information

4. Have you sought more information since opening your business?
   a. How are you using this information?

5. How helpful was the city of Virginia Beach in helping you establish your business?
   a. Did you consider contacting economic Development for assistance?
   b. How about the SBDC? (are you aware of their programs)

6. Now that you’ve started up your business, what information/resources do you wish you’d had before starting your business?

7. What kind of barriers, if any, did you encounter in opening [or expanding] your business?

8. What recommendations would you make to the City of Virginia Beach to help them improve business entry and growth?

Thank you so much for your participation! Your responses will help the Virginia Beach develop solutions to benefit small business growth in the city.
INTERVIEW CONSENT FORM

My name is Karen Eagle and I am a graduate student under the direction of Professor Tomovic in the College of Education at Old Dominion University. I am conducting a research study for my doctorate degree to learn the access and use of small business resources in Virginia Beach. Your participation will involve answering questions about resources that you found to help you open or expand your business.

I would like your permission to interview you and use your comments in my study. The interview will last approximately 20 minutes. The results of the research study may be published, but your name will not be used. The data collected will be kept secure and confidential at all times. Each interview will be given an individualized tracking number, and all responses will be recorded and summarized using this number. All information collected will remain confidential and the interview notes will be destroyed at the end of the study.

Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, there will be no penalty. Although there may be no direct benefit to you, the possible benefit of your participation could improve resources and assistance for small business growth by the city of Virginia Beach.

If you have any questions concerning this research study, please contact me at (757) 418-2424 or keagle@odu.edu. You may also contact Professor Tomovic at 757-683-4305 or ctomovic@odu.edu.

Sincerely,

Karen Eagle

I agree to participate in this study.

Signature ________________________________ Date __________________
Virginia Beach Small Business Survey

1. Before I opened my business I contacted ___ (check all that apply) for guidance:
   a. A banker, lawyer, and/or an accountant
   b. The city of Virginia Beach
   c. A mentor
   d. Industry associations
   e. Business associates/friends

2. A five point Likert scale ("strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree") will measure responses to the following questions:
   1) Before I opened my business I had previous experience working in the same industry.
   2) The biggest challenge I had to overcome to start my business was getting capital/funding.
   3) The biggest challenge I had to overcome to start my business was finding qualified employees.
   4) The biggest challenge I had to overcome to start my business was finding information regarding government requirements or city regulations (permits, licenses, taxes, zoning).
   5) The biggest challenge I had to overcome to start my business was finding a cost effective location.
   6) City employees are helpful and receptive to working with small businesses.
   7) Virginia Beach outlines clear steps for a streamlined process in opening a business in the city.
   8) I was able to locate all the information that I needed on the VB website.
   9) I am aware of services that the city offers to assist business owners to open a business.
   10) The city does a good job informing and encouraging businesses to use all of the private sector resources available for assistance in opening and operating a business.
   11) I looked at other cities in the Hampton Roads area to open my business and found that VB offered more help in the process.
   12) City departments and inspectors are more interested in assisting to achieve compliance than penalizing businesses.
   13) I feel that the city encourages business expansion by offering incentives.
   14) The city gives a preference for larger businesses over small businesses.
15) The department of economic development is aware of the impact on existing small business when they offer incentives for competing larger businesses.

16) The level of city administered taxes has inhibited the growth of my business.

17) I feel that the city encourages business expansion by offering education or mentors.

3. I would be interested in attending one or more of the following training workshops for business owners:
   a. Small Business Accounting
   b. Strategic Planning
   c. Pricing Strategies
   d. Internet Marketing/SEO
   e. Setting Goals
   f. Getting Investors for your Business
   g. Developing a Marketing Plan
   h. Customer Service--Keeping Customers
   i. Using Social Media
   j. Understanding Business Taxes
   k. Secrets of Small Business Success
   l. Understanding Cash Flow

4. Please use the following space to make suggestions that will make Virginia Beach friendlier to businesses of every size.
   (give parameters for space/number of characters allowed – 500)

5. Is there any other information you feel the Small Business Subcommittee needs to know?
   (give parameters for space/number of characters allowed – 500)

### Demographic Questions - end of the survey

What is your type of business?
- a. Construction Trades
- b. Professional Services
- c. Retail
- d. Manufacturing
- e. Food Service
- f. Personal Service
- g. Healthcare / Biotechnology
- h. Other

How many years have you been in business?
- a. Less than one year
- b. 1-2 years
- c. >2-5 years
- d. >5-10 years
- e. More than 10 years
How many employees do you have in your business? *(including yourself)*

a. 1  
b. 2-5  
c. 6-10  
d. 11-20  
e. 21-49  
f. More than 50

What is your estimated Annual Revenue?

a. Less than $100,000  
b. $100,000 - $250,000  
c. $250,000 - $500,000  
d. $500,000 - $1,000,000  
e. $1,000,000 - $5,000,000  
f. More than $5,000,000

Did you own a previous business or do you have another location?

a. Yes  
b. No

What is your gender?

a. Female  
b. Male

Which race/ethnicity best describes you? *(Please choose only one.)*

a. American Indian or Alaskan Native  
b. Asian / Pacific Islander  
c. Black or African American  
d. Hispanic American  
e. White / Caucasian

What is your preferred language?

a. English  
b. Spanish  
c. Tagalog  
d. Other
1. How can the city be more helpful for business startups?

2. To what degree are these things important for the city to provide:
   a. List for steps to take to open a business
   b. City information (e.g. demographics)
   c. Directions on how to get permits
   d. City employees who have a helpful attitude
      i. Coordination between city departments
   e. Streamlined process for new business owners
      i. What would this process look like?
   f. Advice on how to get started in business (e.g. mentors)
      i. Should this service remain with Economic Development?

3. Should the city provide business incubators?
   a. What advice would you give city leaders for starting these?

4. Should the city provide tax incentives for small businesses?
   a. What kind of tax incentives/breaks would you recommend?

5. How important is the city website for obtaining information?
   a. What information would you like to be able to access on the website?
   b. What services could the city add to the website to make VB friendlier to business?

6. How can the city improve the use of these resources?

7. What services are needed that are missing?

8. How should the city inform small business owners of the available services?

9. Do you have any recommendations for the Virginia Beach to make the city more ‘business friendly’?
VITA

Karen Eagle
Virginia Beach, Virginia

ACADEMIC DEGREES

Doctor of Philosophy, Education: Occupational/Technical Studies
Old Dominion University (2016)

Master of Science: Business and Industry Training
Old Dominion University (2010)

Bachelor of Science - Marketing Education
James Madison University (1983)

PROFESSIONAL EXPERIENCE

2016 - Present    Adjunct Professor, School of Business and Leadership, Regent University

2015 - Present    Human Subjects Review Committee Administrator, Darden College of Education, Old Dominion University

2015 - Present    Assistant, ATMAE Program Accreditation, Old Dominion University

2012- Present    President, Karen Eagle Associates: Small Business Consulting

2014               Graduate Teaching Assistant, Old Dominion University

2012-2013          Fashion Program Coordinator, The Art Institute of Virginia Beach

2010-2012          Instructor, Old Dominion University

1990-2007          Entrepreneur/small business owner, Karen Eagle Inc.: Fashion specialty stores in Virginia Beach and Richmond, Virginia


1984-1990          Marketing Education Teacher, Virginia Beach Public Schools
PRESENTATIONS

“Access and Use of Small Business Resources in Virginia Beach”
City Council Small Business Subcommittee, Virginia Beach, VA, January 2015

"Teamwork in the Classroom: Stimulating Collaboration, Innovation and Creativity"
Virginia Association of Marketing Educators, Virginia Beach, VA, August 2014

“Inventory Management, Marketing, and Merchandising”
Hampton Roads Retail Academy, Virginia Beach, VA, April and May, 2014

“Purpose, Passion, and Persistence: Follow Your Path”
National Association of Women Business Owners, Norfolk, VA, March 2014

“2014 Trend and Color Forecast”
Old Dominion Fashion Exhibitors, Virginia Beach, VA, November, 2013

“Marketing and Merchandising”
Hampton Roads Retail Academy, Portsmouth, VA, March 2013

“Retailing Olympics: Go for the Gold!”
Old Dominion Fashion Exhibitors, Virginia Beach, VA, September 2012

HONORS AND AWARDS

DIVA Bridal Retailer of the Year, AmericasMart, Atlanta, GA, 2005

Outstanding Professional Woman, Business Community of Hampton Roads, Virginia Beach, VA, 2001


MEMBERSHIPS

1Million Cups Virginia Beach, Organizer

United States Association for Small Business and Entrepreneurship (USASBE)

Small Business Subcommittee, Virginia Beach