

# Maine Economic Recovery Committee

*Meeting on Innovation & Entrepreneurship*

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*October 23<sup>rd</sup>, 2020*



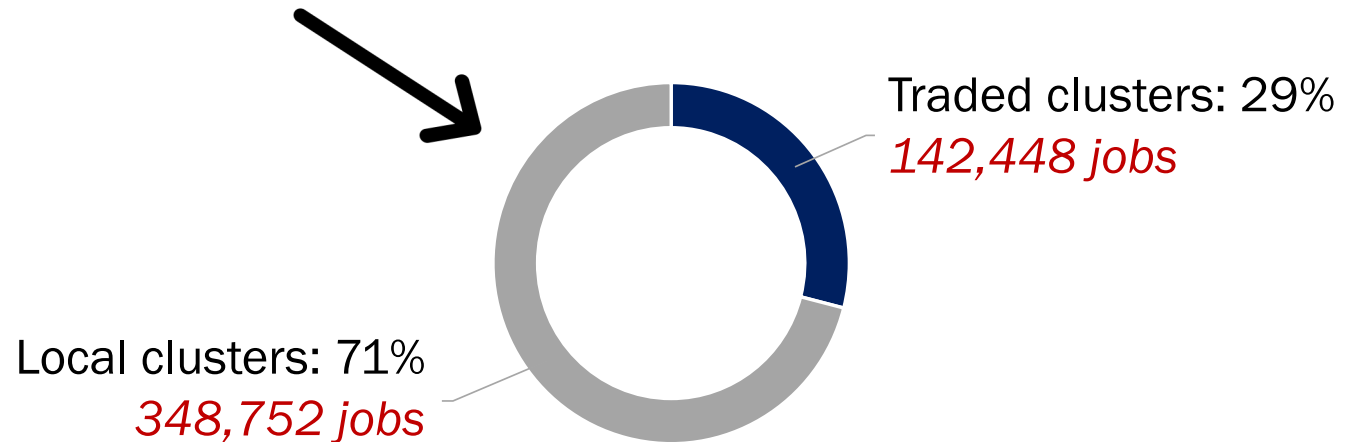
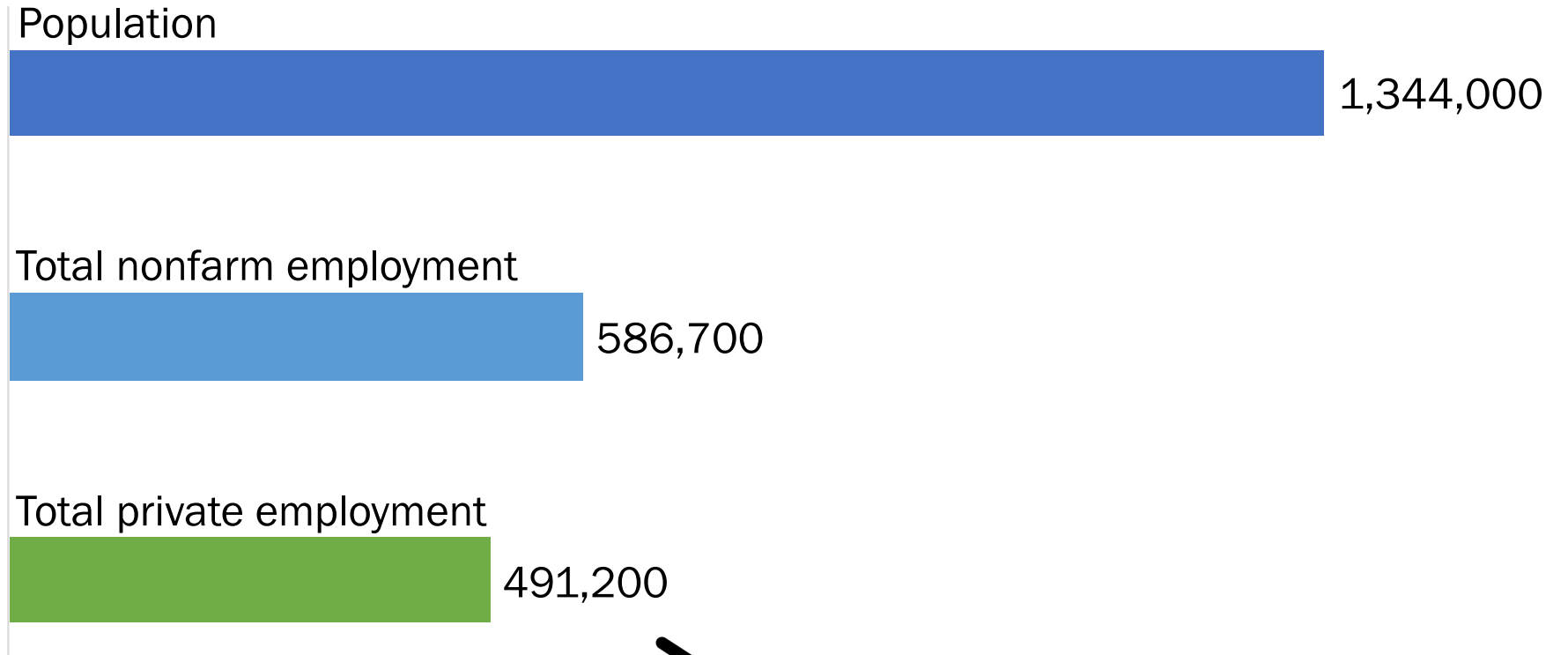
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# KEY QUESTIONS FOR TODAY

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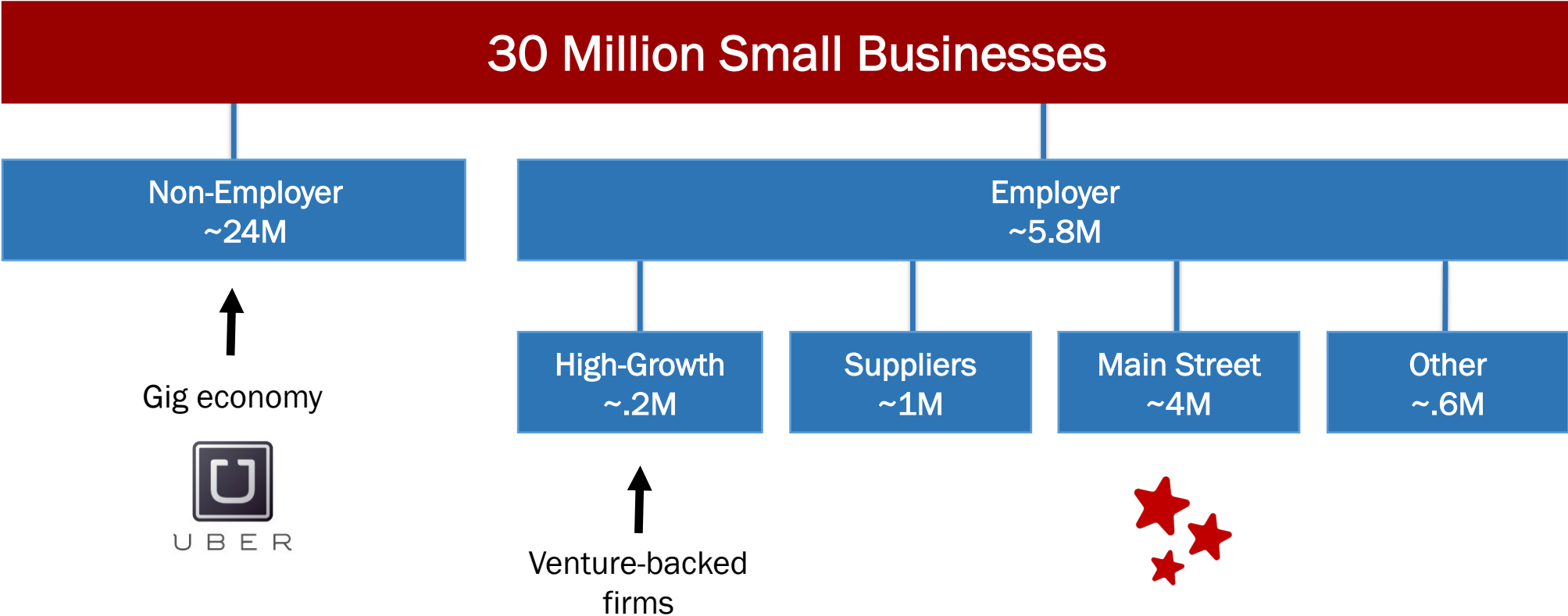
- What kinds of jobs are we trying to create in Maine?
- *In the short-term:* How can we offset the pandemic's negative effects?
- *In the long-term:* How do we build innovation and entrepreneurship?

# WHAT JOBS MAKE UP MAINE'S ECONOMY?



# SMALL BUSINESSES ACCOUNT FOR HALF OF U.S. JOBS

They employed 57% of Maine's private workforce in 2017



Source: Author's analysis of data from the U.S. Census Bureau; U.S. Small Business Administration, Office of Advocacy.

# IMPACT OF THE PANDEMIC ON MAIN(E) STREET BUSINESSES

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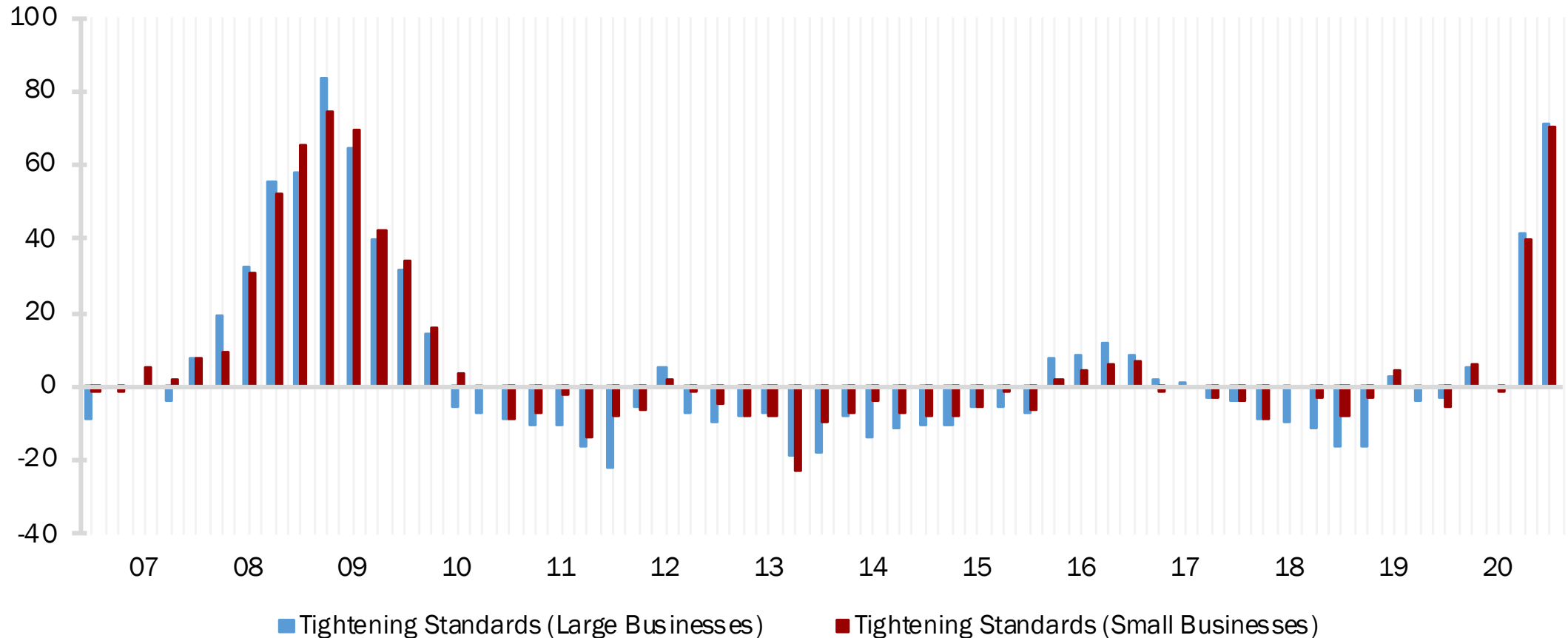
Source:  **Alignable** data on Maine SMBs

- 66% of Maine SMBs report ongoing negative impact
  - 44% say this negative impact is significant
  - 22% say impact is on the decline
  - 25% say they're experiencing positive impact
- Maine SMBs were 11% more likely to say they had six months' worth of cash reserves on hand in July

# RECOVERY DANGER: BANK CREDIT IS GOING TO FREEZE

Opportunity to encourage small business lending credit support

Net Percentage of Senior Loan Officers Tightening Commercial and Industrial Loan Standards



# WHICH BUSINESSES ARE WE TRYING TO HELP?

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High-growth businesses have different needs from Main Street

|                    | High-Growth Firms  | Main Street Businesses   |
|--------------------|--|--|
| Access to Capital  | <ul style="list-style-type: none"><li>• R&amp;D Bonds; Angel Tax Credits</li><li>• Regional VC Support (SBIC)</li><li>• SBIR/STTR</li><li>• Scale Up Capital</li><li>• Grants / Business Plan Competitions</li></ul> | <ul style="list-style-type: none"><li>• Bank Loan Guarantees (SBA)</li><li>• Fintech / Challenger Banks</li><li>• Tax Policy</li></ul> |
| Advice / Education | <ul style="list-style-type: none"><li>• Entrepreneurship, education, and mentorship programs</li><li>• Startup academies</li></ul>   | <ul style="list-style-type: none"><li>• Small Business Development Centers / SCORE Advisors</li></ul>                                  |
| Ecosystems         | <ul style="list-style-type: none"><li>• Accelerators / Incubators</li><li>• Clusters</li></ul>   | <ul style="list-style-type: none"><li>• Main Street Associations</li><li>• Small Business Saturday</li></ul>                           |

# OPTIONS FOR ECONOMIC PROGRAM FOCUS

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## Needs of Commercial Sector by Firm Size

|                    | <b>CURRENT</b>  | <b>RECOVERY</b>   |
|--------------------|---|---|
| Small<br>(1-49)    | <ul style="list-style-type: none"><li>▪ Clear communication</li><li>▪ Cash/bridge funding</li></ul> | <ul style="list-style-type: none"><li>▪ Access to bank capital</li><li>▪ New startups</li></ul>         |
| Medium<br>(50-499) | <ul style="list-style-type: none"><li>▪ Access to testing</li><li>▪ Cash/bridge funding</li></ul>   | <ul style="list-style-type: none"><li>▪ Contracts</li><li>▪ Renewed workforce/skills training</li></ul> |
| Large<br>(500+)    | <ul style="list-style-type: none"><li>▪ Community service and engagement</li></ul>                  | <ul style="list-style-type: none"><li>▪ Renewed workforce/skills training and incentives</li></ul>      |



# KEY RECOMMENDATIONS FOR INNOVATION AND ENTREPRENEURSHIP

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- Make bold innovation investments
  - R&D bond
  - Cluster support
  - Invest in talent pipeline
- Build entrepreneurial ecosystems
  - Early-stage risk capital (FAME, MTI, venture funds, tax credits)
  - Support for entrepreneurs (Incubators, accelerators, startup events, bootcamps, business plan competitions)