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National League of Cities: Asheville's Efforts to Support and Attract Entrepreneurs

The greater Asheville, NC region is focused on supporting its next generation of businesses by providing support programs tailor-made for the area's assets and creating the culture and connections for entrepreneurs to thrive. The region provides important lessons for local governments pursuing entrepreneurship efforts, specifically the importance of having the right staff and partners, playing the role of connector and doing your homework before creating new programs.

Mike Rangel, who started Asheville Brewing in 1999, says that Asheville is a "BOYJ – Bring Your Own Job" community. It attracts individuals who are looking to start their own business. If you walk around downtown Asheville, which is practically wallpapered in "Buy Local" stickers, you certainly feel some of the same vibes as other entrepreneurship capitals; like a smaller Austin with an Appalachian twist.

But can a region known mostly as a popular tourism destination, also be a destination for entrepreneurs? Asheville is certainly trying to be and the area has some dedicated champions and programs helping to make it happen.



Keeping it Natural

North Carolina is a state known for its biotech hotspots like the Research Triangle. However, the greater Asheville region lacks a research-focused university that typically goes hand in hand with biotech success. Yet, with abundant biodiversity, a history of reliance on homegrown remedies, and a tendency to embrace all things natural, the region is hoping to build its own unique type of biotech entrepreneurs. Specifically, entrepreneurs focused on making natural products, food and craft beverages.

Housed on the Asheville-Buncombe Technical Community College (AB Tech) campus, the [BioNetwork Natural Products](#) laboratory offers analytical testing services for medicinal herbs and helps its customers meet current good manufacturing practices (cGMP) and Food and Drug Administration (FDA) regulations for dietary supplements.

Right next door at AB Tech, is [Blue Ridge Food Ventures and Natural Products Manufacturing Line](#), an 11,000 sq. ft. shared-use kitchen incubator and natural products manufacturing facility. It provides low-cost rental space and equipment for drying, extraction, grinding, sealing and labeling in bottles, tubes and capsules and also expertise around product development, guidance through regulations and advice on packaging and label design.

These resources helped entrepreneur Kara Errickson get her company, CoCoChi and its signature [SkinFare](#) products off the ground and on to Whole Foods' shelves. With the help of bridge funding from a regional entrepreneurship fund, Errickson is manufacturing her products at Blue Ridge.

She explains that renting space and equipment and thus avoiding huge capital expenditures helped make her company feasible. Also, the expertise of staff at Blue Ridge was particularly helpful in understanding government regulations to produce her USDA Certified Organic skin products.

In addition to helping would-be natural products entrepreneurs, Blue Ridge Food Ventures ([which was featured in the New York Times](#)) also supports another natural product: food.

Asheville is increasingly viewed as a foodie destination and the space has helped a number of companies now in national grocery chains like Whole Foods launch their product, including [Buchi](#) and [Lusty Monk Mustard](#). According to Mary Lou Surgi, Executive Director of Blue Ridge Food Ventures, a key part to starting a food business is making sure people have a viable business idea, not just a recipe they love. Food is a very competitive market, and not every tomato sauce ends up at the grocery store.

While the Asheville region does not have a research university it does have another asset - The North Carolina Arboretum and its non-profit affiliate the [Bent Creek Institute](#) (BCI), Inc. Founded in 2006, BCI is focused on growing the natural products and wellness sectors in North Carolina by “coordinating and forming collaborative and consulting service relationships with academic, governmental, and private entities who are actively engaged in growing raw medicinal herbs, manufacturing value-added components and finished products, conducting botanical quality and identity testing, and carrying out botanical research.”

A new initiative by BCI in partnership with BioNetwork’s Natural Products Laboratory hopes to help further distinguish the region as a leader in natural products. According to Greg Cumberland, BCI’s president, there is a growing awareness and concern that products are not as natural as their labels suggest. The two organizations are forming a nationally branded botanical quality and safety testing enterprise called the US Botanical Safety Laboratory.

One would be remiss to discuss entrepreneurship in the Asheville region without mentioning fermented beverages, described by a number of economic development stakeholders as one of the oldest forms of biotechnology. The region has been getting [a significant buzz](#) since the announcements that three of the nation’s largest craft breweries will be opening their east coast expansions in the region – Sierra Nevada, New Belgium and Oskar Blues.

According to Oscar Wong, who started Asheville’s first brewery Highland Brewing Company in 1994, the region was interested in craft beer from the beginning, having a higher sales numbers of imported craft beer than the rest of the state. Today the Asheville region is home to fourteen local breweries, five craft brewery festivals, a brewery tour company, home brewing supply companies, a beer specialty store and home brew clubs. The National Beer Examiner has named it “Beer City USA” for four years in a row (in 2009 the city tied with Portland, OR and tied in 2012 with Grand Rapids, MI).

The craft beer community presents an interesting case study of cluster development and how proximity can encourage cooperation and positive competition. For example, Asheville Brewers Alliance provides a forum for the fourteen breweries to work together, share information and expertise, and even achieve some economies of scale by joint purchasing of supplies. At the same time, the tight-knit community (many of the breweries are within a short walk of each other) also breeds positive competition pushing each company to distinguish themselves and innovate to remain relevant and successful.



The region’s economic development stakeholders are also actively trying to support and grow this cluster along with other craft beverage companies like [Troy Sons](#), Asheville’s popular moonshiners. For example, AB Tech (with input from local brewers) has announced a new [Craft Beverage Institute of the Southeast](#), offering a two-year, STEM focused curriculum covering brewing, distillation and fermentation to ensure that the next

generation of craft beverage entrepreneurs and workers have the required skills.

New Focus on Entrepreneurial Programs

While there are a number of resources in the region to support entrepreneurs, until 2011 there was not a central entrepreneurship program at the Economic Development Coalition of Asheville-Buncombe (EDC), the organization that conducts economic development for the city and county.

Increasingly, researchers and practitioners argue that high-growth potential entrepreneurs and traditional "mom-and-pop" small businesses, while both important to local economies, have different policy and support needs. An evaluation of current programs offered by the EDC determined that instead of appealing to entrepreneurs, the services were traditional small business programs. Further, there were other stakeholders in the community already offering these services.

The EDC decided to revamp their program to focus on supporting entrepreneurs. This move was not without controversy, partly because the EDC is located within the Chamber of Commerce. While this brings an advantage of being connected to private sector, it also presented some adjustments for the Chamber membership who were used to more traditional activities – notably performing services that help current businesses grow their network and client base. Over time, these issues worked themselves out.

In mid 2011, Pam Lewis, an experienced economic development professional with a commitment to entrepreneurs and track record within the region, was hired to helm the newly created effort. "Pam is a hero and a great person to work with. She is a true champion for business here" says Troy Tolle, a local entrepreneur and co-founder of Asheville based DigitalChalk, a growing online training software platform.

The new program, Venture Asheville, does not want to teach entrepreneurship, but instead foster it by connecting the region's "entrepreneurial ecosystem" to make a more seamless and supportive environment for entrepreneurs.

When designing the program, the EDC made the decision that Lewis' office should be located at AB Tech instead of with the rest of the EDC offices. The location choice meant that Lewis was sharing walls with the key entrepreneurial service providers helping to further facilitate connection-building between the entrepreneurial stakeholders.

Venture Asheville publicly launched at a reception held in partnership with Cisco and the [Global Accelerator Network](#) at SXSW, the music, film and interactive conference and festival held in Austin. A delegation from Asheville's local government, economic development and entrepreneurs attended SXSW to introduce the city as a destination for the types of innovative entrepreneurs drawn to SXSW. Attending SXSW also allowed the Asheville team to connect and learn from the best accelerators and entrepreneurship thinkers in the world.

The launch at SXSW helped build legitimacy in the eyes of some of the region's entrepreneurs. In Asheville, like many cities, entrepreneurs and start-ups are not connected to traditional business or chamber groups making it hard to know what resources are in the community. According to Lewis, local media coverage of SXSW helped alert local entrepreneurs to her program and they reached out to get more information.

Another way Venture Asheville and other local partners are building connections to entrepreneurs is creating networking and learning opportunities geared to them. For example:

- [Asheville Startup Weekend](#) took place in August 2012. [The Kauffman Foundation](#) program offered the opportunity for attendees to pose startup ideas, organize teams around the most popular ideas and then build a business model, product and pitch the product all in 54 hours.

- [Venture Asheville Networking](#) events offer speakers on entrepreneurship topics and an opportunity for entrepreneurs to connect with each other. The September 2012 event focused on social entrepreneurship and impact investing.
- [Asheville Ignite](#) now in its third year, is an extremely popular event that brings together entrepreneurs and citizens from all walks of life to present lively five minute presentations on topics that interest them.

Pam Lewis is also building connections to the entrepreneurial community by participating on the boards of many key stakeholders including [HandMade America](#) (the area's longstanding organization dedicated to economic development and the craft industry), the Western North Carolina Biotech Board and TEDxAsheville.



What's Next

In addition to its natural assets, funky flavor and open culture, the region is hoping to offer another asset to entrepreneurs—a business accelerator program called Blazemark Labs.

Blazemark Labs is a product of the AB Tech Entrepreneurship Foundation, made up of stakeholders from city and county government leadership, economic development (including Venture Asheville), finance, banking, and business.

According City Manager Gary Jackson, the work of AB Tech Entrepreneurship Foundation, including Blazemark Labs, will be important for the area's long term entrepreneurship efforts. He said, "Asheville is a relatively small metro area, and Venture Capital has historically been scarce here. The AB Tech Entrepreneurial Development Foundation is a key for the future growth of innovative businesses; the city and other partners are participating in the effort to grow the Foundation, which will play an important role to enhance and promote existing entrepreneurial support activities of the college and other community groups."

Blazemark Labs is also in talks to be part of the [Global Accelerator Network](#) (GAN), which was created by two founders of TechStars, one of the most well-known accelerators in the United States. Blazemark Labs, like other accelerators, will offer startup companies seed funding, workspace and mentors, in exchange for a small piece of equity in the company.

In addition, Pam Lewis and Marilyn McDonald, Strategic Business Development Officer for Business Development, have been working with well-known entrepreneurship thinker, Bijoy Gowsami, founder of [Bootstrap Austin](#), to create a professional study program to teach "bootstrapping" to local entrepreneurs.

Challenges

With all their assets, the greater Asheville region is not without challenges.

Pipeline of Talent

For many high-tech startups the availability of highly skilled workers is extremely important and without a research and science focused university in the region or large tech employers, there is not a plethora of available talent.

While this can be a challenge for existing entrepreneurs like Troy Tolle, who is growing his company in the region, it is also a challenge for convincing people outside the region to start companies in the city.

Jim Oliver was a resident of Asheville when he started his company AVL Technologies in 1994 at the AB Tech Incubator. He now employs 175 people in the region and is a huge supporter of Asheville as a place to start and grow a business. Yet, he also explained that the region faces a challenge in convincing high-tech entrepreneurs to move to the region to launch companies, over nearby areas like Atlanta, which is home to Georgia Tech and a steady stream of highly qualified workers.

Troy Tolle, hopes that efforts like the [2010 Juicy Ideas Competition](#) will help create the next generation of workers. The competition challenged students to create a software application that uses publicly available data to benefit their community. The winning team received a trip to the Google campus. The local team of students from AB Tech Community College [took second place to Stanford](#), while MIT took third.

Financing

The Asheville region's incubators and shared lab and production faculties are helping spur new businesses within the area, but will they stay?

Access to capital is an important issue for many growing companies and unfortunately the Asheville region, like much of the country outside of areas like New York, Boston and Silicon Valley, is lacking major sources of venture financing. This hurts Asheville's cache as a place to start a company, but also in keeping companies. For example, Exsol Labs whose Exsolate Emulsion™ process is used to remove and separate palladium and rhodium from metallic monolith catalytic converters, has spent the last two years building its company in AB Tech's incubator. Now, the company is relocating to Atlanta because its businesses investors, based elsewhere, want it to relocate. While this was not an easy decision for the company founders who are connected and committed to the Asheville region – it is also the reality of having to make a bottom line business decision.

Infrastructure

Asheville is not terribly convenient to a major airport hub or passenger rail which can cause some trepidation. Yet with technology playing an increasing important role, connectivity means more than just plane or train rides. Certain areas of the city have excellent fiber access. According to Troy Tolle, his company has better fiber access in Asheville's new high-density, mixed-use development, Biltmore Park, than if he had located in Kansas City with the city's new Google Fiber investments.

Lessons Learned

Asheville's effort to build an entrepreneurial ecosystem is still new, and only time will tell the long-term effects of the program. However, by attracting the right staff, building connections with resources, focusing on assets and having business champions, it is positioning itself to succeed and its model presents a number of lessons for communities across the country.

Be a connector

Like Asheville, many communities have a number of entrepreneurship and small business support service providers and resources that exist in a region. This can be confusing for entrepreneurs who bounce around or end up at the wrong resources and then lose interest or trust in publicly available supports.

In crafting Venture Asheville, the EDC focused on where it could provide its value add – building partnering, connections and enhancing all the various pieces that already existed in the region – versus duplicating services already available. Additionally, by co-locating with the community college, Venture Asheville helped ensure successful collaboration.

Do your homework

As programs like accelerators are becoming more commonplace, [some debate whether they can deliver on promises](#), specifically in communities that are not natural magnets for entrepreneurs and venture funding. Asheville has done a number of things to try to mitigate these challenges.

Pam Lewis constantly tries to learn from the best entrepreneurship programs in the world, attending entrepreneurship events and building connections with leading programs like Bootstrap Austin and MassChallenge in Boston. Further, Lewis and the dedicated group of local stakeholders attend other accelerator and start-up events before trying to undertake similar activities. While this does not mitigate the risk, it ensures that the community has an understanding of the types of programs and the opportunities and challenges associated with them.

Get the right staff and partners

A consistent message of the entrepreneurs and businesses in the Asheville region was the essential role that staff like Mary Lou Surgi play in their success. In fact, some of the successful companies had actually visited other support programs in the area and were told that their ideas weren't viable. The staff's openness and expertise in start-ups has proved to be a valuable asset for local entrepreneurs.

It is also important to get the right partners involved and to look beyond traditional economic development stakeholders. Jonathan Feldman, director of IT Services for the City of Asheville and head of the [city's open data efforts](#) has been a key partner for many of the entrepreneurship activities.

Elected officials in Asheville are supportive of entrepreneurial effort and have a reputation of being open to diverse individuals and ideas. According to City Manager Gary Jackson, "Asheville has a long history of entrepreneurship, and we have seen first-hand that investment in support of small business has led to a more vibrant and dynamic local economy. As a community, our elected officials support public policy that will spur creative, more innovative and customized businesses."

Some of the most enthusiastic supports for entrepreneurship efforts in the region are business owners themselves, many of whom benefited from the services, like Jim Oliver and Kara Errickson. One gets a strong sense when talking to business owners that there is a deep commitment to the city and ensuring the Asheville region is a place where a new generation of businesses can start and thrive.