
2024

ASSESSING THE ENTREPRENEURIAL ECOSYSTEM IN DELAWARE

Assets, gaps, and opportunities to strengthen the innovation and entrepreneurship ecosystem in the state.



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COMMISSIONED BY: DELAWARE WORKFORCE DEVELOPMENT BOARD



TABLE OF CONTENTS

02	<u>Executive Summary</u>
04	<u>Introduction</u>
07	<u>Methodology</u>
13	<u>Population Engaged</u>
17	<u>Key Findings</u>
32	<u>Strategic Opportunities</u>
36	<u>Targeted Action Items</u>
38	<u>Conclusion</u>
39	<u>Acknowledgements</u>

EXECUTIVE SUMMARY

Entrepreneurship has the potential to drive economic growth through job creation, product and service innovation, and wealth building. Recognizing this potential, the Delaware Workforce Development Board (DWDB) sought to better understand the entrepreneurial ecosystem in the state to strengthen support for new ventures in Delaware. Through a grant made possible by the U.S. Economic Development Administration (EDA), DWDB partnered with Social Contract and Dubard Enterprises to assess the landscape of innovation and entrepreneurship assets and identify potential gaps in access to resources, particularly in [Promise Communities](#).

Over the course of 2023, the team engaged over 165 unique stakeholders through surveys, interviews, focus groups, and events/workshops, seeking to answer critical questions about the needs of Delaware's entrepreneurs as well as assets, gaps, and opportunities in the state's entrepreneurial ecosystem. Entrepreneurs for the purpose of this research and report are defined as a person who aspires to or has started a business in Delaware.

Research uncovered a wealth of resources available to entrepreneurs in Delaware offered through public, private, and nonprofit institutions. Challenges emerged around both access to and relevancy of available resources as well as coordination across services. Additionally, access to capital emerged as a barrier, particularly for entrepreneurs from low-income and/or historically under-resourced communities as well as smaller and less traditional businesses.

Alongside this report is an ecosystem directory that begins to organize information about the resources and funding available for entrepreneurs in the state. This directory showcases both the robust organizations and resources that make up the strong foundation of the state's entrepreneurial ecosystem as well as the need to coordinate these services and provide centralized information to create an effective and comprehensive environment for entrepreneurs.

Overall, this assessment and accompanying ecosystem directory serve as a valuable guide for stakeholders to enhance Delaware's entrepreneurial ecosystem, foster inclusive growth, and address the identified challenges.

Key findings from this report include:

01 A robust support system exists for entrepreneurs, but redundancy and relevancy of services create challenges.

02 The Entrepreneurial Ecosystem has a strong foundation but needs improved coordination and accessibility.

03 There is a growing number of financing options, but many entrepreneurs still lack access.

Opportunities outlined to address the key findings include:

01 Creation of a centralized, accessible entrepreneurship hub.

02 The intentional establishment of a strong entrepreneurial network of mentors and investors in the state.

03 Development of a career path for entrepreneurship to ensure it is part of the workforce development pipeline.



INTRODUCTION

Delaware is well known as one of the most business-friendly states in the country, due to its favorable tax policies toward businesses, lack of sales tax, affordable real estate, and relatively low state taxes overall. The state's geographic advantages, including access to shipping ports and proximity to major cities such as Philadelphia, Baltimore, New York, and Washington, D.C., have also made Delaware a favorable destination for businesses.

Data shows that in 2020¹, the rate of people becoming entrepreneurs in the state of Delaware was lower than the national average (0.27% as compared to 0.34%), but in the same year the state created more jobs through entrepreneurship (6.3 jobs per 1,000 people) than jobs created at startups nationwide (5.0 jobs created per 1,000 people). In the same year, 76.2% of startups lasted at least one year in the state, which was comparable to the national average (78.1%).² In addition, in May of 2023, Delaware topped Shopify's Entrepreneurship Index as the number one state where entrepreneurship is driving economic growth year over year (based on users of Shopify's platform).³

Small businesses are powering economic growth in the state. According to a Small Business Association (SBA) report, Delaware is home to 93,686 small businesses, which employ 195,792 people. Additionally, 98.5% of all businesses in Delaware are small businesses and 47.4% of Delaware employees work for small businesses.⁴ The SBA defines small businesses as businesses with less than 500 employees.





¹ COVID-19 did not seem to change these statistics, as each either improved or stayed close to steady from 2019 to 2020

² Kauffman Indicators of Entrepreneurship. "Entrepreneurship in 2020: Delaware Snapshot." 2020. https://indicators.kauffman.org/wp-content/uploads/sites/2/2021/12/2020_Early-Stage-Entrepreneurship-DE_Snapshot.pdf

³ The Shopify Entrepreneurship Index, Shopify, 16 May 2023, www.shopify.com/media/index-beta.

⁴ Office of Advocacy. "2022 Small Business Profile - Delaware." U.S. Small Business Administration, 31 Aug. 2022. <https://advocacy.sba.gov/wp-content/uploads/2022/08/Small-Business-Economic-Profile-DE.pdf>

Small business count by size and industry

Industry				
	No employees	1-19 employees	20-499 employees	All small businesses
Professional, Scientific, and Technical Services	10,895	2,607	311	13,813
Real Estate and Rental and Leasing	10,970	921	80	11,971
Construction	6,694	2,059	240	8,993
Other Services (except Public Administration)	6,388	1,929	168	8,485
Retail Trade	6,215	1,916	226	8,357
Transportation and Warehousing	7,373	539	93	8,005
Administrative, Support, and Waste Management	5,703	1,106	181	6,990
Health Care and Social Assistance	4,635	1,443	363	6,441
Arts, Entertainment, and Recreation	4,247	387	64	4,698
Finance and Insurance	3,299	838	134	4,271
Accommodation and Food Services	1,165	1,323	475	2,963
Educational Services	2,433	234	64	2,731
Wholesale Trade	1,293	725	179	2,197
Information	1,228	335	37	1,600
Manufacturing	818	362	129	1,309
Agriculture, Forestry, Fishing and Hunting	503	30	0	533
Management of Companies and Enterprises	*	215	95	310
Utilities	47	11	5	63
Industries not classified	*	54	0	54
Mining, Quarrying, and Oil and Gas Extraction	12	10	7	29
Total	73,918	17,017	2,751	93,686

* Not reported by the Census Bureau

Sources: [Nonemployer Statistics, 2019 \(Census\)](#); [Statistics of US Businesses, 2019 \(Census\)](#)



Innovation and entrepreneurship play an important role in Delaware's economy and while there have been successes, there is room to improve the state's entrepreneurial ecosystem to make it a more desirable location for startups. Recognizing the potential to bolster this ecosystem, the Delaware Workforce Development Board (DWDB) partnered with Social Contract and Dubard Enterprises to conduct an assessment of Delaware's entrepreneurial landscape.

The goal of this assessment is to understand the landscape of innovation and entrepreneurship assets and identify gaps in access to resources, particularly in Promise Communities.

Through this work, the team sought to answer multiple research questions:

1. What resources available in Delaware have been useful in supporting successful innovation and entrepreneurship?
2. What barriers exist to creating and/or sustaining a business in Delaware? How can these challenges be addressed?
3. What funding sources are available to entrepreneurs and how are entrepreneurs currently accessing capital?
4. Do needs and access differ for individuals who identify as being from low-income or historically under-resourced communities?

To answer these questions, the team engaged over 165 unique individuals, groups, and organizations involved in the entrepreneurial ecosystem in Delaware, with a particular emphasis on the state's Promise Communities. This report will highlight the key findings from the data collected as well as recommendations curated from engaged stakeholders to support DWDB and its partners in the entrepreneurship space in creating a more cohesive, accessible entrepreneurial ecosystem that attracts and retains a diverse group of entrepreneurs to the state. This report is provided in conjunction with an ecosystem directory, which compiles the resources identified through this research.





METHODOLOGY

Approach to Community Engagement

The approach taken to engage the community for this work aims to elevate the decision-making power of impacted people, unlock transformative change, and bridge the divide between the voices of impacted people and systems action. This approach is guided by three main principles: inclusivity, accessibility, and equitability.

Given that community engagement is a broad term that can mean different things in various contexts, the following are definitions of key terms related to this report:

Community Engagement

Working with an impacted group to create an intentional shared space that elevates their voices and lived experiences to activate their power in decision-making and solution-building.

Impacted Group

A person or people that have direct, lived experience in the entrepreneurial space in Delaware and those supporting them.

Community

The full group of stakeholders that will be engaged throughout this project, which includes impacted people, community leaders, and community organizations.

Entrepreneur

A person who aspires to or has started a business in Delaware.

Organization

Partners that support entrepreneurs in the Delaware ecosystem (e.g., government agencies, nonprofits, banks).

Entrepreneurial Ecosystem

A network of people and organizations that start, support, fund, and promote new businesses in the state.

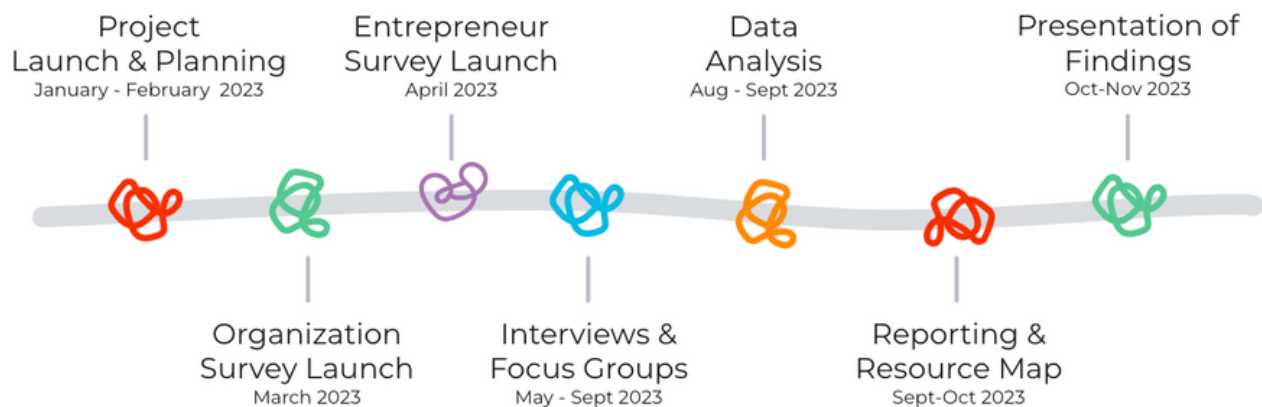
Promise Community

A research-based United Way distinction in Delaware, which includes communities that have obstacles keeping them from thriving including poor transportation, family poverty, expensive housing, and few local job options.

Small Business

A business with less than 500 employees, as defined by the Small Business Administration.

This community engagement work took place in four phases - **planning, discovery and engagement, analysis and consensus building, and reporting** - from January to December 2023.



Outreach, Engagement, and Data Analysis

To ensure the solutions recommended in this report meet the needs of the impacted group, the team engaged a diverse set of people with lived experience in the entrepreneurial ecosystem in Delaware to collect necessary data. This includes current and aspiring entrepreneurs and the people and organizations that support them. The approach, detailed in this section, included outreach, engagement, and data analysis.

Outreach

To identify these individuals, extensive outreach was conducted to:

1. Better understand the impacted groups, the resources they currently utilize, and their challenges and needs;
2. Share information about this work; and
3. Gain buy-in and commitment to participate.

The outreach process focused on recruiting participants of different geographies, ages, races, genders, abilities, experiences, and perspectives. The team partnered with local organizations across the state that support diverse entrepreneurs to contact participants. Outreach methods included **email, flyers, social media posts, and word of mouth**, most of which were in both English and Spanish.

The following table highlights the team’s outreach efforts for each engagement method (engagement methods defined in the following section):

Engagement Method	Outreach: Entrepreneurs	Outreach: Organizations
Surveys	n/a (outreach was done through organizations)	89 individuals at 79 organizations
Interviews	116	29
Focus Groups	116	n/a
Events	82	15

Engagement

To fully and inclusively collect data, the team deployed multiple engagement methods. The data presented in this report was gathered during these engagements, which included:

Surveys

Two surveys were developed and deployed to collect information - one focused on entrepreneurs and the other focused on the organizations that support them. The goal of these surveys was to reach a large and diverse audience to better understand entrepreneur needs, available resources, and funding opportunities. Social Contract worked with Tech Impact to develop survey questions to capture meaningful data.

Stakeholder Interviews

Entrepreneurs and organizations that support them were interviewed for qualitative feedback to accompany the survey data and expand and refine the ecosystem directory. The team prioritized entrepreneurs who identified as either being from a low-income community or a historically under-resourced community. The team used semi-structured interview guides to collect critical information. Entrepreneur interview participants were compensated for their time and expertise.

Focus Groups

Four facilitated structured group conversations were held with entrepreneurs to better understand their experience with the entrepreneurial ecosystem. The team prioritized entrepreneurs who identified as either being from a low-income community or a historically under-resourced community. Three focus groups were held in English and one was held in Spanish.

Events

An Entrepreneur Workshop was hosted to ensure ongoing involvement with the community. The goal of this event was to bring together current and aspiring entrepreneurs, local organizations, industry experts, investors, and other stakeholders in the state to discuss and explore ways to enhance collaboration, increase access to resources, and leverage design thinking principles to improve the entrepreneurial ecosystem. The team also presented at the Delaware Chambers of Commerce Meeting and Entrepreneurship Working Group meetings to socialize early findings and collect ideas and input.

The following data was collected as part of this work:

Entrepreneur Surveys	132 responses
Organization Surveys	29 responses
Focus Groups	4 groups (1 Spanish, 3 English), 15 entrepreneurs total
Entrepreneur Interviews	5 interviews
Organization Interviews	14 interviews
Workshop	35 attendees

161

Survey responses from entrepreneurs & organizations

19

Interviews with entrepreneurs & organizations

4

Focus Groups in English & Spanish

35

Attendees at the Workshop

Data Analysis

Once information was collected through the engagement methods outlined above, the data was organized and analyzed to inform the findings and recommendations within this report and the data in the ecosystem directory.

Data from both surveys - entrepreneurs and organizations - was organized and analyzed using Excel. Focus groups and interviews were recorded, with permission from all participants, and transcribed using a software program (EnjoyHQ). Transcriptions were de-identified and coded to identify key themes that arose during the engagements.

Challenges & Limitations

This research faced **three main challenges and limitations** related to data collection that are important to note:

1) Siloed Resources

As this report will further highlight, Delaware's entrepreneurial ecosystem is robust, but siloed. Given this, entrepreneurial resources are often scattered and compartmentalized, making it difficult to obtain a holistic view of the entrepreneurial landscape in the state. While extensive outreach was conducted and supplemental research was completed, findings are limited to organizations' and entrepreneurs' responsiveness to requests for information.

2) Multiple Business Types

While entrepreneurs who completed the survey were asked to report their business type, many were unable to categorize in just one industry. Given that many of the respondents shared more than one business type, the team was unable to analyze data by business type. Future follow-ups could be completed with respondents to more accurately aggregate the data by type of business if that information is deemed useful.

3) Limited Engagement from non-English Speakers

Reaching non-English speakers posed a challenge, as a lack of trust impeded the inclusion of those perspectives. The team reached out to several local organizations that work with non-English speaking entrepreneurs, translated surveys and outreach communications to Spanish, and hosted a Spanish-speaking focus group. While engagement from individual entrepreneurs was a challenge, the report does include insights into the Spanish-speaking community that were gleaned both from the individual entrepreneurs that engaged through the survey and focus groups as well as from an interview with a representative from the Small Business Development Center who works directly with Spanish-speaking entrepreneurs on a day-to-day basis and served as a bridge to that community and their needs.



POPULATION ENGAGED

Through this research, two groups were engaged: 132 entrepreneurs and 35 of the organizations that serve them. Both play a key role in the entrepreneurial ecosystem in Delaware and must work together to ensure the state has a strong pipeline of innovation. This section will share details about the individuals and organizations engaged in this research in each of these groups.

Entrepreneurs

At the heart of entrepreneurship lies a spirit of innovation and a willingness to navigate uncharted territories. Entrepreneurs bring forth ideas that challenge the status quo, create jobs, and contribute to the fabric of vibrant communities. However, their journey is often marked by hurdles that demand resilience, adaptability, and strategic thinking.

These hurdles are further exacerbated for individuals who reside in low-income and/or historically underserved communities in Delaware. Research shows that entrepreneurs from low-income communities face significant barriers in accessing debt and equity capital, tapping key networks for mentorship and connections, and hiring qualified staff.⁵ These challenges are further exacerbated by the income volatility and lack of benefits (e.g., health insurance) that often accompany entrepreneurial pursuits, both of which are more difficult for lower-income individuals to weather.⁶

While the team engaged entrepreneurs from all backgrounds, there was a specific focus on ensuring that individuals who identified as being from low-income and/or under-resourced communities were represented. Of the 132 survey respondents, 63 identified as being from those communities.

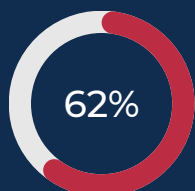
⁵ Kugler, M., & Michaelides, M. (2017). (rep.). Entrepreneurship in Low-Income Areas . IMPAQ International, LLC. Retrieved from <https://advocacy.sba.gov/wp-content/uploads/2019/05/437-Entrepreneurship-in-Low-income-Areas.pdf>.

⁶ Auguste, D., Roll, S., & Despard, M. (2022). The precarity of self-employment among low- and moderate-income households. *Social Forces*, 101(3), 1081–1115. <https://doi.org/10.1093/sf/soab171>

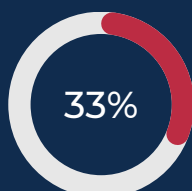
The following demographics describe the 132 entrepreneur survey respondents:

GENDER DEMOGRAPHICS

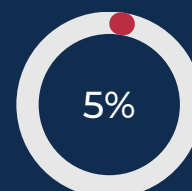
No respondents identified as transgender, non-binary, or agender.



Identify as women



Identify as men



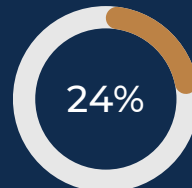
Preferred not to state

AGE DEMOGRAPHICS

The following were the largest age groups represented.



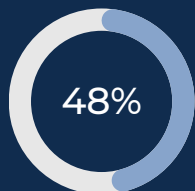
45 - 54 Years Old



35 - 44 Years Old

COMMUNITY DEMOGRAPHICS

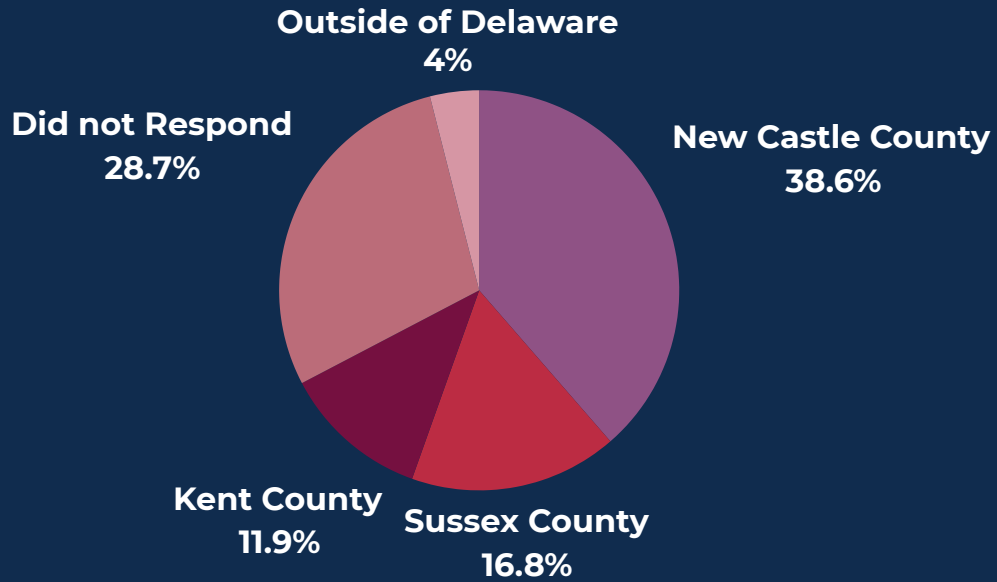
The team ensured individuals from the following communities were represented.



Identify as either being from a low-income or historically under-resourced community

Additionally, they shared this information about their business(es):

BUSINESS LOCATIONS



NUMBER OF EMPLOYEES



*No employees other than the entrepreneur

ENTREPRENEURSHIP STAGE



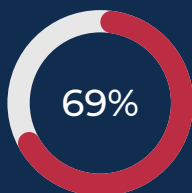
Organizations

Entrepreneurship and innovation thrive when nurtured by a robust ecosystem, and Delaware is fortunate to host a strong network of organizations dedicated to supporting entrepreneurs. These entities, from all three sectors, serve as catalysts for innovation, providing a wealth of resources, mentorship, and strategic guidance and forming the foundation of a supportive entrepreneurial infrastructure. Through in-depth conversations and insights gathered from these organizations, a nuanced understanding emerged of the needs and challenges faced by entrepreneurs in the state.

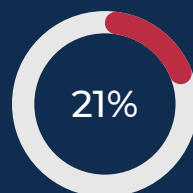
Of the 29 organizations surveyed:

OFFICE LOCATIONS

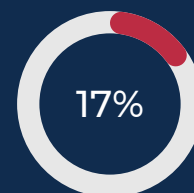
Some organizations have multiple offices in different locations.



New Castle County



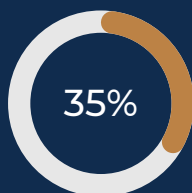
Sussex County



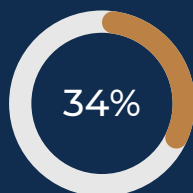
Kent County

TYPE OF ORGANIZATION

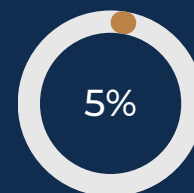
CDFIs, Universities, and Foundations made up the remaining 9%.



Nonprofits

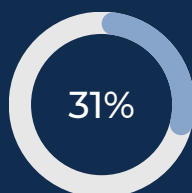


Chambers of Commerce



State/Local Governments

ENTREPRENEURSHIP FUNDING



Provide funding to entrepreneurs in the form of grants, loans, prize money, and equity.



KEY FINDINGS

The goal of this research was to assess the landscape of innovation and entrepreneurship assets and identify gaps in access to resources, particularly in Promise Communities. This section will highlight the key findings of this assessment from the perspective of the two key stakeholder groups in the entrepreneurial ecosystem – entrepreneurs and the organizations that support them.

Each finding is accompanied by assets and gaps consolidated from the data collected through the engagement methods highlighted in the Methodology section. Opportunities uncovered to address the gaps can be found in the Opportunities section.

Finding: A robust support system exists for entrepreneurs, but redundancy and relevancy of services create challenges.

In Delaware, the entrepreneurial landscape is marked by a robust network of resources and support systems, upon which individuals rely to both start and sustain their businesses. While many stakeholders noted the importance of these services, there was common agreement that the overlap in services offered left gaps and that the relevancy and return on investment of the resources were inconsistent and did not always meet entrepreneurial needs.

It is important to note that in the dynamic landscape of entrepreneurship, some individuals may find themselves eager to access resources beyond their current readiness. In their zeal to propel their ideas forward, these individuals may overlook the crucial steps of honing their business strategies and adapting their models to market demands. Attempting to secure funding prematurely can lead to challenges, as investors and lenders typically seek well-defined plans and proven viability. A prudent approach involves recognizing the need for business plan refinement and addressing any shortcomings in the model before seeking additional resources and capital. Cultivating sustained growth and demonstrating the scalability of the venture can significantly enhance the likelihood of successfully accessing the resources needed for further development.



Assets

With over 35 organizations and agencies providing more than 55 programs to entrepreneurs, the robust ecosystem of support in Delaware has provided much-needed assistance to business owners at all stages of the entrepreneurship process. This system has likely supported the growth of entrepreneurship in the state over the past decade.⁷

When asked what resources they both needed and had been able to access, the entrepreneurs who responded to the survey found the following types of services to be the most available (at least one-third of respondents were able to access them):

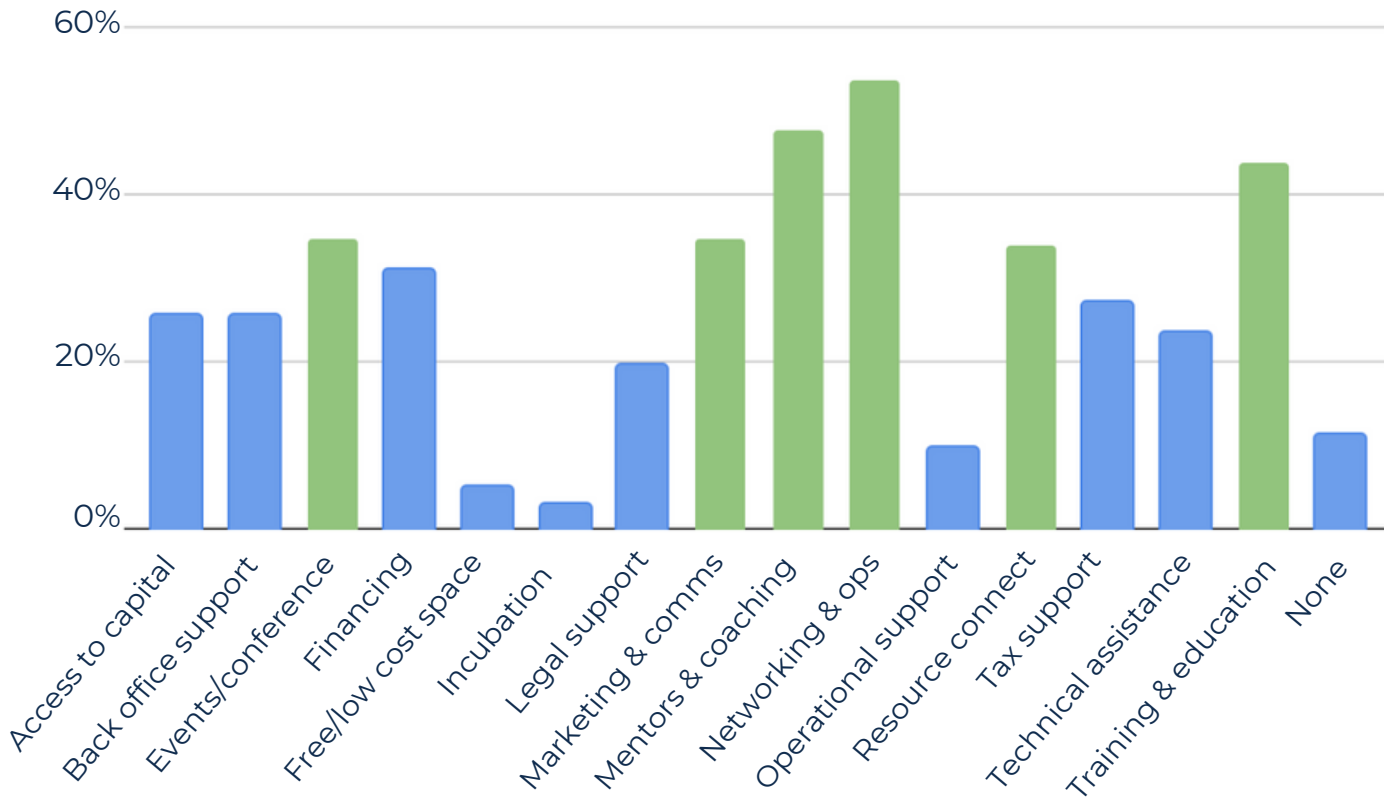
1. Networking opportunities
2. Mentorship & coaching
3. Training & educational programs
4. Events & conferences
5. Marketing, branding, & communications
6. Connection to resources

⁷ Kauffman Indicators of Entrepreneurship. "Entrepreneurship in 2020: Delaware Snapshot." 2020. https://indicators.kauffman.org/wp-content/uploads/sites/2/2021/12/2020_Early-Stage-Entrepreneurship-DE_Snapshot.pdf

While the graph below shows services accessed by the full survey population, responses from individuals who identified as being from either a low-income or under-resourced community mirrored these results.

 Green represents top answers

Resources Needed & Accessed



Entrepreneurs found networking and mentorship to be pivotal resources, leveraging personal connections and organizational affiliations to establish crucial relationships. When speaking to the importance of networking and mentorship, one entrepreneur shared,

“If you're at this alone and you don't have someone who's gone through it before you or going through it at the same time, you're kind of just alone. As all of us are solo entrepreneurs, unless we've built up a support system within the entrepreneurs, it's really hard, especially if cost is prohibitive with events and things like that.”

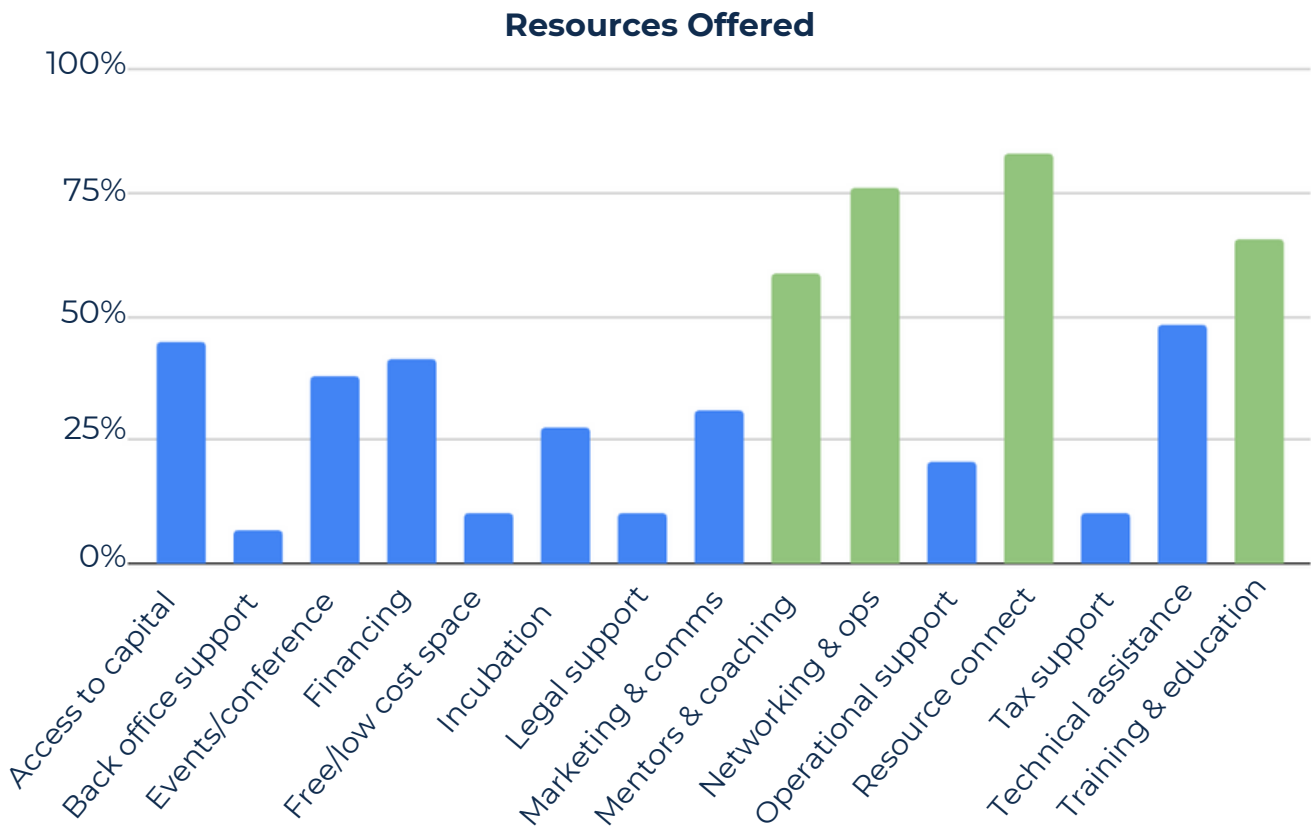
While events and conferences, where entrepreneurs often meet other like-minded individuals, were accessed by 35% of the survey respondents, almost no two people mentioned attending events hosted by the same organization. This may mean that Delaware offers a variety of events that provide different options for a diverse entrepreneur population, but it also may point to a need for coordination to reduce duplication and consolidate efforts.

Gaps

Despite the robust network of resources available, entrepreneurs and organizations alike highlighted gaps in the offerings of the ecosystem. One challenge is the overlap among service types offered across organizations, which leads to an overabundance of some resources and a dearth of others. Entrepreneurs also lamented the great variation in relevancy and quality of these available services.

The following graph shows the program offerings by type in Delaware based on self-report data from the organizational survey. As evidenced here, four of the resources are offered by over 50% of the organizations (these are also the resources most accessed by entrepreneurs), while seven services are offered by less than one-third of organizations.

 Green represents top answers



One example of this overlap is with training and education programs, which are offered by two-thirds of the organizations surveyed and accessed by 44% of entrepreneurs surveyed. Both organizations and entrepreneurs shared that these training and education services often have a great deal of overlap, but unknowingly serve the same people. This is a challenge for organizations, which strive to serve the most people with limited resources, as well as for entrepreneurs who spend time, and sometimes money, being delivered the same content twice.

There are multiple service areas where the need is high, but the service availability is not. For example, free and/or low-cost office space is needed by 26% of entrepreneurs that responded to the survey but is offered by only 10% of organizations surveyed. Legal and tax support were also needed by 20% and 22% of entrepreneurs respectively, but both were only offered by 10% of organizations. Though many factors likely contribute to a lack of resources in certain areas, the overlap in services may exacerbate the problem as limited funding is funneled toward redundant programs.

“I think if I had someone to help me with contracts... I still need to speak to a lawyer to firm my contract up. That would've been something [I need help with] from a legal standpoint, especially as I grow. So from the beginning that would've been great to have.”

From the position of organizations, some of these resources are difficult to offer because of the cost and limited availability of experts willing to help.

“We currently have a challenge finding consultants or connections in certain areas of expertise. So real estate or a lawyer, right? Those areas where people aren't necessarily going to do pro bono work, but that's what we need. We just need someone to give a little advice... we need someone to review a contract for a lease agreement for an entrepreneur who's moving into a space.”

In addition to the redundancy of some of the resources, entrepreneurs highlighted challenges with relevancy and return on investment (both time and money spent). One entrepreneur shared, “The benefit that I got [from a training and education program] was more with the connections that I've made since then than actual resources that were provided.” Entrepreneurs also shared that the amount of time and money spent trying to access relevant resources impedes their ability to invest in their businesses.

This robust ecosystem of services that suffers from some redundancy and issues with resource relevancy provides evidence for the next finding, which focuses on the need for improved coordination and accessibility to build a stronger, more effective entrepreneurial ecosystem in Delaware.

Finding: The Entrepreneurial Ecosystem has a strong foundation, but needs improved coordination and accessibility.

“The cool thing about Delaware is your voice is definitely heard.”

Delaware, given its modest size, is in a unique position to curate a coordinated, collaborative entrepreneurial ecosystem that supports all types of entrepreneurs and increases innovation in the state. The foundation for this strong system exists, with both entrepreneurs and the organizations that serve them keen to help it succeed, but support is needed to build a cohesive structure that promotes equitable access and efficient navigation.



Assets

Throughout this research, the team was struck by the passion and dedication of the entrepreneurial stakeholders in the state. With direct input from 35 unique organizations and 132 unique entrepreneurs, many of whom engaged multiple times to share their feedback, the will to build a strong system in Delaware is palpable. In addition, with more than 55 service offerings available to support entrepreneurs alongside favorable business conditions, the state is in a good position to shift focus to improving accessibility and coordination.

The robust foundation for this ecosystem is further supported by the quality of some of the programs. While quality and relevancy vary, as discussed in the previous section, many providers are offering at least one service that is highly valuable to clients. The most mentioned providers for quality services and support included the Small Business Development Center (SBDC), the Women's Business Center at True Access Capital, the Pete DuPont Freedom Foundation, the Small Business Administration, and SCORE.⁸

"When I went through the Women's Business Center, I was given a couple of mentors. So I wasn't given direct technical assistance, but at the time I felt like it was technical assistance. I could call them, ask some questions, and [get help]. They were able to help in that kind of way for the mentors through WBC. When it came to working with the SBDC, I could be on a call and bring my zoom up and share my screen and they'll say, 'All right, click this, click this.'"

This strong foundation provides a great amount of opportunity for growing and strengthening the state's entrepreneurial ecosystem. With robust service offerings and a dedicated group of stakeholders, the focus can shift to ensuring the system is cohesive, efficient, and accessible.

⁸ Please note that a lack of mention of any organization does not mean other providers are not offering quality services, these are just the most mentioned.

Gaps

The two greatest barriers to building a strong entrepreneurial ecosystem in Delaware are accessibility and coordination, both of which are interrelated and essential to an efficient and equitable system. The main cause of these challenges is that **resources are siloed and decentralized**, making it difficult for entrepreneurs in the state to effectively and equitably access them.

Given the scattered nature of these resources, it is challenging to create a cohesive ecosystem that is easy to navigate for both entrepreneurs and organizations alike. One aspect of this is **awareness**. Entrepreneurs shared that they cannot access resources they are not aware of, and there is no central place or connection point to learn more about available services.

“I'd actually probably say, if you want me to rate it on hard to access versus not hard to access... probably a two, even a one [out of five]. Because if you're not plugged in, you don't get access to these resources. It's not that they're not out there, not that they're not using social media and things like that, but you don't know what you don't know.”

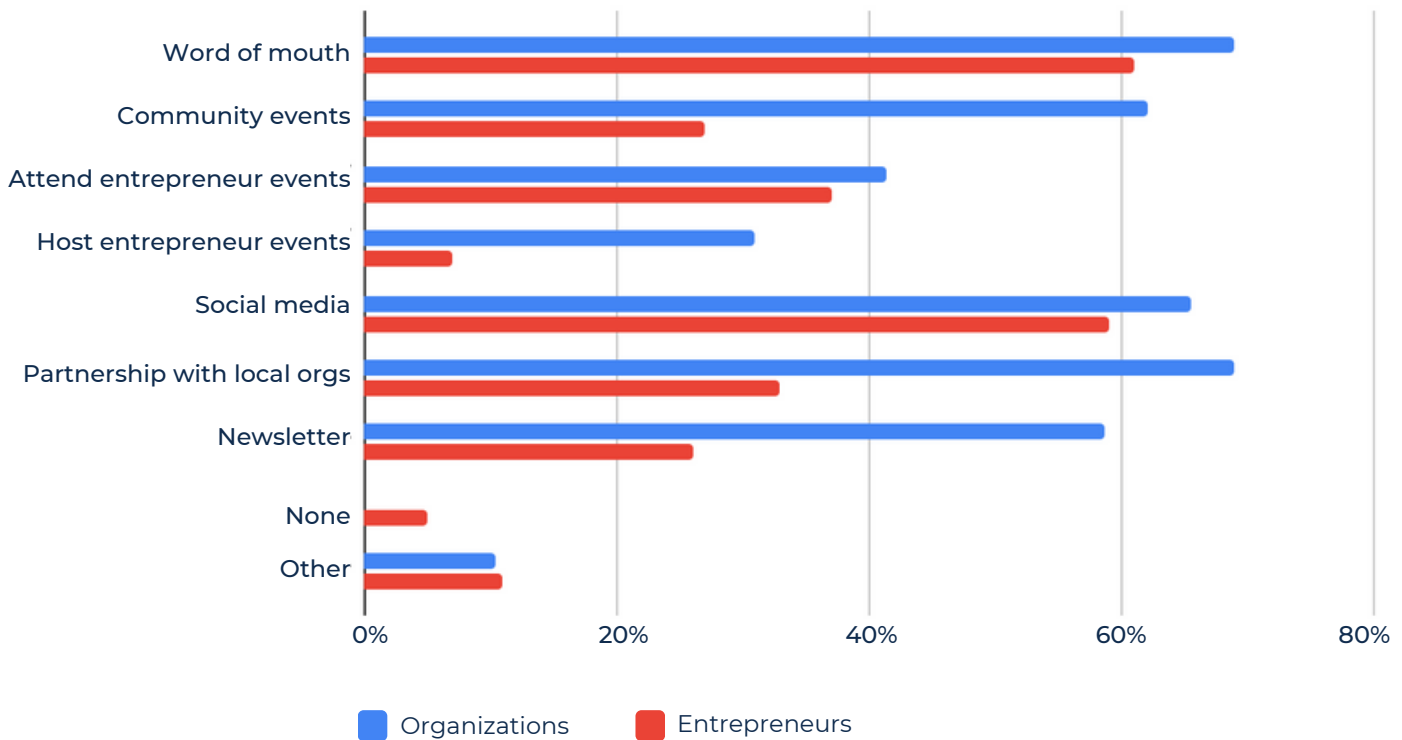
While organizations are dedicated to supporting entrepreneurs, they also face similar challenges. A common sentiment among organizations is the need for increased collaboration and information sharing, as they often do not know where to direct clients when they cannot meet all needs. This often leads to a dead end, with organizations providing support for one aspect of an entrepreneur's journey, but not knowing how to connect them to other resources that will continue that support. This may lessen the impact of their services and also leave them without proper data on what happened to the people they supported.

“[Entrepreneurs should have] the ability to come in and, and see resources all in a central location where it's more organized than me putting together a list of things that are out there.”

“... I feel like we actually have a ton of resources and it comes back to... people just don't know where to go.”

This lack of awareness of services is further exacerbated by the numerous and mismatched ways that services and resources are advertised. Organizations that responded to the survey shared that their most popular methods of advertisement include word of mouth, partnerships with local organizations, social media, attending community events, and newsletters. When asked how entrepreneurs learn about resources, the only methods used by more than half of respondents were word of mouth and social media.

How do you find out about resources?



In addition to awareness, Delaware’s **geographic distribution of resources** presents challenges for entrepreneurs seeking access to broader markets, resources, and networking opportunities. Location of services was often mentioned as a barrier for entrepreneurs in Kent and Sussex County, as they felt many resources were only available in Newark or Wilmington.

“The accessibility part for me was challenging because...I live in Dover. You have to drive an hour on a Wednesday evening just to go to a basic how to start a business workshop. It's just another challenge.”

Organizations that responded to the survey validated this, with 69% having physical offices in New Castle County (56% of the state population⁹) while 21% have offices in Sussex (25% of the state population¹⁰).

While accessibility of services, in general, is an area for improvement, there is not much discrepancy in access between people who identify as being from low-income or under-resourced communities and those who do not. The largest discrepancies in access (more than 5%) were for financing/access to capital, connection to resources, technical assistance, events/conferences, free and/or reduced-price office space, and legal support. It is important to note the limitations of the data, especially in terms of reaching individuals who do not speak English.

Additionally, focus group participants, who were largely from low-income and/or under-resourced communities, shared that the **cost of services, resources, and events** can be a barrier to access. One individual shared, “If the events aren't free, then... that brings a challenge.” The most expensive and needed services mentioned by entrepreneurs are accounting and marketing. Other desired free or reduced-price services include office/co-working space, networking/mentorship event opportunities, and business licensing support.

While the team had difficulty reaching Spanish-speaking entrepreneurs, organizations that work closely with them shared that access is a big challenge for this population.

“And I feel like there are many organizations that are trying to have the resources, but sometimes the approach is the same approach to have with the English speaking community. And I think it needs to be completely different. They need to read in their language, and it needs to be translated for a native of that language, because I think translators are great, but sometimes you use terms that are not very common.”

⁹ United States Census, 2022 population estimates.

¹⁰ *Ibid.*

Though the foundation for a strong entrepreneurial ecosystem exists, work must be done to build a more coordinated, efficient, and accessible system that will allow for the seamless use of available resources. Overcoming these barriers requires a concerted effort from the public, private, and nonprofit sectors to streamline processes, reduce costs, and provide support systems that enable entrepreneurs to thrive despite these constraints. Another key aspect of a strong entrepreneurial ecosystem is access to financing, which is a growing but still limited space in the state.



Finding: There is a growing number of financing options, but many entrepreneurs still lack access.

In the dynamic landscape of entrepreneurship, access to capital is often the key to turning ideas into thriving businesses. Adequate capital sustains and propels businesses forward, enabling entrepreneurs to navigate challenges, scale operations, and seize new opportunities. The financial landscape in Delaware is small, but growing and encompasses a myriad of funding types, programs, and initiatives. While it is growing, many entrepreneurs still lack access to capital, particularly those who identify as being from low-income and/or under-resourced communities. It is important to note that not all entrepreneurs are ready for capital investments. This eagerness often manifests when entrepreneurs attempt to secure capital for their ventures without possessing a robust business plan or with a business model that requires refinement.

Assets

The financing landscape for entrepreneurs in Delaware includes offerings such as grants, loans, prize money, and equity. The former three offerings most often come from community-based organizations, government agencies, community development finance institutions (CDFI), and banks, while the latter is more common from angel investors, venture capitalists, and banks.

Through research, the team was able to identify 15 organizations, agencies, and banks that offer \$13.4 million in grants, loans, and prize money across 31 offerings for entrepreneurs across the state. Grants were the most offered type, with 55% of the 31 funding opportunities making up a total of \$5.1 million in grant funding (the median grant amount is \$50,000). Loans provide the largest bucket of funding (not including equity) for a total of \$8.1 million (the median loan amount is \$500,000). Two organizations offered prize money for competitions totaling \$215,000. There are likely other funding opportunities that did not surface during this research.

It is important to note that equity investment is not normally capped and therefore is not represented in this graph.



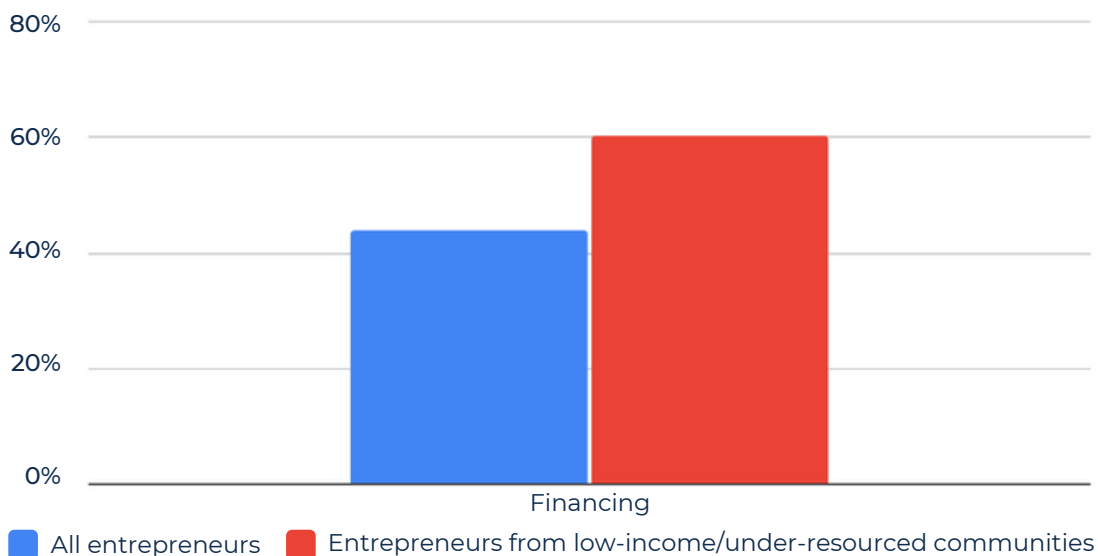
Options for equity investment in Delaware are largely dominated by banks, angel investors, and venture capitalists. For example, Bronze Valley Bank’s new Venture Lab in Delaware offers five companies up to \$100,000 in capital alongside a 16-week investment accelerator focused on revenue generation and client acquisition. Discover Bank also launched the Financial Health Improvement Fund in partnership with the investment managers ResilienceVC & Chartline Capital with an initial capital commitment of \$36 million. This fund supports startups and early-stage technology companies that are developing solutions to improve the financial health of low- and moderate-income people, communities, and small businesses.

Nearly half of entrepreneurs surveyed knew where to go for funding, with the overwhelming majority mentioning that they go to the bank. Other places individuals noted for funding included Small Business Administration loans, private investments, grants from local organizations, and personal networks.

Gaps

Of all identified unmet needs, financing/capital was the most cited for all entrepreneurs, with 44% unable to access what they needed. This issue was exacerbated for people who identify as being from low-income and or under-resourced communities, with 60% unable to access the money they needed for their businesses. In addition, 72% of respondents still need funding, regardless of whether they have successfully accessed it. Again, it is important to note that not all businesses are ready for funding, but 74% of entrepreneurs surveyed were in the mid- to mature stage of entrepreneurship.

Inability to Access Financing Capital



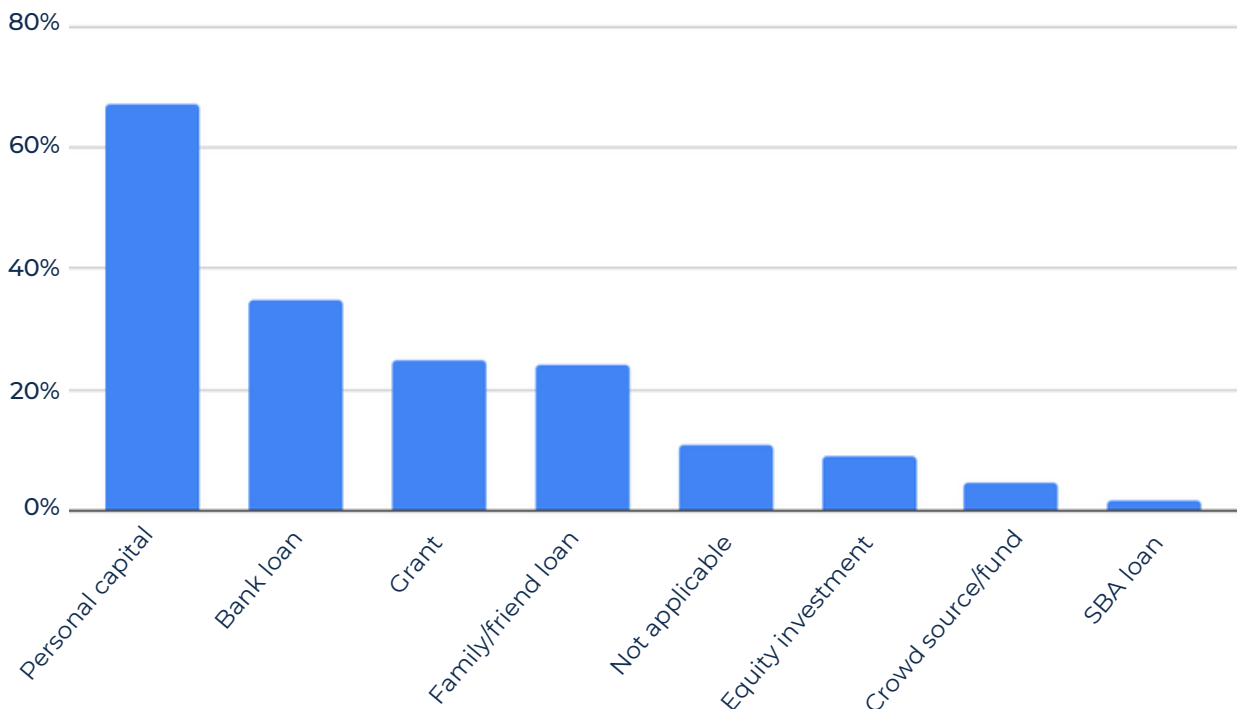
Entrepreneurs also noted the challenge of finding capital for non-brick-and-mortar businesses and other less traditional ideas, especially in the beginning.

“If you don't have a big establishment with a lot of employees, it's hard to find funding. And like she said, if you're too small, it's hard to find funding. So it's like a fine line. If you're not brick and mortar, you can't get help.”

“...but in the end what it came down to was one person at a bank who cared or believed in us that made it happen. And so when I reflect on that, I think without that one person, that one lender who wanted to take the time and look at a business that, you know, was out of the ordinary, it wasn't something that they understood. It was a different market. Without that, I don't know that we would be here, and it's not a great situation to be in when, you know, an entrepreneurial activity kind of hinges on one lending officer at one bank because we talked to a lot of banks and it was, you know, one person who ultimately made it happen.”

Given the barriers experienced by many entrepreneurs, 67% of survey respondents used personal capital to fund their enterprises and 29% used crowdfunding or a family/friend loan.

What type of funding did you access?



While there is a gap in the accessibility of financing, particularly for certain types of entrepreneurs, most survey respondents did not report needing large amounts of capital. Half reported needing less than \$50,000 and over 80% needed less than \$250,000. This suggests that, at least for some entrepreneurs, a small influx of capital would make a big difference in their business.

50%

of survey respondents reported needing less than

\$50,000

80%+

of survey respondents reported needing less than

\$250,000

From the perspective of the organizations funding entrepreneurs, sourcing businesses that are ready for investment was a top challenge. As one funding representative shared, “In an ideal world, we would get warm connections from incubators and others in the industry”, but that currently is not happening. This goes back to the fractured entrepreneurial ecosystem in the state, where coordination between organizations is lacking, especially as they work to support entrepreneurs through all stages of development.

Other funders pointed to the connection between strong networks and financing, sharing that while Delaware has a great subset of successful entrepreneurs and angel investors, most entrepreneurs do not know how to tap it. Access to these individuals, not only for money but also for mentorship, would provide direct access to two essential resources for entrepreneurs: money and mentorship.





STRATEGIC OPPORTUNITIES

Through extensive engagement with entrepreneurs and the organizations that serve them, the team was able to curate opportunities to address some of the gaps and challenges identified in the entrepreneurial ecosystem. These opportunities were all collected from Delaware stakeholders and enhanced by national best practice research. As part of this research, Social Contract reviewed national entrepreneurship rankings based on factors such as business survival rates, tax friendliness, workforce, and unemployment rates as well as research around the states that had centralized hubs and standalone organizations to support entrepreneurs.

Opportunity: Creation of a centralized, accessible entrepreneurship hub.

To address the nature of the current ecosystem, which leads to many of the identified challenges such as issues with accessibility, redundancy, and consistency, stakeholders suggested an entrepreneurship hub (“Hub”). This Hub would provide centralized, easy-to-access information about available resources and services for entrepreneurs across the state and allow for coordinated marketing and communications about the cohesive ecosystem.

To host and manage this hub, other states have created a collaboration of entrepreneurship-focused stakeholders who combined funding and expertise to ensure the hub was successfully launched and maintained. Given Delaware’s small size and collaborative culture, this would likely be a good approach in the state. Organizations such as the Small Business Development Center, Delaware Prosperity Partnership, Launcher, Small Business Association, and others could be good partners for this work.

The Hub would also allow organizations providing entrepreneurial resources to provide warm referrals and communicate more effectively across programs to increase efficiency and reduce redundancy. In addition, the Hub could also serve as a convening mechanism to bring together public, private, and nonprofit stakeholders to manage and fund the Hub. In the future, the state could also explore connecting entrepreneurs to the Hub through the application and renewal process for State of Delaware business licenses.

While stakeholders differed in opinion on whether this Hub should be virtual, physical, or both, one option that rose to the top during best practice research is EcoMap. EcoMap, a Baltimore-based company, offers a tool to compile available resources across the state. EcoMap uses proprietary technology to gather, clean, tag, and update information about the ecosystem, including core organizations, resources, opportunities, activities, events, and relationships. All data is reviewed by their data team to ensure it is accurate, robust, and updated.

Users of the tool can filter resources based on their business needs and can create a profile and save resources that are interesting to them. Maryland, Virginia, Indiana, and Arkansas are currently using the service to organize entrepreneurial resources in their states. The cost quote received from EcoMap for this service in Delaware is \$20,000 per year.

EcoMap does not, however, offer integrated referrals or data sharing between organizations, but many in the state are already using the platform **UniteUs**, which could be used for this purpose.

Philadelphia took its own approach to solving the fractured ecosystem with a focus on improving access for Black, Indigenous, and People of Color entrepreneurs through their Built by Philly initiative. The goal is to turn this website into a “comprehensive online tool... that connects BIPOC business owners to capital, education, resources and networking opportunities”.¹¹ Delaware could also explore this option as well as a potential partnership with Built by Philly.

Opportunity: Intentional establishment of a strong, statewide entrepreneurial network of mentors and investors in the state.

Alongside the Hub, stakeholders expressed a collective vision for fostering a stronger entrepreneur network statewide to provide mentorship and funding opportunities to new innovators. While some organizations in the state do support entrepreneurs in making these connections, these services are often fragmented and focused on a select few industries such as tech. This coordinated network, made up of successful Delaware entrepreneurs from all industries, could provide more hands-on, practical, one-on-one support to like-minded individuals as they work to grow their businesses.

¹¹ Built by Philly. (2022, February 4). Built by Philly. <https://builtbyphilly.org/>

One expert shared that this is not just the creation of a network, but an entire cultural shift that needs to happen in the state. In their words, “Every other major [entrepreneurial] ecosystem has this culture.”

Current organizations in the ecosystem could play multiple roles in fostering this entrepreneurial support culture: 1. Provide networking training to entrepreneurs to help them learn essential skills that will enhance their participation; 2. Provide the space and opportunities for experienced and successful entrepreneurs to connect with like-minded new innovators; 3. Ensure that entrepreneurs from low-income and/or historically under-resourced communities are well-represented in the network, on both the mentor and mentee side; and 4. Work together to create a culture shift that will embed this networking mentality into the state’s entrepreneurs.

“...having some ‘serial entrepreneurs,’... you know, folks who have done a couple companies or exited companies and are choosing to stay in Delaware or are now moving to Delaware and can give advice, they can be mentors, they could be investors. You know, we don't have a strong network of those types of folks.”

Establishing the opportunity for these networks to grow and thrive can cultivate a supportive environment that encourages collaboration, knowledge-sharing, and mentorship, contributing to a more robust and interconnected entrepreneurial ecosystem across Delaware.

Opportunity: Develop a career path for entrepreneurship to ensure it is part of the workforce development pipeline.

Recognizing the transformative impact of entrepreneurship on economic growth and innovation, there is a distinct opportunity to integrate entrepreneurship into the broader workforce development pipeline. By developing a dedicated career path for entrepreneurship, potentially through Delaware Pathways, Delaware has the chance to redefine how individuals view and pursue careers, emphasizing the value of entrepreneurial skills and mindset.

“Defining entrepreneurship or including entrepreneurship as a job path, you know, as a career path; that there is training to be an entrepreneur. So making sure that entrepreneurship is a part of a workforce development pipeline would be great.”

This initiative could involve educational programs, apprenticeships, and training opportunities specifically tailored to equip aspiring entrepreneurs with the knowledge, skills, and resources essential for success. Such a structured approach not only promotes the idea that entrepreneurship is a viable and respected career path but also ensures that individuals have the support they need to navigate the challenges of starting and growing a business, and contributes to the overall culture of innovation and entrepreneurship in Delaware. This strategic integration of entrepreneurship into the workforce development pipeline aligns with the evolving nature of the economy and empowers individuals to contribute to Delaware's entrepreneurial landscape with confidence and competence.

Other suggestions collected from stakeholders include:

- 1) Offer **educational programs** specific to accessing capital for entrepreneurs, with a focus on how to use additional capital to grow revenue and increase sales to ensure business growth
- 2) Enhance **collaboration between public and private sectors** to reduce costs and provide targeted support systems
- 3) Access to **online, self-paced education courses** with different entry points
- 4) A **live chat** to answer entrepreneur-specific questions
- 5) **Consolidated applications** for available programs and funding





TARGETED ACTION ITEMS

In addition to the strategic, ecosystem-wide opportunities generated with support from stakeholders, there are targeted actions based on the findings of this analysis that can be implemented in the short term to effect change.

Increase availability of and access to subject matter experts

Entrepreneurs expressed a need for access to reduced or no-cost subject matter experts to support them with time-bound activities such as reviewing a contract or preparing taxes. Entrepreneurs felt that this type of support was essential to growing their business and often served as a bottleneck to progress. Service providers also acknowledged this lack of access to affordable consultation, as many programs seek to offer this service but cannot find experts to volunteer their time. Business associations, nonprofit associations, or other groups in the state can work together to build a diverse network of pro bono subject matter experts to provide time-bound support to entrepreneurs in multiple languages, geographies, and subject matters. This network can then be made available through partners such as the library system, Chambers of Commerce, Small Business Administration, and others to promote access across the state.

Extend programs and services to Kent & Sussex Counties

A majority of the programs and services for entrepreneurs in the state are located in or around Wilmington, but about 44% of the population lives in Kent and Sussex Counties. Sussex County also accounts for most of the state's population growth between 2020 and 2023.¹² To encourage a strong statewide ecosystem, partners must expand quality entrepreneurship programs to Kent and Sussex Counties. One way to accomplish this is through the Chambers of Commerce, which are already well established in those communities. The Chambers can either adopt new entrepreneurship programs or partner with organizations in the northern part of the state to extend existing programs to their communities. The Chambers should speak with their communities to determine the most needed resources to offer.

¹² World Population Review. (2024). Population of counties in Delaware (2024). World Population Review. <https://worldpopulationreview.com/states/delaware/counties>

Improve accessibility and relevancy of services for non-native speakers through culturally competent business coaches

A robust entrepreneurial ecosystem must support innovators from all cultures and backgrounds. In Delaware, there is an opportunity to ensure that non-native speakers can access resources that are both in their native language and culturally appropriate. After English, Spanish and Haitian-Creole are the top spoken languages in the state.

The Small Business Development Center (SBDC) has successfully engaged with the native Spanish-speaking population in its communities to support entrepreneurship and innovation through the use of culturally competent business coaches. SBDC's success has stemmed from hiring staff that not only speak Spanish but also understand the cultures from which many of Delaware's native Spanish-speaking populations originate. This has enabled trust building that leads to prolonged engagement and relevant support.

Partners across the state should adopt SBDC's model of providing culturally competent entrepreneurship services by hiring or contracting with entrepreneurs from the communities they aim to support to provide coaching, lead workshops, and ensure materials are translated.

Create more opportunities for small loans and grants to catalyze entrepreneurship

50% of survey respondents reported needing less than \$50,000 for their business. Just over two-thirds of entrepreneurs funded their businesses with personal capital. Taken together, these data points suggest that, at least for some entrepreneurs, a small influx of capital, especially from an external source, would make a big difference in their business. Banks should consider channeling Community Reinvestment Act-eligible funding opportunities to local entrepreneurs to meet this need for small capital infusions.

There is currently only one institution located in Delaware, True Access Capital, that offers Small Business Administration micro-loans. Two other Philadelphia and New York-based entities offer them across the state as well. More local entities should consider applying to become an SBA intermediary for micro-loans or building strong partnerships with the banks that already have that designation to connect clients with those offerings.



CONCLUSION

The analysis and opportunities put forth in this report aim to guide stakeholders toward fostering a more cohesive and effective entrepreneurial ecosystem. Delaware is in a good position, as a small state with a robust network of resources, to create a more coordinated, comprehensive system for innovation. It is evident that the state possesses a strong foundation for entrepreneurship and innovation, but some challenges must be addressed before a strong system can be built, notably the scattered nature of resources, the variance in accessibility and relevancy of those resources, and the lack of accessible capital.

This research highlighted multiple feasible and actionable opportunities to address these gaps: building a centralized, accessible Hub to streamline resource access and strengthen the referral network among organizations; creating a strong networking culture to encourage mentoring and investment; and structuring a career pathway for entrepreneurship to ensure it is part of the workforce development pipeline.

In moving forward, the state has the opportunity to build on its strengths and proactively address the identified challenges. By leveraging its business-friendly reputation, fostering collaboration, and embracing innovative solutions, Delaware can position itself as a model for entrepreneurial success. The entrepreneurial community, characterized by a strong spirit of innovation, resilience, and a willingness to adapt, contributes significantly to the state's economic vibrancy and is a strong partner in making these changes happen. This report serves as a roadmap for stakeholders to navigate these opportunities and challenges, ultimately contributing to the continued growth and resilience of Delaware's local economy.



ACKNOWLEDGEMENTS

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Bronze Valley	Greater Millsboro Chamber of Commerce
Central Delaware Chamber of Commerce	Hispanic American Association of Delaware
Choose Central Delaware - Kent Economic Partnership	JPMorgan Chase
Cornerstone West CDC	Kent-Sussex Leadership Alliance
Delaware Black Chamber of Commerce	Kiva Delaware
Delaware Community Reinvestment Action Council Inc.	Launcher
Delaware Innovation Space	Milton Chamber of Commerce
Delaware Library Division of Business and Entrepreneurship	New Castle County Office of Economic Development
Delaware Prosperity Partnership	Pete du Pont Freedom Foundation
Delaware Small Business Development Center	Spending Black Matters
Delaware State Chamber of Commerce	Spur Impact
Delaware State University	True Access Capital Corporation & Women's Business Center at True Access Capital
Discover	United Way of Delaware
Downtown Dover Partnership	West Side Grows Together
Downtown Newark Partnership	Wilmington Alliance
Emerging Enterprise Center	

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