



Status Report of Puerto Rico's Entrepreneurial Community

IMPACT REPORT 2021

A program of:



Puerto Rico
Science, Technology
& Research Trust

Powered by:





Colmena66
Tu Camino Empresarial

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Executive Summary

As the island and the world slowly recover from the COVID-19 pandemic, new economic uncertainties, mainly inflation, supply chain disruptions and labor shortages, are impacting small businesses and other sectors. After serving more than 3,000 entrepreneurs in 2021 alone and surveying both entrepreneurs and support organizations, we share some of the most pressing challenges they face and the state of the entrepreneurial community. Most of these entrepreneurs are in the earlier stages of business development, participating mainly in Retail, Agribusiness, and Creative Industries needing support with business planning, financing and marketing. Through an equity lens, we are intentional in shedding light on the challenges of underrepresented entrepreneurs such as Afro-Caribbeans and women.

The major obstacles faced by support organizations are currently funding, capacity building, team development, and defining metrics. With these challenges in mind, and supporting research from Puerto Rico and the U.S., we have defined a set of ecosystem recommendations to mitigate the risks our economy faces and to guide decision-makers in the process of designing a long-term equitable and inclusive entrepreneur-focused economic development strategy for the Island: (1) understand the entrepreneurial ecosystem through data, (2) reduce barriers to entrepreneurship, and (3) promote a strong entrepreneurial culture.

The Queen Bee Of The Trust

A Message from our CEO

I hope everyone is doing well and that you continue taking all the prevention, protection, and social distancing measures to protect yourself and your family from COVID-19. Building on the human and programmatic infrastructure that PRSTRT (the Trust) has, our teams delivered strong results across all the programs in the last two years, reflecting the strength of our strategies and organization. During these challenging times, Colmena66, our entrepreneurship ecosystem builder and member of SourceLinkSM continues driving innovation and economic activity for our small businesses and entrepreneurs in Puerto Rico.

The SourceLinkSM community is made up of over 70 affiliated partners across the United States. Since 2016, Colmena66 has become one of the best-performing affiliates, setting an example with its best practices and lessons learned. We are also ranked among the top 5 affiliates regarding The Resource Navigator®, Counseling Hours provided to Entrepreneurs seeking assistance, and our Network Strength.

Colmena66 deployed the educational series on incentives for SMEs called "Pica Alante con Colmena66" which was a comprehensive research effort that resulted in free multimedia educational content for entrepreneurs of all types and at all stages of business development. The series has been viewed over 6,000 times and can be accessed from our website, Facebook, or YouTube.

Colmena66 also launched key initiatives, such as (1) Acércate al grant – a capacity-building initiative to increase the participation in the SBA SBIR and STTR programs. The other key event held during the year was the Boricua Entrepreneur Fest's 2nd virtual edition.

This year, for the first time we created 6 different tracks: Money, Social, and Innovation Lab as well as

Start, Launch and Grow Labs in addition to the mentorship sessions and keynote speakers. The feedback and participation were very encouraging. In recent months Colmena66 launched the Xpand initiative, with the support of Banco Popular to help second stage companies export and access capital, many of them P18 Alumni.

Colmena66 is not only an ecosystem builder but a driving force for the entrepreneurship pillar for the Trust accelerating Puerto Rico's social and economic development.

This year Colmena66 became a winner of the SBA Lab-to-Market: Super Connector Award, and the SBA Growth Accelerator Fund Competition, as a result of their work in building the innovation ecosystem to support high impact entrepreneurs.

I am very pleased and proud of the impact and metrics detailed by Colmena66 on this Impact Report. For the Trust, it is a confirmation of the path laid out in our entrepreneurship pillar and the road we still have to walk to have a more robust ecosystem with accessible resources.

- Eng. Lucy Crespo, CEO



Puerto Rico
Science, Technology
& Research Trust



A Message From The Hive

Picking up where we left off in 2020



Entrepreneurs are at the center of everything we do. They are the makers, the doers, the dreamers who find solutions to society's problems, taking calculated risks to create something of value where there was none before. Entrepreneurs are the lifeblood of our communities, they start and grow new businesses, turn their talents and hobbies into side hustles and create the products and services we proudly support by buying local. They chase their dreams. They feed their families. They create jobs. They drive economies and shape the world.

In large part, the success of entrepreneurs also comes from those around them. Each month, 3 out of every 1,000 people in the United States will start a business, taking on a great deal of risk. The remaining 997 people constitute the community and we play a substantial role in the entrepreneurs' success. We can take control of our economic destiny by supporting our entrepreneurs. A thriving entrepreneurial ecosystem requires more than just entrepreneurs and that's why we build ecosystems, the communities for entrepreneurs.

A Message From The Hive

Picking up where we left off in 2020

Ecosystem building is at the intersection of economic and community development and entrepreneurs thrive when an ecosystem that allows for the fast flow of talent, information and resources helps them quickly find what they need at each stage of growth.

As ecosystem builders, we are creating the invisible infrastructure to support entrepreneurs, including access ramps to the ecosystem so that anyone can participate, grow and thrive.

With this new report, our goal is to push the envelope in research and analysis to provide a comprehensive picture of the state of entrepreneurship in Puerto Rico that educates, informs and influences decision makers in the ecosystem to make data driven decisions that benefit entrepreneurs and thus, our communities. This edition includes groundbreaking information about underrepresented entrepreneurs such as Afro Caribbeans and women. We encourage you to share this report with your peers and spark conversations about the solutions the ecosystem needs.

We appreciate your collaboration and contributions during the past five years, and we are eager to begin this next phase together!



An Essential Part of the Hive: The Buzzy Bees



Denisse Rodríguez
Executive Director



Samuel Merced
Program Manager



Natalia Alicea
Marketing Strategist



Gian Ortiz
Business Development
Specialist



Nadya Solá
Entrepreneurship
Strategist



Nackira Castro
Lead Creative
Designer



Paola Maldonado
Entrepreneurship
Strategist



Noriana Meléndez
Community and
Content Specialist



Bridgette Padilla
Entrepreneurship
Strategist



Ibanaliz Santoni
Entrepreneurship
Strategist



Just like the bees in the hive, this committed, highly skilled and passionate team has grown over the past years and the contributions of each member have helped strengthen our work and discover new opportunities within the entrepreneurial community.

What Drives Our Buzz At The Hive

Entrepreneurial Ecosystem Building is a relatively new field of work and study. This is our framework to understand the challenges entrepreneurs face and design impactful systemic solutions for the long term. We believe in the transformative power of entrepreneur-focused economic development strategies that are equitable and inclusive to build generational wealth, reduce poverty and improve the quality of life for all communities.



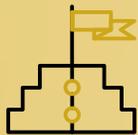
Vision

Everyone in Puerto Rico can start and grow a business.



Mission

Colmena66 facilitates entrepreneurship by connecting and building the entrepreneurial community.



High Impact Goals

- **Catalyze and facilitate** access and resources
- **Build and connect** the entrepreneurial community
- **Create and drive** innovation

Our Pollinization Through The Years: Milestones While Building The Hive



Eng. Lucy Crespo, CEO
Puerto Rico Science,
Technology & Research Trust

- In 2015, our CEO, Lucy Crespo, saw an opportunity to
- implement ecosystem building in Puerto Rico as it aligned to the
- Trust's new strategic plan. Colmena66 was launched in 2016 to
- become Puerto Rico's entrepreneurship ecosystem integrator
- and the only organization to serve all types of entrepreneurs at
- every business stage.



- Launch with 160 collaborators in our network



- Network Meetups
- Levanta Tu Negocio: Hurricane María
- Shop&Hire
- PRSTRT Co-Working Space



- Tu Camino Empresarial (mapa)
- Tu Camino Empresarial Tour
- Disaster Recovery Presentation at the Growing Entrepreneurial Communities Summit, Federal Reserve Bank of Kansas City



- First Boricua Entrepreneur Fest
- SBIR/STTR Committee: SBIR Road Tour
- Agribusiness Network Meetup
- Tu Camino Empresarial: Agro Edition
- Step by Step Guides
- Curated newsletter for our Resource Partners
- Personalized Action Plan



- Levanta Tu Negocio: Earthquakes
- PRSTRT Co-Working Space
- Levanta Tu Negocio: COVID-19
- SBIR Webinar Series
- Boricua Empeñe Fest Virtual: eCommerce Edition
- Refuerzo PyME
- Empresarios al Día
- COVID-19 Resource Hub
- SBIR/STTR Newsletter



- Incentives Series
- Acércate al Grant: Phase 0
- SBA Lab-to-Market: Super Connector Award
- SBIR Growth Accelerator Fund Competition
- Boricua Empeñe Fest Virtual

Since then, we have:

- Served **16,000+** entrepreneurs
- Grown our network to **260+** organizations
- Provided **21,000+** referrals

Our Honeycomb: Entrepreneurial Support Programs, From Idea To Growth.



Colmena66
Tu Camino Empresarial

Colmena66 provides primary business assistance for entrepreneurs who are looking to start or grow their business.

How we do it:

- Understand needs
- Provide referrals and resources
- Creation of educational content
- The first stop for entrepreneurs



Fase 1 provides universal access to entrepreneurial education and incubates ideas that can turn into successful businesses.

How they do it:

- Online on demand educational modules
- Incubator program
- Workshops and mentoring sessions



A pre-acceleration program focused on helping innovative, early-stage Puerto Rican startups that have global potential to get to market.

How they do it:

- \$20,000 grant
- Expert mentoring
- Access to business network through Pre18Connect



A global startup accelerator, Parallel18 offers underrepresented entrepreneurs from all over the world access to high-quality business training, funding, and networks to help them scale globally.



Subvenciones Federales de SBIR/STTR

Provides expert technical assistance and matches innovative small businesses with grant writers to access federal funding for high-risk research and development.



Xpand is a community for Puerto Rican based founders in second stage that have been operating for 3 years, generating \$500K annually and seeking to expand.

How they do it:

- Developing a community of mentors and founders to assist Xpand members on their growth
- Access to mentoring sessions "roundtables" with mentors and peers
- Community Networking Events
- Connections with resources to enhance their knowledge on Fundraising and Market Research

Our Honeycomb: Entrepreneurial Support Programs, From Idea To Growth.

- As business community builders, we serve entrepreneurs effectively,
- convene partners to address gaps, and share data to inform the ecosystem's
- decision makers. Through our services, entrepreneurs have access to
- support organizations, educational content and personalized attention.
- Working closely with programs within the Trust and other partners in our
- Resource Network, we connect entrepreneurs to the right resources at the
- right time according to the stage and needs of their business.

Partners leverage our communication channels, such as website, social media, and email marketing, to share programs and reach their target audiences. In many ways, Colmena66 provides outreach and marketing support to ensure that partners achieve their programmatic goals.

Colmena66 can also be considered a data center for entrepreneurship. We research and collect data throughout the year to understand the gaps and opportunities within the community to provide all stakeholders with recommendations and the best possible solutions. Building business communities is a complex task that requires commitment to see long-term results. With our knowledge we aspire to inform key decision makers about the progress made and the work that needs to be done to continue improving the circumstances to start and grow successful businesses.



Producing The Honey: Resources For The Community

- Colmena66 fosters connections and develops action plans to enable entrepreneurs to reach their goals. We support emerging entrepreneurs to identify and find answers to any business question they have. We are the only organization in Puerto Rico that works with all types of businesses, at any stage. As the first step for many entrepreneurs who are looking to start or grow their business, at Colmena66 we provide a one-stop shop to help navigate community resources.



Call Center

Entrepreneurs can call us with any question they have about their business. Our team takes the time to understand needs and share the most accurate information.



Events Calendar

A space where we share events, conferences, workshops and more happening in the ecosystem, making sure entrepreneurs get access.



Blogs

We partner with industry experts to bring entrepreneurs the latest on resources, initiatives and their frequently asked questions, in Spanish.



Personalized Action Plan

A checklist guide that takes entrepreneurs from the ideation stage all the way to marketing and improving their sales. Resources and content are tailored to each individual's needs and goals.



Step-By-Step Guides

We do the research and provide easy to follow steps for addressing business needs, planning, access to capital, marketing and much more.

Producing The Honey: Resources For The Community



Tu Camino Empresarial Map

A map where you can easily identify the resources available to start or grow your business, according to the type of company and business stage in which you are.

Tu Camino
Empresarial

Tu Camino
AGROempresarial

[Download The Maps](#)



The Resource Navigator®

An interactive resource directory where entrepreneurs can search for services and resources from our **260+ partners** according to their needs and business stage.


Red
Colmena66

[Find Resources For You](#)



Weekly Newsletter

A convenient and curated weekly update where we summarize new opportunities and resources for entrepreneurs and share all the events taking place each week.

[Subscribe Now!](#)



Business Development Opportunities

New funding opportunities, capacity building and technical assistance programs are researched and organized by business stage and requirements to help you apply and take your business to the next level.

[See Whats New!](#)

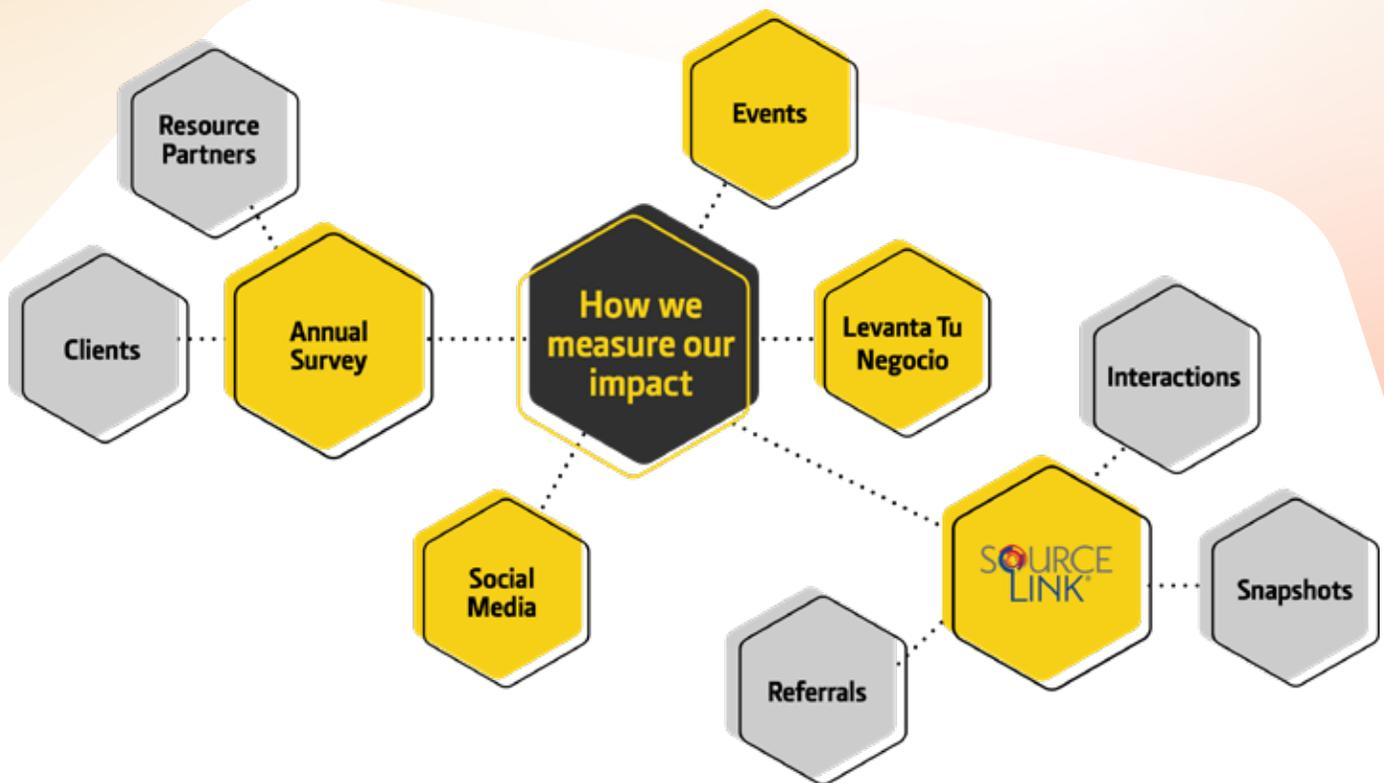


The Beehive: Our Community Impact

The Importance Of Measuring Our Honey

The availability of accurate information is crucial for problem-solving and resource allocation. As entrepreneurial community builders we have an acute sense of responsibility to help inform stakeholders about the challenges, efforts and progress being made by the community.

In our 2020 Impact Report, we stated that a top priority for Puerto Rico's ecosystem during the next years should be gathering and sharing actionable data. With this in mind, our intention is to lead by example and share insights about the entrepreneurial community and the resource partners we've been serving.



- We gather data through our CRM SourceLinkSM Pro, social media, events and our annual surveys. With these strategies we've compiled information on more than 16,000 entrepreneurs since 2016. We want to give you a glimpse on some of our findings during 2021.

Our Ranking With Other Beehives: The Ecosystem Builders



Throughout the years, **Colmena66 has improved its offering and consistently ranked among the top SourceLinkSM Affiliates.**

Puerto Rico's entrepreneurship ecosystem is quickly becoming a great example of equitable and inclusive entrepreneur-led economic development for other regions across the United States.



Total Searches through The Resource Navigator[®] on the Web:

11,716

Rank: 6 of 30 organizations using The Resource Navigator[®]



Counseling Hours Provided:

251

Rank: 1 of 67 Affiliates using SourceLinkSM Pro.



Use of SourceLinkSM Pro CRM Tool
Entrepreneurs Seeking Assistance through Hotline and/or Email:

3,072

Rank: 1 of 63 Affiliates using SourceLinkSM Pro.



Network Strength

260+

Rank: 5 of 74 organizations using The Resource Navigator[®]

Our Ranking Through The Years

Year	Searches Using The Resource Navigator [®]	Affiliates Using SourceLink SM Pro	Counseling Hours	Network Strength
2021	#6	#1	#1	#5
2020	#2	#1	#1	#4
2019	#2	#4	#4	#5
2018	#9	#4	#3	#6
2017	#9	#14	#15	#7

A Buzzy Year For The Bees: Our Impact In Numbers



As Puerto Rico continues to slowly recover from the COVID-19 pandemic, Colmena66 saw a decrease in volume of requests for assistance from entrepreneurs, from 8,091 individuals served in 2020 down to 3,072 in 2021. This was expected given that 2020 was an atypical year.

In fact, we experienced a 249% increase in clients served in 2020 in comparison with 2019. **Nonetheless, the number of referrals to resource partners saw a 10% increase, from 5,966 in 2020, to 6,553 in 2021.**

During the same year, Colmena66 saw 19% repeat clients requesting additional assistance to continue growing their business.

3,072

Entrepreneurs Served

586

Repeat Entrepreneurs

6,553

Referrals

614

Personalized Action Plans

625

Commercial Registration Guide Downloads

251

Counseling Hours

11,716

Resource Navigator Searches

9/10

Average Rating of Service (Survey)

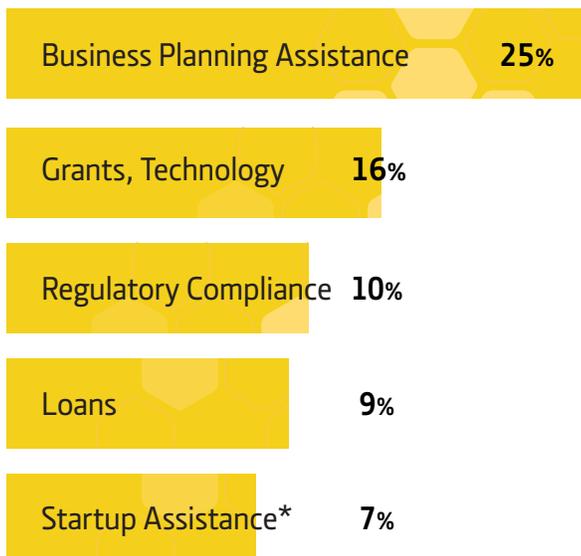
321

Tu Camino Empresarial Downloads

258

Tu Camino Agroempresarial Downloads

Top 5 Assistance Requested



Business Planning Assistance was the most requested type of assistance in 2021 amongst Colmena66's entrepreneurs, remaining in the top position when compared to 2020.

However, requests for Technology Grant assistance saw the largest spike in our service, going from 1% of 2020 to 16% in 2021. This was likely caused by our "Acércate Al Grant" initiative, aimed at helping businesses apply to SBIR/STTR grants. Regulatory Compliance (or assistance with business permits) also saw a 7 point jump from 3% to 10% in 2021.

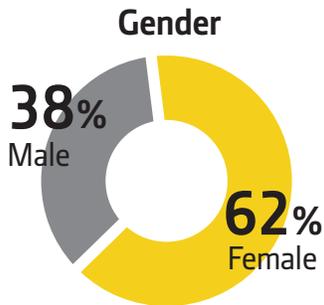
*Startup Assistance is for small, fast growing companies that are using an innovative business model that differs from traditional businesses

Who Kept The Bees Buzzy In 2021: The Entrepreneurial Community

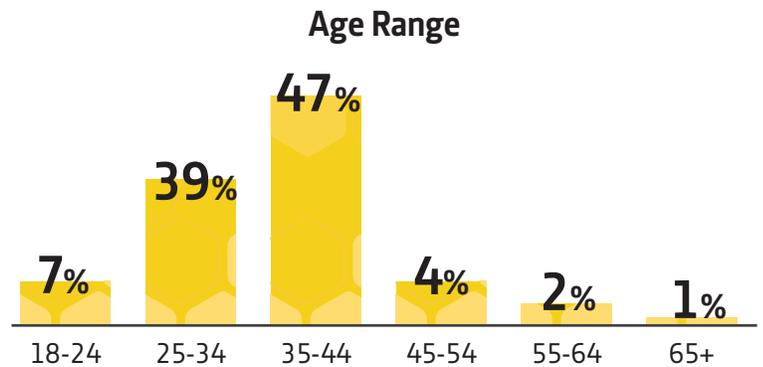


PRO

To learn about Puerto Rico's entrepreneurial ecosystem and make decisions that empower our entrepreneurs, Colmena66 uses SourceLinkSM Pro as a Client Relationship Manager. The platform, which also serves as a decision-making engine, connects and tracks entrepreneurs through every point of contact with our organization to streamline data collection and reporting efforts.



Approximately 2 out of every 3 entrepreneurs served in 2021 identified as female, with a large proportion seeking support with Business Planning or Startup Assistance.



Education Level by Gender

Female Male

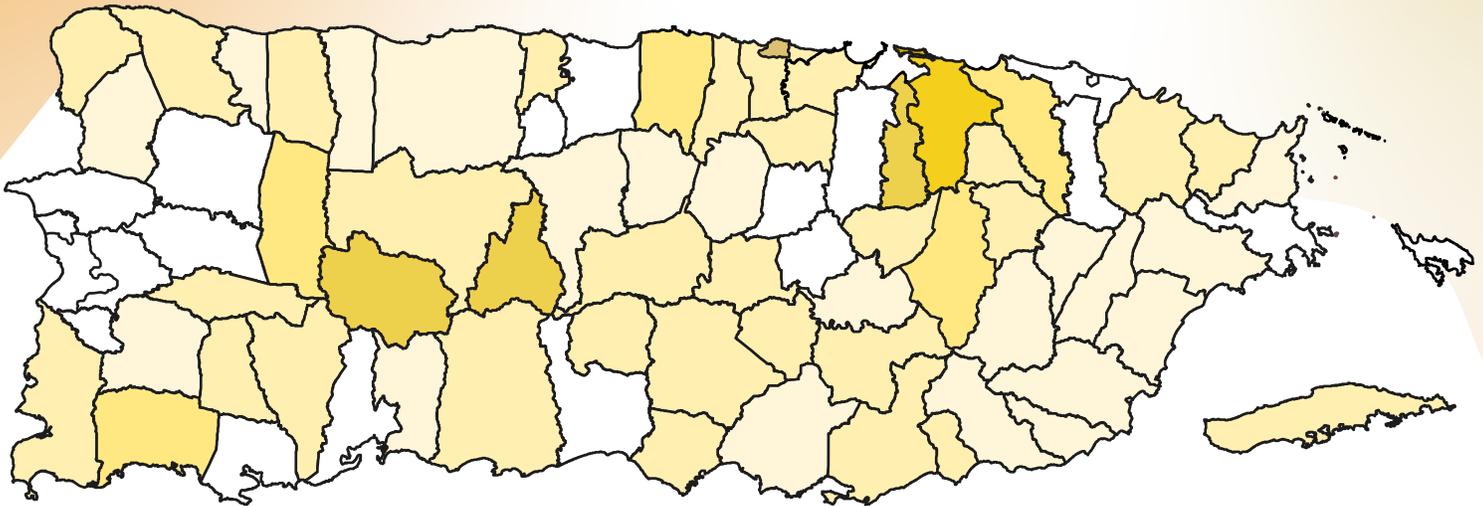
Education Level	Female	Male	Total
Bachelor's	24%	16%	40%
Master's	14%	6%	20%
Associate's / Technical-Vocational	7%	7%	14%
High School Diploma or Less	4%	5%	9%
Some College	4%	4%	8%
Doctorate	4%	2%	6%
Some Graduate-Level	2%	1%	3%
Advanced Degree	1%	0%	1%

Bachelor's degree holders (40%) were the largest share of entrepreneurs served, followed by Master's degree holders (20%) and Associate degree holders (14%). Entrepreneurs aged 25 - 44 are most represented in all education levels above High School, holding over 85% of degrees.

Top Bachelor's Degree Holder Profiles by Gender

Female	Male
11.3%	5.3%
Aged 25-34	Aged 35-44

Pollinating The Island: Where Our Community Is Located



1.01-1.2

0-0.2



Higher Concentration

Lower Concentration

(Concentration of served population per capita)

* Numbers are at a rate of 1:1,000 people living in each municipality.



In 2021, Colmena66 provided assistance to people in 77 out of 78 municipalities across the island. The majority of individuals were in the San Juan Metropolitan Area, with clients in San Juan, Carolina, Bayamón & Guaynabo leading the charts. San Juan represents a fifth of all clients served.

However, when total number of entrepreneurs served in each town is compared against its total population, the top impacted municipalities are San Juan, Guaynabo, Lares, Adjuntas & Jayuya.

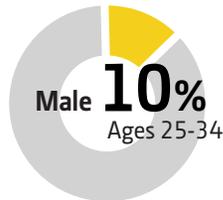
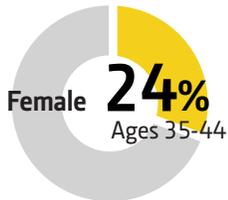
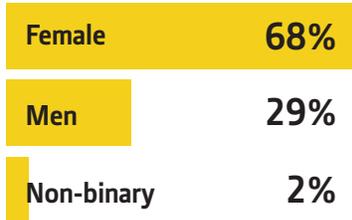
The Buzzing On Social Media

Over the years, we have built a robust communications platform to reach entrepreneurs where they are. Our channels help communicate new opportunities and resources effectively as a result of the trust we have built with our audience. Likewise, our partners achieve great results by leveraging our platform to support their outreach strategies.

facebook

17.9k

Followers



Top Posts

"Boletín Empresarial" – Highlight the Government aid available at the time.

"Motivate a Emprender" - Event with the Municipality of San Juan for women

Info Session "Acércate al Grant" with Andreica Maldonado, Director of the Research Grant program and with Dr. Juan Figueroa of the SBIR/STTR Federal Grants program

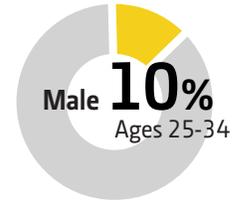
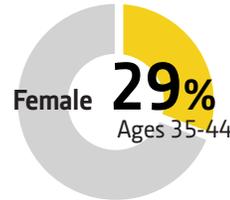
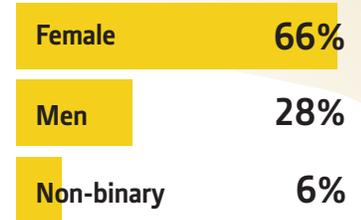
Info Session with Jahannie Torres explaining the call for "Acércate al Grant"

"Pica Alante con Colmena66" Series of Grants and Incentives available for entrepreneurs

Instagram

6.9k

Followers



Top Posts

Data from the Impact Report 2020:

47% of businesses have a woman as an entrepreneur

"Boletín Empresarial" on the Amendment to Law 60

"Boletín Empresarial" on the Creole Stimulus by the Government

Café con Miel- Get to know some business podcasts

Data from the impact report 2020:

How do you make a business plan?

twitter

1.5k

Followers



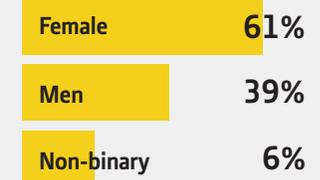
LinkedIn

1.3k

Followers

Top Ages Group:

Female & Male- 25-34



A Sweet Twist, The Social Buzz

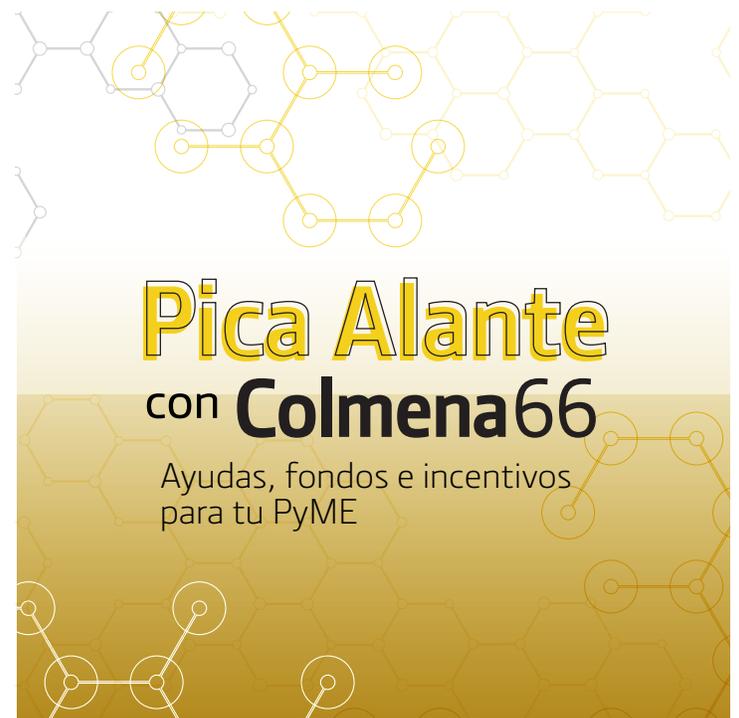
As is natural with any other crisis, the pandemic shifted the focus of the bees. As a team prepared to face new challenges, we began producing a new type of honey for the community by listening to their needs.



- In January we started the "Boletín Empresarial".
- A series of posts that were used to research, and explain in simple terms the aid the Government was offering in response to the pandemic.
- With a total of 24,419 people reached, 26,970 impressions and 2,659 organic interactions, the first post managed to impact, educate and mobilize the business community so that they could request help on time. Likewise, the guide created by AAFAP had a total of 786 downloads by our community.

Pica Alante con Colmena66

- "Pica Alante con Colmena66" is a short 6-video series to promote economic incentives and aid the community has to offer. It is available free and on-demand on our website, YouTube channel and Facebook page, already garnering over 7,500 views.



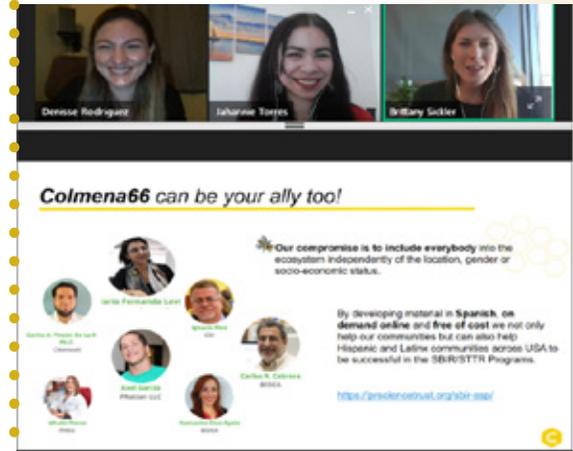
Let's Bee Partners!

Bees love collaborating and working together. In 2021 we attended and collaborated in more than 30 events with our Resource Partners and the entrepreneurial community.

Here are some of our highlights:



Private Sector COVID-19 TV program at WIPR.



SBA SBIR Support Organization Call: SBA invited us to present our best practices to over 120 innovation ecosystem builders across the US.



"Mujer, Motivate a Emprender" with the Municipality of San Juan.



Resource Network Meet-Up with the Secretary of the Department of Economic Development and Commerce, Manuel Cidre.

You Can Also Bee Part Of The Community

You can support the entrepreneurial community by donating to the Hive or becoming a sponsor.



Donate

Our Celebrity Bees Representing: From Puerto Rico To The World



- We were awarded \$10,000 as a Super Connector by the US Small Business Administration and the National Science and Technology Council through the Lab-to-Market (L2M) Inclusive Innovation Ecosystem Prize Competition for our efforts to successfully attract and support underrepresented communities in the research and development innovation ecosystem.

- In collaboration with Parallel18, we won the **SBA Growth Accelerator Fund Competition** and received \$50,000 for the efforts of Parallel18 offering entrepreneurs from all over the world access to high-quality business training, networks, and funding to drive their global scalability.





Acércate al GRANT

- "Acércate al Grant" launch with Puerto Rico Science, Technology and Research Trust and Parallel18. A Phase 0 program for startups and innovative research projects on the Island to submit successful SBIR proposals through technical assistance and pairing with a professional grant writer.

GETTING THE WORD OUT – SUCCESSFUL STRATEGIES

We then asked affiliates to share their best practices during our May and July marketing conversations.

ChiBizHub in Chicago experienced 320+ percent growth across all channels in a single year. Small business manager Jazmine Garcia develops strategic partnerships with people, businesses and organizations with strong social media following to reach broad audiences. Pro tip: partner with local and state elected officials who canvas neighborhoods. Give them your print collateral to deliver directly to local businesses.

Sparkyard in Fort Worth, Texas shares exciting events, resources, recent blog posts and their podcasts in their monthly newsletter. Outreach specialist Kendel Rogers and network builder Marco Johnson have worked hard to build their mailing list and their recent newsletters to achieve a 36 percent open rate. Pro tip: build your mailing list organically via social media, existing clients and resource partners, event attendees and visitors to your website.

Colmena66 in San Juan, Puerto Rico has built a dynamic **YouTube channel** with thousands of views. Digital marketing strategist, Natalia Alicea Morales develops successful YouTube content by answering a need and using relevant keywords. She recommends searching for existing content on the same topic. How have they done it? Which title works best? How is it promoted? Then she determines what channels to use to reach the audience that will view this content. Pro tip: A/B test titles and recycle content.

Sarah Mote, marketing director at **KCSOURCELINK** in Kansas City and **MOSOURCELINK**, recommends boosting video marketing since readership of blogs and newsletters have declined. Pro tip: use YouTube as a search engine. YouTube is the number one platform for people to search how to do something, and it's a growing platform. Find content that people are using to solve problems on YouTube and create your own to distribute to segmented audiences.

The GRID in the Northwoods of Wisconsin and **NWI BizHub** in Northwest Indiana use **Innovators in Action** and **Small Biz Spotlight** video series on their websites to promote local businesses. Toni Van Doren, business solutions coordinator at The GRID, and Maranda Fishback, community engagement coordinator at NWI BizHub, find that business owners love the free publicity and videos provides traction to your website. Pro tip: creating videos is a great way to start marketing outreach for small



SOURCE LINK

- Natalia Alicea Morales shared our successful Youtube marketing strategies with other SourceLinkSM Affiliates and ecosystem builders around the world during Global Entrepreneurship Week.



AARP

PUNTO DE VISTA
Por Denisse Rodríguez Colón

martes, 21 de septiembre de 2021

Vital el apoyo a empresarios mayores para un futuro económico sostenible

Desde una perspectiva socioeconómica, el **empresarismo máster** es una respuesta viable a las consecuencias demográficas del envejecimiento acelerado de la población en Puerto Rico. Este se define como la **actividad empresarial dirigida por personas mayores de 45 años**, incluyendo la creación de nuevos negocios y empresas.

- Denisse Rodríguez, is part of AARP's executive council and with this column, she promotes support for entrepreneurs age 50+ who deserve equitable access to resources to help them start or grow their business.



Pollinating Our Ecosystem: **Building The Entrepreneurial Community**

During the past five years since our launch, Colmena66 has built relationships with many ecosystem partners and advocates in and outside Puerto Rico. We know that at the core of every effort is people. We foster many connections and conversations that help advance the ecosystem further little by little, through events, sharing data, hosting our partners and with every entrepreneur that contact us. We enjoy being close to those we serve and thus make sure to create spaces where stakeholders can learn, connect and collaborate to bring forth their ideas and solutions.

A Buzzy Year For The Beehive

Where the bees gather and celebrate: Boricua Entrepreneur Fest 2021

The BE Fest is Puerto Rico's largest, most inclusive and equitable entrepreneurship education and celebration event. It is designed for SMEs to celebrate, educate and connect with the help they need to start, grow, create jobs, and strengthen the local economy. This event is for all audiences: entrepreneurs at all stages of business development, of all industries and sizes, the diaspora, the academic community, mentors, the public sector, financial institutions, investors, and business support organizations. Through a complete digital experience, participants have access to business connections, one-on-one networking sessions, group mentoring spaces, and 6 educational "labs" where experienced entrepreneurs and resource partners share their knowledge on starting and growing a business.



Excellent activity, the hosts were very good, excellent resources and the platform was spectacular to have a first class experience.

- Andrea Nieves



806

Participants

Who Spent 3.30 Hours On Average At The Event



15 hours

Of Content

Available free and on-demand on our [YouTube channel](#)



99%

Of Participants

Would participate again in the Boricua Emprende Fest

Our Sponsors:



A Buzzy Year For The Beehive

Growing The Hive: Resource Network Meetups

Designed to foster collaborations, share resources among partners and strengthen relationships within the ecosystem, in 2021 we held 3 virtual meetups focused on:



Access to Capital and the Department of Economic Development and Commerce's Vision



The State of Entrepreneurship in Puerto Rico.



Celebrating ecosystem efforts and collaboration



330+
Participants



4.7/5
Satisfaction

Accesible Resources For The Community: **Public Sector Series**

Pica Alante
con **Colmena66**

Access to Capital and Financial Resources are amongst the top needs for entrepreneurs in all stages and industries. We created this series to research a wide array of government business incentives that are of great benefit to entrepreneurs yet there's little available information about them. We sat down with each program director to discuss benefits, requirements and more. This 6-part series of videos, available on our Youtube channel, consist of COVID-19 resources, workforce development, agribusiness, and exporting incentives. **Click to watch now!**

Bees Contributing To Innovation

The Trust's mission is to make Puerto Rico a globally recognized innovation hub that develops, attracts, and retains scientists, technology entrepreneurs, and enterprises to unlock world class creativity and competitiveness. To support scientific excellence and technological innovation, R&D and commercialization resources are leveraged through the SBIR/STTR federal programs. The investments made by the Trust in technical assistance and Matching Funds Program are critical priorities to build a strong Puerto Rican economy because they are the equitable mechanism for local innovative technology-based small business firms to increase the possibility of taking their technologies to market.

Acércate al GRANT

Funded through an SBA Growth Accelerator Fund Competition award, **Acércate al Grant** is a Phase 0 type program in which innovative small businesses receive expert technical assistance and support from grant writers to develop their SBIR/STTR proposals. These efforts aim to increase their success in accessing the largest seed capital fund in the US.

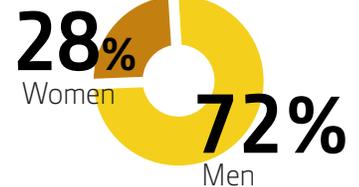
In 2021, we launched the very first edition to serve 14 entrepreneurs in their proposal development process. In just 4 weeks, we received over 90 applications, surpassing our goal for this highly specialized opportunity.

Applications

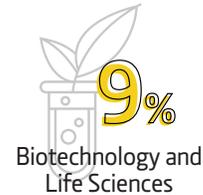
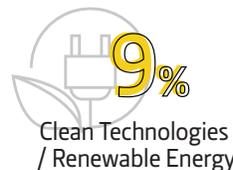
93

Applications received in just 4 weeks

Gender



Industry



Results | March 2022

14

companies selected

8

expert advisors

204 hrs.

participant counseling

8 months

Average preparation time

87

referrals made during the program

6

proposals submitted to:



Satisfaction Level

4.5/5 ★★★★★

Program satisfaction

5/5 ★★★★★

Would recommend the program *Acércate al Grant* to businesses interested in SBIR/STTR.

Bees Contributing To Innovation

Local SBIR Committee

Colmena66 convenes resource partners in the innovation ecosystem that support entrepreneurs and researchers along their journey towards applying for SBIR/STTR grants.



Collaborations

In 2021 we worked with National Institute of Health NIAID and Department of Energy to bring awareness of SBIR/STTR program opportunities to Puerto Rican entrepreneurs and researchers. We held 2 workshops discussing agency topics and priorities, submission deadlines, and best practices to submit winning proposals. **We had over 240 participants across both events.**



The Entrepreneurial Journey Of:



The Business

After 20 years building a successful career and her own brand as a fashion designer, Tommie Hernandez established Sirena Patterns in 2017 as the only Puerto-Rican sewing patterns company. Tommie saw an opportunity to translate her skillset and experience in a traditional business model to launch an innovation-driven startup.

Initially, Sirena Patterns intended to solve the problem of crafters, providing well fitted sewing patterns and clear instructions, all in digital format. Soon thereafter, they identified an opportunity as clients were seeking accessible and convenient online education to establish their fashion businesses as they could not afford higher education at renowned institutions.

Now, Sirena Patterns is an online academy that offers digital sewing patterns to empower people around the world by teaching them about design, sewing and entrepreneurship so they can build successful fashion businesses. They also offer a membership experience, Sirena Elite, and printed sewing patterns that are distributed in the United Kingdom, the United States and Puerto Rico.



Colmena66 fills the gap where there is a need... they can guide companies”

-Tommie Hernández
Founder, Sirena Patterns

Challenges Faced



Funding

Through Colmena66 they were able to connect with pre-accelerators and accelerators in the ecosystem that helped develop systems and strategies for the company.



New Business Model

They were pioneering a digital product that had never been launched in Puerto Rico, creating a new business model, educating themselves constantly and developing their minimum viable product to then improve it.



Investors and Mentors

When seeking support, it was difficult to convince seasoned investors and mentors of the scalability of a sewing and crafts business, which they overcame by using data and refining their concept.

The Entrepreneurial Journey Of:



Assistance from the ecosystem and their business journey

From day one, Colmena66 was there. “Denisse connected me with Parallel18. I didn’t even know these programs existed”. The ecosystem’s support helped them create accountability mechanisms and take action.

Tu Camino Empresarial

- Sirena Patterns has been successful with the help of the following programs in their entrepreneurial journey. They have been able to access over \$180,000 in capital that they reinvested into their business:

Stage 1

Idea | Concept



Stage 2

Market Entry | Prototype



\$20,000



\$15,000

Stage 3

Launch



\$40,000



\$17,000



\$90,000

Access to Capital (Green track)



Achievements & Awards

- Launching the first Puerto Rican sewing club and pattern collection with distribution to more than 50 countries.
- Educated over 2,000 students with their online courses.
- Pre18's Women in Tech Award (2019)
- Parallel 18 Investor's Choice Award (2020)
- 2nd Place Overall EnterPRize Competition (2020)
- Winner of BFF's Rising Entrepreneurs Program (2021)
- Winner of PR Manufacturer's Association "Woman Entrepreneur - Local Enterprise" (2021)

The Entrepreneurial Journey Of:



The Business

In 2013, Outcome Project was founded and led by Dr. José A. Bartolomei-Díaz, as a data science consulting company in the field of epidemiological surveillance for public health. His work involved analyzing population data, medical claims and vital statistics. When he finished handling, analyzing and reporting all datasets he told himself: "If I have to go through this again, I'll quit being an Epidemiologist." He wondered if there was a more efficient way to do things, so he began to study computing intensively and learned how to automate processes in order to help in the process of detecting adverse events in the public health of countries. In 2018, Nilsa Camareno joined the company as Head of Operations, leading administrative aspects, internships and social responsibility programs.

Outcome Project's mission is to empower people in the creation of high-quality information with the goal of addressing society's most challenging problems. They work to solve the problem of accessibility to quality data and information guided by scientific processes for health-related institutions to detect adverse health events in populations and understand their causes. With this information they can create concerted strategies to improve quality of life.



Follow the *Tu Camino Empresarial* map, the steps have already been laid out and if we had had it sooner, our journey would have been much easier."

- Dr. José A. Bartolomei Díaz,
Founder & Data Scientist

- Nilsa Camareno García,
Co-Founder & Chief of Operations

Challenges Faced



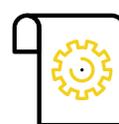
Entrepreneurial Education

Lack of entrepreneurial knowledge at first.



Capital

Accessing working capital, especially as they are designing a global technological product from Puerto Rico.



Regulation Compliance

Slow regulatory processes and high costs that can limit the speed of their growth without external capital investment for the business and industry they're in.

The Entrepreneurial Journey Of:



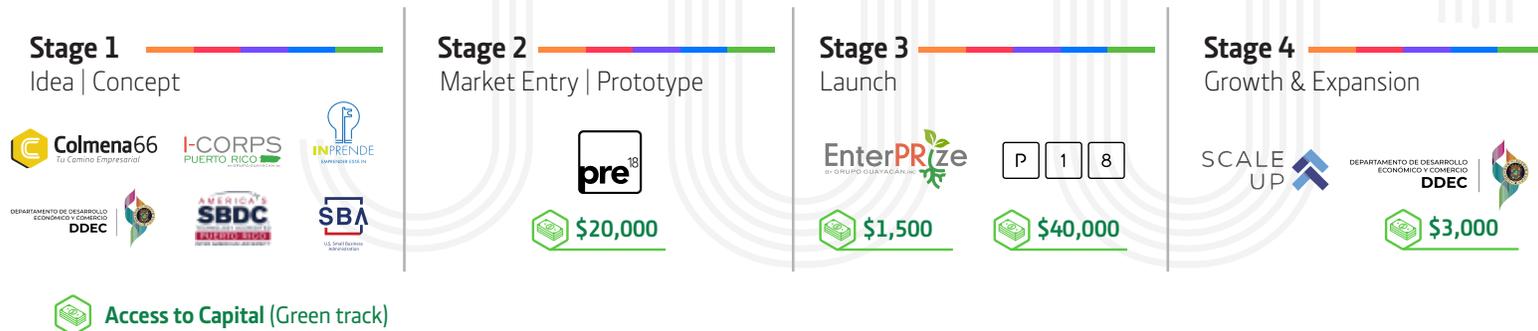
Assistance from the ecosystem and their business journey

In 2019 Outcome Project contacted Colmena66 for assistance and learned about the *Tu Camino Empresarial* map and our newsletter, which helped them learn about and access various events and organizations.

From there, they applied and were selected to participate in various programs in the entrepreneurial community, as shown here. In these programs, through mentoring, technical assistance and accompaniment, they defined their value proposition, strengthened their customer discovery and accessed over \$65,000 in capital, mainly through startup and matching funds programs.

Tu Camino Empresarial

- The entrepreneurship support organizations that were key in their journey are: Puerto Rico Science, Technology and Research Trust (Colmena66 and Parallel18), Grupo Guyacán (I-Corps, EnterPRize & Scale UP), the Department of Economic Development and Commerce, and many more.



Achievements

- A strong brand identity. They now have a YouTube channel covering epidemiology, statistics and R language programming.
- Continued operations through crises such as Hurricane María, earthquakes, and the pandemic.
- Support 35 students in Computer Science, Business Administration, and Public Health through their internship program since 2019.
- Adopted Playa *Tractores* in Vega Baja for 5 years through the Puerto Rico Department of Natural and Environmental Resources to carry out conservation activities in collaboration with local organizations.

The Entrepreneurial Journey Of:



HUERTO RICO

The Business

After the passing of Hurricane Maria in 2017, Sebastián realized the critical lack of food security in Puerto Rico. After conducting market research and analysis, gourmet and medicinal mushrooms were listed as one of the best opportunities to tackle locally. Thus, he began to study and practice how to grow them. Founded in 2019, Huerto Rico helps people create unforgettable meals by sustainably producing delicious and nutritious ingredients.

As part of their work with mushrooms and with the help of collaborators, a native and endemic "Reishi" species was identified. They are collaborating with Dr. Michelle Martínez, an expert in natural products research and experimental therapeutics from the Universidad Central del Caribe - School of Medicine to research and test the viability and effectiveness of these new species against aggressive subtypes of breast cancer. Through the *Acércate al Grant* program from Colmena66, Parallel18 and Research Grants Programs, all part of the Puerto Rico Science, Technology and Research Trust, they were awarded for an SBIR proposal with USDA to receive R&D funding to complete their research and bring the product to market.



Say yes to things you think you wouldn't do and get out of your comfort zone. When growing your team, be honest with yourself and know what your needs are so you can connect with people who can truly help you get forward. ”

-Sebastián Sagardía
Huerto Rico

Challenges Faced



Access To Incentives

The processes for applying for agricultural incentives and other government benefits have slowed their development.



Infrastructure

After establishing their operations, they faced challenges with Puerto Rico's unstable electrical grid. They are now acquiring a larger space to increase their production and conduct research, incorporating mitigation systems to protect their product.

The Entrepreneurial Journey Of:

HUERTO RICO

Assistance from the ecosystem and their business journey

In terms of their research efforts, they were connected with Dr. Michelle Martínez, an expert in natural products research and experimental therapeutics from the Universidad Central del Caribe – School of Medicine, through the Trust’s Center for Tropical Biodiversity. With the *Acércate al Grant* program they received technical and grant writing support to make their research proposal fit with the needs of federal agencies’ SBIR/STTR programs.

Tu Camino Empresarial

- In their journey through the ecosystem, Huerto Rico has been able to strengthen the administrative and financial aspects of the project, grow their network with
- seasoned experts and access over \$200,000 in capital. Some of the programs that supported them were:

Stage 1

Idea | Concept



Access to Capital (Green track)

Stage 2

Market Entry | Prototype



\$175,500



\$20,000

Stage 3

Launch



\$6,500

\$21,000



Achievements & Awards

- Identified 5 neotropical species of a fungi known as Reishi.
- In collaboration with the Trust and the Universidad Central del Caribe they obtained preliminary results that show that neotropical species have greater anti-cancer activity than the traditional Reishi species.
- Awarded \$175,000 approved SBIR funding through USDA to conduct further studies on the mushroom species they’ve identified.



What The Beehive Is All About: Entrepreneurs

About The Survey: How The Bees Collect Data

Aware of the need for entrepreneurship data in Puerto Rico, Colmena66 developed its annual surveys seeking to provide visibility about the state of the entrepreneurial community, business activity and the needs of stakeholders. The main purpose of these surveys is to help provide actionable data to stakeholders and decision-makers in entrepreneurial support organizations, government and other institutions. We seek to aid in the discussions by providing valuable insights that can help Puerto Rico benchmark its progress and effectively communicate advancements in our community.

With this data we can more accurately assess gaps in the community and direct resources to where they are needed most. Additionally, it can help continue promoting Puerto Rico as a top destination for business and investment both locally and internationally.

In 2021, two separate surveys were deployed to two separate audiences:



Annual Entrepreneurship Survey

Through this survey, we sought to answer 4 guiding questions: (1) Who is starting and growing businesses in Puerto Rico? (2) What kinds of businesses? (3) What kinds of businesses do we have? (4) What do we have to work on as an ecosystem? Additionally, we compiled demographic data to analyze results according to segments such as gender, education level, industry and business stage.

The survey sample was collected between the months of December 2021 & January 2022, reaching out to clients served by Colmena66 during 2021. Delivery method was done through email and text message campaign, which resulted in 378 responses, representing close to 12% of Colmena66's clients in 2021.

Annual Resource Partner Survey

Entrepreneurial support organizations are another very important group in the community. Their resources and support help advance entrepreneurship as a tool for economic development. This survey had the purpose of gauging the experience of entrepreneurial support organizations in our network to learn about their served audiences, services provided and organizational challenges.

A total of 55 resource partners (21% of the Resource Network), from non-profit, private and government sectors participated in this effort.

About The Survey: How The Bees Collect Data



-
- In the following pages you will find the results of these surveys, analyses and visualizations, and our interpretations of the data.
- We made various segmentations to analyze the data through a relevant and pertinent lens that include gender, race, education, industry, personal aspects and more regarding the development of entrepreneurship in Puerto Rico's ecosystem.
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- Finally, we have prepared a set of recommendations for the ecosystem based on these analyses that adds valuable insight to the discussions and priorities of decision-makers in the Island.
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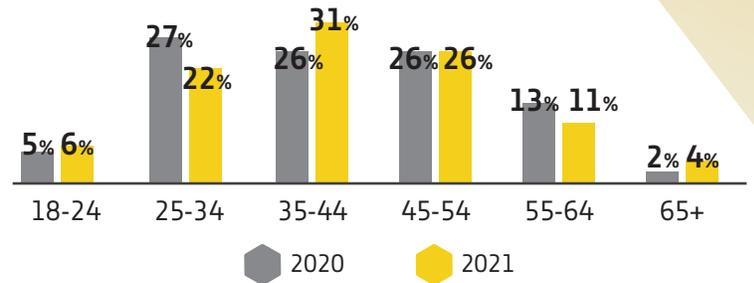
Colmena66
Tu Camino Empresarial

Who's Starting Businesses In The Beehive?



Female **69%** Male **30%** Prefer not to answer **1%**

- Most respondents to our survey were female, representing **69%** of total answers vs **30%** of male respondents and **1%** who chose not to identify themselves.



- In 2021 our survey sample reflected a slight increase in age, with a 5% decrease for the 25-34 year olds group and an equal increase in the 35-44 year olds group.

Education

Bachelor's	34%
Master's	30%
Associate's / Technical-Vocational	13%
Postgraduate Studies, Non-degree	8%
Postsecondary Studies, Non-degree	5%
Doctorate	7%
High School Diploma or Less	3%



Educational level is another important factor in entrepreneurial activity. It is to be expected that Bachelor's degree holders will be highly concentrated across entrepreneurs, given their prevalence in Puerto Rico. However, Bachelor's and Master's degree holders tend to have a similar motivation when it comes to starting a business - Independence and desire to be their own boss. This differs from entrepreneurs with other educational levels where following a passion tends to be more relevant.



Black or Afro-Caribbean

White

No response / Other

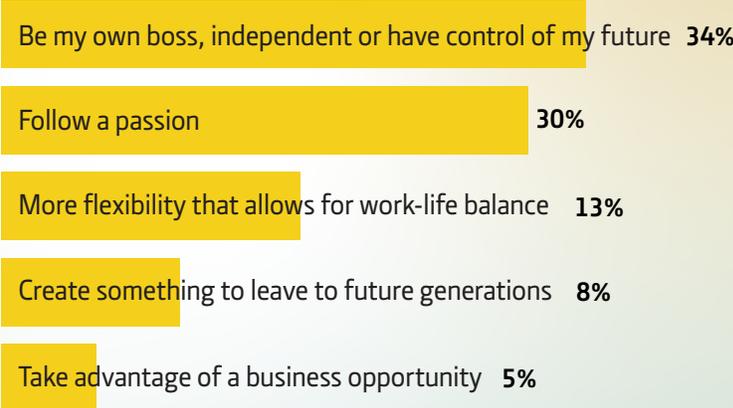
Approximately half of all respondents identified as White, while 3 out of every 10 identified as Black or Afro-Caribbean. Remaining entrepreneurs preferred not to respond or identified as another race.

What Motivates Entrepreneurs To Start Their Business?

Most survey participants decided to start a business in order to be their own boss, become more independent and have control of their future. The second and third most common motivations are to follow a passion and have more flexibility that allows for work-life balance. Nonetheless, motivations vary widely among different population segments.

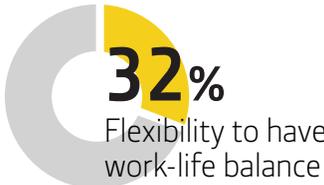
A stark contrast can be seen in the number of women that choose to be their own boss - 1.4x more often than men - and wanting to increase their standards of living and savings - 1.8x. On the other hand, men were more likely to be motivated by wanting to leave a legacy and bringing something new to the market, 1.2x and 1.4x respectively.

Motivation to Start a Business

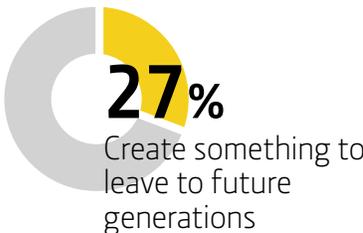
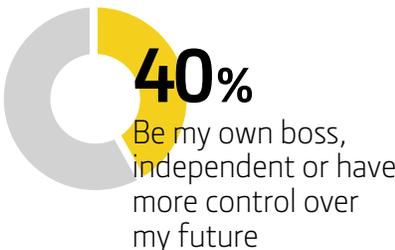


In contrast with 2020, the two top motivations to start a business were "I have many ideas" and "Economic necessity".

Female

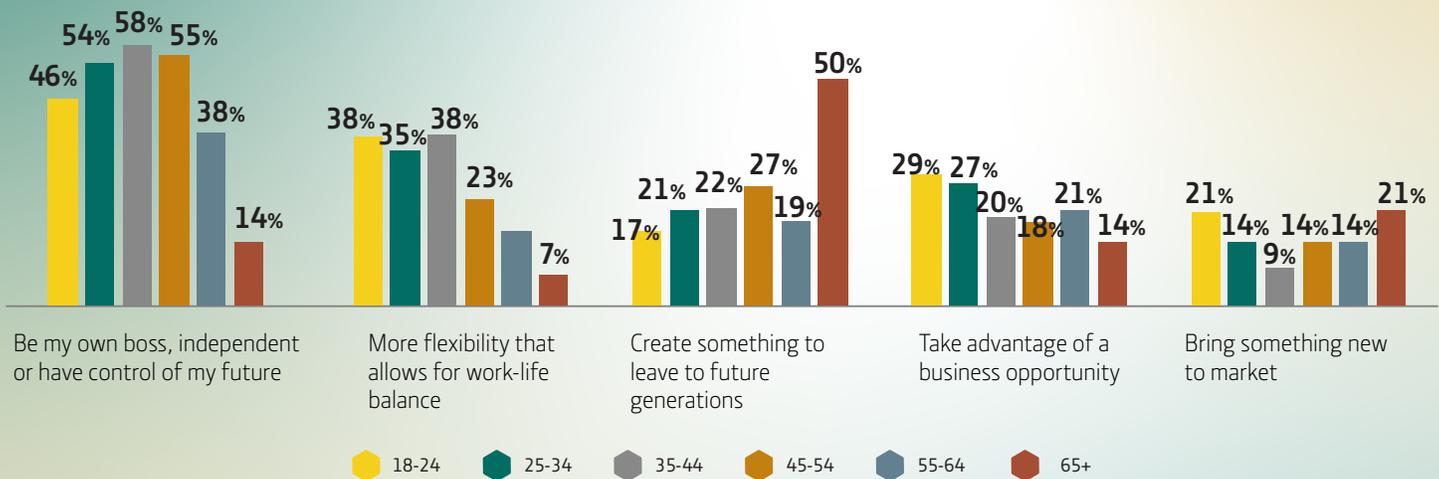


Male



What Motivates Entrepreneurs To Start Their Business?

Motivation By Age Range



- Motivations to start a business also show great variation
- across age ranges. One such instance is how the relevance of
- independence peaks at 35-44 age range and starts to
- descend greatly. Starting a business as a legacy is noticeably
- important across elderly entrepreneurs. Independence and
- flexibility seem to be the most important motivations for
- younger entrepreneurs.

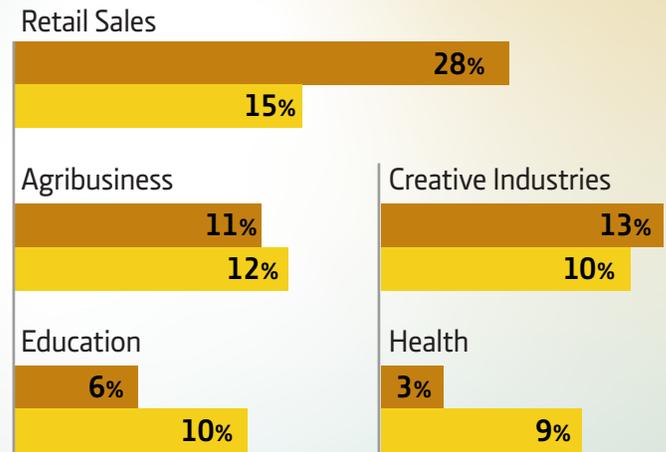
Top Industries And The Business Stage Of Entrepreneurs

Retail sales, agribusiness and education were the top 3 most common industries in our survey. This varies from 2020, where retail sales represented 28% of responses, professional services corresponded to 15% and Agribusiness accounted for 11%.

Other industries that increased their relevance in this survey include Education (from 6% to 10%) and Health (from 3% to 9%), while creative industries saw a small reduction by 3 basepoints. *

Top 5 Industries

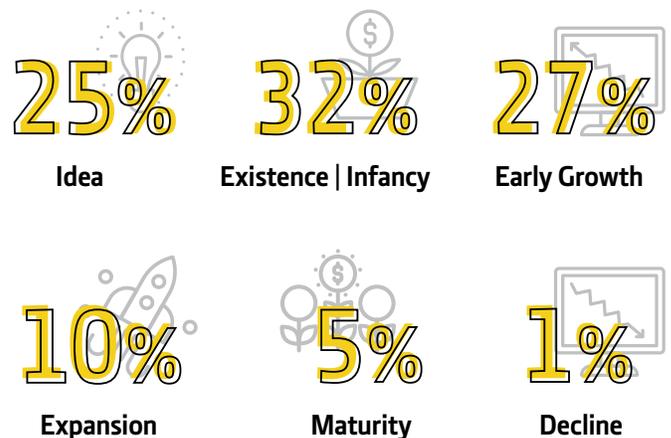
2020 2021



Business Stage

1 out of 4 respondents mentioned being in idea stage. This is a slight decrease from 2020, where 30% of respondents said they were developing their idea.

In 2021 a third of respondents mentioned being in existence/infancy stage, which is a noticeable increase from 2020's 18% in a similar stage. This may reflect a wider trend of new businesses starting in Puerto Rico. According to the Department of Labor and Human Resources, there was a 4% increase in businesses in Puerto Rico between Q3'2020 and Q3'2021, after a 4% decrease between Q3'2019 and Q3'2020.



Year	Businesses in Puerto Rico	Yearly % Rate
Q3'2019	47,828	+6%
Q3'2020	46,115	-4%
Q3'2021	47,832	+4%

* Sample excludes projects in Idea stage, with \$0 in revenue for 2021 and which have not started selling. Base: 308

How Are The Business Profiles Looking On The Beehive?

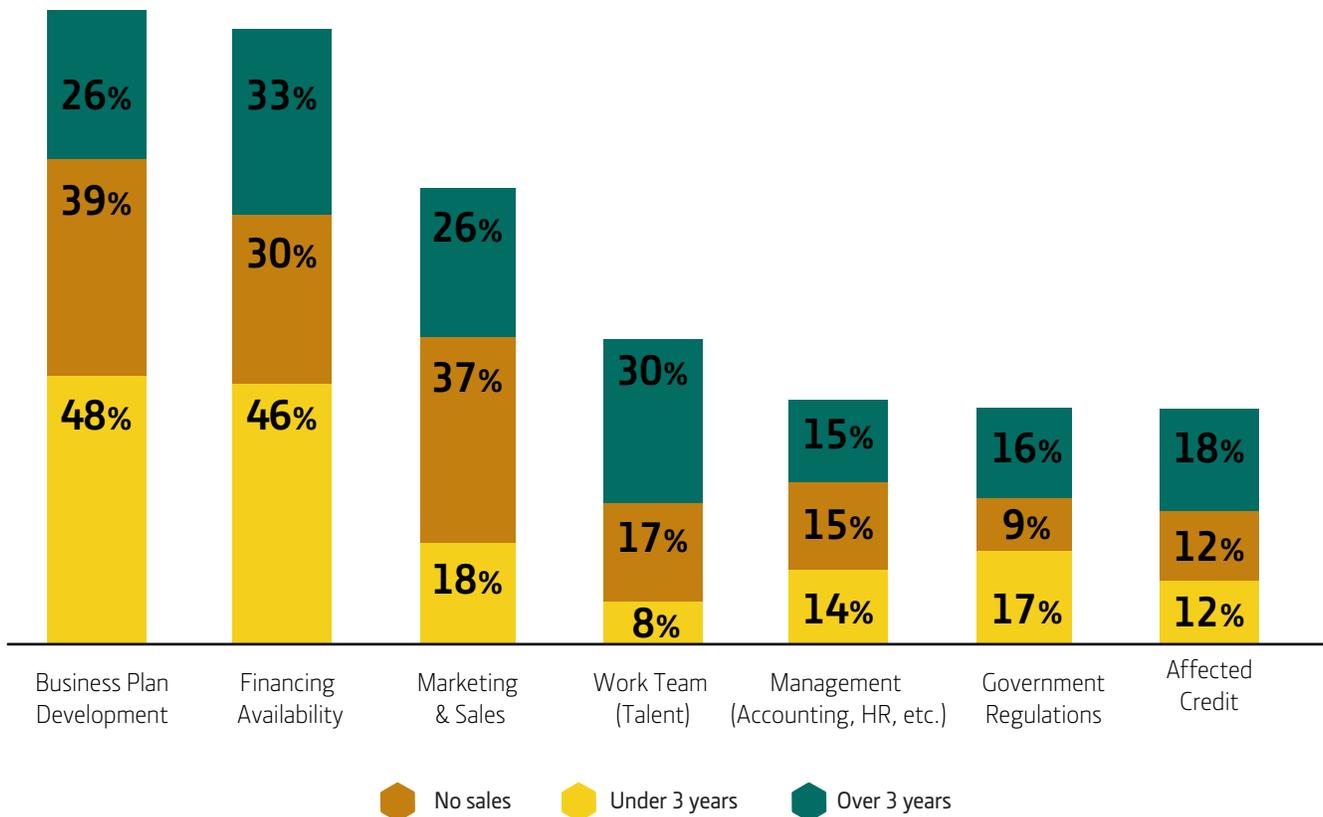


Length of Time Generating Sales

Around 45% of respondents have been generating sales for less than 3 years, with about half of them generating sales for under one year. Looking into the obstacles faced by companies, considering how long they have been generating sales, we can find wide differences. For example, Marketing & Sales is a highly important challenge for companies that have been selling for under 3 years, while Talent is reported as a higher obstacle for companies operating for over 3 years.



Obstacles by Length of Time Generating Sales



How Are The Business Profiles Looking On The Beehive?



Company Legal Structure

Limited Liability Companies seem to be the most common type of legal entity amongst surveyed entrepreneurs, with 1 out of 3 respondents reporting it as their legal structure. DBAs also seem to be of common use, especially amongst self-employed individuals who mentioned it 31% of times.

Our data shows that 11% of individuals have not yet incorporated their companies. Amongst non-incorporated projects, more than half are already generating sales. As a result, 63% of non-incorporated projects (7% of all survey respondents) have been making sales without yet being incorporated.

32%

Limited Liability Company (LLC)

This segment's main obstacles are:

- • **36%** Availability of Financing
- • **32%** Business Plan Development
- • **32%** Marketing and Sales

31%

Doing Business As (DBA)

This segment's main obstacles are:

- • **37%** Marketing and Sales
- • **34%** Availability of Financing
- • **33%** Business Plan Development

12%

S-Corporation

This segment's main obstacles are:

- • **53%** Availability of Financing
- • **32%** Business Plan Development
- • **26%** Marketing and Sales

11%

Not Formed Yet

This segment's main obstacles are:

- • **64%** Business Plan Development
- • **36%** Availability of Financing
- • **17%** Location

10%

Other

This segment's main obstacles are:

- • **38%** Business Plan Development
- • **35%** Availability of Financing
- • **19%** Location

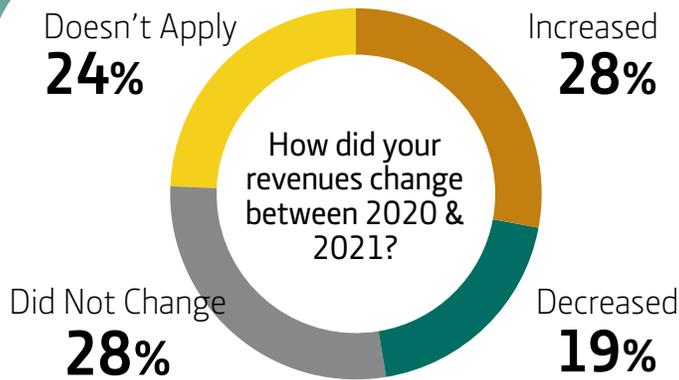
3%

Non-Profit

This segment's main obstacles are:

- • **38%** Availability of Financing
- • **25%** Business Plan Development
- • **25%** Talent / Human Resources

Economic Impact Of The Entrepreneurs



Annual Business Revenue

19% of respondents reported a decrease in revenues, of which 32% were Creative Industry businesses. On the other hand, health-based companies were more likely to report an increase in revenues at 42%.*



Business Annual Revenue

When analyzing respondents past the idea-stage, 39% of surveyed businesses had an annual revenue of under \$10,000. It's important to note that the majority of of businesses with under \$10K in revenue are self-employed projects**



Number Of Employees

Self-employed individuals make the majority of our survey pool, with 63% of respondents. This group is followed by businesses that employ 1 to 5 employees.*

* Sample excludes projects in Idea stage, with \$0 in revenues for 2021. Base: 308

** Sample excludes projects in Idea stage. Base: 284

Are Growing Entrepreneurs Prepared To Export?

In 2021, the majority of entrepreneurs surveyed only serve the Puerto Rican market (66%). When asked about their expected reach for 2022, 33% of all businesses expect to serve US markets, while 17% plan to serve international markets.*

Out of all businesses who serve Puerto Rico exclusively, 23% expect to export to the US in 2022, and 7% Internationally. Out of those exporting to the US, 25% hope to export internationally.



2021 Current Reach

- 21%** Local, Community or Municipality
- 21%** Regional, Municipality or Nearby Towns
- 24%** All of Puerto Rico exclusively
- 1%** United States exclusively
- 24%** Puerto Rico & United States exclusively
- 0.3%** Federal Government
- 10%** International



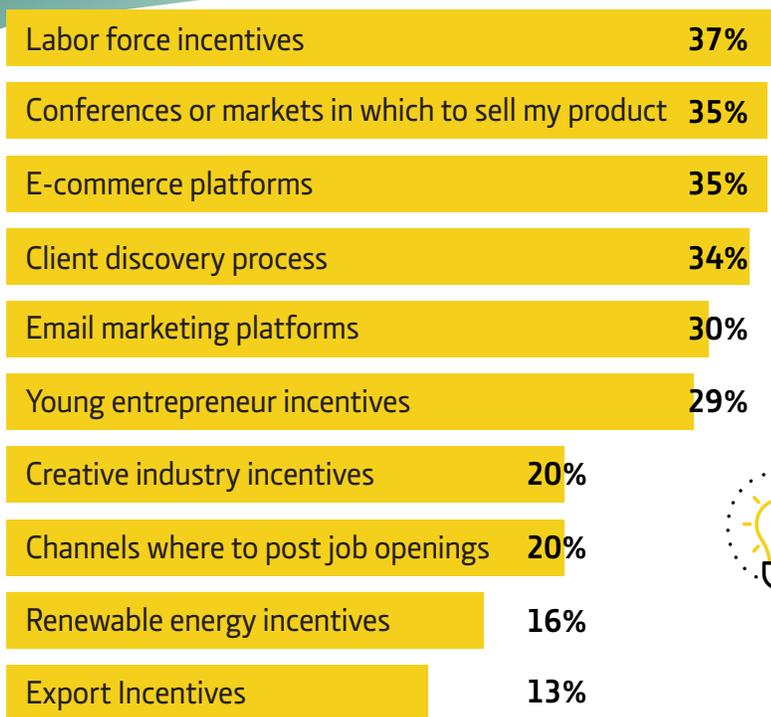
2022 Expected Reach

- 8%** Local, Community or Municipality
- 17%** Regional, Municipality or Nearby Towns
- 25%** All of Puerto Rico exclusively
- 1%** United States exclusively
- 30%** Puerto Rico & United States exclusively
- 2%** Federal Government
- 17%** International

* Sample excludes projects in Idea stage, with \$0 in revenue for 2021 and which have not started selling. Base: 308

What The Future Of Business Looks Like For The Entrepreneur

What topics do entrepreneurs know about?

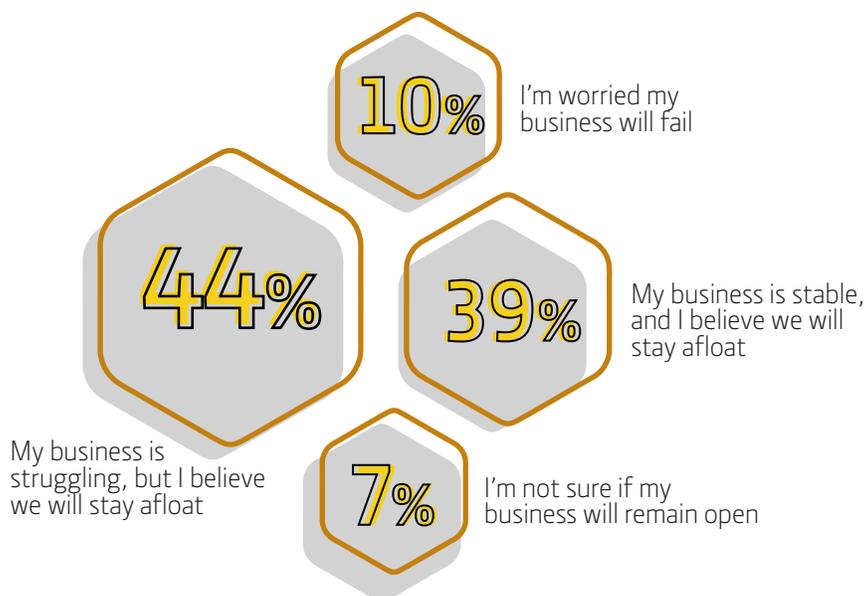


When asked about knowledge areas, entrepreneurs show a great lack in knowledge about incentives relating to exporting (13%), renewable energy (16%), talent acquisition channels (20%) and incentives for the creative industry (20%). The lack of knowledge about exporting and renewable energy incentives are especially noticeable for the retail industry (1.2x and 1.4x more than the average).



It's important to note how only 18% of businesses planning to enter the US market and 14% of those planning to enter International markets know about export incentives.

What is your current business outlook?



The large majority (83%) of businesses in our survey expect to stay afloat in the near future, even if they're currently struggling. The remaining 17% show negative perspectives about their business, with Retail Sales, Education and Creative Industry businesses having the most pessimistic outlooks (38%, 21% and 20% respectively).*

* Sample excludes projects in Idea stage, with \$0 in revenue for 2021 and which have not started selling. Base: 308

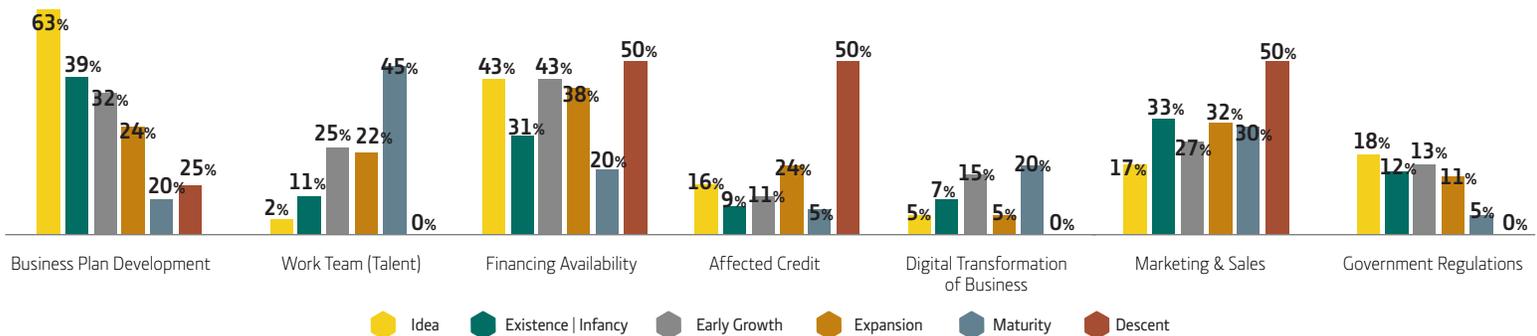
What Are The Obstacles To Growing A Business?

Although Business Plan Development is the most common challenge reported by entrepreneurs, it quickly decreases in relevance as the business develops, as expected. Financing availability seems to be the most relevant in Idea and Early Growth stages (43% for both). Marketing and Sales seems to be less of a challenge for Mature businesses, while talent becomes its most important obstacle (45%). Businesses in Expansion stage are more focused on financial matters (availability of financing and affected credit), while also seeing sales and marketing as equally important. Governmental regulations are most important during the beginning of the business, yet there tends to be a consistent decrease along later business stages.

Obstacles to Business Development



Obstacles to Business Development by Stage



How The Business Development Of Our Community Is Going

Industry Challenges



Retail Sales

54%

Business Plan Assistance

42%

Financing Availability

36%

Marketing & Sales



Agribusiness

54%

Business Plan Assistance

39%

Financing Availability

20%

Marketing & Sales



Creative Industries

47%

Financing Availability

34%

Marketing & Sales

31%

Business Plan Assistance



Education

40%

Business Plan Assistance

31%

Financing Availability

29%

Marketing & Sales



Health

45%

Business Plan Assistance

42%

Financing Availability

29%

Administration (ie: Accounting, HR)

Personal Challenges In Growing A Business

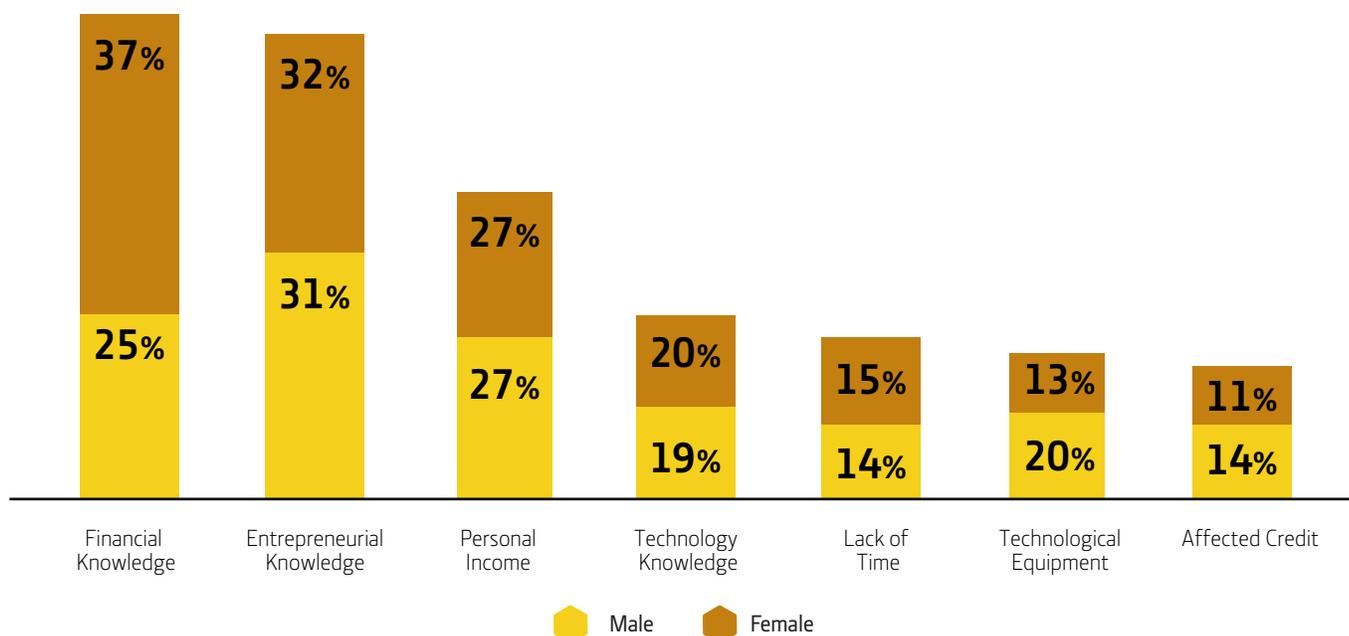
Although lack of financial knowledge is the most common personal situation affecting business development, most finance-related situations decrease in importance with age, while knowledge of technology becomes a more relevant personal obstacle. For respondents between 35 and 54 years old, affected credit become relevant when compared to other age groups, with 15.5% of them selecting it as a personal obstacle they're experiencing.

When personal situations are considered alongside gender, women have a higher probability of seeing lack of financial knowledge as a problem (37% vs 25% in men), family situations (8% vs 2% in men) and lack of time (17% vs. 11% in men). On the opposite, men are more likely to face problems with technology equipment (20% vs 13% in women), and bad credit (14% vs 11% in women).

What personal situations are affecting your business development?



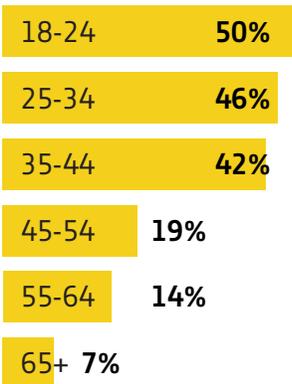
Personal Situations Affecting Business Development by Gender



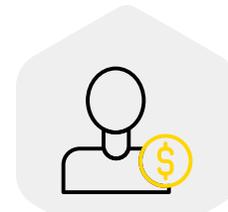
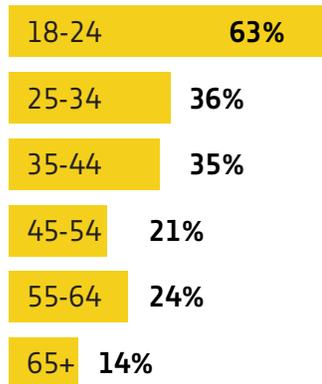
Challenges By Age Range



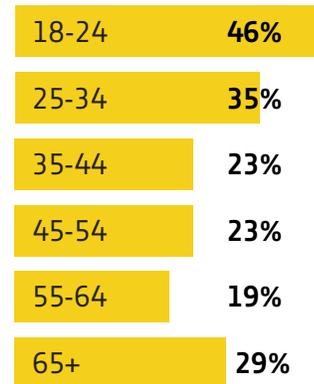
Financial Knowledge



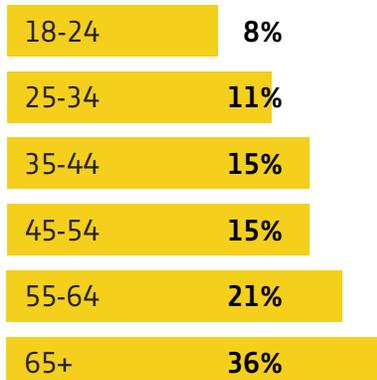
Entrepreneurial Knowledge



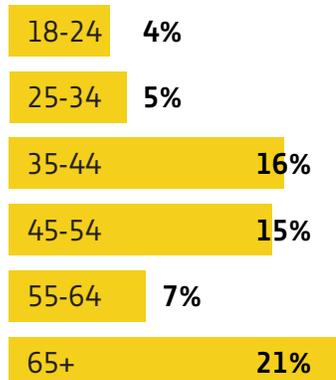
Personal Income



Technological Equipment

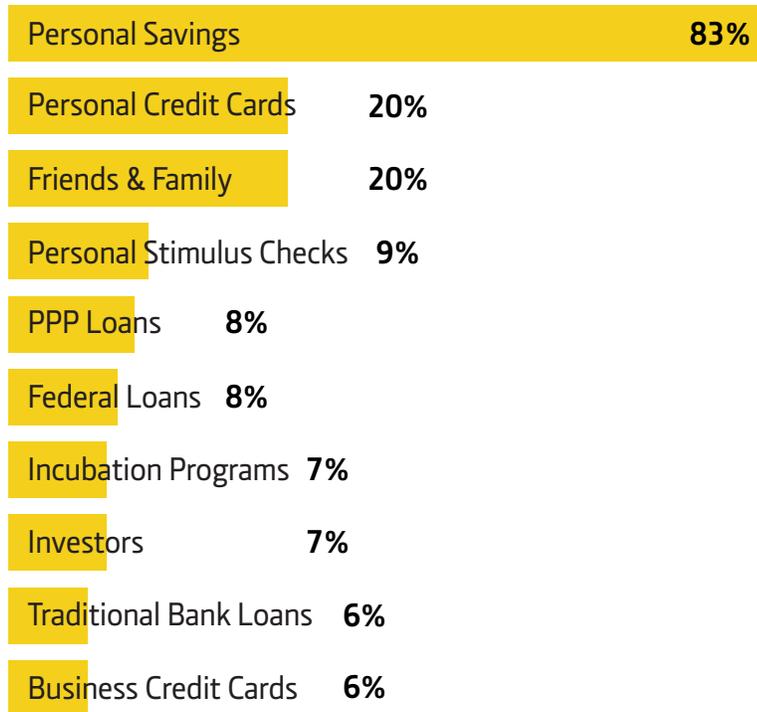


Affected Credit

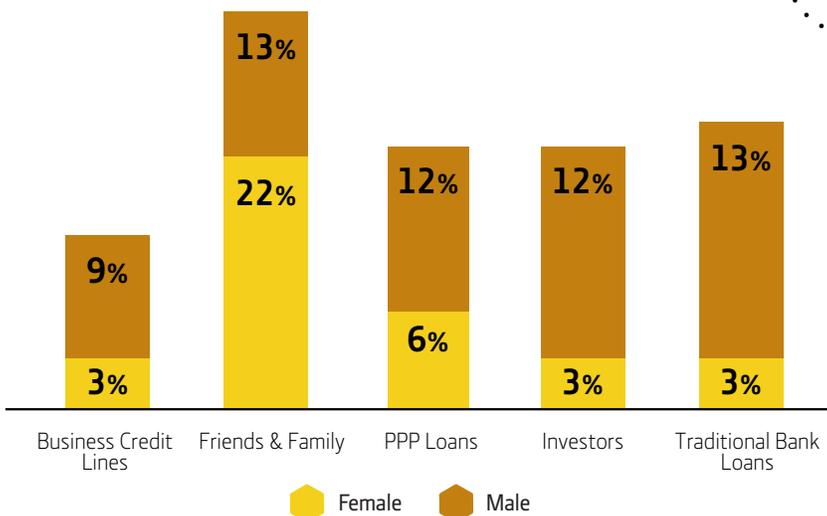


Access To Capital: A Gap In The Community

Which financing alternatives have you used to fund your business?

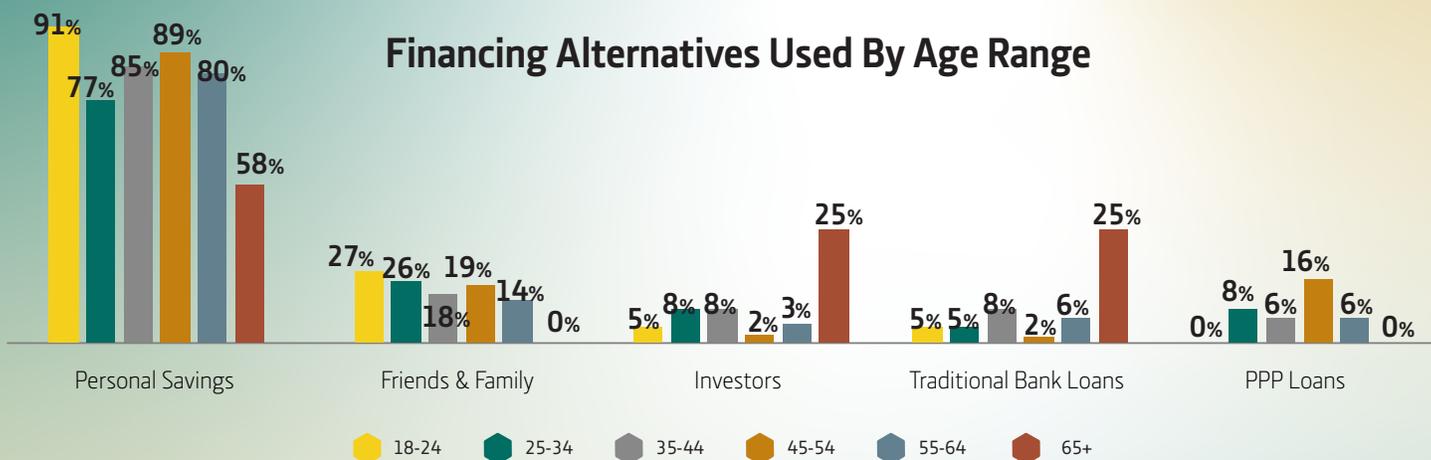


In 2021, 4 out of every 5 surveyed entrepreneurs used their Personal Savings to fund their business. This disproportionately impacts underserved entrepreneurs. Non-recurring financing options such as Personal Stimulus Checks and PPP Loans were used to fund businesses by 17% of the sampled population. On the other hand, Traditional Bank Loans only accounted for 6% of financing used by entrepreneurs.



Women are 1.4x more likely than men to depend on Family and Friends to finance their business. Meanwhile, men are 4.5x more likely to access Traditional Bank Loans, 3.6x more likely to access investors and 2.9x more likely to use business credit lines.

Access To Capital: A Gap In The Community



- Personal Savings were used significantly less by entrepreneurs on the 65+ age range, especially when compared with 18-24 year olds (33 point spread). Friends and Family are also used as financing alternatives in higher numbers across younger segments. The 65+ segment reports using investment and traditional bank loans at a higher rate than all other groups, likely due to more business experience and financial history.



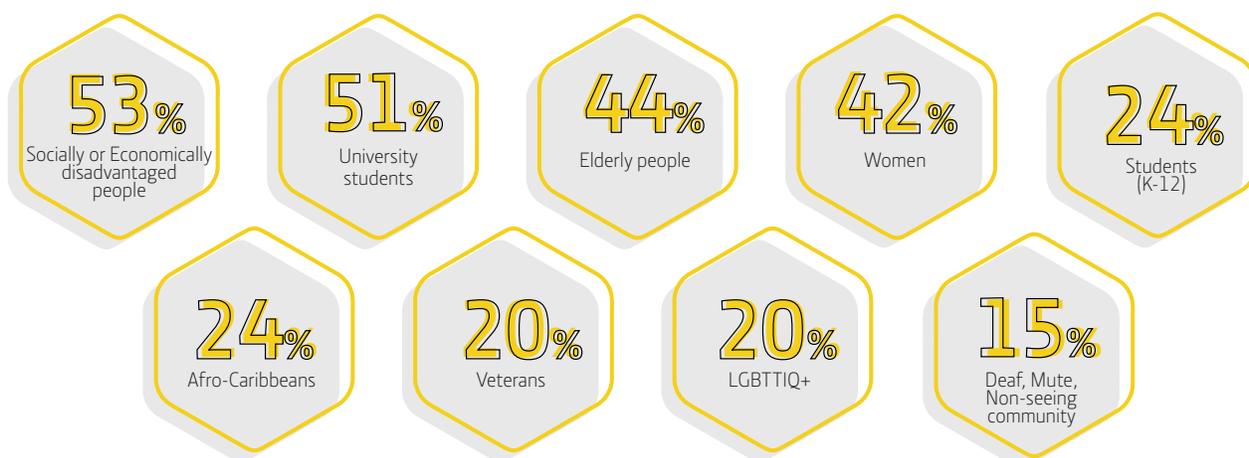
Red
Colmena66

What Makes The Beehive Stronger: Our Resource Partners

How Our Friends Are Essential To The Hive

Our network of entrepreneurship support organizations (ESOs) consists of more than 260 resource partners that represent multiple sectors such as non-profits, academia and public sector. These organizations provide services such as capacity building, events, loans, investment, technical assistance, mentoring, co-working spaces, and more. The variety of our network allows us to help entrepreneurs along every business stage, from idea to growth.

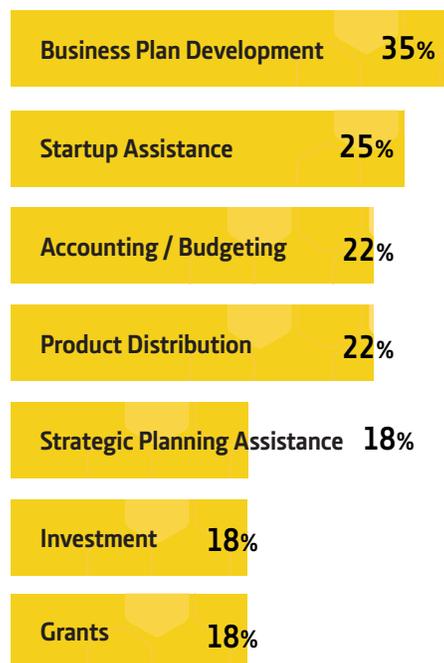
Which sectors does your Entrepreneurship Support Organization serve?



Amongst our survey respondents, we find that over half of them serve socially or economically disadvantaged people, as well as university students. Nonetheless, it is noteworthy that only 20% or less of respondent organizations serve populations such as veterans, LGBTTIQ+ and disabled individuals.

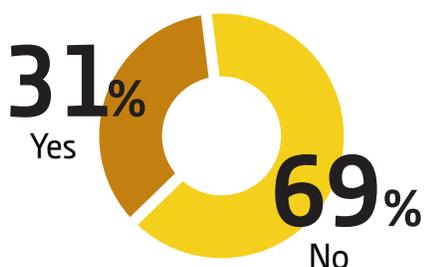
When asked about the most common obstacles that organizations see in the entrepreneurs they serve, we see how Business Plan Assistance matches the response from entrepreneurs (40%). On the other hand, unlike entrepreneur’s responses, Financing Availability (35%) does not appear as a common obstacle, as per support organizations, who in turn identify Product Distribution and Accounting seen as more relevant.

Most common obstacles faced by served populations



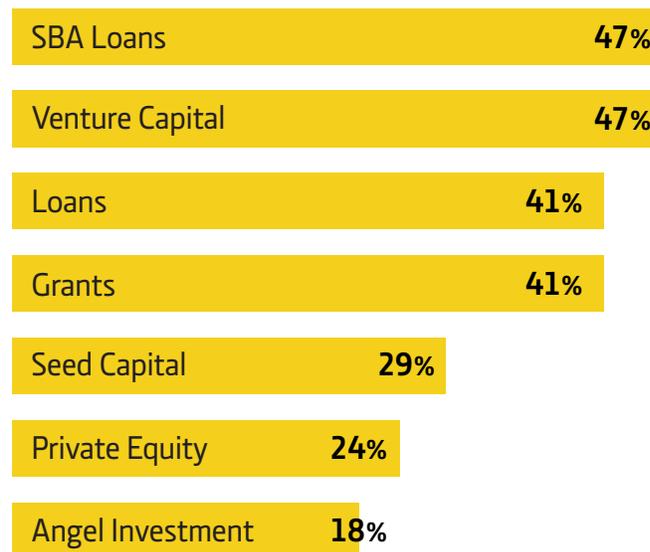
Access To Capital: An Opportunity In The Beehive

Does your organization provide access to capital?



Only 17 (31%) of respondents mentioned their organization provided access to capital to entrepreneurs, with SBA Loans and Venture Capital as the most common alternatives.

Types of capital provided



Top 5 obstacles companies face when accessing capital

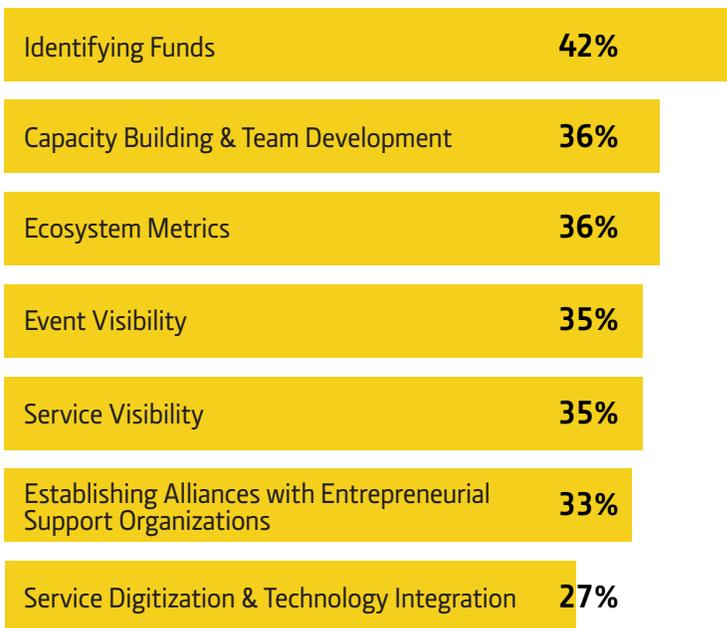
When asked about why requests for capital they received from entrepreneurs were not completed, most of our Resource Partners who provide access to capital mentioned that companies who request capital are often too early in their business development (71%). 53% of Resource Partners also mentioned a lack of adequate projections as a common obstacle to accessing capital. This may be related to their previous agreement around Budgeting & Accounting (22%) as a common obstacle for businesses.



The Buzz Of Our Resource Partners

Challenges faced by Support Organizations

The three main challenges reported are: the identification of funds, capacity building & team development, and ecosystem metrics, referring to a lack of entrepreneurial ecosystem performance metrics. Organizations serving socioeconomically disadvantaged communities, the elderly and Afro-Caribbeans, tend to report more often the identification of funds as their main challenge (53% average). Women & Afro-Caribbean serving organizations are also the most likely to report needing ecosystem metrics (80% and 67% respectively). Finally, we see a great need from elderly-serving organizations for more alliances with other organizations (52%).

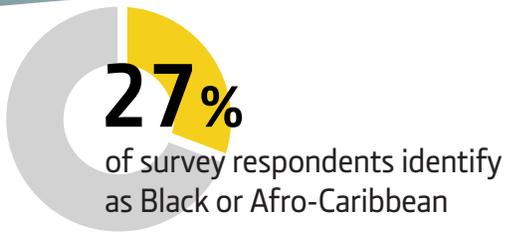


What are you expecting to benefit the most from by being part of the Resource Network?

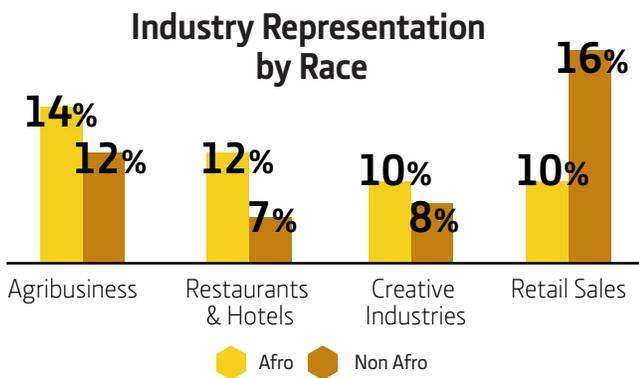
Colmena66's network of resource partners not only facilitates entrepreneur's access to resources, but also generates cross-pollination among the network's organizations. They share learned lessons, best practices and assist each other. Therefore, when asked what organizations need from the "Red Empresarial", the top responses were: collaboration (31%), client referrals (27%) and identify access to capital for the businesses they serve (18%).



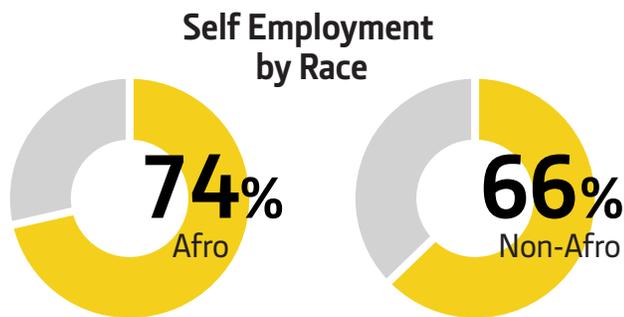
The Afro-Community Of The Hive



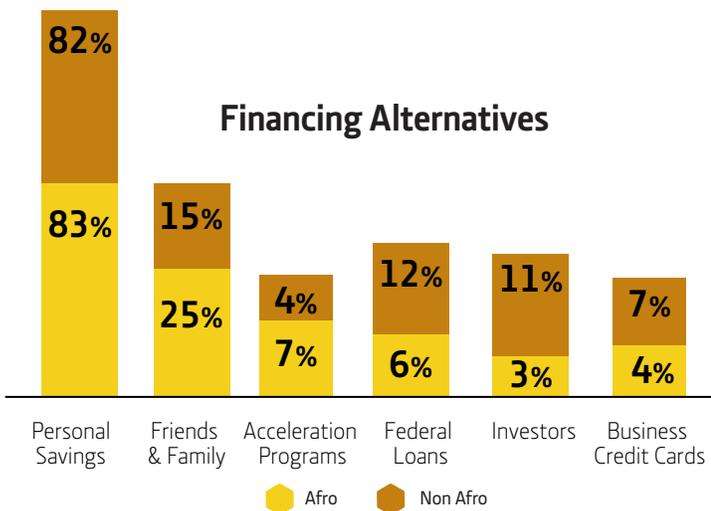
The US Census Bureau estimates 11% of Puerto Rico’s population identifies as black or African American. This group represents 27% of our survey respondents.



This population seems to be represented in higher numbers in Agribusiness (14%), Restaurants and Hotels (12%) and Creative Industries (10%). In the case of Restaurants and Hotels, these are 5% above Non-Afro counterparts. However, there is a lower representation of Afro-Caribbean entrepreneurs in Retail Sales (6% below Non-Afro).



Self-Employment is most prevalent amongst our respondent base (63%), and this number is even higher among Afro-Caribbean entrepreneurs, representing 74%. When asked whether they plan to hire employees in 2022, these seem less certain with 41% of Afro-Entrepreneurs saying they either don’t know if they will hire, or they will not hire (35% for Non-Afro).



On par with other groups, Afro-entrepreneurs finance their business using mainly Personal Savings. The second most likely business financing source are Friends and Family (10 point difference with Non-Afro), as well as Acceleration programs that provide seed funding. However, they seem less likely to use traditional financing, or receive private investment.

What Do Afro-Caribbean Entrepreneurs Need?

Entrepreneurial Motivations

Afro

Be Own Boss or Independent 47%

Follow a Passion 42%

Flexibility & Work-life Balance 32%

Non Afro

Be Own Boss or Independent 51%

Follow a Passion 38%

Flexibility & Work-life Balance 30%

Personal Situations

Afro

Financial Knowledge 40%

Entrepreneurial Knowledge 38%

Personal Income 33%

Non Afro

Financial Knowledge 29%

Entrepreneurial Knowledge 28%

Personal Income 25%

Main Business Obstacles

Afro

Business Plan Development 48%

Financing Availability 34%

Marketing & Sales 29%

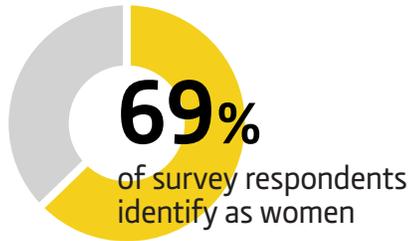
Non Afro

Business Plan Development 35%

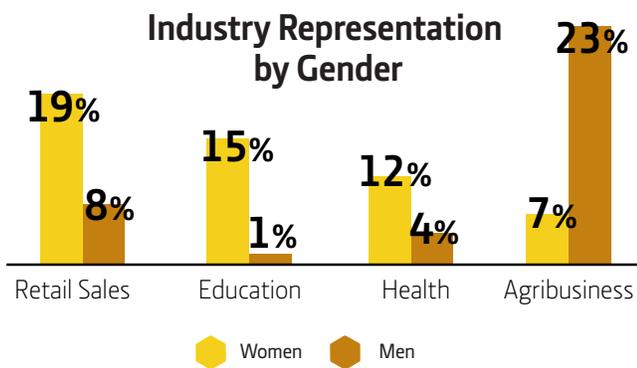
Financing Availability 38%

Marketing & Sales 25%

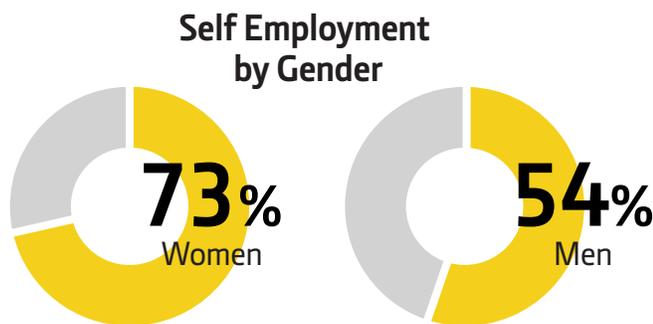
What Women Entrepreneurs Are Buzzing About



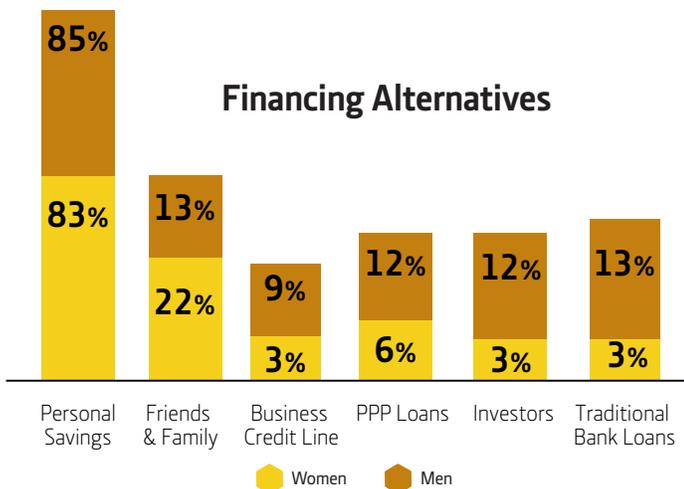
The US Census Bureau estimates 53% of Puerto Rico's population to identify as female. This group represents 69% of our survey respondents.



Across all top industries for women, there is a noticeable difference across gender representation. Retail Sales and Education industries show higher participation of women by 11% and 14% respectively. We can also 16% less women in Agribusinesses when compared to men.



In our survey, responses show women are more likely to be self-employed entrepreneurs, with almost 3 out of every 4 identifying as such. This compares to half of all men mentioning they're self-employed. Looking at the future, 58% of women are planning on hiring new employees, contrasted with 77% of men.



In terms of financing alternatives used to fund their business, women use Personal Savings on a similar level to their male counterparts. Friends and Family comes up as the second alternative more often used by women, using it 9% more than men. On the other hand, there is a clear contrast in the use of credit and investment where men have a larger percent of use.

What Women Entrepreneurs Need

Entrepreneurial Motivations

Women

Be Own Boss or Independent 57%

Follow a Passion 41%

Flexibility & Work-life Balance 32%

Men

Be Own Boss or Independent 40%

Follow a Passion 35%

Flexibility & Work-life Balance 25%

Personal Situations

Women

Financial Knowledge 37%

Entrepreneurial Knowledge 32%

Personal Income 27%

Men

Financial Knowledge 25%

Entrepreneurial Knowledge 31%

Personal Income 27%

Main Business Obstacles

Women

Business Plan Development 41%

Financing Availability 37%

Marketing & Sales 27%

Men

Business Plan Development 39%

Financing Availability 39%

Marketing & Sales 27%



Ecosystem Gap Analysis & Recommendations Fostering An Economic Strategy For Puerto Rico Through Entrepreneur-led Economic Development

Ecosystem Gap Analysis & Recommendations

Puerto Rico has faced many challenges over the past years: economic uncertainty, natural disasters, and the pandemic. As the Island continues to rebuild and recover, the entrepreneurial ecosystem has seen a rise in new businesses getting started and an increasing positive attitude toward entrepreneurship as one of the most important tools for economic development. Although there is still much to improve, Puerto Rico is learning from other regions around the world that have grown into thriving ecosystems and is implementing measures to foster economic growth. Still, a long-term economic strategy that is entrepreneur-focused, equitable and inclusive is needed to ensure the economy and quality of life truly improves for all.

Through our work as a system integrator and research of the entrepreneurship ecosystem's gaps, we have designed a set of recommendations for decision makers in state and federal government agencies, foundations, industry experts, entrepreneurs, entrepreneurship support organizations, academia, investors and others that can build upon existing efforts to continue fostering the growth of Puerto Rico's entrepreneurial ecosystem.



- **Our goal is to highlight issues, existing efforts, and how they may be improved upon while adding to the discussion of what a long-term economic strategy should look like for Puerto Rico.** We have researched various sources and **echoed the voices** of experts in and out of Puerto Rico to refine these recommendations.
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Understand The Entrepreneurial Ecosystem Through Data

As mentioned before, in our 2020 Impact Report we stated that a top priority for Puerto Rico's entrepreneurial ecosystem is actionable data. Access to precise and widely available information is key for decision-makers and top agencies to appropriately allocate resources. This is especially important considering the position Puerto Rico is currently in with regards to its response to the COVID-19 pandemic, recovery efforts after Hurricane María and the debt restructuring process. As quoted by the Center for a New Economy in their article *The Threefold Challenge to the Puerto Rican Economy* (Marxuach, 2021):

- *According to the FOMB, Puerto Rico is expected to receive \$43.5 billion in federal assistance related to COVID-19 over the FY2020–FY2023 period. The most recent Fiscal Plan for the Commonwealth estimates that “around 60% of this income support funding will be spent”, while the “remaining 40% of funds is projected to be saved and/or used to pay down debt, and then is spent over a 30-year period...”*
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Ecosystem Gap Analysis & Recommendations

They also express:

- *Four years after Hurricane Maria wreaked havoc on the island and generated some \$90 billion in damages, the pace of reconstruction remains slow – while Congress has allocated \$64 billion for disaster relief and recovery operations in the island, as of June 30, 2021, only \$18.6 billion, or approximately 29%, has been spent.*
- *Furthermore, some of the most important work – refurbishing and modernizing the electric grid; rebuilding schools, housing, roads, bridges, and healthcare facilities; and undertaking mitigation activities to increase resiliency and reduce the risk exposure of vulnerable populations – has not yet begun.*

For these reasons **it is paramount to understand the entrepreneurial ecosystem's baseline**, as the National League of Cities notes (*Geraghty et al., n.d.*). Firstly, it is important to understand the profiles of Puerto Rican entrepreneurs, the number of operating and potential businesses along with demographic segmentations by gender, age, region, industry, business stage and revenue, among others. This knowledge helps identify clusters and high-growth businesses towards which resources can be directed. In the same way, identified gaps and areas of opportunity can be addressed more efficiently.

It is also important to **catalogue and convene a full network of entrepreneurship support organizations**. Colmena66 plays a particularly important role in this as we convene over 260 partners in our network and are continuously adding new partners, facilitating access to information and sharing best practices. We have mapped the entrepreneurship support organizations (**Tu Camino Empresarial** map and **The Resource Navigator**) segmented by type of business, sectors, business stage and industry they serve in. We regularly convene them through our events and quarterly Network Meetups. These spaces can continue to catalyze additional channels of communication for government and other entities to work closer with entrepreneurship support organizations. In the same way it is important to understand what types of businesses exist, resource partners and entrepreneurial support organizations must be studied and engaged to know what forms of support resources are being provided. Additionally, further studies are needed to understand the educational offering in schools and universities, to survey workforce skills preparation as well as entrepreneurial capacity, and of the existing support services for entrepreneurs and their efficacy rates. This work will help avoid saturation and duplicity, and foster more collaboration between sectors with special needs and interests.

Ecosystem Gap Analysis & Recommendations

To further understand ecosystem progress and gaps, **shared goals and metrics must be defined to feed a broader economic strategy for Puerto Rico**. Having shared metrics and goals helps keep accountability and transparency to ensure resources are being used adequately and that all communities are being equitably served. Currently, there are various private and public institutions that publish economic and entrepreneurship data for Puerto Rico, yet there is still a large gap of access to data for the entrepreneurial ecosystem and a need to standardize definitions and indicators across sectors. Looking to the Kauffman Foundation, they have replaced the **Kauffman Index with the Kauffman Indicators for Entrepreneurship**, analyzing data for what they have categorized as New Employer Businesses and Early-Stage Entrepreneurship. The following indicators are a result of the feedback they received from policymakers, researchers, and stakeholders about the need for accurate information.



Indicators for New Employer Businesses:

- **Rate of new employer business actualization** – the share of business applications that become employers within two years of filing an application.
- **Rate of new employer businesses** – the number of startups that become new employers for every 100 people.
- **New employer business velocity** – the average amount of time, in quarters, that passes between filing a business application and hiring a first employee, among those businesses that become employers within the first two years.
- **Employer business newness** – new employer businesses as a share of all employer firms.



Indicators for Early-Stage Entrepreneurship:

- **Rate of new entrepreneurs** – the broadest measure possible for business creation by population.
- **Opportunity share of new entrepreneurs** – the percentage of new entrepreneurs who created a business out of choice instead of necessity.
- **Startup early job creation** – the number of jobs created in the first year of business per capita.
- **Startup early survival rate** – the rate of survival in the first year of business.

Ecosystem Gap Analysis & Recommendations

Entrepreneur support organizations we surveyed answered that the top 3 indicators they think best demonstrate the state of our ecosystem are: (1) number of jobs created by new businesses, (2) number of high growth businesses and (3) access to capital. With the insights of stakeholder's different perspectives and needs, an ecosystem effort should be undertaken to set these standards. Existing international definitions can also be referenced and contextualized to accurately represent the Island's business landscape. The metrics and methodologies defined can be improved over time and adapted to changes in the ecosystem. Maintaining updated economic and entrepreneurial information consistent with international indexes can also help us attract foreign investment and resources through transparency and trust. Additionally, with the funds for disaster recovery and COVID-19 response becoming available over the coming years, access to information will prove vital in ensuring they are properly managed and generating the expected return on investment for Puerto Rico's economy.

Reduce Barriers To Entrepreneurship

Starting a business is a daunting task that requires support at each stage of development and continuous improvement and adaptation for it to thrive. In Puerto Rico, compliance with government regulations and accessing capital are two of the most common factors that stunt business formalization and growth. In our survey, around 11% of entrepreneurs mentioned not having yet incorporated their business, with the majority of them (7% out of all survey respondents) already generating sales. In the *2020 Global Entrepreneurship Monitor* report for Puerto Rico, experts gave the lowest rankings to government policies regarding regulations, permits process, and taxes (Aponte et al., 2021). Also, 83% of respondents to our survey mentioned they used their personal savings to finance their business. Within this context we understand it is imperative to increase entrepreneurs' access to knowledge, capital, and opportunity to successfully lower the barriers to start a business.

Education is one of the most important tools to achieve any goal, be it at a personal level or for a country to develop and grow its economy. **Access to entrepreneurial knowledge needs to be increased.** In the recently published Strategic Framework of Economic Development: PRopósito of the Department of Economic Development and Commerce (DEDC), competitive citizens are a key aspect of the plan. To achieve this, the focus is on upskilling and re-skilling, workforce insertion, and talent planning for economic development. To reduce barriers, entrepreneurs need capacity building related to problem solving, financial management, general knowledge of government processes and benefits, and the support of experienced peers and mentors. To avoid inefficient resource allocation, it is also crucial for entrepreneur support organizations and government to build capacity among their staff about the entrepreneurial process. With the socio-economic changes seen over the past years and the rapid advancements in technological progress, our workforce will increasingly need to be equipped with STEM related skills to remain competitive and for companies to continue fueling their growth with the right talent.

Ecosystem Gap Analysis & Recommendations

Two good examples of efforts being undertaken in the ecosystem to educate and prepare the workforce come from programs such as PR Ready and *Echar Pa'Lante*. PR Ready is a program of the Puerto Rico Science, Technology and Research Trust (the Trust) with the goal of training and certifying professionals to fill job opportunities related to Puerto Rico's recovery and economic development in the fields of Information Technology, Health Services, Public Service and Manufacturing. Similarly, *Echar Pa'Lante* has been consistently addressing the need for entrepreneurial education in schools, universities and local communities. Through their strategies, they have trained 1,100 university professors, over 500 professionals in the resource network and 10,000 K-12 public and private school teachers. They have also developed guides to facilitate the integration of entrepreneurship within the public education curriculum. All allied universities, representing 40 campuses, now have an entrepreneurship plan, and an entrepreneurship and innovation curriculum has been adopted into the Department of Education's curriculum.

Another aspect to this educational need, are the challenges the elderly population, LGBTQ+ community, women, veterans, afro-descendants and the disabled, who seem to be underserved by entrepreneurial support organizations, currently face. Directing resources towards these populations and capacity building may increase equity and inclusion in the entrepreneurial ecosystem and supply tools that can help improve not only their economic advancement but that of all Puerto Rico. After entrepreneurs have gained the skills, knowledge, and tools to refine their business ideas and finally make the decision to start, **access to capital** becomes crucial, especially for startups and underserved groups.



In the past years, various efforts have been undertaken to bridge the access to capital gap:

- Accelerators and business competitions supplying seed capital such as Parallel18, Rising Entrepreneurs of Bravo Family Foundation and Grupo Guayacán.
- Alternative strategies for accessing capital are being promoted by organizations like Causa Local with Kiva and WeFunder.
- Investors are being continuously engaged with tools like Impeller from Invest PR and programs like Parallel18 Ventures.
- The increased startup pipeline coupled with Act 185 catalyzed the creation of more private equity funds.
- Access to education and technical assistance for loans and certifications is being addressed by SBA, PR-SBTDC, MBDA and others.
- Research and development funding and capital for innovation-based businesses is being accessed with support from the Puerto Rico Science Technology and Research Trust (the Trust), PR-SBTDC and the DEDC's *Pymes Innovadoras*.
- New tax reforms are being proposed to lower taxes and increase transparency as well as funds to invest in small and high-growth businesses in the DEDC's strategic framework.

Ecosystem Gap Analysis & Recommendations



- As an ecosystem, we should continue to work together to identify and create new access to capital alternatives and educate entrepreneurs to navigate the access to capital continuum. Entrepreneurs have many worries regarding debt and lack resources to manage or comply with requirements, so they avoid most traditional capital sources.

Additionally, capacity and technical support are needed for more entrepreneurs to build credit and maintain healthy finances. Given that the elderly (65+) mentioned in our survey had credit and personal income as limitations to their business development at disproportionate rates, and that 19% of companies mentioned seeing a decrease in their revenue between the years 2020 and 2021 (with Creative Industry businesses being overrepresented in this group), support organizations should work towards providing services in these areas, including assistance with administrative and managerial education, budgeting, and marketing. The widespread lack of knowledge about financial topics across entrepreneurs, as well as the observations made by our resource partners about the need for accounting and budgeting assistance, it's likely that more efforts should be directed towards providing entrepreneurs with the financial skills to not only work on their businesses, but to prepare for future events and adapt to an ever-changing economic environment.

Under the America's New Business Plan Access to Funding section, it is proposed that "states and localities should create competitive Entrepreneurial Capital Catalyst Grants." The DEDC has begun moving in this direction with business competitions for entrepreneurs and as mentioned before, the PyMES Innovadoras program to provide grants for innovation driven businesses. Furthermore, in the DEDC strategic framework more efforts to improve access to capital are being proposed, such as: financing programs for SMEs, risk capital investment, an investment fund that includes supporting the Trust's investment arm, and a legislature proposal for a strategic investment fund into closing skills gaps and financing SMEs and high-growth businesses. This work can be further expanded by working with municipalities to create smaller funds to supply seed capital to new and established entrepreneurs that meet requirements. With support from the ecosystem, these efforts can help boost new business development and lower financial barriers to start.

Once entrepreneurs have the resources to launch their business, formalization and legal compliance become barriers to entry. **Therefore, streamlining the process of starting a business and ease of doing business is the logical step and one on which the top ecosystems focus on.**

Ecosystem Gap Analysis & Recommendations



- This is important because many business owners decide to shut down their business due to high fees associated with the compliance documentation, among other factors. These should be revised as they hinder small businesses' capacity to survive in their earlier stages. If these tools and revisions are properly implemented, surely entrepreneurs will be able to start their business faster and maintain operations in proper compliance with government regulations.

A large gap still exists in educating and supporting entrepreneurs to understand requirements, documents needed, navigating government websites, and completing the processes to successfully operate. **With the integration of IDEAL to SBP, a centralized resource hub that clearly details requirements and documents entrepreneurs must provide to complete each process is necessary.** Resource Partners can step in to help prepare entrepreneurs formalize their business. As an example, at Colmena66 we have developed educational content such as blogs, guides, videos, workshops, events and more to aid entrepreneurs on their path to starting a business, all available on our website. Other partners also develop similar content and provide direct technical assistance for entrepreneurs to complete these processes. With our Resource Navigator, these organizations that offer technical assistance can be easily identified and contacted by entrepreneurs. These resources can be included within this centralized hub and partners can help promote it through their channels to the audiences they serve and have established trust with. This way the government can leverage the ecosystem to also speed up the permits and compliance process from the entrepreneurs' side.

This strategy would also align with the PRCC's point #7 of the 12-Point Plan, "Promote support and stimulus initiatives for micro, small and medium businesses". Government agencies and resource partners can work together to educate entrepreneurs about existing programs, competitions, incentives, and other benefits for business owners. We can **leverage the ecosystem to bring visibility to entrepreneurial support initiatives.** As Puerto Rico keeps adapting to stay competitive in a rapidly changing economy and more recovery funds become available, resource partners will prove to be crucial in aiding the government to educate audiences and allocate resources. Strengthening collaboration while maintaining a high degree of transparency will ensure efficient use and distribution of resources. Pairing this with a broad understanding of the entrepreneurial ecosystem, decision makers would have the best tools possible at their disposal and committed partners to implement and monitor their economic development strategies.

Ecosystem Gap Analysis & Recommendations

Promote A Strong Entrepreneurial Culture

If education is one of the most important tools for Puerto Rico to develop and grow its economy, culture is what will sustain it over the long term. In the 2020 GEM report, experts assigned the highest average ranking to cultural and social norms surrounding entrepreneurship since 2013 (Aponte et al., 2021). In general, positive perceptions toward entrepreneurship are increasing, and with the COVID-19 pandemic it became more relevant as a tool to boost recovery and economic development. Although influencing a culture is a slow process, we see an opportunity to strengthen Puerto Rican entrepreneurship for long term success.



Our entrepreneurial culture should venerate:

- **Truth in entrepreneurship**, understanding that it is not a trendy fad but a serious endeavor with significant implications on the lives of the people involved.
- **A strong growth mindset** with which business models are focused on reaching international markets and driving innovation at a high level.
- **High standards and accountability** that instill the need to provide real solutions, compete at a global level, and where entrepreneurs, support organizations and government work responsibly to achieve shared goals.
- **Entrepreneurship as a tool for social and economic development**, promoting equity and inclusion while helping address pressing social issues in Puerto Rico.
- **A collaborative community spirit** in which stakeholders understand each other's roles and work to foster a thriving environment for new entrepreneurs who can grow and reinvest in the community.

As entrepreneurship becomes more mainstream in Puerto Rico, more people will be interested in starting their own business, but they may be doing so for the wrong reasons or with inaccurate expectations of the process. Although the main entrepreneurial motivation across our respondents was a pursuit of independence (52%), it may be useful to promote entrepreneurship as a way to take advantage of business opportunities (22% of respondents).

Ecosystem Gap Analysis & Recommendations

This allows for resources to be directed towards areas in which there is an unmet need for solutions and thus, more certainty of feasibility. By truth in entrepreneurship, we mean to say that the ecosystem has a responsibility to ensure entrepreneurs understand the importance and the consequences of the decision they are making when starting a business. This process is obviously not easy, and so people must understand that they will need to make sound financial decisions and that their lives and those around them will be affected in many ways. Starting a business requires a high degree of commitment and at instances it will be a harsh and lonely path. As we promote entrepreneurship as a tool for economic development, these other aspects of the sacrifices that need to be made must be honestly explained. Another important aspect to the entrepreneurship process is failing. **Our culture should look to a failed business as a learning experience and as an opportunity for growth, motivating aspiring entrepreneurs to reassess and try again, if their situation allows for it.** Providing support at every step, even in failure is necessary for the ecosystem to learn and adapt. There is also an opportunity to aid entrepreneurs through this path with professional support to withstand and manage the psychological and emotional tolls of developing a business. An entrepreneurial culture rooted in honesty is best for all to make the best possible decisions.

For Puerto Rico to catch up and compete at a global level, high standards and accountability must be promoted culturally through all levels of society. Very frankly, we must reject mediocrity and prize hard work and excellent results. For an entrepreneur this may look like improving their customer service or the quality of their product. For a support organization this can take the form of establishing a more rigorous evaluation process and prerequisites before giving seed capital. For a government agency it may be ensuring that resources are allocated in an efficient and transparent manner. High standards help motivate us to do quality work and reach new heights, promote healthy competition, and move us to hold each other accountable. It is important that our culture applauds taking responsibility for our actions and doing what we say we are going to do. Accountability keeps us on track to achieve our shared goals and maintains the integrity of relationships and processes. Failure to follow these values deeply erodes trust among stakeholders, therefore, transparency and a system of 'checks and balances' should be highly regarded.

In Puerto Rico's broader social context, there are many underlying issues where entrepreneurship can serve as a tool for good. School desertion, poverty, unemployment, family decomposition, violence and criminality are some of the issues that may reflect the effects of economic downturn on people's lives. Going back to the importance of improving education and promoting a strong culture, entrepreneurship can be used to offer socially equitable and inclusive alternatives that build generational wealth and improve standards of living for families and communities.

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Looking at one dimension of the issue, integrating entrepreneurship into our education systems could provide students, in a broad sense, the tools to understand needs and solve problems, leading them to choose career paths that are in tune with the market. In the long-term, this education can help them make decisions that will provide the most financial stability and solve some aspects of the other social issues mentioned. Focusing on the economic opportunities entrepreneurship can create for individuals, poverty and unemployment can be slowly reduced by fostering successful businesses in which a skilled workforce can thrive and continue to grow. A better economic status for individuals also gives families better footing for their children's upbringing and can help families stay together because financial worries become less of a problem. A well-educated populace with healthy family ties and good economic opportunities is generally less likely to pursue criminal activities that can devolve into violence. We are not saying that entrepreneurship is the ultimate or only viable solution to these issues, but from an economic standpoint, it represents useful alternatives to improve people's lives over time. Reducing inequalities by increasing access to tools and opportunities through entrepreneurship is possible, and our culture should take a holistic approach to solving these issues.

As we continue building our ecosystem, collaboration is key for the Island to thrive. We are all on the same boat, and each of us has valuable contributions to make.



There are numerous opportunities for us to continue working together, such as:

- Successful founders serving as mentors to new founders and helping support organizations and government improve their offering.
- Established businesses working with startups to explore opportunities for new products and services as well as improve their processes.
- Helping create opportunities for Puerto Ricans outside the island to come back and invest or start new businesses.
- Sharing knowledge and best practices to better serve underrepresented communities such as marginalized groups, emerging industries, and rural regions.
- Creating more spaces for the ecosystem to discuss problems and design solutions.

Ecosystem Gap Analysis & Recommendations

Entrepreneurship is a community sport, and we all help build it. It is important we are aware of each other's needs and strengths. There is still much for us to achieve, and taking on these processes together should make it easier to do things right and make sure we take advantage of the opportunities we have. Keeping doors open and making sure every person has access fosters a strong community where individuals can find their place and contribute in the best way they can. It is important to foster this spirit of collaboration so successful programs and individuals can reinvest and give back to the community to sustain and help it scale.

Risks For Puerto Rico's Economy

With these recommendations, we seek to add to the discussion of how to mitigate some of the risks Puerto Rico faces and that the Center for a New Economy has pointed to. These risks are high inflation, which is at record levels, and the risk of a recession in the next 18 months (*Marxuach, 2022*).

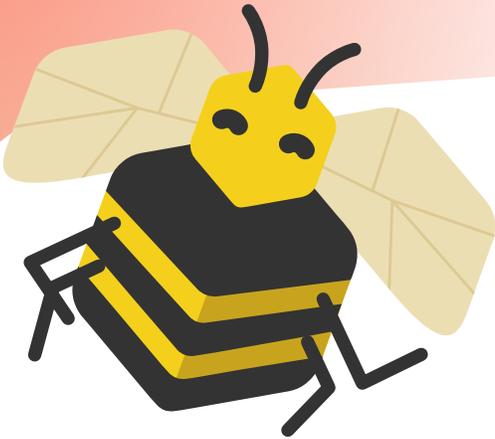
They also mention:

- *... there are risks endogenous to the Puerto Rican economy, mostly on the fiscal side. Among those risks, we find a potential shortfall in federal Medicaid funding for Puerto Rico; the end of the federal policy allowing U.S. manufacturing companies in Puerto Rico to take a credit at the federal level for excise taxes paid pursuant to Act 154; and the slow roll-out of reconstruction funds. To the extent any of those risks materialize, then the island's fiscal situation could be destabilized."*

Along with these risks, they mention there is a unique opportunity for Puerto Rico to focus its efforts on long term economic development considering that:

- The debt restructuring process is over and the certified Plan of Adjustment provides significant debt relief to the island by cutting the Commonwealth's debt by approximately 50%.
- The Biden Administration has been willing to disburse the money appropriated by Congress five years ago to finance hurricane reconstruction efforts.
- The worst of the pandemic may be ending soon.
- The intellectual and political turn towards a more activist state affords Puerto Rico the necessary policy space to develop and implement creative solutions to its economic problems.

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We agree that there is a need for a broad economic strategy that mitigates these risks and incorporates the broader ecosystem. The DEDC's *Strategic Framework of Economic Development: PPropósito* can build upon the foundations of our entrepreneurial ecosystem. As part of the much needed economic strategy, equitable and inclusive entrepreneur-led economic development should be a driving force. There is a great opportunity for entrepreneur support organizations to be integrated into the design and execution of a comprehensive economic development plan for Puerto Rico. Entrepreneur support organization have “boots on the ground” experience and have developed useful strategies that can aid the government in this endeavor by addressing gaps, sharing best practices, and maintaining accountability at every step.

As we work to understand the ecosystem, reduce barriers, and promote a strong entrepreneurial culture, achieving long term economic growth is possible, but we must act swiftly and not waste the opportunity at hand.

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Thanks to you, Puerto Rico can continue to position itself as the hub of innovation and entrepreneurship in the Caribbean.

Welcome to the Hive!

Thank you for supporting the
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