

**The Appalachian Regional Commission
Request for Proposals**

**Documenting and Strengthening Entrepreneurial Ecosystems in
Appalachia**

**Proposals due on or before 12:00 p.m. EST
July 15, 2016**

Attention: Logan Thomas
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The Appalachian Regional Commission Request for Proposals: Documenting and Strengthening Entrepreneurial Ecosystems in Appalachia

I. Overview of Request for Proposals

Leaders across the Appalachian Region are recognizing that strengthening entrepreneurship is critical to the long-term success of local economies, particularly those rooted in emerging economic sectors. In fact, research shows that new businesses are the primary source of net new job creation and often a key driver of innovation and economic development.

The Appalachian Regional Commission (ARC) invites proposals from qualified researchers and consultants to *examine the landscape of entrepreneurship in Appalachia through in-depth quantitative and qualitative analysis*. Specifically, the research will document, analyze, and map data on entrepreneurial activity throughout the Region. A general framework of an entrepreneurial ecosystem, based on an extensive literature review, should be identified to help guide and characterize entrepreneurial activity and support in the Region. As part of this process, an inventory of available resources should be documented and included in an appendix. Utilizing 7-8 case studies, successful entrepreneurial ecosystems – both within and outside of Appalachia – should be explored in great detail, with an emphasis on the prerequisites necessary for a successful entrepreneurial ecosystem. In addition, strategic policy recommendations based on statistical analysis, examination of existing resources, review of case studies, and guidance from experts should be made for ARC and its state and local partners as they seek to strengthen entrepreneurial activity in Appalachia.

There are seven key components to this major research project:

- 1) First, a literature review covering best practices and recent trends in entrepreneurship should serve as a foundational introduction on which much of the later components' content and narratives are based. Based largely on existing research discussed as part of this review, a description of an “entrepreneurial ecosystem” should be provided in both graphical and narrative forms. This ecosystem should document the process of entrepreneurship – from initial idea through successful business practice. Steps necessary for the individual entrepreneur should be discussed as well as all necessary infrastructure, networks, programs, etc. that support the entrepreneur during each step.
- 2) Second, extensive use of data should thoroughly measure and examine entrepreneurial activity in the Region. Commonly cited data points such as business start-ups, business birth/death rates, and employment growth are desired, but additional indicators and thoughts regarding the measurement of entrepreneurship are **highly** encouraged. Data available at low levels of geography (i.e., county-level) are preferred, where possible, in order for spatial differences to be clearly displayed via maps and other visuals. In addition to regional data, national data should be compiled in order for meaningful

comparisons outside of Appalachia. Also, as recent research indicates a significant rural-urban divide in terms of entrepreneurial activity and success, data should also display differences by this insightful geographic component.

- 3) Third, as an integral complement to the data-gathering process in the previous step, an inventory and analysis of available entrepreneurial resources, programs, etc. in Appalachia should be developed, with an emphasis on capturing the density, connectivity, fluidity, and diversity of resources. Commonly cited resources and programs include business accelerators, entrepreneurial networks, education and training programs for youth entrepreneurship and adult business support, and community leadership programs focusing on entrepreneurial development. The inclusion of additional resources and programs of relevance to an entrepreneurial ecosystem is highly encouraged. This collection should provide details on the specific aspects of the resources and programs, as well as the region(s) served by each.

As part of this task, special emphasis and in-depth analysis should be given to business plan competitions, start up weekends, pitch competitions, and other similar types of programs throughout Appalachia.

For reference, consult previous research from ARC examining the availability of capital and credit for small businesses in Appalachia: [*Access to Capital and Credit in Appalachia and the Impact of the Financial Crisis and Recession on Commercial Lending and Finance in the Region.*](#)

- 4) Fourth, based on data gleaned from quantitative analysis, 7-8 case studies of successful entrepreneurial ecosystems should be documented. The majority of these will come from within Appalachia, though a small number of relatable success stories from outside the Region should also be included. Contractor will work closely with ARC staff during the selection process of these case studies. The collaboration required for entrepreneurial success amongst a vast network of resources, programs, and leaders should be thoroughly explored and emphasized in each case study.
- 5) Fifth, strategic recommendations for ARC (including its state and local partners) should be developed. Resource constraints should be considered when suggesting policies, programs, etc. In addition to potential improvements to existing policies and programs, unique and innovative recommendations are also encouraged, particularly for rural, economically distressed communities and those without strong entrepreneurship ecosystems already in place.
- 6) Sixth, a “guide to resources” should be developed for entrepreneurial communities. This “guide to resources” should provide links to resources, programs, etc. for communities throughout Appalachia as they attempt to begin, grow, and strengthen their ecosystems.

The ultimate aim of this research project is to provide an overview of entrepreneurial activity across Appalachia, highlight strengths and weaknesses in entrepreneurial activity, and suggest ways in which ARC may target resources to bolster and improve entrepreneurship in the Region. This will require a team of researchers with a broad range of expertise, including economists, data analysts, cartographers, technical assistance experts, and business leaders, as well as writers capable of weaving the multiple components into a cohesive, well-documented, and visually appealing report. Team members with intimate knowledge of the business environment and entrepreneurial ecosystem may be of particular importance, whether that knowledge comes from firsthand experience as entrepreneurs, investors, program managers, etc. or from past research activities in this field.

The final product will be a detailed written report and executive summary submitted to ARC within 12-18 months of project start. Although some components of the report will be inherently technical in nature, the final report should be written for a non-technical audience, with the narrative discussion weaving together all statistics, analyses, graphs, maps, and tables where appropriate. The selected consultant will work closely with ARC in development of this report. A technical advisory team of entrepreneurs, business leaders, and other experts should be used to provide content, ideas, and guidance on the final product. This team will be developed in consultation with ARC staff, though Contractor assumes all managerial and budgetary responsibilities involved with the coordination of this team. Creative approaches for content and presentation are encouraged.

Both a printed copy of the final report suitable for reproduction and two electronic versions—a Microsoft Word file and an Adobe PDF file—must be submitted upon completion of the project. These should be accompanied by a software version of all relevant databases compiled during the study, including all raw data, edited datasets, and results of statistical analyses.

II. Background

About Appalachia

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Region's economy, once highly dependent on mining, forestry, agriculture, chemical industries, and heavy industry, has become more diversified in recent times, and now includes a variety of manufacturing and service industries. In 1965, one in three Appalachian residents lived in poverty; during the 2010-2014 period, the Region's

poverty rate was around 17 percent. Approximately 70 percent of Appalachian counties (295 of 420) were considered high poverty in 1960 (at least one and a half times the U.S. average); during the 2010–2014 period, that number went down to 91.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and sewer systems. The contrasts are not surprising in light of the Region's size and diversity—the Region includes 420 counties in 13 states, extends more than 1,000 miles from southern New York to northeastern Mississippi, and is home to more than 25 million people.

About the Appalachian Regional Commission (ARC)

In the mid-1960s, at the urging of two U.S. presidents, Congress enacted legislation to address the persistent poverty and growing economic despair of the Appalachian Region.

The Appalachian Regional Commission (ARC) is a regional economic development agency that represents a partnership of federal, state, and local government. Established by an act of Congress in 1965, ARC is composed of the governors of the 13 Appalachian states and a federal co-chair, who is appointed by the president. Local participation is provided through multi-county local development districts.

ARC's mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia. ARC funds projects that address the five goals identified in the Commission's strategic plan:

1. Invest in entrepreneurial and business development strategies that strengthen Appalachia's economy.
2. Increase the education, knowledge, skills, and health of residents to work and succeed in Appalachia.
3. Invest in critical infrastructure—especially broadband; transportation, including the Appalachian Development Highway System; and water/wastewater systems.
4. Strengthen Appalachia's community and economic development potential by leveraging the Region's natural and cultural heritage assets.
5. Build the capacity and skills of current and next-generation leaders and organizations to innovate, collaborate, and advance community and economic development.

Each year ARC provides funding for several hundred projects in the Appalachian Region, in areas such as business development, education and job training, telecommunications, infrastructure, community development, housing, and transportation. These projects create thousands of new jobs; improve local water and sewer systems; increase school readiness; expand access to health care; assist local communities with strategic planning; and provide technical and managerial assistance to emerging businesses.

Additional information about Appalachia and the Appalachian Regional Commission can be found here: www.arc.gov.

III. Scope of Work

Proposals should present an outline of the research and analysis to be conducted, a work plan, and a schedule for reports and deliverables. The scope of work requires a team of researchers and consultants with a broad set of skills to execute the project.

In addition, the research design for proposals would be well served by a critical literature review of best practices and trends in entrepreneurship, both in Appalachia and in the rest of the country, to understand the current state of knowledge on these topics. Proposals should be informed by existing ARC-sponsored research regarding entrepreneurship and business development in the Region.

See <http://www.arc.gov/research/RegionalDataandResearch.asp> for data, research and reports on Appalachia sponsored by the ARC.

The report components mentioned above should help guide the research design for proposals, particularly the number of variables and indicators to be used for statistical analysis, as well as identifying case studies that serve as good models for successful entrepreneurial communities. The case studies should aim to provide a richer contextual analysis of specific factors influencing entrepreneurial activity, and also help evaluate the merits of potential strategies to be utilized by ARC to support the vast ecosystem necessary for entrepreneurship.

The scope of work would benefit from consulting with entrepreneurs, business leaders, and other researchers to review and interpret the findings of the work, and proposals should budget accordingly for such activities. While this project will involve considerable research of academic interest, those responding to this proposal should note that the main audiences for this work are the development practitioners and communities of the Appalachian Region.

A number of resources are available for reference, including the following:

- Creating an Entrepreneurial Appalachian Region: Findings and Lessons from an Evaluation of the ARC's Entrepreneurship Initiative 1997-2005: http://www.arc.gov/research/researchreportdetails.asp?REPORT_ID=72
- The Appalachian Region: A Data Overview from the 2010-2014 American Community Survey: http://www.arc.gov/research/researchreportdetails.asp?REPORT_ID=129
- A 2013 report commissioned by ARC examining access to credit and capital in the region: www.arc.gov/research/researchreportdetails.asp?REPORT_ID=104 SourceLink, a valuable source of resources and programs available to entrepreneurs: www.joinsourcelink.com

- Program materials from the Federal Reserve Bank of Kansas City's recent summit on growing entrepreneurial communities:
www.kansascityfed.org/en/events/2016/growing-entrepreneurial-communities-05-2016

The reports should be written for a non-technical audience with appropriately designed graphics and a narrative discussion of the findings. In addition, a final, concise executive summary should integrate and interpret the key findings of the studies and provide an analytical framework to understand the development implications, particularly those involving ARC resources. Detailed statistical data and methodological issues should be organized in appendices. An inventory of resources available for entrepreneurs and communities should also be included in an appendix.

Contractor must submit one printed copy of the report and two electronic versions: a Microsoft Word file and an Adobe PDF file. Contractor must also submit a Microsoft Excel workbook or a Microsoft Access database containing all relevant data compiled during the study. Contractor will provide metadata (field name description, definition, source, sourced date, and equation if computed) for all raw and computed data fields. If geographic information system maps are developed for the project, contractor must provide map databases, map images, and map documents. ARC will provide contractors with formatting guidance documents for all reports.

Consideration should be given as to how tabular and graphic information will be integrated in the narrative structure of the report. All maps should be accompanied by well-documented supporting databases.

IV. Methodology

The successful applicant will develop a detailed methodology to analyze the topics specified in the scope of work.

The methodology should include:

- Specification of datasets and methods to be used for each of the proposed analyses. Discussion of the scope, limitations, and coverage of data sources.
- Preliminary description of the methodologies for conducting each of the components proposed, and the advantages and limitations of the selected approach, given budgetary and time constraints.
- Preliminary protocols for selecting and conducting interviews, focus groups, and/or case studies of successful entrepreneurial communities. Note that ARC will play an integral role in the selection process of these case studies, and all proposals should incorporate this aspect into their protocol development.
- Other creative or innovative approaches not described here.

Proposals can offer other methodological approaches as needed. In keeping with the overall budget constraint and timing for this project, proposals may present trade-offs

among tasks as long as the research design can ensure the accomplishment of the main research objectives of the project within the given time period. The selected consultant will work closely with ARC in development of this report.

V. Technical, Management, and Cost Proposal Contents

A. Technical Proposal (Narrative should not exceed 10 pages, not including the abstract and accompanying resumes and organizational background materials.)

1. Summary Abstract (300 words)

In this section, provide a brief abstract of the proposal by summarizing the background, objectives, proposed methodologies, and expected outputs and results of the research.

2. Methodology

Describe the step-by-step approach or methods intended to accomplish all the tasks specified in this RFP. The proposal should provide a detailed explanation of the methodologies to be used, describe the limits of the selected methods, and justify why the methods were selected over others. The proposal should identify the points and tasks in this research project that will require participation by the Commission and ARC staff. Further, the statement should identify specific information needs according to sources, procedures, and individual tasks of the research that may need to be supplied by the Commission. Finally, the proposal should identify any difficulties that may be encountered in this project and propose practical and sound solutions to these problems.

3. Project Work Plan and Milestones

The proposal should describe the phases into which the proposed research can be logically divided and performed. Flow charts should be included as necessary. A schedule of milestones and deadlines should be specified for the completion of various work elements, including information collection, interviews, surveys, analyses, written quarterly progress reports, preliminary drafts for review, and final draft reports. Monthly call-ins with ARC staff are also required.

4. Key Personnel

Personnel performing the research must be described in this section in terms of numbers of people and their professional classification (e.g., project director, economist, analyst, business consultant, etc.). Brief resumes of the education and relevant experience of the principal investigator, co-investigator, and other key personnel are required. The

selected contractor will be required to furnish the services of those identified in the proposal as key personnel. Any change in key personnel is subject to approval by ARC.

B. Management Proposal

The resource capability and program management for planning and performing the research will be considered in the proposal selection process.

1. Business Management Organization and Personnel

Furnish a brief narrative description of the organization, including the division or branch planned to perform the proposed effort, and the authority responsible for controlling these resources and personnel.

2. Staffing Plan

A staffing plan is required that describes the contractor's proposed staff distribution to accomplish this work. The staffing plan should present a chart that partitions the time commitment of each professional staff member to the project's tasks and schedule. In addition, the proposal should include a detailed description of activities for key project-related personnel and anticipated deliverables. Finally, the proposal should identify the relationship of key project personnel to the contracting organization, including consultants and subcontractors.

3. Relevant Prior Experience

The proposal must describe the qualifications and experience of the organization and the personnel to be assigned to the project. Information provided should include direct experience with the specific subject-matter area and must provide examples (via web links and/or printed materials) of the three most similar research reports undertaken by the applicant's organization and the extent to which performance goals were stated and achieved. Provide associated organization names and addresses, names of contact persons, and telephone numbers for reference.

4. Contract Agreement Requirements

This section of the proposal should contain any special requirements that the contractor wants to have included in the contract.

C. Cost Proposal

Each proposal submitted must contain all cost information. The cost information should include direct labor costs (consistent with the staffing plan), labor overhead costs, transportation (if anticipated), estimated cost of any subcontracts,

other direct costs (such as those for databases), university overhead, total direct cost and overhead, and total cost and fee or profit.

In addition, ARC requests that the selected contractor formally present and discuss study findings with key Appalachian officials in Washington, D.C. An initial kick-off meeting in Washington, D.C. is also required. These activities will be over and above routine meetings with ARC staff during the course of the project, and the contractor should price its part in this activity separately, assuming travel to two one-day meetings.

VI. Cost and Timing

The Commission rates this RFP as a large-scale research project according to ARC's rating of the level of effort for conducting research: Major research projects \$250k-\$300k; Large-scale \$150 to \$249k; Medium-scale \$75k to \$149K; Small-scale \$26k to \$74k; Sole-source less than \$30k.

The contract awarded for this research project will be a FIRM FIXED-PRICE CONTRACT, with payments on a quarterly schedule. The contract terms shall remain firm during the project and shall include all charges that may be incurred in fulfilling the terms of the contract.

VII. Evaluation of Proposals

All proposals will be evaluated based on the following criteria:

- Complete, clearly articulated, logical study design and technically competent methodology;
- Qualifications, relevant prior experience, command of existing research on entrepreneurship and regional development issues, and ability to present findings in a useful manner;
- A credible management proposal for staffing, and the capability to carry out and support the project in a timely fashion;
- The quality of interviews, focus group, surveys and/or case study protocols proposed.
- Cost effectiveness of the proposal.

VIII. Proposal Submission

Proposals are due on or before 12:00 p.m. EST on July 15, 2016.

An original and three hard copies of the proposal must be submitted to:
Logan Thomas, Research Analyst
Regional Planning and Research Division
Appalachian Regional Commission
1666 Connecticut Ave., NW, Suite 700
Washington, D.C. 20009-1068

In addition to the hard-copy submission, *proposals must also be e-mailed on or before the deadline* to lthomas@arc.gov. E-mail attachments should be no more than 10 MB.

Questions about this proposal should be directed to Logan Thomas, Research Analyst at lthomas@arc.gov or at 202.884.7766.