



CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT

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TO: Robert W. Healy, City Manager

FROM: ^{BR} Beth Rubenstein, Acting Assistant City Manager for Community Development

DATE: January 6, 1999

SUBJECT: Response to Council Order of November 16, 1998 regarding start up businesses

This Council Order asks for information regarding the number of new business start-ups in 1997 and 1998 in Cambridge, including those related to Harvard and MIT, as well as to what extent the City's Business Development Office generates new companies. This memo discusses sources of data about start up companies as well as those assisted by the CDD and the Cambridge Business Development Center.

There is no single comprehensive source of data regarding the number of business start-ups. The two major sources of information are the Division of Corporations in the Secretary of State's Office and the City Clerk's Office. The Secretary of State's Division of Corporations tracks Massachusetts incorporations; however, this information is incomplete because many corporations that are headquartered in Massachusetts actually incorporate as Delaware Corporations for favorable tax treatment. In addition, companies that are not corporations register with the City Clerk as a "doing business as" ("d/b/a") if they are doing business in Cambridge under a name other than the owner's.

Corporations that do business under a name different than the corporate name also register with the City Clerk. However, the City Clerk's office has no way to insure that companies do register. In addition, people listing a d/b/a may do so before starting a business and never actually open the business. The list also includes many part-time home-based enterprises. Given these limitations, the Secretary of State and City Clerk report the following:

Year Founded	Secretary of State	City Clerk
1997	403	729
1998	312 (3 quarters)	625 (1/1/98-12/3/98)

Start-ups related to Harvard and MIT:

Although Cambridge's universities produce new technologies that are commercialized and train entrepreneurs who start companies, they do not routinely keep track of these companies. (In 1997, MIT published a report on companies in all stages of development with MIT connections; it found that these companies contribute 15,000 jobs to the Cambridge job base.) Staff at Harvard estimate that three start-ups a year in Cambridge may have Harvard roots. MIT staff estimate that the total number of MIT related start ups per year may be around 12-15.

Assistance by the CDD and the Cambridge Business Development Center:

Both CDD and the Cambridge Business Development Center (a not-for profit partially funded by CDD) assist local entrepreneurs at all phases of the business cycle. In 1997, CDD assisted 62 individuals with pre-business planning, 24 of whom actually started a business. Pre-business planning includes feasibility studies, market analysis and development of business plans. During 1997, 80 companies in the start-up phase of development (in business 0-2 years) received assistance including site searches, ideas for marketing, financial planning and planning for growth. In 1998, CDD assisted 62 individuals with pre-business planning (10 of whom had started a business by year end) and 54 businesses in the start up phase of development.

The Cambridge Business Development Center ran two hour workshops for people thinking about starting a business attended by 30 people in 1997, and 77 people in 1998. They offer a variety of business planning support groups and seminars oriented toward businesses in the start up phase; these programs were attended by 39 companies in 1997 and 64 in 1998. In addition, the CBDC offers breakfasts with founders of successful high tech companies that are attended mainly by CEOs of young companies. In 1997, ten breakfasts averaging 35 attendees were offered and in 1998 nine breakfasts averaging 40 attendees were offered. Young companies find that the services offered by CDD and the CBDC help them mount the many hurdles that are faced in starting a business. The formats available include individualized assistance, single session workshops, semester long seminars, and year long support groups.



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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

January 11, 1999

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 17, regarding a report on the "business climate" in Cambridge focussing on new business start-ups in Cambridge in 1997-1998, received from Acting Assistant City Manager for Community Development Beth Rubenstein.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

Consent Agenda #26

S-13

Relative to AR 17, regarding a report
on the "business climate" in Cambridge.

In City Council January 11, 1999

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