CITIES WORK

Small Business Insights and Policy Recommendations Report

INSTITUTE for JUSTICE

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Sadie Johnson,
Brookside Ceramics

EXECUTIVE SUMMARY

Kansas City is known for having an entrepreneurial ecosystem with an abundance of resources to help small business owners thrive. While these resources can help entrepreneurs navigate many challenges they face, this support cannot address a root barrier to entry that nonetheless exists: overly burdensome regulations that make it difficult to start a business. Often, regulatory barriers make the business startup process so expensive and complex that only those with the most resources are able to overcome them—effectively blocking access to entrepreneurship for people from modest backgrounds and difficult circumstances. The city government has the power to reform the regulatory environment and ensure all individuals with determination and passion can have a genuine shot at

becoming small business owners—without the city stopping them. The city of Kansas City, Missouri, has taken initial steps to address this need by establishing a small business task force committed to increasing access to entrepreneurship by removing the regulatory barriers that stand in the way of so many individuals seeking to become business owners.

This report was commissioned by the Small Business Task Force (SMBTF) and produced by Cities Work—an initiative of the nonprofit Institute for Justice—with the goal of providing a comprehensive view of the status of regulations faced by small business owners in Kansas City and outlining strategies to reduce regulatory red tape.

> *"Over a year-and-a-half of me going to City Hall and not taking no [for an answer]. Imagine how many people stopped at the no. We lost so many [small businesses] because of that initial no."*
>
> — *Kansas City Entrepreneur*

Key findings include:

REGULATORY RESEARCH

- General business licensing requirements are simple, but permitting processes significantly increase the cost, delays, and complexities associated with starting a business in Kansas City.
- The city's website is a leading national example of a strong one-stop shop, satisfying four out of five of our criteria.
- The regulatory maze to start a small business in Kansas City varies largely by type of business. For example, opening a brick-and-mortar restaurant that serves liquor costs over $8,000 in fees alone and requires completion of over 70 regulatory steps; a simple retail shop costs $792 in fees and requires 25 steps.
- Zoning and occupancy compliance can pose a particularly high barrier to entry for entrepreneurs who are starting a business in a space that is not already compliant.

LOCAL ENTREPRENEUR INSIGHTS

- Entrepreneurs cited a lack of accountability, transparency, and consistency throughout the regulatory process.
- They also perceive that they need to know someone in City Hall or need to "fight" to get prompt responses.
- The process to start a common small business, such as a bar or restaurant, is confusing and resource-intensive. The process is even more difficult to start unique businesses for which no clear roadmap yet exists.

DEPARTMENT STAKEHOLDER INSIGHTS

- City employees recognize the existence of communication silos between departments and inefficient tools to mitigate this issue.
- They also work within specific resource constraints, which forces a lack of prioritization of small businesses.
- Departments and employees sometimes lack the authority to address the needs of entrepreneurs.

"I got to the final inspection and they said, 'Oh, you can't have this [wooden] bar.' You are telling me this bar that I built that has been here and you've seen it every step [now does not pass the standard] ... he failed me. I immediately got on the phone with my lawyer and he got on the phone with the Health Department. The compromise was to add eight more layers of varnish to the already three layers of varnish. He said, 'I need to come in there with my eyes closed and it feel like glass.'"

— *Kansas City Entrepreneur*

REFORM RECOMMENDATIONS

We combined results from the regulatory research and insights from both entrepreneurs and city department stakeholders to prepare reform recommendations to address the main obstacles Kansas City entrepreneurs face. Recommendations advance at least one of three goals and often advance multiple:

[1] Champion simple, accessible, and transparent permit and licensing processes that appreciate the resource constraints within which both city departments and entrepreneurs work, as well as allow all entrepreneurs the opportunity to start the small business of their dreams.

[2] Ensure equitable access to city staff and resources for all business owners, regardless of background or socioeconomic status.

[3] Increase transparency and accountability at all levels of city government throughout the process of starting a small business.

This report does not address all the barriers entrepreneurs experience, but it does present solutions that will start leveling the regulatory playing field to increase access to entrepreneurship. Below, we outline how we can work together to truly make Kansas City "The City of Entrepreneurs"—for everyone.
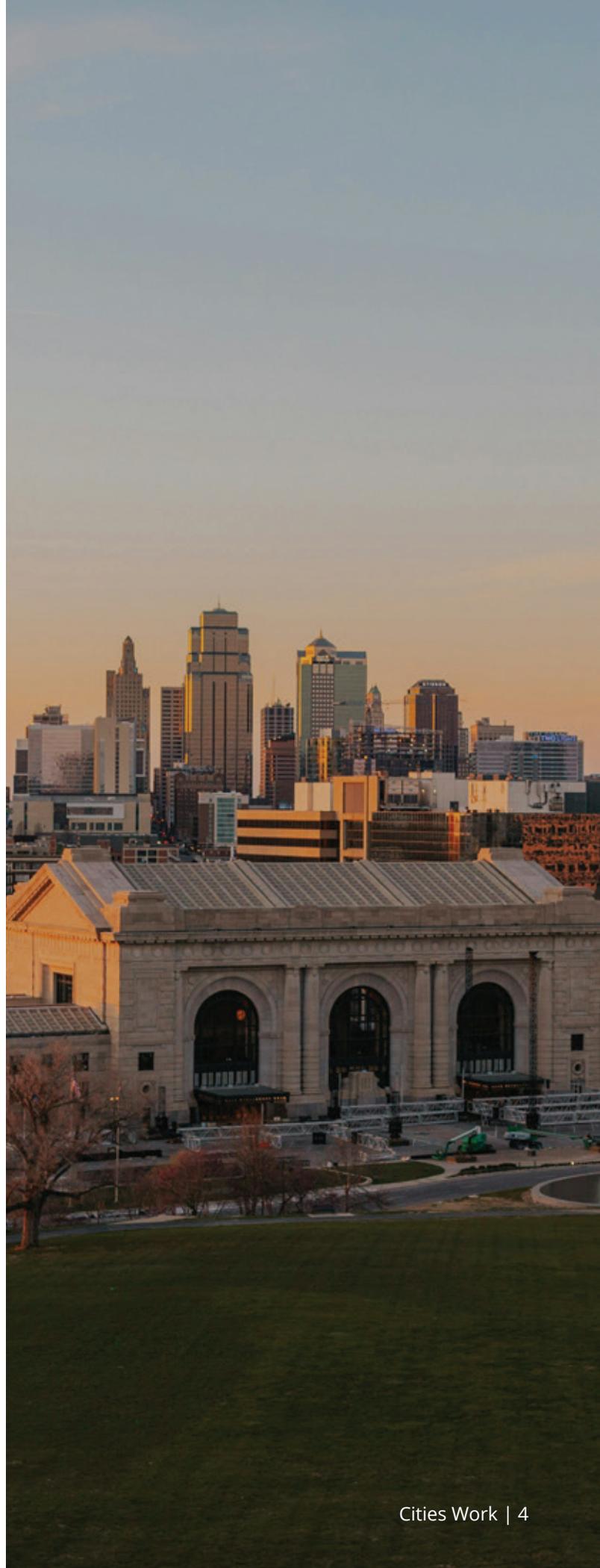
James Thomas
Brain Freeze Mobile Daiquiri

Entrepreneur Highlight

James Thomas—Brain Freeze Daiquiris

Kansas City has great bars and restaurants, but I noticed something missing from our city's scene during a recent trip to New Orleans. The French Quarter and surrounding neighborhoods have daquiri shops that many people love. These daiquiri shops aren't just another place to drink—they create a fun atmosphere that provides a mini vacation from the day-to-day. This is why I wanted to bring the idea back to the heart of the Midwest.

I decided to start with a mobile business that delivers frozen daiquiris to weddings, engagement parties, corporate events, and other gatherings in Missouri and Kansas. I figured this was a good way to test the market at a lower overhead cost and grow my entrepreneurial skills.

What I failed to anticipate was the regulatory nightmare that awaited. Getting clearance to operate in Kansas City requires permits and inspections from multiple agencies, which meant taking time off work and visiting government offices—sometimes more than once. Each step came with taxes and fees. Each time I cleared a hurdle, new ones appeared.

There were no master checklists, so I had to feel my way blindly through the process. And often, city employees only knew what happened in their own silos, so they did not know how the pieces fit together. Regulators also struggled to fit my business into existing categories.

As I persevered, I discovered an additional challenge: Every jurisdiction at the state, county, and local levels has its own set of rules. This would not be a problem for brick-and-mortar businesses, which must navigate the startup process only once. But for a mobile venture, it means filling out the same forms, passing the same inspections, and paying the same fees over and over again.

Straddling two states doubles the burden. Missouri requires a special permit for each event, which means driving to a bank, getting a cashier's check, and submitting the paperwork to the state liquor board. Kansas allows online transactions, which is easier. But Kansas also has fewer people and fewer events where I can conduct business.

"I had to navigate the city and state requirements, and it took about 1.5 years of processing and licensing. [There is] nothing else like my business. [There are] daiquiri shops and mobile shops, but not combined. I didn't know what to do. I had to figure out step-by-step, piece-by-piece who to contact ... Kansas City wants to be united, but they are so segmented in the processes."

— James Thomas

From start to finish, processing and licensing my business took a year-and-a-half. This is entirely too long.

Customers ultimately pay the price, as overregulation deters entrepreneurial activity and reduces competition. Economic law dictates what follows: less choice, lower quality, and higher prices for everyone.

Despite the hassle, I celebrated the grand opening of my business, Brain Freeze Mobile Daiquiri Shop, in June 2022. I have made it through the regulatory maze for now and am grateful that I was able to, but I worry about other entrepreneurs. Starting a business takes a lot of resources, and the resources needed to untangle the red tape can force entrepreneurs to shut their business down before they can even open their doors.

REGULATORY RESEARCH

Lisa Peña
Urban Hikes Kansas City

A complicated regulatory environment can be a large barrier to entrepreneurship as the time, money, and expertise required to navigate the permit and license process is often prohibitively high for individuals without significant resources. The cost and steps to obtain one individual license might not appear to be a steep obstacle; however, starting a business requires multiple permits and licenses to operate that quickly add up. Burdensome regulatory requirements make starting a business difficult for even the most experienced entrepreneurs—and make entrepreneurship even less accessible for individuals who do not have access to the capital, legal knowledge, or social connections required to comply.

In December 2023, we presented the SMBTF with the results of our research into the regulatory environment facing small businesses in Kansas City. We addressed the general regulatory barriers small businesses face and also mapped out the specific permitting and licensing processes to open four different businesses. While requirements for different types of small businesses vary, these sample process maps demonstrate how steps that might feel simple or insignificant on their own contribute to steep barriers to entry when viewed in the full context of navigating the entire process.

GENERAL FINDINGS

- Obtaining a business license is relatively simple, but permitting processes significantly increase the cost, delays, and complexities associated with starting a business.
- The city's website satisfies four out of five of our one-stop shop criteria.
- Regulatory requirements can be challenging to find on the city's websites and have unclear chronological order.

ONE-STOP SHOP ANALYSIS

Kansas City's website satisfies **4/5** of our one-stop shop criteria.

[✓] Connecting city requirements with processes from other levels of government.

[ ] Completing forms and registrations through the portal, not through each agency's own website.

[✓] Covering all city requirements, not just requirements for getting a business license.

[✓] Providing a single log-in opportunity so entrepreneurs can organize information and track progress in one location.

[✓] Guiding entrepreneurs effectively through the process.

One-stop shops are online portals that allow applicants to complete all requirements for starting a business in one place. Kansas City's is one of the best in the nation.

SAMPLE SMALL BUSINESS PROCESS MAPS

The numbers below are current as of Fall 2023. See the online appendix for full research results.

Starting a restaurant in Kansas City involves:

- Total Cost: $6,947.87
- Number of Fees: 16
- Agencies Involved: 9
- In-Person Activities: 5
- Number of Forms: 19
- Number of Steps: 48

Adding a liquor license to a restaurant in Kansas City involves:

- Total Cost: $1,351
- Number of Fees: 8
- Agencies Involved: 9
- In-person Activities: 2
- Number of Forms: 10
- Number of Steps: 25

Starting a food truck in Kansas City involves:

- Total Cost: $1,188.40
- Number of Fees: 9
- Agencies Involved: 8
- In-Person Activities: 4
- Number of Forms: 13
- Number of Steps: 29

Starting a retail establishment in Kansas City involves:

- Total Cost: $749.29
- Number of Fees: 6
- Agencies Involved: 9
- In-Person Activities: 4
- Number of Forms: 7
- Number of Steps: 25

COST TO START A RESTAURANT IN KANSAS CITY VS. OTHER U.S. CITIES

Total Cost to Start a Restaurant

City	Total Cost
Kansas City, MO	~$6.9K
St. Louis, MO	~$6.6K
Phoenix, AZ	~$4.5K
Raleigh, NC	~$1.4K
San Antonio, TX	~$2.5K
Barriers to Business Average	~$5.3K
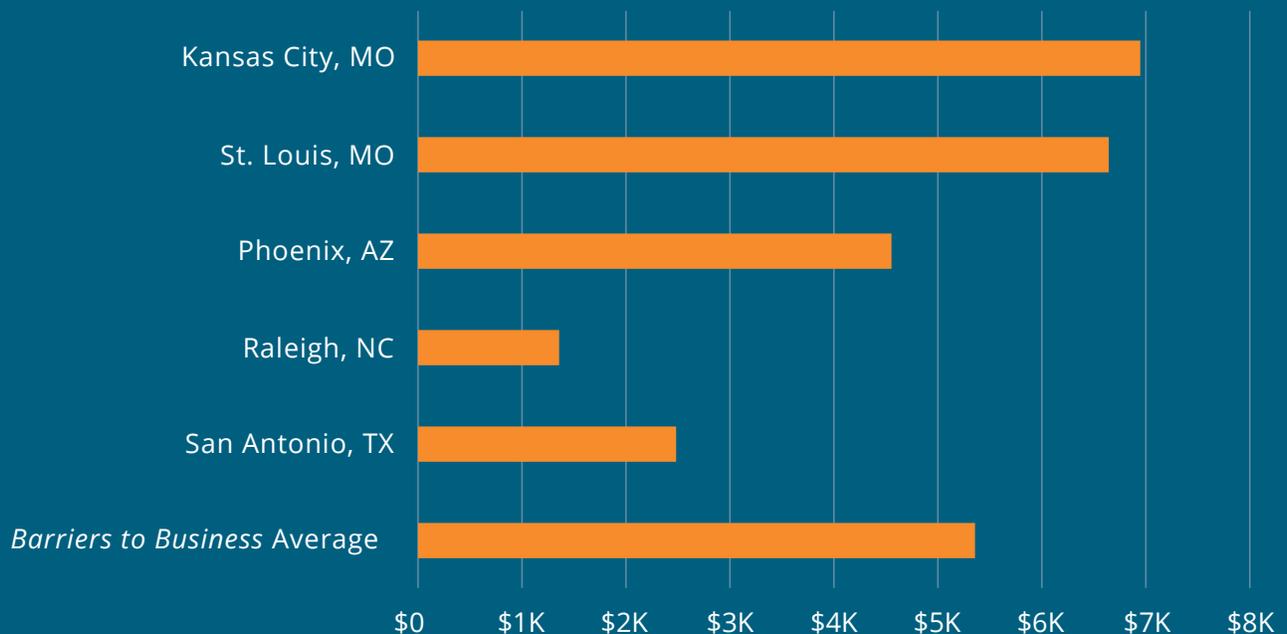
STEPS TO START A RESTAURANT
IN KANSAS CITY VS. OTHER U.S. CITIES

Steps to Start a Restaurant

Legend:
- # of Forms
- # of In-Person Activities
- # of Agencies Involved
- # of Fees
- Total # of Steps

Cities (top to bottom): Kansas City, MO; St. Louis, MO; Phoenix, AZ; Raleigh, NC; San Antonio, TX; *Barriers to Business* Average
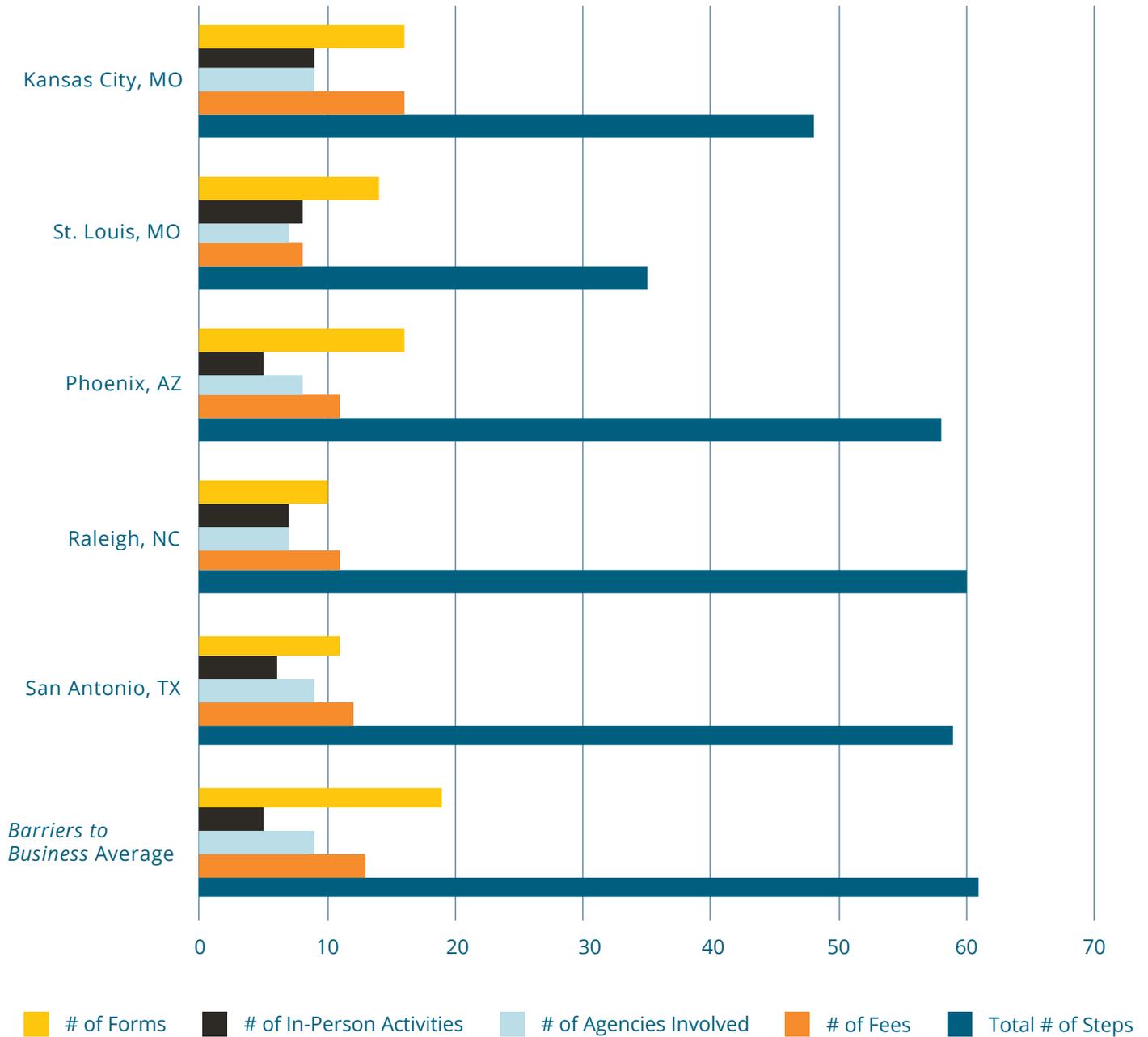
LOCAL ENTREPRENEUR INSIGHTS

Gigi Jones
Gigi's Vegan & Wellness Cafe

We hosted multiple roundtables and one-on-one interviews with 23 local entrepreneurs of diverse backgrounds and business types.

These conversations highlighted the following recurring themes of obstacles entrepreneurs face while starting a small business in Kansas City.

NAVIGATING PERMITTING AND LICENSING PROCESSES

- General confusion.

  » Not knowing where or how to start.
  » Not knowing what is required to comply with the city's requirements.
  » Not knowing in what order to complete requirements.
  » Not having a realistic estimate of budget or timeline necessary to comply with city requirements.

- Inspections.

  » Vague and subjective inspection processes.
  » Need for inspection checklists.
  » Need for comment standards (noting specifically what is wrong and how to correct it).
  » Particular challenges with subjectivity when it comes to inspections of bar tops.

- City websites.

  » Compass KC is a strong foundation; however, not all application processes are available on Compass KC, which requires entrepreneurs to go to different sources to understand what information to provide and how to submit it. Some applications are required to be physically mailed, emailed, or faxed in.
  » Some department websites require entrepreneurs to go to different pages, open PDF files, and navigate a variety of links to find what they are looking for.

- Zoning.

  » Complex zoning code is difficult to navigate.
  » Difficulty understanding who needs to get a change of use or occupancy permit and how to do so. Multiple entrepreneurs only realized they needed one after they had purchased or leased a property and begun application processes for permits and licenses. Completing the change of use permit application can take weeks or months and can contribute to high costs in fees and delays.

- Jurisdictional differences.

  » Confusion navigating requirements within Kansas City, Missouri, and throughout the greater Kansas City metropolitan area. Some entrepreneurs said they would recommend aspiring entrepreneurs open in areas that do not fall under Kansas City, Missouri's jurisdiction due to its complex regulatory requirements.
  » Complicated tax requirements. Some taxes even vary based on the street on which a business operates (a particular problem for mobile vendors).

"My business partner and I said, 'Is this even going to happen? Are we getting this far to not be able to open the door?' It is already scary to open a business, and then you have to follow these archaic rules. It can be really hard to see the light at the end of the tunnel."

— *Kansas City Entrepreneur*

- Inflexible processes and practices for innovative concepts.

  » Strict categories and requirements make it difficult to open a unique or innovative small business and can result in application delays.
  » Processes and policies are not in place for innovative or new business concepts. Entrepreneurs can be left to navigate on their own.

ACCESSING AND AFFORDING RESOURCES

- City resources.

  » Perception that the city prioritizes bigger businesses over the smallest ones.
  » Perception that applicants need to know someone in City Hall or need to "fight" to get access to quality service from the city.
  » Service quality often appears to rely on how experienced the city employee is.

- Project and application resources.

  » Difficulty getting an architect or engineer that will take on a small project. The city requires architecture or engineering plans for certain applications, but most experts are unwilling to take on a small project, favoring higher-paying large development projects.
  » Finding contractors who are willing to take on smaller projects with long delays. Back-and-forth with the city can require entrepreneurs to push their contractors' start dates out, which drives up costs and can result in contractors taking other jobs.

INTERACTING WITH THE CITY

When discussing their interactions with the city, entrepreneurs made sure to express their gratitude for the hard work of city employees and note the champions within the departments who made their dreams of opening a small business possible. However, the following are common challenges many entrepreneurs reported experiencing.

- Content of interactions.

  » Lack of accountability, transparency, and consistency throughout the regulatory process. Entrepreneurs reported receiving conflicting instructions and unclear or incorrect answers.
  » Noticeable lack of communication between city departments, forcing entrepreneurs to hunt down information from multiple departments.
  » Vague, inconsistent, or incorrect advice provided by employees, possibly due to high turnover.

- Poor communication with entrepreneurs.

  » Lack of consideration for small business owners when communicating city activities. For example, multiple entrepreneurs shared that they were not given adequate notice to prepare for construction affecting their business's location. Construction can drastically reduce the amount of customer traffic a business receives, and little notice prevents owners from modifying their staffing needs or opening hours accordingly.
  » Perception of a lack of empathy or understanding in communication between entrepreneurs and city employees.

DEPARTMENT STAKEHOLDER INSIGHTS

Chrysalyn Huff
*Restoration Emporium and
KC Furnishing Co.*

To understand how the regulatory processes work in action, we interviewed 12 city employees from seven different teams in city departments that work with small business regulations. While additional department stakeholder interviews will be necessary as reform recommendations are further considered, these initial interviews provided valuable information to guide our work.

We are grateful to the city employees who work hard to help entrepreneurs and took time to share their experiences with us. While the challenges and pain points employees shared varied, a common sentiment of all interviewees was the desire to help entrepreneurs pursue their small business goals. Many city employees are working their hardest within the constraints they face and want to provide quality service. Their receptivity to reform is an encouraging step towards aligning systems within and between city departments to work efficiently and effectively.

Stakeholders identified the following main obstacles surrounding the regulatory process for small businesses.

COMMUNICATION SILOS BETWEEN DEPARTMENTS AND INEFFICIENT TOOLS TO MITIGATE THIS ISSUE

Stakeholders expressed frustration with the lack of responsive communication between different departments. Many small business projects require input from multiple departments, and the current system does not facilitate this communication efficiently. We heard from both entrepreneurs and employees that the application process relies heavily on the entrepreneur being referred from one department to the next to get an answer to their questions due to the specialized nature of application sections.

A breakdown of communication begins with employees not knowing who to refer the entrepreneur to that can best answer their questions and continues as answers to entrepreneurs' questions are inconsistently entered into a shared application database (Compass KC). The communication

silos create delays in getting the application processed, wasting valuable resources for both the entrepreneur who cannot open their business until the application is approved and for the employees who must spend time figuring out in what direction to point the entrepreneur and what other teams have already told the entrepreneur.

PRIORITIZING LARGER BUSINESSES

A common challenge faced by municipal governments across the country is the significant resource constraints within which they work, and Kansas City is no outlier. Kansas City departments have limited time and resources to dedicate to their many projects, which often requires smaller projects to be pushed to the back burner as larger projects with a higher fiscal reward for the city are prioritized. This prioritization can result in application processing delays for small business entrepreneurs, which can be detrimental to their ability to open the business. What might feel like a small or negligible delay for the department can be the difference between whether the business opens or goes under before even getting started. Every major corporation was once a fledgling small business—Kansas City's economic future depends on nurturing small businesses from the very beginning to ensure they realize their full potential.

LACK OF DEPARTMENT AND EMPLOYEE EMPOWERMENT TO ADDRESS THE NEEDS OF ENTREPRENEURS

Employees explained how they notice bottlenecks and patterns of inefficiencies in processes and want to address them. However, they often lack the authority to do so, do not have access to a responsive feedback system, or do not have time to dedicate to addressing these issues. This lack of employee empowerment and agency not only allows the outdated or inefficient practices to grow into larger bottlenecks, but it can also decrease employee motivation to make their systems work better, leading to an acceptance of doing things the way they have always been done, regardless of quality.

REFORM RECOMMENDATIONS

The collaboration between Cities Work and the city of Kansas City centers on the overarching goal of making it cheaper, faster, and simpler to start a small business—especially for individuals who have traditionally been excluded from this sphere in the first place—so that Kansas City truly becomes "The City of Entrepreneurs." Detailed recommendation profiles, including drafted ordinance language, potential scope of impact, and key stakeholders, can be created upon request for selected recommendations.

Patricia McCreary
Margaret's Place

RECOMMENDATION #1

Reduce compliance costs to entrepreneurs.

1.1 Reduce fees for emerging businesses whose owners have a self-certified personal net worth of less than $500,000.

Reduce the business license, sign permit, certificate of occupancy, and all building and trade permit related fees on a sliding scale across four years, with a waiver of 100% of the value of these fees the first year, 75% the second year, 50% the third year, 25% the fourth year, and resuming full payment amounts the fifth year and on.

This will increase access to entrepreneurship for emerging entrepreneurs by making entrepreneurship more affordable. The sliding scale across the first four years of business is designed to address the large five-year failure rate of new businesses.

1.2 Eliminate mandatory parking minimums (not including disability accessible requirements). See examples of Austin, Texas; Raleigh, North Carolina; and Minneapolis, Minnesota.[1]

1.3 Reduce the circumstances in which entrepreneurs must apply for special zoning approvals, changes, or variances by making changes to the zoning code to make it more permissive.

There are several ways to do this, such as adopting form-based codes. We are committed to working with the city to find the best solution to increase accessibility and flexibility in its zoning laws. See examples of Hartford, Connecticut, and Auburn, Maine.[2]

RECOMMENDATION #2

Eliminate, consolidate, and simplify permits, licenses, and their respective requirements to reduce confusion and resource consumption for both the entrepreneur and the city.

2.1 Consolidate permits and licenses when the categories can be covered under one license with variability.

For example, consolidate the Sunday liquor-by-the-drink license into the general liquor-by-the-drink license that permits sales all days of the week. Cities Work stands ready to help the city identify and consolidate additional licenses and/or permits.

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1 These three cities are just a few of many to remove minimum parking requirements. In 2023, Austin removed minimum parking requirements citywide. In 2022, Raleigh removed minimum parking requirements citywide and implemented parking maximums. In 2021, Minneapolis removed minimum parking requirements citywide and implemented parking maximums. *See* https://parkingreform.org/resources/mandates-map/.

2 Form-Based Codes Institute. (n.d.) *Hartford Zoning Code*. https://formbasedcodes.org/codes/hartford-zoning-code/; Furth, S. & Cousens, E. (August 2022). *Case study: Auburn, Maine: Incremental victories with zoning reform*. Las Vegas, NV: Better Cities Project. https://better-cities.org/wp-content/uploads/2022/08/BCP-Auburn-case-study.pdf.

2.2 Simplify permit and license requirements, such as the following:

2.2.1 Liquor Licenses

2.2.1a Allow neighborhood responses to be submitted digitally. Currently, responses must be made on physical forms and then either mailed back or scanned before they can be submitted via email.

2.2.1b Make the default neighbor nonresponse count as an automatic approval with clear instructions that to disapprove, you must send a comment and reason back. Currently, the process results in a negatively skewed result. For example, if 20 mailers are sent out and five mailer responses are received (three disapprovals and two approvals), the department counts this as 60% disapproved, 40% approved. However, individuals are more likely to respond if they disapprove than if they approve or are neutral, so the result skews towards disapproval.

2.2.2 Temporary Food Establishment Permits

Amend the temporary food establishment permit to the following:

"Temporary food establishment" means a temporary food establishment that operates at a fixed location in conjunction with a special event and sells or serves food for a period of no more than 14 consecutive days or in conjunction with an occasional sales promotion. This permit is valid for a one-year period and covers any events that meet the requirements above.[3]

This increases access to temporary vending opportunities for events and markets by decreasing the cost and paperwork for entrepreneurs. If the city wants to know where people are setting up, it can include a requirement to do a free online registration prior to the event. This way, the city can keep track of where pop-ups are while reducing the paperwork on both ends of processing individual permits.[4]

2.2.3 Farmers' Market Vendor Permit

2.2.3a Clarify that "locally produced" can include coffee beans locally roasted.

2.2.3b Allow home-grown garden produce to be sold.

2.2.4 To improve the clarity and navigability of city code, eliminate unnecessary or outdated permits or licenses such as:

Handbill distributor; dance hall; hawker or huckster (this may not be actively enforced but remains in the code); peddler; lunch wagon; newspaper contract carrier; photographer's agent; runner; shoe shining parlor; street stand; arborists (as it pertains to landscape servicing).

2.3 Conduct an audit of all permits and licenses required for all business types and engage in similar elimination, consolidation, or simplification processes. We are encouraged by the city's recent request for proposals to conduct such an audit and are happy to continue working with the city on this issue.

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3 Definition language pulled from Wisconsin ATCP 2074.04(39); see https://docs.legis.wisconsin.gov/code/admin_code/atcp/055/75/i/04.

4 This idea is modeled off of Madison, Wisconsin's Temporary Retail Food Establishment Licnese. For more information, see https://publichealthmdc.com/documents/transient_food_license_application.pdf; https://library.municode.com/wi/madison/codes/code_of_ordinances?nodeId=COORMAWIVOICH1--10_CH7PUHE_7.08REGOEADRES; https://publichealthmdc.com/environmental-health/licensing-permits/retail-food-establishment-licensing/transient.

Bring clarity and accountability into the inspection process both to prepare applicants and inspectors for the application and to reduce the level of subjectivity in inspections.

3.1 Publish inspection checklists for all inspections that detail in plain language what the inspector will be checking for and the reference code for the requirement.

Inspection checklists should be created with the departments or teams responsible for issuing the inspections, published in an easily accessible online format, and required by city code rather than simply implemented by department policy.

3.2 Establish comment standards for inspections. The inspector will use a corresponding checklist to fill out the comments, noting clearly the reasons why an individual fails an inspection and what the individual needs to do to meet the respective requirement for the re-inspection.

Comment standards should be established with a team of stakeholders (inspectors, team or department leads, entrepreneurs).

3.2 Collect data on inspections, including the identity of the inspector; rates of passing and failing inspections on the first round; the marked reason for failure; the rates of passing and failing inspections on follow-up rounds; and the general demographics of the business owner. Publish an anonymized version of these data on Compass KC. Conduct regular internal analyses of the data to address any problematic or inefficient patterns.

> *"It is kind of scary to approach the city for help when you are a small nobody, and you don't know what you are asking for. Those conversations are difficult. I don't know what I need to ask, I just know I need something to be open. It can be a little intimidating; they are big and powerful, and we are not."*
>
> — *Kansas City Entrepreneur*

RECOMMENDATION #4

Remove or address inefficient or confusing department processes and ordinances through a "spring cleaning" efficiency ordinance.

4.1 All departments will be required to submit to city council a report of inefficient, confusing, costly, or unnecessary processes, steps, or requirements their department teams are responsible for administering and solutions that are suggested by the responsible parties. Teams will implement a metric and feedback system to track pain points, bottlenecks, or commonly failed processes and employee-suggested solutions to these issues. The council will go through each report to accept or reject these items, and the items accepted will be added to the annual "spring cleaning" efficiency bill. This can be thought of as similar to the sunset review process conducted at the state level.[5]

All team employees should be encouraged to suggest items and solutions. As the experts in administering their respective processes, their suggestions should be thoughtfully considered. The feedback system should include optional anonymity for employees concerned about speaking up.

RECOMMENDATION #5

Clarify the change of occupancy and change of use processes by publishing a visual chart of the process and engaging with entrepreneurs through an educational outreach campaign.

5.1 Publish a change of use visual chart that clarifies what scenarios require a change of use.

5.2 Create a change of use video that explains what scenarios require a change of use.

5.3 Target educational marketing towards individuals looking at commercial spaces to reach the entrepreneur before they make the decision to sign a lease or contract on the property.

5.4 Create a free search tool for individuals to check the current building occupancy classification and prior legal uses of commercial properties in the city.

5.5 Work with community organizations to provide change of use educational materials and workshops to entrepreneurs.

> *"For me, the most frustrating part is the lack of coordination between our city's departments."*
> — *Kansas City Entrepreneur*

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5 Missouri Revised Statutes § 23.253.

RECOMMENDATION #6

Continue building out the city's one-stop shop and online tools for entrepreneurs.

6.1 Onboard all departments and teams involved in the processing of permit and licensing applications onto the same project management software and ensure project note-taking standards.

    6.1.1 Add health applications to Compass KC.

    6.1.2 Add health and fire inspection requests to Compass KC.

    6.1.3 Add any other applications and inspections for small businesses to Compass KC, if not already available.

6.2 Publish a data dashboard with regularly updated metrics such as average timelines including reapplications/reinspection for the most common permits, licenses, and inspections based on data collected by the departments; real-time wait times for various services; department backlog times; and average processing times.

6.3 Make information more readily available on Compass KC.

Add profiles to each of the permits and licenses that individuals can click on to learn what attachments they will need to have for the application and if there are any prerequisites they must have completed before applying. Currently, the only information available is the name and description of the permit or license, which links directly into the application.

6.4 Strengthen the KC BizCare website.

    6.4.1 Add links on the "Obtain Required Permits and Registrations," "KCMO Business Registration Guide," and "Obtain a KCMO Business License" pages for the referenced city pages and permits.

    6.4.2 Improve user experience by adjusting the "Obtain Required Permits and Registrations" and "Obtain a KCMO Business License" pages to use the visual styles used on the "KCMO Business Registration Guide" that highlight different categories and differentiate between large blocks of text.

    6.4.3 Incorporate Compass KC's fee estimator calculator onto KC BizCare to allow entrepreneurs a better budgeting estimate of regulatory costs as they are building out their business plans.

    6.4.4 Work with businesses and nonprofit resources to provide a list of architects, engineers, and contractors who are open to taking on small business projects.

6.5 Create tax guides for business types whose locations vary regularly, such as food trucks, mobile vendors, caterers, temporary food establishments, and home-based businesses selling products at markets or pop-up events.

RECOMMENDATION #7

Increase access to city resources and staff.

7.1 Continue to build out use of KC BizCare's language translation chat feature.

7.2 Establish use of Language Line, or other similar real-time translation services, for meetings and applications. Work with departments to hold team training courses on best practices of use.

7.3 Include a question on applications and meeting requests for the individual to note what language they speak and whether they will require a translator so employees can be prepared before the meeting.

7.4 Encourage city staff to host office hours in neighborhoods with a high BIPOC, immigrant, or lower-income population.

7.5 For technical or confusing processes, include easily-digestible visuals, videos, and explanations in simple terms.

RECOMMENDATION #8

Empower city employees to help entrepreneurs and improve communication with entrepreneurs.

8.1 Publish an internal contact organization chart with expertise areas. Referring the applicant to the correct contact the first time saves both employees and entrepreneurs valuable time.

8.2 Create email templates for FAQs and confusing processes, using the short-term rental team as an example of best practices. If there is a pattern of entrepreneurs asking the same questions, the team should create an email template explaining the answer to the question, clarification for the process, resources to understand the process better, and what next steps to take if still confused.

8.3 Establish small business liaison roles under KC BizCare that float to other teams. These liaisons would serve as small business navigators to ensure small business projects have consistent assistance.

8.4 Adopt a customer feedback system that incentivizes employees to provide good, empathetic customer service.

8.5 Have open office hours led by employees for entrepreneurs to drop into, ask questions, and get to know each other. Getting to know the other party beyond the transactional relationship can increase empathy and understanding.

Commitment to regulatory reform

The city should establish an ongoing commitment to looking for regulatory reform opportunities and monitoring results of reform implementation to ensure they are meeting the needs of the city's entrepreneurs. Cities Work is dedicated to seeing through the implementation of selected reform recommendations and to working with the city to dive into any areas that need deeper regulatory research.

CONCLUSIONS AND NEXT STEPS

All cities struggle to strike a balance between protecting health and safety, governing efficiently, and allowing people to realize their full potential. We are incredibly grateful for the opportunity to work with Kansas City, Missouri, and for how open and forward-thinking they have been throughout this process. We are confident in the city's commitment to making it cheaper, faster, and simpler to start and grow a small business.

Next steps:

[1] The Cities Work team will welcome feedback from the SMBTF on the recommendations in this report.

[2] We will work with the city to identify which recommendations can be implemented at the administrative level and which will require amendments to city code as approved by the city council.

[3] We will draft ordinances incorporating the desired policy changes and conduct additional research as necessary to fine-tune specific policy goals.

[4] We will collaborate with the city to seek feedback from the community on our proposed legislation and, when the time comes, ensure those who would benefit from these reforms are aware and able to make their voices heard.

[5] We are committed to seeing reforms through implementation and are prepared to be flexible in how we achieve the SMBTF's goals. We look forward to our continued partnership with Kansas City, Missouri.

"[Their work] is absolutely necessary to function, [but] they don't really realize how important it is to you because they are just doing their jobs. It is our whole livelihood; a little bit of understanding would have been nice."

— Kansas City Entrepreneur

Emilie Jackson
Emilie's French Teas

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To view a digital copy of this report, including full research results and additional guidance, scan the QR code or go to **citieswork.org/kcmo**.