Advancing Sustained Business Growth as a Strategic Imperative

Evidence from Los Angeles County and Implications for Anchor Institution Strategy

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Abstract

This white paper presents findings from a study commissioned by the University of Southern California's Office of Business Opportunity to examine what actually drives economic impact among small and local businesses in Los Angeles County. Drawing on longitudinal firm-level data analyzed by Dr. Gary Kunkle, a national expert in sustained growth research, the paper establishes that sustained business growth—not access alone—is the primary mechanism through which small firms generate employment at scale. The data are striking: just 1 percent of firms produced 60 percent of all net new jobs created by surviving establishments between 2020 and 2025. The study further identifies a substantial pipeline of micro and local firms operating near the threshold of sustained growth—businesses with demonstrated traction that are well-positioned to benefit from targeted institutional support. Framed through the lens of anchor institution strategy, this paper makes the case for treating access not as the endpoint objective, but as the first step in a broader continuum leading to viability, capability, and sustained economic performance.

Executive Perspective

The USC Office of Business Opportunity commissioned this study around a question that sits at the center of regional economic development: **What actually produces measurable impact among small and local businesses?** That question emerged from practice. As the university advanced its Small and Local Business Access and Opportunity Policy and expanded related programming, a pattern became clear: opening pathways for engagement is essential, but it does not by itself guarantee durable outcomes. Businesses can gain visibility, make new connections, and enter institutional ecosystems—and still not generate lasting employment or organizational growth. Access creates conditions. It does not, on its own, create impact.

For an anchor institution like the University of Southern California, that distinction carries real weight. USC's civic role should not be merely transactional. The university has a responsibility to contribute to regional vitality in ways that are both evidence-based and built to scale. With that in mind, the Office of Business Opportunity engaged Dr. Gary Kunkle to examine the structure of business growth specifically in Los Angeles County and determine whether a stronger institutional emphasis on sustained growth would yield more consequential outcomes for small and local firms.

The findings are unambiguous. Among surviving establishments at least five years old in 2025, just 1 percent qualified as sustained growth companies, yet that cohort generated 60 percent of all net new jobs created by those firms between 2020 and 2025 (Kunkle, 2026). This is not a marginal finding or an outlier in the data. It is a structural feature of how the regional economy actually grows. The implication is direct: when the goal is meaningful economic impact, access is necessary but insufficient. Sustained growth is the mechanism through which participation becomes performance.

The Study Design and Analytical Frame

The study drew upon the Your Economy Time Series dataset maintained by the University of Wisconsin, which tracks employer establishment performance across the United States. To ensure that growth trajectories were comparable across the period, the analysis was limited to establishments that both survived from 2020 through 2025 and remained in Los Angeles County at the end of that period. Firm births, deaths, and relocations were excluded, creating a consistent population through which genuine growth patterns could be measured (Kunkle, 2026).

Within this framework, sustained growth companies were defined as establishments at least five years old in 2025 that recorded net employment growth in two or more years during the study period. Stalled growth companies showed growth in exactly one year. Non-sustained growth companies recorded less than two years of employment growth, including the stalled-growth segment. These distinctions allow the analysis to move beyond aggregate participation and isolate the specific category of firms that consistently contribute to employment expansion—the group where economic impact is actually being generated.

The study went beyond measuring performance. It examined industry composition, initial firm size, and the applicability of growth-oriented practices to the firms most capable of benefiting from them. In this way, the research functions as both descriptive analysis and strategic guide, identifying where growth is occurring, what kinds of firms are achieving it, and where institutional intervention is most likely to generate lasting results.

Job Creation Is Highly Concentrated

The most consequential finding is the concentration of job creation. Of the 427,911 employer establishments in the study population, only 4,340—just 1 percent—met the threshold for sustained

growth. Yet those firms generated 22,407 of the 37,545 net new jobs produced across the five-year period, representing 60 percent of total employment gains (Kunkle, 2026). Figure 1 illustrates this distribution.

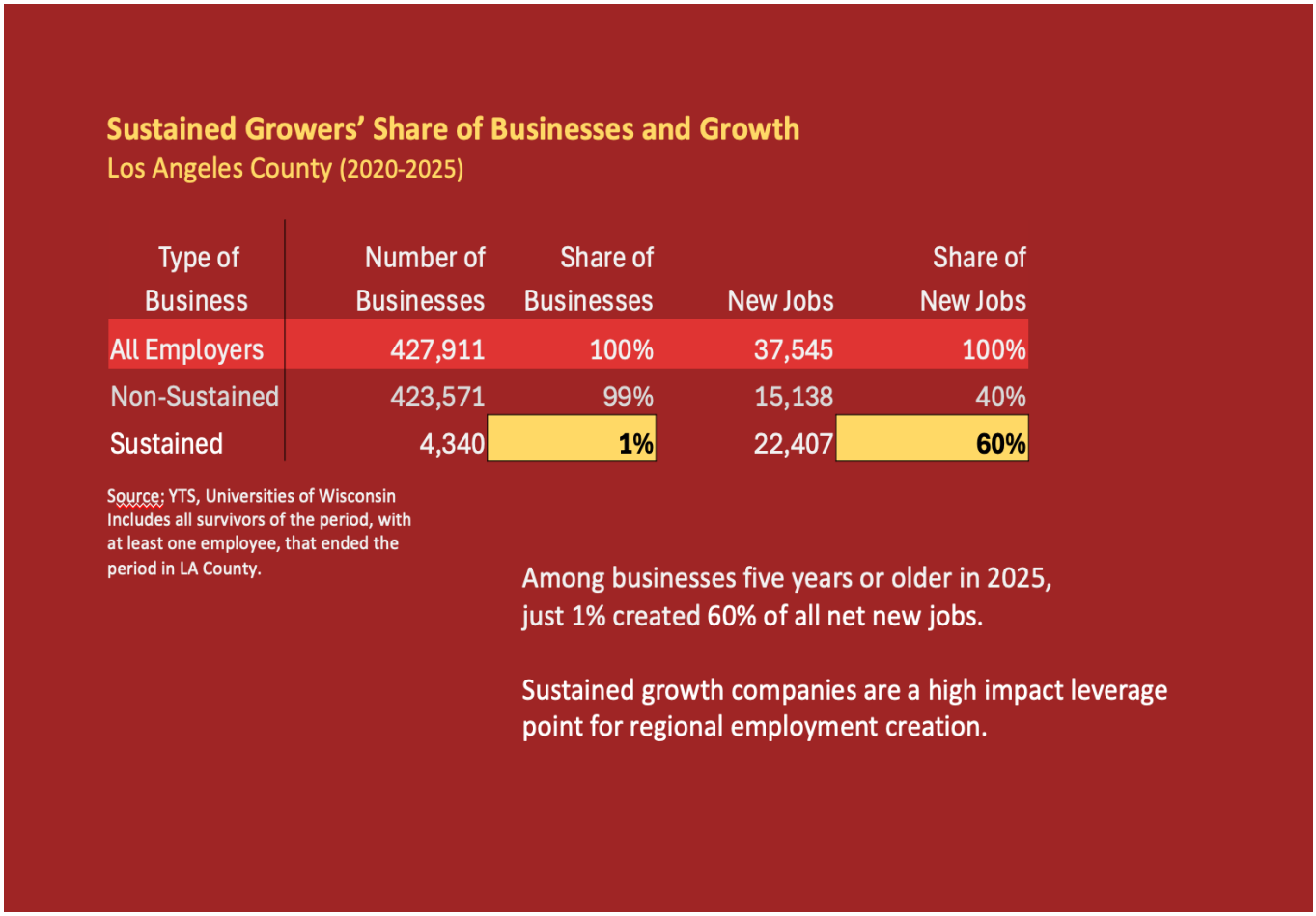

Figure 1. Sustained growers' share of businesses and job creation, Los Angeles County, 2020-2025. Source: Kunkle (2026), using YTS data from the Universities of Wisconsin.

This concentration is a defining feature of how regional employment growth is produced. Job gains do not accumulate evenly across the business base. They are generated disproportionately by firms with the capacity to expand consistently over time. For economic development strategy, this has a clear implication: broadening participation is necessary, but the central question must also be how to increase the share of firms that achieve and sustain growth. Access is the threshold. Sustained growth is the destination.

Growth Is Achievable from a Micro-Business Base

The second major finding concerns where sustained growth begins. Sustained-growth establishments in Los Angeles County nearly doubled their average employment over the study period—from approximately 5.2 employees in 2020 to more than 10 in 2025, while other firms remained essentially flat. Critically, more than 70 percent of these sustained growers began the period as micro-businesses with between one and nine employees (Kunkle, 2026). Figure 2 shows both the employment trajectory and the starting-size distribution.

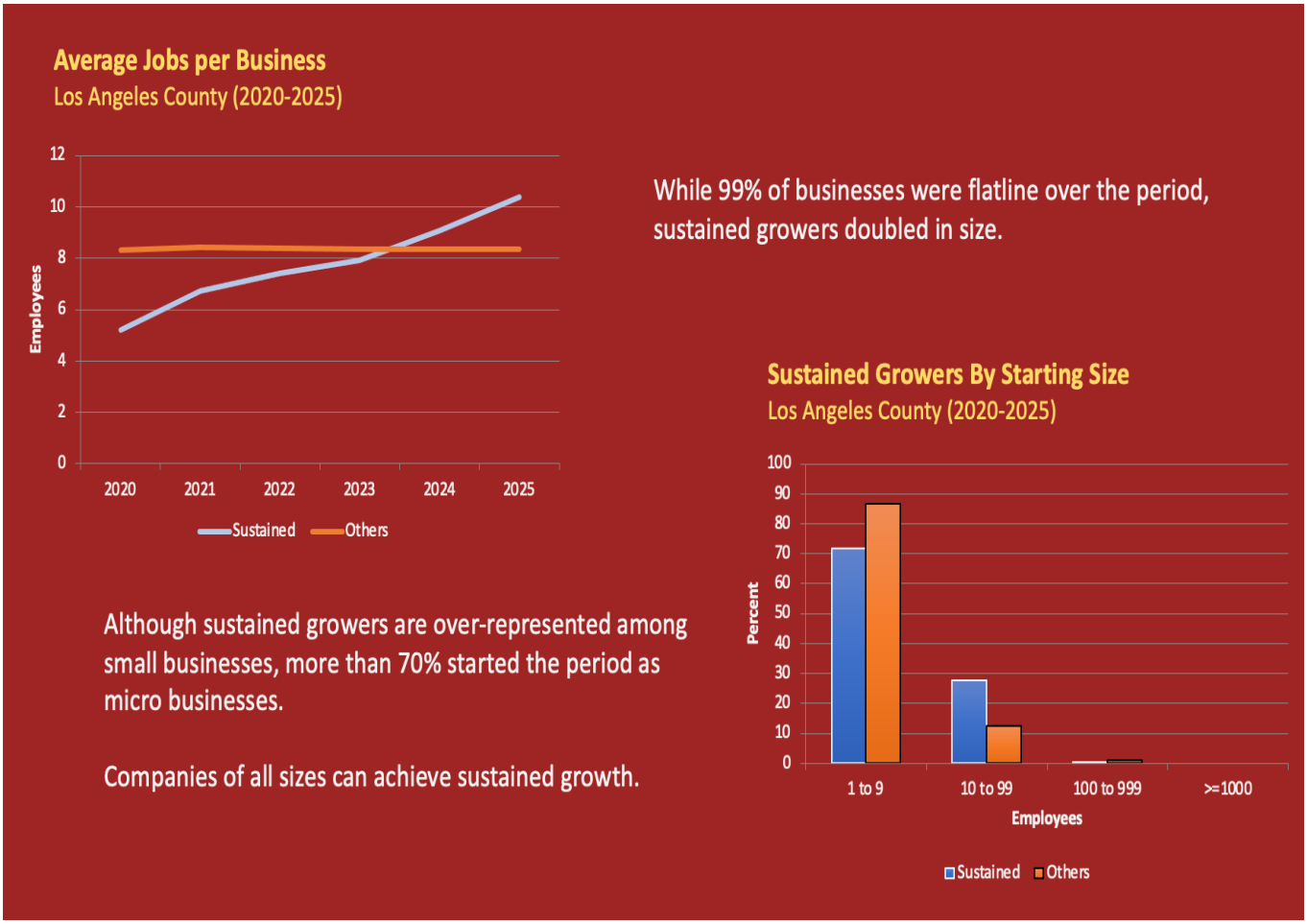

Figure 2. Average jobs per business and sustained growers by starting size, Los Angeles County, 2020-2025. Source: Kunkle (2026), using YTS data from the Universities of Wisconsin.

This finding challenges a persistent assumption in economic development practice: that scalable impact requires firms that are already large, well-capitalized, or institutionally sophisticated. The data tell a different story. Significant employment growth frequently originates in the micro-business segment, a reality that is especially relevant for USC's surrounding economic ecosystem, where many local firms operate at small scale but carry genuine growth potential.

Micro-businesses are not peripheral to the growth conversation. They are central to it. A program model that stops at visibility or initial access, without supporting the management practices and organizational capabilities required for sustained expansion, leaves a substantial portion of economic potential on the table. The evidence points toward a more ambitious standard: not just getting firms in the door, but equipping them to grow once they are there.

Local Industries Matter

The study also challenges the assumption that economically significant firms are concentrated primarily in export-intensive sectors. Figure 3 shows that more than half of sustained growers in Los Angeles County operated in the local sector. Businesses serving nearby markets, including construction, personal services, and other place-based industries. Sustained growth, the data confirm, is not confined to a narrow set of high-profile or externally traded activities (Kunkle, 2026).

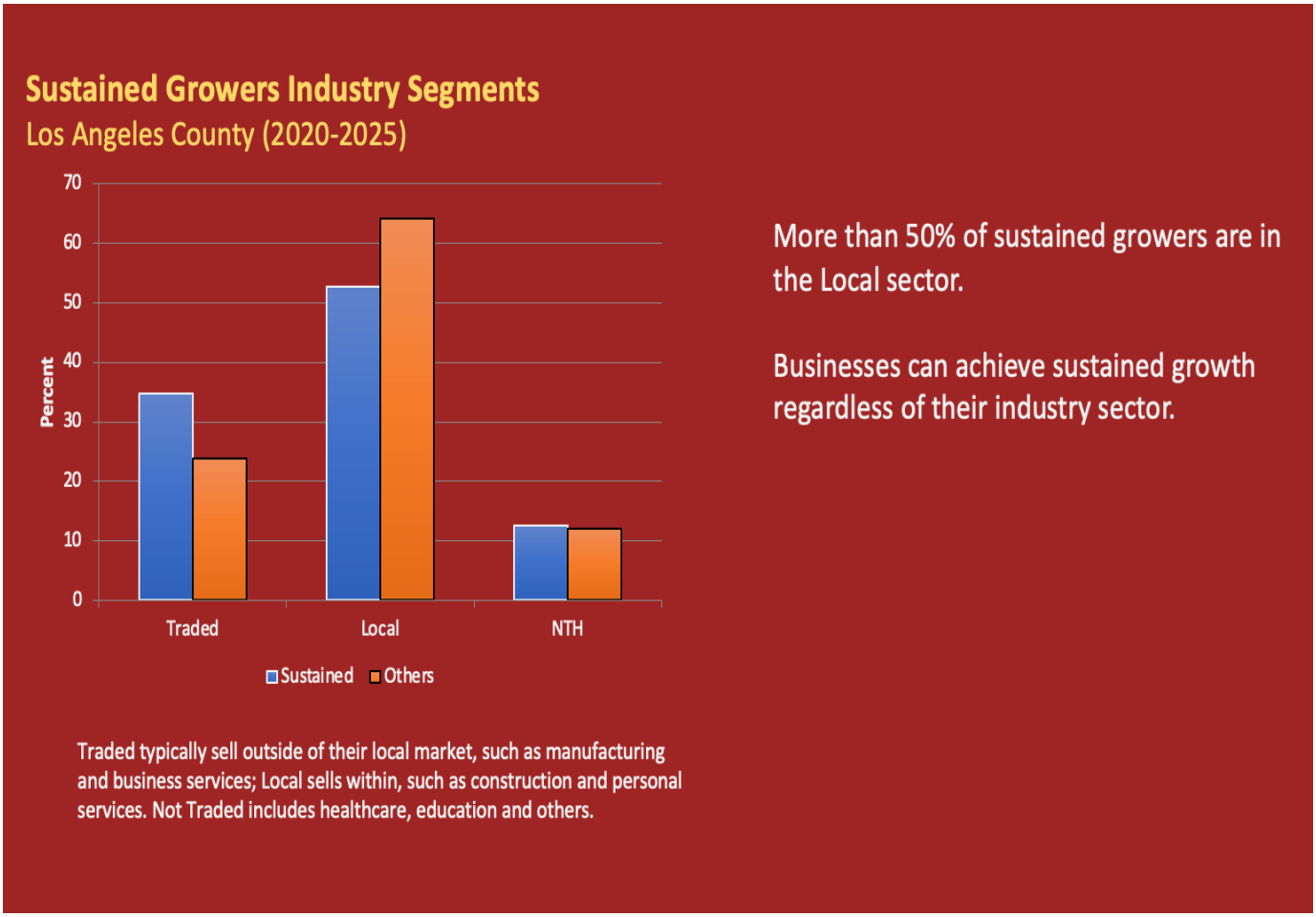

Figure 3. Industry segments of sustained growers, Los Angeles County, 2020-2025. Source: Kunkle (2026), using YTS data from the University of Wisconsin.

This finding carries direct relevance for anchor institution strategy. It affirms the developmental value of place-based engagement and the economic significance of the businesses that already exist within USC's geographic sphere. The local business base surrounding the university is not simply a constituency for inclusion programs. It is a site of real and demonstrable growth potential. When locally serving firms scale, the employment gains they produce are anchored in the same communities where USC has the deepest civic stake.

Capability, Not Only Capital, Drives Expansion

Among the study's most instructive contributions is its analysis of what growing firms actually need. Figure 4 draws on prior research by Dr. Kunkle and shows that the top priorities among firms pursuing sustained growth were access to peer networks and exposure to proven growth practices. Traditional financial inputs—external equity, asset financing, cash-flow support—were relevant, but they ranked below the need for managerial learning, peer exchange, and applied growth strategy (Kunkle, 2026).

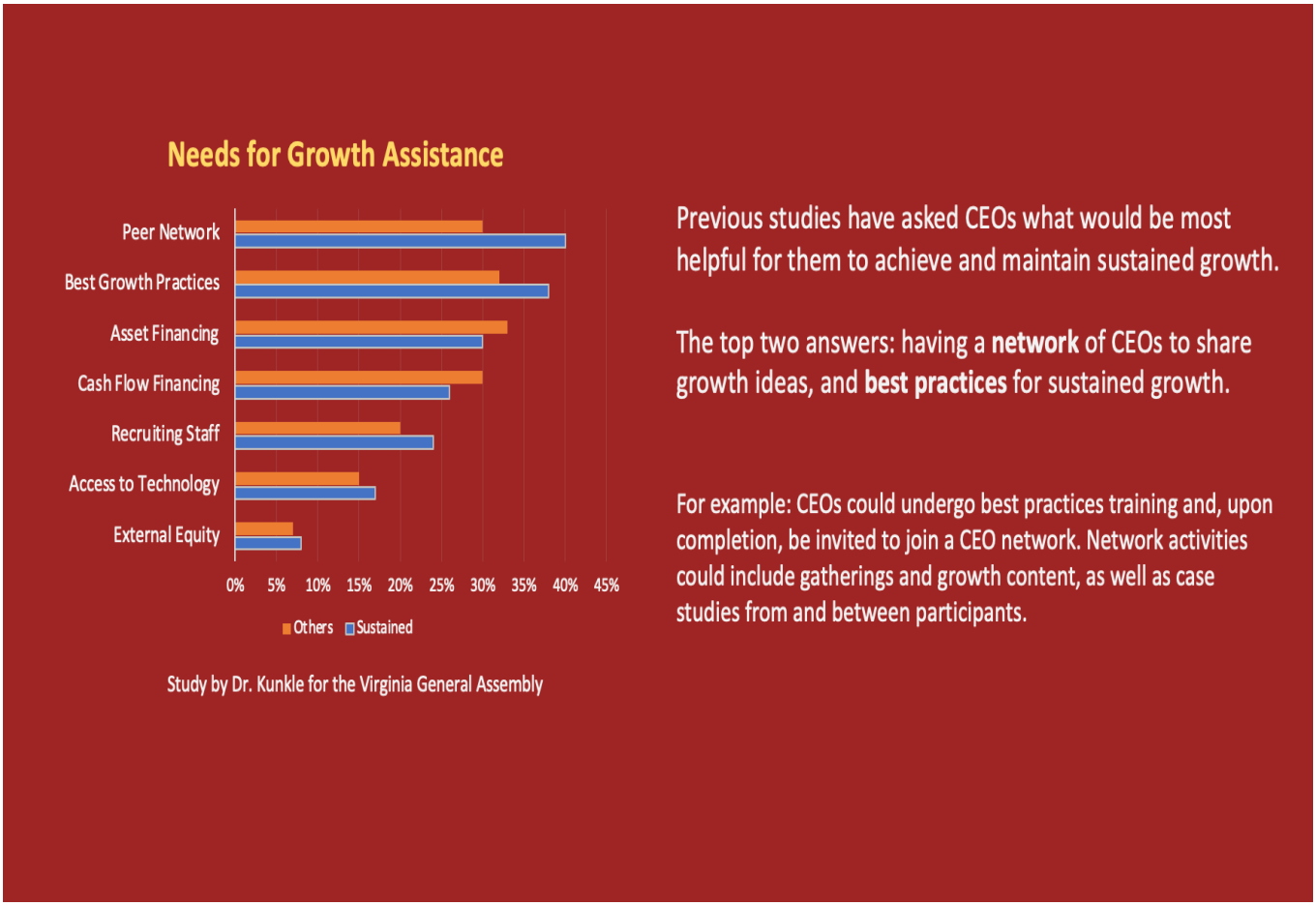

Figure 4. Needs for growth assistance among firms pursuing sustained growth. Source: Kunkle (2026), drawing on prior research for the Virginia General Assembly.

This finding should shape how institutions design their interventions. When growth constraints are defined primarily as financing problems, program design will consistently miss the operational and leadership capabilities that determine whether firms can absorb opportunity and convert it into durable expansion. The research points toward cohort-based learning, executive peer exchange, and the structured transfer of growth practices as core elements of an effective model, not as supplementary add-ons, but as the primary vehicle through which capability is built.

The Near-Growth Pipeline

The most strategically significant finding in the report may be the sheer scale of the near-growth segment. Figure 5 shows the distribution of sustained and stalled growers by sector and firm size across Los Angeles County. Among micro local firms alone, there were 1,605 sustained-growth businesses—and 23,159 stalled-growth businesses, roughly fourteen times as many. These are firms that have demonstrated growth capacity but have not yet crossed into consistent, sustained expansion (Kunkle, 2026).

Sustained and Stalled Growers by Sector and Size

Los Angeles County (2020-2025)

Sustained Growers (2 years or more growth)

Sector	Employee Size 1-9 (Micro)	10-99 (Small)
Local Traded	1,605	279
Externally Traded	830	470
Not Traded	321	152
Total Businesses	2,756	901

Stalled Growers (just 1 year of growth)

Sector	Employee Size 1-9 (Micro)	10-99 (Small)
Local Traded	23,159	1,478
Externally Traded	10,945	1,869
Not Traded	4,303	825
Total Businesses	38,407	4,172

Employee size for 2020
Only includes standalone establishments (not HQs, branches, or subsidiaries)

- There were 1,605 micro locally traded sustained growth businesses in LA County in 2025
- There are 14 times more micro local businesses with *stalled* growth than with *sustained* growth
  This means there is a very large group of businesses that are only one year away from sustained growth.

There are approximately **24,764 micro local businesses** that could potentially benefit from sustained growth content and connections (1,605+23,159). These would be ideal candidates for peer networks and growth best practices*.

* If targeting all sustained and stalled growth establishments below 100 employees in all sectors, the total number of businesses is 46,236 (sum Total Businesses across all columns). Contact information for these companies is available through YTS.

Figure 5. Sustained and stalled growers by sector and size, Los Angeles County, 2020-2025. Source: Kunkle (2026), using YTS data from the University of Wisconsin.

The scale of this pipeline is significant. These are not startup-stage businesses navigating early uncertainty. They are established firms with operational track records and at least one year of measurable growth—businesses that are, in effect, one growth cycle away from meeting the sustained-growth threshold. The study estimates that approximately 24,764 micro local businesses in Los Angeles County are positioned to benefit from sustained growth content and peer connections, and that the addressable pool rises to more than 46,000 firms when sustained and stalled establishments under 100 employees are considered across all sectors (Kunkle, 2026).

From an institutional perspective, this is where leverage is greatest. The near-growth segment offers a more actionable target than the full universe of small businesses precisely because these firms have already crossed from startup uncertainty into observable operating traction. Structured interventions aimed at this segment—peer networks, applied growth strategy, cohort-based capability building—carry a substantially higher likelihood of translating into measurable economic return.

Validation from the ACCESSC Summit

The study also tested whether sustained-growth frameworks resonated with the actual businesses USC convenes. At the 2026 ACCESSC Summit, Dr. Kunkle presented selected growth practices to an audience of approximately 250 Los Angeles-area businesses, roughly 75 percent of which were micro

and small firms. Post-event evaluations found that 75 percent of respondents rated the presentation as excellent, with an additional 15 percent rating it very good (Kunkle, 2026).

This matters because it confirms fit, not just theoretical alignment. The sustained-growth framework is not an analytical construct imported from a different context and applied to USC's ecosystem from the outside. It connected directly with the businesses this strategy is designed to serve. The Office of Business Opportunity's review of participant responses confirmed that the discussion of sustained growth was both appropriate for the audience and effectively grounded in practical application. That confirmation strengthens the case for embedding sustained-growth capability into future program design as a foundational element—not a specialized track or secondary offering.

Implications for Anchor Institution Strategy

Taken together, the findings support a clear and necessary strategic shift. Access remains a foundational condition for inclusion. It opens the door and makes engagement possible. But access as an endpoint is insufficient. The evidence calls for access to function as the front end of a broader developmental continuum: one that moves businesses from visibility to viability, from viability to capability, and from capability to sustained performance.

For USC, that continuum is already taking shape. Visibility-oriented initiatives bring businesses into the university's sphere of engagement. Growth-oriented programming can then provide the structured support through which firms strengthen strategy, build managerial capability, and develop the peer networks that accelerate performance. When those elements are aligned, the university's role as an anchor institution becomes more economically consequential—moving from creating entry points to helping firms convert opportunity into durable results.

This framework extends well beyond USC. Regional economic development institutions routinely invest in access-oriented activity without proportionate attention to the business practices that support scale. The Los Angeles County evidence points toward a more targeted approach: focusing sustained-growth capability particularly among micro and local firms near the growth threshold, where structured support is most likely to produce strong returns in job creation and regional resilience.

Strategic Implementation Pathways

The findings of this study do not simply invite consideration. They call for coordinated action. If sustained growth is the primary mechanism through which small and local businesses generate economic impact, then the next phase of work must focus on building the infrastructure necessary to enable that growth at scale.

For the USC Office of Business Opportunity, this represents a natural and necessary extension of its existing policy framework. The Small and Local Business Access and Opportunity Policy establishes the conditions for engagement. The strategic imperative now is to activate a complementary system that translates engagement into sustained performance, one that aligns institutional actors, public sector partners, and private capital around a shared growth objective.

The most immediate opportunity is structured engagement with civic and policy leadership. Briefings with the Los Angeles City Council and relevant County leadership bodies would position sustained growth as a central economic development priority—*not as a programmatic update*, but as a refined economic thesis: that job creation in Los Angeles is driven by a small, identifiable cohort of firms whose growth can be systematically expanded. The objective is to align municipal and county economic development strategies with this evidence, creating the conditions for broader institutional adoption.

A parallel opportunity exists with philanthropic and financial institutions. Funder briefings should be designed to reposition small business support as a growth investment strategy rather than a stabilization or access initiative. Institutions such as Wells Fargo, U.S. Bank, and regional foundations are already active in small business ecosystems, but often through fragmented or access-oriented interventions. This research provides the basis for a more focused investment perspective that funding peer networks, executive education, and applied growth strategy programs produces measurable returns in job creation and firm expansion. The development of a dedicated “Sustained Growth Fund” or pilot initiative anchored by USC and aligned with external partners would represent a logical and compelling next step.

Regional economic development organizations represent an equally important vector. A formal partnership with the Los Angeles County Economic Development Corporation would integrate sustained growth frameworks into broader regional strategy. LAEDC’s economic modeling and sector analysis capabilities, combined with USC’s programmatic infrastructure, create a rare opportunity to align research, policy, and execution at regional scale. This partnership could support the identification of high-potential sectors, precise targeting of near-growth firms, and the ongoing measurement of economic outcomes.

The chamber ecosystem offers another critical pathway to scale. Engagement with the Los Angeles Area Chamber of Commerce, along with major diverse chambers, the Los Angeles Urban League, National Minority Supplier Development Council affiliates, and peer business associations, would extend sustained growth frameworks across a broad network of firms. These organizations are trusted intermediaries within their communities. By embedding sustained growth principles into their programming, particularly around peer learning and applied best practices, they could dramatically expand the reach of this work without duplicating infrastructure already in place.

Within USC, the next phase of work should focus on deepening the integration between policy and programming. Existing initiatives: Trojan Shop Local, Bridges to Business Success, executive leadership development programs, already form the foundation of a growth continuum. The opportunity now is to formalize that continuum as an explicit, coherent model: one designed to move businesses deliberately from visibility to viability to sustained performance. This internal alignment is the institutional foundation on which credible external partnerships are built.

Finally, this work carries field-building potential that extends well beyond Los Angeles. The findings position USC not only as a regional actor, but as a thought leader in redefining how anchor institutions support small and local business development. Strategic dissemination through policy forums, national convenings, and peer-reviewed publications can advance sustained growth as a central concept across the field. Given its position in one of the largest small business economies, USC is well positioned to lead a national conversation that shifts the standard of success from access and participation toward measurable, lasting economic outcomes.

These pathways are mutually reinforcing. Civic alignment establishes legitimacy and policy direction. Funder engagement provides the capital to act. Regional partnerships enable precise targeting and rigorous measurement. Chambers and intermediaries extend reach into communities. Institutional integration ensures execution. Thought leadership amplifies impact and shapes the field.

The objective is more than launching a single program. It is to build an ecosystem in which sustained growth becomes both the expectation and the standard outcome.

Recommended Anchor Sustained Growth Model

The sustained growth model advanced in this paper is designed to be operationalized through a four-part institutional framework. Figure 6 shows how this model integrates policy, programming, capital, and ecosystem partnerships into a unified and mutually reinforcing system.

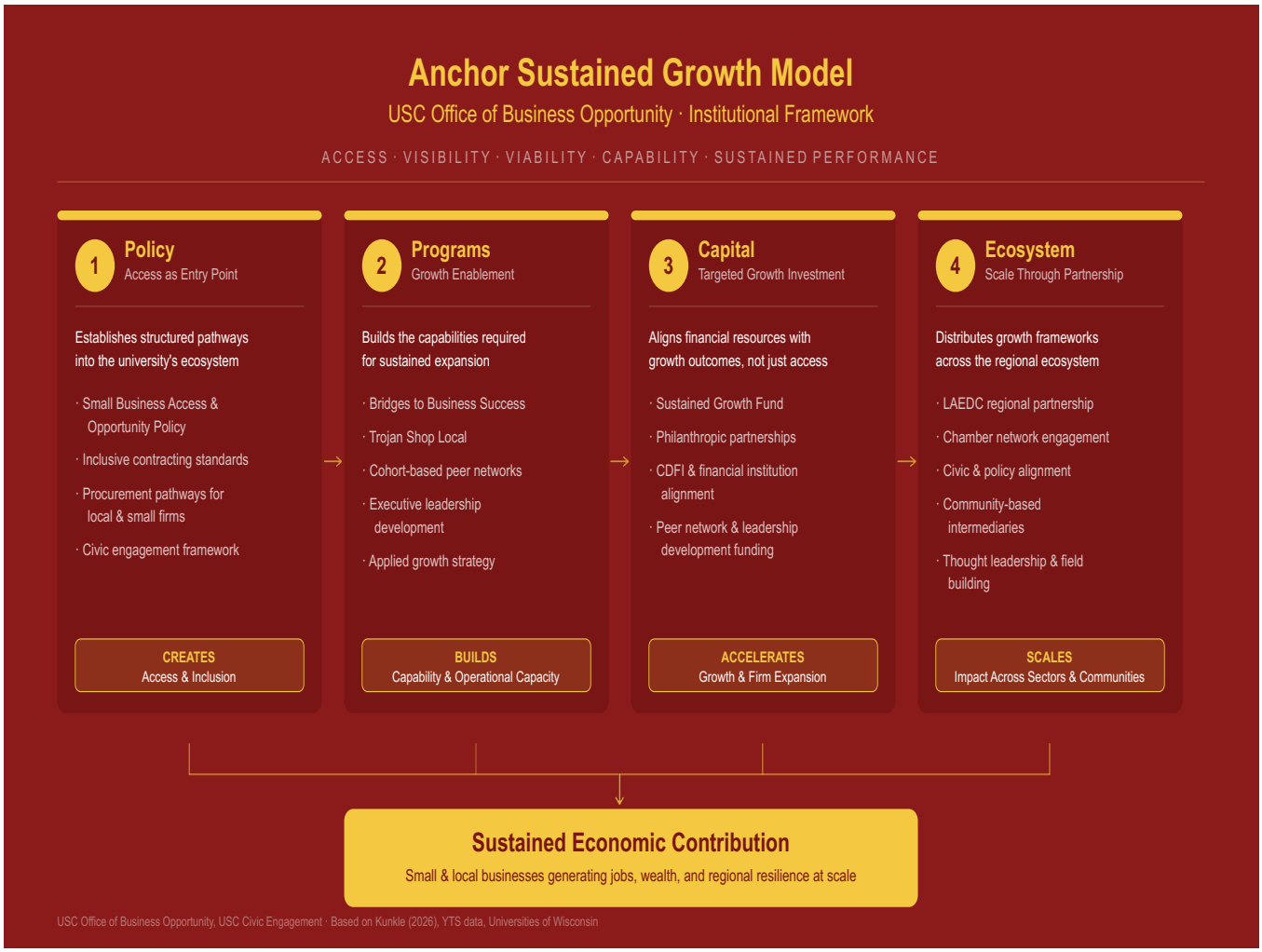

Figure 6. Anchor Sustained Growth Model: A four-component institutional framework through which the USC Office of Business Opportunity advances small and local business development from access to sustained economic performance. Source: USC Office of Business Opportunity, USC Civic Engagement (2026).

At the foundation is **Policy (Access as Entry Point)**. Institutional policy establishes the conditions under which small and local businesses can engage. The USC Small and Local Business Access and Opportunity Policy serves this function by creating structured pathways into the university's economic ecosystem. Within this framework, access is the starting point and is the entry into a progression that leads toward sustained performance.

Building on this foundation is **Programs (Growth Enablement)**. Structured programming is the mechanism through which businesses develop the capabilities required for sustained growth. Cohort-based models, executive education, peer networks, and applied strategy frameworks each serve a

distinct function. Programs such as Bridges to Business Success and leadership development initiatives build the operational capacity firms need to absorb opportunity and scale effectively.

The third component is **Capital (Targeted Growth Investment)**. Financial and philanthropic capital must be aligned with growth outcomes, not merely access or stabilization. Funding models that support peer networks, leadership development, and sustained growth programming reframe capital as an investment in business performance. When investors and institutions apply that lens, the returns are measurable: more jobs created, more firms reaching scale.

The fourth component is **Ecosystem (Scale Through Partnership)**. Regional partners: economic development organizations, chambers of commerce, and community-based intermediaries extend the model's reach beyond what any single institution can achieve alone. They serve as trusted distribution channels for growth frameworks, enabling adoption across diverse sectors and communities. Through these partnerships, sustained growth principles become embedded at the ecosystem level rather than remaining confined to a single program or institutional actor.

These four components are designed to function as a single integrated system. Policy creates access. Programs build capability. Capital accelerates growth. Ecosystem partnerships scale impact. When aligned, they form a continuous and deliberate pathway through which small and local businesses move from participation to sustained economic contribution, and where the institution's civic role becomes measurably consequential.

Conclusion

The evidence in this paper leads to a clear conclusion: sustained business growth is the primary mechanism through which small and local firms generate economic impact at scale. In Los Angeles County, a very small share of firms produced the majority of net new jobs over five years. Most of those sustained growers began as micro-businesses. Many operated in locally serving industries. And the county holds a substantial pipeline of firms with demonstrated growth traction that have not yet crossed into sustained expansion—businesses that are well within reach of structured, targeted support.

For anchor institutions, the implication is both strategic and practical. The most effective small-business model is one that equips firms to grow rather than one which simply opens doors and measures who walked through them. When policy, programming, and institutional resources are aligned around sustained performance, the university's civic role deepens and its economic impact becomes real and measurable. That is the significance of this study for USC. More importantly, it is the broader significance of sustained growth as a framework for our regional economic development.

References

Kunkle, G. (2026). Sustained Growth: Small and Local Businesses in Los Angeles County. Study commissioned by the USC Office of Business Opportunity, USC Civic Engagement.

Universities of Wisconsin. Your Economy Time Series (YTS) dataset.