



Creating a Community that Encourages Innovation, Entrepreneurship & New Business Start-ups

Introduction to Creating a Community that Encourages Innovation, Entrepreneurship & New Business Start-ups

Many community leaders, including development professionals, public officials, and dedicated volunteers, are spending long hours trying to make their town or parish more prosperous. But they may be overlooking one of their most important economic and community assets: local entrepreneurs. The evidence is that small businesses generate 75% of the net new jobs in the United States (Small Business Development Center). Simply put, small business is where the jobs are! Many communities, such as Fairfield, Iowa; Ord, Nebraska; and Littleton, Colorado, have rejuvenated themselves by focusing economic development efforts on entrepreneurs. Furthermore, communities are unlikely to capture the “big fish”, a major industrial facility, unless their local entrepreneurs are succeeding.

In this module, we will discuss steps that your community can take to increase its number of entrepreneurs and grow their businesses. What can your community do to create an environment where entrepreneurship is encouraged and where new businesses are likely to succeed? This module is not written for entrepreneurs and does not provide advice on how to start a business or write a business plan. Instead, this module is targeted toward community leaders and development professionals who are seeking ways to assist local entrepreneurs and thereby make their communities better places to live.

The module has four sections. In Section 1, we discuss why entrepreneurship is a worthwhile, even essential, economic development strategy. We share the stories of Fairfield, Iowa and Ord, Nebraska, that show how entrepreneurship can lead to major community improvement. In Section 2, we discuss who entrepreneurs are, what traits they need to succeed, and what the different types of entrepreneurs are. Section 3 outlines a step-by-step process that communities can follow to improve their entrepreneurial climate. Obviously, communities have different goals, assets, and economic situations, so this framework outlines a general process that communities can adapt to their circumstances.

Section 4 (Appendix) contains a resource listing where community leaders can go to find further information on entrepreneurship. In addition, the Appendix contains worksheets that can be used by community leaders as they embark upon this course of improving their community by nurturing entrepreneurship.

PART 1. WHY ENTREPRENEURSHIP?

Industrial recruitment has long been the dominant strategy of economic development. Attracting branch-manufacturing plants has been an important source of new jobs in many communities since the 1950s. However, increasing globalization has caused most new or relocating plants to be built overseas in countries such as China, Mexico, or Vietnam.

In addition, competition among communities for those manufacturing jobs that will be located in the U.S. is fierce. Tucson Roberts (2006) estimates that approximately 500 manufacturing plants (with more than 250 jobs each) start up or relocate within the United States each year. However, more than 17,000 economic development agencies are trying to attract them! Doing the math indicates that approximately 34 agencies compete for each potential manufacturing plant. With such long odds, community leaders might consider other strategies to replace, or at least complement, industrial recruitment.

Entrepreneurship is a promising alternative. Successful entrepreneurs not only make a better life for themselves and their families, but they also bring beneficial changes to the economy and quality of life in the community. The creation of new enterprises brings jobs, innovation, and growth. Ever since David Birch's landmark study in the 1970s, the data is clear that small businesses, especially fast-growing ones, create most of the new jobs in the U.S. economy. Furthermore, small entrepreneurs are responsible for 67% of inventions and 95% of radical innovations since World War II (National Commission on Entrepreneurship). On the international level, the Global Entrepreneurship Monitor Project reports that not a single country with a high level of entrepreneurship is coping with low economic growth (Global Entrepreneurship Monitor 2000 Executive Report). Entrepreneurship is a dynamic force that brings change and growth to the economy.

Having a core of strong, skilled entrepreneurs also helps a community in other phases of economic development, such as retaining and attracting manufacturing, commercial, and retail firms. This is consistent with Jack Schultz's findings in the book *BoomTown USA: The 7 ½ Keys to Big Success in Small Towns*. In his book, Schultz examines what it is that distinguishes successful small towns from unsuccessful ones. He finds that nearly all-successful small towns are innovative and support their local entrepreneurs. Entrepreneurship seems well suited for small communities, which often are composed mostly of small enterprises and where individuals are often well connected to each other. And, according to the National Commission on Entrepreneurship, high growth companies are located in every region of the

country and in virtually every county, big and small.

The story of Fairfield, Iowa, shows how entrepreneurship can be a powerful force in boosting a community's economy.

Entrepreneurship Can Transform a Community: The Case of Fairfield, Iowa

In 1989, a group of entrepreneurial business-people formed the Fairfield Entrepreneurs

Association (FEA). The FEA was designed to increase the success rate of start-up companies and to nurture companies in the second stage of development after they had generated over \$500,000 in annual revenues. The FEA supports entrepreneurs using recognition and awards, acceleration of second-stage companies, and mentoring and networking activities. Fairfield extensively shares information on the "howto's" of business start-up, financing and marketing. It has developed a culture of guarded openness about business ideas and a pool of shared wisdom and experience. The result is great synergy among entrepreneurs and overlapping, sometimes copy-cat, business models.

For example, an entrepreneur named Earl Kappan, after several other start-up ventures, started a company called Books Are Fun. The company sold best-selling hardcover books through book fairs in schools, hospitals, and businesses across the United States. With financing from an outside investor, the company grew rapidly and developed a network of sales representatives across the country. A synergy occurred when local author Marci Shimoff proposed a collaborative venture with Kappan. She had written a book and wanted Kappan's company to distribute it. The book was *Chicken Soup for the Mother's Soul*. After testing in the market, Kappan's company bought the title in lots of tens of thousands, propelling the book to the top of bestseller lists.

More Chicken Soup topics were developed by other Fairfield writers, such as *Chicken Soup for the Pet-Lover's Soul*, *Chicken Soup for the Gardener's Soul*, *Chicken Soup for the Veteran's Soul*, and more. Approximately 13 Chicken Soup authors live, or formerly live, in Fairfield. Another Fairfield resident designed covers for the Chicken Soup series and became a sought-after designer of book covers. Yet another Fairfield resident is a leader in self-publishing enterprises. The original enterprise Books are Fun also did well: when it grew to more than 500 employees and \$400 million in annual revenue, it was purchased by Reader's Digest for \$380 million.

Kappan's success spawned other businesses in Fairfield in areas such as financial services, e-commerce, telecommunication, and art-based businesses. Burt Chojnowski, president of the Fairfield Entrepreneurial Association, attributes much of the success to the networking and sharing among businesses. Chojnowski states that, "Having access to this specialized knowledge, especially about funding opportunities, was clearly a competitive advantage for entrepreneurs and improved the financial literacy and sophistication of Fairfield entrepreneurs" (Chojnowski, 2006, p.3-4).

Working with other Fairfield organizations, the FEA offers extra support to entrepreneurs. Entrepreneurial boot camps and an up-to-date library are available, including specialized information for "art-preneurs", civic entrepreneurs, and "food-preneurs". Entrepreneurship training has been expanded to include workshops for youth entrepreneurs.

Fairfield has shown that a small town can have big results. Since 1990, equity investments of more than \$250 million have been made in more than 500 start-up companies, generating more than 3,000 jobs.

Source: Chojnowski, 2006.

Another Community Success Story

The small, rural town of Ord, Nebraska, (population 2,200) lies more than three hours from Lincoln on the prairie, far beyond the convenient reach of cities, industrial plants, and interstate highways. Yet Ord is very successful in its economic development. It is pursuing a joint strategy of capturing local wealth in a community foundation and supporting entrepreneurship through business boot camps, leadership training, and youth programs. The town has raised more than \$7 million for its foundation and has spurred several business startups. To learn more about Ord, visit www.ordne.usa or <http://www.ordnebraska.com/Ten%20Magazine%20Article.pdf>

PART 2. WHO ART ENTREPRENEURS?

The word “entrepreneur” brings to mind different images for different people. Some people think of high-tech wizards like Steve Jobs of Apple Computer or Bill Gates of Microsoft. Others may think of a local quilt-maker running a home-based business or a “mom and pop” store struggling to survive downtown.

A useful definition of an entrepreneur is a person “who perceives new opportunities and creates and grows ventures around such opportunities” (Markley, Macke and Luther, p. 35). This definition reminds us to focus on the person, not the venture itself. Only about one in 10 American adults is currently an entrepreneur, that is, actively engaged in the process of starting an enterprise (Markley, Macke, and Luther). Bill Koch’s story in the sidebar provides an example of how a successful entrepreneur can greatly benefit a community.

It is a common notion that any and all business owners are entrepreneurs, but this is not the case. The characteristics of an entrepreneurial business are innovation, growth, and a high degree of risk. Not all businesses have these characteristics. For example, business owners who are focused on managing their current enterprise and are not seeking new opportunities or growth are more in the category of business managers rather than entrepreneurs.

The same applies to a person who decides to buy an existing franchise or retail store. While managing an existing business requires business skills and willingness to take some risk, it is not necessarily concerned with innovation and growth. Thus, it is not entrepreneurial. However, a business owner, either new or existing, can become entrepreneurial by seeing an opportunity, implementing a new idea, and taking on more risk in an ongoing effort to grow the business.

As part of the discussion about who is an entrepreneur, let us look at the civic entrepreneur (sometimes called social entrepreneur). Civic entrepreneurs create programs and resources that benefit our communities and our lives. They

develop children’s museums, organize a new chapter of Big Brother/Big Sisters, provide public health care, and build new playgrounds and parks. Often this work is done through a nonprofit organization or informal community or neighborhood association. Civic entrepreneurs need skills to plan their enterprise, market their product or service, earn revenues or obtain funding to keep the organization financially solvent, and create value. As with business entrepreneurs, they perceive and act upon opportunities.

The Entrepreneurial Talent Pool

Rather than debate who is and isn’t an entrepreneur, it is more useful to consider a community as having a pool of entrepreneurial talent (Markley, Macke, and Luther). This idea of entrepreneurial talent recognizes that not all entrepreneurs are the same. It also recognizes that many people are interested or active in starting businesses or launching new markets for their current businesses. Entrepreneurial talent ranges from the stay-at-home mom who is researching a new home business idea, to the high-growth entrepreneur considering an offer from a venture capitalist, to a current business owner who would like to expand into a web based store.

Table 1 shows the different types of entrepreneurial talent. The three main categories of entrepreneurial talent are potential (those who may become entrepreneurs), existing business owners (some who may be innovating into new services, products, or markets), and entrepreneurs (including those with growth and even high growth potential). These are the people that community leaders want to identify and nurture. We will come back to this topic of an entrepreneurial talent pool in Part 3. In Part 3, we outline a process for a community to grow its entrepreneurs. An essential step in that process is to identify, and interview, people of these various types.

TABLE 1 THE ENTREPRENEURIAL TALENT POOL	
TYPES	CHARACTERISTICS
Potential - Aspiring	Actively considering going in business Researching a business side Motivated toward a life change May include youth (under age 25), possibly still in school
Potential – Start-ups	In the process of starting a business May or my not have a good plan May or may not have the necessary skill
Business Owners – Survival	Struggling to make enough income Often feeling stressed and reluctant to seek help

	Don't have the time or energy to seek markets or opportunities
Business Owners – Lifestyle	Successful and well-established Not actively seeking to grow or change the business model
Business Owners – Re-Starts	Previously in business with limited success In the process of starting another business Determined to succeed this time Willing to seek outside help
Entrepreneurs – Growth-Oriented	Successful in business Have a growth orientation and drive Seeking to be more competitive, actively seeking new ideas Actively seeking new markets
Entrepreneurs – Serial	History of creating and growing more than one business Don't like to manage existing businesses, often sell business once its up and running Generally on the lookout for new ideas and opportunities
Entrepreneurs – Entrepreneurial Growth Companies	Experiencing rapid growth in employment or sales Reaching new markets, developing new products and services Innovative and dynamic leadership and workforce Sometimes referred to as “gazelles”

Source: Developed based on categories in Markley, Macke, and Luther, Chapter 4.

Bill Koch, Entrepreneur in Santa Claus, Indiana

Bill Koch started working for his father's company in the tiny town of Santa Claus, Indiana, after returning from overseas duty with the U.S. Navy during World War II. His father had built a small amusement park that he had named Santa Claus Land. At that point, the Santa Claus project wasn't much more than a mail order house and the bare bones of a theme park. It had a Mother Goose train, some storybook characters, and a toy shop with elves. It was America's first theme park, opening nine years before Disneyland.

Koch wasn't impressed by his father's Santa Claus undertaking. "I thought it was sort of a folly," he recalled. "I didn't think it would go anywhere." However, he started working in mail-order. The company had a catalog that offered Christmas gifts and unusual items that couldn't be found at stores.

"We decorated the carton with things that showed it came from Santa Claus, Indiana. It was unique. It went well for a few years, then it fizzled out. When stock came in and sold out, we couldn't get more," said Koch. At one point the family decided to stock the warehouse with Erector Sets and Gilbert trains, expecting to make a small fortune—but lost a big fortune. "We didn't sell any because they (customers) could go to the local store and get them," said Koch. "We sold all of those items at about 35 cents on the dollar. That was the end of that."

As the mail-order part of the business was failing, Koch turned his attention to the theme park. He expanded Santa Claus Land to include a toy shop, a gift shop, a restaurant, and exhibits. Rides were added and advertising got the word out. "People kept coming here by the thousands," said Koch. "There were no parking lots. The highway would be parked with cars for a couple of miles back in every direction. We would have as many as 10 state police directing traffic to get people in and out."

It was hard to make ends meet, much less grow the business. In 1955, Koch proposed an admission charge of 50 cents for adults with kids free. "Every member of the family tried to talk me out of charging. I was so doggone stubborn I wasn't going to give in," he said. It paid off. Visitors paid up. The revenue enabled the park to grow and add new attractions.

Santa Claus Land grew to include more shops, shows, a wax museum, and rides. The site also served as a community center for meetings and meals. People lined up for chicken and turkey dinners and exotic fare such as Baked Alaska. The four initials for the dining room were F.F.F.F., which stood for Famous For Fine Food. With the growth, new problems – or new opportunities, as an entrepreneur would say – arose.

The nearby area had no motels and the cabins and campgrounds at Lincoln State Park, five miles away, often were full. Koch saw it as an opportunity. In 1958, he opened a 150-site campground, Lake Rudolph Campsites, across the lake from the theme park.

Koch didn't stop there. He built a gated subdivision called Christmas Lake Village with lakes, tennis courts, and a golf course. He built a town hall, a medical center, and a bank for the community that grew from 37 to 2,000 residents. He served on 27 boards at one time. He was instrumental in getting a major interstate highway that changed the face and the economy of Southern Indiana.

He had a passion for making the community better, a sense of where opportunities were, and the courage to take calculated risks. He networked and acquired the skills he needed to take an evolving dream and grow it into successful businesses that also improved the town.

Although he died in 2001, Koch left his son Will to serve as president of Holiday World, which today encompasses the family entrepreneurial business. Holiday World has more than 1 million visitors each year and employs more than 1,000 people in the summer. Bill Koch stands as a great example of how a creative, spirited entrepreneur can build successful enterprises that in turn serve the community by contributing to its economy and quality of life.

Source: Holiday World and Splashing Safari website:
http://www.holidayworld.com/news/Bill_Koch.html

Beth Strube, Entrepreneur in Dickinson, North Dakota

Beth Strube was a child-care worker in the small town of Dickinson, North Dakota, and was searching for curriculum materials appropriate to the developmental needs of the children in her care. Because she was unable to find materials that motivated and excited both the children and her, she decided to create and distribute her own preschool curriculum. Strube is now the president of her own company, Funshine Express Inc. (www.funshineexpress.com).

When Strube started the venture in 1995, she had two employees, a copy machine in her basement, and 30 customers. Today, her business is located in downtown Dickinson, manages 14 employees, and serves a customer base of 3,000 to 4,000.

Strube displays the attributes needed to become a successful entrepreneur. She had a passion (educating kids) and saw a need to fulfill (better preschool curricula). She networked and acquired the skills she needed to take an evolving dream and grow it into an exceptional business. The community of Dickinson gave Strube its full support. It embraced her idea for a unique business and treated her venture like a more traditional business development opportunity, making the full range of economic development resources, including financing, available to her.

Source: Markley, Macke, and Luther, p. 38

WHAT DOES IT TAKE TO BE A SUCCESSFUL ENTREPRENEUR

Putting together a successful new enterprise is a demanding endeavor. Even though each entrepreneur and his or her enterprise are unique, successful entrepreneurs display several important attributes:

1. *Innovation*. Innovation is at the heart of the entrepreneurial process. Innovation occurs when something new is created. Sometimes an

innovation can even transform how things are done. One example of how powerful innovation can be is the invention of the self-polishing cast steel plow. The plow, invented by John Deere, cut through the heavy Midwestern soil much better than previous plows and, along the way, completely changed farming practices.

Innovation occurs when an idea's potential is imagined and then made real. Entrepreneurs are able to take an abstract idea, make it concrete, and bring it to market. The core of entrepreneurship is this ability to perceive opportunity and transform ideas into commercial products or services that people want and for which they are willing to pay.

2. *Passion.* It is often assumed that making money, and lots of it, is the main motivation of entrepreneurs. While entrepreneurs generally want to run profitable, money-making enterprises, money is not usually the most important, driving motivation. Instead, entrepreneurs usually have a passion for their ideas. According to several entrepreneurship scholars, passion is the common thread running through all entrepreneurs (Markley, Macke, and Luther, Smilor). The passion may be to live a certain lifestyle; to grow a globally competitive company employing thousands; to provide a service to meet a critical community need; to prove (sometimes over and over again) their creativity and innovative spirit, to be independent of the corporate world.
3. *Risk-taking.* It is also a common misconception that entrepreneurs are rash or reckless with their investments. However, successful entrepreneurs realize that taking foolish risks will kill an idea or an enterprise. Of course, it is also true that being unwilling to take any risk means that the business will never be launched. Instead, successful entrepreneurs become skilled at identifying and calculating risk versus reward. The ability to manage risk is an important attribute of successful entrepreneurs.
4. *Team-building.* Although entrepreneurship requires a healthy amount of independence and self-sufficiency, entrepreneurs almost always require partners to succeed. Ernesto Sirolli (1999), the founder of Enterprise Facilitation™, argues that to succeed, a new venture must be capable in production, marketing, and finance, the three legs of the stool. However, Sirolli doubts that any single person is highly skilled in all three functions. Therefore, successful entrepreneurs often bring in partners who have skills that they themselves do not possess. In fact, entrepreneurs can become highly skilled at team building. They learn what kinds of team members they need and figure out how to assemble the right people in the right functions. Great teams build

great ventures.

5. Putting the pieces together. Most successful new companies, even high-growth companies, do not begin with large capital outlays by outside investors. Instead, they generally begin with funding from what is sometimes called the 3 F's - family, friends, and foolish strangers. Of course, it takes more than money. The other "pieces" can be strategic partners, suppliers, personnel, facilities, and whatever else the particular enterprise needs to succeed. Skilled entrepreneurs are able to network and find the necessary resources.

PART 3. A STEP-BY-STEP APPROACH TO STIMULATING ENTREPRENEURSHIP IN YOUR COMMUNITY

Since communities, like entrepreneurs, are unique with their own size, way of working, and culture, we can't give you a cookbook recipe on how to make your community entrepreneurial. But we can outline a process for you to follow. It may be that your community already has completed some of these steps, so please adapt this process to suit your community's situation.

STEP 1: FORM THE E-TEAM.

An essential first step is bringing together a team of community leaders to act as champions for entrepreneurs and to coordinate activities. It may not be necessary to start a new organization; an existing organization, such as the economic development corporation, may set up a team.

But it is important that the E-team members "get it", that they believe in entrepreneurship and understand the impact that it can have in the community. Team members will need to champion the cause and convince others that an entrepreneurial approach to economic development is a worthwhile investment. Possible team members include business-people, entrepreneurs, and representatives of the economic development group or chamber of commerce, the school system, hospital, civic groups, etc.

Your team might begin by learning more about the topic. The Resource Guide (Appendix A) includes several good sources of information about entrepreneurship as a community strategy. You can gather data on the impact of entrepreneurship and collect stories about communities that have revitalized using an entrepreneurial strategy. Then team members can visit with local organizations that are actively working on business and economic development, such as the local chamber of commerce, the small-business development center,

the economic development organization, and others. Share with them what you have learned about the successes and methods of other communities.

STEP 2: EXPAND SUPPORT AND AWARENESS IN YOUR COMMUNITY.

As the E-Team meets with others in the community, you will identify individuals and organizations whose support is vital for success. For example, you will want to ensure that local government leaders, such as the mayor, city council, parish jury member, and others, are represented at the table. Local officials must “buy-in” to the initiative as they set local policies that affect entrepreneurs, and they can allocate financial resources in support of entrepreneurs.

In Step 2, the E-team builds support for the entrepreneurship initiative. This requires making the case for an entrepreneurship strategy to some leaders who may be reluctant to change or do not understand this idea. Therefore, this step may be difficult. Entrepreneurs are usually not a major concern of political leaders. In many communities, industrial development (recruiting manufacturing companies) is considered the only approach to economic development. The idea of entrepreneurship may be less appealing to a politician compared to the publicity of a ribbon-cutting ceremony for a new manufacturing plant. Therefore, the E-team needs to be well-prepared to make an effective case for entrepreneurship.

To prepare, you might want to gather quantitative data on the impact of entrepreneurship (see the sources listed in the Resource Guide, Appendix A). Visiting other communities in your state/region that have been successful with entrepreneurship is also recommended. And, perhaps most importantly, you should recruit allies to your cause, particularly entrepreneurs and business owners. They are perhaps the most credible to speak with political leaders about the potential benefits of entrepreneurship. In making your case, the E-Team needs to be clear about its vision for the entrepreneurship initiative and how it will benefit the community.

Finally, if possible, identify hot-button issues of town leaders, such as job creation, wealth reinvestment, or youth programming, and make the case for how your initiative can help alleviate those problems. (Markley, Macke, and Luther). Also, in this step, you may want to initiate projects that raise the profile and awareness of entrepreneurs in the community. For example, business plan contests, “entrepreneur of the month” awards, youth entrepreneur recognition, and presentations to civic groups are low-cost options for creating more public awareness of the importance of entrepreneurs.

STEP 3: ASSESS THE CURRENT ENTREPRENEURIAL ENVIRONMENT.

The next step is assessment. It is necessary to understand the current environment for entrepreneurs before seeking to change it. In this step, you learn

about the current mix of entrepreneurs and the resources available to help them. With this knowledge, the E-Team can decide on which type(s) of entrepreneurial talent it wants to focus its energies. Also, by identifying resources, you will see where the important gaps are for potential and current entrepreneurs. As in many community development processes, assessment paves the way for creating a winning strategy!

The first step is to gather information on the current entrepreneurial talent in the community. As we discussed in Part 2, the entrepreneurial talent pool includes potential entrepreneurs (aspiring, start-ups), business owners, and entrepreneurs (growth-oriented, serial, and entrepreneurial growth companies). Does your community have a mix of aspiring entrepreneurs, established and highly skilled entrepreneurs, and business owners with good management skills? If you are to design an effective support system for entrepreneurs, it is essential to understand who they are and what they need.

Appendix B, The Entrepreneurial Talent Pool, is a tool to help identify entrepreneurs in the community. By using this worksheet, your team can identify those entrepreneurs who fit into each entrepreneurial type. This is a first cut and, as you interview entrepreneurs in Step 4 below, you may find that you want to reclassify some entrepreneurs. After developing the list, it may be clear which types of entrepreneurial talent have the most potential to further your economic development goals. Those types should be the focus of your strategy.

Appendix C, Your Community's Entrepreneurial Support System, is a tool designed to help identify current resources that support entrepreneurs. What resources, such as a small-business development center or revolving loan fund, are already present in your community? The ETeam will want to complete this mapping exercise, but it may want to add some additional people, such as the economic development director, who may be familiar with small-business resources in the region. It is not important to fill in each square on the form; your community is not expected to have resources for all types and levels of entrepreneurs.

The important thing here is to get an overall, system view of the resources available. This exercise may help the E-Team identify how to make the system work better. For example, entrepreneurs often are confused by the cumbersome acronyms of agencies and the red-tape involved in getting assistance. Perhaps your group can streamline the system so entrepreneurs have a single point of contact and then are directed to the appropriate resource.

After completing this exercise, it is important to confirm that the resources identified do in fact exist and to verify the level of service available. For example, lawyers may be present in the community, but they may not specialize in tax or patent law, which may be important to some entrepreneurs. This can often be

discovered while interviewing entrepreneurs in Step 4.

STEP 4: INTERVIEW ENTREPRENEURS.

The most important people for the E-Team to talk with are the entrepreneurs themselves. It is obviously essential to understand their businesses and their needs. Under this step, your team conducts face-to-face interviews with a significant number of entrepreneurs, at least 25. You should target those types of entrepreneurial talent that you identified in Step 2 as a focal point, e.g. growth entrepreneurs. Confidentiality is absolutely essential to the E-Team's credibility, so be sure to release information in ways that does not enable specific entrepreneurs to be identified.

In the interviews, ask the entrepreneur about plans for the business, important issues that the business is encountering, training needs, and willingness to be involved in the entrepreneurship initiative. An Entrepreneurship Visitation Protocol is available from the RUPRI Center for Rural Entrepreneurship at http://www.energizingentrepreneurs.org/content/chapter_4/tools/1_000032.pdf After the interviews, as a final step, prepare a report that summarizes the results of your assessment work, including the identification of entrepreneurial talent, the mapping of supporting resources, and the interview results. The report does not need to be elaborate, but it should pull together this information so that E-Team members have it all in front of them as they move to develop strategy in Step 5.

STEP 5: DESIGN A STRATEGY TO SUPPORT ENTREPRENEURS.

Few communities, if any, have the resources and capacity to serve all types of entrepreneurial talent. It is time to make strategic choices of how the E-Team invests its time, energy, and financial resources. At this point, the E-Team has gathered a great deal of information about entrepreneurship in the community. Utilize this information as the basis for strategic thinking.

With this extensive information, you should have a good idea of who the entrepreneurs are and what type of entrepreneurs you want to target initially. The E-Team, in consultation with key stakeholders, should choose the initial type(s) of entrepreneurial talent to support. Focusing on the "low hanging fruit" that is likely to lead to quicker success is recommended.

Once that choice has been made, it is then a matter of deciding which specific actions the ETeam should take to assist those types of entrepreneurs. Table 2 describes the action choices that your community has. The specific actions range from organizing informal networking opportunities for entrepreneurs, to developing a group of "angel" investors, to offering workshops on topics such as "How to Write a Business Plan." Your choice of actions depends on 1) what other support resources are offering (Where are the gaps?); 2) your time and financial resources (Where do you get the biggest bang for the buck?); and 3) which

actions effectively serve the types(s) of entrepreneurs that you have selected (What action best supports our target type(s)?). Clearly, potential entrepreneurs still at the dream stage need different help than those operating a successful business in the growth mode. In the next sections, we explore how best to support different types of entrepreneurs. That can help guide you in selecting the most effective actions. Before taking any action, check again with a few entrepreneurs to make sure that it is something they want and will participate in.

Major category	Examples of specific actions
ENTREPRENEURIAL INFRASTRUCTURE Expand the community's infra- structure, including human, physical, and financial elements, to support entrepreneurs	Improve the roads, bridges, and water systems Encourage community organizations to support and participate in entrepreneurship initiatives Establish a strong community and economic development organization Expand IT capacity and improve quality of life by investing in schools, health care, etc.
NETWORKING Provide entrepreneurs opportunities to network with other entrepreneurs	Organize informal "front porch" gatherings Offer monthly forums at the chamber of commerce Create an entrepreneurial mentoring program or peer group program
TECHNICAL ASSISTANCE Create access to technical assistance providers and to business services, such as legal and accounting professionals	Link to business counseling services, such as small-business development centers, to provide one-on-one technical assistance, such as assistance with business plans Create access to a wide variety of business service providers, including legal, accounting, management, marketing, human resources, etc.
TRAINING, EDUCATION Provide training to aspiring entrepreneurs, business owners, and current entrepreneurs to expand their skills and capacity as entrepreneurs	Provide access to training workshops on topics of interest to local entrepreneurs, such as marketing or human resource management Develop a local microenterprise program that provides small amounts of capital and intensive training to small enterprises Offer entrepreneurship classes to K-12 students and to young adults
FINANCIAL CAPITAL Increase access to investment capital for entrepreneurs	Provide local incentives to entrepreneurs, such as tax incremental financing Develop a revolving loan fund to assist business start-ups Develop a network of "angel investors" to fund new enterprises

OTHERS	Develop an incubator that provides space and services for new enterprises Provide entrepreneurs with one-on-one coaching from a trained coach who can assist the entrepreneur through the process of starting a business Provide high-level services to entrepreneurs, such as market analysis and research on competitors and industry trends
--------	--

Source: Based on the strategies presented in Markley, Macke, and Luther, Chapter 8.

Strategies for Potential Entrepreneurs

If you have selected potential entrepreneurs as your target group, your team needs to consider the needs of people early in the venture creation process. Aspiring entrepreneurs are motivated toward making a life change and are actively considering crossing the bridge and starting an enterprise. Start-up entrepreneurs, on the other hand, have crossed the bridge and made the decision to start their business. They have given thought to the business model, although some gaps may still exist. Some may have a formal business plan, although most do not.

Aspiring entrepreneurs and start-up entrepreneurs need someone to help them move from ideas to a solid game plan. They need help making sure all the pieces are in place. Is the management team strong? Is there capital to start the venture? Are markets clearly identified and strategies for tapping them tested? Can they acquire the necessary skills quickly enough to succeed with the venture? The specific needs of aspiring and start-up entrepreneurs are closely related and can be met with moral support, networking and mentoring, business counseling, and entrepreneurship training.

Entrepreneurial networks that serve aspiring and start-up entrepreneurs can be formal or informal. An example of a formal network would be monthly forums sponsored by the chamber of commerce that offer an opportunity for entrepreneurs to meet their peers and talk about service providers, markets, or frustrations about doing business. A network is a great place for an aspiring entrepreneur to get moral support as he speaks with others who have already traveled the path to a successful business. However, networking does not have to be formal. An informal breakfast meeting for young entrepreneurs or a friendly Friday happy hour for entrepreneurs on Main Street can provide opportunities for entrepreneurs to develop connections and identify the resources and support they need from their peers. In many cases, simply providing a venue for entrepreneurs to come together is all the work the community needs to do – the entrepreneurs often take it from there.

Aspiring and start-up entrepreneurs often can benefit from participation in training and counseling programs, either one-on-one or with other entrepreneurs. Small-business development centers (SBDC) are an important resource in providing

both training and counseling opportunities to aspiring and start-up entrepreneurs. Furthermore, a number of well-tested “how to” training programs take entrepreneurs through the process of starting their own businesses. FastTrac and NxLevel are examples of programs that provide an excellent curriculum for entrepreneurs who are in the early stage of building their ventures.

Your team should be closely linked with the SBDC and other regional providers of training and counseling. Micro-enterprise programs often combine training with micro-lending programs, providing opportunities for entrepreneurs who are self-employed or have very few employees to get the assistance they need. Counseling programs may be more appropriate for entrepreneurs who have already developed a business plan but need assistance with specific aspects of the business. For example, an entrepreneur might need assistance accessing export markets or understanding the licensing requirements for operating a commercial kitchen.

Business owners who are motivated to grow their businesses need many of the same support services as start-up entrepreneurs – networking opportunities, training to build their skill sets, and one-on-one assistance with specific business issues, such as creating a new website, developing e-commerce tools, or tapping new markets. Your team should stay in touch with business owners throughout the community to identify those who want to grow their businesses so you can provide them with the necessary support.

Strategies for Growth Entrepreneurs

Obviously, growth-oriented entrepreneurs, especially high growth, are gold to a community. Not only do they provide jobs and income to the community now, but their success will bring expansion in the future. Your team wants to provide them with the best support available.

What support do the growth-oriented entrepreneurs need? They are past the discovery and start-up stages and do not need to sit through a 12-week course on how to start a business. Since growth-oriented entrepreneurs are often interested in developing a new product or cultivating a new market, they may need knowledge of capital sources or assistance with marketing or expanding production. They may need to expand the management team to encompass new skills. As their success has grown, their support needs have changed from broad forms of general assistance to very specific, targeted business information needs. To effectively support these growth-oriented entrepreneurs, support services should focus on customized assistance, higher order assistance, and networking.

As the growth-oriented entrepreneur’s needs become more targeted and specific, the support must evolve as well. Customized assistance provides one-on-one

help in response to very specific questions from the entrepreneur. General practice attorneys and business counselors often have the qualifications needed to help a start-up entrepreneur with legal or financial questions. However, to support growth-oriented entrepreneurs, higher order services may be required. The growth-oriented entrepreneur who is developing a new product may need a patent attorney. An entrepreneur with a rapidly growing business may need the capital and expertise that a venture capitalist can provide. If these services are not available locally, your team can help by developing a network of external service providers, often in nearby urban areas, which can be tapped to help these growth-oriented entrepreneurs.

Networking remains important to growth entrepreneurs. Whether you are assisting aspiring, start-up or growth-oriented entrepreneurs, the importance of networking doesn't change. The sophistication of the network may increase as the growth-oriented entrepreneur seeks specialized knowledge to help the business expand. The informal breakfast group may give rise to a more formalized network, perhaps organized by the chamber of commerce or a business association. One of the best examples of a sophisticated entrepreneurial network exists in North Carolina – the Council for Entrepreneurial Development (www.cednc.org.)

STEP 6. IMPLEMENT YOUR STRATEGY.

Now it is time to take action based on the strategy that you outlined in Step 5. The E-Team should develop a one-year Action Plan that is results-oriented. Identify specific tasks and assign them to a team member or community organization. It is fine to start small. In Shenandoah, Iowa, one entrepreneur opened up his house and front porch to host an informal, ongoing discussion among existing and aspiring entrepreneurs. Suddenly, with a place to go, new ideas were generated, and soon new businesses started. (Markley, Macke, and Luther) Remember to focus on visible projects, be persistent, and celebrate your progress. As you gain momentum, encourage more people, including potential entrepreneurs, to join the network.

STEP 7. KEEP SCORE.

It is important to keep track of the entrepreneurship initiative's progress. As you begin implementation, your team should identify metrics to track over time, such as entrepreneurs who participated, workshops offered, and referrals made to technical assistance providers as well as outcomes such as new organizations started, new networks of entrepreneurs formed, etc. Evidence of progress will spur more volunteers, build enthusiasm, and attract funding from local or state organizations.

PART 4. CONCLUSION

Communities are recognizing that entrepreneurship is an important strategy of economic development. In this guide, we discussed the tremendous impact that entrepreneurs have on a community. However, entrepreneurs are not all the same. We classified entrepreneurial talent into three major categories: potential entrepreneurs, current business owners, and established entrepreneurs. Communities must be flexible and responsive to meet the varying needs of each type of entrepreneurial talent.

We also have provided a process that communities can follow to strengthen their support of entrepreneurs. The process is based on identifying entrepreneurs, mapping their current support resources, and conducting face-to-face interviews with entrepreneurs. The process is based on the idea that support must be tailored to fit the needs and wants of entrepreneurs rather than based on satisfying an external agency or funding source.

The guide provides possible actions that communities can take. Supporting entrepreneurs can be as simple or elaborate as the community chooses. It can range from establishing a “front porch” networking venue to providing venture capital and intensive assistance, (as in the Kentucky Highland Investment Corporation example in Appendix A). Interestingly, all types of entrepreneurs benefit from networking and mentoring opportunities. Indeed, other entrepreneurs may be the most valuable source of information and ideas! The example of Fairfield, Iowa, illustrates the power of networking and mentoring in igniting an entrepreneurial economy.

Entrepreneurship has always been the engine that brings new vitality to communities, yet it has been largely overlooked as an economic development strategy. Community developers will be surprised at the potential of local entrepreneurs. As your community learns to support and honor entrepreneurship, remarkable and surprising things may happen.

REFERENCES

- Chojnowski, B. (2006). "Open-Source Rural Entrepreneurship Development." *Rural Research Report*, Illinois Institute for Rural Affairs, Western Illinois University, Volume 17, Issue 2. (Downloaded from www.iira.org, September 27, 2006).
- *Global Entrepreneurship Monitor 2000 Executive Report*, <http://www.gemconsortium.org/document.asp?id=139> (Downloaded September 26, 2006)
- Holiday World and Splashing Safari website: http://www.holidayworld.com/news/Bill_Koch.html (Downloaded March 19, 2008)
- Markley, D., D. Macke, and V. Luther (2005). *Energizing Entrepreneurs: Charting a Course for Rural Communities*. Lincoln, Neb.: Heartland Center for Leadership Development. RUPRI Center for Rural Entrepreneurship. Content also available at <http://www.energizingentrepreneurs.org>
- National Commission on Entrepreneurship (2001). *High Growth Companies: Mapping America's Entrepreneurial Landscape*. www.publicforuminstitute.org/nde/sources/reports/2001-high-growth.pdf (Downloaded September 26, 2006)
- Roberts, R. T. (Tucson) (2006). "Retention and Expansion of Existing Businesses", Chapter 11 in *Community Development Handbook*, Robert H. Pittman and Rhonda Phillips (eds.). Atlanta: Community Development Council, pp. 93-101.
- Schultz, J. (2004). *Boom Town USA: The 7 1/2 Keys to Big Success in Small Towns*. Herndon, VA: National Association of Industrial and Office Properties.
- Small Business Development Center, Office of Advocacy (2004).