

Community Based Entrepreneurship



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Today's Presentation Based on Multiple Levels of Analysis

- Michigan Creating Entrepreneurial Communities initiative;
- Literature review of other community entrepreneurship approaches:
 - Mapping community entrepreneurship, by WK Kellogg Foundation and Corporation for Enterprise Development;
 - Journal of the Community Development Society;
 - "Growing entrepreneurs from the ground up" by Rightmyre, Johnson and Chatman, University of Missouri-Columbia
- National Business Incubator Association

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Key Questions Addressed in Presentation

- Why entrepreneurship as an economic development strategy?
- What is an entrepreneurial community?
- What have we learned about innovative practices in community entrepreneurship development?

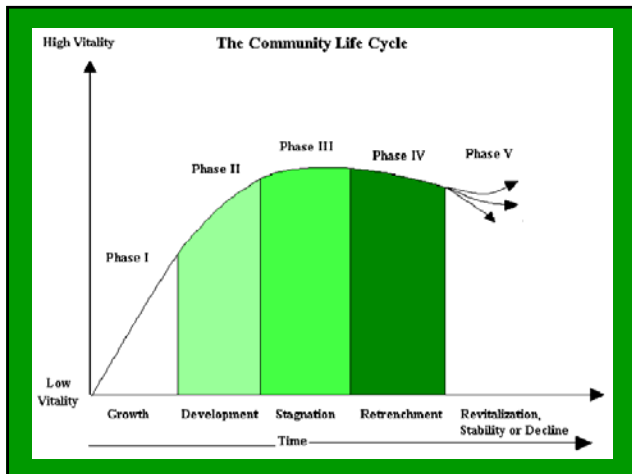
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Reality in many Communities

- Closed factories
- Closed stores on main street
- Youth out migration
- Aging Populations
- Inadequate infrastructure to support the "new economy"



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Economic Development 101

- Business attraction primary focus of local economic development activities;
 - Tax abatements, CDBG infrastructure grants, are primary tools
- Economic clusters drive growth strategies;
- Focus on job creation – the more the better;
- Business retention is conducted, but on limited basis (>50 employees)

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Economic Development 101

- An economy is the act of trading with one another;
- We all specialize, and trade with others who specialize:
 - RV's made in Elkhart, IN
 - Gas refined in Houston, TX
 - Carpet manufactured in Dalton, GA
 - Aviation components in Wichita, KS
 - Bulldozers manufactured in Peoria, IL

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Typical Community Approach

- Aggressively recruit industry;
 - Low wages
 - Low land prices
 - Low taxes
- Offer incentive packages to boot



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Community-based entrepreneurship approach

- **Develop local entrepreneurs**
 - Create nurturing environment;
 - People with roots in community
- **Support innovation that avoids commoditization;**
- **Public sector role**
 - Invest in community not companies



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Why entrepreneurship as an economic development strategy

Positive relationship between economic growth and entrepreneurship

- Global Entrepreneurship Monitor says 70% of the difference in economic growth among industrial nations can be explained by their level of entrepreneurial activity.
- Small enterprises create most of the new jobs and innovations in our economy.



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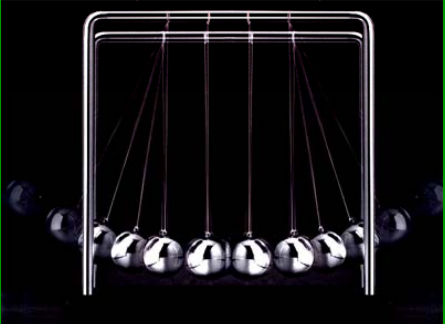
Entrepreneurship challenges in many communities?



- Culture does not always support entrepreneurship.
- Isolation from markets, service providers and other entrepreneurs.
- Limited opportunities for mentoring and networking.
- Lack of capital and other support infrastructure.
- Few growth and serial entrepreneurs.

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What is an Entrepreneurial Community?



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What have we learned about innovative practices in entrepreneurship development?




Intentionally focused on identifying and supporting entrepreneurs as they create and grow their enterprises.

Intentionally focused on creating an environment that is supportive of entrepreneurs and their enterprises – entrepreneurial culture.

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Four Principles of Community-based entrepreneurship

- Community driven
- Regionally oriented
- E-Focused
- Learning Networks



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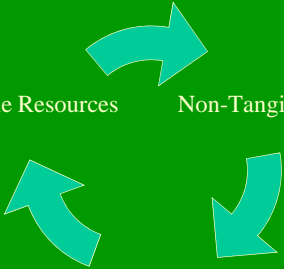
What is your community telling you?

www.YourEconomy.org



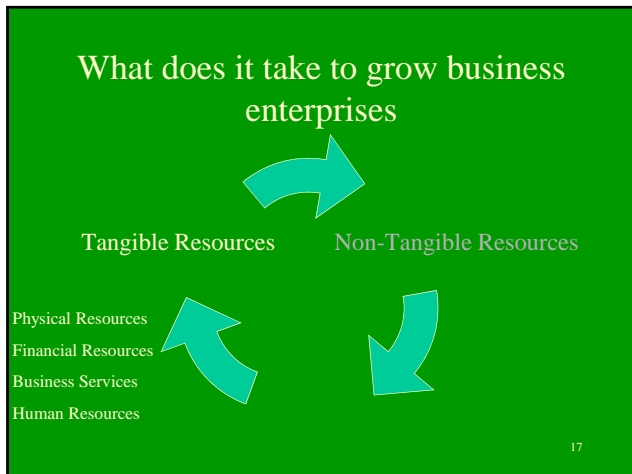
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What does it take to grow business enterprises



Tangible Resources Non-Tangible Resources

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What does it take to grow small businesses?

Tangible Components

Physical Infrastructure

- Adequate and affordable building space;
- Adequate and affordable land zoned for business development;
- Highway accessibility;
- Adequate water and sewer services;
- High speed Internet Access;

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What can your community do?

Physical Infrastructure

Basic Support

- Work with your local and regional planning resources to develop a transportation plan that addresses highway accessibility needs businesses.
- Take an inventory of available buildings for various types of small businesses; Identify available space and rent for each available space.
- Identify level of internet access. Is the current level adequate or is there a need for high speed access.

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What can your community do?

Physical Infrastructure

Advanced Support

- Establish a method for those who wish to start a business to easily identify available building space, targeted to the type of business they want to start.
- If it is an established need, explore methods for bringing high speed internet access to your community.

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What can your community do?

Physical Infrastructure

High Performing

- Support the development of a business incubator or a multi-tenant space for new businesses.
- Based on your community need, identify what types of facilities could encourage new businesses. (e.g. commercial kitchen or studio space for area artists.)



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What can your community do?

Incubator Lessons

- Match incubator services to needs of entrepreneurs;
- Incubator part of overall economic development strategy;
- Be creative, but realistic;
- Don't let real estate drive project;
- Establish sound financial plan;
- Set realistic goals for project



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What does it take to grow small businesses

Financial Resources

- Knowledge of financial tools available to assist small businesses;
- Financial institutions willing to use financial tools;
- Resources/training to learn how to prepare financial statements;
- Access to capital



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What can your community do?

Financial Resources

Basic Support

- Contact area lenders and identify what business financing tools they are familiar with and utilize. Make list available;
- Gather references from various business lending programs and make available;



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What can your community do?

Financial Resources

Advanced Support

- Bring resource people from state and federal small business programs to your community;
- Identify what programs exist in your state that provide venture capital and seed capital for particular types of businesses & technology;
- Develop a website with links that can assist residents in accessing available capital programs;

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What can your community do?

Financial Resources

High Performing

- Ensure access to a variety of debt & equity financing options that a business may need to fulfill its potential;



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What does it take to grow small businesses

Business Services

Commercial/Professional Infrastructure

- Available technical assistance to start a business;
- Available legal services;
- Available accounting services;
- Available professional services (e.g. printing);



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What can your community do?

Commercial and Professional Infrastructure

Basic Support

- Connect the Chambers in cities within a one-hour drive for listings of professional services. Make available to small business owners;
- Gather references for various professional services from existing local businesses;
- Run advertisements or write articles asking for people who provide professional services to contact you if they are interested in serving in your area.

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What can your community do?

Commercial and Professional Infrastructure

Advanced Support

- Check out existing regional or statewide resources that already serve your area ask how you can help them increase their services;
- Tap into state and national expertise:
 - USDA RD rural business program
 - Rural Policy Research Institute (rupri.org)
 - Community Assessment Teams (Local University)

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What can your community do?

Commercial and Professional Infrastructure

High Performing

- Identify gaps in commercial and professional services in your area and find ways of filling those gaps.
- Bring professional services into your community and inform business owners of available resources to them.



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What does it take to grow small businesses

Human Resources

- Education and training needed for starting a small business is available to adults;
- Education and training needed for starting a small business is available to youth;
- Continuing education opportunities exist for new type of jobs being created;



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What can your community do?

Human Resources

Basic Support

- ID what programs local schools and organizations have in place to foster youth entrepreneurship;
- ID what programs local schools and organizations have in place to teach business skills to adults;
- Establish a listing of distance-learning resources and make the list accessible via a community website.



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What can your community do?

Human Resources



Advanced Support

- Offer programs for those interested in starting a small business (NxLevel, FastTrac, etc);
- Offer monthly seminars on how to start a business;
- Offer programs that enhance the knowledge and use of new technology
- Encourage youth to start a small business

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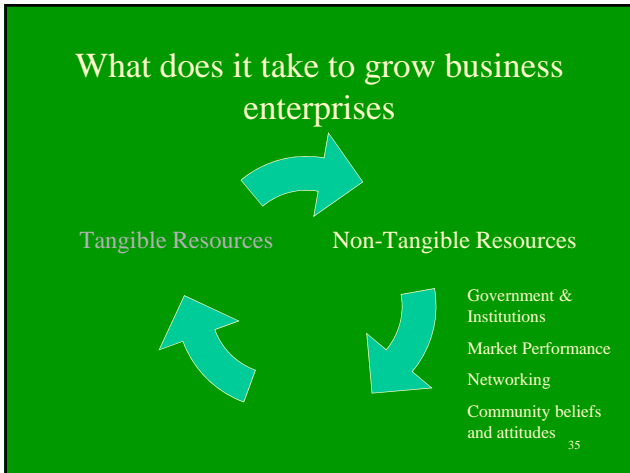
What can your community do?

Human Resources

High Performing

- Establish a scholarship fund that can be used to support a community member in gaining the required training to start a business;
- Establish a mentoring program. This can include connecting youth to entrepreneurs;
- Integrate entrepreneurship into K-12 curricula to help instill an attitude that people can create their own business;

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What does it take to grow small businesses

Less Tangible Components

Government and Institutions

- Local govt. is willing to use public funds to make improvements that support business development;
- Local govt. is responsive to small business needs;
- Local govt. provides a favorable climate by reviewing and updating policies, ordinances;



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What can your community do?

Government and Institutions

Basic Support

- Increase the awareness among local govt officials and staff on the importance of entrepreneurship to the community;



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What can your community do?

Government and Institutions

Advanced Support

- Review zoning and regulations for your community and ensure they consider small business needs, including home-based businesses;
- Encourage the involvement of artists, designers, graphic artists, architects and landscape architects on planning and zoning boards;

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What can your community do?

Government and Institutions

High Performing

- Hire a local coordinator to work with small business owners to help maximize the potential of their businesses;
- Create a non-profit “Entrepreneurship Support Organization” to offer support for entrepreneurs;
reference: (ruraleship.org)

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What does it take to grow small businesses

Market Performance

- Local needs for products and services are identified and met through local businesses;
- Local businesses develop new products and services to meet emerging market demands outside of the community;




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What can your community do?

Market Performance

Basic Support

- Assist businesses with identifying the marketing expertise they need and where they can get that expertise;
- Conduct a survey to find out what goods residents currently shop for outside the community. Encourage existing businesses to offer those goods, stopping the leakage.



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What can your community do?

Market Performance

Advanced Support

- Identify industry clusters that exist in your area;
- Work with a college in developing more sophisticated marketing expertise;
- Assist local businesses with feasibility analysis by making connections with consultants.



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What can your community do?

Market Performance

High Performing

- Sponsor delegations to conferences, trade shows or trade missions to increase the awareness of new markets;



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What does it take to grow small businesses

Networking

- There are opportunities for people in the business community to network, either formally or informally, to exchange information and ideas;
- Business networks overlap between sectors;
- Business networks extend beyond the community;
- Existing business networks welcome new members;

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What can your community do?

Networking

Basic Support

- Create networking opportunities for small business owners if none currently exist;
- Encourage the Chamber to start or expand a networking group for business owners;
 - E.g. Leads Groups, Business After Hours

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What can your community do?

Networking

High Performing

- Host regular programs that bring together those with business ideas and those with funding for small businesses.



What does it take to grow small businesses

Community Beliefs and Attitudes

- Locally owned small businesses are seen as a valuable part of the community;
- Risk taking is supported;
- Ethnic, cultural and lifestyle diversity is accepted;
- Youth are given opportunities to participate in community and business activities;

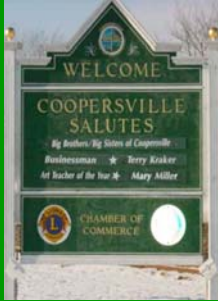


What can your community do?

Community Beliefs and Attitudes

Basic Support

- Create a community-wide campaign to increase awareness of the value that small businesses provide;
- Create a small business of the month award;
- Help the community understand the needs and realities of entrepreneurs.



What can your community do?

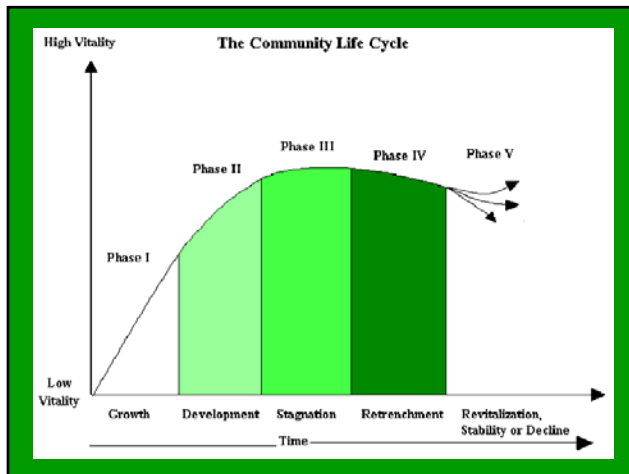
Community Beliefs and Attitudes

Advanced Support

- Identify a community that is experiencing success in supporting small business development and plan a visit to that community for a day;



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