

eXtension

Entrepreneurs & Their Communities

www.extension.org/entrepreneurship

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Housekeeping Details

- Sharing your email address
- Webinar evaluation at

<http://tinyurl.com/45m5yr>

Please take 5 minutes at the end of this webinar to let us know how we did & what else you'd like to learn

- Site orientation

Welcoming Entrepreneurs To Your Community

**Greg Wise, University of Wisconsin-Extension
Charlie French, University of New Hampshire
Cooperative Extension**

April 23, 2008



Defining Entrepreneurship

- An Entrepreneur
- Entrepreneurs
- Entrepreneurship

An Entrepreneur

- A person who creates and grows an enterprise
 - » Brian Dabson, Rural Policy Research Institute
- [An individual who] develops innovations, creates jobs, and contributes to a more vibrant national and global economy
 - » Ewing Marion Kauffman Foundation
- An Entrepreneurial Growth Company (EGC)—
 - All businesses start small; have limited means; require tremendous founder energy
 - EGCs show extraordinary productivity gains (greater quality; resource efficiency; or both); aim for massive growth
 - EGCs are clustered around newly deregulated and emerging industry sectors; and are particularly uncertain and vulnerable
 - » National Commission on Entrepreneurship

Entrepreneurs

- A creative class within American society. Some create businesses—others contribute to the civic life of communities. Entrepreneurs in America come in many forms, including those who create ventures with a public purpose
 - » Deb Markley and Don Macke, Center for Rural Entrepreneurship

Entrepreneurship

- An attitude and culture defined by initiative, imagination, flexibility, creativity, a willingness to think conceptually, and the capacity to see change as an opportunity
 - » Adapted from William Bygrave, Babson School
- Entrepreneurial communities exhibit a culture of innovation and embrace the unconventional
- A strategy to support a community's sustainability

Entrepreneur-Entrepreneurs- Entrepreneurship

- Individual actors
- Sets of business enterprises
- Economic activity in a place

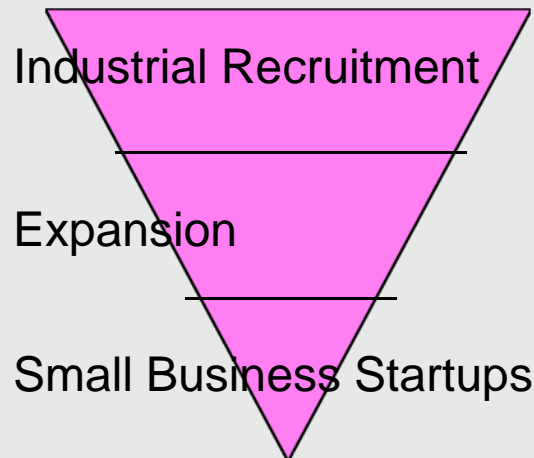
**Economic success requires that we understand
and support each of these**

Entrepreneurship Goes Mainstream

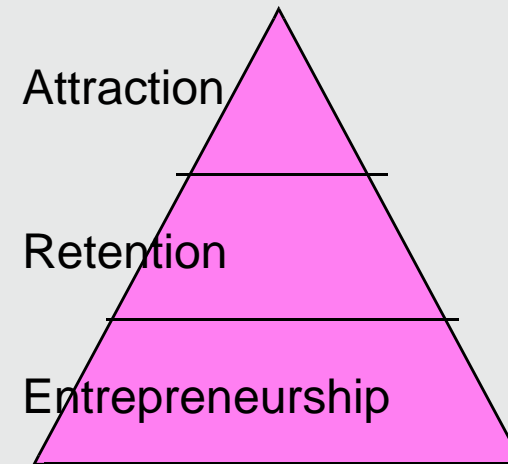
- “As the U.S. economy enters a new century...the time is opportune to reflect on the basic characteristics of our economic system that have brought about our success in recent years... Competitive and open markets, the rule of law, fiscal discipline, and **a culture of enterprise and entrepreneurship...**”
 - Alan Greenspan, Federal Reserve Chairman, Congressional Testimony, 2000

Models of Economic Development

“Traditional Model”



“New Model”



- ✓ Traditional Model: Local and Competitive / New Model: Regional and Cooperative
- ✓ The relative amount of attention given to the three major ingredients is reversed
- ✓ The model quite literally transforms from a precarious one to one that builds upon a solid, grounded foundation
- ✓ The nature of the three ingredients themselves fundamentally change from narrowly conceived approaches to broadly defined strategies

Adapted from Brian Dabson, RUPRI

Economic Performance

- The *Global Entrepreneurship Monitor Project* (GEM), a comparative international study that provides evidence linking the level of entrepreneurship and economic performance:
 - The correlation between the level of entrepreneurial activity and economic growth is greater than 70 percent
 - All nations with high levels of entrepreneurial activity have above average rates of economic growth
 - Economies with higher rates of entrepreneurial activity are stronger and more competitive

Where do new jobs come from?

- It is estimated that each year between 7 and 8 percent of all jobs are lost within the local economy due to the natural cycle of firms
- These jobs are replaced in the following ways:
 - Expansion of existing firms
 - Business startups
 - Business relocations

NGA Now Touting Entrepreneurship

- In a 2004 National Governor's Association Center for Best Practices report, the NGA made the following findings:
 - Entrepreneurial growth companies account for a significant percentage of new job creation and are the catalysts for cluster-driven economic development
 - Experts attribute nearly 70 percent of economic growth to entrepreneurial activity
 - About 35 percent of the Fortune 500 companies are displaced every 3 to 4 years by more rapidly expanding firms

More Evidence

- The Public Forum Institute's National Dialogue on Entrepreneurship adds:
 - Firms of fewer than 20 employees generate the majority of new jobs
 - “Gazelles” – defined by David Birch as ‘firms with revenue of at least \$100,000 (initial year) that sustained at least 20 percent growth in revenue over four consecutive years’ – contribute about 1 out of every 7 new jobs added to the economy each year

Measures of Entrepreneurship

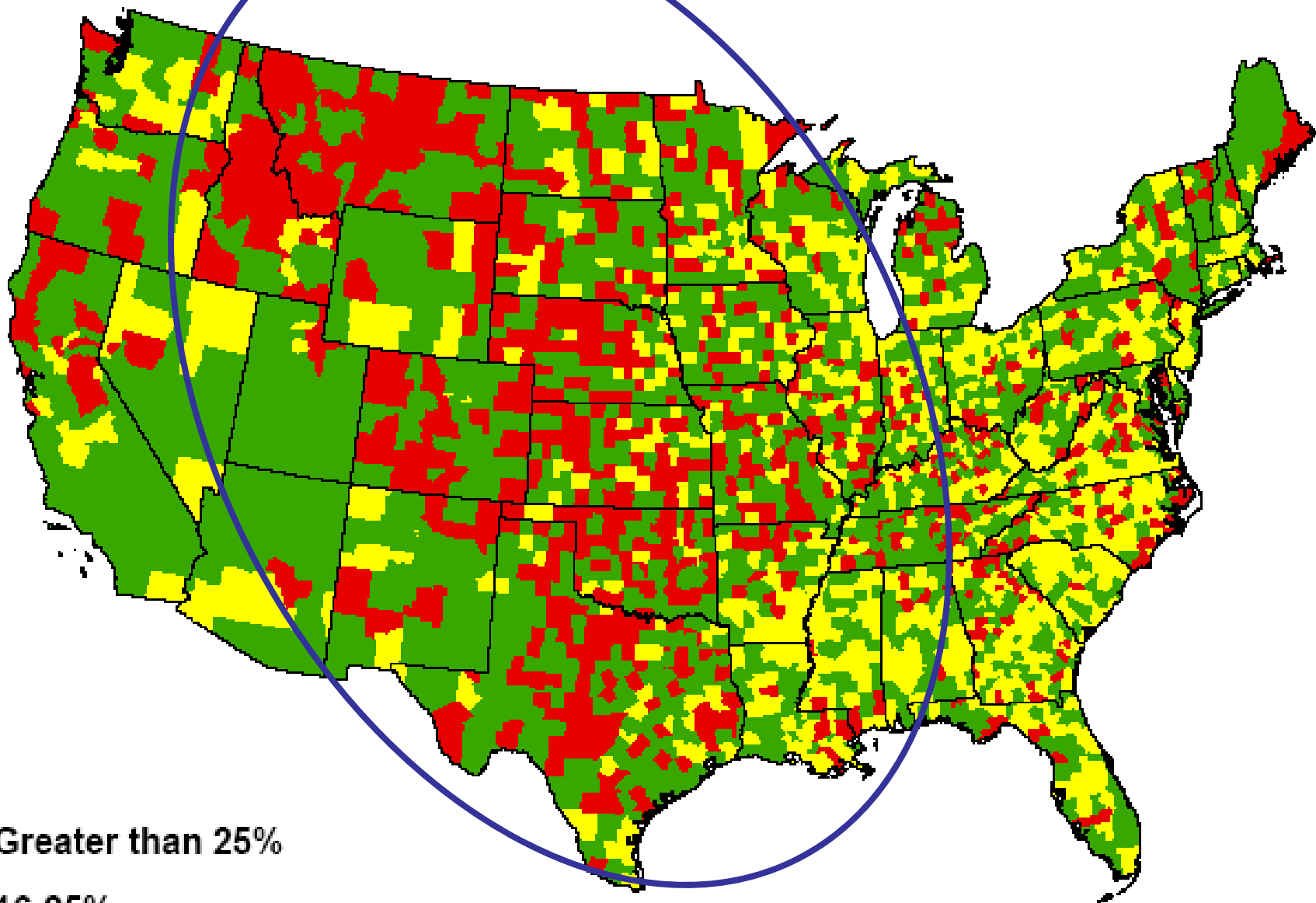
- New business formation
- New business growth
- Job churning
- Self-employment to total employment
- Income and economic growth of self-employment
- Technology/knowledge industry growth (income, employees)
- Patents and research grants activity
- Investment activity (angel capital, venture capital)
- Initial public offerings

Entrepreneurship Breadth & Depth

The Main Street Economist, September 2004, Center for the Study of Rural America, Federal Reserve Bank of Kansas City (Sarah Low)

- Breadth: The Entrepreneurial Seedbed
 - Many different kinds of entrepreneurs
 - Ratio of self-employed to total employment
 - Breadth particularly high in rural America, in counties with smaller cities
- Depth: A Valuable Asset for Regional Economies
 - Value created by entrepreneurs
 - Income and value-added (receipts)
 - Rural areas lag in income and profits—which creates most economic benefits

Share of Self-Employment to Total Employment



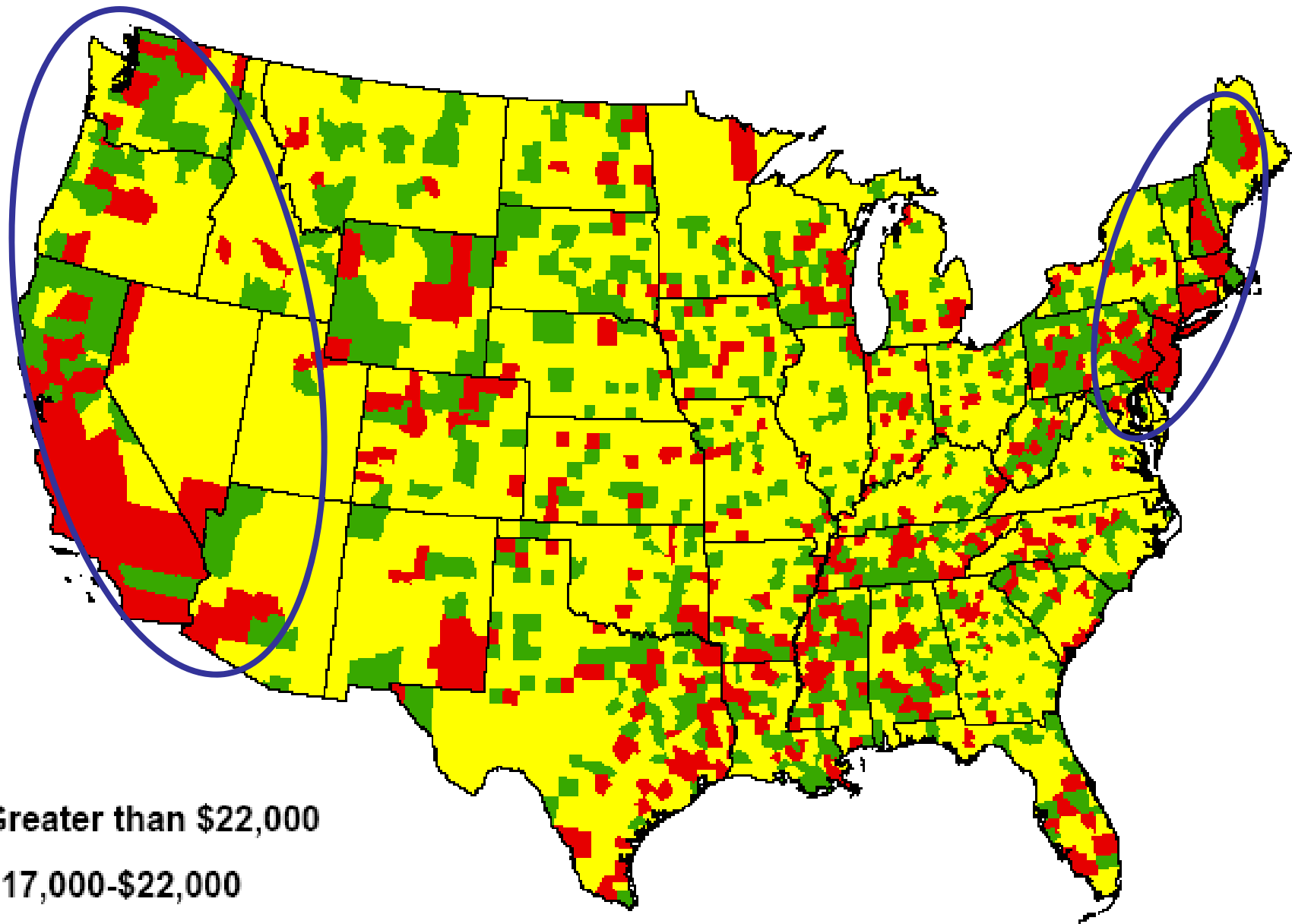
- Greater than 25%
- 16-25%
- Less than 16% (Average)

[Breadth]

Source: BEA-REIS, 2001

Average Entrepreneur Income

Average Income = Total Proprietor Income / Proprietors



- Greater than \$22,000
- \$17,000-\$22,000
- Less than \$17,000 (Average)

[Depth]

Source: BEA-REIS, 2001

Development Report Card: Entrepreneurial Energy

2006 Development Report Card for the States, CFED, 2008

- Grades of A
 - California
 - Colorado
 - Georgia
 - Idaho
 - Maryland
 - Michigan
 - Nevada
 - Utah
 - Virginia
- Grades of F
 - Alaska
 - Mississippi
 - Montana
 - West Virginia
 - Wyoming

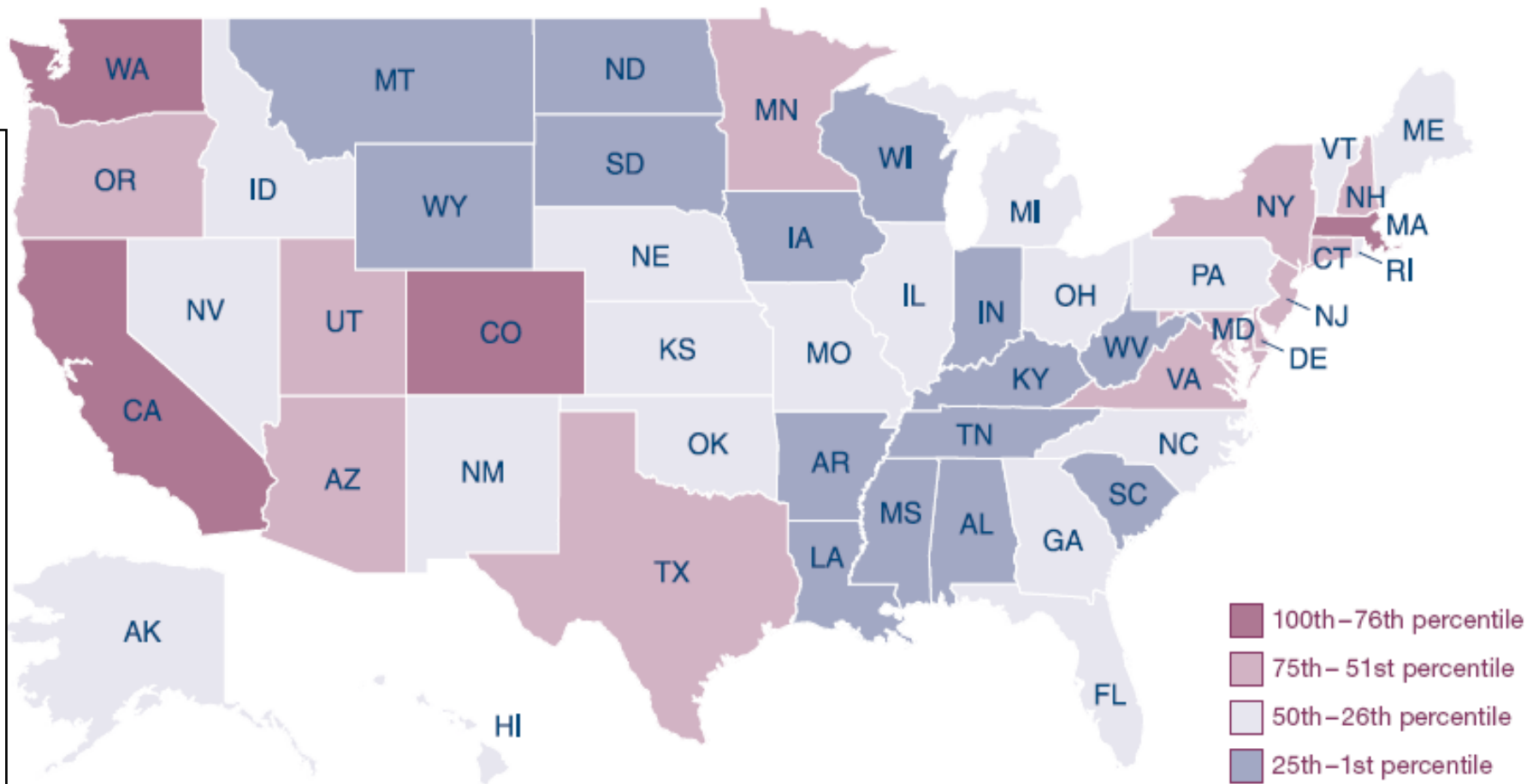
Measures of
Entrepreneurial Energy:
New Companies;
Change in New
Companies; Job
Creation by Start-Up
Businesses; Technology
Industry Employment;
Initial Public Offerings

New Economy Index State Rankings

2002 State New Economy Index, Technology, Innovation, and New Economy Project, Progressive Policy Institute

THE RANKINGS

OVERALL SCORES



Indicator Measures:

Knowledge
Jobs;
Global-
ization;
Economic
Dynamism;
The Digital
Economy;
Innovation
Capacity

Based on the scores below, the states break into percentiles as indicated on the map. See methodology for further explanation.

Are we meeting the needs?

- The NGA reports:
 - Despite the importance of entrepreneurs to the economy, these firms are not well-supported by public economic development strategies and programs
 - Entrepreneurs often ‘fall between the cracks’ of programs designed to support more traditional, less agile business models
 - There needs to be ‘broker’ for a variety of private and not-for-profit and public services and policy changes should be considered to address the needs of entrepreneurs

Are we meeting the needs?

- A recent Wisconsin survey indicated that the majority of people involved in the entrepreneurial process are not contacting assistance providers for help – more detailed analysis shows a significant lack of awareness of these programs as the reason
- Of those that did contact a resource provider, almost half of the respondents reported receiving conflicting information
- How do you stack up?

A New Approach is in Order

- The NGA calls on states to:
 - Develop supportive environments for entrepreneurs through economic development and other policy vehicles

A New Approach is in Order

- The Ewing Marion Kauffman Foundation and the NGA together offer the following prescription:
 - State entrepreneurial policies are more likely to succeed to the extent that states become “as entrepreneurial as the clients they serve.” Entrepreneurs typically succeed by leveraging resources they do not own – likewise, states (and we can add Universities and local organizations) do not and cannot, indeed, should not, own most of the resources required to create the conditions for company growth
 - Can we facilitate an agile approach that includes the right players?

An Entrepreneurial Culture

- Conducting Research on Entrepreneurship
 - What do entrepreneurs need, how do they want it and what can we do to support them?
 - What is the importance of entrepreneurship to our economy and how do we support and encourage it?
- Improving the Skills and Knowledge of Entrepreneurs
- Fostering a Community Environment Supportive of Entrepreneurs

Creating an Entrepreneurial Culture

Deb Markley, Co-Director, Rural Policy Research Institute's Center for Rural Entrepreneurship

- Learning from others
- Celebrating success
- Leadership development
- Youth engagement

Keys to Successful Programs

- Focus on entrepreneurs
- Build on community assets
- Encourage broad community collaboration
- Strategically target the needs and interests of entrepreneurs

Where do new jobs come from?

- (a) Growth of Existing Business
- (b) Business Start Ups
- (c) Business Relocation

**This slide (Greg's final) is a placeholder –
to be replaced by an interactive poll.**



HOW CAN YOU MAKE YOUR COMMUNITY MORE ENTREPRENEUR-FRIENDLY?



What we need
is more industry!



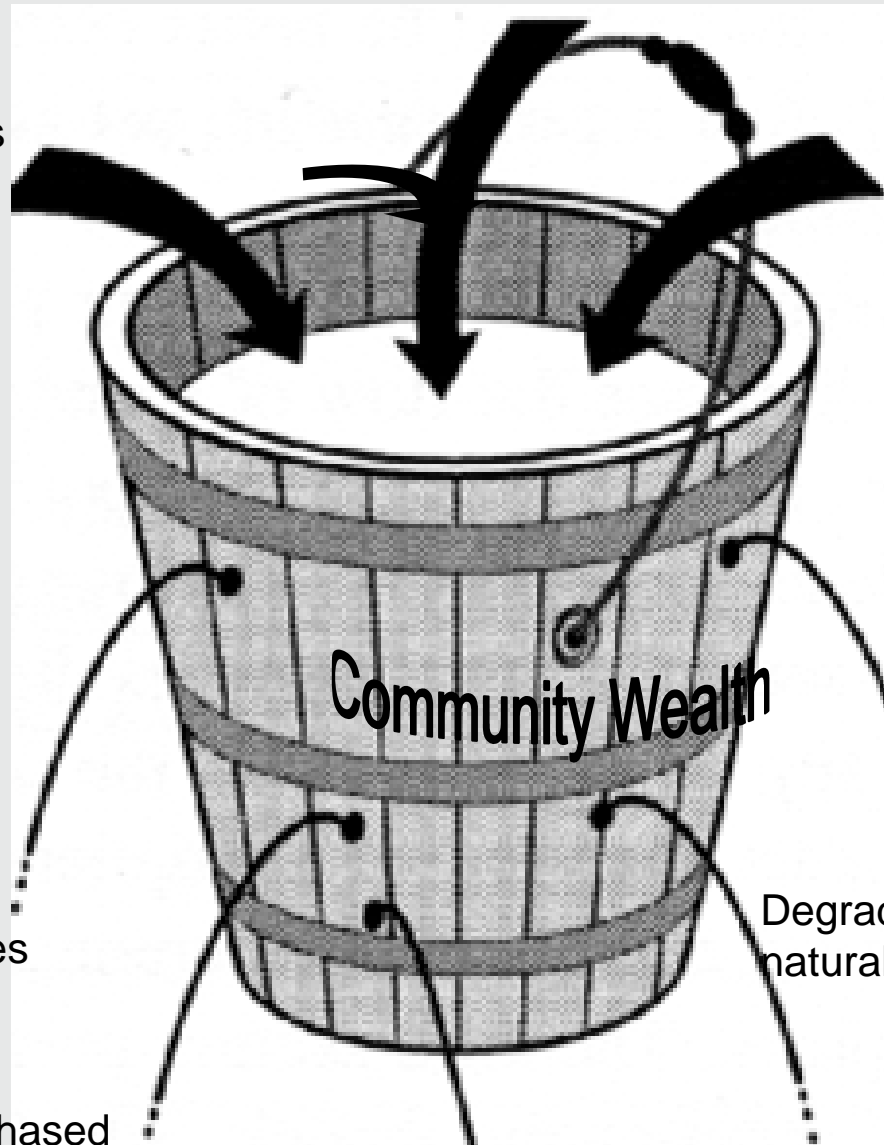
The Leaky Bucket

Creative and sustainable use of community assets/resources

Retention and recirculation of local dollars

Cultivation of attributes that community values

Production & sale of local goods & services



Material waste

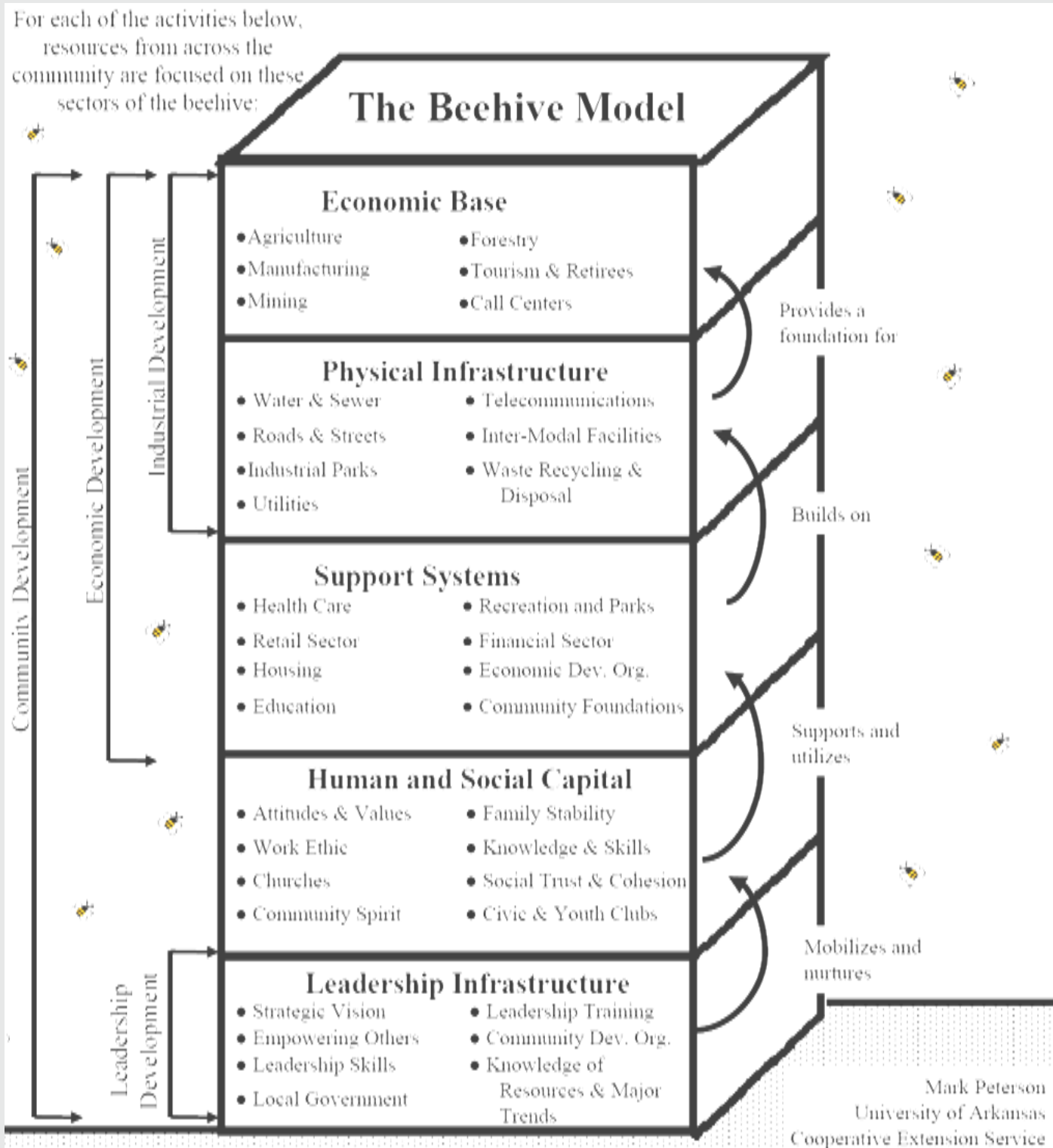
Federal and state taxes

Degradation of land and natural resource base

Goods & services purchased from outside community/region

Energy inefficiency

For now, let's forget about the top 3 boxes in the beehive. Rather, let's focus on strengthening leadership infrastructure and leveraging human and social capital.





What Can Communities Do to Cultivate an Entrepreneurial Climate?

1. **Form the leadership**
2. **Assess the climate for business innovation**
3. **Build awareness of entrepreneurship opportunities**
4. **Enhance entrepreneurship education/training**
5. **Mobilize community support**
6. **Nurture existing and potential entrepreneurs**



Leadership

- **The Visionary or Catalyst**
- **The Organizers**
- **The Political Backers**
- **The Coalition**

Resources:

Leadership FAQ: <http://www.extension.org/faq/26082>

Resource re 'the Champion':

<http://www.cafepress.com/mrponline.15141803>





Assess Current Climate for Business Innovation

- **Asset Mapping**
- **Strengths, Weaknesses, Opportunities, Threats**
- **Market Analysis**

Resources:

Asset Mapping:

http://srdc.msstate.edu/publications/227/227_asset_mapping.pdf

Market Analysis:

<http://www.uwex.edu/CES/cced/downtowns/dma/index.cfm>

SWOT: <http://www.extension.org/faq/26058>





Sample Business Inventory

COMMERCIAL FORM		SPACE INFORMATION	
Business Name <input type="text"/>		Sales Space <input type="text"/> sq. ft.	Office Space <input type="text"/> sq. ft.
Contact Name: First <input type="text"/>	M. I. <input type="text"/>	Last <input type="text"/>	<input type="checkbox"/> Own Business Space
Mailing Address <input type="text"/>		Production Space <input type="text"/> sq. ft.	<input type="checkbox"/> Rent Business Space
City <input type="text"/>	State <input type="text"/>	Zip <input type="text"/>	Storage Space <input type="text"/> sq. ft.
Phone #1 <input type="text"/>	Phone #2 <input type="text"/>	Unused Space <input type="text"/> sq. ft.	Total Space <input type="text"/> sq. ft.
FAX <input type="text"/>	Email <input type="text"/>	COMPETITIVE EDGE <input type="text"/>	
Web Site <input type="text"/>	PRIMARY PRODUCTS AND/OR SERVICES		
DATE ESTABLISHED <input type="text"/>		<input type="text"/>	
<input type="checkbox"/> Service	EMPLOYMENT INFORMATION		
<input type="checkbox"/> Skilled Trades	<input type="text"/>		
<input type="checkbox"/> Manufacturing	<input type="text"/>		
<input type="checkbox"/> Sales and Marketing	<input type="text"/>		
<input type="checkbox"/> Clerical and Administrative Support	<input type="text"/>		
<input type="checkbox"/> Managerial and Professional Specialty	<input type="text"/>		
<input type="checkbox"/> Other <input type="text"/>	<input type="text"/>		
<input type="checkbox"/> Total <input type="text"/>	<input type="text"/>		
JOB AVAILABILITY <input type="checkbox"/> Openings?		BUSINESS CLASSIFICATION	
Job Description <input type="text"/>		Description <input type="text"/>	
Contact <input type="text"/>	Phone <input type="text"/>	NAICS Code <input type="text"/>	SIC Code <input type="text"/>
BUSINESS HOURS		Open	Close
Sunday	<input type="text"/>	<input type="text"/>	<input type="text"/>
Monday	<input type="text"/>	<input type="text"/>	<input type="text"/>

Source: University of Wisconsin Extension
http://www.uwex.edu/CES/cced/downtowns/dma/download/inv_2_5p_rotected.pdf





Demographic Analysis

Place of Work - SF3

Place of Work

- 90% of residents worked in state.
- 75% of residents worked in the county.
- 53% of residents worked in town.

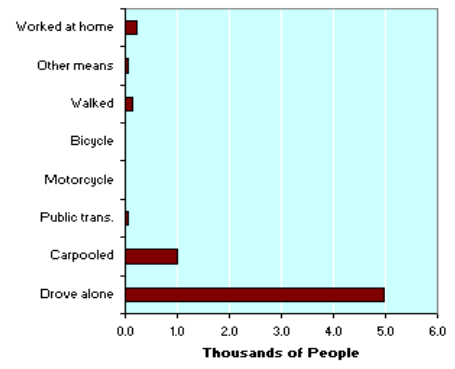
State of Work:		
	# of People	%
In State	5,821	90%
Outside State	635	10%
County of Work:		
In County	4,820	75%
Outside County	1,001	16%
Place of Work:		
Of the people living in a Place (Town)		
Inside Place (Town)	3,403	53%
Outside Place (Town)	3,053	47%
Total	6,456	100%



Method of Commute

- 3.4% of residents worked at home.
- 2.2% of residents walked or biked to work.
- 0.9% of residents took public transportation.
- 77% of residents drove alone.

Method of Commute		
Car, truck, or van:		
Drove alone	4,980	77%
Carpooled	1,010	16%
Public transportation:		
Taxicab	23	0%
Other	37	1%
Motorcycle	-	0%
Bicycle	11	0%
Walked	131	2%
Other means	43	1%
Worked at home	221	3%
Total	6,456	100%



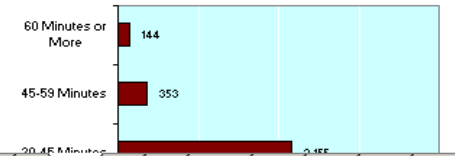
[Data Source P26](#)
[Data Source P27](#)
 Alt (Left Arrow) to get back here

[Data Source P30](#)

Commute Time

- 55% of the residents experienced a commute time of under 20 minutes.

Commute Time		
Worked at home	221	3%
Less than 20 Minutes	3,583	55%
20-45 Minutes	2,155	33%
45-59 Minutes	353	5%





Build Awareness of Entrepreneurship Opportunities

- Opportunities
- Entrepreneurial Networks
- Local Resources and Technical Assistance
- Training Opportunities

Resources:

[http://www.extension.org/pages/Ten Ways to Build Public Awareness of Entrepreneurship as](http://www.extension.org/pages/Ten_Ways_to_Build_Public_Awareness_of_Entrepreneurship_as)

[Key Strategy for Building Community Wealth](#)





Education and Training

- **Incorporate Entrepreneurship into K-12 Curriculum**
- **Build awareness of Training Opportunities**
- **Coordinate Statewide/Regional Resource Providers**
- **Leverage University Entrepreneurial Partnerships**

Resources:

[http://www.extension.org/pages/Seeding a Successful Future: Youth Entrepreneurship](http://www.extension.org/pages/Seeding_a_Successful_Future:_Youth_Entrepreneurship)

<http://www.entre-ed.org/entre/whitepaperfinal.pdf>



Community Support

- **Build Entrepreneurial Support Networks**
- **Community College Programs**
- **Leverage University Partnerships**
- **Motivate People to Support Local Businesses**

Resources:

[http://www.extension.org/pages/Cultivating and Nurturing an Entrepreneurial Ecosystem](http://www.extension.org/pages/Cultivating_and_Nurturing_an_Entrepreneurial_Ecosystem)





Nurture Entrepreneurs

- **Cultivate Entrepreneurship Networks**
- **Mentors**
- **Community Support**
- **Reward Good Behavior**

Resources:

www.extension.org/pages/Cultivating_and_Nurturing_an_Entrepreneurial_Ecosystem

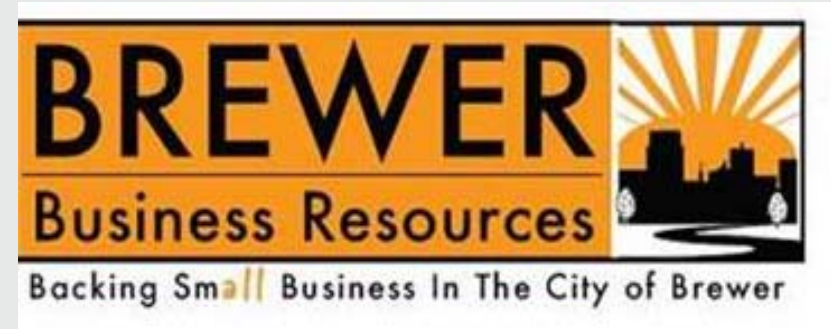
http://www.extension.org/pages/Looking_for_Success:_Try_a_Coach



Success Stories from Two Maine Cities



Downtown Bangor, Maine



Members of *Fusion*: an association of young entrepreneurs in Bangor





A Governor's Regional
CONFERENCE *on Small Business and Entrepreneurship*

Save The Date

Join entrepreneurs and small business owners for a day of networking and knowledge on May 21, 2008 at Eastern Maine Community College.

Who Should Attend SMBIZ4ME?

- Small business owners
- Small business employees
- Business students
- Individuals considering starting a business now or in the future
- Regional business leaders, local and regional legislators and policy-makers

SMBIZ4ME Features

- Workshops featuring vendor and service providers
- General and special interest breakout sessions
- Networking opportunities
- Small Business Resource Expo

SMBIZ4ME Registration

- Register by mail, fax or online
- Scholarships available

www.smbiz4me.com

NETWORK • GROW • SUCCEED



Upcoming Events

- Thursday, May 22 at 1:30pm (Eastern)
- ***Kick It Up A Notch - Successful Internet Marketing***
- Wednesday, June 18 at 1:30pm (EDT)
-- **Next Generation Entrepreneurs!
Strategies for Engaging Youth**

