

# **Building a Regional Entrepreneurship Network:**

## **A Guide to Action**

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## Introduction

The purpose of this booklet is:

- to provide background information on a regional approach to supporting entrepreneurs;
- to assist organizations, agencies, and legislators in determining whether and how they might play a role in organizing a regional entrepreneurship network;
- to suggest exercises and actions that enable organizations to take first steps toward the formation of a regional network.

This booklet is a companion piece to *Strategies for Sustainable Entrepreneurship*, which is produced by the Central Appalachian Network and can be found at [www.cannetwork.org](http://www.cannetwork.org), CAN Roundtable.

We suggest that this book be used by a group of people interested in advancing support for entrepreneurs. The group could meet regularly, reading a chapter each session and completing workbook activities.

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1

## An Introduction to Entrepreneurship

Increasingly, supporting entrepreneurship is an economic development strategy with potential to revitalize regional economies and, at the same time, open windows of opportunity for individuals previously left out of the mainstream economy. This chapter will describe some of the terminology commonly used to discuss entrepreneurship strategies.

### ■ What is an Entrepreneur?

An entrepreneur is an individual who sees an opportunity to produce a new product or service and uses that opportunity to create value. A furniture store owner that offered pretty much the same items year after year, and did not try to grow would not be an entrepreneur. However, any business owner can become entrepreneurial. If that store owner decided to specialize in regionally-made furniture and set up an e-commerce site to reach consumers in nearby urban areas, that owner would be considered an entrepreneur.

*An entrepreneur is an individual who sees an unfulfilled opportunity and uses it to create new economic value.*

Communities tend to support entrepreneurs with high growth potential in the hopes that they will generate many jobs. However, research shows that most of the new jobs in the country are being created by businesses with less than nine employees, so communities should support these entrepreneurs as well. With support, such entrepreneurs also can generate additional economic activity. For example, one Ohio entrepreneur has created an innovative line of products from a local fruit called a pawpaw. His business so far has remained a microenterprise, with less than 5 employees, but his operation enables many people to earn income by growing or gathering this unusual fruit.

The concept of entrepreneurship helps focus development efforts on building an environment in which many people from all types of backgrounds can start up businesses that contribute to the regional economy, no matter what their size.

## ■ Why is it important to think about Regional Economies?

Putting economic development work in a regional context can increase its impact. Instead of working alone, people who attend to development ideally should link efforts with others doing similar work throughout their region. To accomplish this, they need to understand how regional economies work and what makes them more robust. This shift to a regional approach is occurring among microenterprise organizations, economic development agencies, and grassroots organizations.

Most microenterprise or business-support organizations focus primarily on individuals—helping people start-up their own businesses through a training program. Recently, many of those organizations have come to realize that if they are to have a significant impact, they need to act in a larger arena, partnering with other organizations and entrepreneurs to transform the regional economy and to create an integrated set of forces bringing about that shift. By joining with others to create a healthy economy, they will be able to leverage their capacities and thus help many more individuals gain assets and independence.

Linking to a regional economy can also increase the impact of a local economic development program. For years, most economic development was primarily local—a town or county obtained funds for an industrial park and then competed against other communities to attract businesses that would create jobs for residents. Now economic development specialists realize that, with the economy shifting rapidly, they need to work with their counterparts throughout their region to and help businesses become more entrepreneurial and agile so they can adapt to these major changes.

Grassroots and community development organizations historically focused on making their neighborhoods or communities a better place for low-income residents. Now many see the importance of systemic economic shifts and regional collaboration as an essential element of the process.

*An economy is healthy when everyone has access to opportunities.*

## ■ What is a healthy economy? How do regions help build healthy economies?

An economy is healthy when it able to grow and create quality jobs for all residents. An economy is healthy when low-income residents can obtain jobs that pay sufficient wages to support a family. An economy is healthy when many people, regardless of their background or economic status, are able to mobilize the resources and expertise needed to start new businesses. And, an economy is healthy when entrepreneurs work together so that all can succeed.. To transform our communities to this level of health, experts both in the U.S. and in other parts of the world suggest that we focus on transforming our regional economies.

Increasingly, regions—usually part of a state that includes both urban centers and rural areas—are seen as the building block of economies. Within a region, there are sufficient markets for many businesses and sufficient numbers of businesses serving similar markets to form clusters and develop a set of targeted services, resources, and

infrastructure to support entrepreneurs in those clusters. If these systems work well on a regional level, more individuals will be able to start businesses or find quality jobs.

### ■ What is a Regional Entrepreneurship System?

Some entrepreneurs are able to succeed with little outside assistance, but these are few in number. Particularly in rural regions and inner city neighborhoods, there is typically too little business activity to provide quality jobs for residents, and only a proactive stance towards entrepreneurship can dramatically increase the number of businesses that start up and expand. This is a big job—and everyone has a part to play.

Entrepreneurship on this scale requires a well thought out system of support. Many people dream of becoming entrepreneurs, but seldom use or know how to access the resources they will need for success. A Regional Entrepreneurship System includes:

- a coordinated system of easily accessible technical assistance and training,
- local communities that value entrepreneurs and link them to appropriate services,
- access to appropriate capital,
- the formation of clusters that provide sector-specific assistance, and
- a process for gathering information about gaps in the system and developing policy and new services to address those gaps.

An example of a gap in services for entrepreneurs is availability of innovation services. We know that when entrepreneurs continuously develop new products and services, year after year, they grow faster and create higher quality jobs. However, few entrepreneurship initiatives provide incentives or services to encourage businesses to innovate. To address this problem, A Regional Entrepreneurship System might develop a Product Innovation Fund that provides support for new product development.

*A Regional Entrepreneurship Network is a set of entrepreneurs, organizations, and residents working together to make sure that entrepreneurs get the support they need to start up and flourish.*

### ■ What is a Regional Entrepreneurship Network?

For the Regional Entrepreneurship System to work well requires entrepreneurs and organizations to work together in a Regional Entrepreneurship Network (REN). A REN is the set of entrepreneurs, organizations, and residents working together to make sure that entrepreneurs, especially those who have traditionally been left out of the economy, get the support they need to start up and flourish. To be effective, the REN must include and be driven by the region's entrepreneurs and their needs.

Many organizations, not just the entrepreneurs themselves, will be involved in the network to develop new or modified services, institutions, or policies. Such organizations include microenterprise organizations and Small Business Development Centers, Cooperative Extension Services, colleges and universities, business and

professional associations, banks, loan funds, local and regional governments and agencies, and any others willing to collaborate to assist entrepreneurs.

These organizations and entrepreneurs may never create a formal organization. Often, they are simply connected in a loose network, perhaps meeting together once a year to analyze and expand the Regional Entrepreneurship System. However, it is critical that they have both formal and informal ways of communicating with each other and that they know each other and understand how each person can be a resource. People in the network typically share information and work with subsets of the network on projects to create a more supportive environment for entrepreneurs.

### ■ Who will lead the Regional Entrepreneurship Network?

There are two key roles needed to get a Regional Entrepreneurship Network off the ground:

- A champion: this is often a state government official, a development or planning district head, or other powerful force in the region who has the clout to bring people to the table.
- A facilitator: this may be a microenterprise organization or a community organization that has skills in helping people and groups meet and coordinate effectively.

*Nonprofit organizations are leading many of the efforts now aimed at changing economic development visions and strategies.*

*Karl Stauber, Northwest Area Foundation*

For microenterprise-focused or community-based organizations, the formation of a Regional Entrepreneurship Network that includes powerful organizations such as venture funds or traditional economic development staff may feel risky: Will the needs of low-income entrepreneurs be respected? Will small businesses and community self-help groups be listened to? Microenterprise organizations need to realize they actually have much to offer--and much to gain for their clients. Few organizations know as much about entrepreneurship as microenterprise organizations. By forming relationships with other potential allies, microenterprise organizations will be able to tap new resources that are much needed within a lean fiscal environment.

## Moving to Action

The checklist on the following page can help you assess whether your region is ready to form a Regional Entrepreneurship Network and build a Regional Entrepreneurship System.

## **Activity 1: Is your region ready?**

### **Checklist: Assessing Readiness for Regional Entrepreneurship Networks**

1. Can you identify a clear region where economic development players are already working together?
2. What is the current environment for supporting entrepreneurs in your region?
3. Are there one or more organizations willing to lead the formation of a Regional Entrepreneurship Network?
4. Will someone who is respected in economic development circles champion the formation of a Regional Entrepreneurship Network?
5. Is there a funding source for coordination of the network?
6. Have organizations in the region worked together successfully on previous projects?
7. Are key entities—development or planning districts, county commissioners, state economic development staff—open to exploring the benefits of entrepreneurship?
8. Are people in the region familiar with some of the local and regional entrepreneurship efforts around the country and the world?

## **Resources**

Some innovative entrepreneurship communities or regions are described in these web pages:

<http://www.littletongov.org/bia/economicgardening/default.asp>

<http://www.sbcouncil.org/>

<http://www.farmfoundation.org/2004NPPEC/documents/ScorconeFINAL.ppt>

## 2 Creating a Regional Entrepreneurship System

There are ten basic actions involved in creating a Regional Entrepreneurship System. Each is a way to leverage the energy of the region so that more people decide to become entrepreneurs, more of those entrepreneurs succeed, and more enterprises expand and create quality jobs.

The process of forming a regional entrepreneurship system can begin with any of the ten actions listed below. In fact, it might not be desirable for the very first step to be a face-to-face convening of the Regional Entrepreneurship Network (REN) since it is sometimes difficult to move from a “talk network” to a “do network.” People often feel they have to develop elaborate plans and get consensus on directions before taking concrete action. But Regional Entrepreneurship Systems are such a new phenomenon that experimentation and pilot projects are likely to be a more effective approach during the early stages than extensive planning.

By encouraging small groups within the REN to start action projects, such as formation of a cluster or setting up a coordination system for entrepreneur support organizations, they will jumpstart a “do network.” Once key partners gain experience making things happen, the larger network can be convened to conduct needs identification, planning, and policy initiatives.

### **Basic Elements of a Regional Entrepreneurship System**

- **Identify and build on regional assets.**
- **Help local communities become entrepreneur-friendly communities that effectively support all local entrepreneurs.**
- **Convene the organizations that provide technical assistance, training, and services to entrepreneurs and work out coordination and communication systems.**

- Create a culture of innovation so that all entrepreneurs and organizations maximize their creativity and use it to increase their success.
- Network businesses in clusters (sets of businesses serving the same market, such as tourism, food specialties, or household products) to provide highly targeted infrastructure.
- Organize projects to develop the Entrepreneurship System.
- Add entrepreneurship education to the elementary through university educational system.
- Weave a Regional Entrepreneurship Network.
- Integrate entrepreneurship activities with other aspects of a vibrant region—workforce development, Individual Development Accounts, health care, and quality schools.
- Identify unmet needs and gaps and convene a policy network that will address those needs.

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## Identify and Build on Assets

### ■ What is asset-based entrepreneurship?

Asset-based entrepreneurship starts with “natural capital”—the land, its people, and their heritage. The heritage of a people and place can play a powerful role in entrepreneurial development. Natural capital entrepreneurship is based on the sustainable use of forests, farmland, rivers, lakes, and mountains of a region. Organic and niche crops, ecotourism, wood products made from sustainable harvested timber, and non-timber forest products such as ginseng are all products of entrepreneurship based on natural capital.

Place-based entrepreneurship draws on the unique features of a region through development of traditional crafts, music, foods, and natural and historic treasures. This is true of urban areas as well, which often have rich histories and a strong artisan culture. In regional economies, urban areas need to widen their scope of attention to include surrounding rural areas, seeing natural capital of the surrounding countryside as a part of a broad strategy to build a healthy economy.



Regions may also have underutilized intellectual and technological assets. These may seem unrelated to natural capital assets, but research shows that communities prosper when they are wonderful places to live because they have an innovative, open culture where inventiveness flourishes in all areas of culture, science, and technology. When the output of such endeavors flows to entrepreneurs who commercialize that intellectual or creative capital, the result is the creation of quality jobs and new vitality for the region.

It is no accident that Austin, Texas has a vibrant indigenous music scene as well as a promising tech sector, or that the many recreational options in the mountains outside of Denver, Colorado are a draw to young inventive minds that staff the high-growth businesses of the region.

Impact occurs only when the capital is developed, whether it is natural capital or intellectual capital. A region's natural capital must be nourished through a culture of pride and innovation. Such a culture is fostered by annual or seasonal festivals, experiential tourism, and other tools for boosting allegiance to a regional identity. In the intellectual capital sphere, the major challenge lies in building relationships between researchers and inventors (who are as likely to be found in small workshops and garages as in universities and research centers) and the entrepreneurs who have the skills and resources to take new ideas and commercialize them.

## ■ Why is asset-based entrepreneurship important?

### **Natural capital-based entrepreneurship is a significant income generator.**

- Tourism is a \$545 billion industry sector that employs 7.8 million people nationwide.
- American handmade crafts income totals \$14 billion.<sup>1</sup>
- The market for certified sustainable wood products has huge long-term potential.
- The demand for organic produce and processed foods, as well as for natural meats, continues to expand by 20% each year compared to 3% for the rest of the grocery market.<sup>2</sup>

**Place-based and natural capital entrepreneurship makes a region a superior place to live and work.** Fine restaurants, regional foods, festivals, artisans—all enhance the quality and authenticity of our lives. Entrepreneurship creates an attractive environment that enhances pride of local residents and attracts innovative and growth-oriented businesses.

**Human and intellectual assets can generate high quality jobs.** When the research done in university labs and research institutes is linked to the Regional Entrepreneurship System, products are more likely to be commercialized and lead to job creation. This can be accomplished by identifying researchers, providing them with information about entrepreneurship, sources and types of capital, and potential commercialization partners.

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<sup>1</sup> "Building Creative Economies: The Arts, Entrepreneurship, and Sustainable Development," Monograph, Americans for the Arts, March, 2003 <http://www.arc.gov/images/pubs/entrep/mono.pdf>

<sup>2</sup> USDA, U.S. Organic Information – Consumption

## Moving to Action: What steps can we take to increase asset-based entrepreneurship?

**Identify niche opportunities.** The impact of place-based entrepreneurship can be increased by helping entrepreneurs and communities focus on niche opportunities. With others in your region, make a list of your region’s assets and together explore possible niches that local entrepreneurs might be encouraged to explore. Check niches that you plan to explore more fully.

### Activity 2: Identify Niche Opportunities

Area	Your Regional Assets	Possible Niches
<b>Agriculture</b>		<input type="checkbox"/> Non-timber forest products: wild medicinal herbs, mushrooms <input type="checkbox"/> Locally grown foods <input type="checkbox"/> Exotics: local products made from rare or unusual fruits <input type="checkbox"/> Nutraceuticals from local grapes, berries <input type="checkbox"/> Aquaculture and freshwater shrimp <input type="checkbox"/> Other _____
<b>Tourism</b>		<input type="checkbox"/> Ecotourism <input type="checkbox"/> Agritourism: farm tours, mazes, bed and breakfast operations on farms <input type="checkbox"/> Birdwatching packages <input type="checkbox"/> Reenactments <input type="checkbox"/> Mural corridors, quilt barn trails, artisan self-guiding tours <input type="checkbox"/> Other _____
<b>Artisans</b>		<input type="checkbox"/> Products made from unusual local woods or other local raw materials <input type="checkbox"/> Products that use a historical motif or design element <input type="checkbox"/> Other _____
<b>Recreation</b>		<input type="checkbox"/> Vacation packages where participants help fix trails <input type="checkbox"/> Urban biking trails linked to bed & breakfast packages <input type="checkbox"/> Learning traditional mountain instruments <input type="checkbox"/> Other _____
<b>Research and technology</b>		<input type="checkbox"/> Computer gaming platforms <input type="checkbox"/> Robotics repair <input type="checkbox"/> Chinese and other ancient medicinals <input type="checkbox"/> Other _____

**Integrate assets into a unique “Regional Flavor.”** Unique places—whether historical villages, unusual landmarks, or signature farms—have more market power when they are combined and bundled. The concept of Regional Flavor is a way of linking the tourism, food, artisan and other innovative sectors to develop the region’s unique character and attain economies of scale through joint marketing.

- Assist entrepreneurs to develop regional brands and joint marketing efforts based on high value products made from local natural capital—food, wood, and artisan products.
- Encourage artisans and restaurants to serve niche markets for regionally-made products by becoming small manufacturers that turn out signature food and household items.

(For a checklist to identify a community’s Regional Flavor, see PDF file attached.)

### Activity 3: Regional Flavor Projects

Using the chart in Activity 2, list five potential projects that could combine and/or link assets in different categories:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

**Improved quantity, quality, density, and innovativeness of products and services.**

Products generate a higher return when they are innovative, high quality and unique—and easy to access.

- Assist entrepreneurs to combine their business offerings into a set of experiences that serve interests as varied as hikers, antique aficionados, and historical re-enactors.

- Help farmers experimenting with unusual crops add mazes or hay rides to see their income increase.
- Enable communities to identify gaps—such as the need for lodging or restaurants—and provide incentives to entrepreneurs to fill them.

**Organize Regional Collaborations.** Success will require collaboration among a wide range of organizations in the tourism, agriculture, forest, artisan, government, and non-profit sectors throughout the region.

- Develop a descriptive map of the region that highlights the regional theme and shows the major attractions. More detailed maps can be targeted to specific interests and activities such birdwatching or biking.
- Set up a pool of regional funds for collaborative local and regional pilot projects that weaves together the natural and place-based capital of the region into industries capable of impacting the regional economy on a significant scale.
- Offer regional trainings for non-profits and agencies to encourage development of natural capital and place-based entrepreneurship projects that are integrated, innovative, and high quality.
- Offer regional trainings on skills needed for successful collaborations.

*Providing the critical mass to attract and sustain visitors—and their spending—is a constant challenge for communities. By banding together, rural and urban areas can strengthen their product offering to provide diverse tour experiences.*  
*Appalachian Regional Commission*

## **Resources**

Strategies for Sustainable Entrepreneurship [www.cannetwork.org](http://www.cannetwork.org)

Appalachian Regional Commission, Turning Assets into Opportunities,  
<http://www.arc.gov/index.do?nodeId=2519>

Regional Flavor, PowerPoint Presentation [www.acenetworks.org/juncholley](http://www.acenetworks.org/juncholley)

Regional Flavor, AEO Handbook and CD (should be available at [www.microenterpriseworks.org](http://www.microenterpriseworks.org) in December 2005)

## Regional Flavor Checklist

### Distinct Flavor of Businesses Poor Excellent

Unusual Ambiance	1	2	3	4	5
Gives sense of region	1	2	3	4	5
Physical layout & merchandising adds to flavor	1	2	3	4	5
Tells story of business/ entrepreneur	1	2	3	4	5
Provides information on other biz or events	1	2	3	4	5
Offers products from other businesses	1	2	3	4	5
Do they encourage you to visit other shops?	1	2	3	4	5

Comments/ Notes (List regional flavor adjectives)

### Distinct Flavor of Businesses(2) Poor Excellent

Unusual Ambiance	1	2	3	4	5
Gives sense of region	1	2	3	4	5
Physical layout & merchandising adds to flavor	1	2	3	4	5
Tells story of business/ entrepreneur	1	2	3	4	5
Provides information on other biz or events	1	2	3	4	5
Offers products from other businesses	1	2	3	4	5
Do they encourage you to visit other shops?	1	2	3	4	5

Comments/ Notes (List regional flavor adjectives)

### Blending the Local Flavor Poor Excellent

Clear signage helps enter area	1	2	3	4	5
Clear theme for community, ties together stores & experience	1	2	3	4	5
Signage builds themes	1	2	3	4	5
Density of stores thickens flavor	1	2	3	4	5
Information about community events available	1	2	3	4	5
Maps/brochures show offerings/ store locations	1	2	3	4	5
People cross sell –mentioning other businesses	1	2	3	4	5
Offerings include artisan retail, restaurants, lodging visual & performing arts, tours	1	2	3	4	5

Comments/ Notes

### Weaving the Region Poor Excellent

Mention of other area businesses outside town	1	2	3	4	5
Mention of other tourism opportunities outside town	1	2	3	4	5
Mention of lodging, restaurants outside town	1	2	3	4	5
...	1	2	3	4	5

## Regional Flavor:

Continued...

Welcoming	Poor					Excellent
Places to rest	1	2	3	4	5	
Friendliness & welcoming feel	1	2	3	4	5	
Local people engage you	1	2	3	4	5	
Vibrant sense of community	1	2	3	4	5	
Attractiveness around stores	1	2	3	4	5	
Enough foot traffic to feel comfortable	1	2	3	4	5	

**Comments/ Notes** (List regional flavor adjectives)

## 4

### Entrepreneurial Communities

#### ■ Why start with entrepreneurial communities?

One of the first activities a Regional Entrepreneurship Network will undertake is to help communities mobilize local assets to support entrepreneurs and champion entrepreneurship. There are many people in our communities who dream of starting a business, but they need encouragement, connections to resources, and assistance. Too many of these dreamers simply do not know what assistance is available to help them start a business or where to access resources. At the same time, most communities contain untapped human resources (for example, people who have successful businesses and could serve as mentors) that, if mobilized, could dramatically increase the number of business start-ups.

#### ■ What is an entrepreneurial community?

An entrepreneurial community is one that effectively supports and appreciates entrepreneurs and explicitly works on building a culture of innovation. Numerous studies show the important role of local communities in entrepreneurial success. Communities that publicly acknowledge the importance of small business and entrepreneurs, provide mentorship, and connect entrepreneurs to resources will see a rapid increase in the number of successful local businesses. The best entrepreneurial communities are open to change and are actively building a supportive environment for entrepreneurs of all shapes and sizes. They mobilize local people support entrepreneurs in many different ways.

### Moving to Action

**Let all entrepreneurs know they are important.** Ask local leaders to encourage young people and low-income individuals to consider entrepreneurship as a viable career path. Encourage county or town leaders to create high-profile public awards that celebrate and recognize the importance of local entrepreneurs—including non-traditional entrepreneurs. See that the local media frequently run stories about entrepreneurs and their successes by sending short stories or leads to them.

**Encourage residents to support local entrepreneurs.** Provide training for local mayors, county commissioners, and local economic development staff on the

importance of entrepreneurship and the significant steps they can take to create a more entrepreneurial community. Convince local economic development departments to support roles such as Enterprise Facilitators or Enterprise Scouts (who identify entrepreneurs and link them to resources such as microenterprise organizations). Help set up Enterprise Support Networks (ESNs), local volunteer boards that mentor entrepreneurs. Numerous checklists and assessments have been developed to help communities decide whether they have the baseline characteristics that are needed to begin an entrepreneur-support effort.

Another important step is to encourage bank officers to become more open to lending to entrepreneurs. Similarly, it is important to lobby local government officials to generate new policies that support entrepreneurs. Finally, provide information so that local residents know which businesses are locally owned and encourage them to purchase local products or services whenever possible.



**The Athens Farmers' Market Café encourages residents to support local businesses**

**Create a supportive infrastructure.** Make your community a quality environment. Encourage entrepreneurs to start up sidewalk cafes, restaurants, music venues, and active outdoor recreation facilities that attract and retain creative people. Convince your Workforce Investment Board to use Workforce Investment Act dollars to invest in creating a skilled workforce available to entrepreneurs. Recruit local service providers such as lawyers, accountants, and consultants to become involved with start-up entrepreneurs at lower rates, if possible, initially.

Have your Enterprise Support Network continuously examine and improve the community's and the region's infrastructure for entrepreneurs. Assess the types and amounts of capital available in your region, and work together to fill the gaps. Make sure that the kinds of training and resources that low-income entrepreneurs need are available: set up Trickle Up programs that provide grants of \$700 for low-income participants and microloan programs that are easy to access. Have technical assistance providers come to your community to meet with entrepreneurs.

**Encourage diversity and creativity.** Encourage creativity in the arts as well as creativity in business, knowing that both create a culture of innovation. Making your community diverse, tolerant, and open to new ideas will attract the kind of creative people who will drive a regional economy. Qualities such as local networks, acceptance of controversy, and connections to the outside have been identified as critical characteristics of entrepreneurial communities. Open, inclusive communities—where women, minorities, the poor, and the young are included in the entrepreneurial economy—not only end up with more entrepreneurial activity, but begin to solve other social problems as well.

*Networks are a central component of an entrepreneurial climate — a cultural, social and economic milieu that encourages and nurtures the creation of new business ventures.*

*Edward Lowe Foundation*

**Assist entrepreneurs in forming networks.** Get government agencies, private sector leaders, and non-profits to come together to build a network that provides education, learning opportunities, and other services for local entrepreneurs. Encourage Enterprise Support Networks of volunteers to weave informal networks composed of entrepreneurs, aspiring entrepreneurs, professional service providers, local development officials, and investors. Make the pathway to these services and resources transparent.

## Case Study 1

### **Nelsonville, Ohio: a community forms an Entrepreneur Support Network and artisan businesses form a cluster**

A former coal mining town with over 16% unemployment, Nelsonville had few resources. But it did have an important historical assets—a beautiful town square with stunning Victorian facades so intact that they were used to shoot a recent Hollywood movie. A few years ago, only two businesses were still operating in the square. Then several local benefactors decided to subsidize artisan retails interested in locating in the square. Today there are 15 retail shops in the square.

A network of local officials, entrepreneurs and support organizations are identifying ways to boost local commerce: A local non-profit helped raised funds for a marketing brochure that will be distributed to tourism agencies throughout the region. The shops worked with town officials to get better signage to draw visitors from the highway passing through the town. The town also developed a logo based on its heritage as a famous brick producing region in the early 1900s. A concerted effort is now being made to highlight the unique Nelsonville Starbrick motif.



**Activity 4: Building an Entrepreneurial Community**

<b>Step 1: Who could be part of an Enterprise Support Network in our Community?</b>	
Local successful business owners	
Potential entrepreneurs	
Organizations representing low-income residents	
Government representatives	
Local innovators	
Local economic development leaders	
Local microenterprise support organizations	
Non-traditional representatives: women, minorities, young people	

<b>Step 2: What are activities we could do?</b>	
Activity	Who is responsible?

**Resources:**

Ernesto Sirolli on Enterprise Facilitation <http://www.sirolli.com>

Center for Rural Entrepreneurship for checklist on readiness [www.ruraleship.org](http://www.ruraleship.org)

5

## Coordinating Regional Entrepreneurship Services

### ■ Why is coordination of services so essential?

It is not unusual for entrepreneurs to travel from organization to organization, getting different advice from each and still not getting the assistance they need. Especially in times of limited resources, organizations that support entrepreneurs need to develop systems of specialization, coordination, and communication so that the ever increasing numbers of entrepreneurs in their region are able to be successful.

To better assist entrepreneurs with accessing appropriate services, a region needs to identify individuals who will play two new roles:

- **Network brokers** are individuals who link entrepreneurs to needed resources. They may be traditional business assistance providers, economic development professionals, or volunteers, but they will have explicitly agreed to take on this additional role of being aware of all potential services (local, regional and national) and being able to identify the set of resources that a particular entrepreneur needs at that particular stage in their development.
- **Regional catalysts** are organizations and individuals who facilitate collaborations that set up new parts of the entrepreneur support system as needs are identified. Most often, catalysts will be Entrepreneur Support Organizations (ESOs), dynamic non-profits that collaborate with opportunity-seeking entrepreneurs and partner with a broad spectrum of public and private organizations to enhance the environment for entrepreneurs. However, in other cases government officials and agencies may also play the catalytic role in building a strong regional support system for entrepreneurs.

ESOs will need to organize a network of business-service providers. When these organizations spend time together figuring out how to better coordinate their services, the result will be an integrated system where each organization plays a role in a

synergistic manner. Organizations need to identify areas of overlap and duplication and to consider whether the organizations should redefine their service specialties.

## ■ The Range of Needed Services

There are five primary services that ESOs within a region will need to provide: generic technical assistance (one-on-one) and training (for groups); cluster assistance and training; network building; project development and coordination; and access to capital. ESOs will need to get together at the outset to clarify who plays what roles and to determine protocols.

### **Generic Entrepreneurship Assistance**

- Start-up Training
- Business Planning Assistance
- Expansion Services
  - For microenterprises ready to add employees (see insert)
  - For small businesses interested in growth
- Assistance for high-growth firms
- Specialized training and assistance:
  - Marketing
  - Access to capital
  - Procurement
  - Exporting

### **Cluster Business Assistance**

- Trend information
- Product innovation
- Process improvement
- Market access

### **Network Building**

- Linking entrepreneurs to resource people, especially those outside the region
- Networking businesses for information sharing, joint purchasing, etc.
- Linking businesses across clusters and sectors

### **Project Development and Coordination**

- Developing new entrepreneurship infrastructure: organizing new loans or seed funds, etc.
- Organizing cluster projects: joint marketing ventures, cluster incubators, etc.
- Convening needs-identification sessions or listening posts to identify barriers that entrepreneurs are experiencing or opportunities they are not able to fully explore.

### **Access to Capital**

- Types of capital: microloans, senior debt, subordinated debt, near equity, equity
- Convening an Access to Capital Network composed of loan funds, banks, venture funds, and other capital institutions in the region to identify capital gaps and to coordinate referral

## ■ Enhancing Entrepreneur Support Organizations

Many Entrepreneurship Support Organizations are struggling to survive, and the competition that they experience for funding may make it difficult for them to collaborate. A Regional Entrepreneurship Network can help these organizations to work together to create more resources. Of course, a critical part of this process will necessarily be the implementation of an accountability system, so that policy makers and foundations can view their contributions to ESOs as investments that provide significant returns.

The Regional Entrepreneurship System can support their member organizations in two ways:

**(1) Open new sources of grant support from state funds or regional foundations.**

Increasing numbers of states now have line items in their state budgets that provide grant dollars to organizations that offer training and technical assistance to entrepreneurs.

**(2) Provide incentives and training** to enable Entrepreneur Support Organizations to become social entrepreneurs, generating increasing income from their own income-generating activities. For example, ESOs can be encouraged to conduct income generating activities such as: a website that charges a mark-up on items sold through the site, fees for incubation space or services, or training products for organizations in other parts of the country.

## Moving to Action

For ESOs to provide world-class assistance to area entrepreneurs, they will need to spend time setting up basic systems and agreements that will enable them to communicate and work together effectively. The needs of the entrepreneurs must drive the system for it to have an impact on the regional economy.

### Work out coordination agreements

- Joint confidentiality agreement
- Protocol for identifying joint clients
- Assessment and Referral Protocol so all ESOs know how to assess entrepreneurs and where to refer an entrepreneur they cannot assist
- Communication protocol

### Set up communication systems

- A common web page that helps entrepreneurs (and themselves) know who can help each type of entrepreneur
- Listservs (group emails)
- Regular meeting schedule
- Joint marketing materials
- A public relations campaign that helps potential and existing entrepreneurs know where to go for assistance

### Determine which organizations will specialize in which areas

- Meetings to determine who will work on: business plans, sectors or clusters, marketing, access to capital
- Who will provide start-up training?
- Who will provide expansion training?
- Who will provide technical assistance and training to high growth businesses?
- Who will provide technical assistance for special need entrepreneurs (low-income, immigrant, etc.)

#### Improve services

- Identifying unmet need of entrepreneurs and developing new services
- Implementing strategies to expand sites for services
- Using technology to deliver more services
- Identifying which services and techniques are most effective
- Linking this information to policy initiatives

#### Develop joint tracking systems

- Set up goals and benchmarks
- Develop systems for aggregating outcomes
- Develops systems for joint reporting

### A Word on Expansion Services

One of the most glaring gaps in services available to entrepreneurs is assistance with expanding their businesses. What are expansion services and who can provide them?

The three most important expansion services are:

- (1) Access to higher value markets: often this combines assistance in developing products for regional or higher value with joint marketing projects.
- (2) Assistance in moving from one-of-a kind or small batch products to quantity production: artisans, specialty food producers, recreation providers, etc., need assistance in identifying production equipment, laying out production processes, ordering bulk supplies, and the cash-flow implications of expanded production.
- (3) Assistance in hiring and training employees: Finding good people is the number one challenge facing entrepreneurs. Entrepreneurs interested in growth need assistance in improving their hiring and training processes as well as help in managing employees. They need help setting up Health Savings Accounts for their employees.

Who will provide expansion services? In many cases, microenterprise organizations, partnering with workforce intermediaries, are well suited to provide these services, though their staff may need additional training.

### Two case studies

#### Dailey's Treasures: service providers work together for family self-sufficiency

Jenny Dailey and her husband have two special needs children. The family has been on public assistance for several years. Jenny often made deer jerky for friends and family, and her recipe was

so delicious that they encouraged her to sell her products to others. Through the grapevine, she heard about ACEnet's Food Ventures Program. However, when she talked with staff, they told her that they were not licensed for processing meat products. Instead of turning her away, they began helping her develop the jerky marinade as a bottled product—and, at the same time, started working with the Ohio Department of Agriculture to get the ACEnet Food Processing Center approved for meat processing. Because ACEnet and ODA had a long history of working together, this proceeded quickly, and soon Jenny was able to process beef and deer jerky in the facility for sale within the state.

Meanwhile, Jenny had gone to five different Entrepreneur Support Organizations for assistance, and each was giving different advice. Finally, the five organizations met together and (with Jenny's permission) decided how they were going to communicate about their work with her and how they develop a joint strategy for assistance

Other regional players were critical in Jenny's success. The local Kroger's store featured her marinades and their recommendation was able to open her way into the store's regional division. Sales jumped dramatically. TrickleUP, a grant program for low-income entrepreneurs, provided her with a \$700 grant to assist in her expansion. Her family is now off public assistance and is building assets for long term security.



**Edmap: service providers work together for quality job creation**

Edmap is a start-up fulfillment company that provides services to online educational programs. It is located in an incubator operated by a local Entrepreneurship Support Organization that provides low-cost rent, which was critical in its earlier stages. Then a CDFI Venture capital firm, Adena Ventures, working closely with Ohio University's Business Services Group, put together a sizable investment package that enabled the firm to grow rapidly from 6 to 50 jobs in one year. These jobs all pay well, even for entry levels jobs, and all positions include health insurance benefits.

### Activity 5. Coordinating Services

Service	Who responsible?

# 6

## Innovation

*In today's economy, innovation is survival, no matter what your product or service line is.*

*Lee Munnich, Knowledge Clusters*

### ■ What is innovation?

Regions need to understand two types of innovation.

**Business innovation** includes successful development of new products, innovations in marketing and market position, and/or organizational innovations such as improved production processes. Surprising as it may seem, small-sized new firms are frequently sources of innovation. How can regions support these innovative entrepreneurs and link them to each other and to larger businesses in need of new ideas?

Increasing business innovation requires a system of **regional innovation**. Regions need to be able to continually scan for shifts in the world economy and innovate to be able to take advantage of these trends. They need to continually develop new services for innovative entrepreneurs. They need to make sure that policy encourages innovation. To lead this innovation, Entrepreneur Support Organizations, government, and other entities should be every bit as innovative as the region's entrepreneurs.

*Small entrepreneurial firms provide an essential source of new ideas and experimentation that otherwise would remain untapped in the economy.*

*David B. Audretsch, Indiana University*

### ■ Why is innovation so important?

**Innovative entrepreneurs create quality jobs.** Entrepreneurs that focus on product innovation create jobs faster than less innovative firms. Businesses that create new products on a regular basis create higher quality jobs and are more resilient in downturns in the economy. Smaller firms tend to create proportionately more jobs than larger ones when they innovate. Innovation in any industry—even traditional ones such as food processing and wood products—can increase the number and quality of jobs in that industry.



**Innovative Tourism Product<sup>3</sup>**



**Innovative Food Products and Labels**

## Moving to Action: What increases innovation among entrepreneurs?

**Innovation Services:** Innovation comes from the entrepreneur's ability to recognize market opportunities and the need to react quickly to these opportunities. Innovation services are those that help an entrepreneur develop new products, improve existing products, or develop new markets. Often consultants or experts will be needed to make an innovation translate to reality. For example, entrepreneurs attempting to develop new food products will need to work with a food scientist on product formulation, shelf-life testing, and a safe production process. Innovation services include:

- Trend information, both cluster-specific and more general
- Product and service development assistance:
- Trips to trade shows
- Access to trade journals and associations

**Innovation Diffusion:** Many innovations involve practices, processes, and ideas that are not proprietary and in fact would benefit the entire region, not just individual businesses, if many businesses adopted them. Thus, it is essential to think about ways to encourage the spread of those innovations throughout the region.

Innovation diffusion occurs as influential entrepreneurs access new ideas and share them with other entrepreneurs in their networks. **Catalyst businesses** not only bring new ideas into the region, but spread them around, often by organizing a subsector. For example, an artisan business organized 12 different businesses in his area, obtained

<sup>3</sup>See <http://www.littlecitiesofblackdiamonds.org> for more information about this innovation.

funding for a tourism brochure, and thus developed an effective, affordable, and innovative marketing strategy for all of them.

**Networking Hubs** are also an important way to spread innovation. Innovation spreads when entrepreneurs are in close proximity; knowledge transfer occurs informally through interactions among businesses on a local level as their owners run into each other. Cluster-focused incubators, public markets, business service centers—all are Networking Hubs that encourage the diffusion of innovative ideas and practices.

*The main driver of economic growth is the process by which change diffuses through the economy.*

*Future Directions of Innovation Policy in Europe*

### **Innovation Networks**

To make sure that an innovation first developed in a university is transformed into a commercializable product, the REN needs to encourage linkages between university researchers and small businesses interested in developing new products for market.

Often a new innovation is developed by a set of businesses. The REN needs to provide training in collaborative skills to entrepreneurs so that they can function well in innovative teams and networks.

### **A Culture of Innovation**

Creativity thrives when the environment allows people of all lifestyles, cultures, and ethnicities to interact. Regions that wish to encourage economic creativity must also encourage diversity. When a critical mass of entrepreneurs in a community creates innovative products, that becomes the norm, and new entrepreneurs are likely to generate innovative products as well. Some suggestions of activities that help create a culture of innovation are:

- **Build Regional Flavor:** help your region develop its unique character by encouraging tourism, recreation, artisan entrepreneurs to find ways to combine their marketing.
- **Offer tax credits for innovation**
- **Develop a regional innovation index** to track the region's progress
- **Set up innovation awards and recognition**
  - State officials or regional development representatives can set up annual awards for particularly innovative entrepreneurs.
  - Local media can highlight successful innovators
- **Link the region to outside innovation**
  - Encourage links to groups and individuals outside the region that provide trends, inspiration, and expertise needed for successful innovation.
  - Provide funds for regional leaders to attend conferences or visit innovative communities outside the region

- **Set up a product innovation fund**  
Set up a regional innovation fund, an endowed fund that provides small leveraged seed grants for collaborative new product development. Such a fund is particularly important for natural capital industries, such as food and wood products, where product innovation can have enormous impact.

### Activity 6. Developing Innovation Services

1. What innovation services and activities already exist in the region?

Services	Activities

2. What new services and activities can we set up?

New Service or Activity	Who will set up?

### **A Sample Product Innovation Workshop**

- 30'' Entrepreneurs share new product or service innovations that have been successes
- 30'' A presentation on trends
- 30'' Small groups brainstorm on ways to apply the information about trends to their product or service
- 30'' A speaker on ways to improve authenticity of products or services
- 60'' A panel of experts and early adopter customers give feedback on prototypes that the entrepreneurs bring for feedback

7

## Build Regional Markets for Rural Entrepreneurs

*A growing number of economic experts now believe that clusters provide a unique way for small rural factories to compete effectively in the global economy. If true, then rural developers might consider abandoning the traditional strategy of trying to land one big fish, and instead assemble a cluster of small but similar firms that can form synergies.*

*Mark Drabenstott, Kansas Federal Reserve*

### ■ What are regional market clusters?

Clusters of like businesses encourage the spread of innovation. Clusters are informal geographic concentrations of entrepreneurs, specialized suppliers, service providers, trade associations, regional development agencies, universities, and governments, all of which serve similar markets and collaborate in a variety of ways for mutual gain. Clusters are often composed of small, nimble, niche-seeking firms that are exceptionally able to identify and serve high-value markets. Some of the regional clusters that are expanding in rural areas include processed food, building fixtures, natural endowment industries, hospitality and tourism, business services, and entertainment.

### ■ Why are clusters important for our regional economy and for entrepreneurs?

Because businesses in clusters can work together to lower costs and serve high-value markets, they tend to have higher sales, growth rates, and profitability than isolated businesses in the same sector. Businesses in clusters also tend to have better business performance due to informal sharing of knowledge and joint product innovation. Cluster firms create and disseminate knowledge interactively through collaboration, which in turn increases innovation. Clustering provides access to more suppliers and customized support services, as well as to experienced and skilled labor pools and to the expedited transfer of knowledge that occurs when people meet and talk business. Clusters articulate workforce needs so that educational institutions can modify their programming to better address these needs. Clusters are a major way to gather input to shape state and regional economic development and workforce policy.

## What are the keys to successful clusters?

### Identify clusters

Clusters are not the same as sectors. Sectors are areas of the economy such as agriculture or manufacturing. Clusters are businesses—often in different sectors—that focus on similar markets. It is this focus on high-value markets that makes clusters such an essential asset for Regional Entrepreneurship Systems interested in maximizing their economic impact. For example, an agritourism cluster helps farmers work with tourism bureaus to develop new, high-value offerings such as corn mazes or hayrides that can supplement farm income. A Regional Flavor cluster helps bed-and-breakfast operations and recreation businesses to work more closely with restaurants, traditional craftsmen, and food artisans to develop long-term purchasing relationships. House-and-home clusters encourage artisans and small wood products manufacturers to work together to develop lines of household furniture and products.

### Set up cluster infrastructure

Cluster infrastructure provides a way to build knowledge and enhance networking that gives clusters entrepreneurs a competitive edge:

- Set up cluster incubators that lower the cost of starting a business:
  - Focus on entrepreneurs in one or more clusters, such as Kitchen Incubators (food processing), arts or artisan incubators, or wood incubators.
  - Provide shared use equipment or space, including specialized technical assistance, storage, a resource library, office space, etc.
  - Encourage networking.
- Set up specialized technical institutes, research centers.
- Work with community and technical colleges to provide classes for workforce and for owners in the cluster.
- Set up key cluster infrastructure such as a solar kiln or wood sorting yard that may be needed to introduce new technologies.

### Build cluster networks

- Encourage someone in the REN to serve as facilitator or systems integrator, linking entrepreneurs to each other and to other cluster resources and helping entrepreneurs identify cluster gaps.
- Identify issues of concern to the cluster and address them. For example, among wood manufacturers a critical issue is the high cost of workers' compensation benefits.
- Set up peer support and learning opportunities.

### Develop a set of cluster services

- Provide high quality trend information.
- Assist entrepreneurs with cluster-specific product development.
- Organize joint project to enhance marketing and distribution.
- Develop regional brands.
- Help entrepreneurs find workers trained in cluster specific skills
- Set up a regional product innovation fund to provide seed funds to entrepreneurs for developing innovative products.
- Expand markets for clusters through government procurement policies, such as those that encourage the purchase of certified wood or locally grown food.



8

## Developing the Regional Entrepreneurship System through Projects and Collaboration

Any Regional Entrepreneurship System will be composed of a combination of services, institutions, and other capacities. However, in each region the constellation will be different, based on the needs of entrepreneurs in that region and the capacities of the Regional Entrepreneurship Network.

### ■ Assessing the System

Each region will need to do an assessment to determine what current services, institutions, and activities already are operating within the region in each of the following areas:

- Technical assistance/training
- Entrepreneurship education
- Access to capital
- Clusters and networks
- Access to markets

### ■ Critical Processes

Once the current Regional Entrepreneurship System has been mapped, the Regional Entrepreneurship Network will need to organize three key processes to enable the region to fill in gaps in the system:

- (1) Processes to identify and prioritize needs of entrepreneurs
- (2) Processes to get feedback on and improve existing services
- (3) Processes to organize collaborations to develop specific new services, institutions, or programs.

**Processes to identify and prioritize needs or opportunities**

There are two major ways to get information about unmet needs of entrepreneurs. The first is to ask them directly. This can be done through a very simple, open-ended survey (see below) that ESOs and local Enterprise Scouts could give to entrepreneurs with whom they come in contact. The answers could then be aggregated in a spreadsheet by categories.

However, in many cases, entrepreneurs do not necessarily have an accurate picture of their real needs. For example, businesses may say that they need more capital when actually their products are underpriced. Thus it's important to get an assessment from the organizations that work with the entrepreneurs. The set of ESOs can develop a checklist and record their impression of each entrepreneur's needs and aggregate these results in a spreadsheet.

The third way to identify needs or opportunities is more informal. A person working with entrepreneurs has a number of conversations where the need for marketing comes up over and over again. The person then works with the set of entrepreneurs to see that they have this need in common, so that they can work together to solve it for a much lower cost than if they tried to work on it alone. This method of needs identification is very important because entrepreneurs tend to be very motivated to work on a solution when it comes right on the heels of the need statement.

**Short Survey to Identify Entrepreneurs' Needs**

1. What do you see as the major barriers to your business' growth and increased profitability?
2. What are opportunities that you see for your business' expansion that you cannot address due to lack of information, expertise, resources, or people?

**Processes to get feedback on and improve existing services.** Entrepreneurs often need flexible and evening hours, just-in-time services, workshops and technical assistance providers in convenient locations, information about whom to go to for what, and accurate referral to the right provider. The REN needs a way to gather information about ways to improve current services and institutions. This information could be gathered anonymously at the end of technical assistance sessions or workshops, or through online or mailed surveys.

**Processes to organize collaborations to develop specific new services, institutions, or programs.** Once needs are identified, someone needs to play the role of catalyst or facilitator to organize a group to collaborate on a project to meet that need. Often ESO staff will play this role. Occasionally an entrepreneur will.

Projects can come in many different sizes. For example, a group of entrepreneurs who need access to new markets can be assisted to combine their resources to develop a joint brochure. Such a project can often be completed in a few months' time and cost only a few thousand dollars. At the other end, a region may realize that high growth potential

entrepreneurs have no access to equity through venture funds. Developing a Community Development Venture Fund might take three years, demand identification of ten or twenty million dollars, and require leadership of someone with deep experience in the field.

### **Examples of Entrepreneurship System Development Projects**

Organization of a festival that features entrepreneurs

A county awards banquet for entrepreneurs

A joint brochure showing the location of a dozen different horticultural businesses

A set of workshops for entrepreneurs

A web page for area artisans

A microloan fund

A Kitchen Incubator or shared used processing facility for food entrepreneurs

An angel capital network

Organizing activity into projects is beneficial for several reasons. First, projects are an effective way for people in organizations who have a history of territoriality and competition to get used to working together gradually. A REN can start out with very small collaborative projects, and then gradually move up to more complex, long-term projects.

Next, Entrepreneurship Systems are something new, and we do not yet know exactly what works to most effectively assist entrepreneurs. Projects allow experimentation--trying out an approach to a small part of the system. A small project that doesn't work will not result in failure of the whole system, and in fact can be looked on as an important opportunity for learning.

## **■ Collaboration basics**

**Convene the collaboration.** The most effective projects will be collaborations that incorporate multiple perspectives. Often collaboration will involve a number of entrepreneurs and several Entrepreneur Support Organizations. This way all involved have buy-in and can help the project be a success.

**Train catalysts or facilitators.** Effective, skilled leadership is critical to the success of projects. Although it is a collaboration, it's important to have one individual and/or organization take the lead. This person will make sure that meetings are held, that they are efficient, that conflicts are dealt with, and that things get accomplished. To do this well requires training. Some regions have organized training sessions for those in the

region who wish to play this role. Such training often occurs over several months and involves mentoring, where an expert facilitator shadows a novice

**Use joint design rather than consensus in most cases.** Just because projects are organized as collaborations doesn't mean all decisions need to be made by consensus (having everyone agree), which should primarily be used for situations that require unanimous and deep buy-in. The process of joint design—where everyone is able to give input, then the lead group shapes that input into the project parameters, and then the partners have a chance for feedback—is efficient and gives everyone a solid sense of ownership.

**Reflection is key to success.** Projects are experiments and, as such, they often need some tweaking to most effectively meet entrepreneurs' needs. Thus, gathering feedback from those involved or organizing reflection sessions where participants reflect together on the effectiveness or on ways the project could be improved will help improve whatever was created.

### **Questions for a Reflection Session**

1. What went really well with this project?
2. Did we meet our goals and produce the outcomes we intended?
3. Where did we have difficulties? How did we deal with them? What did we learn from that experience?
4. What new insights did we gain from the project?
5. How might we do things differently if we did this project over?
6. In what ways is this project not meeting entrepreneurs' needs as well as it could?
7. How could we improve this project?

### **Case Example A Weaving Gallery**

Tapetes de Lana in Northern New Mexico renovated an abandoned building in Mora, a very small rural community, into a training center and gallery for traditional weavers, a culinary kitchen for training and entrepreneurs, and a pottery studio. This project involved many, many volunteers from the community, participants from a training program, as well as numerous state and national agencies.

#### **The Completed Center**



**Volunteers**



**Celebration**

## 9

## Entrepreneurship Education

For a region to become entrepreneurial generally requires many more individuals to start new businesses. Entrepreneurship education is a key strategy for introducing residents to the idea of and skills needed for starting a business. This educational process can begin in elementary schools, with simple activities related to starting or operating a business.

**Chart 1. Types of entrepreneurship curriculum**

Name	Age	Contact
REAL	High school	<a href="http://www.Cfed.org">www.Cfed.org</a>
SET	High school	<a href="http://www.acenetworks.org">www.acenetworks.org</a>
NFTE	High School	<a href="http://www.nfte.com">www.nfte.com</a>

### Moving To Action

**(1) Form an Entrepreneurship Education Working Group.** This should be composed of innovators—a mixture of administrators, teachers, students, parents, and business and civic leaders—who are advocates of creating an entrepreneurial region.

**(2) Map entrepreneurship education in the region.** Identify any schools or after school programs that are offering entrepreneurship education. Make sure that the leadership that initiated those programs are involved in the working group.

**(3) Research successful programs around the country.**

**(4) Identify key people in the educational system**—from local to state level—who would be critical in the adoption of entrepreneurship curriculum.

**(5) Find opportunities to provide information about entrepreneurship education** at conferences and meetings.

10

## Forming the Regional Entrepreneurship Network

*Only through regional cooperation across multiple jurisdictions and through regional institutions can there be sufficient scale, resources, and expertise to enable individual communities to play their full role.*

*Brian Dabson*

### ■ When do you convene?

At some point, you will find that you need to move forward on a more integrated regional agenda. Educating regional leaders or shaping policy becomes an imperative. It is time to convene leaders in the region to work together on next steps for the Entrepreneur Support System.

### ■ What is a Regional Entrepreneurship Network? What is its purpose?

For the Regional Entrepreneurship System to work well requires entrepreneurs and organizations to work together in a Regional Entrepreneurship Network. A Regional Entrepreneurship Network (REN) is the set of entrepreneurs, organizations, and residents working together to make sure that entrepreneurs, especially those who have traditionally been left out of the economy, get the support they need to start up and flourish. To be effective the REN must be driven by the region's entrepreneurs and their needs.

However, many organizations will be involved in the network, using information about those needs to develop new or modified services, institutions, or policies. Such organizations include Entrepreneur Support Organizations (such as microenterprise organizations and Small Business Development Centers), Cooperative Extension Services, colleges and universities, associations, banks, loan funds, local and regional government and agencies, and any others willing to collaborate to assist entrepreneurs. Although these organizations and entrepreneurs may never form any formal organization, they share information, and subsets of the network typically work on dozens of projects to create a more supportive environment for entrepreneurs.

The purposes of the REN are to:

- gather information from entrepreneurs about their needs and opportunities, and then assist them—often by developing new services—in meeting those needs or opportunities;
- set up trainings for participants to learn more about entrepreneurship;
- set up communication systems;
- build the network so that information and innovation flows freely throughout the network, and so that people know each other well enough to collaborate on the many projects that will be needed to develop the support system;
- bring in new ideas about entrepreneurship from other parts of the country and the world;
- develop accountability and continual improvement systems; and
- form a policy network to work on policy (see Chapter 10).

### ■ What are the steps?

1. Gather a small but representative planning group (including key entrepreneurs) to help develop the agenda for the meeting and define its purpose and value.
2. Identify sponsors if funds are needed for convenings and present planning groups' ideas for the meeting.
3. Set up initial convening. Your region has many organizations that are likely to be interested in supporting entrepreneurs.
  - Microenterprise organizations
  - Leadership entrepreneurs of all sizes and types
  - Small Business Development Centers
  - Non-profit economic development entities, including grassroots organizations
  - Minority Business Centers
  - Cooperative Extension
  - Arts organizations
  - Tourism organizations
  - Local high schools, colleges and universities, and their business schools, institutes, research centers, technical divisions
  - Loan funds, ventures funds, seed funds, angel investors
  - Banks
  - Workforce intermediaries, adult vocational programs, job readiness programs
  - Development or planning districts
  - Legislative leaders
  - Local government officials
  - County economic development staff

- Banks and bank CDCs
- Chambers of commerce
- Incubators
- Farm organizations

4. Map the network (see “Mapping and Enhancing Networks” at the end of this section.)
5. Set up a listserv for ongoing communication.
6. Provide training to the REN on best practices in the field, identifying what other communities and states are doing to support entrepreneurs.
7. Identify key issues and gaps and examine entrepreneurship activities that have been effective in supporting entrepreneurs.
8. Develop a set of strategic directions for the region, identify collaborators willing to work on projects that will move the regions in those directions, and identify potential resources to support those directions.
9. Outline a policy platform and identify champions who will work with policymakers on the local, state, and regional level to adopt policy recommendations.
10. Develop a public relations campaign to inform people in the region about the network.



### **Suggestions for an Agenda for an Initial Organizing Meeting for the Regional Entrepreneurship Network**

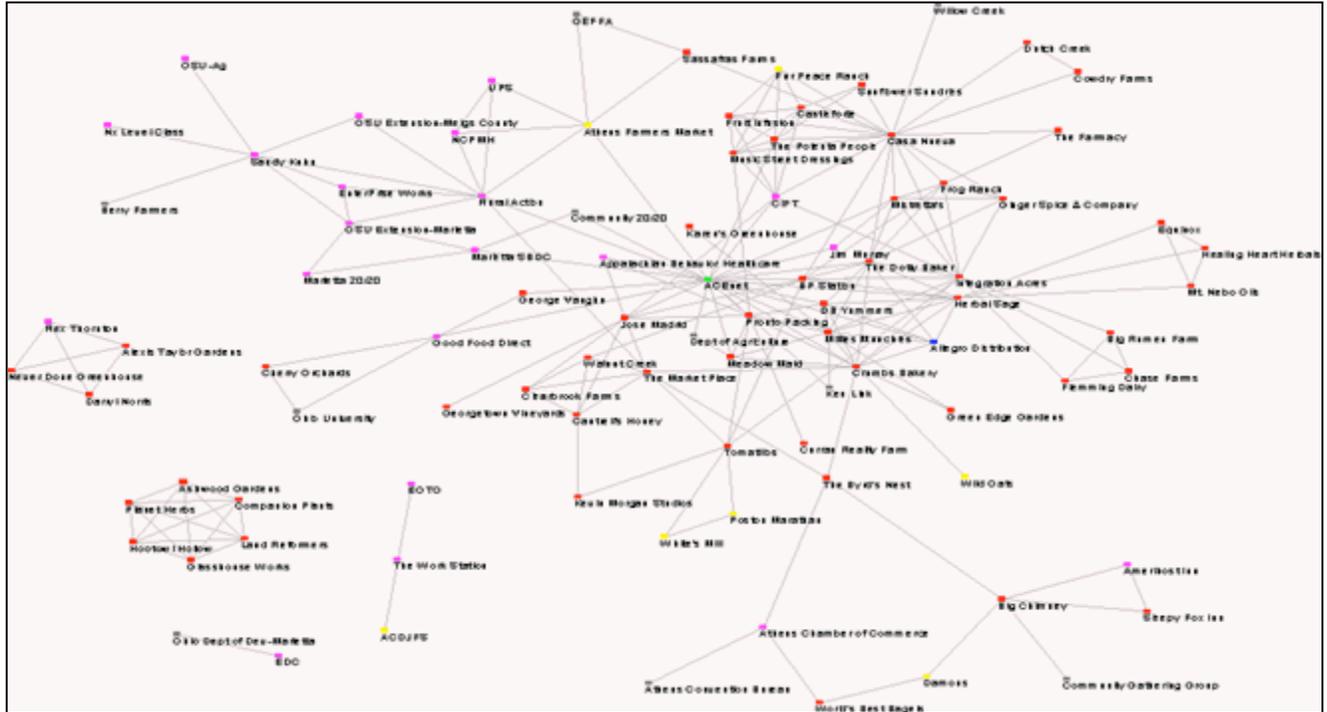
- 15' Introductions (If more than 25 people, this may need to be done in small groups)  
Each person identifies his or her organization and how he or she contributes to making the region more entrepreneurial.
- 45' Panel of entrepreneurs: How we are contributing to the regional economy; what useful assistance we have received that helped us be a success; what else do we need to enable our business to continue to grow and increase its profitability.
- 15' Questions and answers
- 20' Networking break
- 30' Speaker who describes emerging trends in the development of regional entrepreneurship systems around the country and/or the world
- 15' Questions and answers
- 30' Panel of entrepreneur support organizations: descriptions of successful programs around the region where organizations are collaborating to support entrepreneurs
- 15' Questions and answers
- LUNCH
- 60' Regional systems: Working in small groups, identify and prioritize what the region needs to increase its support of entrepreneurs
- 60' Report back and discussion
- 30' Formation of work groups to follow-up on selected action items
- 15' Closing session

## **Mapping and Enhancing Your Network**

This booklet, along with most economists specializing in entrepreneurship and regional economies, repeatedly emphasizes the importance of networks. Effective networks draw in innovation, increase information flow, expand access to resources, encourage collaboration, and create resilience. Such a network can enable an individual, an enterprise, a community, or a region to flourish.

However, the kind of networks that will be needed to support entrepreneurs will take some explicit network weaving to emerge. (see “Building Sustainable Networks Through Network Building” [www.orgnet.com/BuildingNetworks.pdf](http://www.orgnet.com/BuildingNetworks.pdf)) The first step is to use a Network Mapping tool such as Inflow™ (see [www.orgnet.com](http://www.orgnet.com)) to track the Network. The map (see example on following page) can enable the REN to identify leaders or hubs. It can also point out groups, organizations, or entrepreneurs who are isolated.

## A Regional Entrepreneurship Network Map



In this example, entrepreneurs are red, Entrepreneur Support Organizations are green and purple, and markets are yellow. We can see that several groups in the lower left are isolated. Leaders in the REN can help entrepreneurs in those groups get to know others in the larger network, so that the smaller groups have better access to information and resources that are flowing through the network. A REN can also use network maps to identify people who can help bridge divides. For example, one person might have relationships with people in two different counties, and the REN leadership could encourage that person to work with them to increase the number of people in the two counties who know each other and are starting to work together.

Four networks that are critical to map are:

- (1) **The Innovation Network:** this identifies who is bringing innovation into the region, who is sharing that innovation with others, and who are the people that entrepreneurs respect as sources of innovation. With this information, REN leadership can identify those influential entrepreneurs whom they should encourage and incentivize to attend trade shows, asking only that they share the information obtained at a workshop for area entrepreneurs.
- (2) **The Collaboration Network:** this identifies who has been collaborating with whom. With this the REN can identify network hubs who are organizing collaborations, and work with them to increase their effectiveness.
- (3) **The Mentoring or Sharing Network:** this identifies those individuals who have been mentoring others (often pro bono) and sharing information or resources. The REN can then encourage communities to involve such individuals in local Entrepreneur Support Networks.

- (4) **The Policy Network:** this identifies the people who are likely to be the most influential in shifting policy to support entrepreneurs.

11

## Networking With Others in the Region

It will be very difficult for entrepreneurship to flourish over the long-term if the region does not have strength in all aspects of life. It needs schools that provide quality education for all its young people, communities with adequate housing and other facilities, health care that meets the needs of residents, and a workforce development system that is closely linked to the specific needs of the region's expanding businesses. In addition, explicit activities must be undertaken to increase the assets of disadvantaged individuals and families, so they are less vulnerable to poverty.

A Regional Entrepreneurship Network cannot accomplish these goals by itself. It must link with regional networks working on these other areas.

### Moving to Action

**Connect to workforce development.** Without a doubt, finding good people is the number one challenge facing America's entrepreneurs. The region needs to transform workforce development programs so that they serve the needs of small but growing entrepreneurs who are creating jobs one at a time, but need support in their training efforts. To keep up with larger economic shifts, workers need to learn how to innovate and improve products and processes.

The best cluster service programs are cross-agency and include economic development, higher education, and workforce development. The key to the success of almost every cluster is a labor force with the appropriate skills for, and knowledge of, the industries located within the cluster. To meet the need of cluster businesses for highly skilled workers, states have deployed colleges and universities as training centers. Cluster businesses tend to create jobs one at a time, so clusters need to help small firms aggregate training needs.

**Support those working to create quality schools.** Young people are a community's future, and yet distressed communities often have seriously under-resourced schools. Entrepreneurship efforts must support those organizations in the region that are

working to increase resource flow to schools and find creative ways to link young people to the local economy.

**Health care.** Identify partners in the region interested in working on creative pilot programs that enable very small businesses to offer health care insurance to their employees.

**Individual Development Accounts.** Individual Development Accounts (IDAs) are matched savings accounts for disadvantaged residents. Funds in these accounts can only be used for assets: a down payment on a house, the cost of training or education, or to start a business. Research has shown that when disadvantaged individuals or a families have assets, they are more likely to move out of and stay out of poverty. Grassroots or community organizations are often the entities that set up IDA programs.

### Activity 9. Working with others

Area	Key organizations	Potential collaboration
Workforce		
Health		
Education		
Individual Development Accounts		

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## **Policy Networks That Support Entrepreneurship**

### **■ Why is entrepreneurship policy important?**

There will always be successful entrepreneurs who achieve their successes with little assistance. However, generating the numbers of entrepreneurs required to positively impact the regional economy requires entrepreneurship policy that will dramatically increase the numbers of individuals that start-up businesses, improve their chances for success and enhance their ability to expand and create quality jobs.

### **■ What are the key components of effective entrepreneurship policy?**

Entrepreneurship policy is not simply about providing technical assistance to individual firms, important as that may be. Even more important is policy that helps regions set up entrepreneur support systems that build on the strengths and natural capital of the region and encourage everyone to play a role in creating a supportive environment for entrepreneurs:

- Policy should help entrepreneurs and local organizations join together to develop clusters that can organize joint marketing and product innovation.
- Policy should provide incentives for local communities to support entrepreneurs
- Policy should support organizations that play a catalyst role in helping these collaborations succeed.

Researchers have found that the capacity of local and regional policy makers to continually generate flexible, supportive entrepreneurship policy is one of the critical factors that correlates with a robust economy.

Entrepreneurship policy needs to help all entrepreneurs—whether microenterprises or gazelles. By networking microentrepreneurs into clusters that emphasize Regional Flavor, those businesses build an extremely appealing environment and trigger creativity in other businesses. The result is an atmosphere that attracts and retains high tech or fast growing companies.

Entrepreneurship policy is necessary on a local, state, and national level.

- **Local:** Counties and cities can shift resources or identify new resources to support entrepreneurship. Local leaders can frame the importance of entrepreneurship and provide incentives for entrepreneurs.
- **State:** States can pass legislation that provides support for ESOs, tax credits, entrepreneurship centers, etc.
- **National:** Federal legislation, such as the Farm Bill, can include support for ESOs and RENs.

### ■ What is a policy network?

A policy network is composed of entrepreneurs, Entrepreneur Support Organizations, government officials, policy makers and others who are interested in developing effective entrepreneurship policy. Generally those in a policy network are involved in a Regional Entrepreneurship Network that is identifying gaps, needs, and opportunities that entrepreneurs are experiencing and then participate in a series of collaborative projects that are developing new services or institutions to fill those needs.

The importance of a policy network is that it offers a way to engage policy Influentials—those individuals that policy makers turn to when developing legislation or new practices—in actual projects so that they are aware of what is working for entrepreneurs and what isn't. This way policy can emerge from real experience, and thus be more effective.

## Moving to Action

### **Involve entrepreneurs and entrepreneurial communities in policy formation.**

- Have all organizations involved with entrepreneurs continually collect information about unmet needs and opportunities and feed this information into the policy process.
- Find out from entrepreneurs which programs and services work best for them and increase their availability through policy.
- Encourage entrepreneurs to meet with policy makers

### **Make policy more flexible and experimental.**

- Work with policy makers so that entrepreneurship policy is flexible and supports innovation.
- Policy should have easily accessed pools of funds for small diverse experiments.

### **Make policy build regional assets.**

- Make policy support endowed Innovation Funds; strong and sustainable Entrepreneur Support Organizations; and clusters that help businesses expand and create jobs.

**Make policy regional.**

- Have policy support sub-state and multi-state regions.
- Learn from new governance structures identified by the Federal Reserve Bank of Kansas that are being instituted both in the U.S. and Europe to generate the policy initiatives needed for economic revitalization.

## Moving to Action.

List key policy players below. How can they be integrated into the Regional Entrepreneurship Network?

Policy Influentials	Key policy makers

**Prioritize issues that need to be addressed by policy.**

- Lack of access to capital
- Need to assist in cluster identification and formation
- Coordinating and increasing access to services for entrepreneurs
- Incentives and services to increase innovation of entrepreneurs
- Identification of regional assets
- Entrepreneurship education
- Support for forming a Regional Entrepreneurship System and Network
- Other \_\_\_\_\_

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## Additional Resources

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