



# Entrepreneurship as a Rural Economic Development Strategy

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# The Ground We'll Cover

- What's so different about rural entrepreneurship?
- Why entrepreneurship as an economic development strategy for rural America?
- Can entrepreneurship be a poverty alleviation strategy in rural America?
- What are some characteristics and examples of innovative practice in rural America?

# What's so different about rural entrepreneurship?

- Cultural constraints – many rural places have lost touch with their entrepreneurial roots
- Isolation – from markets, service providers, other resources that cannot always be overcome electronically
- Limited networking opportunities – harder to find and connect with peers and mentors
- Resource constraints – harder to access the right kinds of resources/infrastructure locally, e.g., capital, telecommunications
- Community capacity constraints – leadership, development dollars, access to model practices, and HOPE often limited

# Why rural entrepreneurship?

- Traditional economic development approaches aren't working in most rural places – *“Haven't had an industrial prospect in 20 years!”*
- Entrepreneurship offers scale of activity suited to smaller communities – *creating jobs in 1s, 3s, and 5s can be significant in a small community*
- Better able to match skills and resources with unique market opportunities – *heritage tourism, value-added agriculture, supply chain industries*
- Self determination – *viewed as a way for rural places to create their own future through homegrown asset development*

# It's Working!

- Jobs come from expanding businesses (55%), new businesses (44%), and business re-locations (1%) – **U.S. Small Business Administration, 2003**
  - 1980-2005, firms < 5 years old accounted for all net new job growth – **The Kauffman Foundation, 2009**
  - Small entrepreneurial growth companies account for:
    - **5-15% of all US businesses**
    - **2/3 of net new jobs in the 1990s (60-80% in 2003 – SBA)**
    - **2/3 of inventions since WWII**
    - **95% of radical innovations since WWII**
- National Commission on Entrepreneurship,  
A Candidate's Guide, 2002**

# Small Business = Entrepreneurs?

- Not necessarily!
- Entrepreneurs create and grow enterprises – **turn assets into economic opportunities**
- Entrepreneurs work **on** their business – **small business owners generally work in** their business
- Kauffman 2007 entrepreneurial activity rates – **.3% of adults (.46% of immigrants) created a new business each month**

***Can't judge an entrepreneur by her storefront!  
No formula for identifying which entrepreneur will  
become a gazelle!***

# Many Faces of Rural Entrepreneurs

- Aspiring – dreaming about your own business while working for someone else
- Youth – young people with entrepreneurial aspirations
- Lifestyle – create your own business to support a lifestyle
- Survival or “Income patcher” – create a business to support your family or supplement income
- Growth – intentional focus on increasing sales year after year
- Serial – starting business after business after business...

***We find all types in rural places but not all are visible to the untrained eye!***

# Can entrepreneurship be a pathway out of poverty?

- **Microenterprise development helps low income entrepreneurs create businesses.**
  - Microenterprise - < 5 employees and requiring < \$35,000 in capital
  - Estimated 2 million microentrepreneurs in U.S. – including many in rural America
- **These businesses generate income that, in some cases, can lift a family out of poverty.**
- **Owning a business builds assets, self worth, and a legacy for families and children.**
- **Results vary by entrepreneur, business type, program.**

**Aspen Institute's FIELD program, *Opening Opportunities, Building Ownership*, 2005**



# What does this mean for YOUR work?

- Entrepreneurship an accepted (in some places **preferred**) rural economic development strategy
- Requires “all hands on deck” including educators, workforce and social service providers
- Provide opportunities to identify and support aspiring entrepreneurs you may serve – **Project GATE linking entrepreneurship training with workforce development; NC New Opportunities for Workers program for dislocated workers**
- Link microenterprise development and broader entrepreneurship development efforts so growth entrepreneurs can be nurtured – **pave the pathway out of poverty**

# Learning from Innovative Practice

**Passionate champions** – found in many different places  
(Fairfield Iowa)

**Entrepreneur focused** – respond to the needs of  
entrepreneurs in your community (Economic Gardening)

**Engage youth** – untapped asset (St. Mary's Middle School,  
Ord Nebraska)

**Community based but regionally focused** – built on  
community's assets, but tapping regional resources  
(Kentucky Entrepreneurial Coaches Institute)

**Systems approach** – connecting the dots (HomeTown  
Competitiveness)

**Celebrate success** – share victories to build support (NC  
Joint Ribbon Cutting; "Thank You" Visits)

**Long term strategy** – it takes time and patience to build an  
entrepreneurial community! (Greenstone Group in Northern  
Minnesota)

# How can the Center help?

## - Resources

[www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)

Rural Entrepreneurship Newsletter – monthly  
electronic

Networking – connecting you to innovators in the  
field

## - Training

 Institute

HTC Academies

# Contact the Center

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