Entrepreneurship: A Driver for Rural Development and Sustainable Rural Livelihoods

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Community Context for Successful Entrepreneurship Development

- Why entrepreneurship matters
- New role for entrepreneurship in economic development
- What we learned about what is working and how it might work better
- Communities as incubators for entrepreneurial activity

Why Entrepreneurship?

Entrepreneurship is to economic development as yeast is to bread…

What Is Entrepreneurship?

"Any attempt to create an enterprise or to expand an established one."

Jay Kayne, EMKF

"Entrepreneurship is the transformation of an idea into an opportunity."

Jeff Timmons, Babson College

Why Is It Important?

“Entrepreneurship is a primary driver of regional economic competitiveness.”

Chuck Fluharty

GEM 2000: Entrepreneurship Is Strongly Associated with Economic Growth!

- The level of entrepreneurial activity explains 70 percent of the difference in economic growth among nations.
- All nations with high levels of entrepreneurial activity have above average rates of economic growth.

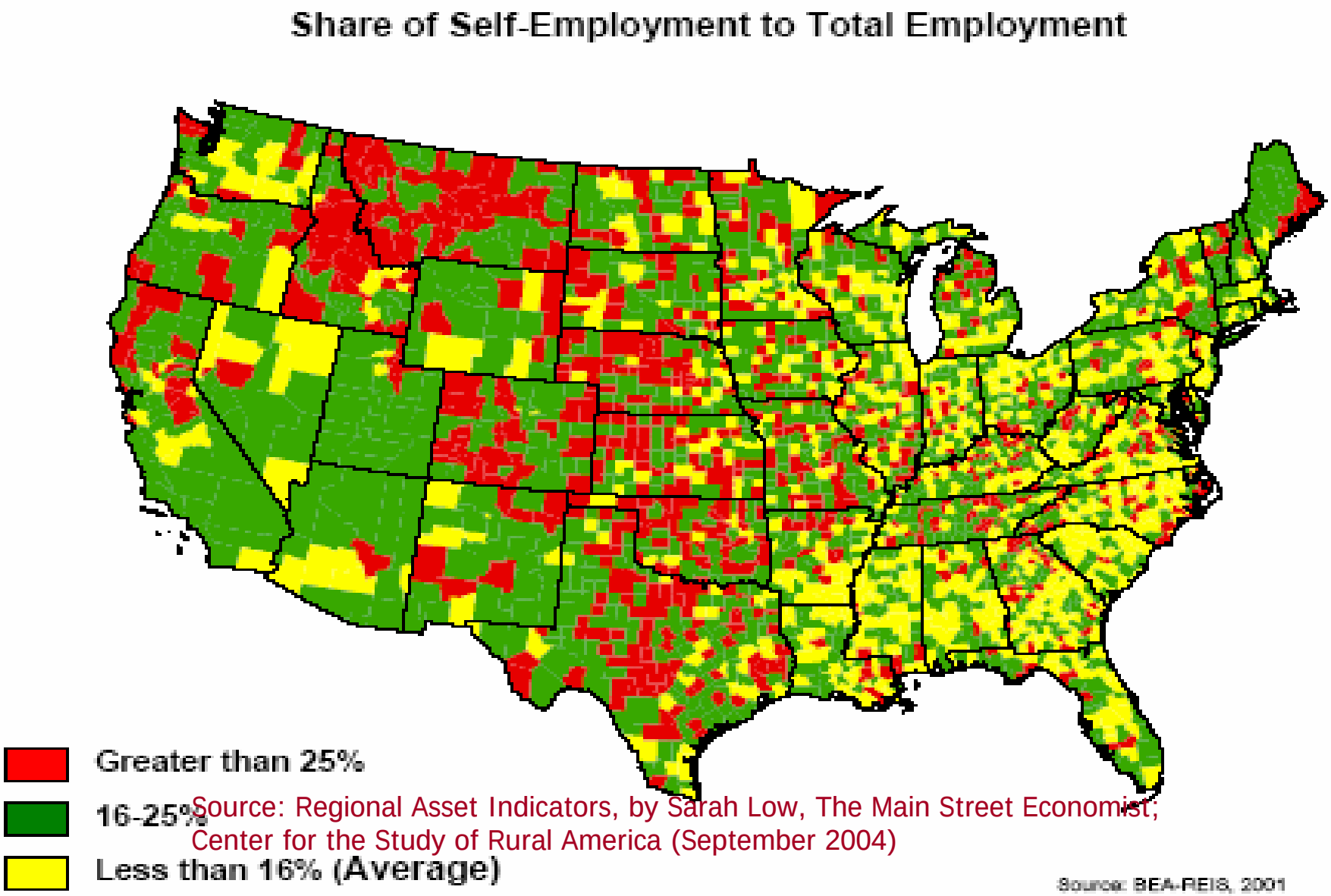
Traditional Rural Economic Development Strategies

- Focus on Natural Resources
- Universal Service
- External subsidies
- Industrial attraction: (1% of jobs come from relocation; 55% from expansion, 44% from new business start ups)

Results of Those Strategies…

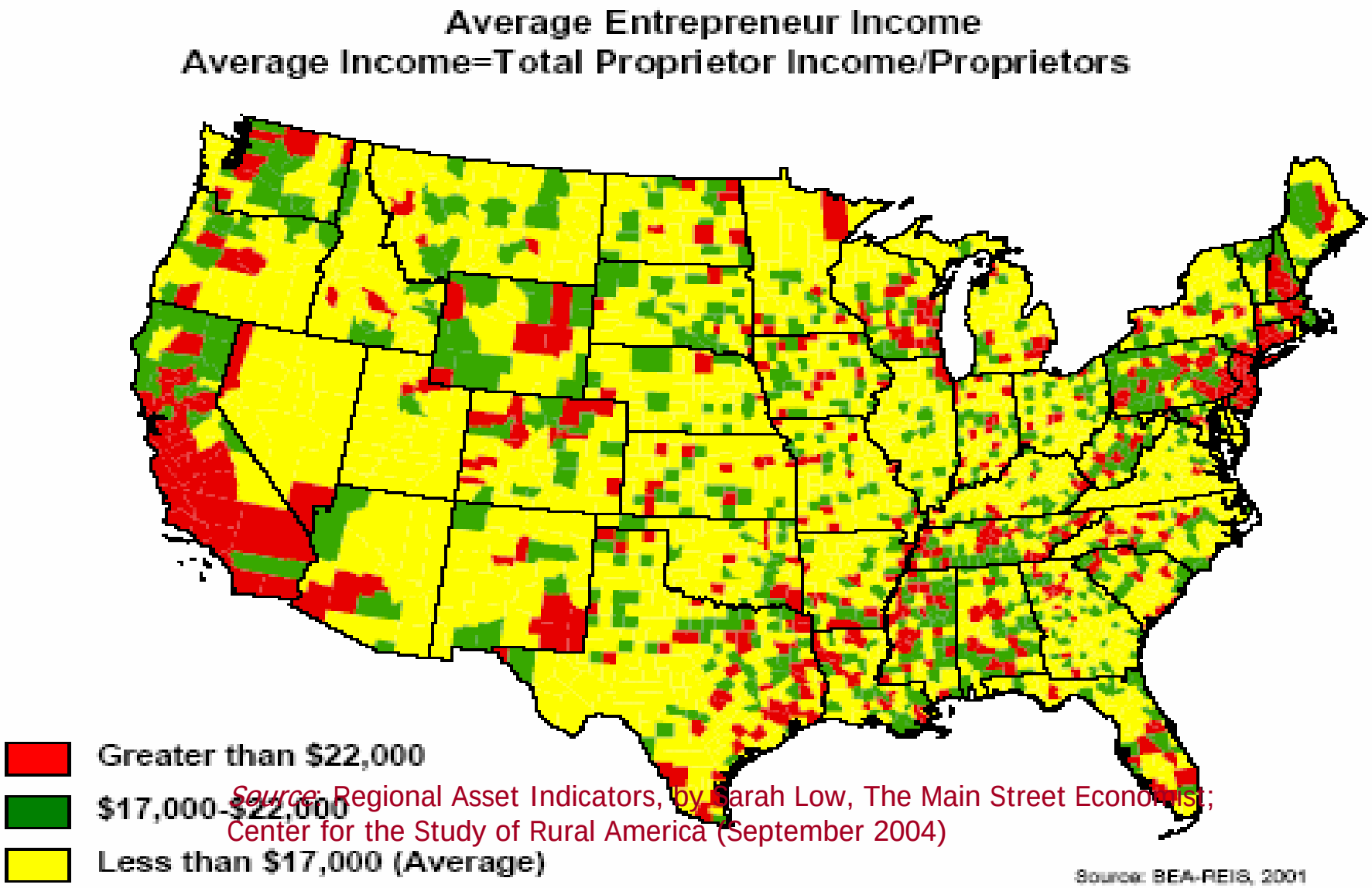
- Out migration
- Aging populations
- Declining income levels
- Rising poverty rates
- High rates of unemployment
- Shrinking economic diversity
- OR, fast growing, high value real estate and focus on service jobs

The Breadth of Rural Entrepreneurship



Source: Regional Asset Indicators, by Sarah Low, The Main Street Economist; Center for the Study of Rural America (September 2004)

The Depth of Entrepreneurship



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So, Now What: Learning from Success

- Discovering what is working
- Dreaming what might be
- Designing what could be
- Destiny: what will be

  – Appreciative inquiry http://appreciativeinquiry.case.edu/

Listening Sessions

- Resulted from the 182 proposals received by W. K. Kellogg Foundation in response to their RFP on collaborative efforts to support entrepreneurship
- http://nationalcoalition.wsu.edu/
- Over 30 sessions

What's Working Well in Rural America in Supporting and Generating Entrepreneurship?

- Developing entrepreneurs
  - Boot camp, entrepreneurship education, transition to younger entrepreneurs
- Access to capital
  - Local investment clubs, endowments, partnerships with banks, revolving loans for nontraditional borrowers

What's Working Well in Rural America in Supporting and Generating Entrepreneurship?

- Bringing entrepreneurs together
  - Flexible networks
  - Clubs
  - Marketplace, expos
- Business expansion
  - Community programs
  - Mentoring, coaching

What's Working Well in Rural America in Supporting and Generating Entrepreneurship?

Engaging agencies

- Collaboration across silos
- Customize services to scale of community Programs that emphasize outreach and marketing of services
- Supporting grassroots, informal systems
- Giving clients access to a 'continuum of care'
- Attending to cultural differences, tolerance of new ideas

What's Working Well in Rural America in Supporting and Generating Entrepreneurship?

Helping communities learn to support entrepreneurship

- Having a local champion
- Connect entrepreneurs to resources and expertise
- Engaging educational institutions
- Local/regional networking opportunities
- Positive community attitude

What's Working Well in Rural America in Supporting and Generating Entrepreneurship?

- Resurgence of buying locally
- Building niche markets
- Spirit of volunteerism
- Accessing private resources
- Encouraging youth

How It Could Work Even Better!

- Everyone attuned and listening to the entrepreneurs
- Developing a whole system with feedback
- A public sphere with a new common language
- A system of communication and technology

How It Could Work Even Better!

- Entrepreneurship education
- Calibrate services to rural and small communities and businesses
- Focus on youth
- Bridges between silos
- Require collaboration

What Are the Policy Strategies?

- Tax incentives to support entrepreneurship
- Better data
- Community solutions are unique – one size does not fit all
- Infuse entrepreneurship in all curriculum
- Eliminate funding for industrial attraction
- Support for local, regional networks
- Require collaboration

Focus on Demand or Supply?

- Communities that support entrepreneurship create a demand for entrepreneurship support programs and TA
- Communities are key to the entrepreneurship pipeline
  - Encouraging new entrepreneurs
  - Supporting existing entrepreneurs
  - Investing in a range of entrepreneurs
  - Linking entrepreneurs to each other and to resources

Key Impacts in Valley County As of 2005-2006

- 80 new jobs, $80 million in new business investment.
- 12% increase in personal income, 14% in per capita, and 20% in sales tax (out performing the State of Nebraska).
- $75 million in investments raised for an ethanol plant.
- Every student in St. Mary's Middle School has developed businesses and sold items at a community-wide business fair, netting $4,000.
- 45 new residents have moved into the county.
- Year four of Leadership Quest completed - 87 leaders trained.
- $65,000 + exceeded goal set for Founder's Club, new goal of $100,000.
- Endowments and expectancies for the Valley County Community Foundation now exceed $7 million.
- In 2006, retail sales in the city of Ord are up 15% over the previous year.

Resources

- **Center for Rural Entrepreneurship – http://www.ruraleship.org**
- **Ewing Marion Kauffman Foundation – http://www.entreworld.org**
- **Rural Policy Research Institute (RUPRI) - http://www.rupri.org**
- **National Commission on Entrepreneurship (NCOE) http://www.ncoe.org**
- **Center for the Study of Rural America, Federal Reserve Bank of Kansas city. http://www.kc.frb.org/RuralCenter/RuralMain.htm**

- NCRCRD Listening session report:
  - http://www.ncrcrd.iastate.edu/pubs/contents/191.htm
- SRDC Listening session report:
  - http://srdc.msstate.edu/publications/238_voicesofthepeople.pdf
- WRD Listening session report:
  - http://extension.usu.edu/files/publications/publication/pub__6990608.pdf
- NERCRD Listening session report:
  - http://nercrd.psu.edu/Publications/rdppapers/rdp37.pdf
- Engaging Youth: case studies:
  - http://nercrd.psu.edu/Entrepreneurship/YESProceedings.pdf

Questions?

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