

An Entrepreneur Based Economy

By Myra L. Moss and Bill Grunkemeyer

Entrepreneurship is emerging as the engine of economic growth and job creation in communities throughout the nation. Nationally communities have developed skills in attracting and retaining established businesses. Few communities, however, also understand the importance of building local and regional capacity to create and foster an environment that is entrepreneur-friendly. In a business environment, where high-growth entrepreneurs can choose to start up and build their businesses almost anywhere, the community with leadership that understands its crucial role in supporting entrepreneurship has a clear advantage.

OSU Extension's Building Entrepreneur-Friendly Communities Program

Beginning in 2005, with grant assistance through the USDA Rural Community Development Initiative program, Ohio State University Extension created and implemented a pilot program and curriculum designed to build local capacity for entrepreneurship. Piloted in two rural communities, the program helped community leaders understand and develop capacities to create an environment that nurtures entrepreneurs. A series of workshops were conducted that identified and described the various capacities necessary to support entrepreneurs.

Description of Building Critical Capacities

This program helps the community build critical capacities to effectively support entrepreneurship development. These capacities include:

- Informed, committed community leaders who recognize the value of entrepreneurship;
- A network of providers offering access to experience, advice, assistance and resources;
- A network that links entrepreneurs to each other and business opportunities;

- An incubation environment where entrepreneurs can increase efficiency;
- Telecommunications infrastructure that provides access to information and markets plus a networking and communications link.

Informed Community Leaders who Value Entrepreneurship

Only recently has entrepreneurship development been given much attention, and then usually within the context of a few independent organizations providing direct assistance such as business planning and financing for individual entrepreneurs. To build broader community capacity, local leadership must first come to understand the existing and potential economic impact of entrepreneurship on their local economic base. In order to raise leaders' awareness and set the stage for the sessions to follow, the first curriculum component provides a statistical analysis of the local economy and the increasing contribution of small entrepreneurial firms. Table 1 demonstrates to one of the pilot communities the importance of small firms, usually entrepreneur-based, in creating jobs for the local community. Individual firms providing nineteen or less jobs nearly equaled the number of jobs created by firms employing 100 or more (2404 total jobs to 2833 jobs in 2007). In addition, between the years 2004 and 2007, firms employing less than nineteen people had only one job lost, compared to 215 for firms employing 100.

Lack of community capacity to support entrepreneurship is also aggravated by the frequent turnover of professional economic development personnel. Both pilot communities experienced changes in their professional economic development positions during the program.

One community replaced its economic development director less than two months after the first session, and the other changed their economic development director three times before the program was initiated. The first few sessions of the building capacity curriculum help public and private sector community leaders understand their roles in creating networks and relationships that remain constant, despite turnover among professional staff.

Developing Entrepreneur and Service Provider Networks

A rich environment of networks among entrepreneurs, service providers, community leaders and resources is important to building community capacity. Local networks, both formal and informal, link emerging entrepreneurs with established entrepreneurs. Emerging entrepreneurs now gain access to advice, mentoring and information. The continuation of this entrepreneur network also provides direct sales from one business to another and the ability to obtain larger contracts through collaborative sales approaches.

Other networks that link resource providers with community leaders and public officials help to direct entrepreneurs to resource providers. We found that in smaller communities, public offices, such as the Auditor's or County Commissioner's offices, are the first point of contact for entrepreneurs. Often, these offices were unaware of who provided needed services so no referrals were made. The creation of a network among public offices, private organizations and

Size of Firm	Number of Workers 2007	Number of Workers 2004
4 and under	513	603
5-9	880	809
10-19	1011	993
20-49	1286	1459
50-99	1303	1345
100-249*	1425	1202
250-499	1408	1833

*New firm attraction

Table 1: Pilot Community: Number of Workers by Size of Firm
Source: Ohio Bureau of Labor Market Statistics

service providers addressed this problem. In addition, connecting to regional networks provides access to additional resources not available locally.


Entrepreneur Incubation

Entrepreneurs need a place where they can obtain operational services at a low cost to reduce start-up and growth costs. Demands for and access to reliable high-speed Internet are also critical in areas where population distribution is sparse. The lack of high speed Internet outside of the village was a stumbling block that both communities faced in growing entrepreneurs. Each community prioritized an incubator as an asset to support entrepreneurs. As an interim step leading up to the creation of an incubator, one community created a Business Learning Center in a wing of the library that provided computers and high-speed Internet access to any business needing these services. Their “one stop” approach also networked with regional business development organizations to provide direct assistance in business planning, marketing and financing. The other community determined that the establishment of a formal location with regular hours for resource providers was an immediate step that could be taken while developing a long-range plan for the creation of an incubator connected with the local university.

Conclusion

Although the program was only recently concluded, early indications of success are evident. Since the completion of this pilot program, each community has put into place strategies that best fit their local needs. As a result of new capacities each community has discovered there are local entrepreneurs seeking assistance. The resource provider network provides a greater capacity to assist these entrepreneurs. The completion of the Building Community Capacity for Entrepreneurship program has effectively implemented the strategy of fostering entrepreneurship as a key component of each community’s economic development program. 🏠

Authors’ Picks for Further Reading

OSU’s Sustainable Development Initiative
 <http://sustainabledevelopment.osu.edu/>

Berke, Philip R.; and Maria Manta Conroy. 2000. Are We Planning for Sustainable Development?: An Evaluation of 30 Comprehensive Plans. *Journal of the American Planning Association* 66(1): 21-33.

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Henderson, Jason; and Abraham, Bridget. 2004. Can Rural America Support a Knowledge Economy? Federal Reserve Bank of Kansas City, Economic Review, Third Quarter 2004.

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