Center for Rural Entrepreneurship

energizing entrepreneurial communities



Creating Entrepreneurial Communities in Kansas

Listening…Learning…Adapting

Deborah Markley

Ahmet Binerer

May 2014

ACKNOWLEDGEMENTS

This case study reflects the collective work of many individuals and organizations in Kansas and beyond over the past two decades. We have benefited from many conversations with these committed partners including Leon Atwell, Anne Dewvall, Jeff Hofaker, Wally Kearns, Joann Knight, Jack Newcomb, Greg Panichello, Erik Pedersen, Larry Powell, and Steve Radley. Thanks to each of you for sharing your insights and wisdom about what it takes to create entrepreneurial communities. In addition, we have drawn upon the reports prepared as part of the Kansas HomeTown Prosperity Initiative supported by the Kansas Farm Bureau and the U.S. Department of Agriculture. We appreciate their support for the entrepreneurial community efforts in Kansas and their willingness to document both the successes and challenges experienced along the way.

At the Center, we want to acknowledge Michael Butler's contribution to the data collection and analysis for this case study. And, most importantly, we wish to thank Don Macke for sharing his insights and the historical context for the work in Kansas. Don's willingness to position the Center as a learning partner in Kansas has contributed to our deeper understanding of what it takes to become an entrepreneurial community and the important roles that public, private and non-profit organizations play in building a supportive ecosystem. We wrote this case study to capture that learning and share it with others who are committed to entrepreneur-focused economic development as a pathway to prosperity.

Deb Markley
Ahmet Binerer

May 2014

PREFACE

Since our founding in 2001, the Center for Rural Entrepreneurship has focused on helping communities and regions build a more prosperous future by supporting business, social, and civic entrepreneurs. Our field-based experience leads us to believe that entrepreneur-focused economic development offers the most promise for rural communities and small metro regions. We also see clearly that a systems approach is needed, connecting support providers, policy makers and entrepreneurs (business, social and civic) into an efficient and effective ecosystem that creates economic development outcomes and, ultimately, community and regional prosperity. For this to happen, however, requires culture change. It requires openness to learning from others, especially those early adopters who have been at the entrepreneurship game for some time. It requires belief that community and economic development is ultimately a local responsibility and that every community has assets to build upon for success. And, it requires recalibration to view "supporting and growing your own" as a strategy that is comparable or superior to the traditional economic development approach that favors industrial attraction.

The Center's work and the Kansas experience that is the subject of this case study were shaped by a rich history of entrepreneurship development efforts that evolved from a focus on *programs* to the creation and growth of *entrepreneurial support organizations* to a *systems approach* that incorporates the broader community.

- Federal recognition of the important role that small businesses play in the economy resulted in the creation of several *programs* including SCORE (Service Corps of Retired Executives) in the mid-1960s, the Minority Business Development Agency in the 1970s, the Small Business Development Center system in the 1980s and targeted efforts to support women entrepreneurs in the 1990s.
- *Entrepreneurial support organizations* became particularly important in rural places and smaller cities in need of capacity building beyond these federal programs. Kentucky Highlands Investment Corporation serving Appalachian Kentucky and Coastal Enterprises, Inc. serving coastal Maine were started in the late 1960s as Title VII community development corporations. Over time, they evolved from a focus on job creation to one of entrepreneurial development, channeling technical assistance, capital and capacity building to entrepreneurs in their regions. While their missions have remained constant over time, their tools and approaches have evolved, providing models of effective practices.
- Other *entrepreneurial support organizations* have had a lasting impact on their regions and the broader entrepreneurship development movement in the U.S. Northern

Initiatives began in the mid-1980s in the Upper Peninsula of Michigan and combined the strengths of a university-based Manufacturing Extension Partnership program with the tools of a Community Development Financial Institution to serve entrepreneurs in an ever-expanding region. Northern Initiatives was an early champion of sector-based strategies and continues to be an innovative model for others to explore. Northeast Entrepreneur Fund in northern Minnesota was launched in the late 1980s following a painful recession for the region. The Fund brought microenterprise development to a region long dependent on mining and advanced the model for microenterprise development nationally. More recently, they have coupled new programs and coaching services with capital to facilitate entrepreneurial transformation across the region.

- Advocates of a *systems approach* and the engagement of the broader community include one of the early pioneers, Ernesto Sirolli. His concept of Enterprise Facilitation® was introduced to the U.S. in the mid-1980s. Sirolli's premise was that every community has hidden entrepreneurial talent and with support these entrepreneurial dreams can bear fruit. About the same time, Gregg Lichtenstein and Tom Lyons were developing the Entrepreneurial League System® based on the tenet that entrepreneurial skills can be developed with intentional coaching effort. They introduced the valuable concept of the entrepreneurial pipeline and demonstrated in several regions how entrepreneurs could move through this pipeline toward higher levels of skills and business impacts. Another pivotal movement born in the late 1980s was Economic Gardening. Led by economic developer Chris Gibbons, the community of Littleton, Colorado became one of the first to eschew industrial recruitment for "growing its own" by surrounding entrepreneurs with the information, connections and infrastructure they needed to grow. Following the success in Littleton, the movement spread to other regions and is now a primary focus of the Edward Lowe Foundation.

Structure of the Case Study

Kansas stands out as a state with a history of recognizing the importance of entrepreneurship to its economic future and acting to embrace and create innovative and ultimately effective initiatives to unleash the entrepreneurial potential in rural and urban communities alike. The evolution of the entrepreneurship development field factors into the Kansas story. The state has played a significant and catalytic role, first as an early proponent of Enterprise Facilitation® and later with the passage of the Kansas Economic Growth Act. There was strong entrepreneurial leadership of these efforts within the Kansas Small Business Development Center network and the Department of Commerce at the start and in NetWork Kansas, the Kansas Farm Bureau and USDA-Rural Development, among other partners, more recently. This in-state leadership reached out beyond state borders to learn from and partner with the Center. Partners across the state have embraced a more collaborative approach to

entrepreneurial support, including bringing new models such as Economic Gardening to the state. The work in Kansas brings together many partners across the public, private and non-profit sectors who are working together to build a more supportive ecosystem. It embraces community engagement, recognizing that communities across the state are the frontline partners in identifying entrepreneurs and connecting them to the resources needed to start and grow their businesses.

Creating entrepreneurial communities in Kansas has been an evolutionary process, one of listening, learning and adapting over time. This case study is written to document the context, describe the evolution, offer some perspective from the communities engaged and share lessons learned so that it might inform the efforts of other communities, regions and states.

THE CONTEXT

Any economic development strategy is essentially place-based: it builds on the assets and opportunities in a particular community, region or state. Kansas' support for entrepreneurship as an economic development strategy and the evolving work to build entrepreneurial communities as part of that strategy grows out of a specific economic and policy context. In some ways, the roots of today's strategy can be found in the economic history of the state.

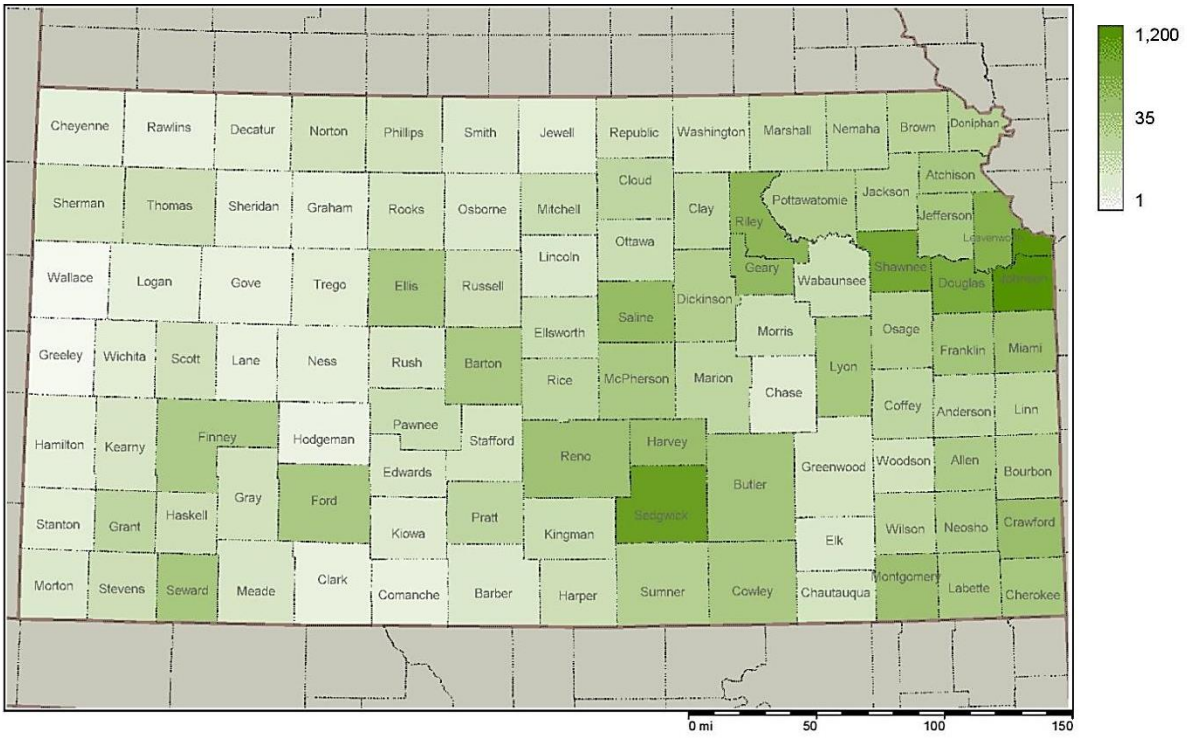
The Economic and Demographic Context

The state of Kansas evokes images of an economy dominated by production agriculture and agribusiness, accompanied by sparsely populated rural landscapes. Agriculture has been and continues to be the largest economic driver in the state. While the agricultural sector has seen its share of boom and bust cycles over the past few decades, more recently the sector has been strong, experiencing significant growth in net farm income the past few years. Changes in this sector, primarily consolidation and mechanization, improve efficiency and help contribute positively to the economy of the state, but the impact on population is quite different. Fewer people are needed to produce the agricultural products on which the state depends. The population of the state overall has grown 6% in the past decade; however, most of that increase was in the state's metropolitan areas. The population of most rural Kansas counties peaked before 1930 and has continued its downward trend. More than 70% of the counties across the state had smaller populations in 2010 than in 2000. In 23 of 105 counties, population fell by more than 10% during this period (see Maps 1 and 2).[1]

[1] U.S. Bureau of the Census, www.census.gov.

As a county's population base declines, there is pressure on the county's economic and social infrastructure: fewer people means less demand for the products and services of local businesses, local health care providers and local schools. Declining commercial activity and, as a result, tax collections create fiscal pressure on local governments and additional services may be cut. Together, these trends create an imperative for economic developers to find new approaches and solutions to encourage economic activity. This urgency in Kansas created the opportunity to focus inward and explore strategies for supporting entrepreneurs as a core component of local, regional and even state economic development. It was also this confluence of events that brought the Kansas Farm Bureau into the conversation in 2006, as they searched for solutions to the loss of key community institutions—schools, health clinics, grocery stores—in the rural towns that their farmer and rancher members called home.[2]

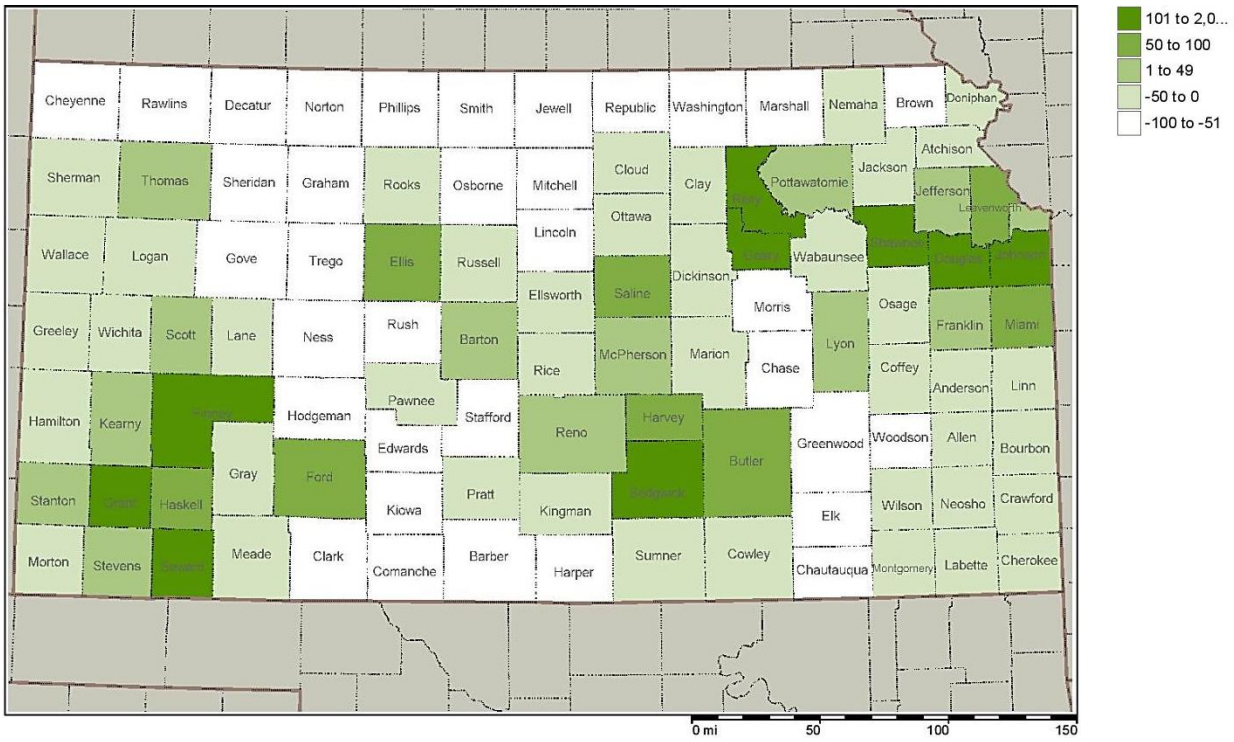
Map 1. Population Density



Source: U.S. Census Bureau

[2] *Search for Solutions: The Future of Rural Kansas*, Report on the Kansas HomeTown Prosperity Initiative, Kansas Farm Bureau, https://energizingentrepreneursorg.presencehost.net/file_download/b53129ab-ddbd-4097-afd0-7a23ff5b9384.

Map 2. Population Change 1930-2010 in Percent



Source: U.S. Census Bureau

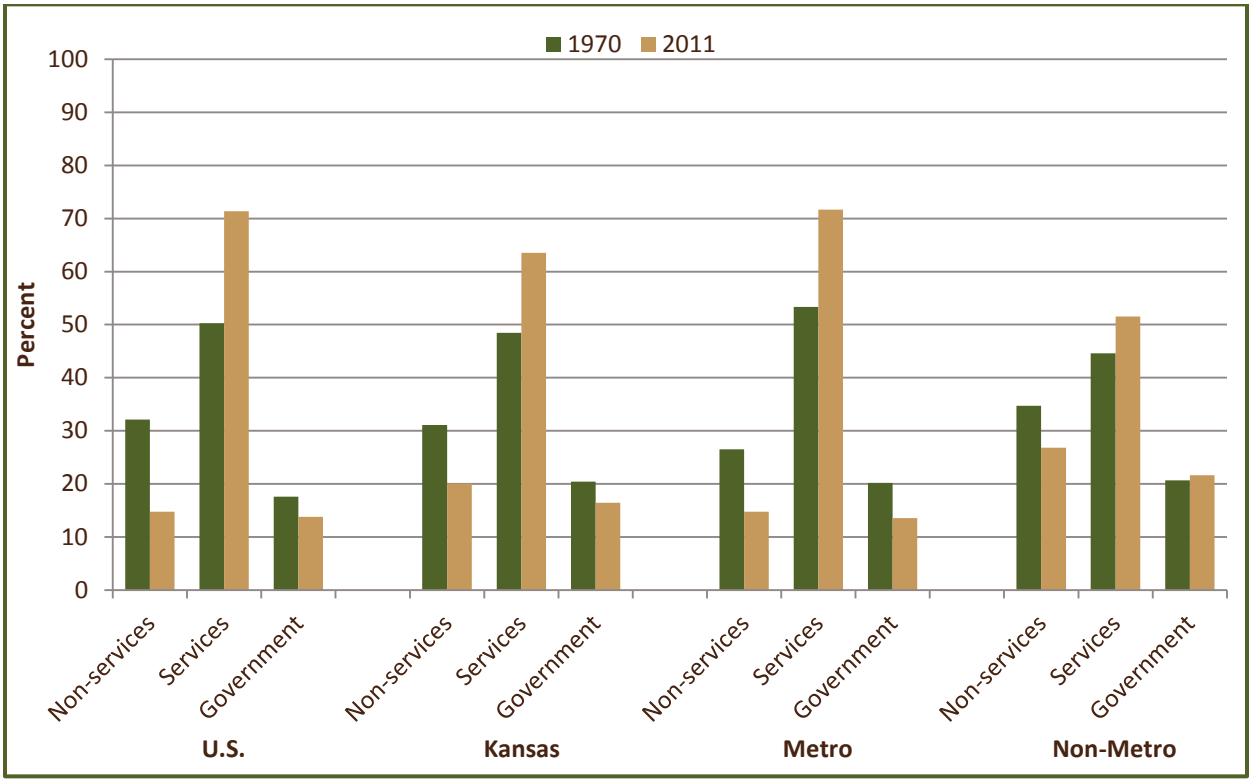
Beyond agriculture, there has been a transition in Kansas, as in the rest of the U.S., to a more diverse economy where job creation is driven by service-related industries. Employment in services grew almost 36% between 1970 and 2011 and now generates over 60% of employment overall. At the same time, non-service sectors, including agriculture and manufacturing, have declined in importance, accounting for only about 20% of jobs in 2011. Kansas still outpaces the U.S. in terms of non-service employment and has, in fact, held onto employment in these sectors relative to the U.S. (Figure 1). In metro areas of the state, the dominance of services is more pronounced than in rural areas, where non-service sectors continue to account for more than one-third of all jobs.

While sectors certainly matter, another important component of the Kansas context relates to the source of these jobs: are these wage and salary jobs or are these proprietors, i.e., people working in their own businesses? Over time, about ¾ of total employment in the state has been wage and salary positions, while about ¼ is generated by proprietors. The latter are individuals who, through opportunity or necessity, are operating their own enterprises, an often-used proxy for entrepreneurs (Table 1). These proprietors are part of the pool from which entrepreneurial talent in the state emerges. Table 1 also demonstrates an important difference between rural and urban parts of the state. Non-metro Kansas has a higher percent of jobs

generated by proprietors relative to metro Kansas, the state as a whole and the U.S. This data point might suggest a propensity to be more entrepreneurial in rural Kansas on the one hand, or a lack of wage and salary opportunities on the other. In either case, a substantial number of rural Kansas residents are earning a living by their own hand.

Together, these economic and demographic trends created a perfect storm of opportunity and challenge in the state. With the dawn of a new millennium, policy makers were confronted with an opportunity to rethink economic development and fashion a new set of policies to encourage economic growth in the state.

Figure 1. Share of Employment by Industry



Source: Headwaters Economics, Profile of Socioeconomic Measures.

Table 1. Share of Jobs: Wage and Salary vs. Proprietors

Description	Share of total jobs 1970	Share of total jobs 2011	Income in 2011 (2012 $)
U.S.			
Wage & salary	86.3%	78.3%	$49,300
Proprietors	13.7%	21.7%	$31,600
Kansas			
Wage & salary	77.6%	78.1%	$41,800
Proprietors	22.4%	21.9%	$33,200
Metro Kansas			
Wage & salary	87.1%	83.6%	$45,900
Proprietors	12.9%	16.4%	$35,800
Non-metro Kansas			
Wage & salary	70.0%	70.9%	$35,500
Proprietors	30.0%	29.1%	$31,300

Source: Headwaters Economics, Profile of Socioeconomic Measures.

The Policy Context

Since the 1950s, the dominant economic development strategy has been industrial recruitment. According to this school of thought, the key to generating jobs and income is to lure businesses located outside the state with tax incentives, concessionary loans, infrastructure investments, etc. This approach helped communities in the South attract footloose industry from the Northeast and Midwest; it has created some notable winners, e.g., the BMW plant in Spartanburg, South Carolina at the center of an automotive cluster in the Upstate South Carolina region. At the same time, communities and regions across the country have experienced the devastation that comes with the closure and relocation of a major manufacturer, mine or service center. The merits of this strategy were further diminished by the relative cost advantage of countries in Asia and Central and South America and the willingness of U.S. manufacturers to establish facilities overseas.

The policy path in Kansas has been marked by some important milestones related to the encouragement and support of entrepreneurship as a component of the state's economic development strategy (see timeline graphic).

Enterprise Facilitation® in Kansas. As recruitment became more competitive, increasing numbers of communities across the country began to explore "grow from within" strategies focused on helping to support and grow entrepreneurs. Kansas was at the forefront of this exploration. In 2001, the state funded Enterprise Facilitation® demonstrations in five multi-county regions. With state support, these regions were able to adopt the approach developed by Ernesto Sirolli as the cornerstone of their economic development strategy. According to an evaluation of the effort completed in 2005, "the five regions in Kansas have experienced measurable economic impacts and, as importantly, the model has brought a sense of hope and control over their own futures to communities that had seen only bleak prospects for the future." The evaluation also suggested the need to embed these facilitation efforts within a stronger system of support in each community or region.[3] One of the most successful implementations, the QUAD County program in southeast Kansas, was led by Jack Newcomb for the entire twelve years of its duration. One-on-one business coaching proved to be a critical tool in the creation of an entrepreneur-focused strategy in this region and this approach informed the evolving efforts across the state.

Kansas Economic Growth Act. The impact of the Enterprise Facilitation® effort was limited by the geography covered by the demonstration. While the state provided some additional funding to keep the initial projects going in 2004, the evaluation identified sustainability for these efforts as a critical challenge for the future. In addition, large parts of the state were not touched by the demonstration. However, Enterprise Facilitation® did plant the seeds and demonstrate the promise of a "grow your own" strategy. In 2003, a series of Prosperity Summits were held across the state to get input from community and business leaders on what the state needed to do to be competitive in a global economy. A common theme was the need to support existing businesses and entrepreneurs as a way to grow current and emerging industries. Based on this public input, state leaders passed the Kansas Economic Growth Act of 2004.

This legislation was designed to increase the state's ability to invest in new job creation opportunities by improving coordination across businesses, strengthening the network among existing resources and connecting businesses to the right resource at the right time. This bi-partisan effort had three important components that set the stage for Kansas to be a leader in state support for entrepreneurship, particularly in distressed and rural communities.

1. The legislation created the Kansas Center for Entrepreneurship. The Center was to serve as "the central portal for entrepreneurs seeking business assistance and financing

[3] Don Macke, Deborah Markley and Erik R. Pages, *Enterprise Facilitation® in Kansas: Lessons and Recommendations*, Center for Rural Entrepreneurship, August 2005.

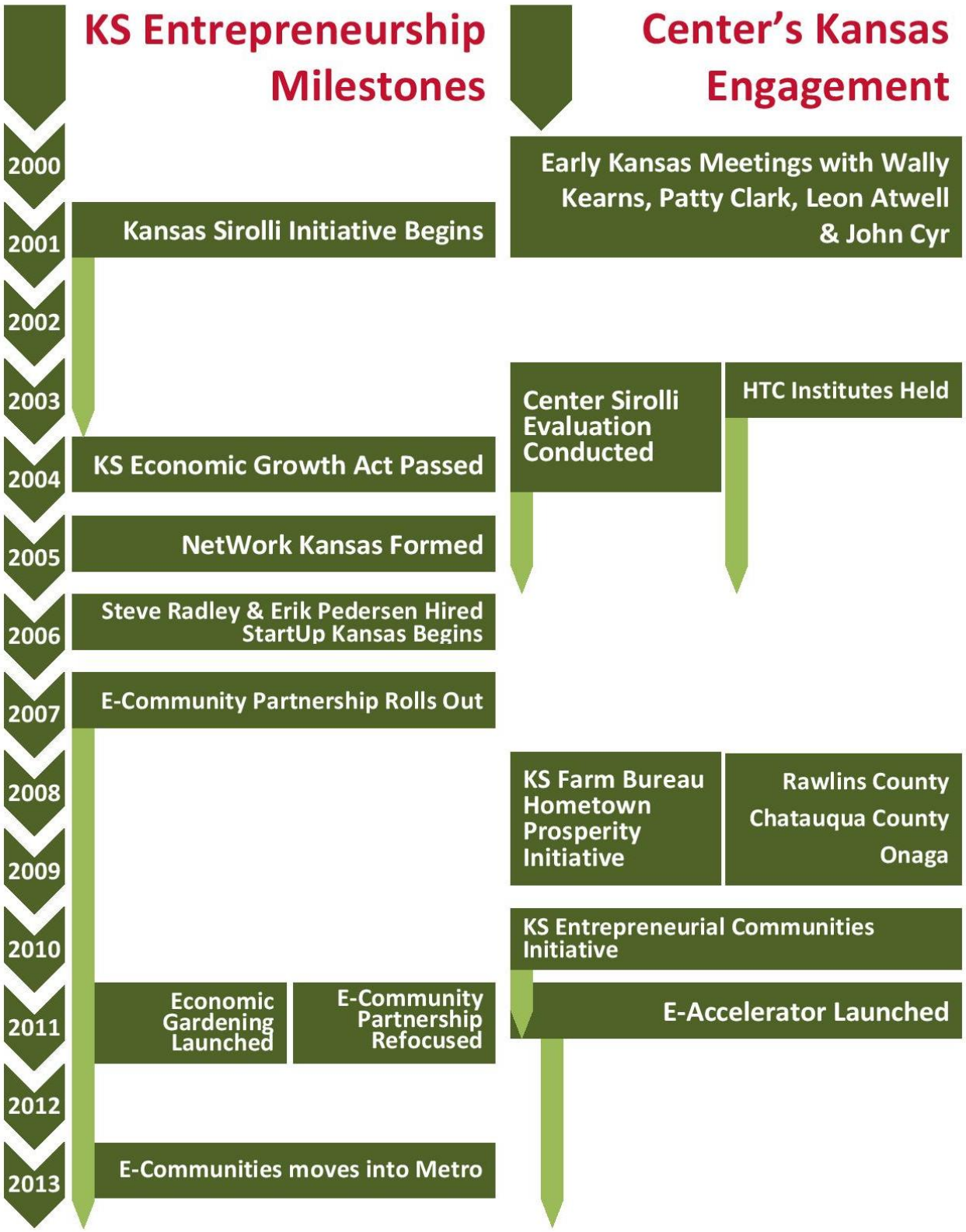
options in Kansas by providing a seamless resource center clearinghouse and referral source, to include establishment of a website and a toll free telephone number."[4]

2. The Kansas Community Entrepreneurship Fund was also created to meet the seed capital needs of qualified entrepreneurs. The fund was structured to receive both state and private funds, including those leveraged by a new tax credit for entrepreneurship of up to $2 million per year. The Kansas Center for Entrepreneurship would manage the fund, working to deploy capital in partnership with community and regional economic development entities.
3. The legislation also created a Rural Business Development Tax Credit created to encourage donations to regional foundations and an Angel Investor Tax Credit designed to encourage more angel investment in entrepreneurial ventures in the state.

This important piece of legislation established the commitment on the part of state legislators to promote entrepreneurship as an economic development strategy and created the tools to fund these efforts into the future. While this new legislation was being implemented, Enterprise Facilitation® projects continued to be a valuable source of learning about how best to work with entrepreneurs in the field. This learning provided insights into the importance of a "ground game" in working with entrepreneurs, insight central to the evolution of this work over time. In recognition of this "learning laboratory" role, the Economic Growth Act ensured that someone involved with Enterprise Facilitation® would have a seat on the newly created Kansas Center for Entrepreneurship's Board of Directors.

While legislators sought broad-based input from across the state, key leadership came from two leaders and their respective organizations, Wally Kearns, then director of the Kansas Small Business Development Center (KSBDC) network, and Patty Clark, then with the state Department of Commerce. These leaders (social and civic entrepreneurs) recognized that a supportive policy environment was the first step in creating an entrepreneurial Kansas. The next step was to create an appropriate infrastructure and culture of deep collaboration among resource partners across the state that would enable entrepreneurs to realize their dreams of business creation and growth.

[4] Kansas Economic Growth Act of 2014, Section 58.


KS Entrepreneurship Milestones
Center's Kansas Engagement
2000
2001
Kansas Sirolli Initiative Begins
Early Kansas Meetings with Wally Kearns, Patty Clark, Leon Atwell & John Cyr
2002
2003
Center Sirolli Evaluation Conducted
HTC Institutes Held
2004
KS Economic Growth Act Passed
2005
NetWork Kansas Formed
2006
Steve Radley & Erik Pedersen Hired
StartUp Kansas Begins
2007
E-Community Partnership Rolls Out
2008
KS Farm Bureau Hometown Prosperity Initiative
Rawlins County
Chatauqua County
Onaga
2009
2010
KS Entrepreneurial Communities Initiative
2011
Economic Gardening Launched
E-Community Partnership Refocused
E-Accelerator Launched
2012
2013
E-Communities moves into Metro

THE EVOLUTION

NetWork Kansas: Model for Collaboration

Implementation of the Economic Growth Act required the creation of a Center for Entrepreneurship. Rather than root the Center in an existing organization, with its own identity and brand, NetWork Kansas—a more virtual network of support partners—was born. This unique structure was critically important to achieving the vision of creating a single point of entry for entrepreneurs that would, in turn, connect them to a wealth of resources across the state. Fortunately, a platform for providing this connectivity was being developed and tested in Kansas City. NetWork Kansas became the first statewide model using the U.S.SourceLink platform. They created an easy, accessible way for entrepreneurs to connect directly with resource partners who may not have been on the entrepreneurs' radar screens. This collaborative approach to supporting entrepreneurs sets Kansas apart from many other states; collaboration was a key feature of the legislative process leading to the creation and passage of the Economic Growth Act and, as a result, was built into the design of NetWork Kansas.

NetWork Kansas' "mission is to promote an entrepreneurial environment by providing a central portal that connects entrepreneurs and small business owners with the right resources—Expertise, Education and Economic Resources—when they are needed most. In pursuit of this mission, we partner with well-respected business development organizations and educational institutions that work with entrepreneurs and small business owners who have the vision and potential to succeed. The result is a seamless system that accelerates economic and community development in Kansas."

www.networkkansas.com

NetWork Kansas built upon a strong history of collaboration in the state. The Kansas Small Business Development Center (KSBDC) system emphasized collaboration under the leadership of Wally Kearns. The KSBDC's current director, Greg Panichello, described the current support system in Kansas as having fewer silos and more permeable walls than other states, a fact noted in a recent national accreditation and attributed to "Kansas nice." He suggested that organizations in Kansas are more willing to partner, more focused on community success and more willing to share the credit for that success.[5]

[5] Personal interview, 2013

Another important design element for NetWork Kansas was the decision to hire *entrepreneurs* to lead the effort. Who better to support and relate to entrepreneurs than entrepreneurs themselves? Steve Radley, President and CEO, and Erik Pedersen, Director of E-Communities, were hired to lead NetWork Kansas. Before becoming part of NetWork Kansas, Radley and Pedersen were business partners. They started two businesses: a bakery and a manufactured housing company. As with many entrepreneurs, their success was mixed; the bakery did not do well, but the manufactured housing company did quite well. They embody the traits of successful entrepreneurs: they connect well to people, they are always open to new ideas, they are willing to share and seek the input of others, and they are constantly asking how they could do things better. They also reflect the importance of building an entrepreneurial team: Radley was described as a visionary and a strategic thinker; Pedersen as an on-the-ground implementer and operations expert. Together they provide the entrepreneurial leadership needed to manage an effective entrepreneurial network across the state.

One important step toward creating broader ownership and relevance of NetWork Kansas' mission and programs was taken by its leaders early on. Over a 45-day period, Radley and Pedersen held meetings at every rural community college, inviting a diverse set of stakeholders to each meeting. They used these sessions to listen to the opportunities and challenges community leaders were facing and to consider how NetWork Kansas might contribute to better solutions. They created relationships which have become the basis of stronger partnerships today.

From the start and drawing on their own brand of market research, NetWork Kansas focused on providing entrepreneurs with access to three Es: expertise, education, and economic resources (i.e., capital). Expertise and education were delivered through NetWork Kansas' Resource Navigator online platform and solid connections to a growing network of resource partners. Capital was provided through another tool authorized by the legislature: a pool of tax credits used to leverage private sector dollars to help entrepreneurs start and grow their businesses. These dollars were disbursed beginning in 2006 through the StartUp Kansas loan program, accessed by entrepreneurs through a NetWork Kansas resource partner, with a maximum loan size of $45,000.

From 2006 through 2013, NetWork Kansas experienced a steady increase in the number of entrepreneurs connecting with and benefitting from its resources and programs:[6]

[6] Analysis of NetWork Kansas data

- Resource Navigator searches grew from an average of 74 per month in 2006 to 179 per month in 2013.
- Calls to the NetWork increased from an average of 23 per month in 2006 to 192 per month in 2013.
- The number of active contacts managed by NetWork Kansas averaged 5 per month in 2006, increasing to 436 per month in 2013.
- The number of resource partners grew from nine in 2006 and to over 500 in 2013.

NetWork Kansas also had success in connecting entrepreneurs to capital. From 2009 through 2013, there was steady growth in the number of businesses receiving a loan or grant leveraged by the tax credit program: from 94 businesses to 350 businesses. At the start, about 60% of these businesses were startups; over time, the share of businesses classified as expansions increased from about 25% to almost 40% of loans. Total dollars loaned or granted followed a similar pattern of growth: from $2 million to $9 million.[7]

The real success of NetWork Kansas was not simply in getting capital to entrepreneurs. It was providing capital in combination with education and expertise so that entrepreneurs could grow their businesses. The objective was economic growth and, as in most states, that was measured, in part, in terms of job creation. The businesses receiving capital from NetWork Kansas created 908 net full-time and 808 net part-time jobs from 2007-2013.

> *The E-Community Partnership helps get targeted resources to targeted entrepreneurs in a way that wouldn't happen without it. The communities are the spokes connected to the NetWork Kansas hub.*
>
> *Steve Radley*
> *President and CEO*
> *NetWork Kansas*

In 2007, as Steve Radley and Erik Pedersen evolved NetWork Kansas programming, they recognized the limitations inherent in a more top-down, centralized approach, specifically in terms of connecting entrepreneurs to resources and capital. Without committed community partners, it was going to be hard to reach entrepreneurs all across the state. It was going to be hard to get dollars out the door and into entrepreneurial ventures. And, it was going to be hard to get the kinds of economic development impacts needed to help communities across the state. They needed boots on the ground in those communities, identifying entrepreneurs and connecting them to the myriad of effective resources accessible through NetWork Kansas and its partners. They needed to push assets out to the communities and let them lead the way. Jack Newcomb, an enterprise facilitator and member of the NetWork

[7] Including loans through both StartUp Kansas and E-Communities partners

Kansas governing board during this period, was also an advocate for a stronger grassroots or community strategy. To address these concerns, the E-Community partnership was launched in 2007.

Community Engagement: Broadening the Reach

NetWork Kansas recognized that local leaders understand their assets and their entrepreneurs better than anyone at the state level ever could. They designed the NetWork Kansas E-Community partnership to empower communities to grow their own by being part of a larger network, having access to additional resources and receiving support and encouragement along the way. The program offered communities the opportunity to partner with NetWork Kansas to establish a locally-administered loan fund to assist entrepreneurs with capital. However, access to tax credits that could leverage local capital was just the "Trojan horse" to bring communities into the initiative. E-Community partners also benefited from connecting their entrepreneurs to a broader network of resources, initiating activities to encourage entrepreneurial development and becoming part of a statewide network of other E-Communities. At the end of the day, however, each community had to reach out and seize the opportunity put in front of them. In 2007, six communities seized the day; by early 2014, 44 communities were committed E-Community partners (see Map 3).

Across the E-Community network, there is diversity in the level of engagement, commitment and outcomes associated with the efforts. NetWork Kansas leaders observed the characteristics of more successful communities and applied this learning to the evolving design of the partnership. They spent more time scrutinizing the community leadership team as they found that the higher performing communities had teams that:

- Met as a group on a regular monthly schedule and talked more frequently as needed.
- Engaged the financial community including banks in a variety of ways including as board members.
- Mapped their resources and their connections to resources.

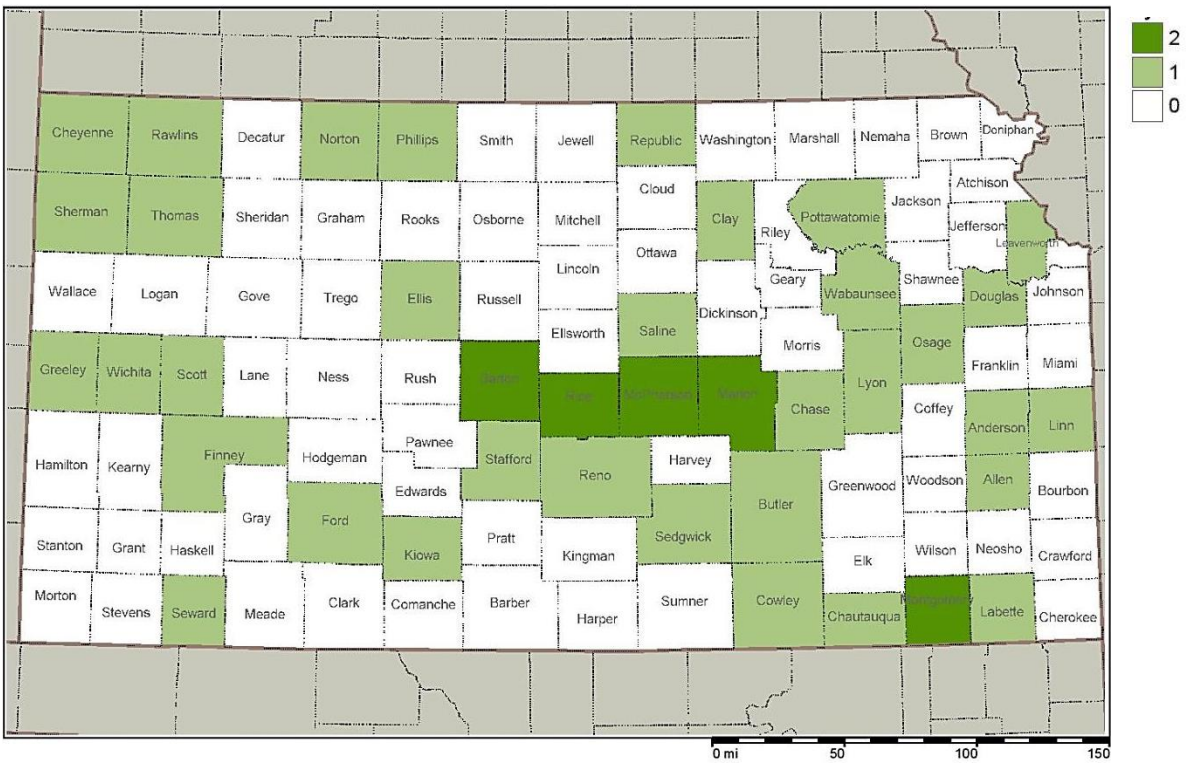
What distinguishes the higher performing E-Community partners?

"They engage us as much as we engage them."

Erik Pedersen
Director of E-Communities
NetWork Kansas

- Connected proactively to NetWork Kansas to access resources and programs.
- Were intentional about putting an entrepreneurial support system or process in place.

Map 3. E Communities by County



Source: NetWork Kansas

While these lessons helped contribute to stronger E-Community partners over time, they also contributed to the continued evolution of entrepreneurial communities work in Kansas more generally.

Community engagement across the state was not limited to the NetWork Kansas E-Community partnership, however. Other initiatives were taking root in the state during this time. Concurrent with the legislative process, private entities were exploring alternative development strategies. Leon Atwell, trained in Enterprise Facilitation®, began to look for other models that took a broader community approach as a way to address concerns about sustainability. After researching a number of frameworks, he found HomeTown Competitiveness® (HTC), a model conceived and piloted in Nebraska.[8] Believing the framework fit well in Kansas, Leon conducted workshops and presentations across the state to introduce others to the model, including Jack

[8] HTC was developed and field tested in Nebraska as a strategic partnership between the Nebraska Community Foundation, the Heartland Center for Leadership Development and the Center for Rural Entrepreneurship. It is a community development strategy organized around four pillars: developing local leadership, increasing community philanthropy, energizing entrepreneurs and engaging youth. To learn more, go to www.htccommunity.org.

Newcomb. As practitioners, Jack and Leon together began working on integrating best practices from the Enterprise Facilitation® and HTC models for community betterment.

Through support of the W.K. Kellogg Foundation, Leon also organized a statewide development project to explore how diverse organizations could collaborate at a strategic level and integrate the HTC model into development practice. The Kansas Farm Bureau (KFB) was one of the entities invited to join the collaborative effort. At the time, KFB was searching for solutions, spurred by concerns among young farmers and ranchers about the prosperity and survival of Kansas' rural communities, their hometowns. Through a partnership with the Center for Rural Entrepreneurship, Jack Newcomb and Leon Atwell, the Kansas HomeTown Prosperity initiative was launched in 2008.[9]

> *"KFB has taken on the challenge of rural development out of a deep appreciation for the importance of local communities to agriculture and its families. At KFB we do not have the answers to rural development, but we have become a partner in Kansas' all-important effort of finding strategies that work."*
>
> *Steve Baccus*
> *President*
> *Kansas Farm Bureau*
>
> *Quoted in Search for Solutions*

Designed to strengthen rural communities in Kansas by building community capacity, the initiative was patterned on the successful HTC approach. Jack and Leon organized a coaching team to implement the approach and the initiative was piloted in three communities: Onaga in Pottawattamie County, Sedan in Chautauqua County, and Atwood in Rawlins County. The community coaching team was formally organized into Advancing Rural Prosperity, Inc. and this private sector partnership has continued to be a vital part of the evolution of the entrepreneurial communities' efforts across the state. USDA-Rural Development, under the leadership of Patty Clark as state director in Kansas, also contributed funding support for the HomeTown Prosperity Initiative, adding a federal partner to this growing collaboration.

In response to the Great Recession, the focus of these capacity building efforts was refined to more sharply address entrepreneur-focused economic development, a reaction to the economic distress many communities were facing at the time. Informed by earlier collaborative efforts, KFB recognized that successful implementation of solutions to the rural development challenges facing Kansas communities required collaboration among partners across the state and not solely KFB. The Kansas HomeTown Prosperity Initiative partnership expanded to

[9] *Search for Solutions: The Future of Rural Kansas*, Kansas HomeTown Prosperity Initiative Report, 2011, https://energizingentrepreneursorg.presencehost.net/file_download/b53129ab-ddbd-4097-afd0-7a23ff5b9384.

include NetWork Kansas, the Kansas Small Business Development Centers (KSBDCs), USDA-Rural Development in Kansas, Advancing Rural Prosperity, Inc., the state Department of Commerce, and the Center. These partners established the next generation of community entrepreneur-focused engagement strategies: the Kansas Entrepreneurial Communities Initiative (KECI) launched in 2010.

KECI was designed to work at two levels. One, it sought to better connect communities to the robust state support infrastructure for entrepreneurs, particularly NetWork Kansas and the KSBDCs. The KSBDCs had long embraced the extension of services to rural communities through rural outreach centers, positioning them as strong partners in the effort to connect with communities. Two, KECI recognized the need to enhance the capacity of communities to build support systems for their unique entrepreneurial talent. With stronger capacity and a systems approach, these communities could be stronger partners with state resource providers, serving as the conduit to help entrepreneurs connect with the right resources at the right time. This dual approach proved to be a powerful combination. KECI's early adopter partner communities included Chautauqua County, Hillsboro, Rawlins County, Scott County, Stafford County, and Wichita County.

KECI focused on bringing the combination of community and business coaching to rural communities in Kansas, along with an emphasis on achieving stronger development impacts by working more strategically with entrepreneurs. The notion of coaching is a common one in many fields, e.g., acting, sports. But, the idea of coaching the community to become more entrepreneurial is a less common approach. KECI sought to coach community leaders to become stronger champions of community change. KECI founding partners, Jack Newcomb and Leon Atwell, brought their experience as community and business coaches to the evolving entrepreneurial communities work in Kansas.

Atwell describes the role of a community coach as helping leaders leverage their skills to make progress in the community. The coach brings objectivity and an outside perspective to community leaders. And, most importantly, once community leaders embrace the idea of entrepreneur-focused economic development, the coach holds them accountable for creating and executing a plan to energize their entrepreneurs.[10] As an entrepreneur himself, Leon brought that perspective to the community leaders he coached, helping them understand how important a supportive culture is to encouraging the startup and growth of entrepreneurs.

[10] Personal interview, 2013

Atwell compares the process of supporting entrepreneurs to that of raising a child. The community is responsible for creating the "home environment" that nurtures the entrepreneur. The community coach helps the community design and maintain that "home" or system of support. In contrast, entrepreneur coaches and other support providers, such as KSBDC counselors, focus primarily on guiding entrepreneurs with their businesses.

What is the role of a community coach?

"We wake up every day thinking about how to help the community make progress on its growth."

Leon Atwell
Community Coach
Advancing Rural Prosperity

To demonstrate the interplay between the HomeTown Prosperity Initiative and KECI, it is helpful to look at Rawlins County and its county seat, Atwood. Rawlins County was not new to economic development planning when the HomeTown Prosperity Initiative launched. In fact, leaders had been engaged in planning for development since at least the early 1990s. The county also had familiarity with the HTC model on which this initiative was based, having sent a team to a 2005 community field day in Nebraska to see the model in action. That experience motivated further exploration of HTC in Rawlins County and the hiring of a new economic development director, Chris Sramek, who returned to his hometown to take on this new responsibility. With true entrepreneurial spirit, Rawlins County took advantage of numerous opportunities in the state, including becoming a NetWork Kansas E-Community in 2007.

Like a well-tilled field, Rawlins County was ready when the seeds of HomeTown Prosperity were sown in 2008. They were one of the pilot communities, building on solid efforts underway to encourage young entrepreneurs, develop new leaders, improve the community's infrastructure and develop a culture of community philanthropy as a way to make their economic development goals a reality. The new initiative gave the county an opportunity to re-energize their efforts. With a commitment to grow its economy by growing its entrepreneurs, Rawlins County was ready to leap at the next opportunity created in the state: KECI.

A key feature of KECI in Rawlins County was the use of coaching. Chris Sramek served as the local entrepreneur coach in the community while Leon Atwell served as the community coach, creating a powerful duo. While Sramek was responsible for working to support and empower entrepreneurs to achieve desired economic development impacts, Atwell was his mentor and coach in co-creating a thriving community.

What have been the outcomes of the efforts in Rawlins County to define and achieve a different economic development future? The impacts are promising; a few trend lines are beginning to bend. New families are moving in and school enrollment has increased for the first time since 2000 (after a 34% loss in student population).[11] From 2000, the number of nonfarm proprietors and the income generated from those enterprises increased, right up until the onset of the Great Recession.[12] While these improvements were associated with a much stronger agricultural economy, Rawlins County stands out among similar places in the Midwest, suggesting that support for entrepreneurs is bearing fruit. Equally important, Rawlins County is experiencing population growth for the first time since the 1930s. New individuals and families moving into the county is a prerequisite for future prosperity as these new residents bring increased demand for housing, products and services, local schools and other amenities that contribute to a vibrant community. But there remains significant work to be done, as economic development is a job that never ends.

Like Rawlins County, other KECI community partners were also NetWork Kansas E-Communities. In fact, one of the traits of the more active E-Community partners, according to Erik Pedersen, is their involvement in other initiatives focused on entrepreneurial development. In spite of these higher performing communities, however, one of the challenges in both the E-Community partnership and KECI was how to move from supporting entrepreneurs to creating greater economic development outcomes in communities.

Community Engagement: Accelerating Impact

KECI focused on helping communities organize themselves to grow through entrepreneurship. It connected to and leveraged the E-Community partnership of NetWork Kansas. These initiatives were designed to better identify the strategic assets that exist in the state and connect local economic developers to those resources so it was not "like finding a needle in a haystack." Now, however, the question was: How can we create the deal flow to connect growth entrepreneurs to resources that enable them to grow the jobs and incomes that are fundamental to community prosperity?

The entrepreneurial leadership of NetWork Kansas continued to explore ways to accelerate impact, particularly in their work with communities. In keeping with their collaborative model, they connected the E-Communities to resources in the state, giving them access to new initiatives.

[11] *Search for Solutions: The Future of Rural Kansas*, Kansas HomeTown Prosperity Initiative Report, 2011.
[12] *Atwood and Rawlins County Kansas: A Development Success Story*, Center for Rural Entrepreneurship, Fall 2013.

- **Kansas Economic Gardening Network** was launched in 2011 to bring more sophisticated market research and intelligence services to entrepreneurs committed to growing their stage 2 companies. The network is licensed by the National Center for Economic Gardening.[13]
- **Growing Rural Businesses** is a 10-week certificate program offered by the Center for Entrepreneurship at Wichita State University. In partnership with NetWork Kansas and local economic development organizations, the program is offered throughout the state.[14]
- **The IceHouse Entrepreneurship Program** is an online learning program designed to help participants understand the entrepreneurial mindset.[15] It is based on the book, *Who Owns the Icehouse?*

At the same time, KSBDC was focused on supporting growth entrepreneurs, with core competencies that are appropriately targeted to late stage 1 and early stage 2 businesses.[16] A perennial challenge faced by KSBDC, and other service providers across the country, in better serving business customers is figuring out who among the many pre-venture candidates has the capacity and market opportunity to create and grow a business. In order to be most effective and achieve the greatest impacts, KSBDC resources are better targeted to entrepreneurs with the potential for growth. Engaged community partners, with coaches like Chris Sramek, have an important role to play in connecting those pre-venture entrepreneurs to resources that can help them refine their business ideas and effectively launch new ventures. These coaches can help fill the pipeline with entrepreneurs who can benefit from the support of KSBDC, the Economic Gardening NetWork and a wider range of capital access programs.

In the private sector, Advancing Rural Prosperity[17] was continuing to develop its community and business coaching frameworks, convinced that this community-based approach was a missing link in the NetWork Kansas E-Community partnership. Facilitated by the Center for Rural Entrepreneurship, these lessons learned converged into public-private collaboration and the next evolution of the entrepreneurial community movement in Kansas: the creation of the E-Accelerator partnership. This partnership emphasizes empowering communities to generate a portfolio of entrepreneurs and target their efforts toward working with growth entrepreneurs to create impact. It integrates community and business coaching into the E-Community

[13] http://edwardlowe.org/tools-programs/economic-gardening
[14] http://webs.wichita.edu/?u=CFE1&p=/Growing_Rural_Businesses
[15] http://whoownstheicehouse.com
[16] The Edward Lowe Foundation defines stage 1 businesses as those with 2-9 employees and stage 2 businesses as those with 10-99 employees.
[17] To learn more about Advancing Rural Prosperity's contribution to E-Accelerator, you may visit http://advancingruralprosperity.org/growing-rural-organizations.

partnership network. It is a truly collaborative effort that benefits from the foundation laid by an engaged state legislature, the experience of committed resource partners, the framework and lessons learned introduced by the Center and the support of federal partners.[18] The E-Accelerator partnership coincides with the decision by NetWork Kansas to begin devoting more resources to working with the higher-performing E-communities: those that are committed to entrepreneur-focused economic development and have taken the steps to create the leadership and strategic focus to accelerate their impacts over time. The hope is that the lessons learned from these communities, and even some of the new initiatives developed, can be shared with other communities across the state to help them become higher performing over time. By learning from the "best," the information can be packaged and shared in a way that will allow the entrepreneurial communities work in Kansas to make a difference on a larger scale (see impact graphic next page).

THE COMMUNITY PERSPECTIVE

All of the efforts described in this case study were directed toward building stronger entrepreneurial communities that could, in turn, create the conditions for entrepreneur-focused economic development to root across the state. Increasing the capacity of committed community partners was a key strategy for achieving stronger development outcomes. Before turning to the lessons learned from this deep and evolving history, it is important to provide some perspective from the community level. As part of the research for this case study, economic development practitioners were interviewed in Ford, Salina, Phillips and Rawlins Counties.

Ford County Kansas

Like economic development practitioners in many rural places, Joann Knight, Executive Director of the Dodge City/Ford County Economic Development Corporation, does everything from working with the larger companies in the county to supporting smaller businesses to addressing a housing shortage. And, she does it all with limited resources and staffing. Becoming a NetWork Kansas E-Community provided her with more tools and resources to do her job, especially working with entrepreneurs. As Knight sees it, they need to invest in their own community because "who else will?" Two of the most valuable tools have been the revolving loan fund and the opportunity to bring the Wichita State University training program, Growing Rural Businesses, to Ford County.

[18] To learn more about the Center's approach, we recommend our book, *Energizing Entrepreneurial Communities: A Pathway to Prosperity,* and e2 University online - http://www.energizingentrepreneurs.org/library/e2university.html.

ACHIEVING IMPACT

2007 to 2013 → 6 Years

ACCESS

Resource Navigator – 74 → 179/month

Calls – 23 → 192/month

Active Contacts – 5 → 436/month

Partners – 9 → 500+

REACH

44 E-Communities

39 Counties – 37% of Geography

Now Metro:

Kansas City & Wichita

SERVING THE UNDER-SERVED

86% Under 25,000 Population

70% Under 10,000 Population

57% Under 5,000 Population

17% Under 1,000 Population

DEVELOPMENT IMPACTS*

Nearly 400 Deals

$61 Million in Capital

1,060 Full-Time Jobs

865 Part-Time Jobs

CONTINUOUS INNOVATION

Economic Gardening

Ice House

Start Up Weekends

Growing Your Business

E-Accelerator

COMMUNITY TURNAROUNDS

Rawlins County

Phillips County

Hillsboro

Sterling

Among Others

*through 1st quarter 2014

Ford County is part of the Western Kansas Rural Economic Development Alliance, a group of county economic development leaders who work together to move their region forward. Perhaps it is the relative isolation from population centers in the state, but Knight shared that these community economic development practitioners were a bit skeptical of NetWork Kansas at first. Why should they call someone in Wichita or Topeka for help? But, as she has worked with NetWork Kansas, she has seen the value in the partnership. "NetWork Kansas has done a good job of actually partnering with communities and going beyond just being a website resource."

When asked to share a story of an entrepreneur who has been supported through the E-Community partnership, Knight lifts up an entire family. Knight worked with a woman who was opening a dog grooming business about nine years ago and the business had grown and employed others. The woman's husband was interested in buying a grocery store in a small community in the county (population 800) and Knight worked with him to make the purchase. Both individuals then went through the Growing Rural Businesses entrepreneur certificate program and now are having more success in their ventures. They are already thinking about succession planning, looking to the future, and are planning to send their son through the program as well.

Salina County Kansas

Larry Powell is Director of Business Retention and Expansion in Salina County. Being a NetWork Kansas E-Community has been an important component of their entrepreneurship efforts, along with Project Open. A partnership effort, Project Open provides entrepreneurship education and other resources to existing or startup businesses in the county.

According to Powell, the initial incentive to join the E-Community partnership was to have additional capital to support lending. It gave the county a locally-controlled fund that could be used to support entrepreneurs based on the community's priorities. However, the other resources that came through the partnership were equally important. As Powell said, "Money is nice; we need the money but the main reason we like NetWork Kansas is because it allows us to access education and mentoring programs."

Powell's entrepreneurial success story reflects the importance of gap financing to business growth. Compass Medical Provider, LLC is a women-owned business started in 2009. From a single government contract to provide dental services to outgoing military personnel, the company has expanded to provide dental and medical testing and contracted care for military personnel on drills or getting ready for deployment. When the expansion opportunity was provided to the owner, it came with the need to identify other providers, purchase additional

equipment and otherwise ramp up her business expertise. Through the E-Community program and NetWork Kansas' resources, the business was connected with an attorney who could help with military contracting. Gap financing was provided to meet both operating capital and equipment needs. Through a set of well-executed partnerships, the community was able to provide the help needed to support this expansion from a sole proprietor to a business employing 15 and serving 3,000 military personnel. As Powell attests, this expansion "could not have started if it wasn't for the capital NetWork Kansas provided for gap financing."

Phillips County Kansas

Jeff Hofaker was the Director of Phillips County Economic Development (at the time of the interview) and a vocal supporter of entrepreneurship development. He was fortunate to be in a county that made a commitment to economic development when they passed a .5¢ sales tax to support professional economic development. Phillips County recognized the importance of entrepreneurs to their economic future and, in 2003, created the E-Center: an incubator and training space designed to support entrepreneurs in a multi-county region of north central/ western Kansas.

Becoming a NetWork Kansas E-Community was not an easy sell to the economic development board. While the county was looking for new sources of capital to support their entrepreneurs, they were not convinced of the value of the partnership. However, as part of the Discover Phillips County planning process in 2008, community leaders began to recognize that they needed all organizations in the county working together to support economic development, including local businesses. With a final push and presentation from the NetWork Kansas team, Phillips County applied for and joined the E-Community partnership.

Hofaker suggested that one of the more valuable aspects of the E-Community partnership was the creation of a leadership team. They included a good cross-section of the county on their team and committed to quarterly face-to-face and more frequent electronic meetings. The leadership team provides a vehicle for multiple businesses and organizations to work collaboratively for the good of the county. As Hofaker put it, the team has "catapulted better cross-pollination between organizations and the community." And, they have advocated for new ways to promote entrepreneurship, including mentoring and youth programs. For example, the county has partnered with Cooperative Extension to bring the EntrepreneurShip Investigation (ESI) curriculum and a summer camp to middle school students.

Hofaker's entrepreneurial story was Midwest Family Health, Pharmacy and Home Care, a growing company meeting an important market need in the region. The new owners of the local pharmacy in Phillipsburg came to the economic development organization when they

needed resources to expand into a new building that would permit a drive-thru window. This expansion was just the beginning, as they accessed training through the E-Center and explored a new growth model for their venture. The plans for growth included moving into different products such as home health supplies and equipment. And, they began to explore the idea of expanding into smaller communities in the region that were in danger of losing their local pharmacy. Since their start in Phillipsburg, Midwest Family Health has helped to retain a pharmacy in two other locations in the region by providing a proven business model and cost savings through a single corporate headquarters. Throughout their expansion, they were able to access support and capital through E-Communities and other coordinated resources in the county. The result has been job creation and the retention of important community institutions and services.

Rawlins County Kansas

As described earlier in this case study, Rawlins County demonstrates the evolution of and connections between the Kansas HomeTown Prosperity Initiative and KECI. Chris Sramek was the economic development director during the time that Rawlins County embraced entrepreneur-focused economic development. He shared the entrepreneurial story of SureFire Ag Systems to demonstrate the impact that community support has on local entrepreneurs and, in turn, what those entrepreneurs give back. According to Chris, SureFire demonstrates the power of entrepreneurship as a pathway for young people to return to rural communities and build a more prosperous future.

As leaders in Rawlins County, including Chris Sramek, began to embrace entrepreneurship, they focused on young people who had come back to the region. Through entrepreneurship fairs and other outreach, the community sent a positive message that Rawlins County was a place where you would receive encouragement and support to start and grow a business. That message was received by a team of entrepreneurs who had an idea and were ready to move quickly to turn that idea into business reality. In 2007, SureFire Ag Systems was founded by Rawlins County natives Blaine and Erin Ginther, Josh and Lisa Wolters and Matt Wolters.

This now successful growth business became one of the first coaching clients when the county became involved with the Kansas HomeTown Prosperity and Kansas Entrepreneurial Communities Initiatives. Given the well-honed skills of SureFire's entrepreneurial team, the entrepreneur coach served primarily as a sounding board for the team, confirming that they were on the right track and reinforcing their growth strategy. The company grew quickly, from seven full- and part-time employees located in a warehouse built in 1950 to 31 full-time employees located in twice-expanded warehouse, lab and office space, from 2007 to 2013. A second business startup is now adding to their community impact.

In addition to growing a successful business, however, this entrepreneurial team is equally committed to their community, expressed in conventional and unconventional ways. Like most businesses, the company's mission statement focuses first on their customers: providing farmers with the best input solutions. Two other elements of the mission statement stand out:

- Be a long-term economic engine in Rawlins County
- Serve as leaders in our communities

This long-term commitment to the community is also expressed in the company's organizational structure. SureFire was organized from the start as an employee-owned company. The founders felt this structure provided the best opportunity to attract and keep talented workers. In addition, this ownership structure was consistent with their commitment to keep the company and the wealth it creates in Rawlins County. The company and its founders also established the Dream Big Education Foundation in June 2013, supporting technology development and scholarships in the public schools. They are also serving as role models for other young people in the county, participating in entrepreneurship camps and providing support to other young entrepreneurs. Through their business success and the example they set, these young entrepreneurial leaders are showing that it is possible to achieve an entrepreneurial dream in Rawlins County.

THE LESSONS LEARNED

Kansas has had a focus on and commitment to entrepreneurship for more than a decade, beginning with Enterprise Facilitation® and accelerating with the Economic Growth Act of 2004. While a decade seems like a long time, Radley indicated that there is "always so much to do; I still feel like we are really early in this work." In spite of the need to continue to grow and evolve Kansas' entrepreneurial communities work, there are important lessons to be learned from the years of experience in the state.

Importance of Collaboration and Connections

The themes of "we are stronger when we work together" and "economic development is the job of many partners and organizations" were echoed throughout the research for this case study. The Kansas story is one of collaboration at multiple levels. From a policy perspective, the way that the Economic Growth Act of 2004 moved from a set of ideas to implemented legislation is a testimony to the power of collaboration. Multiple potential partners were engaged, each bringing knowledge and skills to the table in a way that created a stronger voice

for entrepreneurship. The advocates for an entrepreneurship center were careful to focus on the value-added such an entity might bring and to avoid duplicating services and infrastructure already working well in the state. The expectation was that capital and resources would be shared with entrepreneurs via these partnerships, an approach that translated into the ultimate design of NetWork Kansas. This spirit of collaboration has continued among public and private sector service providers in the state and with outside partners including USDA-Rural Development and the Center, as witnessed in the NetWork Kansas Resource Network, the E-Community partnership, KECI and the emerging E-Accelerator.

> *"Build strong, meaningful partnerships with those that share your mission and empower them to help you deliver your products and services."*
>
> *Corey Mohn*
> *Director of Statewide Programs NetWork Kansas*

This story is also one of connections, particularly between resource providers working primarily at the state level and community partners. These connections were facilitated by state partners who recognized early on that deploying their services (e.g., NetWork Kansas resources, KSBDC counseling) broadly and effectively would take "boots on the ground" in communities. There was also recognition that the resources needed to be organized in a way that made it easier for local leaders and local entrepreneurs to connect. Particularly for more isolated rural communities, these connections were additional assets they could leverage to help their local entrepreneurs start, grow and successfully transition their businesses over time.

Underlying the collaboration and connections, however, are personal relationships built slowly and maintained over time. Key leaders at KSBDC and the Department of Commerce worked tirelessly in support of the 2004 legislation. NetWork Kansas' entrepreneurial leaders spent 45 days at the front end meeting with local leaders in all parts of the state. They made repeated presentations to local boards to provide information on the value and opportunity that the E-Community partnership offered. They won over reluctant economic developers in the western part of the state. There are strong referral relationships between NetWork Kansas and their KSBDC partners. Jack Newcomb and Leon Atwell have catalyzed and evolved entrepreneurial community development process and connected with other efforts in the state, at multiple junctures spanning more than a decade. While it takes time, energy and resources to do this relationship building, it is the foundation of the collaborative network that has been built in Kansas. Fortunately for the state, these leaders have had the longevity and commitment to Kansas' rural communities that have sustained this work over time.

Positive Role for Government

At a time when the role of government is the subject of constant and contentious debate, Kansas' history of support for entrepreneurship stands out as a positive example of the public sector's role in economic development. The Kansas Economic Growth Act of 2014 provided the legislative and financial support (via tax credits) and the collaborative "marching orders" that brought into alignment key economic development resources in support of entrepreneurship. While no single entity can receive all the credit for Kansas' progress in supporting entrepreneurs, the creation of NetWork Kansas as a virtual, collaborative network of resource providers was an important step. It helped to create the hub of a system that, using access to capital as a hook, connected to service providers and communities across the state. Continued support for the foundational infrastructure in the state, e.g., NetWork Kansas, KSBDC, over the past decade has been instrumental in giving this work the time to root, evolve and scale up. Strong public sector leadership has, in turn, leveraged a broad set of private sector resources including capital.

Community Engagement and Ownership

The notion of engaging communities and creating local ownership for entrepreneurship has been an important component of all the efforts to build entrepreneurial communities in Kansas. It was recognized that organizing resources at the state level and creating a bevy of state programs would only go so far toward supporting the startup and growth of local businesses. At some point, community leaders needed to be engaged in identifying and connecting entrepreneurs to those programs and resources. In other words, Kansas needed a community-focused "ground game" to complement organizing at the state level.

> *"We didn't want to be a state program; we wanted to get in the dirt."*
>
> *Steve Radley*
> *President and CEO*
> *NetWork Kansas*

The nature of this engagement has evolved over time, with the application of lessons learned and the introduction of new approaches, particularly the Center's field-based learning. Two of the more important advancements relate to the role of coaching and the focus on accelerating impact. The coaching component was introduced as part of the evolution from the HomeTown Prosperity Initiative to KECI and now to E-Accelerator. Both community and entrepreneur coaches are critical to the community engagement strategy; coaching serves to support, encourage and hold accountable community leaders and the entrepreneurs with whom they work. The local entrepreneur coach becomes the hub of the community's system of support: the heart of a collaborative network of local, regional and state assets that can be called upon as needed to support entrepreneurial development. The community coach provides the

mentoring and objective guidance to insure that the local entrepreneur coach continues to grow and thrive in that hub role. The evolving work in Kansas has provided a model for effective coaching that can be shared with other communities, rural and urban, both in the state and beyond.

At the end of the day, community and state leaders choose to support entrepreneurs because they believe that doing so will result in better economic development outcomes: growing businesses, increased quantity and quality of jobs, improved household income and wealth, stronger fiscal conditions in communities and the state. In a time of limited resources, all programs strive to accelerate impact and the entrepreneurial community efforts in Kansas are no exception. The solution has been to focus on identifying and learning from the high performing communities, and then sharing that learning as a way to encourage and stimulate stronger engagement and performance in other communities. At the same time, Kansas leaders have reached out to connect to new thinking about entrepreneur-focused economic development, engaging with the HTC partnership as the model for HomeTown Prosperity, and using the Center's entrepreneurial communities' framework and approach as a core element in KECI and E-Accelerator. The commitment to continuous learning and improvement is a core competency of the Kansas partners and positions them well for future innovation and impact.

Documenting Success

Related to accelerating impact is the need to document success. For NetWork Kansas and other key partners, there is an emphasis on demonstrating the quantitative economic development impacts that state policy makers want to see. As one example, Advancing Rural Prosperity tracks and reports E-Accelerator impacts through number of entrepreneur clients, new business starts, expansions, transitions and new or saved jobs. As another example, NetWork Kansas tracks and reports:

- # of businesses funded
- $ loaned
- $ leveraged
- Sector, business stage, entity type, gender, community type (population) of business clients
- # net jobs created and retained

These quantitative impacts are equally important at the community level, since job creation and stronger businesses are a key component to

"Seeing the look of hope and appreciation in the eyes of community members who've experienced renewed optimism because of the work we do always touches me deep in my soul. This work is some of the most rewarding I've ever done."

Jack Newcomb
Community and Business Coach
Advancing Rural Prosperity

building a more prosperous community. However, there are also a set of qualitative impacts related to building the capacity of the community to effectively engage in entrepreneur-focused economic development that need to be measured and tracked. These measures are a key component of the Center's entrepreneurial communities' framework that underlies the KECI and E-Accelerator work in Kansas.[19] The hierarchy approach enables a community to measure short-term gains (e.g., formation of a leadership team, creation of a resource network, successful completion of the E-Community partnership application, raising local capital for a revolving loan fund) that demonstrate momentum and build broader community support for this long-term work.

One of the E-Community leaders interviewed for this case study offered a reminder that success is often seen one entrepreneur at a time. In Kansas, the stories of successful entrepreneurs provide powerful testimony to the importance of connecting policy and program actions at the state level with effective engagement at the community level. These stories are an important factor in changing the conversation in communities, another measure of the long-term success of these efforts.

Finally, given the history of population loss in communities in Kansas and other more rural states, success is measured by observing the trend lines. What is happening to business growth and population over time? Are new individuals and families moving into these communities or is the drain continuing? Are the communities that farm and ranch families depend on growing or are they continuing to decline? In Kansas, the work of building entrepreneurial communities has gone on long enough that there is some evidence of changes in these trend lines, as the case of Rawlins County shared above demonstrates. While these measures represent long-term, systemic change and are often not considered fodder for public policy decisions, they are the measures that matter to community leaders across the state.

> *"This takes time and you need to keep working at it. You need to be persistent and have faith in the future."*
>
> *Jeff Hofaker*
> *Phillips County*
> *NetWork Kansas*
> *E-Community*

Long-Term Strategy – Long-Term Commitment

Creating entrepreneurial communities is a long-term process. It involves culture change, a shift in

[19] The Center applies the Hierarchy of Community Impacts approach to its entrepreneurial communities work. To learn more, Milan Wall, *Hierarchy of Community Impacts*, Heartland Center for Leadership Development, February 2006, https://energizingentrepreneursorg.presencehost.net/file_download/f8e64271-0ea9-4f3f-8935-f7077c5d6445.

economic development focus from recruitment to growing your own. It requires commitment at the state level, as seen in Kansas, to create programs and direct resources toward entrepreneur-focused economic development. It also requires a "ground game," building capacity at the community level so they can be engaged and committed partners with resource providers at the state level. These changes do not happen in a year or an election cycle. They require the kind of long-term commitment over more than a decade that has been seen in Kansas.

Power of Entrepreneurs

Like most community and economic development efforts, success is tied to the people behind the scenes. In Kansas, the process of creating entrepreneurial communities has been driven by a group of business, social and civic entrepreneurs. These entrepreneurs were individuals in businesses, organizations and state agencies who recognized the opportunity for the state and individual communities to benefit from entrepreneur-focused economic development. They worked individually and collectively to pull together the resources needed to pursue such a strategy. They listened to the market: to the individual entrepreneurs starting and growing businesses across the state; to their partner organizations; to the community leaders and economic development practitioners working hard to build stronger economies. They searched for solutions both within and beyond their own horizons. And, they tested these new approaches, learned from what worked and what did not and adapted, often quickly, over time. They tracked their success and spent time thinking strategically about how to have more of it.

CONCLUSION

What comes to mind for most people when they hear the word "Kansas"? Wheat fields… tornados…the Wizard of Oz…Kansas City barbecue? This case study presents Kansas as an innovator of entrepreneurial development. This story began with the state's commitment to explore Sirolli's Enterprise Facilitation® model in several regions across the state. It has evolved into a broadly and deeply collaborative effort to empower and engage community partners so that they can identify and connect their entrepreneurs to the resources needed to grow. As stated at the start, creating entrepreneurial communities in Kansas has been an evolutionary process, one of listening, learning and adapting over time.

The final chapter in the Kansas story has yet to be written. It will certainly include a focus on growing the next generation of entrepreneurs in Kansas by focusing on youth entrepreneurship. As one community leader shared, "We need to cultivate the spark of entrepreneurialism at an early age. We can rekindle the flame later as long as it's there."

While there is still work and learning to be done in Kansas' efforts to create entrepreneurial communities, these efforts are generating economic development impacts for the communities and the state: businesses started, jobs created and saved, private investments made. As importantly, more and more economic developers are focused on growing their own. Communities are embracing entrepreneurs and seeing hope for the future in supporting these economic development engines. It is not too farfetched to imagine Kansas entrepreneurs along with the state and community leaders who support them joining Dorothy in saying, ***"There's no place like home."***

The Center for Rural Entrepreneurship's mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing empowering research, community engagement and strategy development to you through our many Solution Areas. Our **Solution Area Teams** empower communities to discover their own answers to the challenges and opportunities they face:

- **Community Development Philanthropy:** Providing research and community engagement strategies that help communities build philanthropic capacity and create development resources now and in the future.
- **Youth Engagement:** Providing tools and a framework for communities to engage young people now and to bring them home in the future.
- **Measurement Research Policy:** Providing the tools to help communities define development goals, measure success and improve outcomes.
- **Entrepreneurial Communities:** Providing a roadmap for communities to design and deliver entrepreneur-focused economic development strategies that work.

To learn more about us, go to www.energizingentrepreneurs.org.

For more tools and resources, visit the departments in **e2 University** at http://www.energizingentrepreneurs.org/library/e2university.html.

421 S. 9th Street, Suite 245
Lincoln, NE 68508
(402) 323-7336