



PREFACE

In 2001, we at the Center for Rural Entrepreneurship set out to understand what it takes to support entrepreneurs in rural towns, small cities and larger regions across the U.S. and Canada, and to work with community leaders to embrace entrepreneur-focused economic development strategies. Our goal then and now has been to **help communities build a prosperous future through the development of entrepreneurship**. Three beliefs guided our work from the start:

- Entrepreneurship development is a necessary component of any economic development strategy and is the most promising strategy for rural and small metro places.
- Creating an entrepreneurial environment requires culture change, adopting a “growing our own” mentality.
- Entrepreneurship development requires a systems approach, a collaborative, often regional approach of “connecting the dots.”

In our first book, *Energizing Entrepreneurs*, we focused on making the case for entrepreneurship development and provided a roadmap for communities interested in getting started. Since that time, we have worked deeply in many regions, learned from committed partners and built our own understanding and tools for entrepreneur-focused economic development. We especially honed our approach to building systems that help communities create a supportive ecosystem for their entrepreneurs and increase their impact. It was time for us to capture what we learned and share it with a broader group of community leaders via a new book.

Evolution of Entrepreneurship Development

The entrepreneurship development movement has many strands, some dating back years before the launch of the Center. Our work has benefited from and been informed by a number of historic and contemporary entrepreneurial movements and we acknowledge their contribution to our learning.

Historic Movements

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, followed by 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. About the same time, the seeds that would become Silicon Valley were planted with the launch of Fairchild Semiconductors in the mid-1950s and the birth of the venture capital industry that followed. On the other coast, Research Triangle Park in North Carolina and the Route 128 Corridor in Massachusetts were created to harness university innovation to advance economic development.

Entrepreneurship efforts in rural places and smaller cities took a decidedly different path. The earliest efforts to **grow from within** came out of the innovative work of Title VII community development corporations with a focus on job creation in areas of persistent poverty. Two organizations stand out: Kentucky Highlands Investment Corporation serving Appalachian Kentucky and Coastal Enterprises, Inc. serving coastal Maine. Both organizations were started in the late 1960s and, over time, evolved from job creation engines to entrepreneurial support organizations, channeling technical assistance, capital access and capacity building to entrepreneurs in their regions. While their missions have remained constant over time, the tools and approaches they use 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

*Innovation doesn't
come from just one
person's mind.*

— Don Macke

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 nationally.

Contemporary Movements

Entrepreneurship development has evolved from a focus on programs and entrepreneurial support organizations to a **systems approach** that incorporates the broader community. One of the early pioneers was Ernesto Sirolli who introduced the concept of Enterprise Facilitation® 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 their 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.

In addition to the Entrepreneurial League System® focus on coaching, other models have been influential. In the mid-2000s, the Kentucky Entrepreneurial Coaches Institute was launched. This effort sought to train community leaders to be advocates for and facilitators of entrepreneurial development in their communities. About the same time, the Greenstone Group began in

Northern Minnesota as a program of the Northeast Entrepreneur Fund. This effort evolved from an exclusive focus on one-on-one coaching to a more diversified initiative that includes peer group coaching in rural communities across the Iron Range Region.

The Center's Path

The Center's journey has paralleled many of these movements and been informed by all of them. Our roots lie in the Rural Entrepreneurship Initiative supported by the Kauffman Foundation, the National Rural Development Partnership, Partners for Rural America, and the Nebraska Community Foundation in the late 1990s. This effort used a discovery process in several key states: Maine, Minnesota, Missouri and West Virginia, followed by Colorado and Texas. The learning from this initiative informed the creation of the Center in 2001, with support from the Kauffman Foundation and the Rural Policy Research Institute, and solidified our approach: identify where communities are focused on entrepreneurship; understand what is working and why; share that learning broadly.

Over time, we have moved from learning about entrepreneurship in rural places and smaller cities to developing and testing models for encouraging entrepreneur-focused economic development. Our learning was advanced through the collaborative development of the HomeTown Competitiveness® model, in partnership with the Heartland Center for Leadership Development and the Nebraska Community Foundation. As you will see from many of the stories in this book, our deepest learning and development is occurring in Kansas, where we have strong partnerships with NetWork Kansas, the Small Business Development Centers, the Kansas Farm Bureau and U. S. Department of Agriculture's Rural Development program. We continue to push the innovation envelope with community and regional partners throughout North America and we expect this learning journey to continue over the next decade of the Center's work.

Structure of the Book

This book is organized into five parts that collectively lead you on the journey to becoming an entrepreneurial community:

- **Part One** introduces the book, making the case for why it is so critical that you take control of your community's economic development future. We discuss how the economic context has shifted and why it is more important than ever to become an entrepreneurial community.
- **Part Two** frames the content ahead, defining what we mean by an entrepreneurial community and laying out the keys to becoming one. We also describe the elements of a system of support for entrepreneurs.
- **Part Three** describes the Center's Entrepreneurial Communities action framework and the important assessments that will guide the development of your own strategy. We emphasize the building blocks of a smart game plan as an important piece of a winning strategy.
- **Part Four** digs deeper into working with entrepreneurs, how you understand them and connect to them. We also discuss the all-important role that coaching plays in creating a robust and successful entrepreneurial community.
- **Part Five** caps off the content by emphasizing the importance of creating, measuring and sustaining impact. We demonstrate how a strategic focus on growth entrepreneurs can enhance your impact and how measuring that impact is a first step toward putting your efforts on a path toward sustainability.

In writing this book, we kept three audiences in mind. We know each audience will find something of value in the pages ahead:

- ***For those who have never invested in economic development***, you will find a compelling argument for why you must take control of your community's economic future, and concrete ideas for moving ahead.
- ***For those who are looking for alternatives to conventional approaches to economic development***, you will find inspiration in a framework that will help you expand your economic development toolkit.
- ***For those who have practiced entrepreneur-focused economic development with limited success***, you will find a strategic edge in a more robust, systems approach that will ultimately achieve greater impacts.

At the same time, we launched into this book with a degree of trepidation. Is a book the best way to share what we have learned? How quickly will it become dated? What will we do when our learning, and our framework, evolves yet again, as we know it will? How will we continue to add value to the field?



The solution for us was to pair this book with **e2 University**, an online platform for sharing our work and our tools, and inviting your deeper engagement with the Center as you learn and do more in your communities. To introduce you to the **resources** of **e2 University**, we have provided guideposts throughout this book that point you to content in the University. Just watch for this graphic.

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January 2014