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Diversifying your economy:

Entrepreneurship and Small Business Development
Overview

• Diversity as an economic development goal

• Entrepreneurship and small business development as a diversity strategy

• Investment considerations for key decision makers

• Guides for entrepreneurship strategy implementers

• Open discussion
For many communities, diversity is an explicit goal, but implicit within strategies:

- “We will continue to work hard to maintain our area’s economic diversity and improve upon it.”
  - Williamsport/Lycoming (PA) Chamber of Commerce Action Plan

- “Garrett County seeks to increase the number and diversity of growing, profitable businesses that are paying ‘head of household’ wages.”
  - Garrett County (MD) 2011 Strategic Plan
Diversity’s role in economic development practice

• Regions seek diversity because they:
  – Need to **mitigate risk** (from a real or impending crisis), OR
  – Desire to **capture opportunities** and better leverage existing economic development assets
Entrepreneurs play an important role in creating a more diverse, stable economy

- Academic research shows that entrepreneurs can drive economic growth.

- Rural entrepreneurship is an important element of place-based economic development strategies.
  - E’ship can build upon existing local assets.

- Entrepreneurship is more than just starting new businesses, it is a mindset.
  - Constantly finding new markets, products, processes
Entrepreneurship is especially important for rural America

*Rural reliance on self-employment is high and growing*

Source: Goetz, Fleming, & Rupasingha (2012)
Not all entrepreneurs make the same economic development contribution

• Effective rural development outcomes result in jobs, exports, high value output, etc.
  – Requires entrepreneurs with the desire to scale up, create jobs and increase output.

• Biggest benefit from those that produce products and/or services that bring-in non-local dollars.

• One size does not fit all
  – Growth minded vs. lifestyle entrepreneurs
This is not easy!

• **There is no silver bullet:**
  – A multi-faceted approach is required to build a strong entrepreneurial ecosystem
  – Regions must implement *successful strategies simultaneously*

• **Patience is required:**
  – Diversification through small business development is more than an industry replacement strategy
  – Industry loss can occur in an instant, replacement through small business development occurs over decades
Investments that strengthen an entrepreneurial ecosystem

• Support coaching and technical assistance from private, public and non-profit partners
  – Basic business assistance (e.g., business plan writing)
  – Enterprise development (e.g., exporting, government procurement, continuous improvement)

• Strengthen and upgrade key infrastructure
  – High speed internet (access and adoption)

• Expand financing options
  – Start-ups and small businesses (e.g. Angel investor networks, crowdfunding)

• Make your community a nice place to live (Amenities)
  – Note your target audience

• Youth engagement around entrepreneurship
  – E’ship as an opportunity
  – Learning to identify entrepreneurial opportunities
Keys to implementing successful entrepreneurship strategies

• Honestly evaluate—and re-evaluate—yourself
  – What are your area’s unique entrepreneurial assets and skills?
  – What local barriers are local entrepreneurs facing?

• Have a plan(ning process) to support area entrepreneurs
  – Allows for intentionality
  – Builds regional consensus
  – Integrates new leaders
  – Provides accountability

• Continuously seek resources
  – Beginning, middle, end of process
  – Find low hanging fruit
  – Engage relevant service providers
Keys to implementing successful entrepreneurship strategies (con’t)

• ABC: Always Be Connecting
  – Businesses and entrepreneurs to service providers and resources
  – Service providers to promising businesses

• Think regionally and beyond
  – Help local entrepreneurs find non-local sources of demand
    • e.g., neighboring metros, exporting, gov’t contracting
  – For place-based efforts think in terms of destinations, not individual attractions
    • e.g., The Crooked Road, Brew Ridge Trail in VA
A few takeaways

• All new entrepreneurial ventures are good, some are better than others
  – Focus on bringing non-local dollars to your community

• This is a long-term process
  – Manage expectations
  – Be patient

• Process matters
  – Assess and reassess

• People matter
  – Leaders present vision and recruit participation
  – Staff (or a staff role) necessary to ensure action
Questions for discussion

• Is there an “entrepreneurial ecosystem” in your county or region?
  – What is the biggest barrier to entrepreneurship in your county or region?
  – What have helped contribute to your region’s successful entrepreneurs?

• Do your economic development plans lay our entrepreneurship and small business development strategies?

• What state and federal resources have you utilized to help support small business development?

• What opportunities are available for displaced coal workers to become small business owners or entrepreneurs?
  – What resources are needed to help with training and transition?
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To learn more about economic diversity

• Study results are available here:

• The summary report

• Supporting documents
  – Statistical portrait
  – Case study report
    • [http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-CaseStudiesinEconomicDiversification.pdf](http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-CaseStudiesinEconomicDiversification.pdf)
  – Guide to using the webtool
    • [http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-PractitionersGuidetoEconomicDiversityWebTool.pdf](http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-PractitionersGuidetoEconomicDiversityWebTool.pdf)