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Diversifying your economy:

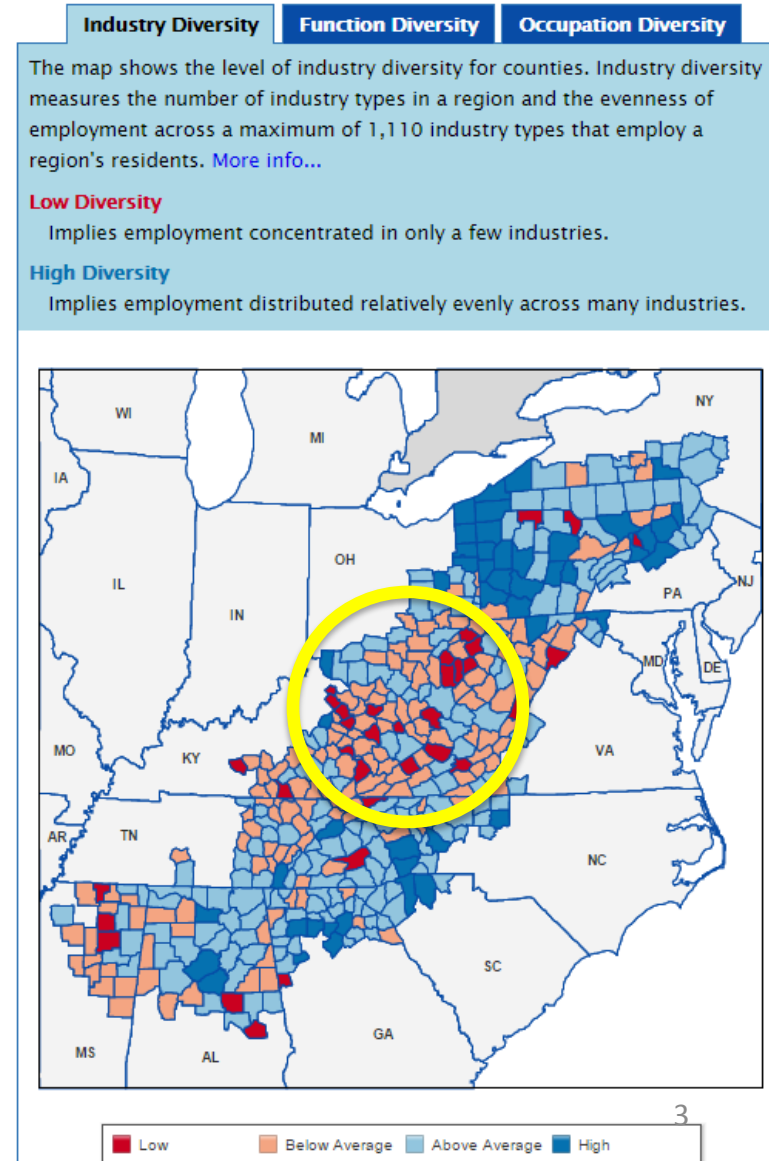
***Entrepreneurship and Small
Business Development***

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



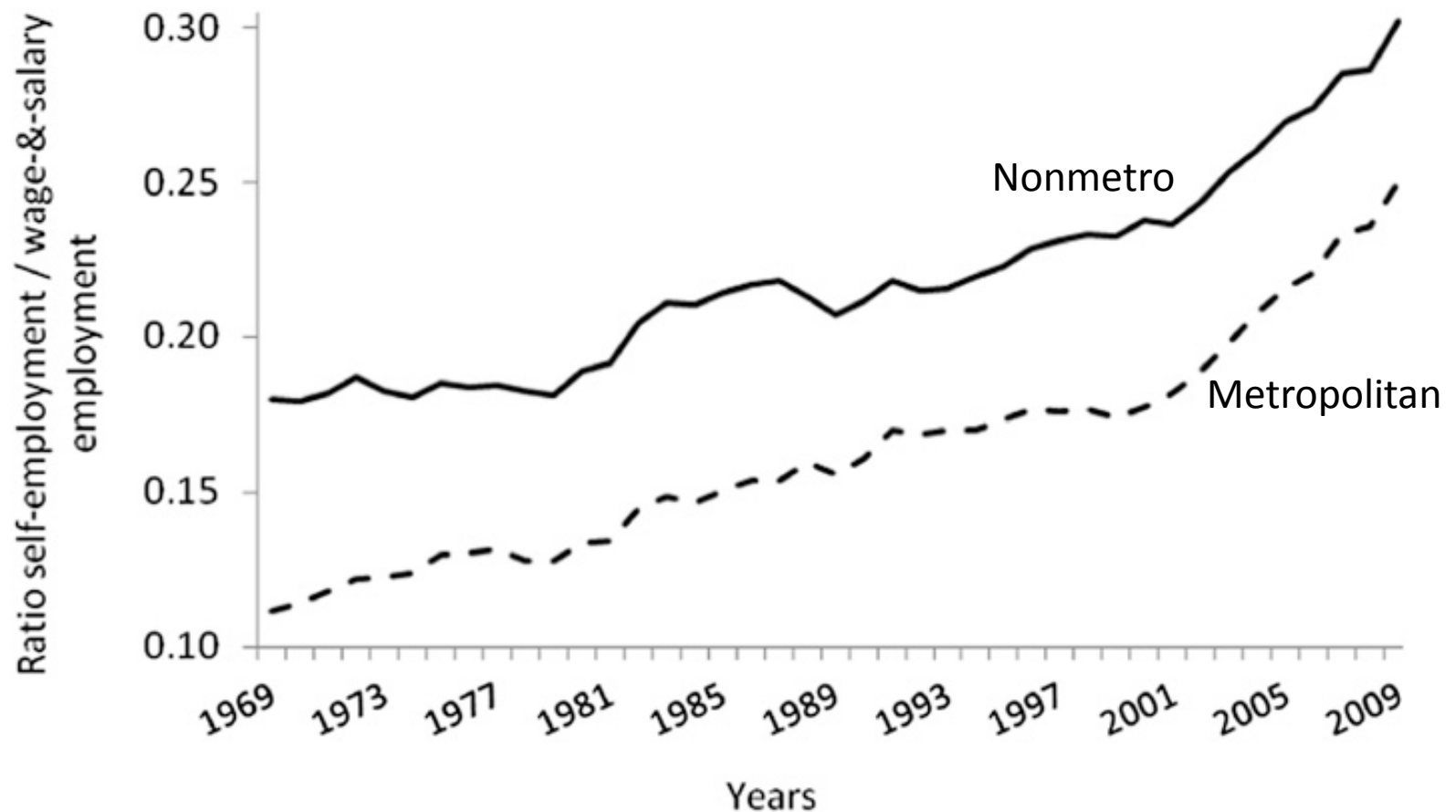
Entrepreneurs play an important role in creating a more diverse, stable economy

- 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)⁶

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 out 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:
 - http://www.arc.gov/research/researchreportdetails.asp?REPORT_ID=108
- The summary report
 - http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-StatisticsStrategiesandGuidesforAction.pdf
- Supporting documents
 - Statistical portrait
 - http://www.arc.gov/assets/research_reports/EconomicDiversityinAppalachia-StatisticalPortraitofEconomicDiversityinAppalachia.pdf
 - Case study report
 - 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