



Regional Listening Sessions on Rural Entrepreneurship

Lessons from the Northeast



Published by The Northeast Regional Center for Rural Development
Dr. Stephan J. Goetz, Director

Center Staff

Stephan J. Goetz, Ph.D.
Director and Professor

Walter Whitmer
Associate Director

Pamela A. Hearn
Business and Web Manager

Pamela K. Hileman
Staff Assistant

Center-Affiliated Staff

Xiao Meng
Graduate Research Assistant

Sundar Shrestha
Research Associate

Contact Information

The Northeast Regional Center for Rural Development
7 Armsby Building
Penn State University
University Park, PA 16802-5602

Phone: (814) 863-4656
Fax: (814) 863-0586
e-mail: nercrd@psu.edu
<http://nercrd.psu.edu/>

This report was prepared by:

Stephan J. Goetz and Walter Whitmer, The Northeast Regional Center for Rural Development
Barbara Ray, HiredPen, Inc., with contributions from Mary Peabody, Tracey L. Farrigan and Pamela A. Hearn

Rural Development Paper No. 37
July 2007

©2007 The Northeast Regional Center for Rural Development
The Pennsylvania State University. All rights reserved.

The Northeast Regional Center for Rural Development receives core funds from USDA's CSREES and the Northeastern Regional Association of State Agricultural Experiment Station Directors.

Board of Directors

Dr. Paul Becker
West Virginia University

Dr. Margaret Brennan
Rutgers – Cook College

Dr. Daney Jackson
Penn State University

Dr. Douglas Lantagne
University of Vermont

Dr. Sally Maggard
USDA CSREES/ECS

Mr. John C. Martin
CARET Delegate – Delaware State University

Dr. Bruce McPherson (chair)
Penn State University

Mr. Richard Reeder
USDA/ERS

Dr. Stephen D. Reiling
Maine Agricultural and Forest
Experiment Station

Dr. Daniel Rossi
Rutgers University

Dr. Stephen Smith
Penn State University

Mr. William Woodrum
West Virginia State University



This material is based upon work supported by annual base funding through the Cooperative State Research, Education and Extension Services, U.S. Department of Agriculture. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the authors and do not necessarily reflect the view of the U.S. Department of Agriculture, or of other funders.

Regional Listening Sessions on Rural Entrepreneurship: Lessons from the Northeast

The Northeast Regional Center for Rural Development

Preface

With financial support from the Kellogg Foundation, The Northeast Regional Center for Rural Development held five Listening Sessions with over one hundred rural stakeholders in the Northeast US. A similar meeting format was used for all the sessions, and several recurring themes emerged.

The objectives of the listening sessions were:

- 1) To discover what is and is not working in the development and support of entrepreneurs in their current operating environment;
- 2) To assess what is needed or needs to be improved upon to strengthen an effective entrepreneurship development system;
- 3) To create a vision for expanding entrepreneurship opportunities in rural areas through local, state, regional, or national coalitions; and,
- 4) To identify how the Northeast Regional Center and the land grant university system can help make that vision a reality.

According to these objectives, the purpose of this document is to outline: (a) what entrepreneurship is and what it takes to make it happen, (b) what rural entrepreneurs defined as their needs and what the land grant universities can do to help meet those needs, and (c) what opportunity exists for collaborative research and outreach projects across state lines. This document reports on the discussions that took place at these meetings and presents summary recommendations compiled.

Introduction

In the matter of just a few decades, the economic landscape of rural America has changed in fundamental ways. Industries once considered the backbone of rural economies have been transformed by globalization while others, such as tourism and amenity-based economies or the service sector, have emerged to replace them. These changes have invigorated some areas, and forever altered others. In the declining areas, many families and communities are seeking new ways to earn a living and keep their communities thriving. Entrepreneurs are often the backbone of this new economy and a critical catalyst for economic growth in rural areas.

Yet, despite the increasing importance of entrepreneurship to rural economies, how best to foster this entrepreneurship is not fully understood. Entrepreneurship means more than just creating a business. It captures the spirit and passion that entrepreneurs bring to the table, their ability to spark innovation in others, and their willingness to take calculated risks in the name of economic progress. This essence is often hard to bottle. How do communities create incubators for entrepreneurs, what elements must come together to create a hothouse of innovation and creativity, what draws out talent and encourages risk-taking? How do communities position themselves to be, if not the next Silicon Valley, then a spark that sets off some fireworks?

In an effort to gain a better understanding of that process, the Northeast Regional Center for Rural Development (NERCRD), with financial support from the Kellogg Foundation, brought together more than 100 entrepreneurs and other stakeholders in the Northeast to speak to the issues that matter most to them as entrepreneurs and to offer a genuine voice on how communities, governments, the land grant university system, and the nation's four Regional Rural Development Centers can help spur entrepreneurial capacity in rural areas.



The objectives of the five “listening sessions” were to:

- Discover what is and is not working in fostering and supporting entrepreneurs;
- Assess what is needed to strengthen an effective entrepreneurship development system;
- Create a vision for expanding entrepreneurship opportunities in rural areas through local, state, regional, or national coalitions; and,
- Identify how the Northeast Regional Center and the land grant university system can help make that vision a reality.

This report outlines the results of five listening sessions and offers policy and program next-steps for spurring rural entrepreneurship. The sessions were held in:

- Concord, New Hampshire (representing Maine, New Hampshire, and Vermont);
- Syracuse, New York;
- State College, Pennsylvania;
- Charleston, West Virginia;
- Annapolis, Maryland.

Between 20 and 30 individuals attended in each locale, including lenders, technical assistance providers, economic developers, business owners, educators, researchers, and community development specialists.

Participants described their experiences as entrepreneurs or as key supports to entrepreneurs, they discussed what works and what needs improvement. They shared ideas and suggestions, showcased promising practices, and developed an agenda for local, regional, and national action on a vision for rural entrepreneurship in the Northeast.

What Does and Does Not Currently Work

In each of the five locations, participants were asked to identify factors and conditions in their area that were working well to promote and sustain entrepreneurship. Across the five groups, four main themes emerged:

- networking, mentoring, and training opportunities
- a variety of financial and other incentives to start businesses
- growing collaboration between entrepreneurs and those who support them
- expanding strengths in marketing, such as “buy local” campaigns and business-to-business channels.

Behind each of these factors was strong state and local leadership. As participants in New Hampshire noted, good leadership makes things happen – it creates a culture of support, it promotes entrepreneurship, and it creates networks of trust and collaboration, which are critical to success.

Networking and Mentoring

Participants in each of the regions mentioned the growing opportunities to network with fellow entrepreneurs as well as suppliers, funders, and technical assistance providers. Networking allows entrepreneurs to find new supplier pipelines, share success stories, find solutions to problems, and collaborate on grants or other funding opportunities. Participants in the West Virginia session, for



example, pointed to the Entrepreneurial League System in their area, which, modeled after the farm leagues in baseball, is developing talent and creating a supply of skilled entrepreneurs and companies in sufficient numbers to transform the area's economy. Participants in the New Hampshire session mentioned the Women's Ag Network and the Women's Rural Entrepreneurial Network, as well as an entrepreneurship working group in Maine. Affinity network groups were also underway in Pennsylvania to help people pull resources and ideas together around a common goal. These networking opportunities create stronger relationships and allow individuals to share information and insights. The collaboration also lessens territorial

and competitive behavior between entrepreneurs. Locally, entrepreneurs are realizing there is enough pie to go around, especially if they cooperate to develop larger regional networks for their products and services.

Collaboration is also evident in the mentoring and training opportunities available, especially in the local Small Business Development Centers (SBDC), Cooperative Extension, local land grant university programs, and other programs in local colleges and universities. The New Hampshire and Pennsylvania participants mentioned several training programs beyond the university and colleges, including the Micro-Business Development Program, and a program that sponsors beginning farmers, as well as extension workshops. Some noted, however, that resources could be better coordinated to avoid duplication of efforts. In addition to these on-the-ground resources, virtual online resources for entrepreneurs are expanding, whether through the Small Business Administration (SBA) or other information clearinghouses. Mentoring, whether through SCORE or local community experts, is also a strength noted by many of the participants. West Virginia participants, for example, have access to intensive one-on-one training opportunities that attach trainers to specific entrepreneurs.

Feeding the pipeline of entrepreneurs is also critical, and many of the communities noted training opportunities and entrepreneurial coursework in high schools and colleges. West Virginia offers programs through the Future Farmers of America (FFA), Future Business Leaders of America (FBLA), and Delta Epsilon Chi Association (DECA) and other school programs devoted to inspiring and creating future entrepreneurs. Pennsylvania offers a youth leadership program that develops entrepreneurial skills. More opportunities, however, are needed. West Virginians in particular stressed the need for educational programs both within schools and in the community. Beyond school, opportunities to test the waters and develop entrepreneurial skills and experience in a supportive environment are available in some locales. Several participants reported that local incubator centers were available to help entrepreneurs launch and expand their businesses. Often located in prime commercial space at reduced market rates, these spaces allow startups a unique opportunity to network with other incubator business owners and gain valuable counsel from experienced business leaders in the community.

Financing and Incentives for Entrepreneurs

While more financing is always needed, many at the sessions noted several available financing options and other incentives in their areas. Local and regional governments have worked hard to promote entrepreneurs as a life-line to sometimes struggling economies. As a result, financing options, grants, and other incentives are generally available. Participants in the New York sessions reported that access to capital is generally sufficient in their region, although it was less available for the development of new products. Participants from Pennsylvania noted the availability of micro-loans, as well as funding opportunities through the Appalachian Regional Commission (ARC), a federal-state partnership that works with the people of Appalachia to foster entrepreneurial opportunities. While traditional financing was generally available, venture capital was often in limited supply for many. West Virginia participants stressed the lack of venture capital in their area, and others mentioned the dearth of capital for agricultural products. Others mentioned the availability of federal programs to help start-ups with financing programs, such as the Small Business First (agribusiness) loans, USDA loans, as well as numerous grants and funding options. Many participants across the regions noted the need for better collaboration on grant and other funding opportunities among entrepreneurs.

Collaboration and an Entrepreneurial Culture

In many places, entrepreneurship is acknowledged as a viable economic development strategy, and many passionate, committed leaders are championing the entrepreneurship cause. Participants in most sessions noted the increasing awareness among residents and others of the creative economy and its impact on economic development. Maryland participants, however, called on local, state, and federal government to do more to promote and recognize the value of rural entrepreneurship to the local economy. To ensure that efforts and operations are efficient, collaboration across a wide range of actors is critical. Pennsylvania participants reported that collaboration at the community level on economic development efforts was working well. However, collaboration across state agencies has been problematic. Several mentioned the pride in community that entrepreneurship fosters, both among the entrepreneurs and other community residents. New York participants reported strong efforts in the community to celebrate agricultural economic development, especially niche markets. They also reported that entrepreneurs often collaborate in ways that maximize the strengths of individual businesses. All of these efforts create a culture of entrepreneurship that is both supportive of existing businesses and also inspiring to new entrepreneurs.



Marketing

Effective marketing is key to the success of any venture and, more broadly, of entrepreneurship itself. Many participants noted the improved outreach and channels for advertising and delivering their products. Agriculture niche markets were prominent examples. Participants in the New York region mentioned the strong connection to New York City metro area markets. The Community Supported Agriculture (CSA) program, for example, links farmers with New Yorkers, delivering locally grown fresh produce and products to city residents. Others noted regional efforts to develop new markets for entrepreneurs, including biotech. “Buy local” campaigns are spreading, as are markets for locally produced products, ranging from arts and crafts to farmers’ markets. In both Maryland and West Virginia, farmers’ cooperatives are expanding to create more opportunities for their members, many of whom are entrepreneurs.

Supporting and Expanding Entrepreneurship into the Future

The sessions also asked participants to consider what their communities need to sustain and build entrepreneurship in the future. Again, common themes emerged across the five community areas.

Education and Resources

Participants in all five areas stressed the importance of planting the seeds of entrepreneurship early, in middle and high school. Presenting entrepreneurship as a viable career choice, and showing youth the rewards and challenges of going into business for oneself can encourage youth to remain in the community instead of training them to leave. Early initiation also helps to promote a culture of entrepreneurship in the community, which is vital to sustained success.

New Hampshire participants noted that entrepreneurs themselves would be better supported if resources and supports, including financing options, regulations, information and training resources, were tailored to their needs and project goals as small businesses. They also suggested that models of successes be developed and made available to guide new and existing entrepreneurs.

Although many existing services are excellent resources for start-ups, New York panelists called for more outlets for existing businesses. They also saw a need for better pairing of technical assistance with private needs, and for more support systems in place for existing business to help them find new markets and advance to the next level. Similarly, participants in West Virginia called for an overarching entrepreneurial group as a source of information and support, as well as a clearinghouse portal for service providers. Several participants mentioned the need for mentors in ongoing businesses as well as the need to better coordinate existing resources.





Marketing

Marketing, buy-local campaigns, local branding efforts, identifying new markets were also mentioned by participants as necessary to sustained growth. While many successful niche markets have emerged, more efforts are needed to bolster these markets and identify others. West Virginia participants suggested that more communities perform a gap analysis to identify new markets. New Hampshire participants called for more creative thinking on how to achieve scale in more remote, rural communities, drawing on technology perhaps, or creating stronger networks of entrepreneurs to overcome various barriers. Participants from New York stressed the importance of focusing on agricultural entrepreneurship as well as building and connecting clusters of jobs and businesses. New York participants also mentioned the need to improve understanding of economic development networks to ensure continued growth. Participants in all five groups agreed on the need for stronger and larger efforts by local and state government to promote entrepreneurship broadly as a viable economic development strategy as well as to promote the region's niche markets.

Financing and Incentives

Ready access to capital is vital to any business, not only at start-up, but even more so when a business is poised for growth. All participants stressed the need for incentives and more flexible funding options tailored to small business. Participants in Pennsylvania observed that collaboration among entrepreneurs comes with a penalty – less income and less influence. Therefore, government and others should create stronger incentives for entrepreneurs to collaborate. They also mentioned creating an incentive or tax break for entrepreneurs who had been in business for two years and who



Photo by Greg Clary, Ph.D, Texas A&M University Cooperative Extension



were showing growth. Participants in New Hampshire suggested developing a “United Way of Entrepreneurship” as a shared fund-raising resource. They also saw a need for more flexible, discretionary funding. Several participants mentioned the need for more tailored funding opportunities, such as micro-credit options. West Virginia participants saw a continuing need for angel capital in their area.

topped their list of concerns. With nearly equal adamancy, participants also called for the government and others to cut bureaucratic red tape. Entrepreneurs have neither the time, expertise, nor staff to wade through the thicket of legal, payroll, and other regulations. Speedier responses from government, shorter funding cycles, and quicker access to loans and capital were all needed if communities are to sustain future generations of entrepreneurs. Participants in New Hampshire suggested calibrating regulations and services to rural micro-businesses.

Several participants called for policymakers to promote the importance of entrepreneurs to economic development in their regions and increase awareness of existing entrepreneurs. The New York participants suggested creating an advocate or spokesperson for entrepreneurs. In addition, dismantling barriers to regional and multistate collaboration among entrepreneurs was also essential to continued growth, as was encouraging more collaboration between state and local agencies to better manage and distribute funding dollars. Finally, if success is to be sustained, entrepreneurs and policymakers must have reliable and meaningful methods to measure that success, both of their efforts and the impact on communities.

Although entrepreneurs have their pick of worries in running a business, health care and affordable insurance of all kinds frequently

Policy and Government

Although entrepreneurs have their pick of worries in running a business, health care and affordable insurance of all kinds frequently

Key Items to Strengthen and Sustain Entrepreneurship

Services for entrepreneurs

- Provide affordable health and other insurance
- Strengthen communication and coordination among entrepreneur programs
- Reduce duplication of services
- Increase mentors and peer advisors
- Provide more expansion support for existing businesses
- Better pair technical and other assistance with existing needs

Enhanced policy environment for rural entrepreneurs

- Promote entrepreneurship as viable economic development option in policies
- Ease regulations for small businesses
- Integrate entrepreneurship in the education system
- Include small-scale agriculture in rural entrepreneurship policy and discussions
- Dismantle barriers to regional (multi-state) collaboration
- Promote rural areas as valued natural resources, separate from urban areas, with unique needs
- Create common benchmarks to measure success
- Create reliable data on benefits to community of entrepreneurship

Access to financial capital and other resources

- Create longer-term funding streams for technical assistance and loan programs, with more flexibility and fewer strings attached
- Reduce competition for scarce resources
- Create incentives for entrepreneurs to collaborate
- Create tax and other financial incentives to start and expand businesses

Potential Roles for Local, State, and Federal Government in Promoting Entrepreneurship

Leadership, funding and incentives, education, and collaboration were the common themes among participants discussing potential roles for government in promoting entrepreneurship. Participants also suggested that all three groups – federal, state, and local – place less emphasis on jobs, and more on encouraging new business creation.

Roles for Local Government

New York participants called for more collaboration regionally, and less competition. They also called on local government to create business incubators and other shared services. Elected officials should also be encouraged to host entrepreneurship forums, and local taxing authorities should be given more flexibility. Pennsylvania participants focused on promoting collaboration across municipalities as a role local governments should assume. They also believed that identifying local “natural leaders” could bolster entrepreneurship at the community level. Local governments can also work to better streamline business processes.

Roles for State Government

Participants frequently mentioned the need to build an entrepreneurship curriculum for secondary and postsecondary schools and to build more educational opportunities into the system at all levels. Just as frequently participants called for government to cut red tape, and streamline regulations, laws, and procedures. Better access to needed information was also identified as a role for state agencies. Several participants called for streamlined information, more collaboration across agencies offering information and services to entrepreneurs, and clearinghouses or point persons as a gateway to resources and service providers. Participants in the New Hampshire session stressed that the information through this gateway should travel in both directions.

Participants in Maryland called for states to develop an organized network of providers, legal advice, and training, as well as funding and training opportunities and peer networks. New York participants called for more retention and growth incentives. New Hampshire residents echoed many participants in calling for more consistent, long-term funding from state government. In a similar vein, West Virginia participants suggested that the state perform an environmental scan and identify micro-credit options.

Roles for Local and State Government

- Revise regulations that overly burden entrepreneurs
- Encourage coordination among services
- Provide more consistent, long-term funding
- Promote entrepreneurship in economic development initiatives
- Create consistent marketing campaigns
- Improve infrastructure (cell towers, broadband, business incubators, etc.)
- Develop entrepreneurship curricula in schools and colleges
- Create retention and growth incentives

Roles for Federal Government

- Provide affordable health care for small business owners
- Ensure that business insurance is available and affordable
- Create tax incentives for starting business
- Create lending programs that allow for higher risk startups
- Develop longer-term funding streams
- Encourage entrepreneurship curricula in K-12 standards
- Support and reform the Small Business Administration
- Revise commodity pricing policies

Wish List of Rural Entrepreneurs

- Increase access to capital, streamline funding, provide more risk-based capital
- Create policies that favor small business, create a more favorable regulatory and tax structure
- Celebrate the culture of entrepreneurship, appreciate its value to rural economies
- Increase awareness of rural entrepreneurship, gain more press coverage, educate policymakers on its impact, expand marketing statewide
- Offer more training and education in high school and colleges
- Increase capital investments, infrastructure support
- Cut red tape
- Support small farms, rural markets
- Provide more online resources
- Provide more training opportunities, greater access to business development programs
- Transfer technology from universities to entrepreneurs
- Ensure NGOs have sustainable funding
- Encourage farmers to recognize themselves as entrepreneurs
- Shift focus from big business to small “mom and pop” operations
- Improve collaboration across government agencies
- Provide affordable health care

Hand in hand with additional, secure funding was a call for revised regulations to support small-scale producers. Infrastructure improvements were also needed, including better cell phone and internet service. Finally, as New Hampshire participants observed, states should spend more effort examining current policies to ensure that they promote entrepreneurship as a key to rural economic development. States should also create consistent marketing and education campaigns to get the word out that entrepreneurs are key to continued rural prosperity.

Roles for Federal Government

At the federal level, efforts to promote rural entrepreneurship focused on funding streams, continued support and reform for the Small Business Administration, as well as commodity policies and

lending policies for rural businesses. Maryland participants suggested that the federal government create a better measure of success for rural entrepreneurship, and to develop funding streams for longer time periods or targeted to sectoral entrepreneurial support. Finally, the federal government must do something to ease the health care insurance burden on small business owners. It can also do more to create financial incentives for rural residents to take the leap into entrepreneurship.

Potential Roles for the NERCRD and the Land Grant System

Participants saw a key role for the NERCRD and the nation’s Land Grant University system in filling the crucial need for education and training. The Land Grant system could offer technology training for entrepreneurs and provide technical assistance where needed. It could also play a critical role in evaluating training and other programs. Both organizations could help to develop a research agenda that maps the current state of entrepreneurship in rural areas and identifies potential directions for growth. They could also create models of “what works” and share them widely (via the Web). They could also create methods for measuring the success of entrepreneurship as an economic development strategy, as well as for identifying needs and gaps in markets, and conducting consumer research. These efforts would also help inform marketing efforts. The two organizations could also serve as the conduit and clearinghouse of information for entrepreneurs, host conferences and training seminars, facilitate networking, and offer a portal to existing programs and services.

Conclusion

Clearly, entrepreneurship development in rural areas is not only feasible but vital. The NERCRD Regional Listening Sessions on Entrepreneurship suggest that entrepreneurship can become an integral part of the rural business culture and can contribute positively to rural communities. However, rural areas face several challenges to fostering successful entrepreneurship – political, informational, attitudinal, and financial. Added to these are issues unique to rural areas, such as capacity, diversity, and lack of population density.

Listening session participants expressed a clear need for greater investment in entrepreneurship development and for greater coordination and cooperation of existing activities. More tailored and responsive support networks for rural entrepreneurs are needed, as is more strategic support from mainstream economic development programs. More flexible financing options and greater attention to the needs of existing businesses poised to expand are needed. Thus, the need is great to expand, improve, and fold the disparate elements of existing entrepreneurship development activities into a larger scale initiative focused on rural entrepreneurs and communities.

The land grant universities and Regional Rural Development Centers are well positioned to orchestrate such an initiative by creating a synergistic engine for rural entrepreneurial development. However, the listening sessions made it clear that to be successful, rural entrepreneurs must be engaged firsthand in the process. That is, it is imperative that in the effort to dig deeper – to better understand the needs of rural entrepreneurs and what can be done to help them succeed – entrepreneurs remain an integral voice in establishing and implementing strategies to make successful entrepreneurship in our rural communities a reality.



Locations of Listening Sessions and States Represented

Concord, New Hampshire

Maine: Augusta, Portland

New Hampshire: Berlin, Bethlehem, Concord, Durham, Keene, Laconia

Vermont: Barre, Montpelier

Syracuse, New York

New York: Albany, Auburn, Buffalo, Geneva, Ithaca, Laconia, Oswego, Rochester, Syracuse, Watertown

Charleston, West Virginia

West Virginia: Cabin Creek, Charleston, Elizabeth, Fairlea, Fairmont, Huntington, Hurricane, Institute, Morgantown, Parkersburg, Pineville, Webster Springs

State College, Pennsylvania

Pennsylvania: Ephrata, Harrisburg, Indiana, La Plume, Lancaster, Lewisburg, Lebanon, Montrose, Philadelphia, Pittston Township, Pottsville, Smethport, Tamaqua, Towanda, University Park, Wellsboro, Williamsport

Annapolis, Maryland

Delaware: Dover

Maryland: Annapolis, Baltimore, Cambridge, Columbia, Crisfield, Denton, Frostburg, Hughesville, Keedysville, Leonardtown, Oakland, Potomac, Princess Anne, Salisbury, Snow Hill

Pennsylvania: University Park

Virginia: Cape Charles, Exmore

Washington: Pullman



Locations of 2005 Listening Sessions in the Northeast Sponsored by The Northeast Center

● Indicates Location of Listening Session



**The Northeast Regional Center for Rural Development
The Pennsylvania State University
7 Armsby Building
University Park, PA 16802-5602**

**814/863-4656
814/863-0586 FAX
nercrd@psu.edu
<http://nercrd.psu.edu>**

The Pennsylvania State University is committed to the policy that all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. The Pennsylvania State University does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, sex, sexual orientation, or veteran status. Direct all inquiries regarding the nondiscrimination policy to the Affirmative Action Director, The Pennsylvania State University, 328 Boucke Building, University Park, PA 16802-5901; Tel. (814) 865-4700/V; (814) 863-1150/TTY. 01/01/2007