The Voices of the People
Strategies for Expanding Entrepreneurship in the Rural South
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In Brief

The Southern Rural Development Center, in partnership with its fellow Regional Rural Development Centers and the National Coalition for Rural Entrepreneurship, conducted nine listening sessions around the South to gain insights into the state of entrepreneurship in rural communities and to better understand which policies and programs can help foster entrepreneurship in these areas. As the economies of rural communities continue to feel the pinch of economic restructuring, entrepreneurship is emerging as a viable route to spur local economic development activities.

This report highlights key needs outlined by rural people, organizations and community representatives taking part in the Southern region listening sessions held in Fall 2005. From their perspective, the findings represent a core set of activities that must be launched if rural communities in the South are to be successful in creating an environment where entrepreneurship is promoted, nurtured and sustained over the long term. These include:

- **Building and supporting business skills among potential and existing entrepreneurs.** Expanded efforts must be devoted to strengthening business and financial management skills and human resource management skills as well as other business functions. Furthermore, local high schools and colleges must work together to create entrepreneurship education programs for youth and young adults.

- **Expanding access to capital.** Greater availability of funding and access to capital is crucial in supporting local entrepreneurial efforts.

- **Building networks and collaborations.** Distance and sparse populations typically mean that rural entrepreneurs have fewer networking opportunities than their urban or suburban counterparts. Linking and facilitating ongoing dialogue among entrepreneurs is important, as is the provision of a seamless system of support by service providers.

- **Creating community awareness of and support for entrepreneurs.** Efforts to expand entrepreneurship depend, in part, on the presence of entrepreneur-friendly communities – communities that embrace policies and programs supportive of entrepreneurs.

- **Developing virtual resource centers.** Organizing and cataloging educational, training, capital, networking and coaching resources through the auspices of a one-stop Web site available to clients on a 24/7 basis is vital.

Policy recommendations include:

- **Cut red tape:** Create a fast track system for securing necessary permits, licenses and other legal documents.

- **Provide quality infrastructure:** Have a strong physical infrastructure such as roads, schools and utilities as well as a technical infrastructure (i.e., broadband access) readily accessible.

- **Create incentives designed to strengthen and expand current and emerging local businesses:** Promote policies that help create niche markets for existing businesses. Redirect a portion of the resources now dedicated to recruiting and attracting large industrial firms to support entrepreneurs and small business start-ups.

- **Launch and fund entrepreneurial programs in public schools and colleges:** Integrate educational and technical assistance now provided through community colleges, land-grant universities and other institutions.
In 2005, the W.K. Kellogg Foundation invested in the National Coalition for Rural Entrepreneurship and the Regional Rural Development Centers to capture the views of people across the rural landscape on the important subject of entrepreneurship. Toward this end, the nation’s four RRDCs conducted more than 35 listening sessions across the United States.

These listening sessions made it clear that our nation’s economic restructuring is negatively impacting many rural places, and as such, new and innovative approaches must be implemented if we are to strengthen the economy of these areas. Part of the answer resides in the ability of rural communities to build on the hopes, dreams, talents and insights of the very people and institutions being impacted by these economic shifts. Doing so requires that time be set aside to gauge the sentiments and perspectives of local people and organizations, asking for their insights on how best to devise viable and comprehensive community/economic development strategies for rural places.

In an effort to secure local input and insights, the SRDC, along with its land-grant university partners, organized nine listening sessions across the South for the purpose of capturing and benefiting from the diversity of perspectives on the subject of entrepreneurship. The many voices heard offered important ideas on how to build a strong economic future for the rural South and the key role that entrepreneurship could play in this endeavor.

More than 300 individuals actively participated in these valuable sessions. Participants included small business development center representatives, chamber of commerce members, educators from universities and community colleges, entrepreneurs, legislators, government officials, nonprofit agency representatives, community leaders, representatives of financial institutions, and members of local Native American tribes. All shared a common commitment: a desire to embrace entrepreneurship as an essential ingredient in the economic future of rural areas.

The geographies of the listening sessions were diverse (see map) and included Clemson, SC; Granbury and San Marcos, TX; Meridian, MS; Norman, OK; Pikeville and Mayfield, KY; Pine Bluff, AR; and Quincy, FL. These sites were designed to garner the input of people residing in major rural pockets of the South, including the Mississippi Delta region, Southern Appalachia and other high poverty areas of the Southeast United States (i.e., impoverished areas of North Carolina, South Carolina and Georgia).

The map at right shows the locations of the nine Southern listening sessions. The full proceedings are available on the SRDC website:

http://srdc.msstate.edu/entrepreneurship/
The nine sessions focused on the following three goals:

1. Identifying the set of programs and resources now in place that support the education, information and technical assistance needs of existing and emerging entrepreneurs in their communities.

2. Determining the type of entrepreneurial support systems that exist or are needed to mentor and coach new and potential entrepreneurs.

3. Delineating the key elements that communities must embrace if they want to be characterized as entrepreneur-friendly places.
Supporting the Individual Entrepreneur

The listening session participants identified a score of current resources that are available to support entrepreneurs in rural communities. These range from training and education in the basics of business start-up to more advanced topics such as mentoring and access to capital. Some resources were widely used while others were previously unknown to the larger community. In addition, participants discussed efforts and resources to seed entrepreneurship by creating an entrepreneurial mindset among community members.

The following highlights resources cited most often during the course of the listening sessions as being of high value to entrepreneurs.

**Business Skills and Information:** The topic of business skill development was identified as one of the most needed subject areas for individual entrepreneurs. Many service providers, such as the Small Business Development Centers, chambers of commerce, the Cooperative Extension Service and community colleges, provide technical assistance and educational resources to help entrepreneurs prepare sound business plans and initiate start-up strategies. They also help individuals with marketing and market research.

The federal Small Business Administration, with its online resource guide, was cited as one of the most popular resources for business information and advice. The Service Corps of Retired Executives was tapped as another key source of online business information and an excellent mechanism for securing the help of local business mentors.

Participants often pointed to the *Rural Entrepreneurship through Action Learning* (REAL) program as an outstanding source for education and training programs targeted to entrepreneurs. Initially designed to help rural high school students, REAL now provides curricula, training and resources to people of all ages and communities of all sizes.

Many of the service providers in attendance at the listening sessions noted that they have developed their own training materials and resources that they provide to clients. These include resources on the operational, financial and management aspects of business ownership, as well as resources on small business start-up and growth.

**Access to Capital:** Helping entrepreneurs understand the business aspects of entrepreneurship is important, but nearly as critical is assisting them in locating financial capital. Access to micro-loans, grants and business incubators is critical to the success of rural entrepreneurs, given their generally limited resources. They also appreciate coaching on how to apply for loans/grants and the basics of business financial management, including how to manage the loan funds once they are secured.

When searching for funding, rural entrepreneurs often look to the 11 federal agencies that support the *Small Business Innovation Research* (SBIR) program or to the five federal departments and agencies that devote a portion of their research and development funds to the *Small Business Technology Transfer* programs. Taken together, these programs invest more than 2.2 billion dollars annually in the start-up, development and commercialization of innovative technologies, scientific products and services being developed by entrepreneurs. Helping entrepreneurs develop the know-how to build an SBIR project proposal is important.
Private philanthropic organizations represent another valuable source of financial support for entrepreneurial innovations. Among the organizations cited were the Pew Charitable Trust, Heifer International, the Brookings Institution, the Kellogg Foundation, the Kaufman Foundation and a variety of venture capital clubs’ micro-loan programs.

Other Important Topics: Many service providers in attendance stated they offer training on human resource management, health insurance requirements and the legal issues involved in running a business. Other educational programs offered include developing a work ethic, launching innovative ideas and developing a mindset for entrepreneurship.

Fostering Organizational Networks to Support Entrepreneurship

Networks and collaborations are crucial to entrepreneurial development. However, distance and sparse populations often mean that rural entrepreneurs have fewer networking opportunities than their urban or suburban counterparts. As a result, limited opportunities exist to find a sounding board for ideas, and few interactions with fellow entrepreneurs are possible to help spark innovative strategies. Several participants indicated that they are working to develop networks, business-to-business contacts and collaboration opportunities for entrepreneurs and small business owners in rural communities. These networks provide mentors, offer blueprints for success and facilitate connections to a variety of resources.

National Resources: Entrepreneurs, and those who serve them, rely on several national organizations for networking and advice, including organizations such as the National Federation of Independent Businesses.

State and Local Resources: Land-grant universities and other institutions of higher education are frequently cited as key players in developing and initiating networks for entrepreneurs. These institutions offer training and serve as clearinghouses for information that support entrepreneurial activities.

Nonprofit Organizations: Many nonprofit organizations exist to improve the socioeconomic conditions of rural or distressed communities. These entities provide important networking opportunities to entrepreneurs. For example, the Mountain Entrepreneur Support Organization in North Carolina is a voluntary collaboration of providers of small business development services, lenders, small-business owners, educators and government partners who come together to assist local entrepreneurs. Other networks and resources of this type include the South Carolina World Trade Center, an organization that promotes and supports international commerce through education, networking, trade development services and international business opportunities for companies and individuals throughout South Carolina. Residents of Texas take advantage of the resources of the Ogallala Commons, a network that offers leadership and education to reinvigorate the Great Plains region.
Community-Level Efforts to Foster Entrepreneurship
In most cases, entrepreneurs cannot go it alone. They need help in accessing available resources, and they benefit from encouragement by family, residents, local government and other community organizations. For this reason, much effort is needed to build community awareness and support for entrepreneurial and small-business development activities. The nine listening forums outlined the important community-based elements that are vital to the growth of entrepreneurship. The communities described below represent some of the successful examples of such efforts.

Model Communities: The participants mentioned numerous communities across the nation that they deemed to be entrepreneur-friendly. Some were cited for their excellence in community planning, some for the available capital to assist business start-ups and expansions, and some simply because the community vision and attitude encouraged entrepreneurship and small businesses. Two frequently mentioned model cities were Early, TX, and Tupelo, MS.

Early, Texas
Located about 100 miles southwest of the Dallas/Fort Worth metro area, Early was labeled a model entrepreneurial rural community by several participants in attendance at the Granbury, TX, listening session. With a population of approximately 2,500, Early sits at the edge of Brownwood, TX, with a population 18,000. What sets Early apart from other rural communities is its aggressive approach to attracting entrepreneurs and small business owners. The Chamber of Commerce Web site proclaims: “With no intention of sitting in the dugout, the Early Chamber of Commerce is ‘playing like champions’ with our sights on cooperative efforts, economic growth, members benefits, and community pride.”

The chamber boasts 250 members, including accommodations, restaurants, professional services and manufacturing. In 1996, Early started the first small-business incubator in rural Texas created by local government and business interests. Quincy Ellis and his team built a remarkable development program through this incubator that spawned 12 businesses in the area. According to one official with the Early Economic Development Center, there was no shortage of people with creative ideas. “The biggest challenge,” she said, “is to find people to train the entrepreneurs and help them understand it’s not as easy as just having an idea and setting up an office. They need to learn that it is a big job to run a business.” The team of local leaders laid a strong foundation for further growth in Early.
Tupe1o, Mississippi

Mentioned as a model community by those in the Meridian listening session was the small city of Tupelo, located in northeastern Mississippi with a population of 35,000. Tupelo’s most easily recognizable claim to fame is as the birthplace of Elvis Presley, but the city has gone beyond the obvious tourist attraction by developing local businesses as well.

Tupelo has taken advantage of its location within 250 miles of several major automobile plants to attract automotive manufacturing and distribution companies through tax incentives, three industrial parks and an abundance of available land. Tupelo has also created the Tupelo Convention and Visitors Bureau to market the city’s amenities and assist organizations in finding accommodations and activities for conventions. Furthermore, the city has developed tours and exhibits based on the historic Natchez Trace and Civil War battlefields and hosts special events and festivals year-round. In grand Southern style, their motto is “We Let Our Hospitality Show.”

Most important for entrepreneurs is the Tupelo Business Incubator, a new 28,089-square-foot facility recently renamed the Renasant Center for IDEAs (Innovation, Development, Entrepreneurship in Action). According to Wayne Averett, Vice President of Entrepreneurship and Small Business Development at the Center, the organization seeks to address the two most important needs of its clients – funding and business knowledge – through a one-stop-shop of services.

To help with funding, a local business representative helps connect entrepreneurs with state and federal funding agencies. In addition, the center hosts quarterly presentations to the Mississippi Angel Network, a group of investors certified by the SEC to provide investment funding. For training, the center offers a number of services, including the support of a retired business professor who provides free one-on-one counseling two days a week for potential entrepreneurs. With two clients already in operation, the Renasant Center for IDEAs has high hopes to continue to attract high-tech business owners.
What Is Needed in the Future?
When asked about factors that could make a genuine difference in supporting entrepreneurship in rural areas of the South, the nearly 300 listening session participants placed the following items at the top of their “dream” lists:

Capital and funding: Greater availability of funding and access to capital ranked as the top item on the wish list of participants in the listening sessions. Participants noted that “emerging and potential entrepreneurs can’t get started without this help.” To address this barrier, some participants suggested that a portion of the resources now dedicated to recruiting and attracting large industrial firms be redirected to assist small entrepreneurs and business start-ups. Others felt that local, state or federal governments should provide tax incentives to financial firms that make loans available in support of rural-based entrepreneurial activities.

More training: Participants expressed a desire for business, finance and money management training for youth and young adults. In part, this training would require a coordinated educational curriculum targeted to K-12 students. Several participants suggested that entrepreneurial courses be mandated in high school and college. Land-grant universities (through the auspices of the Cooperative Extension Service), community colleges and nonprofit organizations represent important organizations that could work in partnership in supporting youth entrepreneurship education programs within and outside the school setting.

Virtual clearinghouse: People and communities can benefit from the work already being carried out by public agencies, nonprofit organizations, community colleges, land-grant universities and others, if they have the knowledge of these resources. However, this knowledge is often difficult to access. Listening session participants were surprised by the long list of materials that were already available to support entrepreneurship activities and many proposed that these resources be organized, catalogued and placed on a centralized Web site for easy access by individuals and communities.

This type of virtual resource center could serve as a one-stop site for securing education, training, capital, networking and coaching resources. Land-grant universities could serve as the primary hub for this centralized site, complementing the availability of such resources with education, training and technical assistance targeted to entrepreneurs, small businesses and communities.

Less red tape through one-stop centers: The need to create a fast track system for securing necessary permits, licenses and other legal documents was viewed as a key mechanism for spurring the growth of entrepreneurship in rural areas. Participants felt the establishment of one-stop centers would be a valuable way for entrepreneurs to complete the requirements needed to legally launch their businesses in a timely fashion without the relentless red tape that characterizes the normal process in many communities.

Value entrepreneurs: If given a magic wand, several participants would wave it over the heads of community leaders, policymakers and local residents to help transform their thinking on the economic strategies that make the most sense in rural areas. This would include highlighting the notion that entrepreneurship represents one of the most viable avenues for creating jobs and for sustaining the long-term economic health of these communities.
Develop and Expand Entrepreneurship Supportive Policies

Building and sustaining entrepreneurial enterprises in rural areas depends on a number of important elements. Three major policy themes emerged as a result of the listening sessions:

1. Focus on and provide a variety of services and resources needed to enhance the success of entrepreneurs.

2. Create a network of entrepreneurs that can provide ongoing support to one another, and expand the awareness of the variety of organizations and educational institutions that can lend assistance to entrepreneurs.

3. Assess the policies that communities could implement if they hope to spur the growth of entrepreneurship.

Without question, achieving progress in the promotion of entrepreneurship will require the passage and implementation of a variety of important policies and programs. Some of these essential policies and programs have been outlined in earlier sections of this report. The following is a brief synthesis of policies and programs that garnered the most attention as a product of our listening sessions.

**Business-Friendly Activities by Local, State and Federal Governments**
- Provide and expand broadband Internet access to entrepreneurs and small businesses
- Cut red tape:
  - Streamline the business start-up process (licensing, taxes, etc.)
  - Develop a one-stop shop for entrepreneurs and small business
  - Simplify the administrative code for small businesses
  - Streamline federal loan applications
- Create incentives:
  - Establish a payroll tax policy favorable to new small businesses
  - Offer tax breaks and incentives for small businesses
  - Provide more financial assistance to entrepreneurs
- Promote policies that help create niche markets for state industries

**Educational Activities**
- Fund entrepreneurial programs in public schools and colleges on economic and financial literacy, money management and other areas vital to small business development
- Create and deliver to rural areas an integrated system of educational and technical assistance, currently available from community colleges, land-grant schools and other institutions, that addresses the diverse needs of entrepreneurs

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The Most Common "Wishes" Expressed by Participants

- Expand access to capital
- Create places where entrepreneurs can meet and provide support to each other
- Require at least one entrepreneurship course in all community/technical colleges that includes how to develop a business plan
- Educate state officials, communities and families on the importance of entrepreneurship
- Launch Rural Entrepreneurship through Action Learning or similar programs on a modest scale in communities
- Strengthen economic education and financial literacy in grades K-12
- Promote entrepreneurship education in high schools for students not planning to attend college
  - Educate rural leaders on national and international economic issues and trends
  - Ensure that broadband is available to entrepreneurs
Business Supportive Communities

- Identify natural resources, scenic areas, wildlife and historical sites that can be developed for business and tourism
- Develop a community economic development plan that includes entrepreneurship
- Provide tax incentives or other advantages to those creating jobs locally
- Beautify and clean up the community to develop local pride
- Enhance the Main Street area
- Provide a solid infrastructure including roads, schools, utilities and broadband access
- Form networks of community leaders, educators, elected officials, business owners and service providers to facilitate entrepreneurship education, to create incubators and to develop funding sources for these start-up businesses
- Get the message out through radio, newspapers and local events regarding the entrepreneur-friendly nature of the community
- Encourage a “buy local” attitude
- Recognize and celebrate entrepreneurial success stories
Next Steps

Entrepreneurism has emerged as an important economic development strategy for rural America. As the listening sessions have revealed, an impressive array of service providers, funding resources and policies already exist that are designed to promote the efforts of entrepreneurs. But more must be done if entrepreneurship is to become a vibrant part of the rural economy over the long term. By joining together to brainstorm, share expertise and pinpoint what is still needed, rural Southerners are taking bold steps to find the right mix of strategies that can help their rural communities seed future entrepreneurs.

As a result of the listening sessions, the Southern Rural Development Center is committed to bringing the assistance of the region’s 29 land-grant universities to bear in support of entrepreneurship development in rural areas of the region. Working in partnership with its sister Regional Rural Development Centers, the highly talented group of Extension educators and researchers housed at land-grant schools and county Extension offices in the region and beyond, the RUPRI Center for Rural Entrepreneurship, rural community colleges, and public, nonprofit and philanthropic organizations, the SRDC is launching an ambitious plan to advance entrepreneurship and small-business development in the rural South. Among the activities being pursued by the SRDC are the following:

- Work with Extension educators across the United States to develop a Web-based system of information and educational resources that offers ready access to entrepreneurship-related information at any time and in any place through the mechanism of the National eXtension System.
- Launch a series of educational programs targeted to Extension educators to equip them with the skills needed to deliver high-quality technical assistance and educational programs to people and communities through the network of county Extension offices.
- Invest in and facilitate the dissemination of e-commerce educational products and training programs that are helping advance the adoption and use of information technologies to support and expand the marketing and management activities of small businesses.
- Maintain ongoing communication with listening session participants to ensure that the efforts of the SRDC and its land-grant university partners are consistent with the needs of rural entrepreneurs and communities in the South.

The hope is that the SRDC and its land-grant partners in the region will help support a new rural community and economic development covenant for the region – a strategic blueprint that places entrepreneurship development as the nucleus for building and sustaining the economy of the rural South over the long term.

On the Horizon...

Entrepreneurs and Their Communities eXtension Web site

A new and valuable Web-based resource is slated for public release in late 2007. Designed by a team of Extension educators across the country, the site will provide users with access to a wide array of resources for use by entrepreneurs and those who want to build a stronger entrepreneurial support system in their communities. The site will include frequently asked questions, research highlights, information briefs, learning modules, upcoming events, case studies and state/federal policies. The site will also include an “Ask the Expert” system – a mechanism that will allow users to secure timely responses to entrepreneurship-related questions from appropriate Extension specialists. The main entry point to the entrepreneurship site is www.eXtension.org, a new Cooperative Extension Service information system that offers users access to a wide array of topics. Keep monitoring the eXtension Web site to learn when the entrepreneurship content will be ready for release to the public.
### Appendix Table 1

Frequency of Topics Mentioned at the Nine Roundtable Sessions in the South

<table>
<thead>
<tr>
<th>Topic</th>
<th>Frequency</th>
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</thead>
<tbody>
<tr>
<td>Business plan development</td>
<td>36</td>
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<tr>
<td>Accessing capital</td>
<td>26</td>
</tr>
<tr>
<td>Marketing issues</td>
<td>24</td>
</tr>
<tr>
<td>Acceptance and support of entrepreneurs</td>
<td>23</td>
</tr>
<tr>
<td>Start-up assistance</td>
<td>16</td>
</tr>
<tr>
<td>Money management</td>
<td>8</td>
</tr>
<tr>
<td>Developing networks, alliances, collaboration</td>
<td>8</td>
</tr>
<tr>
<td>Workforce and human resource management</td>
<td>7</td>
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<tr>
<td>Assistance with grant proposals</td>
<td>6</td>
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<tr>
<td>Entrepreneurial mindset</td>
<td>6</td>
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<tr>
<td>Loan application process</td>
<td>5</td>
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<tr>
<td>Sustainability and retention</td>
<td>4</td>
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<tr>
<td>K-12 education on entrepreneurship</td>
<td>4</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>3</td>
</tr>
<tr>
<td>Use of digital media</td>
<td>3</td>
</tr>
<tr>
<td>Customer service</td>
<td>2</td>
</tr>
<tr>
<td>Information on micro-loans</td>
<td>2</td>
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<tr>
<td>Venture capital for technology start-ups</td>
<td>2</td>
</tr>
<tr>
<td>Technology transfer</td>
<td>2</td>
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<tr>
<td>Tax issues</td>
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<tr>
<td>Licensing</td>
<td>2</td>
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<tr>
<td>Health care coverage</td>
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<tr>
<td>Web-based business</td>
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<tr>
<td>Entrepreneurship funding</td>
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<tr>
<td>Operations</td>
<td>1</td>
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<tr>
<td>Small business incubators</td>
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<tr>
<td>Involvement of faith-based organizations</td>
<td>1</td>
</tr>
<tr>
<td>Import/export strategies</td>
<td>1</td>
</tr>
<tr>
<td>Intellectual property</td>
<td>1</td>
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<tr>
<td>Woman-owned business certification</td>
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</tbody>
</table>
In Appreciation...

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