



CBED Report 04-07-006, “Enterprise Development to Build Entrepreneurial Communities or Regions Overview White Paper,”

This is one of a series of White Papers on issues of interest to the Center of Business and Economic Development (CBED) and the ESU School of Business. Each White Paper summarizes readings, analysis and synthesis by the Director, William L. Smith, Ph.D., for discussion, to provide background information to direct our planning processes and to build content for the Center web site at:

<http://www.emporia.edu/business/ibed/center/>

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*The ESU School of Business Rural Entrepreneurship and Applied Technology (REAT) program, through the Center for Business and Economic Development (CBED) seeks to draw on the vast pool of experience available to build an “entrepreneurial community” in our city (Emporia), our county (Lyon) and our region (the Flint Hills).*

Research and support for entrepreneurial activities in past years has been supported in large part by the work of two major foundations: the Ewing Marion Kauffman Foundation and the W.K. Kellogg Foundation. Additional funding has been provided by the U. S. Department of Commerce, and in Kansas, the Kansas Department of Commerce and Housing. The 2004 Kansas Economic Growth Act is a new additional resource.

Each agency and locality working on entrepreneurship was taken on, in many respects, a life of its own. Each has spawned a set of sub-agencies, study groups and reports, specific approaches to entrepreneurship and, effectively, separate sets of standards and practices. Partnering with outside interested groups and organizations has generated additional layers of “programs” in different localities.

The next challenge for the ESU REAT program is to recognize our own needs and to draw on these existing and future resources to create a coherent set of opportunities for our local community (however defined).

*The REAT program will create an Entrepreneurship Development System,<sup>1</sup> based on the pioneering work of Dr. Tom Lyons and Dr. Gregg Lichtenstein. Such a systems approach focuses on the needs of the individual entrepreneur and implements a coordinated infrastructure of public and private supports that facilitate entrepreneurship. Such a system, to be effective, must be comprehensive, flexible, culturally sensitive, integrated, and requires service providers to collaborate rather than operate independently or in isolation.*

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<sup>1</sup> This reference to the work of Lyons and Lichtenstein is based on the definitions section of the Entrepreneurship Development Systems for Rural America web site: [www.eshipsystems.org/crit\\_definitions.html](http://www.eshipsystems.org/crit_definitions.html)



Key systems components include:

- Entrepreneurship education
- Adult entrepreneurship training and technical assistance
- Access to capital
- Access to networks
- An entrepreneurial culture in the community (city, county, region)

### **Entrepreneurship education**

Entrepreneurial concepts will be included in K-12 through post-secondary/higher education institutions for full immersion in the “Grow Our Own” approach supported by both the legislature and the governor of Kansas in the recently enacted 2004 Kansas Economic Growth Act.

Much already exists, but a comprehensive inventory of the extent of coverage is a needed action item (1).<sup>2</sup> Entrepreneurship education is being stepped up at ESU. The Business Education Advisory Committee meeting this fall has it on their agenda. The ESU SIFE Team is hosting a Business Plan Competition this fall (and annually) and plans middle school/high school program visits in the spring of 2005 (and annually). The FBLA (Future Business Leaders of America) (high school) and Phi Beta Lambda (ESU) chapters have related activities planned. Some area high schools participate in the statewide YEP (Youth Entrepreneurship Program). A coordinated effort by all such organizations would be an outstanding action plan (2). FHTC (Flint Hills Technical College) and ESU are cooperating to identify mutual entrepreneurial interests. A Biosciences Business Group at ESU has been formed to assure ESU access to the Biosciences initiatives under the 2004 Kansas Economic Growth Act. These activities are being tracked and coordinated under the REAT Applied Technology Project.

### **Adult entrepreneurship training and technical assistance**

High-quality and accessible basic financial education, product development and marketing advice, and business development training and technical assistance to aspiring and existing entrepreneurs is essential to an entrepreneurial community. Many activities and assets to provide these support services exist and are being used by community

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<sup>2</sup> Suggested Action Plan steps will be included in this narrative, and numbered sequentially for future planning.



members today, beginning with the Small Business Development Center and the ESU School of Business. A current comprehensive resource inventory is needed (action plan 3). A coordinating infrastructure is needed (action plan 4). The resource inventory of existing services provided compared with the needs of area entrepreneurs will disclose deficiencies where additional assets and resources need to be identified and/or created (action plan 5).

### **Access to capital**

Adequate and appropriate equity and debt financing to meet the needs of entrepreneurs at different levels of development (see definitions, later in this paper) are being provided through existing and planned State of Kansas activities. The new legislation adds several critical components to this process. Our challenge is to build the coordinating infrastructure in such a way as to bring the available assets to the attention and access of area entrepreneurs.

### **Access to networks**

A critical element of the success of the coordinating infrastructure mentioned several times so far in this paper (action plan 4) is providing access to appropriate networks of people to area entrepreneurs. These are networks that allow entrepreneurs to share ideas, learn from one another, and conduct business together, linking them to new sources of capital, new employees, strategic alliance partners, and service providers. The challenge is to make involvement in the network so attractive and beneficial that all levels of entrepreneurs in the city, county and region will want to participate.

### **An entrepreneurial culture in the community (city, county, region)**

It is believed that by implementing the coordinating infrastructure, along with each of the related elements, we will create a cultural, social, and civic environment that encourages, nurtures, and raises the profile of entrepreneurs. The Publicity and Integration element of the REAT project will be beneficial here.

Finally, we each need a reminder, from time to time, that there are several categories of entrepreneurs. Entrepreneurial behavior is not a genetic trait, it is something that can be created, encouraged and nurtured in people of all ages, backgrounds, and socio-economic conditions. Therefore, some of the following descriptors<sup>3</sup> are appropriate (but not all inclusive) for our consideration as we move forward:

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<sup>3</sup> These are based on the definitions section of the Entrepreneurship Development Systems for Rural America web site: [www.eshipsystems.org/crit\\_definitions.html](http://www.eshipsystems.org/crit_definitions.html)



- **Aspiring entrepreneurs:** Attracted to the ideas of creating enterprises; includes people of all ages.
- **Survival entrepreneurs:** Resort to enterprise creation to supplement their income.
- **Lifestyle entrepreneurs:** Create enterprises in order to pursue certain lifestyles or live in particular environments
- **Growth entrepreneurs:** Motivated to develop and expand their businesses to create jobs and wealth
- **Serial entrepreneurs:** Go on to create several growth businesses (some of these may be referred to also as **Portfolio entrepreneurs**, owning more than one of these businesses at a time)
- **Social entrepreneurs:** Create and grow enterprises that are primarily for public and community purposes.

### **Action Plan Summary**

As a part of building the Rural Enterprise and Applied Technology program<sup>4</sup> envisioned, the following initial set of action plans has been suggested. These will lay the foundation for development of the coordinating infrastructure and grant applications for creation of the missing assets and service providers identified. Following is a summary of the action plans identified above, to be carried out by the CBED faculty and staff of the ESU School of Business:

**Action Plan 1:** A comprehensive resource inventory of entrepreneurial education activities taking place in the area (city, county, region) currently and under current development.

**Action Plan 2:** A coordination plan for integrated activities of the several youth/college/university entrepreneurial organizational activities in the area.

**Action Plan 3:** A comprehensive resource inventory of entrepreneurial support services in the area (city, county, region) including those available via internet.

**Action Plan 4:** Create a coordinating infrastructure to assist all area entrepreneurs, to inspire collaboration by all support services, and identify and create new services needed.

**Action Plan 5:** Identify resources needed by entrepreneurs that do not currently exist and initiate actions to obtain those resources through local initiatives, grant requests, etc.

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<sup>4</sup> See CBED Report 04-06-002, "Rural Entrepreneurship and Applied Technology Program Overview White Paper," for additional background information.