ENTREPRENEURIAL ECOSYSTEMS

University

Introduction Guide

June 2020

About the e2 University Resources

The e2 resources organized within our e2 University represents over 40 years of continuous work in the field of community economic development. Our role has been to discover, listen and learn, capture, share, and finally, test and evolve the **e2 or Energizing Entrepreneurs** development framework. This remarkable body of work, insight, and resources was literally co-created by dedicated researchers, practitioners, and community leaders from across North America. This network of contributors shared the common vision of how to start, grow, and sustain entrepreneurial communities as a foundational community economic development strategy. Ultimately, every organization and individual that has made this resource possible is dedicated to the value that economy and community exist to create opportunities for residents to pursue their dreams, meet their needs and collectively grow more prosperous and vibrant communities, regions, states, and country.

This work of discovery, innovation, and creation is ongoing. It will be ongoing forever. e2 welcomes all who want to join this journey and contribute to solutions that can realize our vision for better communities, regardless of size, location, or circumstance.

This **Introduction Guide to e2 University** is your starting point for exploring how the e2 framework and resources can support you and your community's search for a brighter future. Within this guide, we provide a high-level overview of the five core resources available through e2 University:

- Community Readiness for Entrepreneurship
- Organizing for Action
- Assessments to Strategy
- Working with Entrepreneurs
- Metrics, Stories and Sustainability

A Particular Focus on Rural America

Although e2 has worked in all kinds of communities in all kinds of economies, it is fair to say our core experience has been with rural America. The term "rural" generates a whole set of views depending upon a person's experience and perspective. In Nebraska, a mayor of a community of 5,000 may not consider his or her city rural. But someone in Omaha, and particularly New York or California, would. By "rural" we mean communities and regions that are still frontier to small metropolitan areas like Missoula, Montana, which is anchored in a rural region. While e2's experience and work has predominantly been rural, we believe our e2 Development Framework and e2 University resources have relevance for metropolitan areas and urban neighborhoods.

The e2 Entrepreneurial Ecosystems Journey

The Center for Rural Entrepreneurship formed about 25 years ago. Before there was a Center, we worked with the Ewing Marion Kauffman Foundation and the **Rural Policy Research Institute (RUPRI)** exploring rural entrepreneurship through our Entrepreneurship Discovery States Initiative (Maine, West Virginia, Missouri, Minnesota, Colorado and Texas). This work led to the Kauffman Foundation and RURPI creating the Center for Rural Entrepreneurship.

Jay Kayne with Kauffman's Center for Entrepreneurial Leadership believed the Center could become the "go to resource" for rural America with respect to entrepreneurship. Over time the Center continued to support rural entrepreneurship, evolved expertise in community development philanthropy, youth

engagement, attraction, entrepreneurship, and program evaluation and documentation. The Center was among a number of Kauffman Foundation initiatives including SourceLink and FastTrac, all born about the same time.

e2's evolution can be charted by these milestones:

- Foundational to the Center's work was a decade of work in Nebraska supported by significant investment from the W.K. Kellogg Foundation related to **HomeTown Competitiveness (HTC)**, which focused on four "pillars" of community development – leadership, philanthropy, youth, and entrepreneurship. HTC was one of six recipients of the Kellogg Foundation 75th Anniversary $2 million entrepreneurship grant.

- Hosted with the Kauffman and Kellogg Foundations, early **e2 Institutes** focused on "Why Entrepreneurship." These institutes gathered community, regional and state teams for an intensive, week-long dive into entrepreneurship.

- 2005 – Our first book, *Energizing Entrepreneurs – Charting a Course for Rural Communities,* focused on answering the "why" questions or why should communities, regions, and states commit to entrepreneurship as a core development strategy. This book also provides early thinking about our emerging e2 Development Framework.

- 2006—*Energizing an Entrepreneurial Economy: A Guide for County Leaders,* provided county leaders useful information, insights, and examples about how to achieve more dynamic economic development through entrepreneurship.

- Next stage e2 Institutes focused on "why" and "how" questions.

- 2011 – The second book, *Transfer of Wealth in Rural America – Understanding the Potential, Realizing the Opportunity and Creating Wealth for the Future,* focused on philanthropy and entrepreneurship connections. This book, based on its title, may seem a bit out of place. What does American wealth and intergenerational wealth transfer have to do with entrepreneurship? But there is a powerful connection. When you review resources in our e2 University **Metrics, Stories, and Sustainability Guide,** there are funding strategy ideas. A primary source of American wealth is entrepreneurship. Successful entrepreneurial families are also donors and potential funders for entrepreneurship. Explore this powerful connection.

- 2014 – The third book, *Energizing Entrepreneurial Communities – A Pathway to Prosperity*, highlights the Center's e2 ecosystem building framework and roadmap. This book pivots and focuses squarely on the "how" question. Our first book took on the then top-of-mind challenge, "How do I make the case for entrepreneurship with my community?" This book provides a still relevant guide to our **e2 Development Framework**. We still encourage folks to spend some time with this book before you dive into our e2 University resources. It can ground you and your team.

- 2015 – **e2 University** rolled out containing all our tools, resources, and stories.

- 2017 - The Center was acquired by Virginia Community Capital (VCC), a community development financial institution (CDFI), to be part of the team that launched LOCUS Impact Investing, a social

enterprise with a mission to empower place-focused foundations to invest their capital locally to build prosperous, vibrant communities.

- 2019 - The Center for Rural Entrepreneurship's entrepreneurship work moved to a new home with **NetWork Kansas** on January 1, 2019. The Center is now named **e2 Entrepreneurial Ecosystems.**
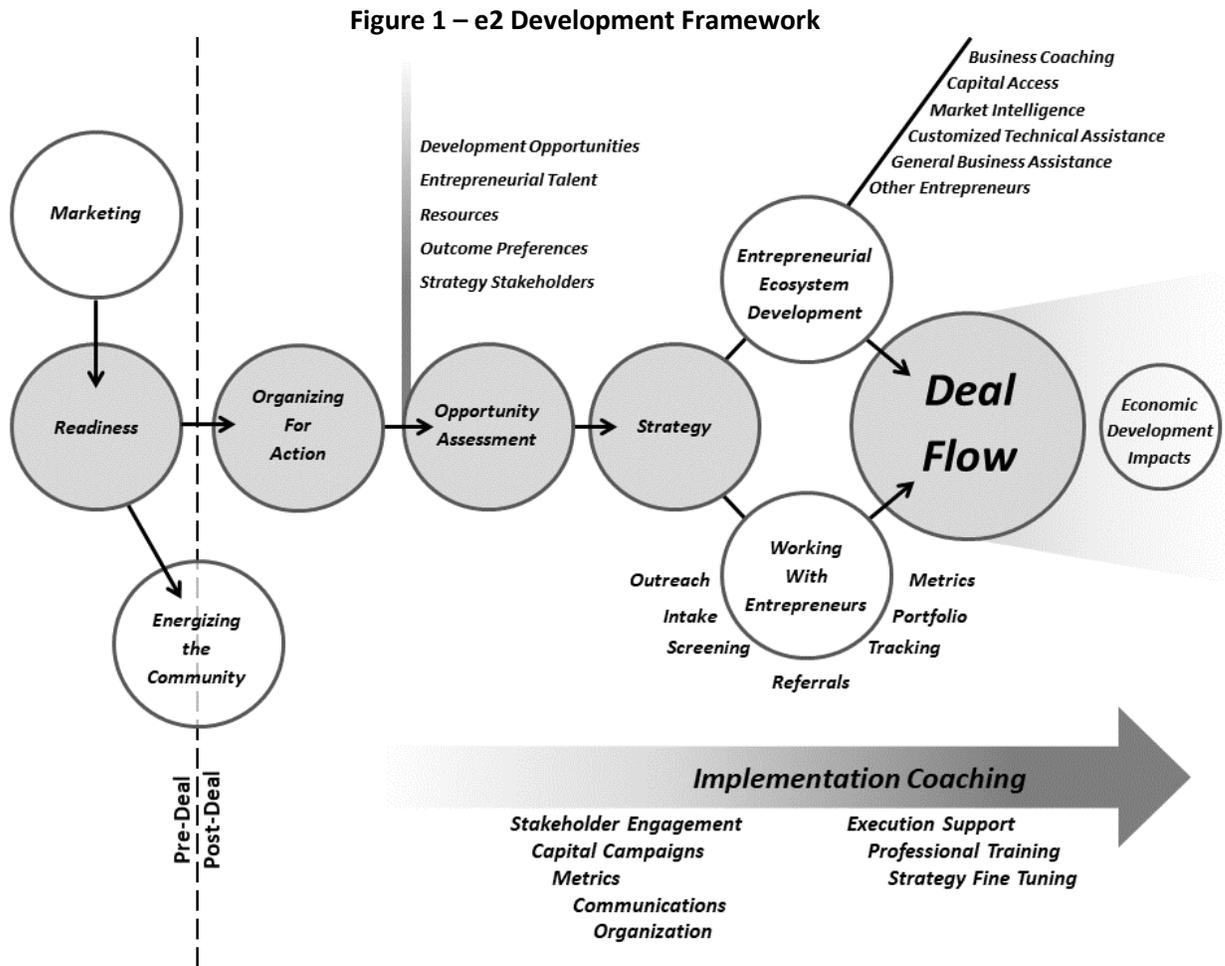
Figure 1 – e2 Development Framework

Figure 1 provides a visualization of e2's **development framework and process**. The two-dimensional graphic appears to be linear and sequenced. In fact, it is, but each community starts the e2 journey at a different point where maybe readiness and organizing are completed and the community is ready to craft a next-generation strategy. Consider this illustration as a road map that can help your community take stock of where you are at and where you might go next. Additionally, growing an entrepreneurial economy and culture is a continuous process. Over time you can move from "getting started" to growing a "high impact and robust" entrepreneurial ecosystem enabling transformative change.

When we use this graphic in the field with practitioners, leaders, and residents, we always start at the end game. What are we really wanting to accomplish with entrepreneur-led development? Chances are good that the answers to this question might include:

- We want a stronger economy with more jobs, a stronger local tax base, etc.
- We want a more vibrant community where our residents have economic opportunities.
- Bottom line… our community wants real economic development.

A key endgame metric is increased deal flow--more venture deals that enable other economic development impacts. With the end game in mind, we can move back to the left side of the graphic beginning with **Community Readiness for Entrepreneurship**. In our Readiness Guide, we make the case for deciding whether your community is ready to take on any economic development including entrepreneur-focused development. Next, our guide **Organizing for Action Guide** addresses the capacity elements necessary to start, execute and sustain robust and successful entrepreneurship. Next in the e2 process we employ three key assessments in our **Assessment to Strategy Guide.** Completing these assessments enables much easier and smarter strategy development regardless of where you are at in your entrepreneurship journey.

Once your community has a strategy and is ready to actually begin growing your entrepreneurial economy, there are two interrelated steps in the e2 framework: **Working with Entrepreneurs** and **Ecosystem Building**. If you want to grow an entrepreneurial economy, then your community must engage in the work of connecting with and helping area entrepreneurs. We call this the ground game. At the same time, as you are working with your entrepreneurial talent you can gain deep insight on your existing entrepreneurial ecosystem and where you might make investments to strengthen it; matched to the needs and opportunities of your community's unique pool of targeted entrepreneurial talent.

Finally, this is a never-ending journey. The work of community economic development exists in an ever-changing global economy and society. The **Metrics, Stories, and Sustainability Guide** addresses how your community can ensure not only sustainability of your entrepreneurship initiative but also how you can grow it over time to optimize the full potential of your community's entrepreneurial talent and development opportunities.

Hierarchy of Community Impacts

Within the e2 development framework and process we employ the Heartland Center for Leadership Development's **Hierarchy of Community Impacts** framework. We will not detail the hierarchy in this guide, but we encourage you to explore it as you are getting started with the e2 development framework. It can be a powerful tool to help you and your community stretch and manage progress expectations.

From Readiness to Commitment to Entrepreneur-Led Development. There is not really a timeline for this work. Some communities get to this decision point quickly. Others take months and years. Some get close to making the commitment and then pull back. A whole set of factors can impact readiness including whether the time is right, if there is sufficient support, other higher community priorities, whether key stakeholder groups are committed, leadership, personalities, and this list goes one. Bottom line, the e2 clock does not start until a commitment decision is made. Once that happens, there is an optimal timeline to adhere to when working through the e2 Development framework and process:

30-90 Days	Complete Organizing for Action
30-90 Days	Opportunity Assessments and Starter Strategy Development
By Mid-Year	Work with entrepreneurs
Next Six Months	Practice working with entrepreneurs and refining assistance networking

By the End of Year 1	Develop metrics and stories of impact to secure a year-two commitment

Now let's turn to some exploration of our five e2 University resources.

e2 University Resources

Because e2's work is iterative and ongoing, we are constantly learning, creating new insights and resources and finetuning the e2 Development Framework. At last count, there were over 1,000 individual guides, papers, stories, tools, and resources within e2 University. For most, plowing through all these resources is a challenge to find what you are looking for. With our current upgrade of e2 University, we have organized the most-used resources into five resource guides starting with community readiness for entrepreneurship and ending with sustaining your entrepreneurship initiative and ecosystem-building work. The following provides summary information on each of these five resources within e2 University.

e2, eTalent, eResources, eCoach – What Does this Mean?

Let's be honest – "entrepreneur" and "entrepreneurship" are hard words for most folks in our communities. They are long words, hard to spell and take up a lot of space. Yet, entrepreneurs and entrepreneurship are what we are focused on and talking about. You find within our resources we use a shorthand to make this easier and save space, so **e2** stands for **energizing entrepreneurs, eTalent** stands for **entrepreneurial talent,** and **eCoach** stands for **entrepreneurial coach.** We use this shorthand often in our writings and resources.

1. Community Readiness for Entrepreneurship

The first e2 University resource guide, **Community Readiness for Entrepreneurship,** can be used to help your community or region test your readiness for seriously committing to entrepreneur-focused development and entrepreneurial ecosystem building. Readiness is critically important, and your community should not go forward if you find you lack sufficient "right stuff" to go down this road. Predictable failure has a cost and may set you and your community back. Conversely, by using this Readiness Guide and resources, you can help your stakeholders and community understand the learned requirements for greater success. We have found that nearly every community can use the e2 framework to grow a better economy and stronger community. Being ready for development is foundational.

Why Entrepreneurship? – The Case for Entrepreneurship

You and your allies may be convinced that entrepreneurship should be a community priority. Chances are also good that your community has roots in more traditional development and there may be work to be done to make the case for entrepreneurship. While e2 University is more focused on "how," we do have resources on "why." Our first book provides useful insight on how to make the case for entrepreneurship in your community. Based on our community economic development experience spanning four decades throughout North America, we are convinced that entrepreneurship is foundational to all community economic development.

2. Organizing for Action

The second e2 University guide and resource is focused on **Organizing for Action**. Ewing Marion Kauffman, successful entrepreneur and founder of Marion Laboratories and the Kauffman Foundation which focuses on entrepreneurship, said that "if you want to help entrepreneurs you need to be entrepreneurial yourself." Thoughtful, smart, but also expedient organizing for action is important. What e2 has learned over the years is a very tough but very important lesson:

The odds of success with entrepreneurship go up dramatically if from the time your community commits to entrepreneurship as a core development strategy to when you are actually helping area entrepreneurs falls within one year.

If it takes your community too long to get organized, you risk losing energy, momentum, and support. Our **Organizing for Action Guide** and resources can help your community be smarter about this foundational process step and get to working with entrepreneurs more quickly.

Stakeholder Mapping & Preferences

We have developed protocols and tools to help your community engage a wide range of potential stakeholders. Supporting area entrepreneurs and growing an entrepreneurial ecosystem is a team sport that requires collaboration among all or most of your community's development interests. This can be a complicated, time-consuming, and frustrating activity. It is very important to get your optimal team committed to and engaged in this work. Our e2 University stakeholder mapping tools can help you thoughtfully think about who to invite to the table. Our development preference tool can help each invited stakeholder better understand why they should become a partner in this work and clarify how they can contribute in alignment with their organization's strategic mission.

3. Assessments to Strategy

At e2, we embrace and advocate for asset-based community economic development (ABCD). For more information about ABCD, check the ABCD Institute website. We have found that discovering and focusing development on the assets a community has provides for optimal strategy focus and impact potential.

Three Core Entrepreneurship Assets

Successful community-level entrepreneurial development is rooted in three core entrepreneurship assets:

1. Your community's entrepreneurial talent.
2. Relevant entrepreneurial resources your community can access to help your entrepreneurs.
3. Stakeholders in your community committed to making entrepreneurship happen.

Entrepreneurial Talent. Every community has entrepreneurial talent. Your starting point for growing an entrepreneurial economy and society begins with supporting the entrepreneurs you currently have. Over time you can grow and attract more entrepreneurial talent, but the shortest route to impact and initial sustainability is helping existing talent develop, generating deal flow and economic development impacts.

Entrepreneurial Resources. Every community has access to relevant and potentially impactful resources for your entrepreneurs. Many of these resources may be local and others are regional or state level. The key is finding out what assistance your entrepreneurs need and matching them to resources that can help. Over time you can develop and grow an entrepreneurial ecosystem capable of not only providing more assistance but creating a culture supportive of entrepreneurship.

Stakeholders. Doing this work requires organizational support, individual commitments, and resources. Every community has organizations that can focus on supporting entrepreneurs, the key is how you can get them engaged, supporting and working together to first provide assistance to entrepreneurs and second growing your ecosystem overtime.

Next let's provide an overview of our three **Assessments** that can help your community vision and pursue your optimal entrepreneurship development game plan.

Development Opportunities Assessment

Given e2's asset-based approach to development, we want to provide an overview of the field-tested development opportunity assessment. Every community has a unique development history, location, situation, and opportunities for smart and impactful development. The Development Opportunities Assessment can help a community, its leaders and residents better understand their own economy, the regional economy that they are part of and where they might have both traditional and entrepreneurial development opportunities. Good analytics coupled with sound community conversations can help communities make better decisions, be more precise in their development actions and investments and have greater confidence that their strategy is optimal given their community's assets and opportunities. We encourage your community to look at our **Development Opportunity Analysis** examples and find a resource closer to home (e.g., regional university or college, regional development organization, Extension, or a private consultant) that can help your community explore your own entrepreneurial development opportunities.

Analytics – Foundational for Smart Development

Community decisions, commitments, and development plans should be informed by sound research and analysis. We call this kind of information "analytics." Within our e2 community field work, we have employed analytics extensively. We believe optimal development is rooted in focusing on where your community has genuine assets and development opportunities. Do not fly blind and take advantage of research and analysis in finding your entrepreneurship game plan.

Entrepreneurial Talent Assessment

Before we get into the weeds, it is important to understand why we use the term **entrepreneurial talent (eTalent)** and not just "entrepreneur" or "business." This terminology recognizes that entrepreneurship is a form of "human talent development" like formal education, professional training, or workforce development. Our work is rooted in growing entrepreneurial talent, which requires us to find the talent, learn about where they are developmentally and provide relevant assistance to support their ongoing development.

Creating an entrepreneurial economy and community is rooted in finding and growing entrepreneurial talent. Our **eTalent Assessment** and resources can help your community discover more of your entrepreneurial talent and allow you to target empowering a more impactful starter strategy. For most communities, two critically important insights come to light through the eTalent Assessment. First, your

community is likely to discover you have more entrepreneurial talent than you thought. The second insight is you will begin the all-important process of better understanding where your talent is developmentally (e.g., aspiring, startup, expansion, transition, growth-oriented, all the way to high growth). This insight enables smart targeting with respect to entrepreneur outreach and eResource development.

Entrepreneurial Resources Assessment
Accelerating entrepreneurship and economic development impacts is a rather basic transaction that we explore more in our guide, **Working with Entrepreneurs**. The first part of the transaction is your entrepreneurs and their willingness to access assistance. The second part of the transaction is resources within your network that can meet the needs of an entrepreneur. When entrepreneurs and resources connect problems are solved and opportunities are pursued generating deal flow and impact.

<div align="center">The Resource-Focus Trap</div>

The movie *Fields of Dreams* and the saying "build it and they will come" are part of the resource-focus trap. In economic development, communities tend to look at what other communities are doing, discover things that are neat and promising, and then replicate them back home. There is nothing wrong learning from others and borrowing great ideas and solutions from other communities. The problem becomes when one community's solutions do not fit your community's opportunities and realities.

Venture capital is part of an entrepreneurial ecosystem. Venture capital is generally needed by high-growth-potential entrepreneurial ventures. For most rural communities and urban neighborhoods, chances are good there are few or no high-growth-potential ventures. Focusing time and energy on attracting or building venture funds is a waste of focus, time, and resources in these cases. However, almost every community has smaller growth-oriented entrepreneurs. These entrepreneurs are not ready for venture capital but a good bank, some local seed investors, and a community gap financing fund are really important. By understanding your community's entrepreneurs, where they are at developmentally, and the current pressing needs, you can focus your eResource development on the right stuff that will make a difference and generate impact.

Our **eResources Assessment** provides processes and tools you can use to think about the resources likely important to YOUR community's entrepreneurs and begin the process of mapping resources so you can engage them in providing assistance when you have an entrepreneur with a need. With this resource package, we have significant field-tested resources that can energize your team, efficiently employ your time and effort, and begin building your eResources Network.

The Assessment Crosswalk. Once your community has completed the three assessments – development opportunities, eTalent, and eResources – you are in a position to do the crosswalk. Each assessment provides critical insight, decisions, and other information to empower strategy development. Being smart and efficient by doing the three assessments and completing the assessment crosswalk will lead to a more optimal strategy with greater promise for success and impact.

4. Working with Entrepreneurs

As we have already noted, entrepreneur-focused development is centered on growing entrepreneurial talent. As your community grows entrepreneurial talent, that talent will be more expansive and successful in growing ventures with economic development impacts (e.g., jobs, investment, new markets, local taxes, etc.). Our **Working with Entrepreneurs Guide** focuses on how to work with

entrepreneurs. Over time your strategy can become very sophisticated with a range of strategies, tactics, and resources. For most rural communities to smaller metropolitan areas, we strongly advocate starting with the basics, demonstrating impact, and then growing your strategy over time. With success you will also expand your eTalent both in numbers and range of eTalent developmentally (e.g., aspiring to growth).

<div align="center">**Entrepreneurial Ecosystem Building**</div>

When our work with entrepreneurship intensified over 25 years ago, there was already well-established "systems" thinking. In recent years, enabled by the Kauffman Foundation's ESHIP Summits, the concept of **entrepreneurial ecosystems** has gained traction. Our earlier use of **entrepreneurial development systems** (EDS) is very comparable to ecosystem thinking today. At e2, we think the use of ecosystems to envision how we encourage, support, and grow entrepreneurial talent is moving, powerful, and useful.

5. Metrics, Stories, and Sustainability

Human development should never end. From the time we are born to the moment we pass from this earth; we have the capacity and necessity for learning and growing. Growing entrepreneurial talent is a human development undertaking. When it is successful, remarkable businesses, nonprofits, and government enterprises result, creating community economic development benefits for all of us. If we accept the concept that entrepreneurial development does not have a start or an end but is ongoing for every community and region, then sustainability becomes important. Our last e2 resource guide focuses on sustainability with resources related to metrics (i.e., both indicators and stories), venture funding for entrepreneurship initiatives, and considerations on how to sustain AND GROW your community's entrepreneurial ecosystem. Let's explore the three interrelated topics within this guide.

Metrics – Indicators and Stories. Earlier in this **Introduction Guide to e2 University**, we discussed the challenge that economic development has been too often perceived as "smoke and mirrors" and lacking reasonable return on investment evidence. Measuring impact is challenging. Taking credit for impact is ethically challenging. Nevertheless, a key to surviving startup and ensuring sustainability are sound metrics including both indicators and stories. Our resources in the metrics space are field created and offer sound ideas on how to envision, design and create your community's entrepreneurship metrics.

Funding Entrepreneur-Led Development. Developing, growing, and sustaining predictable and robust initiative and ecosystem funding is foundational. Too many initiatives start with a grant or some seed funding but do not sustain and fail. This is an area of particular interest to e2. We believe that if we cannot find, develop, and demonstrate viable funding models, this all-important work will habitually be undercapitalized. Opportunities that are undercapitalized can never fulfill their full potential for impact and value. We have recently added new resources to this area available through the **Metrics, Stories, and Sustainability Guide.**

Sustaining and Growing Your Initiative. We have a collection of resources that can be helpful to communities focused on initiative sustainability. Our **Community Readiness for Entrepreneurship** and **Organizing for Action Guides** are related topics that also inform sustainability strategy. Strong community readiness for entrepreneurship coupled with sound early organizing provide the foundation for longer-term sustainability.

Access and Use of e2 University Materials

Single Party Users. Our entire e2 University is available free of charge to selected users. If you and your community are interested in any or all of these resources, contact info@e2mail.org.

Compensated Users. For those users wanting to use e2 University in their compensated work, e2 is happy to explore licensing options. Contact Don Macke at don@e2mail.org.

Nonprofit Users. If your organization is a charitable non-profit that works with multiple communities, e2 is open to non-compensated licensing options. Contact Don Macke at don@e2mail.org.

International Users. If your organization is located in or focused on non-U.S. locations, we are open to collaborative efforts to translate our work into other languages and cultures for possible use. Contact Don Macke at don@e2mail.org to explore options.

Kansas and Nebraska Users. Nebraska and Kansas have played an extraordinary role in evolving our e2 development framework. Access to e2 University resources is available free of charge to end users through NetWork Kansas and Nebraska Extension in Nebraska.

A Condition for Access and Use of e2 University Resources

In all cases e2 asks users to execute a **use agreement.** As part of this agreement, we require a commitment from you to share your learning back with e2. We need user feedback to continue our learning so that e2 can support entrepreneurship ecosystem building and future resources for users yet to come.

Additional Help

Don Macke is not currently accepting new advising and consulting work. However, based on scheduling availability, Don is willing to do an exploratory call to better understand your needs and expectations, and recommend pathways forward. Contact him at don@e2mail.org.

How e2 Can Help

e2 Entrepreneurial Ecosystems helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by **Don Macke,** e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

What We Do

✓ **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work.

✓ **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data. Explore some of our research tools and reports here.

✓ **e2 University (e2U)** is our platform for sharing guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2U team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin.** Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley,** LOCUS Impacting Investing.

✓ **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of Start Us Up: America's New Business Plan, a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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NetWork Kansas, a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.