ENTREPRENEURIAL ECOSYSTEMS

University

Assessments to Strategy Guide

September 2020

About This Guide

The hallmark of every successful entrepreneur is the ability to recognize and act on genuine opportunities. Assessing opportunities is just as important for your community as you develop an optimal entrepreneurship game plan. Done well, assessment can make strategy development easier and more effective. The process of assessment also helps get your development stakeholders on the same page and working together. This **Assessments to Strategy Guide** will help you discover how to assess your community's best opportunities for success. Foundational to community opportunity assessments is discovering your community's entrepreneurial talent and the resources within your community, region and state that can be networked to help your entrepreneurs succeed and grow.

The e2 University includes several additional guides to help you in your journey toward entrepreneur-led economic development:

- **Introduction to e2 University**
- **Community Readiness for Entrepreneurship**
- **Assessments to Strategy**
- **Working with Entrepreneurs**
- **Metrics, Stories and Sustainability**

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Part 1 – Assessments Overview

At this point in the e2 development framework and process, we assume you have already completed Readiness for Entrepreneurship and Organizing for Action. During the **Readiness for Entrepreneurship** work, your community completed **community readiness assessments** that not only helped you assess your community's readiness for entrepreneur-led development but also provided guidance on actions to be taken to enhance your readiness for this important development work.

During the **Organizing for Action** work, your community completed two interrelated assessments. The first organizing assessment includes **stakeholder mapping** and the second organizing assessment focuses on collaboration building by using e2's **stakeholders alignment** assessment. This earlier e2 work provides your community with strong foundations for undertaking **opportunity assessment work** essential for smart strategy development.

Why are the Three Assessment So Important?

Our development approach is **asset based** and **opportunity focused**. The three core assets critical to successful entrepreneur-led development are 1) entrepreneurial talent, 2) relevant entrepreneurial resources and 3) a strong coalition to make this all happen. By being opportunity focused, we think like successful entrepreneurs or where your community has genuine and significant development opportunities. For example, our work with Klamath Falls, Oregon, identified two unique and powerful development opportunities with entrepreneurship implications. Our first discovery was growing development tied to higher-value experiential tourism rooted in a long history of traditional tourism. The second discovery was based in increasing in-migration of new residents from Northern California and higher-cost cities in Oregon and Washington. This trend involves residents (including entrepreneurial ventures) from the high-cost cities ranging from San Francisco, Portland, and Seattle to high-amenity places like Bend, Redmond, and Medford. As places like Bend have become more expensive and congested, in-migration is now occurring in communities like Klamath Falls. By understanding assets and opportunities through assessment work, it is possible to envision and design smarter eStrategies.

When we first start working with an entrepreneur, particularly a nascent entrepreneur, we explore what homework has been done. Assessments are a form of homework or due diligence. In the case of an entrepreneurial venture we might ask the following questions:

- What is your unique product or service?
- Which market niches can you compete?
- Who is your competition?
- Who are your customers?
- What is the value proposition?
- Do you have a reasonable venture plan?
- And the list can go on and on.

Translating what we know from best practice in working with entrepreneurs to entrepreneurial ecosystem building and entrepreneur-led strategy development, we are particularly interested in three kinds of information:

1. What is your community's entrepreneurial talent pool?
2. What are your community's relevant entrepreneurial resources?
3. What is your community's genuine and unique development opportunities?

Gaining insights from each of these three strategy assessments can provide you the confidence and answers to aggressively move forward with strategy development.

Assessment and Strategy Development

The data you collect through assessment becomes a decision-making tool. This knowledge helps guide you through a process, moving from assessment to strategy options to the right strategy choice for your community to effective execution and implementation of that strategy. Figure 1 illustrates the process of building an entrepreneur-focused economic development game plan that gets results:

Figure 1 – eAssessments to eStrategy Development Process
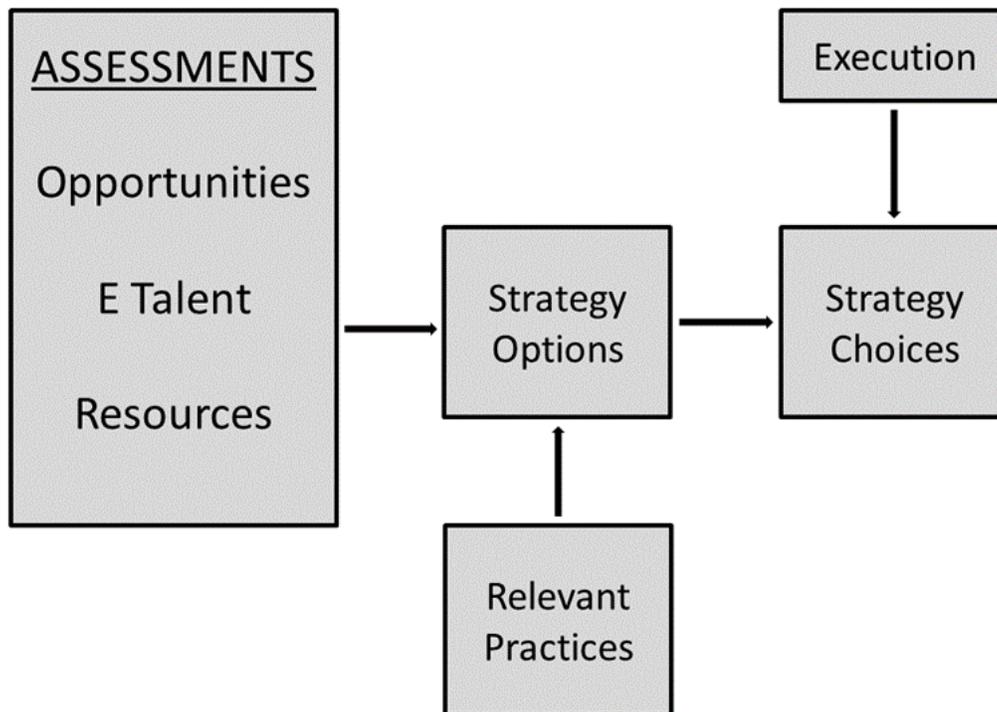
Source: e2 Entrepreneurial Ecosystems – www.energizingentrepreneurs.org

Figure 2 provides more information on each of the elements of the e2's development framework and process:

Figure 2 – e2 Development Framework Elements

Development Opportunities	Each rural community resides within a much larger regional economy. And the potential for development is shaped and defined by what is happening in that larger regional economy. The first assessment investigates how the regional economy is doing and where it is heading. This analysis can provide insights into potential development opportunities, trends, and challenges.
Entrepreneurial Talent	The primary building blocks for entrepreneur-focused economic development are entrepreneurs. The second assessment focuses on the size, nature, and quality of entrepreneurial talent within your community or region. Over time, entrepreneurial talent can be expanded and enhanced. But at the beginning of your development work, you must work with the talent you have.
Relevant Development Resources	Some communities have many entrepreneur-focused development resources. Other communities reside in resource deserts. The third assessment focuses on relevant development resources including business counseling, training, market research, capital, and business-to-business networking. In this assessment, we are particularly interested in identifying your community's "Go-To" resources designed to meet the needs of specific entrepreneurs you are targeting.
Community Preferences for Development	Development should serve your community and its residents. The fourth assessment focuses on what your community wants from development. Within any community, there are various development stakeholder groups and they may have a range of preferences or priorities running from reducing unemployment and poverty to main street revitalization.
Strategy Stakeholders	In the United States (unlike most mature economies), development is primarily a community responsibility. Local commitment from area stakeholders, such as cities, counties, and larger employers, is important to mobilize robust and sustainable support for entrepreneur-focused development. The final assessment focuses on identifying and evaluating stakeholders most likely to support your chosen strategy.

Assessments. e2's approach includes **three key assessments** focused on understanding development opportunities, local entrepreneurial talent, development resources, your community's preferences for development and the stakeholders most likely to support your chosen development efforts. These five assessments become the foundation for discovering and realizing an optimal development game plan. These core assessments are summarized in the following chart, which also shows the relationship to stakeholders and development preferences discussed in our **Organizing for Action Guide**. The rest of this guide provides an overview of each assessment.

Relevant Practices. The assessments help you better understand your community and its opportunities for effective and sustainable economic development. The second element in this process is to explore **relevant practices** from other communities and regions. It can be very informative to learn from communities with similar situations, opportunities, and challenges but a longer history of pursuing a

particular development strategy. Insights gained from studying relevant practices from other places can foster deeper understanding, lead to better choices, and strengthen commitments. By using statistical techniques, "like" communities can be identified and explored or a community can simply reach into its development network and identify places and strategies that could be helpful. Through our work across North America and our active and long-term documentation program, we have identified relevant practices that can inform the work in your community. Through stories, case studies and networking, we can share our experience and learning from other rural places as input to the development of strategy options.

Strategy Options and Choices. Based on the five assessments and relevant practices, your community team must explore likely **strategy options** that best fit your community's development opportunities, resources, and preferences. A critical choice every community must make is "where to start" or "how to build on what you have been doing" to make your game plan stronger and more impactful. Engaging stakeholders and the broader community in exploring strategy options can create a working consensus in the community on what is important and how to proceed. The exploration of relevant practices can move stakeholders and the community from abstract ideas to a practical understanding of the strengths and weaknesses of various **strategy choices**. Ultimately this process results in a set of recommendations that create an action plan for moving forward and holding each other accountable for progress. It is important that the recommendations are adequately detailed so that they can be understood and tracked for implementation and progress. Vague goals and objectives can undermine action and lead to debates about why progress is not being made.

Execution Considerations. When we study successful entrepreneurs or communities, there are always two commonalities. First, there is a strategy or plan that is well researched and designed, rooted in genuine opportunity. Second, there is effective and efficient execution of the game plan. If either ingredient is weak or missing, success will be illusive. The final element in our framework is to address issues of **execution** of the recommended strategy. Key execution considerations include the right game plan, funding, a reasonable time frame, proper leadership and staffing and a simple way to track progress and measure success.

Three Strategy Assessments

Based on our field work throughout North America we have found three interrelated **strategy assessments** have proven very helpful to communities and regions:

1. Development Opportunities
2. Entrepreneurial Talent
3. Entrepreneurial Resources

Development Opportunities Assessment. This first assessment seeks to answer these key questions:

- What does your community have to offer?
- Where does your community fit in the broader economy?
- What are your community's comparative advantages for development?

A hallmark of a successful entrepreneur or entrepreneurial community is the focus on *opportunity.* Too many communities spend hours talking about challenges, problems, and deficits. While this kind of assessment may have its place, it violates the first rule of *asset-based development* which is to take a

positive, appreciative view of the assets your community *does* have. The **development opportunities assessment** includes the following key activities:

Figure 3 – Assessment Key Activities

Regional Opportunities?	Every community resides within a larger regional economy and society. For example, some communities are part of an amenity-rich recreational tourism environment. Others are part of a transportation corridor, while others are adjacent to growing urban areas. This larger regional context influences your community's opportunities. Understanding what is happening within the region provides you with insights into development opportunities for your community.
What is Working?	Most communities have some history and track record of successful development. We recommend that you take stock of your community's recent past (last 10 or 20 years) and explore specific development projects that worked well. In **Part 2 – Development Opportunities**, we share an exercise to help you rediscover the keys to engaging in more successful future development.
Where is there Energy?	There is no reason why the Mayo Clinic should be in Rochester, Minnesota and attract people from around the world for its remarkable health care. It is there because of its founders and their commitment to the community. The third part of this assessment is to identify where there is vision or energy for development within the broader community. Some ideas may be farfetched; others, deeply held by a group, may spark remarkable change and even transformation. Taking stock of your community's ideas and energy can provide a menu of possibilities to be explored.

Development Opportunity Profiles

e2 has produced hundreds of **Development Opportunity Profiles** for communities and entire regions across the continental United States over the past decade. Our Development Opportunity Profiles are a structured way to begin exploring a community's entrepreneurial development opportunities. Working with www.YourEconomy.org, we can also provide more granular and sophisticated entrepreneurial activity for any community in the United States. Two examples of recent Development Opportunities include Klamath County, Oregon and Knox County, Nebraska.

The **development opportunities assessment** can help communities and regions identify and better understand overarching development opportunities. For example, our development opportunity profile for Red Cloud and Webster County, Nebraska identified an emerging heritage tourism cluster and development opportunity associated with writer Willa Cather. Many of Cather's books are set in this part of rural Nebraska. Communities can complete their own analysis or draw on other economic development work that has been completed recently to support development opportunity assessment.

We recommend that you take a broad look and explore all your possibilities before you begin to focus on those areas where you have genuine opportunity and real community commitment. There are no right or wrong answers in economic development, but some answers may be more relevant and garner greater support in your community. This assessment increases your chances of finding the best answers for your community. Then you can get down to the hard but rewarding work of moving from ideas to action that will start your community down a road to development, progress, and greater prosperity.

Community Energy Areas

Community energy areas are a type of development opportunity. For example, a community may be really committed to main street revitalization employing Main Street's four-pillar development approach. Given the community's commitment to main street revitalization, it might make sense to focus entrepreneurial ecosystem building in this part of the community. Another example comes for Appalachian Kentucky where remote rural communities are experiencing surge in recreational and experiential tourism. Unfortunately, lodging options are scarce. In this case, entrepreneurial ecosystem building is focusing on Airbnb entrepreneurs.

Entrepreneurial Talent Assessment. The next step in our assessment process is designed to answer these questions:

- Who are your entrepreneurs?
- What types of entrepreneurial talent exist in your community?
- Where should you focus your development efforts?

Entrepreneurs are the cornerstone of entrepreneur-focused economic development. To grow an entrepreneurial economy, you must have entrepreneurial talent. Every community has entrepreneurial talent. Some communities have more developed talent than others. The **entrepreneurial talent assessment** provides a way for a community to first identify the likely entrepreneurial talent it has and undertake targeting for possible entrepreneur outreach, visitation, and surveying. We will talk about visitation and how it can support smarter strategy development later in this guide.

In the late 1990s, the Center for Rural Entrepreneurship (now e2 Entrepreneurial Ecosystems) was exploring how entrepreneur-focused economic development could strengthen Maine's rural communities. Bob Ho, then Executive Director of Maine Rural Partners, coined the idea of the "many faces of entrepreneurs." He was trying to communicate to rural leaders in Maine the all-important reality that there are many different kinds of entrepreneurs. Deb Markley with the Center evolved Bob's early idea into the current widely used concept of **entrepreneurial talent**. Figure 4 on the next page illustrates the range of entrepreneurial talent you might find in your community. Helping those with more limited potential realize their growth potential is the goal of entrepreneur-focused economic development.

Figure 4 – eTalent Pyramid
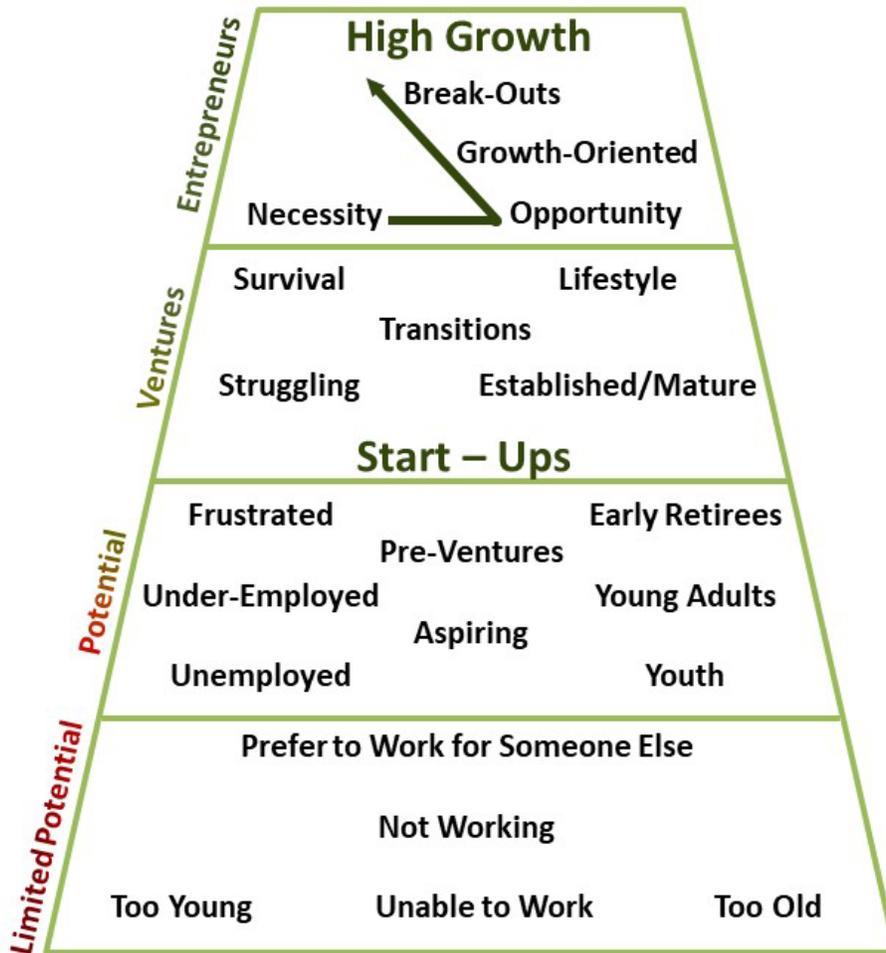
Source: e2 Entrepreneurial Ecosystems – www.energizingentrepreneurs.org

The goal of entrepreneur-focused economic development is to take the talent you have and help develop it. By increasing the ability of your entrepreneurs to better succeed with their ventures, you will stimulate more economic development over time. However, entrepreneur-focused economic development is *incremental* and achieves success through thousands of small victories such as:

A new main street store opening
A local manufacturer reaching a new market
An established business becoming more profitable
A struggling business reinventing itself
A young person coming home and joining a local entrepreneur
An expansion that creates more tax base
Local retailers better competing with box stores and generating more local sales taxes

The goal of an **entrepreneurial talent assessment** is to better identify and understand the kinds of entrepreneurs you have in your community. Figure 5 summarizes the key assessment activities.

Figure 5 – eTalent Assessment Activities

Identification	The first step is to begin the process of identifying your entrepreneurial talent. In **Part 3 – Entrepreneurial Talent**, we provide you with resources that walk you through this key assessment activity. Many communities begin systematic visitation of their entrepreneurs or use surveys to learn more about their entrepreneurs including their needs and opportunities for growth.
Targeting	The second step is to target groups of entrepreneurs that best fit your development goals. The target may be local manufacturers if your goal is to create good jobs and career opportunities, or entrepreneurs who can help to revitalize main street or startups if your goal is to increase business activity. Targeting can help you focus and build a more specific and successful strategy.
Outreach	Finally, during strategy implementation, communities design and engage in outreach to targeted groups. This creates a pipeline of entrepreneurs being contacted and assisted and begins to stimulate economic development outcomes such as new investment, job creation and tax base expansion.

Relevant Resources. The illustration on **entrepreneurial talent** highlights that there are many different kinds of entrepreneurs, all at various stages of creating or growing a business and needing unique assistance. A workshop on business planning might be great for an aspiring entrepreneur but would turn off a seasoned veteran seeking customized help. The assessment activity related to understanding and targeting entrepreneurs really can help you focus on what resources you need and when. **Relevant resources** are those that best match the needs and opportunities of specific entrepreneurs based on their experience, stage of business development and, possibly, the kind of venture in which they are engaged. It is just like buying tires for your car. Generically, you need new tires, but the model car you own, how you use it (highway vs. in town) and how long you plan to keep it will determine what specific kind of tires you should buy. The same principle is at work in providing relevant resources.

This assessment answers four questions:

1. What are your relevant resources?
2. Who are your "go to" resources?
3. How can you mobilize your local business services community?
4. How do you connect to external and specialized resources?

Tools and Resources You Can Use

Within our eTalent, eResources and eVisition resources, there are field tested tools and protocols your community can employ to operationalize these assessments. Done correctly, these assessments can be completed within months providing your community with a sounder foundation for strategy direction and development. In each section of this guide, we will provide our best tools. As it the case with this work, feel free to innovate and share back your modifications and learning.

Our goal is to support the entrepreneurial talent our community has so it can thrive. When our entrepreneurs are more competitive and profitable, we can build a stronger and more diverse business community strengthening both economy and society. Our ability to help entrepreneurs is rooted in networking them to right resource, at the right time and at the right price that can make a difference in

their venture journey. When communities make it easier to find relevant and helpful resources, we accelerate business development in some of the following ways:

- An aspiring entrepreneur actual jumps in and starts a business.
- A startup entrepreneur gets off to a great start.
- A struggling venture finds its competitive niches and begins to thrive.
- A business in your community is successfully transferred to new ownership.
- A growth-oriented entrepreneur learns to scale and actually grows.

eTalent and eResources Connection

A common mistake in entrepreneurial ecosystem building is to start with resources. We recommend that you start with your eTalent mapping. Understand the kind of entrepreneurial talent you have, learn what their needs and wants are, and then think about the eResources your community needs. This sequencing can dramatically increase the efficiency and effectiveness of your resource development work. For example, if your community has few or no growth entrepreneurs, resource issues like venture capital may be irrelevant. No point focusing time and energy on solutions for which there are not compelling needs.

e2's **entrepreneurial resources assessment** provides both a framework and tools that your community can use to begin to understand the diversity of resources you can employ to meet your entrepreneurs needs.

The figure below highlights the key assessment activities. You will find useful tools to guide these activities in **Part 4 – Entrepreneurial Resources**:

Figure 6 – Assessment Activities

Resource Mapping	The first step in this assessment is to map the resources in your community relevant to entrepreneur-focused economic development. You will want to cast a wide net to identify as many possible resources in the public and private sectors as you believe could be helpful to entrepreneurs trying to create, grow or expand a business. Some of these resources will be specialized and targeted. For example, a local manufacturer of farm equipment might be looking to export to Asia and could benefit from the services of the U.S. Import/Export Bank. Such a need may come up once in the lifetime of a local economic developer, but other resources are more commonly needed and universal in nature.
Identifying Go-To Resources	Go To resources will meet most of the needs of your entrepreneurs. These resources might include those offered by the Small Business Development Center (SBDC) and entrepreneur training and business planning services through your community college or regional university. They also include financial services including community banks, revolving loan funds, local angel investment networks and micro lending programs. Once you know where your Go To resources are, you can begin to build strong working relationships with them as the foundation for your community's entrepreneurial support system.

Engaging the Business Services Community	The business services community includes bankers, CPAs, attorneys, computer stores, bookkeepers, office supply stores, etc. Since every entrepreneur sooner or later needs these resources, this activity helps you identify these resources, both in and outside your community. You may need to get creative. If you do not have marketing or human resource consultants, consider tapping the marketing expertise of the local newspaper or radio station, or the HR expertise in local schools, hospitals, and other major employers. Finally, every community has successful entrepreneurs with knowledge and experience. Include them in your assessment and involving them as resource partners.
Connecting to External and Specialized Resources	By mapping and developing relationships with your Go To resources, you have natural network access points for finding more specialized and external resources. Your local cooperative extension agent or SBDC counselor may not have the answer for a particular entrepreneur, but they can tap their networks to quickly find the right resource. We recommend that you *not* create an elaborate map of all possible resources. Rather, create a quick and simple contact list of area "in the know" or Go To resources to help you find that unique resource when you need it.

Goals and Preferences. Economic development is not the master; rather it should serve the vision, aspirations and development goals of the community and its residents. Every community should periodically complete strategic planning and establish and refresh its development vision and goals. The same is true for organizations in your community charged with economic development (e.g., chamber of commerce, development corporation, city, county, main street organization or tourism promotion board.) This assessment is designed to help you clarify your development goals and build ownership for your game plan within the community and its development organizations. Often, entrepreneurship initiatives fit within or complement one or more existing development goals.

This assessment seeks to answer three questions:

1. What kind of development does your community want?
2. Where should your start-up focus be?
3. What kind of development outcomes are you seeking?

There are two ways to begin gathering insights into development goals in your community. One is to start with your existing development vision and goals, which most communities have. Assessing the development preferences of existing stakeholders (funders of economic development), economic development organizations and residents can help you identify where there is consensus and energy for moving forward. This assessment step can provide a shortcut to answering the question of "what we should do next." By engaging stakeholders, residents, and potential partner organizations in this assessment of preferences, you also provide an easy way to get them involved. Involvement is the first step to engagement and commitment.

The other approach is to focus your assessment on development outcomes. Even the most informed resident may not understand the tradeoffs between strategies, for example, starting a micro-lending program vs. establishing a business incubator. They simply have too little knowledge to make an

informed choice. However, they can provide thoughtful insight on what kinds of development are needed in your community. For example, they may be able to articulate concerns including:

We are an aging community and we need a way to bring back younger families.
Everyone on main street is in their 60s, how can we find new owners?
We have a great lake in our area, but we need services to support visitors.
Our largest manufacturing plant closed; how can it be re-used?

By asking residents and stakeholders what kinds of development are needed and desired, you can use assessment to create a powerful menu that can be cross walked with various entrepreneurial opportunities. This process in Deuel County South Dakota resulted in a young couple redeveloping a closed and vacant state school for the blind into a wonderful new resort and conference center. Not all outcomes will be this remarkable, but the assessment process helps make connections between needs and opportunities and helps you focus your economic development game plan. This process will also surface what people do not want. In rural Pottawattamie County Iowa, residents want enough growth to keep their villages strong and their local schools operating, but they do not want to be paved over as a residential subdivision for Metropolitan Omaha.

We have a set of assessment protocols and tools that can help you clarify development goals and focus your efforts. This same resource, found in the **Part 3 – Entrepreneurial Talent**, can help you with entrepreneurial talent mapping and targeting, resource mapping and other assessment activities referenced in this guide.

Stakeholders. Economic development is something you must do day in and day out, forever, to make a difference in the prosperity of your community. World economic conditions are always changing, and communities must adapt, innovate and progress to ensure their economic relevancy in a global economy. The foundation for sustained economic development is community commitment rooted in passionate stakeholders. To identify these stakeholders, you need to answer three questions:

1. Who can make or break your initiative?
2. Who are your potential champions?
3. How can you build deep and lasting community commitment?

Assessment is the key to answering these questions, focused on three critical activities described in Figure 7 on the next page.

Figure 7 – Stakeholder Assessment Activities

Identifying Rainmakers	Every viable community has leaders. Some are enlightened, working for the betterment of the community. Others are self-serving, even taking actions that undermine the future well-being of the community. We believe that part of your assessment must be to identify those leaders who can enable your strategy, as well as those leaders who can sand-bag your efforts. This process should be undertaken with tact and discretion by a small group of trusted citizens. Mapping and assessing these two groups provides a suggested approach to engaging them so that your strategy building process leads to a game plan that will be implemented.
Identifying Champions	With your "rainmakers" mapping in hand, you can now focus on those leaders and citizens who have the potential to become champions. These are folks who do care, are willing to take the time to get involved and once involved, can help others in your community become informed, engaged, and supportive. Spending most of your time investing in your potential champions creates the strongest possible leadership for economic development. Not everyone will agree on your direction, but as long as you create a reasonable level of consensus and strong champions, that is fine. Remember America is a democracy where everyone is entitled to an opinion, but where majority rules.
Ensuring Deep Community Commitment	Your champions group is essential to ensure that your efforts get off the ground and have adequate investment and support. But economic development takes time. Deep community commitment ensures that efforts are sustained long enough to make a difference. In a couple of years, there will be new faces on the chamber board or city council. They may have no knowledge or commitment to the past several years of work, but champions and your broader network of partners can educate them and ensure that the community stays the course, sustaining your economic development strategy over time.

In **Assessment Part 3** *Development Goals and Strategy Stakeholders*, you will find mapping and assessment tools you can use to identify stakeholders and champions.

Experiencing the Power of Assessment

This overview introduced you to the five-point assessment process. In the companion packages, you will find more information and tools for accomplishing these assessments. This overview package includes a set of **Sample Assessments** from our work with a number of partners across North America. We think these samples will help you get a better sense of the power of assessment and what it might mean for your community. You might read them all or pick out the ones from communities most like yours:

- Sahuarita, Arizona
- Pottawattamie County, Iowa
- Clay County, Kansas
- Republic County, Kansas
- BitterRoot Region Montana
- Multi-county Region Texas
- Fond du Lac, Wisconsin

We have also included a set of **Assessment Stories** in Figure 8. These short pieces show how specific communities used the information gained through assessment as a decision-making tool. The stories point out insights gained, and directions identified through assessment that might have gone undetected. We encourage you to review both the sample assessments and the stories and share them with your leadership team. They demonstrate the power of data, grounded in your community's experience, to help you identify and move forward along the appropriate pathway to success and prosperity.

Figure 8 – Assessment Stories

A key to evolving an optimal entrepreneur-focused development strategy is rooting it in genuine development opportunities, assets, and preferences. There are thousands of strategy and program options to choose from and deciding which of these options makes sense can be hard, if not impossible. Appropriate assessment can narrow these choices based on the development aspirations and needs of the community, available opportunities for development (including your current pool of entrepreneurs) and the development assets you can mobilize to support a strategy. Here we share five short stories of how an assessment process contributed to more optimal development strategies.

Suburban Sahuarita, Arizona
Historically, the community of Sahuarita, Arizona was a stop along the stage line and trail connecting Tucson with Mexico. Sahuarita continued to be rural with an economy based in mining and production agriculture until the suburbanization boom began a generation ago. South of Sahuarita, Green Valley evolved as a retirement community attractive to northern snowbirds. In time, housing developments for arriving workers associated with south Tucson's high-tech industries stimulated dramatic growth and urbanization.

A few years ago, e2 and Christine Hamilton-Pennell with Growing Local Economies were retained by the University of Arizona and the City of Sahuarita to complete an assessment and provide strategy recommendations. What we found was significant and rooted in the intuition of the local economic developers. By all appearances, Sahuarita is a bedroom suburban community with little local industry outside of service and retail businesses. But a deeper look found a large cluster of home-based businesses. While one spouse worked in south Tucson, the other spouse took care of the kids. Demographic information indicated both spouses often had advanced degrees and experience. The desire to remain active in their careers motivated home-bound spouses to start home-based businesses, often doing remote work. This assessment created a deeper understanding of a significant development opportunity.

Pottawattamie County Iowa
Pottawattamie County is located in extreme west central Iowa. Its largest community, Council Bluffs, is part of the growing Omaha Metropolitan Region. The eastern part of the county is rural, farm-based and populated by over a dozen small rural villages. The Western Iowa Development Association in partnership with Iowa Western Community College (with funding from the Iowa West Foundation) has created a strategy to strengthen and grow local and rural businesses in and around these villages.

An early assessment completed by e2 found significant entrepreneurial talent resulting in a funding commitment to create a business coaching program. Business coaching services are now working with over 60 rural entrepreneurs. Success within this program is empowering potential expansion to

Council Bluffs and possibly the larger metro/rural region. A key focus of assessments is to identify and quantify the types of entrepreneurial talent within a community. Such knowledge can help shape assistance programs and strategies.

Rural Kansas
Communities in rural Kansas are part of the agricultural Great Plains Region that runs from Canada into Northern Mexico. It is a vast region populated by small agricultural service centers and somewhat larger regional service centers. Population density is low, and the region has been struggling with severe and chronic depopulation. Communities are aging and consolidation in production agriculture has reduced the need for local businesses and residents.

But rural Kansas has entrepreneurs and entrepreneurial ventures. A decade ago the Kansas Legislature created NetWork Kansas. In turn, NetWork Kansas created one of the most innovative, community-based programs called E-Communities. e2 has been fortunate to work with NetWork Kansas and others on evolving the E-Community Program to include what we call E-Accelerator. A key focus of the E-Accelerator Program is to more quickly identify growth-oriented rural entrepreneurs, a key component of e2's five-point assessment and accelerate their growth through networked resources. Opportunity assessments are used within the E-Accelerator Program to engage communities in exploring their genuine development opportunities, assets, and preferences. Field evidence suggests that the assessment process empowers communities and leads to smarter and more aggressive initiatives.

Missoula, Montana
In the southwestern region of Montana, situated in remarkable mountain country, is the community of Missoula. Missoula is a community of about 100,000 residents serving a region of about 150,000 residents. Historically, its economy was rooted in timber harvesting and processing and tourism. It serves as a regional trade center for health care, shopping, and other activities. Over the past generation, the economy has shifted as more and more people moved into the region seeking its unique quality of life. The boom associated with new residents and construction slowed significantly with the Great Recession, forcing the community to re-evaluate its development situation and options.

The BitterRoot Economic Development District (BREDD) began exploring entrepreneur-focused economic development and, specifically, Economic Gardening a number of years ago. Several years after that decision, BREDD retained e2 and Christine Hamilton-Pennell with Growing Local Economies to conduct an opportunity assessment and provide advice on a development strategy. This assessment identified a significant number of emerging entrepreneurial clusters ranging from local foods to pharma to green technology. The entrepreneurs behind these ventures were largely new residents who came to this region for its quality of life and brought with them business ideas. The assessment helped uncover new and genuine opportunities for entrepreneurial development.

Fond du Lac, Wisconsin
Fond du Lac is located along the U.S. 41 corridor linking Milwaukee and Green Bay. It is a community of about 100,000 people located on the southern tip of Lake Winnebago. This community is part of America's industrial mid-west. Local, national, and international companies make things in Fond du Lac. Like other manufacturing communities, Fond du Lac has been challenged by the decline in U.S. manufacturing and was threatened with the loss of its largest manufacturing employer, Mercury Marine. Throughout Fond du Lac and this region are hundreds of small and medium-sized supply

chain companies that service each other and the larger manufacturing concerns. The closure of the GM Janesville plant provided an all-too-scary example of what happens to a manufacturing town when a major plant closes its doors.

The Fond du Lac Economic Development Corporation (EDC) retained e2 and Christine Hamilton Pennell with Growing Local Economies to help them strengthen an already existing economic gardening program. Our assessment found two important entrepreneurial development opportunities. The first opportunity was associated with the small and medium-sized family-owned supply chain companies. The near loss of Mercury Marine, the GM and Janesville story and threats from the Great Recession created interest within these companies to explore diversification, pushing them into entrepreneurial space. The second opportunity was rooted in displaced talent associated with the long-term decline in manufacturing and the more recent Great Recession losses. Insights around these two opportunities have allowed the EDC to focus and craft a more effective game plan.

Moving on to Initial Strategy Development

Getting It Right

Depending upon where your community is at in it entrepreneurship journey is important to understand where to go next. Do not worry about getting it totally right at the beginning. If you are starting, focus on how you can launch. It you have been at it for a while and have some experience, focus on how to grow. Every story about every successful entrepreneur has a common theme… they started, learned, recalibrated, grew, sometimes fail, and restart, and become successful. Ecosystem building is a journey as well.

In taking time to organize well and completing these assessments you can position your community for crafting a consensus, smart and impactful strategy. In our next guide, **Working with Entrepreneurs**, we will explore the design elements essential for moving into action and impact. Remember, assessment can be helpful in finding the "right" starting point. Strategy development, working with entrepreneurs and ecosystem building is a progression. Chances are good you will not have capacity or knowledge to envision and build the perfect strategy and system at the beginning. Practice, learning and continuous development will over time expand your capacity, scope, sophistication, and impact.

Part 2 – Development Opportunities

We live in a very dynamic and rapidly changing world economy and society. In the 21st century, no business, family, or community is unaffected by global competition. If your community is to build a relevant and successful economic development game plan, you need to base that plan on genuine development opportunities. One way to find those opportunities is through assessment.

For four decades, e2 has conducted community, regional and state level economic analysis for partners across North America. Too often when communities undertake economic analysis, it is time consuming and expensive, making it difficult for smaller communities to have access to the information generated. Based on this experience, we have developed a quick, accurate and affordable assessment that can help every community better understand its genuine opportunities for development.

This **Development Opportunities Assessment** describes five specific areas for analysis that we think are most useful to communities in assessing development opportunities. Whether you work through these analyses on your own or seek help from e2, this assessment will help you discover your development strengths and unique opportunities. Remember, going with the flow is always easier than fighting the current so you want to play to your strengths. The five specific areas of opportunity analysis are:

1. Location Analysis
2. Demographic and Domestic Market Structure Analysis
3. Economic Structure and Competitiveness Analysis
4. Socio-Economic Performance Analysis
5. Entrepreneurship Capacity Analysis

Each area of analysis will provide you with insights into your current economic and demographic situation and potential opportunities for the future. The following sections go into greater detail about each area.

Location Analysis

The old advertising slogan is "location, location, location." Just as with a new store or a new home, location matters in economic development. Our **Location Analysis** focuses on five key indicators:

1. Understanding the historical landscape
2. Natural amenity assets
3. External markets, employment opportunities and domestic competition
4. Migration patterns
5. Metro footprint linkages

Most importantly, you need to understand your community's location with respect to the larger regional economy, and this analysis helps generate that insight.

Demographic and Domestic Market Structure Analysis

The U.S. economy is predominately driven by consumer spending, which accounts for approximately 70 percent of all economic growth.

The New York Times, "Consumer Spending and the Economy," September 19, 2010.

Your community's economic development is driven by the markets you serve. In this second area of opportunity analysis, we review the core demographics and domestic market of a region or community. This analysis focuses on five indicators:

1. Domestic market size, characteristics, and trends
2. The demographic structure of the area
3. Changes in the demographic structure for the area
4. Purchasing power of the domestic market
5. Retail trade attraction or leakages

Development and capture of your community's domestic market is very important to long-term development. This assessment provides concrete insights into where you are and what your development targets should be.

Figure 9 – Community Capacity for Development

Our primary focus in opportunity assessment centers on "hard" factors such as location, economic structure, and entrepreneurial talent. But there are also "soft" factors such as a community's capacity to engage in its own development. Community attitudes and values can be very important conditions that enable a community to move forward with development or hold it back. Your community may have genuine opportunities for development, but progress will only be realized if there are leaders, organizations, and community builders willing to see and act on them. Here are some ways that limited leadership may negatively impact your development:

No Vision. Too many communities have no vision for their development. They are flying with no direction. Absent a vision rooted in genuine development opportunities, the odds of increasing community prosperity are reduced.

Blinded Vision. Many more communities have what we call "blinded vision." A typical example occurs when a core group of economic development leaders believes that attracting a large industry and employer must be the focus of development efforts. Unfortunately, too many communities do not have the competitive assets necessary to be successful with an attraction strategy. Such a singular and strong focus on attraction keeps the community from exploring more feasible development opportunities.

Conflicted Community. Other communities are conflicted about the direction for the community's development focus. There may be conflicting ideas about what is right for the future. The community struggles to find a way to reach a working consensus and can become trapped, creating inaction and further conflict.

Hopeless Feelings. Finally, there are communities that are feeling hopeless. These are the communities that have been in chronic and often severe decline. They have lost major employers and cannot see a pathway forward. They are not sure what could result in better conditions and times.

Opportunity Assessment cannot solve these conditions, but it can create the space for a new round of community discussions, challenging old beliefs and presenting compelling analysis on where the community should focus its development efforts.

Community Capacity Questionnaire. For over 15 years, we have employed a questionnaire developed by the Heartland Center for Leadership Development in support of our joint venture **HomeTown Competitiveness,** HTC, (development funding from the W. K. Kellogg Foundation). HTC is a comprehensive community capacity building framework and process with demonstrated success in low capacity communities. This resource package includes a copy of our **Community Capacity Questionnaire**. We recommend using this tool with key groups in the community, over time, to measure and track community attitudes related to development.

Economic Structure and Competitive Analysis

In the 20th century, when the motor car began to replace the horse and buggy, businesses that were part of the supply chain for the horse and buggy industry either shifted gears or found their goods and services irrelevant. For supply chain companies whose owners were totally focused on filling orders and not paying attention to emerging consumer trends and behaviors, chances are good they waited too long to address their rising economic irrelevance. This lesson is equally relevant to communities. Community leaders who are paying attention to changing economic trends, such as the rise of new and the decline of existing economic sectors, have the opportunity to diversify and ensure continued economic relevance and success. Those who are not paying attention and not being proactive risk falling into a trap where business closures, job losses and economic decline hit hard.

The world economy is changing and changing rapidly. By understanding an area's economic structure, it is possible to determine current economic competitiveness and highlight possible development directions. We consider the following five indicators to assess an area's Economic Structure and Competitiveness:

1. Economic sector dependency
2. Income by type of work
3. Firm size structure
4. Match with the new economy
5. Competitive positioning

We can look at many indicators, but in the end, we recommend focusing your efforts on those areas or sectors that represent your community's prime development opportunities. Our third analysis area provides information necessary to identify where a community's development investments should be focused.

Socioeconomic Performance Analysis

So how are we doing? As Americans, we are competitive, and we learn by comparing ourselves to others. In this analysis, we compare your community or region with state and national trend lines to provide a reference point for historic socioeconomic performance. We consider the following five indicators to conduct this Socioeconomic Performance Analysis:

1. Domestic market trends
2. Employment trends
3. Income trends
4. Core industry performance
5. Household wealth formation

Your Economy

The Edward Lowe Foundation of Michigan created and supports this remarkable resource. It contains one of the most accurate, comprehensive, and affordable resources on businesses at a sub-state level. We employ Your Economy to compile entrepreneurship profiles as part of our Development Opportunities Assessment. We encourage you to get on their website and explore the data for your community.

By the way, the story is that the wealth used to set up the Edward Lowe Foundation was created by the people who brought you Kitty Litter™. Ed Lowe was born in 1920 in St. Paul, Minnesota and later moved to Cassopoplis, Michigan. After service in World War II, he was approached by a neighbor looking for an alternative to "using ashes in her cat's box and dealing with sooty paws." Ed Lowe succeeded with Kitty Litter™ and used his wealth to create the Edward Lowe Foundation and, ultimately, www.youreconomy.org. The rest, as they say, is history.

TIPS:

"Soft" Community Assessments
Having the right community stuff for impactful development includes the "hard" factors outlined in the guide around our five areas of opportunity analysis. The community questionnaire we reviewed earlier is one tool you can use to address community attitudes for development. Another resource we have developed, and field tested, is our **Community Assessments**.

Five Community Assessments
Each of the five community assessments addressed in this resource can help a community get a better understanding of itself, its development history and where there may be consensus for action. The five community assessments address the following topics:

1. Development History
2. Development Status
3. Development Capacity
4. Development Strategy
5. Development Focus Areas

More detail and worksheets around our five "soft" community assessments is included in **Community Assessments**.

Using the Assessments
If your community is new to proactive economic development or entrepreneurship and represents a new direction for your development efforts, you may want to complete these five community assessments before you engage in Opportunity Assessment. The factors included in these community assessments are qualitative factors; they are subjective and may require judgment calls. We suggest you bring your initiative leadership team, key stakeholders, and resource partners together and use this tool to evaluate your community's current capacity for engaging in more aggressive economic development.

All of this information surrounds us every day of our lives, but unless we slow down and step back, we can miss the forest for the trees. This analysis further refines your understanding of your community's economic status and where you should focus your development efforts. Often, our assumptions about our community's future are faulty and this analysis can open up new horizons for development.

Over the past few years, we have worked with dozens of different communities and regions all across North America. Our portfolio of work experience is really diverse. But regardless of the specific landscape, we always ask the following question:

What are the industries or sectors that drive your local economy?

One answer might be, "In our community, agriculture and manufacturing drive our economy." Local knowledge is generally right; chances are good that agriculture and manufacturing are important in these communities. But, when we look under the hood of the local economy, we may find that, based on the source of personal income, retirees and associated health care spending actually drive the economy. In another rural community, the most important source of income may come from commuting and working for nonlocal employers. Digging a bit deeper and looking at the data somewhat differently can be important. Retirees and commuters are often missed because we look at jobs and neither commuters nor retirees are viewed as an economic sector in our economic accounting framework.

Entrepreneurship Capacity Analysis

Research suggests that for most economies, entrepreneurship is the key to succeeding in the global marketplace. We have developed (based on work from the U.S. Federal Reserve Bank and its Center for the Study of Rural America) a set of indicators to assess the entrepreneurial capacity of an area:

1. Trend analysis of self-employed proprietors
2. Trend analysis of total proprietor income
3. Trend analysis of average proprietor income
4. Key new economy occupations
5. Knowledge economy workers
6. Educational assets for a new economy

Not long ago, entrepreneurship was thought of as just one more economic development strategy. Today, we recognize that entrepreneurs are the foundation for all economic development. Supporting your entrepreneurs is now the key to all of your community's development options. This analysis can help your community or region better understand your entrepreneurship opportunities.

Figure 10 - Learning from the Past

Included in your Resource Package is a very simple but powerful tool we call **Learning from the Past**. It draws upon both **Asset-Based Development** and **Appreciative Inquiry** practices. This tool can be used with your **Community Assessments** or separately as part of a leadership team or community meeting. The idea is that every community and region has a history of development or it would not still be around. There were times when the community shined with its development and there was a significant win. By taking some time to reflect on this good experience, a community can gain insight into the factors that contributed to its success. This exercise can be particularly powerful when a community is struggling, there have been recent failures and there is contention around whether a community can successfully engage in a community development project or initiative. Learning from past successes can empower and inform struggling communities, leading to more success in the future.

Asset Based (Community) Development or ABCD was conceptualized and tested by Dr. John McKnight and his team at Northwestern University decades ago. ABCD is premised on the idea that every community, even the most challenged and distressed community, has assets that can be leveraged to stimulate and support development. One of the beauties of ABCD is that it focuses a community on what it *has* versus what it *lacks*. Communities can spend a lot of time talking about

what they do not have and that keeps them from doing what they can to develop themselves. McKnight's field experience demonstrates that focusing on your assets is the right starting point for development. Over the past two decades we have employed ABCD principles in our field work with encouraging results.

Appreciative Inquiry or AI is a related best practice with Asset Based Development. It shares common values with ABCD on how we should engage with our communities. AI helps communities to see their reality as a "glass half full" versus a "glass half empty." The example of the **Learning from the Past** exercise is a great illustration of AI use in a community dialogue. Focusing on successful development projects and efforts from the past and breaking down why they worked is empowering. It provides hope and a constructive guide as to how a community experiencing tough times can design a development effort that will succeed.

Moving from Opportunities to Impact

The **Development Opportunities Assessment** delivers clear insights and recommendations for specific development strategies that are appropriate for your community. However, the key to success in today's competitive economic development world is having the *right game plan* to take advantage of your community's opportunities for development. Your community needs a game plan that makes sense and can move your community forward towards a more prosperous future.

Returning to the theme of **asset-based development,** a key part of Development Opportunities Assessment is identifying and valuing community assets as part of a smart development game plan. The following quick stories from across North America illustrate asset-based Opportunity Assessment.

Collingwood, Ontario. Collingwood is a lovely mid-sized community located North of Toronto in Ontario Canada. It is a getaway community for Toronto residents with its location near snow skiing and the harbor on Georgian Bay of Lake Huron. Collingwood has a historic and beautiful downtown with two- and three-story brick buildings. The main levels are full and vibrant with shops, cafes, coffee houses and other amenity stores catering to both locals and visitors. Development leaders in Collingwood recognized that while their downtown was vibrant and healthy, little was happening on the second and third floors of these buildings. Sound familiar? Recognizing this asset, Collingwood engaged in development of these spaces into living and working lofts, often for Toronto-based residents who spend significant time in Collingwood.

Hillsboro, Kansas. Hillsboro is a very small rural farming community in Central Kansas. But it is a remarkably successful community, thriving while so many small rural communities in Kansas are declining. Many things are contributing to Hillsboro's success, but a central asset recognized by Hillsboro's development leaders is its strong Mennonite history and contemporary community. Despite its size, Hillsboro is home to a small Mennonite college called Tabor College. Hillsboro has capitalized on its Mennonite entrepreneurial culture to grow a strong and healthy economy and community.

Missoula, Montana. Timber and other natural resources shaped the economic landscape of Missoula early on and now the timber mills are largely gone. For the past 40 years or more, Missoula has grown due to in-migration of new residents seeking the quality of life Missoula and its mountains offer. Classic urbanization enabled prosperity and growth. But when the Great Recession hit, migration stopped cold and the real estate-based economy contracted severely. By digging deeper, Missoula identified through its Opportunity Assessment informal clusters of talented knowledge workers. These knowledge workers were people who grew up in Missoula or moved there by choice and had to find a way to make a living. Off the radar screen was the bubbling new economy ranging from green technology to information technology to recreational tourism to farm-to-table agriculture.

Red Cloud, Nebraska. Red Cloud, like Hillsboro, is a small farm-dependent rural community located in South Central Nebraska. Unlike Hillsboro, Red Cloud has been declining like so many rural Great Plains Communities. In recent decades, some in Red Cloud have come to view Willa Cather as a very important development asset. Willa Cather was from Red Cloud, became an internationally recognized author and many of her books are based on sites and locations in and around Red Cloud. Today there is a growing pattern of development focused on the Willa Cather asset and heritage tourism.

Fond du Lac, Wisconsin. Fond du Lac County has about 100,000 residents, and its economy is firmly rooted in manufacturing. Fond du Lac is home to Mercury Marine and many small-to-medium sized supply chain related companies, all dependent in one way or another on manufacturing. Leading up to the Great Recession, Fond du Lac got a huge scare when there was a strong chance that Mercury Marine would close and move to Mexico. Fortunately for this community, it chose to stay. But down the road in Janesville, Wisconsin, the GM plant did close, illustrating firsthand the devastation such a closing can cause. These events created an asset out of actual and near crisis: many of Fond du Lac's supply chain companies were motivated to look for new markets and product options. In essence, their entrepreneurs were pushed back into entrepreneurial space, on the lookout for new opportunities. Fortunately, the Fond du Lac Development Corporation picked up on this opportunity, creating an entrepreneurship and economic gardening initiative.

Sahuarita, Arizona. We end our illustrations on Interstate 19 between Tucson and Nogales, Mexico, in the once small community of Sahuarita. Developers discovered this community and began to build homes for the growing technology workers employed in south Tucson. Younger knowledge workers looking for quality and affordable housing with good schools close by became the foundation for development in Sahuarita. But for all intents and purposes, this booming bedroom and suburban community had no easily recognizable *local* economic base. However, the local economic developer sensed a hidden asset in the stay-at-home parents with advanced degrees who were taking care of kids and home but wanted to pursue their own careers. With help from the University of Arizona, ultimately 800 home-based businesses were discovered.

Part 3 – Entrepreneur Talent

This **Entrepreneurial Talent** section introduces you to the second part of our five-part assessment, understanding your entrepreneurial talent. This begins with a focus on **entrepreneur discovery.** We employ a "tried and true" structure for understanding the various kinds of entrepreneurial talent within your community. We then talk more about targeting your entrepreneurial talent. Targeting is foundational to building a more effective strategy to grow your economy by supporting area entrepreneurs. Based on your community's priorities, you can target specific types of entrepreneurs to achieve maximum impact. Throughout the guide, we will reference the tools and resources included in this package.

Entrepreneur Discovery

Each community and region is different, with a unique entrepreneur profile. Numerous factors contribute to the kinds of entrepreneurs you have, including degree of urbanization, development history, culture, geographic isolation, economic structure, and relationship to other places and economies. Remember, the number one asset you have for growing an entrepreneur-focused economic development strategy is the entrepreneurial talent already in your community.

While you work in your community and may have a good understanding of your entrepreneurs, we have found that communities learn more about their present entrepreneurs by using a simple mapping exercise. By using the **Identifying Entrepreneurs Overview** (page 35), the **Entrepreneurial Talent Checklist** (Figure 17) and the **Entrepreneurial Talent Mapping Worksheet** (Figure 18) included in this package, you can build a better road map for targeting and ultimately assistance.

Before you use those tools, it is helpful to review some terminology to serve as the foundation for mapping your E talent. These terms relate to the many types of entrepreneurs you might have in your community.

Underground Es. In most economies, particularly many rural economies, there is a certain share of the population that is engaging in business but operating under the radar. They may be doing some home repairs on the side, helping with harvest, or doing part-time work under contract. Sometimes this E-activity is on a cash basis and not necessarily picked up in IRS Schedule C tax reporting. However, some of these underground Es eventually become more formal with their businesses, get tax identification numbers, and look for help in creating a better living from their entrepreneurial activity. Sometimes these entrepreneurs are also referred to as "survival" Es.

The Self-Employed. In development circles, "the self-employed" are defined as entrepreneurs. These are people who have not created a legal partnership or corporation, but have a formal business (either part-time or full-time), are deriving income from that business, and are completing a Schedule C tax form for Uncle Sam. In today's economy, we are seeing a rising tide of self-employment because of the economy's inability to create enough jobs.

Proprietorships. Proprietorships include businesses organized as sole proprietorships, partnerships, and cooperatives. The U.S. Government tracks proprietorships at the county level as either farm or non-farm businesses. Proprietorships form the backbone of most rural communities' homegrown entrepreneurs.

Wage & Salary Employees. Following the Great Depression and particularly World War II, more and more Americans went to work for either corporations or government agencies as wage and salary employees. These people work for corporations that can be and often are entrepreneurial, but typically these businesses are more established, mature, and larger as compared to most proprietorships and small businesses that are organized as corporations.

Government. Typically government is not a focus of economic development, but many government enterprises can be entrepreneurial. Public utilities or a state park would be two examples. And, just like larger corporations, government agencies are downsizing, creating a whole new generation of associated contractors who are and must be entrepreneurial.

Nonprofit Ventures. Up to 15% of all Americans work for nonprofit ventures. This is a rapidly growing sector in the American economy. Like for-profit ventures, nonprofits generate new investment and create jobs but, depending upon their IRS classification, may or may not contribute to government tax bases. These organizations may be run by entrepreneurial talent that can contribute to your community's development goals.

What do these different types of entrepreneurs have to do with your community? Both urban and rural areas may have comparable employment in noncommercial ventures. Many metropolitan areas have a

higher share of its employment with companies that are not headquartered in the community. Conversely, more rural places tend to have a higher dependence on resident or locally owned ventures. There can be exceptions if an outside company has a major facility in a rural community with significant employment (e.g, a power plant or branch manufacturing plant). The structure of employment by size of employer also changes from the largest cities to the most isolated rural communities. Bottom line, rural communities tend to have greater dependence upon locally owned and smaller-sized ventures (based on employment). Understanding the enterprise profile in your community gives insight into where to look for your entrepreneurial talent.

Figure 11 – Development and Opportunity by Entrepreneur Category

Another way to think about the kinds of entrepreneurs in your community is by using the definitions in Figure 12.

Figure 12 – Summary of Entrepreneurial Talent

| Category	Types	Impacts
Entrepreneurs	High Growth Serial Entrepreneurs Growth Oriented	These entrepreneurs create significant impact through new investment, tax base expansion, and job creation for the 90% of individuals who really want to work for someone else. Area economies grow when these entrepreneurs grow.
Business Owners and Operators	Successful & Stable Lifestyle & Doing Fine Survival - Struggling Retiring - Transitions	Owning a business does not make one an entrepreneur, innovating and growing a business does. These business owners (both for and nonprofit) are important to local commerce and quality of life, regardless of their entrepreneurial bent. However, changes in the business, such as a son or daughter entering the family business, can bring new entrepreneurial energy into these operations.

Category	Types	Impacts
Potential Entrepreneurs	Aspiring - Startups Youth - Retirees Displaced – Returnees	These are people who are frustrated and want a change in their lives or who do not want to leave their community but still need to make a living. They may also have a dream or be going through a life change (e.g., retirement) that creates greater space and potential to become entrepreneurial.
Limited Potential	Prefer to Work for Others Don't Work Can't Work	Nine in 10 Americans fall into the "limited potential" category. Some are not in the workforce for a range of reasons, but most simply prefer to work for someone else. However, when circumstances change, entrepreneurial potential and motivation may increase.

The **Entrepreneurial Talent Matrix** tool included in your package provides additional insights into the tradeoffs between the size of a particular type of talent and the development impacts you might expect from supporting them.

One way to visualize your community's entrepreneurial talent is to think of it as a pyramid, with a broad base of limited potential and potential entrepreneurs, and a smaller peak of entrepreneurs including serial and entrepreneurial growth companies.

We have included this *Entrepreneurial Talent Pyramid* as another tool in this package.

Using the terminology shared above, the self-employed and Stage 1 entrepreneurs (less than 10 employees) tend to sell locally and are typically younger in age. Stage 3 and 4 businesses tend to be manufacturers and other large institutions, such as hospitals. These larger entities are more likely to be selling outside the local market, in the case of a manufacturer, and purchasing outside the local market, in the case of a hospital or educational institution. Profiling your business community using this typology can provide a powerful map of your entrepreneurial talent pool and suggest new directions for economic development. For example, if one of your goals is to revitalize the historic main street district, your strategy might focus on small retail and entertainment businesses, coupled with emerging growth businesses looking for affordable and interesting corporate office space.
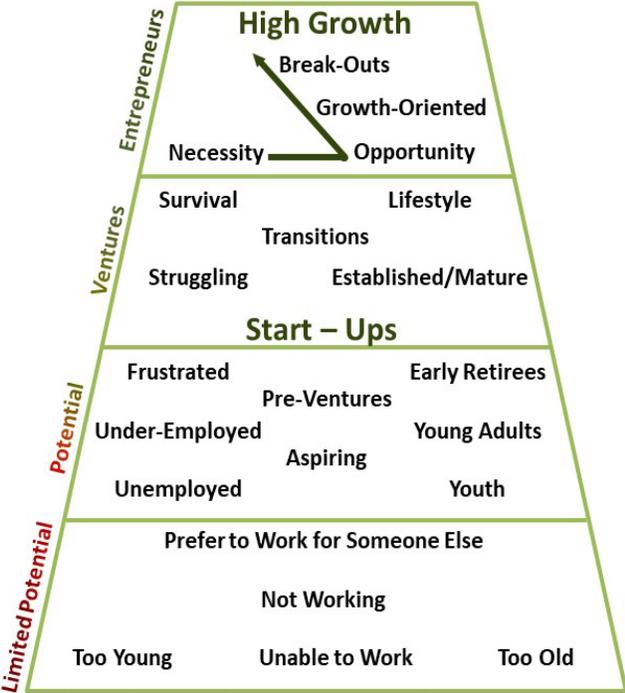
Source: e2 Entrepreneurial Ecosystems – www.energizingentrepreneurs.org

To illustrate how you might use this typology and the enterprise profile concept, we provide an example specific to the community of Norfolk, Nebraska. Norfolk is located in northeast Nebraska and is a regional trade center. The community has historically been a leader in progressive economic development. In Norfolk, this approach was particularly useful in mapping ventures tied to two always important development goals:

1. Increasing the economic base of a community through primary employers, e.g., manufacturers, who produce inside but sell outside the community, bringing in new dollars; and
2. Reducing area spending leakages by growing more competitive secondary ventures that capture more of the retail dollar so that local purchases stay local.

Figure 13 – Mapping Norfolk's Entrepreneurs

Type	Description	Rationale for Target	Outreach Pathways	Assistance Pathways
Stage 1 Ventures	Under 10 employees Local market focus Many of them in Norfolk Takes lots of time to support Impacts are slower and smaller, but they can renew the business base	Main street revitalization Local corporate headquarters support Creation of diverse career options	Norfolk Chamber visits Business retention and expansion visits Northeast Community College trainings	EDGE NE Business Development Center REAP
Stage 2 Ventures	10 to 99 Employees Prime Development Opportunity Local market focus but thinking about external markets Growth Oriented? *Day Company, Family First Dental & Werner Trucking*	Can strengthen business attraction prospects Can support people attraction strategies Creates pull for local retail businesses Development impacts from growth in these ventures	Business retention and expansion visits Norfolk Action Council	NE BDC Regional Economic Development Northeast CC (training)
Stage 3 Ventures	100 to 499 employees Regionally owned *Royco, Affiliated Foods, NPPD*	May be source of sales for small supply chain businesses May be in the supply chain of larger corporations Important regional anchor institutions	Business retention and expansion visits Norfolk Action Council	NE Department of Commerce USDA business development program
Stage 4 Ventures	500+ employees Nationally or internationally owned *Nucor Steel*	Source of jobs and careers, creating more diverse management opportunities May be less rooted due to outside ownership	Limited	Limited

Focusing on Stage 2 Ventures with growth orientation is a potential sweet spot in the entrepreneur assistance market for Norfolk. Identifying, connecting with, and supporting these ventures can support growth, diversification, resiliency, and competitiveness goals, as well as stimulate new investment, job and career creation, and tax base expansion.

We hope you use the tools and approach to identify and develop a more comprehensive profile of your community's entrepreneurial talent. We know from past experience that taking the time to do this mapping work well will provide the foundation for better targeting, strategy, and program development later.

Framework for Targeting Entrepreneurs

Every successful entrepreneur knows that customers are paramount. To survive, let alone thrive, an entrepreneur must have a very clear idea of the *target* market niche and the customers in it so that the entrepreneur can focus on turning those potential customers into life-long customers.

This same lesson applies to communities and organizations that want to stimulate economic development by supporting entrepreneurs. A key attribute of a successful **Entrepreneurial Development System** (EDS) is the ability to engage in effective entrepreneur targeting. In this section, we explore five topics related to targeting including:

- What is entrepreneur targeting?
- Why target?
- How to target
- Sequencing a targeting strategy

What is Entrepreneur Targeting?

We will start with a reality check.

Reality #1. Entrepreneurs within your community are individuals and, as such, are not all the same. Similarly, they are at different stages of development. They have different experiences with business. They are looking for different answers. To be effective, your effort has to be valuable and appropriate to different kinds of entrepreneurs and help them address their unique wants, needs, and opportunities.

Reality #2. If your community is like most, you have finite resources to support your entrepreneurship strategy. You do not have unlimited resources that would permit you to develop a support strategy for every kind of entrepreneur within your service area. As a result, you must make careful choices that are similar to those the entrepreneurs you are assisting must make on a day-to-day basis.

Entrepreneurial targeting involves knowing what kinds of market segments (i.e., kinds of entrepreneurs by stage of development) you have and targeting those specific segments you want as customers of your development system. These are the entrepreneurs who will drive the type of support you provide.

As you engage in entrepreneur targeting, keep the following three strategic goals in mind. First, help those entrepreneurs who are basic to your economy, those who are selling outside of the community and, as a result, bringing income into the community. Second, focus on those entrepreneurs whose businesses contribute to quality of life and a positive business climate. Third, focus on locally owned businesses that capture local spending and create multiplier effects for your community. As you employ

this targeting process in your community, your understanding of entrepreneur targeting will grow over time.

Why Target?

When it comes to entrepreneur targeting, we are like the proverbial "broken record." Individual entrepreneurial success requires FOCUS, FOCUS, and more FOCUS. For your entrepreneurship strategy to bear desired results, you must be focused as well. You cannot be all things to all people. You must make hard choices on where to start and how to grow. Community stakeholders demand performance and a key to early and long-term performance centers on picking the right targets (i.e., entrepreneurs) to partner with from the very beginning of your efforts.

Each community is different and may need different things from economic development. Where you start may depend on the kinds of entrepreneurial talent you have present in your service area. Or, your plan may be driven by the need to help a cluster of existing businesses grow, generating investment, job creation, and tax base early on in your strategy.

Targeting helps you sort through three key strategic community considerations:

- The pool of entrepreneurial talent in your community
- Your community's development goals
- Your community's capacity to work with entrepreneurs

Combined, these three key considerations can enable your community to discover your market niches and go to work with confidence that you have the **right game plan for success.** Figure 13 provides an **Entrepreneurial Talent Matrix** that will help you identify and think through these tradeoffs. We have also included this as a separate tool in this package.

How to Target

Targeting begins by building on the Entrepreneur Discovery described earlier in this guide and then steps you through a process of FOCUS, FOCUS, and more FOCUS!

Step 1 - Entrepreneur Talent Discovery & Mapping. As described earlier in this guide, the discovery process begins by pulling together the right group of connected and informed community members and working through the exercises we outlined above. Remember that talent mapping is not a census; we are aiming to develop an extensive (but not necessarily exhaustive) list of entrepreneurs, by type, that we can use to support early visitation.

Step 2 - Goal Clarification. The next step should be to review and clarify your community's development goals. You likely have multiple sets of goals within your community tied to key stakeholder groups (e.g., chamber, development corporation, city, county). Gather these goal documents, review them and work toward some consensus on how these goals might direct your entrepreneurship game plan.

Step 3 - Early Visitation. Using focus groups, interviews or surveys, your next step is to reach out to entrepreneurs you identified in Step 1, based on the development goals you prioritized in Step 2. Early visitation can give you a better idea of who is out there and the needs and wants of your entrepreneurs.

Step 4 - Development Capacity. A customer can only become a customer if you have something of value

they want. In step 4, we explore the resources you have or could access that would bring value to your targeted entrepreneurs. You need not have answers to all their needs to get started, but you do need to something valuable to offer these entrepreneurs if you want them to become clients of your program.

If you intentionally walk through steps 1 through 4, you will be able to set specific targets for your program that will allow you to FOCUS and use your resources wisely for maximum early and long-term impact.

Sequencing a Targeting Strategy

Remember, the primary purpose of targeting is to FOCUS, FOCUS, FOCUS. Few communities or organizations have the capacity initially to work with all types of entrepreneurial talent. Focusing on those entrepreneurial talent groups that best fit your community's economic development needs and support capacities is important. With your entrepreneurial talent identified and your development goals clarified, the next step is to use the *Focus, Focus, Focus: Targeting Entrepreneurial Talent* exercise with the same (or an expanded) team that helped with identification. Part one of this tool, the *Pros and Cons Checklist*, will help you understand the tradeoffs, generally, in targeting one type of talent over another. Once you've worked through this checklist, use part two, the *Pros and Cons Worksheet* to create your own list of pros and cons for targeting each type of talent in your community or region.

Figure 14 – Entrepreneurial Talent Matrix

Type	Description	Development Opportunity	Size of Talent Pool
Limited Potential	Not in the workforce or choose to be employees	Limited opportunity to transform into entrepreneurs; long-term approach	Large
Potential	Could become entrepreneurs with right motivation and support	Long-term approach; high cost relative to expected impact	Large/Moderate
Youth	Interested in learning new career opportunities and paths	Long-term approach; likely to create culture change rather than new enterprises	Moderate
Aspiring	Have motivation but need to reduce risk through support services	High cost relative to expected moderate development impact; long-term approach	Large
Necessity	Can't find good work and must make a living.	Huge potential and a necessity for most places. Increasing survival/thriving rates are important goals.	Growing due to lack of wage and salary jobs.
Start-ups	In process of starting a business but may not have all the skills	High cost relative to expected impact; moderate opportunity; long-term approach	Moderate
Business Owners	Currently in business but may not have motivation or capacity to create a more competitive venture model	Moderate cost relative to expected moderate return; medium-term development approach	Large

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Type	Description	Development Opportunity	Size of Talent Pool
Survival	Struggling to achieve success in business and may not have time/ability to see new opportunities	Moderate cost relative to expected moderate return; medium-term approach	Large
Lifestyle	Successful in their business and they are not seeking to change or grow	Moderate cost relative to expected moderate return; medium-term approach	Moderate
Re-starts	Have started and failed, but are trying again with more experience	Moderate cost relative to expected moderate return; medium-term approach	Small
Entrepreneurs	Actively engaged in running/growing a successful enterprise, looking for new opportunities	Low cost relative to expected high return; opportunity for more immediate impact	Moderate/small
Growth-oriented	Have a drive to grow and are reaching out to new markets and approaches	Low cost relative to expected high return; opportunity for more immediate impact	Moderate
Serial	Create and grow a new enterprise, then move on to another opportunity	Low cost relative to expected high return; immediate impact but some challenges	Very small
Entrepreneurial Growth Companies	Experience consistent with high growth; "gazelles"	Limited opportunity and capacity to help	Rare

Once your group has focused on a specific type of entrepreneurial talent, plan visits to each and every person/business on your list. There is no substitute for sitting down with an entrepreneur if you really want to understand their motivations, capacities, and opportunities for growth. This market research is another step toward designing the most effective entrepreneurial support strategy for your community. e2 has developed interview and survey tools that can guide your visitation efforts. The **Working with Entrepreneurs Guide** includes a *Visitation Protocol* that can help you plan your visits and a separate *Entrepreneur Survey* that you can share with entrepreneurs to complete and return to you. Doing visitation might also provide you with an opportunity to gather information from the entrepreneur's perspective on how well your community supports its local business owners. The *Community Entrepreneurship Survey* tool has questions you may use to get those conversations started.

Confidentiality

When you are targeting and visiting entrepreneurs, it is important to remember that they are real people who have worked hard to establish themselves, their families, and their business in your community. They are entitled to the same degree of privacy and respect that any of us would want. We recommend that you adhere to strict confidentiality during visitation and as your program moves forward. Specific names and businesses mapped and discussed should remain private and disclosed only within the group undertaking the mapping and targeting exercises described in this guide. You should be sure to provide the entrepreneur with a written statement of confidentiality when you visit so that he or

she can be open and honest during your visit. And you should remind anyone associated with your efforts of the need for and commitment to confidentiality at all meetings. Entrepreneur development is a people business; it is only as strong as the relationships within it. And trust is the key to building strong and effective relationships. A commitment to confidentiality is the first step toward building those relationships.

Final Suggestions for Implementation

Research on adult learning shows that our comprehension improves and the value of training increases when we actually use what we have learned. We **strongly** recommend that you take the material in this guide and the exercises included in this package and put them to use soon. This is the best way to root what you have learned and begin thinking about how you will customize this knowledge for use in your community.

We suggest you recruit some of your development partners who have strong knowledge of the community generally and your business community more specifically. You might want to consider a few "unusual suspects" such as the county extension agent or members of your faith community. It doesn't hurt to cast at wide net at the beginning of this process since you will fine tune as you go along. Invite them to be part of a 60- to 90-minute working session where you can share the Entrepreneurial Talent Matrix and begin to map specific businesses and entrepreneurs in your community. You might want to start with the following groups:

Figure 15 -- Target Entrepreneur Categorization

Start-Ups:	Struggling:
Transitions:	**Growth:**

Now that you have broken the ice with this group, delve into the targeting tools with them. Take a first cut at identifying some priority targets for your entrepreneurial efforts and discuss the pros and cons. With an understanding of the cons, you might be able to figure out ways to reduce or mitigate those negatives in a way that gives your efforts even more impacts.

And remember that you are at the beginning of a journey. Once you have identified and targeted entrepreneurs, you will need to spend time figuring out the best way to support them. That support will require getting good at working with entrepreneurs. Fortunately, the e2 has resources that can help you as you continue on your pathway to prosperity.

Figure 16 – Resource Guides for Working with Entrepreneurs

Targeting	Targeting focuses on opportunity identification (based on the entrepreneurial talent a community has) and targeting segments (kinds of entrepreneurs, e.g., start-ups vs. growth). Participants will be provided a proven strategy and tools to help their community effectively target local talent.
Branding & Outreach	Strategy or program branding and marketing are always challenging. This training addresses how a community can build an eBrand and create an outreach strategy including pathways, messaging, and marketing options.
Visitation	Visitation is foundational to successful ePrograms. This training addresses the basics of successful visitation. It also addresses ways to link eVisitation to existing outreach efforts including chamber drop-in visits and business retention and expansion visitation.
Intake & Screening	Our training on intake and screening addresses how a community that includes multiple collaborative partners can create a simple and effective intake process and strengthen skill sets related to strategic listening and eScreening.
Referral & Tracking	There are lots of resource partners who can help entrepreneurs in most areas. Conducting effective referral can greatly increase impact and satisfaction by both entrepreneurs and resource partners. We will also share a basic software package to help communities track eClients.
Coaching Entrepreneurs	Coaching is both an art form and a science. Coaching entrepreneurs has its own unique challenges. This session addresses the technique of coaching as it relates to entrepreneurs at different stages of their development.
Story Capture & Metrics	Economic development requires funding and more effective story capture, documentation of outcomes, performance metrics, and reporting all essential elements for sustaining support. This session outlines the basics of performance tracking and reporting.
Stakeholders & Sustainability	Building champions and supportive stakeholders (funders) is essential to program sustainability. Our final session in this set of trainings addresses development of stakeholders and sustainability plan development.

Identifying Entrepreneurs Overview

Entrepreneurship is an American value, rooted in our culture. We express our entrepreneurial talent in our passion to create and our motivation to build. Everyone who is in business probably has some entrepreneurial traits, but most businesspeople are not entrepreneurs. Entrepreneurs represent a relatively small segment of American society. Entrepreneurs are those who have a passion for creating and a capacity for growing enterprises. Entrepreneurial talent is rooted in motivation and capacity. Both are learned traits and can be developed, expanding the nucleus of entrepreneurs at the community level. This tool can help economic development practitioners and community leaders better understand the local pool of entrepreneurial talent. There are two parts to this tool. The first part helps you understand the entrepreneurial talent present in your community. The second part helps you map and target the entrepreneurial talent found in your community. These two pieces will provide the information you need to better support and encourage local entrepreneurs. We'll also suggest some steps for using this tool to get you across the finish line.

Mapping and Targeting Entrepreneurial Talent in Your Community

One way to assess the types of entrepreneurial talent in your community or region is through the use of talent mapping. A group of informed citizens can begin to identify specific persons/ventures based on the typology presented here. The mapping exercise output can be used to target specific entrepreneurs for visitation. Visitation (employing a Business Retention and Expansion model) can provide deeper insight with respect to entrepreneurial traits and enterprise needs.

There are five steps to mapping and targeting entrepreneurial talent:

Step 1 – Build a Team. Pull together a team of those who have considerable familiarity with the community, its residents, and businesses. This team will provide the expertise for the entrepreneurial talent mapping work. Possible team members might include someone from the newspaper, local government, Chamber of Commerce, development corporation, or local bank.

Step 2 – Gather Informational Resources. Before the team meets to begin the mapping work, gather various information resources that might help identify possible entrepreneurial talent. These resources might include the local business directory, telephone book, or other directories of local businesspeople.

Step 3 – Identify your Entrepreneurial Talent. Once the team is gathered, use the **Entrepreneurial Talent Checklist** (Figure 17) and the **Entrepreneurial Talent Mapping Worksheet** (Figure 18) to begin identifying and categorizing businesses within the main entrepreneurial talent categories. The checklist can help you classify local entrepreneurs/businesses on your worksheet. Remember, an entrepreneur doesn't need to meet all the items on a specific checklist to fall into that category. Use these characteristics as a guide in placing entrepreneurs. Use the worksheet to list as many entrepreneurs as you can identify in your community. This is a first cut so don't worry about exact placement. This list will be used for further targeting.

Step 4 – Focus, Focus, Focus. Few communities or organizations have the capacity initially to work with all types of entrepreneurial talent. Focusing on those entrepreneurial talent groups that best fit your community's economic development needs and support capacities is important. Targeting your development efforts initially is important to success as well as to building the capacity necessary to expand. Use the **Targeting Entrepreneurial Talent – Pros and Cons Checklist** (Figure 20) to help with this targeting activity. Once you've worked through the checklist, use the **Targeting Entrepreneurial Talent – Pros and Cons Worksheet** (Figure 21) to create your own list of pros and cons for targeting each type of talent in your community or region.

Step 5 – Visitation. Once your group has targeted a particular type or types of entrepreneurial talent, plan visits to each and every person/business on your list. e2 has developed interview and survey tools that can guide your visitation efforts.

Figure 17 -- Entrepreneurial Talent Checklist

Potential:	**Entrepreneurs:**
Aspiring	**Growth-oriented**
☐ Actively considering going into business	☐ Successful in business
☐ Actively researching a business idea	☐ Have a growth orientation and drive
☐ Attending business workshops	☐ Actively seeking new markets, services, and products
☐ Networking and testing ideas with others	☐ Open to new ideas and seeking new insights
☐ Motivated toward a life change	☐ Seeking to be more competitive
Start-ups	**Serial**
☐ In the process of starting a business	☐ History of creating and growing more than one business
☐ May or may not have been in business before	☐ Tend to move on to new business ideas quickly
☐ May or may not have a good plan	☐ Often sell a business start-up once it is up and running
☐ Motivated to make a life change	☐ Generally on the lookout for new ideas & opportunities
☐ May or may not have the necessary skills	☐ May have multiple business interests going at one time
Youth	**Entrepreneurial Growth Companies**
☐ Actively considering entrepreneurship	☐ Experiencing rapid growth in employment or sales
☐ Many are entrepreneurs now	☐ Reaching new markets
☐ Looking for program opportunities	☐ Developing new products and services
☐ Love peer learning	☐ Experiencing growth in customers or users
☐ Many are hands-on learners	☐ Innovative and dynamic leadership and workforce

Business Owners:

Transition

☐ Currently in business but not looking to stay
☐ Many are looking to retire
☐ Motivated to make a life change out of business
☐ May or may not have thought about transitioning options
☐ Likely to wait too long to position for transition if not pushed

Survival

☐ Struggling to make enough income to sustain their families
☐ Doing multiple things to generate enough income
☐ Have difficulty seeing opportunities, such as new markets
☐ Often stressed
☐ Reluctant to seek out help

Lifestyle

☐ Generally successful
☐ Often well-established
☐ Not actively seeking to change business model
☐ Not actively seeking to grow
☐ Have established and comfortable goals

Re-starts

☐ Have been in business before with limited success
☐ In the process of starting a new business
☐ Recognize weaknesses in business skills
☐ Motivated to succeed this time around
☐ Willing to seek out help

Figure 18 -- Entrepreneurial Talent Mapping Worksheet

Aspiring:

Start-ups:

Youth:

Transition:

Survival:

Lifestyle:

Re-starts:

Growth-oriented

Entrepreneurial Talent Assessment

The foundation of any entrepreneur-focused development strategy is entrepreneurs. This may seem overly simplistic, but we consistently run into situations where communities and regions assume they DO NOT HAVE entrepreneurs because of their perceptions that all entrepreneurs are startups or that they are all high-growth gazelles or technology-based. Chances are good, based on our extensive field experience, that you have entrepreneurial talent in your community. Our Entrepreneurial Talent

Assessment resources can help you discover your eTalent and focus your game plan to achieve a more prosperous economy through entrepreneurship.

Entrepreneurial Talent Resources. At e2, we have had extensive experience working with communities and regions throughout North America helping them discover their unique entrepreneurial talent. Over the past 20 years, we have developed, tested, and refined a collection of resources and tools that can help you identify, map, and target your community's entrepreneurial talent. In doing so, you can focus and engineer a stronger entrepreneur-focused development game plan that gets results.

A central approach with entrepreneur-focused development employs what we call the "entrepreneurial pipeline." Think of a complex pipeline where aspiring entrepreneurs enter on the left and progress until, at the end point of the pipeline, you see breakout, high-growth entrepreneurs who create significant economic development impacts. Along the way, you will find different types of entrepreneurial talent at various stages of development.

Figure 19 -- The Entrepreneurial Pipeline
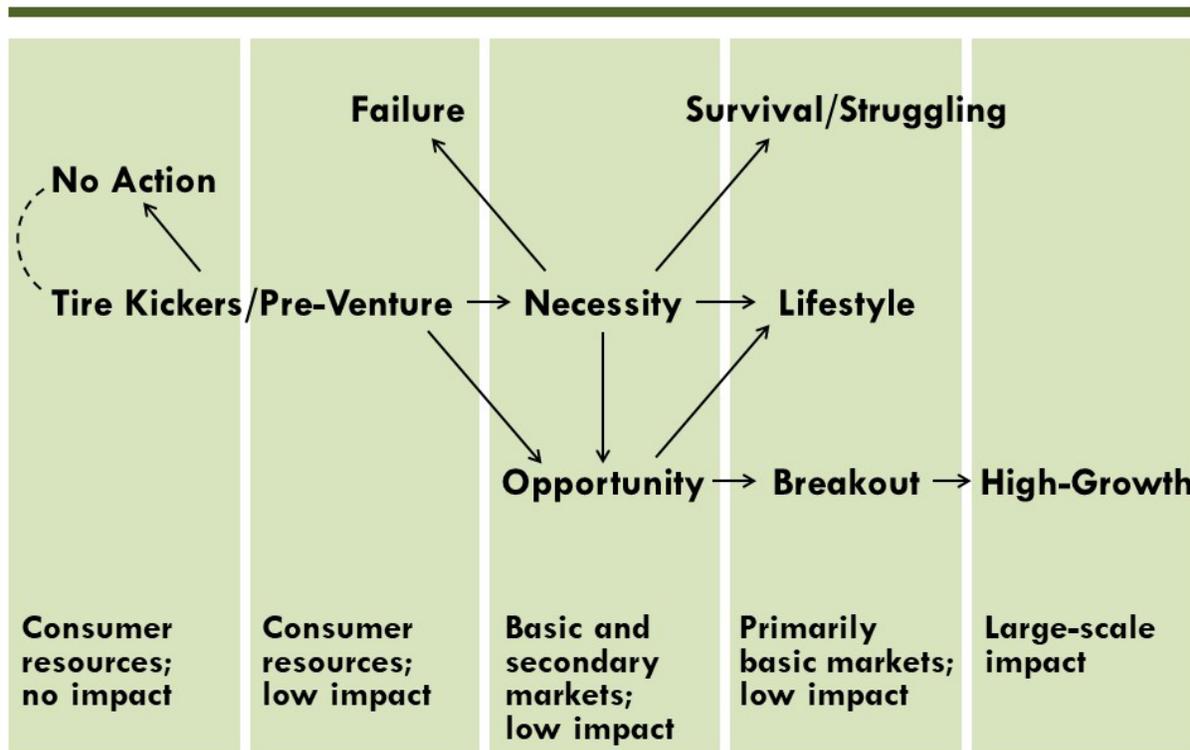
Source: e2 Entrepreneurial Ecosystems

Focus, Focus, Focus: Targeting Entrepreneurial Talent

Our field work suggests that there is entrepreneurial talent in every community, but we also know that all communities have constraints on their time and resources. Once you have identified your entrepreneurial talent, you will need to figure out where to start. What type of entrepreneurs should you target initially as part of an entrepreneurship development strategy? This exercise shares some steps to help you decide where to target your time and effort and the possible tradeoffs you may face as you make these choices. We hope this tool helps you get across the finish line with an entrepreneur development strategy.

Step One – The visitation process should provide considerable insight into the needs and opportunities of your entrepreneurs. Use this information to begin assessing what resources you can access readily to help you support them. For example, who in the community helps entrepreneurs right now? What kinds of services are provided? What gaps in service delivery exist? Do you have lots of services for some types of talent and fewer services for others?

Step Two – Armed with information on your talent and your resources, develop a strategy for supporting entrepreneurs in your community. Starting with the team you created for the entrepreneurial talent mapping exercise, bring more people into the process to provide support for strategy development. If you are thinking about focusing on a particular type of entrepreneurial talent, try to learn from other communities or regions that have made a commitment to working with startups or youth or growth entrepreneurs, whatever type of talent you plan to target first. e2's website has more information that can help you tap into resources in other communities.

Step Three – As you execute your strategy, keep the focus on the entrepreneur. Focus on developing a process that directly helps each entrepreneur achieve greater business success.

Step Four – Identify the outcomes you expect from your development strategy and track these outcomes over time. Capture stories about the impact of your work on entrepreneurs and your community. While it is important to measure quantitative impacts such as jobs created, remember that an entrepreneurship development strategy is about creating a community environment that supports entrepreneurship. Be sure to measure changes in your community's economic development capacity, citizen and entrepreneur engagement, and other more qualitative changes in your community or region. The more you can document success, the more likely you will be to identify new resources to expand your work.

Step Five – By targeting your initial activities, you will create results. These results will enable you to build greater capacity to expand the work to more types of entrepreneurial talent. Be intentional about how your community or organization leverages initial success to build greater capacity for future engagement. Entrepreneurship development is a long-term strategy, and you will need these expanded resources to stay in it for the long haul.

Step Six – Celebrate your good work! Plan regular social events to recognize your work, to commend the entrepreneurs you have helped succeed, and to inform the broader community of your efforts. This celebration and recognition might help you uncover the next type of entrepreneurial talent that will become the focus of your development efforts.

The checklist and worksheet that follow identify the different types of entrepreneurial talent you might find in your community. The checklist offers some of the pros and cons of working with each type of talent. With some entrepreneurs, you may expend a lot of effort and not get the impacts you are seeking in your community. With others, you might see more immediate and impressive results. Use the checklist to think about targeting and the worksheet to identify specific types of talent in your community that might be the focus of your initial development efforts.

Figure 20 -- Targeting Entrepreneurial Talent – Pros and Cons Checklist

E Talent Type	Pros of Targeting	Cons of Targeting
Potential **Aspiring**	May be a large pool Primed to go Modest early impact	Medium/Long-term commitment May require subsidized assistance Medium-term incubation
Potential **Dreamers**	Unknown pool May be motivated to proceed Potential but unknown impact	Long-term commitment May require substantial assistance Likely require subsidized assistance
Potential **Start-ups**	Modest pool Commitment to go Assistance is critical Modest early impact	May require subsidized assistance Medium-term incubation Medium/Long-term commitment
Potential **Youth**	Large pool Can be change agents Can energize a community	Long-term commitment Create indirect outcomes Significant cost/outcome
Business Owners **Survival**	Already committed Some business experience Qualified motivation Tipping point opportunity for community Modest investment	Challenged and struggling Bad habits and attitudes Wrong or incomplete motivation Long-term opportunity
Business Owners **Re-Starts**	Strong business experience Motivated to succeed Opportunity for impact	History of failure Bad habits and attitudes Need to market test the opportunity
Business Owners **Lifestyle**	Already committed Some business experience Often successful Tipping point opportunity for community Modest investment	May lack motivation to grow Modest pool
Business Owners **Transition**	Potentially immediate impact Already having impact Potentially large pool Motivated to leave business	Requires specialized assistance May lack motivation to mentor Requires pool of new entrepreneurs to take over
Entrepreneurs **Growth-oriented**	Often open to help Successful at business Motivated to grow Opportunity for high impact Opportunity for immediate impact	Weak self-awareness Small pool Some are negative on help Requires time to build a relationship May have limited ability to help
Entrepreneurs **Entrepreneurial Growth Companies**	Achieving growth Realizing impact Home run potential Civic leadership and can become patrons	Rare Negative or demanding on help Require higher order help Relocation threat
Entrepreneurs **Serial**	High impact Remarkable assets Civic leadership and can become patrons	Very small pool Limited ability to help May lack patience and be demanding

Figure 21 -- Targeting Entrepreneurial Talent – Pros and Cons Worksheet

E Talent Type	Pros of Targeting	Cons of Targeting
Potential **Aspiring**		
Potential **Dreamers**		
Potential **Start-ups**		
Potential **Youth**		
Business Owners **Survival**		
Business Owners **Re-Starts**		
Business Owners **Lifestyle**		
Business Owners **Transition**		
Entrepreneurs **Growth-oriented**		
Entrepreneurs **Entrepreneurial Growth Companies**		
Entrepreneurs **Serial**		

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Part 4 – Entrepreneurial Resources

This section provides another set of tools that you will find useful in guiding your community through the assessment process designed to answer the question, "What relevant resources does the community have to address the needs of entrepreneurial talent?"

As you will see in this guide, identifying relevant entrepreneurial resources is at the heart of building a stronger, more effective **entrepreneurial development system** that helps your entrepreneurs grow.

Entrepreneurial Development Systems

In a nutshell, there are three components to an **Entrepreneurial Development System (EDS)**: entrepreneurs, relevant resources to help entrepreneurs, and the development organizations working to connect entrepreneurs with those resources. Employing the EDS framework is helpful in determining how entrepreneurial resources fit within a smart and efficient environment for entrepreneurial development.

> *A system is a set of interrelated elements that work together in a way to achieve some particular end. These elements create a whole that truly does amount to more than the sum of its parts. An Entrepreneurial Development System (EDS) is one focused on identifying, developing, and supporting entrepreneurial talent so these entrepreneurs can start, grow, and sustain their businesses. The ultimate endgame is economic development: creating wealth and prosperity for communities.*

e2's book, *Energizing Entrepreneurial Communities: A Pathway to Prosperity*, p. 37.

Most states and communities engage in economic development in some way. At the state level, these efforts might be led by the Department of Commerce or a quasi-public entity organized explicitly to promote economic development. At the federal level, the Small Business Administration, the Economic Development Administration, and other agencies support programs that communities and regions can tap in support of economic development. However, it is rare to find these individual programs interconnected in a way that they operate as a system and achieve greater impact. These separate agencies, operating at different jurisdictional levels, are generally not working together in a way that really develops entrepreneurial talent; put simply, there is no EDS.

Key Elements in an EDS. An effective EDS has four key elements that together help to stimulate and support entrepreneurs: **Entrepreneurial markets reached**, **Services provided**, **Organizational infrastructure**, **Economic and social impacts**. In this guide, we are focused on the second element, **services provided**, as this element is directly connected to your entrepreneurial resources. However, these four elements are highly interrelated. For example, expanding your organizational infrastructure enables you to provide more services, to reach more of the entrepreneurial marketplace and to achieve greater economic and social impacts.

Remember that an EDS evolves over time. Most communities need to start small and grow the system. We use the terms **basic, advanced, and high performing** to describe three benchmark stages that are

relevant for most communities. The following sections share information drawn from our book, *Energizing Entrepreneurial Communities*, and provide a brief introduction to each of these elements, organized into a table by benchmark stage. We dig deeper into identifying your relevant resources later in this guide.

Entrepreneurial Markets Reached. We provided tools and resources for identifying your entrepreneurial talent in **Part 3 – Entrepreneurial Talent** section. Since every community faces resource limitations, creating an EDS means making some tough choices about the entrepreneurial markets you can effectively serve at each stage of development.

Figure 22 -- Entrepreneurial Markets Reached by EDS Benchmark Stage

Benchmark Stage	Description
Basic	A basic EDS generally has less capacity and, as a result, often focuses on the earliest or most developmental end of the entrepreneurial talent market including: ▪ Youth: Young people with a business idea or existing venture. ▪ Aspiring: People with ideas who have not yet started their venture. ▪ Startups: People who have just launched or are just achieving sales. ▪ Formal existing businesses: Business owners who may have entrepreneurial ideas.
Advanced	An advanced EDS has more capacity and experience. It is significantly more sophisticated, serving basic and additional market segments: ▪ Informal existing businesses: Business owners who are not part of the formal economy. ▪ Struggling or challenged businesses: Business owners who are facing difficulties in building their businesses. ▪ Business transitions: Business owners seeking new owners to transition the business. ▪ Growth entrepreneurs: Entrepreneurs who are actively working to grow their business.
High Performing	A high performing EDS is relatively rare, particularly in less urbanized places. These systems offer a more comprehensive and sophisticated set of services to a more encompassing set of entrepreneurs: ▪ Serial entrepreneurs: Entrepreneurs who start and grow a business, over and over again. ▪ High growth entrepreneurs: Entrepreneurs who are experiencing rates of growth of 15-20% annually. ▪ Attraction entrepreneurs: Entrepreneurs who move into a particular community to start or grow their business.

Services Provided. The services your EDS provides are directly related to the relevant resources you can tap, internally and externally, to support entrepreneurs. There are two services that should be part of your EDS regardless of benchmark stage. One is a local resource center anchored by a website to serve

as the central mechanism for promoting good referrals and networking. The website should inventory, on a real-time basis, all available resources—public and private—capable of supporting entrepreneurs. We make this suggestion with an abundance of caution, however. We see such a website as a tool for service providers to improve their outreach and referrals. And we are not suggesting that every community should create a website from scratch. There are two resources that have proven quite effective at helping communities establish an online resource presence :

Resources & Tools for Business Success
We have witnessed many communities struggle to create resource inventories and web-based resource directories to support entrepreneurial development. Many dollars have been spent and, in our experience, these investments often reap limited results and are not sustainable. At Resources & Tools for Business Success, founder Kay Reynolds has reversed this experience. Her web-based resource provides a turnkey, but customizable website that can provide communities and regions immediate online resources for entrepreneurs. The sites are field-tested, work well and are very affordable. An efficient and effective website is important because many entrepreneurs go to the web long before they ever call a development office, often when they are up in the wee hours of the morning pondering a challenge. A well-designed site can provide another pathway for entrepreneurs to identify services. In addition, the Resources & Tools site is a resource for economic developers, providing a wide range of tools they can use in their day-to-day practice. To learn more, visit https://www.resources4business.info/ourCompany.html.

SourceLink
The motivation for SourceLink was clear and compelling. Have you ever witnessed a new entrepreneur as they pick up one of those massive resource directories on starting a business? Every state has one and they typically run three to four inches thick! The look of bewilderment on the entrepreneur's face suggests how little help those directories truly are. In contrast, SourceLink employs state of the art information technology and resource networks to connect entrepreneurs with those who can help. The use of SourceLink is a key part of NetWork Kansas' success in connecting hundreds of resource providers across the state to entrepreneurs who need their help. SourceLink is particularly helpful in those environments where there are many entrepreneurs and resource providers. It can be very useful in matching the right resource with the right entrepreneur at the right time. While SourceLink began in Kansas City, the organization now works with states, regions, and communities across America. To learn more about SourceLink, go to https://www.joinsourcelink.com/.

The second service is a "no wrong door" rather than a "one-stop shop" approach to market outreach. The no wrong door approach requires effective networking within the community. All support providers must be familiar with the work of their partners so that effective referrals are made. Under this approach, multiple entry points create pathways into the resource system and help direct the entrepreneur to the quickest possible answer. "No wrong door" means that regardless of where the entrepreneur enters the system, she will be effectively assessed and guided to the most appropriate resource.

> *The system would be defined by the concept of 'no wrong door.' This new system would move the burden of understanding how best to access support services from the entrepreneur to the system itself.*
>
> Erik R. Pages, Building Systems for Entrepreneur Support, *Economic Development America*, Winter 2005,

Organizational Infrastructure. Building organizational infrastructure is not an end in itself. However, it is *fundamental* to creating an EDS that generates economic and social outcomes. Key elements of organizational infrastructure, built over time, are described in the table below.

Figure 23 - Organizational Infrastructure by EDS Benchmark Stage

Benchmark Stage	Description
Basic	There is a core group of *champions* within the community who believe that entrepreneurship is central to the community's future. There is also *a lead organization* that takes on the responsibility for building the community EDS. This process requires a *collaborative approach* with multiple stakeholders engaged and partnering to build and sustain the EDS.
	Paid staff may or may not be possible at this stage. Most likely, someone, as a part of their job description, will take responsibility for staffing the EDS.
	The financial commitment of the community is modest at this point, given the unproven nature of the strategy. Generally speaking, the community's local spending on a basic EDS ranges from $5-$10 per capita per year. For a community of 5,000, this rate equates to $25,000 to $50,000 per year.
Advanced	There is a broad-based network of champions and partners who form a *community entrepreneurship network.* Within the network, established and experienced successful entrepreneurs provide leadership and support.
	Staffing and volunteers become more important. There is full-time staff, and possibly multiple staff members. The staff is more experienced and better trained.
	As the system moves from referrals to training programs such as FastTrac® to coaching or one-on-one assistance, costs rise rapidly. There is greater investment in an advanced EDS because staff and partners are doing more and achieving greater results. At this level, communities are investing a minimum of $10-15 per capita per year, and possibly more. For the community of 5,000, this equates to an annual budget of $50,000 to $75,000 augmented by a much larger volunteer resource.
High Performing	A high performing EDS is characterized by *dedicated organization and staffing*, and the greater skill sets required to address the opportunities and needs of serial and high-growth entrepreneurs. At this stage, the community has staff and volunteers who specialize in everything from youth entrepreneurship to resource brokering.
	Investment increases to enable this level of infrastructure. Community spending may rise significantly, ranging from $15 per capita to $50 per capita per year. For the community of 5,000, this level of investment provides an annual budget of $75,000 to $250,000.

Economic and Social Impacts. Performance measurement is important at all stages of EDS development. It is important to document and track both numbers (e.g., job and business creation) and stories (e.g., ribbon cutting on a building expansion, new market for an existing business). The sophistication of goals and metrics increases as the EDS moves from basic to advanced to high performing.

Figure 24 -- Economic and Social Impacts by EDS Benchmark Stage

Benchmark Stage	Description
Basic	Outcomes achieved with a basic EDS are likely to be qualitative and limited since the entrepreneurs are in a more developmental stage. Clearly, there are *process outcomes* realized, such as the community's decision to move forward, investments of time and money, and a sense that this approach can make a difference. *Economic and social outcomes* are harder to realize but, at a minimum, the community EDS should have: ▪ Identified entrepreneurs ▪ Begun visitation ▪ Identified specific needs and ways to help ▪ Made good referrals to assistance providers ▪ Created some success stories New investment, increased sales and job creation rates may be small, but the stories are there. These stories need to be captured and shared to build momentum and encourage the community to continue to build out the EDS.
Advanced	At this level, impacts should become more tangible and robust, including *business activity measures* (e.g., number of startups, retentions, total investment, and job creation) and *community impacts* (e.g., increased spending in the community, growth in the tax base or utility sales). While there are promising numbers and stories, the EDS has probably not yet reached indicators of systemic change.
High Performing	A high performing EDS is working with many entrepreneurs across the market spectrum. The impacts identified for an advanced system are being realized at a more robust level. At this stage, it is important to watch for *indicators of systemic change*, including positive trend lines for population, income, employment and tax base and evidence that these measures are growing faster than peer communities or even state averages. Higher rates of youth and young adult attraction, external entrepreneur attraction, and fundamental changes in community attitudes or culture can be documented as well.

Relevant Entrepreneurial Resources Assessment

We are very intentional about coupling the word "relevant" with entrepreneurial resources. Our field work has convinced us that the best way to grow a robust and effective suite of entrepreneurial resources is to take your cue from your entrepreneurs. This demand-driven approach enables a more cost-effective and incremental approach to growing entrepreneurs and an entrepreneurial development support system. Identify and engage targeted entrepreneurs. Listen to these entrepreneurs and discover what they really need and network them to relevant resources. You waste fewer resources when you rely on clear market intelligence to determine what is needed and valued. Economic development impacts come more quickly enhancing the potential that area stakeholders will stay with the initiative and sustain funding.

Figure 25 provides a conceptual map of relevant entrepreneurial resources that are likely to be part of any local or regional EDS. The entrepreneurial resources assessment consists of understanding each component part and identifying your specific and relevant resources. A worksheet for you to use in assessing each component is included as part of this package. We describe each component below:

- System Stakeholders
- Area Resource Team (ART)
- External Resource Network (ERN)
- Pathway Resources
- Go-To Resources
- Retail Resources
- Foundational Resources

Figure 25-- The Basic Assistance Transaction

Entrepreneur Demand | Market Interface | Resource Supply
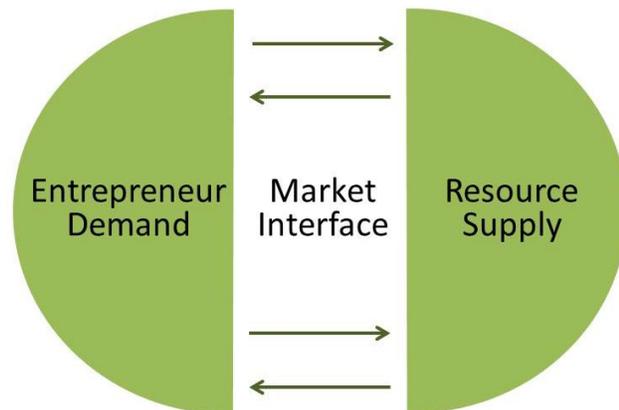
System Stakeholders

At the heart of an EDS is a set of **system stakeholders**: community and regional organizations and individuals willing to support an entrepreneurial initiative politically, organizationally, and financially. Your potential stakeholders are people and organizations that care about your community and its future; they may even have a vested interest in your community's economic development. Right now, they may not be engaged in or even care specifically about entrepreneurial development. Over time, your aim is to move them from potential to actual stakeholders by clarifying or establishing their vested interest in entrepreneur-focused economic development. More information on identifying and engaging system stakeholders can be found in our **Organizing for Action Guide**.

Area Resource Team (ART)

Building an EDS takes teamwork and your Area Resource Team (ART) facilitates that teamwork. Whether you define your community as a single town, county or larger region, every community has significant local knowledge and resources that can help entrepreneurs achieve their dreams of growing more successful ventures. The ART becomes the mechanism for putting local knowledge to use, connecting entrepreneurs with local resources that can help them succeed.

Your ART plays three roles that are important both when you begin your initiative and as it evolves over time:

1. **Identify and recruit entrepreneurs:** The ART plays a central role in identifying and creating pathways to recruit entrepreneurs. ART members are well networked in the area and agree to use those relationships to broaden outreach and enable recruitment.

2. **Assist the entrepreneur coach in crafting strategies and tactics in support of entrepreneur clients:** In the e2's Entrepreneurial Communities framework, the Entrepreneur Coach is the go-to person in an EDS. She spends each day visiting entrepreneurs, assessing their needs, and strategizing how to help them most effectively. The members of the ART provide the coach with bench strength, helping to trouble-shoot problems and create resource solutions.

3. **Develop and manage the portfolio of entrepreneur clients:** Working together, the Entrepreneur Coach and the ART develop and maintain a strong portfolio of entrepreneurs consistent with the community's strategic objectives and targeting. The coach manages the day-to-day workings of the portfolio while the ART keeps the big or strategic picture in mind.

Figure 26 -- Map of a Community's Entrepreneurial Resource Network
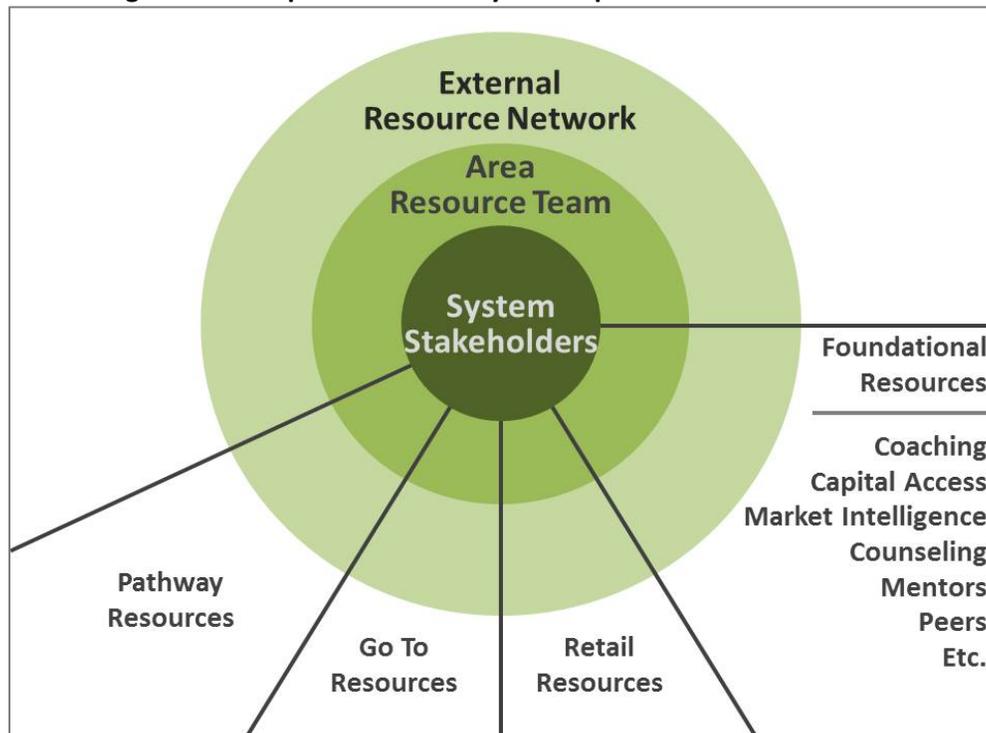
As your work evolves, there are two additional roles the team might play:

- **Helping to expand entrepreneurial infrastructure:** Visiting and working with entrepreneurs offers a significant market research opportunity. The ART, working with the Entrepreneur Coach, can process and prioritize this market research and share it with organizations such as the local or regional development corporation, Chamber of Commerce, or municipal government.

- **Engaging in community outreach:** You are likely to have an ongoing need to educate the broader community about your work. The members of the ART may assume this role by participating in a speakers' bureau to share information with key community groups about the initiative and its impacts.

The **Area Resource Team Worksheet** (Figure 31) offers some pointers on how to get started building your ART and the characteristics of individuals you might want to pursue. There is also a worksheet to use with a small group of key leaders to identify the first group of individuals you want to help form your ART.

External Resource Network (ERN)

The realm of possible entrepreneurial development resources is vast. Often there are so many resources entrepreneurs have a difficult, if not impossible time, getting to the right help when they need it. In addition, there is often a profound gap in services for community-based entrepreneurs interested in **growing** their businesses. They are too far along to benefit from most public services and yet too small to afford private consulting resources. Your External Resource Network (ERN) is the tool you can use to connect to resources outside your community that can meet the needs of your entrepreneurs.

In e2's entrepreneurial communities framework, the ERN is virtual and passive. You should think of the ERN as a set of on-call resources that you can tap on a **just-in-time** and **as-needed basis**. We do not suggest asking external resource providers to attend network meetings in your community or to play a role beyond their normal service provision. The real value of the ERN comes from having your ART leadership team and your coach invest time and energy in getting to know what resources are available and who provides them, with a particular focus on those most useful to the entrepreneurs targeted by the community. For example, if assisting startups is a community goal, then finding out who provides micro-lending and counseling services would be a great resource fit. The goal is for your coach and leadership team members to become experts on both internal and external resources and to build personal relationships with resource providers who are particularly important to your community's strategy.

The end result is that your community takes on the role of organizing, understanding, and communicating about entrepreneurial resources; the burden does not fall solely on the entrepreneur. Your local team becomes skilled at knowing where to go for what and has both internal and external resources to call on in any situation. This capacity becomes a powerful marketing draw for your community; as your reputation builds, more and more entrepreneurs will see the benefit and value of this networked approach to accessing external resources.

The **External Resource Network Worksheet** (Figure 32) offers some key questions you should consider before organizing your ERN. It also offers a list of possible resources for you to consider as you complete a worksheet with your leadership team designed to identify potential future members of your ERN.

Mapping Resources

Every community has resources that support entrepreneurs and mapping those resources should be your starting point. Four kinds of resources are most critical to identify early in your work:

1. **Pathway resources** are individuals and organizations in your community that come into regular contact with entrepreneurs. The **Pathway Resources Worksheet** (Figure 34) offers a list of organizations that might play this role in your community and a worksheet for you to use with your leadership team to begin to identify these players.

2. **Go-To resources** are the frontline organizations for entrepreneurs in your community. They may be the most recognizable business service providers in your community. And, you may have turned to them as you launched your initiative. The **Go-To Resources Worksheet** (Figure 33) offers a list of organizations that might play this role in your community and a worksheet for you to use with your leadership team to begin to identify these players.

3. **Retail resources** provide direct service to entrepreneurs in a variety of ways, often for a fee. Your job is to help entrepreneurs build a set of strong and trusting relationships with providers who they can afford and who will help them throughout the life of the business. The **Retail Resources Worksheet** (Figure 35) offers a list of organizations that might play this role in your community and a worksheet for you to use with your leadership team to begin to identify these players.

4. **Foundational resources** represent core pieces of your entrepreneurial infrastructure that will come into play at some point in time for every entrepreneur and every initiative. The **Foundational Resources Mapping Worksheet** (Figure 30) offers a list of organizations that might play this role in your community and a worksheet for you to use with your leadership team to begin to identify these players.

What is your starting point for an assessment of the relevant resources available to support entrepreneurs? We suggest beginning with your **Area Resource Team**. The organizations involved in your network represent the inner circle or first point of contact for resources. Each of these organizations, in turn, is connected to other networks of resource providers, perhaps at the regional or state level, giving you another layer of resources to tap. As you continue to build your initiative and establish an **External Resource Network**, you will want to revisit your resource assessment and add additional resources that can be effectively tapped to help your community-based entrepreneurs.

In addition to the mapping worksheets described above, we include two additional worksheets that you might find useful: **Resource Partners Checklist** (Figure 28) and **Resource Partners Mapping Worksheet** (Figure 29). These resources can help you think about the partners who can bring specific services to your initiative (e.g., financing, technical assistance). It is another way to think about your entrepreneurial resources and to continue to build the resource networks you need to better support your community's entrepreneurs.

Finally, this package contains a number of background readings about entrepreneurial development and, in particularly, entrepreneurial ecosystems. You may find some of these helpful as you make the case to others in your community about the importance of this work. And you may want to recommend that others on your leadership team read some of this so that you all have some shared context for this important work.

Figure 27 – Who is Doing This Well? NetWork Kansas!

NetWork Kansas represents one of the most robust statewide resource networks in the U.S. Created by an act of the legislature in 2004, NetWork Kansas was designed from the beginning as a collaborative undertaking. Resource partners from across the state were engaged in the run up to the legislation and the real work of relationship building happened once the NetWork Kansas leadership team was in place: Steve Radley and Erik Petersen. Acting as the business entrepreneurs that they are, Steve and Erik held a series of town hall meetings in every region of the state to better understand their market and their potential customers. They listened and built trust with local economic developers and other service providers in the state.

The intent was to create a virtual portal that entrepreneurs could use to access resources: education, expertise, and economic resources (financial capital). But, that portal needed a platform. NetWork Kansas did not have to look far to find an effective platform to build their network. SourceLink's first implementation was the KCSourceLink platform in Kansas City. NetWork Kansas became the first statewide model in their network, coming online in 2006. Since their start with less than 10 resource

partners, NetWork Kansas has grown to over 500 resources partners and 39 community partners.

While NetWork Kansas has an effective online presence, it is much more than a resource website. The site itself is the entry point to a network of resource *people*, most of whom know and work with one another on a regular basis. And NetWork Kansas leaders realized early on that the only way to effectively deploy their many assets across the state was to empower communities to join the network and become their partners. It is these engaged community leaders who provide the "boots on the ground" to connect an entrepreneur to the wider resource network. Without the strong, entrepreneurial leadership at NetWork Kansas, their committed community partners and an effective resource network built on trust and relationships, entrepreneurs in Kansas would be like those in too many other places: lost in a maze of resources looking for a way out.

Entrepreneur Resources Assessment Info Sheet

Every community, even the smallest and most remote, has resources that can help entrepreneurs become more successful. Central to growing an entrepreneurial community and economy is linking your entrepreneurs with resources that can help them become more competitive and profitable and grow. This section focuses on mapping your community's relevant entrepreneurial resources so that you have the ability to help your entrepreneurs. The **Potential Resource Partners Checklist** (Figure 28) summarizes the possible resources within your community that can support your eCommunity.

Entrepreneurial Resources

As we work with communities and regions across North America, we help them understand the wide range of entrepreneurial resources they can call on to support their entrepreneurial talent. Some of these communities have a diverse set of accessible resources; other communities have to network to resources in a larger market town or city. In all cases, however, we often find that two things are true. One, most entrepreneurs need some help in getting connected to the right resource at the right time, no matter how well-resourced your community may be. It is the job of economic developers to help make these connections. Two, most resource providers operate in silos without connecting to other providers in ways that would make referrals, advocacy, and collaboration easier. Providing better, more effective services to your entrepreneurs starts with an understanding of the resources on hand. That is the value of the tools included in this entrepreneurial resource assessment package.

Figure 28 – Potential Resource Partners Checklist

Financing:

☐ Local Banks & Credit Unions
☐ Revolving Loan Programs
☐ Micro Lending Programs
☐ Angel Investors (Individuals & Networks)
☐ Utilities
☐ Telephone Companies
☐ Community Development Finance Groups
☐ Crowdfunding Expertise

Business Services:

☐ Banks & Credit Unions
☐ CPAs & Bookkeepers
☐ Local & Regional Attorneys
☐ Marketing Experts (note 1)
☐ HR Experts (note 2)
☐ Local Governments (note 3)
☐ Real Estate Agencies
☐ Community Development Corporations

Technical Assistance:

☐ Small Business Development Centers
☐ Business Counselors
☐ Community Colleges & Universities
☐ SCORE
☐ Mentors - Other Entrepreneurs
☐ Peer Groups
☐ Voluntary Boards of Directors
☐ Loan Officers

External Partners

☐ Department of Economic Development
☐ Cooperative Extension
☐ Community Colleges
☐ Regional Development Orgs.
☐ USDA Rural Development
☐ Economic Development Adm.
☐ Department of Agriculture
☐ State Universities

1. You may not have local marketing experts, but chances are good you can find marketing expertise at your local newspaper, radio and television station, college, high school, and among retired business owners.

2. Be creative! Most rural communities do not have consultants who have expertise in human resources (e.g., hiring, taxes, conflict management and the full range of issues associated with employees or contractors) - but you may be able to tap HR experts in local hospitals, schools, colleges, governments or larger employers like utilities and manufacturing plants.

3. Local governments often regulate what businesses can do and cannot do including business licensing, zoning, building permits, land use and access to roads and highways. Connecting with them ahead of time can be a time saver for your entrepreneurs.

Use this checklist with the mapping worksheets as you gather your team to map your entrepreneurial resources.

e²

Figure 29 -- Resource Partners Mapping Worksheet

Directions: Working with your leadership team, take 30-60 minutes at a meeting to think about the local resource partners who provide financing, business services and technical resources to entrepreneurs. Then think about those external partners who might be important resources to your initiative. Use the Resource Partners Checklist for some ideas to get you started. Think about your targeted entrepreneurs throughout this process. What are the likely resources they may need?

Financing Resources:

Business Services:

Technical Assistance:

External Partners:

In our experience, there are a set of resources that every entrepreneur, and therefore every entrepreneurship initiative, ultimately needs. Every community will have to assess (1) where you have some of these assets already and (2) where you need to develop a more comprehensive and sophisticated set of resources. For smaller rural communities and urban neighborhoods, it may not make sense to try to create and sustain these resources locally. In these situations, collaborating with a larger community or working regionally may be the optimal solution. What do we think are foundational resources? This list will continue to evolve over time, but represents a starting point for your community

Entrepreneur Coaching. Workshops, trainings, and conferences can be valuable to entrepreneurs and their teams, but these forms of assistance are typically insufficient to generate significant impact. Entrepreneur coaching provides high touch, one-on-one engagement that helps entrepreneurs figure out where they are in their own development, come to terms with uncomfortable issues, focus and sequence where to spend quality time working on their business. Coaching provides a way to accelerate impact.

Capital Access. Access to financial capital is widely recognized as a foundational resource in any business development system. Ranging from angel investors to traditional secured bank loans, it is critically important that entrepreneurs have access to the right kinds of capital at the right time. When access to a diverse set of capital resources is coupled with other foundational resources like entrepreneur coaching and market intelligence, the odds that the entrepreneur will be able to effectively use that capital greatly improve.

Market Intelligence. The growth in the Economic Gardening movement is increasing awareness of the value of customized and sophisticated market intelligence research. Market intelligence research, including information on potential suppliers, competitors, new markets, or distribution channels, greatly enhances the value of feasibility studies, business planning, and securing capital. Some resources can be found in local libraries and online; other assistance can be procured through regional Small Business Development Centers. For regions and states with certified Economic Gardening resources, more sophisticated and customized research can be procured for growth-oriented entrepreneurs.

Counseling. Business counseling is a more traditional approach to business coaching often provided by private consultants or through Small Business Development Centers. Business counseling can be highly valuable to those with access to and a willingness to go to counseling centers. Typically, business counseling aligns well with aspiring, start-up and existing micro and small businesses.

Mentors, Peers & Networks. In urban America, networks of mentors and peer groups and networking events are increasingly common. These foundational resources enable entrepreneurs to interact with other entrepreneurs. For most entrepreneurs, there is no better resource than another entrepreneur. Applying these strategies in more remote rural areas or urban communities with fewer entrepreneurs can be challenging because of distance and cost issues. Creative alternatives, such as Google Hangouts, may be possible.

Figure 30 --- Foundational Resources Mapping Worksheet

Directions: Working with your leadership team (some of whom may provide foundational resources), take 30-60 minutes at a meeting to brainstorm all the possible foundational resources you can identify in your community and your wider region. Don't worry about fine tuning the list now; you'll conduct due diligence once you have a good list. You should prioritize those individuals or organizations you want to target and contact now versus those who could become important later on. Remember to think creatively about where to find these resources.

Brainstorming List:

Resources to Contact Now:

Resources to Contact Later:

To build your ART, we suggest you start first by identifying a smaller Leadership Group. While the ART is about organizations and the resources they can bring to the table, the leadership group is about people: the role they play in the community and the skills/expertise they bring. Our experience suggests that the leadership group should include people from:

- The host or sponsoring organizations for your initiative
- Business leaders, current or retired, who bring particular business expertise (e.g., bankers, lawyers, CPAs, retired business owners and executives)
- Civic leaders

Initially, we recommend that you keep the group to a manageable size: 5-7 members, perhaps 3-5 in smaller communities and more in larger communities. Since the list above could include a large group of candidates, you might consider selecting those with the following 10 attributes:

1. A+ reputation in the community
2. Discreet and comfortable with maintaining confidentiality
3. Positive; a good problem solver
4. Able to make a reasonable time commitment
5. A good networker and well connected
6. Agrees with the job and willing to do it
7. Business experience
8. A good listener and open minded
9. Able to be strategic
10. Brings specific desired business expertise to the team

In recruiting members, it is important to stress a number of key points. **Participation is not a life sentence**. We strongly suggest you establish the expectation from the start that members of the leadership team serve a fixed term with one or two opportunities for renewal. **Confidentiality is non-negotiable**. For entrepreneurs engaged in the highly personal job of creating and growing a business, privacy is very important. Members of the ART and particularly the leadership team need to understand the confidentiality ground rules, follow them, and ensure everyone else within the system follows them. We recommend that each time the leadership team and broader network meet, members reaffirm the confidentiality pledge (e.g., read it aloud and sign it as testament to its overarching importance.)

The buck stops somewhere. Some organization(s) is responsible for the success of your initiative and, consequently, the ART and leadership team. This organization provides the leadership team with its vision, mission, and scope of work along with staff support and training. If there are problems, this organization must resolve them. If hard directional decisions are needed, this organization should be involved. At the same time, your leadership team, through its members, can be a powerful tool for creating an ever-expanding community network that can identify, recruit, and help targeted entrepreneurs.

Figure 31 – Area Resources Team (ART) Worksheet

Directions: Set aside 30-60 minutes at a meeting of your initiative's host organization or pull together a few of the key individuals who understand the economic and entrepreneurial development landscape in your community or region. Identify individuals who might be good candidates for your ART leadership team. Use the information above for help you generate leads. Be sure to capture all the names you can; while some may become part of the leadership team, others may become part of the broader ART.

Name: **Entity:**

The **External Resource Network (ERN)** is one way of connecting your community's entrepreneurs to the potentially hundreds, if not thousands, of regional, state, and national resources, public and private, that might be useful to them at various points in their startup and growth. While it is relatively easy to figure out how to engage your local resources as part of your Area Resource Team, it is much more difficult to figure out the most effective way to network resources across geography, for an entire state as an example. There are two key considerations as you begin to build your ERN:

When should building your ERN become a priority? Getting your initiative off the ground takes a lot of work and you have only so much time and energy at any given moment. Our experience suggests that you have your host organization, ART and leadership team, and entrepreneur coach firmly in place; you have adequate funding to work your game plan for one to three years; you are engaging entrepreneurs and offering programming by connecting to local resources; and you have begun to identify external resources that might be helpful in meeting the needs of your targeted entrepreneurs.

Where do you start building your ERN? When you are ready to begin building your ERN, we encourage you to cast a broad net and consider relevant resources that serve your community including those based outside of your community. Here is a checklist you can use when mapping potential members of your ERN:

- Regional Development Organizations
- Area Community Colleges
- Small Business Development Centers
- SCORE (Senior Core of Retired Executives) Chapters
- Cooperative Extension Service
- Regional Private and Public Universities
- Community Action Agencies
- Non-Profit Development Organizations
- Regional Tourism Councils
- Agriculture Groups
- State Development Agencies
- Federal Development Agencies (e.g., USDA RD, Economic Development Administration)

Once you've begun to connect with these resources, we suggest you look into programs that might organize this information in a user-friendly way. Larger, more complicated economies might consider SourceLink; communities of all sizes might use Tools for Business Success.

Figure 32 – External Resources Network (ERN) Worksheet

Directions: When the time is right, set aside 30-60 minutes at a meeting of your ART leadership team. Using the list provided above, brainstorm as many external resources as you can. Try to frame the conversation in terms of specific entrepreneurs who members of the ART are working with and what resources might be helpful to them. Be sure to note any connections that members of the ART have or know about that might be useful in connecting to these external resources as needed.

Name:	Entity:	Local Connection?

On the Western Iowa Development Association *Tools for Business Success* [website](), you will find, compiled into one place, a large number of resources in Pottawattamie County Iowa designed to help entrepreneurs succeed: from "one-on-one help" to "how-to resources." Many of these resources are highly specialized and useful to an entrepreneur seeking a specific piece of information or operating in one sector. There are, however, other resources that are more universal in nature. We call these **go to resources** and they include such services as:

- Small Business Development Center (SBDC) workshops and business planning services
- Business start-up training offered by a community college or regional university
- Lunch and learn events and other workshops offered by a Chamber of Commerce
- Local financing resources including community banks, revolving loan funds, local angel investment networks, and micro-lending programs

These are the essential resources that help a community provide meaningful assistance to local entrepreneurs. It is important that you build a strong understanding of and working relationship with these go to resources. A good place to start might be with an invitation to become part of the Area Resource Team.

What if there are many resources in your community? How can you begin to focus in on those that are really "go to"? If you have already taken steps to map your entrepreneurial talent, you likely identified and targeted groups of entrepreneurs at similar stages of development. In rural communities, we often find that targeting includes some or all of the following:

- Youth
- Start-Ups
- Business Transitions
- Growth-Oriented Businesses
- Tourism Related Businesses

As you reach out and visit these entrepreneurs, you will begin to really understand their needs. Startups might need feasibility studies, business planning and mentoring; growth-oriented businesses might need market intelligence resources, growth capital and workforce development; and tourism-related businesses might need help branding, marketing and hospitality training for their staffs. Armed with this market resource, you can begin to identify the most important go to resources to help these targeted entrepreneurs. Since you will likely turn to these resource partners often, you can justify taking the time to build deeper and more trusting relationships with them. Over time, these become your community's trusted **go to** resources.

Figure 33 – Go-To Resources Worksheet

Directions: Working with your leadership team (some of whom might be go to resources), take 30-60 minutes at a meeting to brainstorm all the possible go to resources you can identify in your community. Don't worry about fine tuning the list now; you'll conduct due diligence once you have a good list. You should prioritize those individuals or organizations you want to target and contact now versus those who could become important later on. Remember to use the market research you have done you're your targeted entrepreneurs throughout this process. What are the likely "go to" resources to help those entrepreneurs?

Brainstorming List:

Resources to Contact Now:

Resources to Contact Later:

The first step in creating a stronger support environment for your entrepreneurs is to identify and engage the resources already at work in your community. We suggest you begin by focusing on **pathway resources**: individuals and organizations in your community that come into regular contact with entrepreneurs. If you engage these pathway resources, they, in turn, can connect entrepreneurs to your entrepreneurial development system.

There are many different kinds of pathway resources. The following list provides some examples that might help you consider who your own pathway resources might be.

Business	**Government**	**Non-Profits**
Accountants & Bookkeepers	Municipal Clerks	Churches
Attorneys	City Managers	Child Care Centers
Computer Stores	County Executives	Chambers of Commerce
Business Equipment Stores	Zoning & Permitting Offices	Development Corporations
Office Supply Stores	Development Offices	Family Assistance Programs

This list is just a starting point. Be creative and think about the places in your community where you are most likely to find entrepreneurs. For Millennial entrepreneurs, it may be a favorite watering hole or coffee shop. For agripreneurs, it might be the local Extension office. Some of these providers may not be serving as pathway resources now. However, with effort, you can cultivate them and encourage them to become part of your system as a pathway resource.

Remember that you must be intentional in identifying, engaging, and **training** potential pathway resources. If an individual or organization is not playing this role now, they may need some guidance about how to be most effective. We suggest you take a page from hospitality training. Hotels, Chambers of Commerce, and other service organizations train their staff to be welcoming and helpful. The same approach can be employed with pathway resources and the process you undertake can be as simple as…

A. Identifying and engaging willing pathway resources.
B. Providing simple training and education on how they can network entrepreneurs to resources; and
C. Staying in touch and keeping them informed, motivated and active as pathways for entrepreneurs.

Figure 34 – Pathway Resources Worksheet

Directions: Working with your leadership team (some of whom might be pathway resources), take 30-60 minutes at a meeting to brainstorm all the possible pathway resources you can identify in your community. Don't worry about fine tuning the list now; you'll conduct due diligence once you have a good list. You should prioritize those individuals or organizations you want to target and contact now versus those who could become important later on. Think about your targeted entrepreneurs throughout this process. What are the likely pathways to reach those entrepreneurs?

Brainstorming List:

Resources to Contact Now:

Resources to Contact Later:

Retail resources provide direct assistance to entrepreneurs, often on a fee basis. What you want to do as a community is help entrepreneurs create a **network** of business service providers that they can afford, build relationships with, and turn to throughout the life of their enterprise. During our work in communities across North America, we have discovered many different kinds of retail resources including those gathered in the list below.

Business	**Government**	**Non-Profits**
Accountants & Bookkeepers	Development Offices	Chambers of Commerce
Attorneys	Local licensing and regulatory offices	Development Corporations
Computer Stores	Libraries	Family Assistance Programs
Business Equipment Stores	Loan Programs	Small Business Centers
Office Supply Stores	Community Colleges	Incubators
Business Coaches	Regional Universities	Higher Education Centers

Some of the resources included in this list, and working in your community, may not identify themselves as retail resources for entrepreneurs (e.g., the local computer store) or be seen as retail resources by entrepreneurs (e.g., the local community college). With some focus and hard work on your part, you can cultivate all these players, so they become part of your system and entrepreneurs see them in that way.

We encourage you to think outside the box as you try to identify these resources. Look in both the usual and unusual places. If you live in a smaller or more isolated community, you may not have all these resources at your fingertips. For example, the nearest computer store with its IT professionals may be in the closest metro center or market town, miles away. Some of these resources may seem rather specialized and less important early in your efforts. Almost every entrepreneur will need these retail resources sooner or later. If you can identify and engage your local business service organizations now, you will have the information and relationships needed to make effective referrals and connections when your entrepreneurs need them. Remember, a key to building trust with your entrepreneurs is being able to network them to the right resource at the right time…and quickly.

If you are working in a smaller community, try to be creative in thinking about where you might find these resources. You may not have marketing or human resource firms in your community, but the local hospital or clinic, newspaper, or other major employer may have this expertise. These companies can be part of a *no wrong door* strategy if they are aware of the work you are doing and invited to join the Area Resource Team. These larger employers, including educational institutions, might also be a good source of IT expertise, prototyping support, or workforce development advice and training.

Figure 35 – Retail Resources Worksheet

Directions: Working with your leadership team (some of whom might be retail resources), take 30-60 minutes at a meeting to brainstorm all the possible retail resources you can identify in your community. Don't worry about fine tuning the list now; you'll conduct due diligence once you have a good list. You should prioritize those individuals or organizations you want to target and contact now versus those who could become important later on. Remember to think creatively about where to find these resources?

Brainstorming List:

Resources to Contact Now:

Resources to Contact Later:

Part 5 – Tying Assessments to Strategy

Your community wants to support your entrepreneurs as an economic development strategy. You are looking for ideas on what to do. Historically, the solutions rested with adopting ideas employed by other communities or that you picked up at conferences, webinars, or podcasts. Some of these ideas might include:

- Create an incubator.
- Start an accelerator program.
- Provide workshops.
- Host networking events.
- Create financing programs.
- And the list goes on and on….

All of these solutions assume they are a good fit for your community's entrepreneurial talent needs and opportunities. We call this the **supply side** approach. While any of these solutions may have value for some entrepreneurs, the supply side approach is less than strategic. Within our e2 development framework we strongly recommend taking time to undertake three important assessments:

1. **Entrepreneurial Talent.** Our Entrepreneurial Talent Assessment can help your community better understand the kinds of entrepreneurs you have, where they are at developmentally and to which industry sectors they are linked. This kind of information can help your community better understand the kinds of resources that are likely to be most relevant to their needs and opportunities.

2. **Entrepreneurial Resources.** While your ecosystem may be fractured, your community does have an entrepreneurial ecosystem. Chances are good that it is responsive to entrepreneur needs and opportunities. Our e2 Entrepreneurial Resources Assessment can help your community connect to resources in your community and area. In engaging these resources your community can better identify critical needs, opportunities, and gaps in your resource ecosystem.

3. **Development Opportunities.** Finally, our Development Opportunities Assessment can help your community better understand the macro or larger development opportunities for your community. Check our **Likely Entrepreneurial Development Opportunities** paper for more insight on this topic. The Development Opportunities Assessment can help your community better understand where you have entrepreneurial development opportunities.

Two final thoughts on entrepreneurial strategy within the e2 development framework. By completing the three assessment – entrepreneurs, resources, and development opportunities – your next stage entrepreneurship strategy will become clearer. You will have a stronger idea of where your community has energy and genuine development opportunities. Getting started or moving to the next step is the clearest pathway to a more sophisticated and impactful entrepreneurial development ecosystem and strategy. The second strategy consideration is addressed in our **Working with Entrepreneurs Guide**. This Guide provides our preferred entrepreneurship strategy focused on identifying, connecting with, and assisting entrepreneurial talent in your community. This is what we call the **e2 ground game**. It is basic and foundational to all sound entrepreneurial ecosystem building. By engaging with the entrepreneurial talent present in your community you will learn what kinds of assistance are most needed strategically to guide your resource network and ecosystem development.

We hope this guide – **Assessments to Strategy** – is helpful. It takes some time, energy, and commitment to complete these three assessments. There may be voices in your community urging your community to just get going with helping entrepreneurs. But our experience is clear, taking one or two months to complete these assessments can ensure a smarter and more impactful strategy. We welcome your experience and input. Help us make this Guide better by contacting Don Macke at don@e2mail.org.

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.