

Entrepreneurship and Community Vitality

A Forum for Public Deliberation

A Project of the Community Vitality Center

October - November, 2002

Community vitality has been an increasing concern among citizens and leaders of the state. Many see entrepreneurship as a strategy for enhancing community vitality and Iowa's economy.

The Community Vitality Center (CVC)--in partnership with the Iowa Peace Institute, ISU Extension, USDA Rural Development, and others--is sponsoring ten public forums throughout Iowa in October and November of 2002 to give people an opportunity to talk about the challenges and opportunities in entrepreneurship and what if anything communities can do to meet those challenges and take advantage of the opportunities.

The Issue to be Deliberated:

What, if anything, should our community do in support of entrepreneurs & business startups?

Some Approaches for Consideration:

Approach 1. Self-Help Entrepreneurship

Entrepreneurship should emerge from independent initiative with little public involvement. The ability to identify opportunity, to be creative, and to manage risks matters most.

Approach 2. Focus on Community Assets to Build Entrepreneurial Initiatives

Community assets, resources, and support matter! The community should be an instrument for fostering more entrepreneurship and increasing the odds for business success.

Approach 3. Focus on Connections, Strategic Networks & Regional Linkages

Connections and networks matter! Local entrepreneurs and support networks need to focus on linkages to expertise, resources, alliances, and markets available outside the community.

Approach 1: Self-help Entrepreneurship

Entrepreneurship involves individual risk taking and initiative. Successful entrepreneurs are those that hit on the right idea for the market at the right time, manage their finances prudently, and persevere in their endeavors. Market forces should determine "survival of the fittest." It is not the job of government to target investments or provide assistance to favored businesses. Public resources are limited and are better invested in less risky projects such as expansions of existing businesses or recruitment of well established companies to the community. Better yet, government should reduce public spending and reduce taxes, thereby creating a more competitive business environment.

What Can Be Done?

- Individuals create entrepreneurial opportunities either on their own or through business networks.
- Leaders in the private sector raise money to fund entrepreneurial initiatives.
- Public schools and local community colleges integrate entrepreneurial education into their programs.
- Successful entrepreneurs and those with appropriate business experience offer mentoring and consulting.

Some Supporting Voices:

- Honors individual initiative and respects market forces.
- Public funds may have more impact in other economic development initiatives.
- Less likely to interfere with structure of existing businesses and labor markets.
- Less bureaucratic if no government involvement.

Some Opposing Voices:

- Barriers to entrepreneurship will continue to exist.
- May limit opportunities for newcomers, women and others not part of the existing private sector networks or power structure.
- May result in slow growth for many communities and tax base likely erodes over time.
- The private sector in many communities does not help entrepreneurs as much as it could.

A Key Tradeoff:

- Fiscal caution now may mean economic stagnation and erosion in community vitality in the long run.

Approach 2: Focus on Community Assets to Build Entrepreneurial Initiatives

The community should be a resource for fostering more entrepreneurship. This means taking proactive measures to create a supportive environment for new ideas to ensure community vitality and a willingness to take risks to foster future growth. In some communities, public-private partnerships are often required to get things done and local government involvement is needed to fill gaps and make things happen. Communities need to identify all the available entrepreneurial resources—educational, business, marketing, financial, legal, and technological--and coordinate them effectively so they are accessible to those who need them.

What Can Be Done?

- Public and private sector leaders develop partnerships to inventory and organize community assets for local entrepreneurs.
- Hire professional staff to facilitate entrepreneurship and business incubation.

- Pledge community time and resources to organize seed capital funds, create community foundations that support entrepreneurs, and form angel investor* networks.
- Local leaders highlight success stories and provide forums for advancement of entrepreneurship.

Some Supporting Voices:

- Creates community excitement, energy and entrepreneurial culture as diverse local entities reinforce each other.
- Pro-active community support of entrepreneurs increases their odds for success.
- Enhances community stability and raises people's vision of possibilities and expectations.
- Generates growth in tax base long-term if successful.

Some Opposing Voices:

- May be unrealistic (resources, assets, expertise may not be available), depending on the community.
- Requires a level of collaboration that people may not be willing to undertake.
- Government is intervening in business and labor markets.
- Entrepreneurs may have to give up control and autonomy.

A Key Tradeoff:

- Community vitality may be enhanced long term, but a big investment of leadership and citizen time and resources will be required without a quick return.

*wealthy people who invest in start-up companies

Approach 3: Focus on Connections, Strategic Networks, and Regional Linkages

Entrepreneurial projects may require expertise or a critical mass of resources that are greater than what is available locally. Regional connections, networks, and resource linkages can be key to entrepreneurial success. Many regional and statewide networks already exist, including community colleges and universities, extension offices, and small business development centers. Distributing resources regionally is more economical and efficient. In these times of electronic communication and global economies, communities do not have to be defined by location but can be defined by common interest.

What Can Be Done:

- Entrepreneurs work through local community and economic development leaders to identify any existing networks.
- People with a common entrepreneurial project build a network that may bring needed expertise or resources.
- Pool local, state, and federal public resources and incentives targeted to regional entrepreneurial initiatives.
- Establish a regional "one-stop-shop" for information on business start-up programs and resources.

Some Supporting Voices:

- Rural communities can use networks to recruit entrepreneurial talent back to rural areas, in the way doctors have been recruited.
- Regional linkages provide bigger projects with opportunity for critical mass.
- Community and business leaders have greater opportunity to learn from each other.
- Helps to stabilize regional economy to enhance vitality of communities in region.

Some Opposing Voices:

- Must cope with regional politics and regional staff may have less accountability in servicing local entrepreneurs.
- Increased likelihood of top down programs with strings attached.
- May require communities and agencies to give up turf and work together.
- May result in development activities not consistent with local community priorities.

A Key Tradeoff:

- Regional vitality may improve, but at the expense of local community identity, influence and initiatives.