

Community Vitality Center Pilot Demonstration Project Proposal

Name of Proposed Project: **Southwest Iowa Entrepreneurial Cooperative's Community Showrooms**

Local Fiscal Agent/Applicant Organization: **Wallace Foundation for Rural Research and Development**

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County Extension Collaborator: **Lynn Adams, community resource field specialist**

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What is the concept and approach that you propose to implement?

This project will assist micro-entrepreneurs in southwest Iowa reach a broader sales market for their products so that they are viable, sustainable and can increase their households' incomes in order that families can financially afford to remain in the rural areas in which they desire to live and work.

The design of the project: "*Community Catalog Showrooms*"

Twenty communities in southwest Iowa will be piloted from this grant. A downtown empty storefront will be secured. Window dressing and signage will be designed and produced that will be consistent in color scheme, copy and uses the "Iowa Sales Network" as its name. Thirty artisans and ten microbusiness upstarts will be solicited to participate. Each will display a product in their community showroom and have a choice of providing product for 4 other community showrooms at a cost of \$50 per showroom. (It is not our thinking that these small businesses can afford to provide 20 pieces of their product for display and not sale.) The chambers of commerce will place a webpage on their site of the community showroom. They will also be provided with full color brochures with thumbnail pictures of the products and contact information on each vendor for ordering purposes. A well traveled commercial site, such as the local Casey's or Kum and Go, will also be asked to display the brochure in case chambers are closed as tourists pass through the community. However, the main emphasis is to use the chamber Web site to facilitate the sales. The storefront signage and the chamber web page will list other "showroom" communities so that people will be aware of them and stop to see the displayed goods. The storefront signage will also list contact and product information of the goods displayed in that showroom along with the local chamber as a physical contact and web site contact. The individual chamber web page will allow for virtual entrance into all of the showrooms and display thumbnails of all the products being sold within all of the showrooms. This allows the microbusiness to access consumer markets far beyond their local and even regional trade areas by providing exposure of their products to those who once lived in Iowa and still have local ties and loyalties to the region along with viable marketing to the tourist trade.

Because these artisans and crafters can not afford to sell their good wholesale to area and regional gift shops, they must rely on their own marketing efforts. This provides them with a means to reach a broader consumer base while maximizing the return on their products.

The design allows for complete sustainability. After the first year, the members of the cooperative can decide as a group how to proceed: add more showrooms, solicit more vendors, generate a greater revenue stream to cover costs from the showroom rental fees, etc. From this revenue stream they will also be able to hire someone to update the web pages.

A grant for equipment and software has been submitted to Hewlett Packard. If awarded, the resources can be used to train this group in the information technology necessary such as digital photography, cashflow analysis, web site maintenance, promotional piece design and production, etc.

Publicity and Solicitation of Vendor Design:

- ◆ Twenty communities will be targeted that will have: 1.) a chamber with an existing web presence, and 2.) a good “showroom” location and availability.
- ◆ A presentation on the project will be made to the Southwest Iowa Coalition (SWICO) which has a strong membership base of economic development organizations and chambers of commerce.
- ◆ Information on the project will be sent out via the SWICO’s e-mail database.
- ◆ A series of 5 meetings within the region will be scheduled for lead organizations and potential vendors.
- ◆ Notice and information will also be sent via e-mail to those on the previously mentioned data base about the meetings.

Potential Challenge – proactive response:

There might be the potential for downtown retailers to see it as “unfair” that competition is being established for them through grant funds. The answer is simple:

- 1.) The vendors are paying rental for the display of their goods
- 2.) The chamber web site will also provide information on retailers in the community and their products strengthening their individual marketing efforts.
- 3.) The established retailers will be exposed through the networking of the chamber sites for the showrooms to a broader customer base themselves.
- 4.) The growing publicity of “Showroom” communities has the potential to heighten tourism trade for their community and thereby increasing their sales.

Do you have specific objectives for your project?

First, a cooperative of artisans, handcrafters and small food packagers will be formed which will promote the participants’ products across a 22-county area of southwest Iowa by displaying the products in empty storefronts in the downtown areas. The chambers of commerce Web sites will be utilized to list product and contact information for the consumer to place orders directly with the producer/retailer. Additionally, each chamber will be supplied with hard copies of the vendor contact information for those who might not have access to or choose not to use the Internet. However, the main focus will be to use the Internet as the communication vehicle. Links from the Western Iowa Tourism Site, local newspaper Web sites and sites promoting buy local will also be established to promote the “Iowa Sales Network”.

Secondly, many entrepreneurial ventures are never realized because they cannot overcome the marketing and advertising costs associated with their business. The Iowa Sales Network will provide them an avenue to get their product to market, which will make some of these entrepreneurial ventures now feasible.

And, while this can and will be implemented on a stand-alone basis, a much more comprehensive project, *The Southwest Iowa Entrepreneurial Center*, with a proposed physical location at the Wallace Foundation for Rural Research and Development in Lewis, IA, has been

designed and is seeking legislative, grant and foundation funding for beginning its operation. A component to the Center is, The Iowa Sales Network a much more comprehensive Web based e-commerce site complete with marketing, advertising, shipping and billing for all types of businesses from small agricultural producers to retailers to service providers for the state of Iowa. The developed storefronts have been identified within its design as a necessary promotional component for the site. By maintaining the name identification (Iowa Sales Network) these participants and the storefronts can be easily transitioned into the larger project as funding becomes available.

Finally, the revenue generated from the Iowa Sales Network will sustain technical assistance and educational programming for microentrepreneurs needed as they begin and expand their businesses.

Do you have specific outcomes that you are hoping to achieve or measurable indicators that you will be using to evaluate the success of your project? The goal for this proposal is to develop a cooperative of 30 established, creative business people and 10 newly emerging entrepreneurs to display their products in storefronts in 20 communities making the products available to local residents and to visitors and tourists to those communities. The expectation is that this will improve annual sales of the established vendors by 30% and facilitate the start or product/market testing for 10 emerging entrepreneurs the first year.

What important factors were considered in determining the approach to use? The pricing of the products often does not allow the business owners to wholesale their product to gift stores. Therefore, a method needed to be developed to allow them to market their product directly to the consumer. Also, because the profit margins do not allow for new microbusiness ventures to adequately market and advertise to a broader market, they never come to fruition.

Economic development groups within the region have voiced their opinions that the needs of microbusinesses should be addressed to their regional advocacy and financing groups such as the Southwest Iowa Coalition and the Grow Iowa Foundation, Inc. The cooperative would address the issue of providing these micros access to consumers that they are not currently able to individually.

Are there unique community characteristics, unique features, or key factors regarding the approach planned that led you to conclude the approach selected is most appropriate for your community? Southwest Iowans involved with economic development within this region are well aware of its isolation and the lack of ability to link to a viable economic trade center. They are also keenly aware of the potential economic impact home based businesses and microentrepreneurs can make to sustain the region if the appropriate technical assistance and marketing venues are made available and affordable to them. This approach takes a group of established producers and uses the market already created by the fall festivals and farmer's markets in order to provide access to their products on a twelve-month basis and then extends the market by exposing visitors to the region to the products as well extending the market beyond the geographic area.

What led you to believe this concept is needed or doable in your community or region? In addition to the statements made above, more and more activity can be witnessed by economic development groups and chambers seeking avenues for technical assistance to and marketing opportunities for their area's micro-businesses. Examples:

- ◆ A consult was requested by the Shelby County chamber director from the Extension to Communities field specialist in December of 2003. The director stated that she could

identify between 25 to 40 micro businesses in need of technical assistance or marketing avenues for product in her county alone.

- ◆ The Southwest Iowa Coalition (a grass roots advocacy group for the southwest Iowa region) hosts a “Taste of Southwest Iowa” at the Capitol for legislators to sample specialty food products from the region. They have to limit their participation.
- ◆ Sub-regions in the area are investigating “contracting” of resources to support entrepreneurial endeavors. A 5-county group in the western/northern part of the region has galvanized their energies and brought speakers and organizations in such as Ernesto Sorolli and MyEntrenet as potential service providers.
- ◆ A list of crafters and artisans has been developed by Fantasia Marketing Services (home based in Red Oak) and a small business trainer of 15 years that will be targeted for the project.
- ◆ During two recent Community Vitality Center community assessments in Corning and Bedford, as a part of the CVC *Communities of Distinction Project* it was stated that ‘more development and networking for regional artisans and craft entrepreneurs was needed.’

Regional groups such as the Southwest Iowa Coalition, regional/county economic development organizations and chambers will be of great assistance in getting the word out on the project and soliciting potential participants to informational meetings. A database is available of artisans in the area from craft show vendors, Taste of Southwest Iowa, and from small/micro business training classes will also be used to publicize the availability of the *Showrooms*.

Specific observations have been made as well with regard to the “*Showroom Project*” design. In observing online businesses, it is seen that many of them move to brick and mortar businesses to allow consumers to see the actual products; to fulfill the pleasure of "window shopping" and the convenience then of ordering from the comfort of home on a timely basis. An observation of catalog stores in tourist areas reveals that product is not leaving the stores so the conclusion can be made that these stores simply promote the product for purchase later by catalog. The proposed cooperative takes these lessons learned and makes them available to the microenterprises in our rural communities.

Where did you get the idea for your project and have you visited or found information about other communities in Iowa or other states that have used similar concepts? If so, please list them. This is a concept that has been in development over several years. It came through a combination of conversations with microenterprise owners regarding their needs, a study of successful online businesses, observations of successful fall craft festivals and farmer's markets, and observations of the support of local communities by those who have moved away from the area but still call it "home."

Are there specific steps & procedures that are planned for implementation?

Task/Responsibility	Time-Frame
Identify artisans who want to expand their seasonal businesses into year-round operations: use of craft show databases of participants, SWICO e-mail list, Taste of Southwest Iowa participant database for packaged food producers, network with chambers and economic development groups	Month 1
Identify 10 newly emerging entrepreneurial retail ventures: use of SWICO e-mail list, Wallace Foundation database on niche value added food producers, Taste of Southwest Iowa participant database for packaged food producers, and the use of a database by a regional microenterprise trainer.	Month 1
Identify storefronts that can be used for displays at no cost or low-cost	Month 2 – 3
Network with chambers and prepare web pages for sites	Month 2 – 3

Develop storefront(s) signage and display area(s)	3 – 4
Develop and print vendor list/pamphlet for display in chambers	Month 2 – 4
Develop tracking mechanisms and reports for capturing data on sales generated	Month 2 – 4

Who will be involved in making the decisions and implementing the steps?

Roxanna Sieber – small business trainer/Iowa Sales Network designer/consultant

Lynn Adams – Iowa State University Extension, community resources

Keith Booth – Wallace Foundation for Rural Research and Development, development director

How many existing and potential collaborators, local affiliates, or entrepreneurial enterprises or service providers do you anticipate being involved? We will collaborate with 40 entrepreneurial enterprises; the Southwest Iowa Coalition; the Wallace Foundation; 15 economic development groups and chambers of commerce.

Describe the Source, Type (\$ or In-Kind), and Amount of any Local Matching Resources.

We anticipate about a \$8,900 match to the \$10,000 grant if awarded. These will be in the form of “in-kind” as with salaries that will facilitate web site design, brochure design, coordination assistance, etc. The cash portion of this match will come from the rental charges to the artisans and crafters. A \$55 per window will be charged to each vendor. There will be some who choose to have more than one window at \$55 each. So, we expect over \$7,000 to be generated from these rentals to assist with the design and signage for the storefront windows.

Please provide a brief budget description of plans to spend CVC funds.

Fiscal agent: Wallace Foundation for Rural Research and Development

FEIN #: 42-1373114

	Grant <u>Requested</u>
Salary (Itemize)	
Benefits (Itemize)	
Communication	\$ 864.50
Supplies & materials	
Travel	\$ 1,415.50
Publicity/Marketing	\$ 820.00
Other	
Contracted services: window dressers/coordinator	\$6,900.00
 Total Direct Cost	 \$10,000.00

See attached details.

BUDGET DETAILS:

Line Item	Description	Grant Amount
Contracted Costs		
Contract coordinator	171.45 hours at \$35. hour	\$6,000.00
R. Sieber with over 20 years of small business training & store front work		
Contract window dressers	20 windows – 3.0 hours each @ \$15. hour	\$900.00
Clarinda Sign Company;		
Fantasia Marketing Services		
R. Sieber, consultant		
Materials/Supplies		
5,000 full color brochures	Product and vendor contact information	\$400.00
Postage/ Envelopes	Phone requests to chamber for brochures: 300 requests at .37 each postage/ box of 300 envelopes at \$6.50	\$117.50
Travel		
Travel for coordinator	50 trips at an average of 50 miles each at \$.31	\$775.00
Window display development	14 trips (3 windows each trip) 125 miles @ .31	\$542.50
Meals	14 @ \$7	\$98.00
Marketing & Promotions		
Web page on 4 for-profit sites	\$35. a month for 3 months X 4 sites	\$420.00
R. Sieber, developed & maintains the Villisca Review web site for small businesses		
Other		
Telephone Long Distance	Coordination of vendors/materials and supplies	\$747.00
Total Direct Costs		\$10,000.00