

# **Entrepreneurship and Community Vitality: A Report of Ten Public Deliberation Forums Across Iowa**

*January 2003*



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# *Entrepreneurship and Community Vitality: A Report of Ten Public Deliberation Forums Across Iowa*

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## Executive Summary

During October to December 2002, a series of community forums on the topic “Entrepreneurship and Community Vitality” was held at 10 locations around Iowa. The Entrepreneurship forum series was a project sponsored by the newly created Community Vitality Center — a multi-institutional consortium lead by community leaders from across the state. This collaborative project was carried out by the Iowa Consensus Project a program of the Iowa Peace Institute, Iowa State University Extension, USDA Rural Development and with the help of project team members representing diverse interests and local forum host committees from ten Iowa communities.

Forum locations ranged from the county with the state's smallest population to a metropolitan area. Forums were hosted in Jefferson County (Fairfield), Adams County (Corning), Cass County (Atlantic), Palo Alto County (Emmetsburg), O'Brien County (Sheldon), Benton County (Vinton), Des Moines County (Burlington), Johnson County (Iowa City), Bremer County (Tripoli), and Webster County (Fort Dodge).

The process used for the forums was the public deliberation model of the National Issues Forums as developed by the Kettering Foundation. This approach outlines three to four broad approaches for addressing a public issue, followed by participant discussion to analyze the approaches, identify common ground, and articulate any next steps.

An issue framing process with 20 people from across Iowa defined the policy question for the forums as: “What, if anything, should our community do in support of entrepreneurs and business startups?”

The three approaches identified for forum discussions were:

### *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. Coordinating 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. Building Connections, Strategic Networks and 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.

## *The Participants*

There were 285 people who participated in the 10 community forums. The participants were predominately white, although minorities were represented at some forums. There was a higher percentage of men than women, although many women also attended. Reflecting Iowa demographics, a majority of participants were over 40 years of age; however younger participants were represented at most sites. Local participants generally included economic development professionals, entrepreneurs, local government officials, business people, lenders, farmers, area small business service providers, and private citizens. At most forums, people from several communities attended drawing from the county and adjacent multi-county area.

## *Participant Survey Results*

Forum participants were asked to complete a questionnaire both immediately before and right after the community conversations. While the questionnaire results do not represent a scientific random sample, they do represent a self-selected sample of people who are interested enough in the entrepreneurship topic to attend a public meeting and express their ideas. Of the total 285 participants, 187 (65 percent) submitted questionnaires for inclusion in this analysis.

- Of the total respondents, 60 (32 percent) were currently involved in a start-up business, 36 (19 percent) reported thinking about starting a business, and 59 (32 percent) provided training or services to entrepreneurs.
  - Fifty-six percent of the survey respondents agreed that they knew residents in their community who had good ideas and were willing to start a business, 32 percent were not sure, and 12 percent disagreed.
  - Forty-six percent of respondents disagreed that the greatest local barrier to successful entrepreneurship was lack of viable projects, 28 percent were not sure, and 26 percent agreed.
  - Sixty-four percent of respondents agreed that the greatest local barrier to successful entrepreneurship was lack of seed capital, 20 percent were not sure, and 16 percent disagreed.
  - Forty-eight percent of respondents agreed that entrepreneurial skill for managing new business was the greatest barrier to successful entrepreneurship, 28 percent were not sure, and 24 percent disagreed.
- Regarding participant attitudes on the three approaches for assisting entrepreneurs:
- Seventy-two percent of respondents disagreed with the notion that assisting entrepreneurs should solely be a private sector initiative without public sector involvement, 17 percent were not sure, and 11 percent agreed with this notion. The post-forum ballots showed little change.
  - Eighty-eight percent of the respondents agreed with the notion that local government and private sector leaders should develop community partnerships to create entrepreneur development, business startup and seed capital programs, seven percent were not sure, and five percent disagreed. Post-forum ballots confirmed that 84 percent agreed, seven percent were not sure, and nine percent disagreed.
  - Sixty-seven percent of the respondents agreed with the notion that entrepreneurial development should involve linking local entrepreneurs with regional expertise, strategic networks, regional development organizations and industry clusters that fit specific ventures, 26 percent were not sure, and seven percent disagreed. Post-forum ballots confirmed that 66 percent agreed, 18 percent were not sure, and 16 percent disagreed.

## 20 Steps Toward Community Entrepreneurship

Below are 20 ideas that summarize many of the forum suggestions. Various communities and service providers are currently implementing several of the ideas.

1. Organize entrepreneur clubs, forums, and networking opportunities for entrepreneurs.
2. Create a task force to develop a directory about products and services produced by small startup businesses and entrepreneurs to help create consumer awareness and market demand for their products and services.
3. Create a task force to develop a directory of local entrepreneur support resources such as mentoring opportunities, local seed funds, or regional revolving loan funds.
4. Create and publicize a local point of contact so potential entrepreneurs know whom they can contact to learn about local resources, programs, expertise, assistance, and support.
5. Create steering committees/advisory boards to organize mentoring programs, small business development programs, chapters of the Senior Corps of Retired Executives (SCORE), and/or opportunities for entrepreneurs to interact with active business leaders.
6. Create steering committees/advisory boards to hire and train, or contract professionals to create enterprise facilitation, business doctor, business coaching, or mentoring programs. Examples mentioned: Sirolli Institute workshops, Small Business Development Centers (SBDC) advisory boards, and others.
7. Organize steering committees/advisory boards to create incubator facilities and hire a startup business development director to create a business incubator program. Six of ten forum sites either had or expressed interest in developing a business incubator program.
8. Create community foundations for attracting and channeling intergenerational wealth into seed funds, entrepreneurship development programs and endowments for entrepreneurs.
9. Use local volunteer assistance, AmeriCorps, and Iowa Volunteer Service to organize small business and entrepreneur support programs.
10. Sponsor local entrepreneur short courses, schools, academies, institutes, and fairs.
11. Develop college intern programs to bring student entrepreneurs to communities. "Life in Iowa" program is start. Create community incentives to recruit entrepreneurs like doctors.
12. Create forgivable scholarship programs and/or provide more financial assistance to help young people start new businesses or take over existing business in target communities.
13. Use alumni groups to identify, invite and attract experienced former residents back home.
14. Create a statewide program to connect prospective entrepreneurs and business opportunities with business people nearing retirement (similar to young farmer programs).
15. Give some emphasis to youth, women, and new resident entrepreneurship development.
16. Use farm bill resources to stimulate entrepreneurial projects in rural community vitality, telecommunications, seed capital, value-added agriculture and renewable energy.
17. Encourage use of SBA and USDA loan guarantees and Small Business Innovation Research (SBIR) grants that can lead to feasibility study funds and government contracts.
18. Create a one-stop contact group of relevant agencies and entities (similar to housing) so entrepreneur project applicants don't waste time/resources in making multiple contacts.
19. Countywide and regional coalitions are important for developing collaboration opportunities, generating political support for small business development resources, and learning about enterprise synergies, innovations and experiences from other communities.
20. Community developers are more interested in regional opportunities for voluntary collaboration on projects when it makes sense—not mandatory regional consolidation.

# Public Deliberation Forums - Entrepreneurship and Community Vitality



Many communities in Iowa are facing population decline, especially of young people. In many communities, once bustling main streets are lined with empty storefronts. Farm numbers are continuing their 70 year decline. What can Iowans do to reverse the trends? Many see entrepreneurship as a strategy for enhancing community vitality and adapting to changing times. Entrepreneurship potentially appeals to every Iowan who has ever had dreams of creating a new business, turning a hobby into an enterprise, or adding a new venture to an existing business portfolio. Potentially, entrepreneurship can include traditional businesses, value-added agriculture, women, ethnic minorities, youth, and people from all walks of life. Entrepreneurship is open to anyone with the right idea at the right time, with access to resources and the ability to manage risks. One half to three fourths of new jobs created nationally each year come from small businesses. Yet Iowa ranks 49<sup>th</sup> in the nation in new business startups. Iowa has generally focused most of its economic development resources toward retention and expansion of existing businesses and recruiting new businesses from outside the state.

What would it mean for the vitality of Iowa communities if the focus was instead on local entrepreneurs and business startups? A number of initiatives to support entrepreneurial efforts have recently emerged in Iowa and in surrounding states. Five Pappajohn Centers for Entrepreneurship have been created since the mid-1990s. The Department of Economic Development has supported the creation of a venture capital network. New seed capital programs were approved last year by the Iowa General Assembly and by Congress in the Rural Development Title of the 2002 Farm Bill. However at a time when entrepreneurship would appear to be of higher interest among Iowans, funding for Small Business Development Centers (SBDCs), the Leopold Center for Sustainable Agriculture and other economic development efforts faced funding cuts due to the state's fiscal stress. For example, last year there were 16 SBDCs serving about 3,000 small business clients per year. Today, there are 13 SBDCs. Southwest Iowa experienced an elimination of two SBDCs due to reductions in funds.

To give Iowans a chance to discuss what they want for the future of their communities and specifically how entrepreneurship might play a role, the Community Vitality Center (CVC) — a multi-institutional consortium lead by community leaders from across the state, sponsored a series of ten forums across the state in the fall of 2002. The CVC collaborated with the Iowa Peace

Institute's Iowa Consensus Project, ISU Extension, USDA Rural Development and others to coordinate and conduct the forums where citizens considered the question, "What, if anything, should our community do in support of entrepreneurs and business startups?"

## The Process

As Iowans struggle with how to adapt to social and economic changes, informed choices often require reasoned reflection and a shared sense of community direction. The Kettering Foundation has developed a process that encourages thoughtful conversation and deliberation of public policy issues rather than debate and contentiousness. The CVC chose to use the Kettering National Issues Forum process both to create the framework for deliberation and deliberate the issue of entrepreneurship and community vitality. This was done in order to engage citizens in conversations that would lead to identifying common ground and next steps, and to produce this statewide report.

Following the Kettering model, the community conversations were structured around three approaches to the "what should we do in support of entrepreneurship" question. These approaches were developed during two half-day sessions in August with the involvement of 20 participants from around the state. A document called an issue map that included descriptions of the approaches along with specific examples, benefits and drawbacks, and key tradeoffs for each approach was produced.

## Site Selection

In August 2002, an invitation letter was distributed to the CVC Governance Board members, Project Team members and to community leaders through the statewide County Extension network. Project team members contacted potential hosts in several communities. An effort was made to include a wide geographic area. The expectation was that communities particularly interested in this issue would come forward. Those receiving the invitation letter were asked to contact local leaders, entrepreneurship groups, and development organizations to determine interest in hosting a forum. The first ten communities to officially express interest were confirmed as site hosts. Since fulfillment of the initial request, representatives from nine additional communities have expressed some degree of interest in hosting future forums.



## Ten Forums

The ten forums were held in October, November and December. Five were held in the western half of the state in small (Corning in Adams County, Atlantic in Cass County, Emmetsburg in Palo Alto County, Sheldon in O'Brien County) or medium-sized (Fort Dodge - Webster County) communities; two in northeast Iowa in small communities near cities (Vinton – Benton County and Tripoli – Bremer County); two in cities (Iowa City in Johnson County and Burlington in Des Moines County) and in one small town in southeast Iowa with a unique community within a community (Fairfield in Jefferson County). In most cases participants came from throughout the county and in some cases from multiple counties. Attendance ranged from 10 to 54, with an average of 28 (not including conveners and organizers). Discussions were held in one, two or three groups, depending on the number of participants and space available. Forums were generally two and a half hours long. Eight took place in the evening and two during the day. The Iowa Peace Institute, through its Iowa Consensus Project, provided leadership for moderating and recording the forums with some assistance by USDA Rural Development and ISU Extension staff.

## Who Took Part?

There were 285 people who participated in the forums. They were predominately white and older, reflecting Iowa's demographics. There was a higher percentage of men than women. There were a few minorities and younger participants (under 40 years old) at most sites. Economic development professionals, entrepreneurs, elected officials, bankers, farmers, and interested citizens were generally represented at most sites. Most forums drew people from several communities in the county and the nearby region.

Forum participants were asked to complete a questionnaire both immediately before and right after the community conversations. Of those who submitted questionnaires, 60 are currently involved in a start-up business, 36 reported thinking about starting a business and 59 provide training or services to entrepreneurs.

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Most forums drew people from several communities in the county and the nearby region.



## Findings: What Did People Say?

This section summarizes what was discussed. It is based on notes recorders posted on flip charts at the forms and on responses to the pre and post forum questionnaires. As such it reflects the diverse voices heard at the forums. Each forum was unique; yet there was broad agreement regarding the value of supporting entrepreneurship as well as the direction people want to take to reinvigorate their communities.

### Personal Experiences and Concerns: *"Some parts of Iowa grew. Why not all?"*

In many forum discussions, participants expressed a concern about the future of their cities and their desire to find a way to achieve economic growth and stability without losing the character and integrity of their respective communities.

Often forum participants expressed concerns about the aging and declining population in their communities. "Young people are leaving to find jobs either in the urban areas of Iowa or in other states," said one person. "Starting a business is more costly and complicated than it used to be so when business owners and service providers reach retirement age there are very few young people to take their place," said another. "People leave and go elsewhere for shopping and services while storefronts on Main Street stand empty," said a third.

Small farms no longer support families the way they used to according to forum participants in Tripoli. A farmer there said he was struggling to raise a family of four children. He commented that when he was a boy, working the same number of acres would have provided enough income to support four families and today it's not enough to support one. Another retired farmer in southwest Iowa said he borrowed \$5,000 to buy a tractor and that was all it took to get him started in farming years ago. "Young people today can't go into farming" he said "it requires too much capital up front and there is too much risk, too much debt... today one tractor costs what machinery for the whole farm used to cost." Several forum participants said that in their view that it was the family farms that brought wealth and vitality to their particular communities. They suggested that the populations of their communities are now shrinking as the farms are disappearing and people move away in search of employment. In addition, some thought that family farms are increasingly being replaced with large corporate-styled farming operations that, in their view, do not support the community.

## Entrepreneurship and Community Vitality

*"Where there is entrepreneurial activity, there is hope in the community."*

"Entrepreneurship can play a significant role in reinvigorating Iowa communities." This was heard at every forum. From addressing concerns about population decline and dwindling tax bases, to adapting to changing realities and fostering a vibrant community, participants mentioned myriad ways they felt entrepreneurship positively affects the health of a community.

Many expressed the belief that job creation and new opportunities for good paying jobs would bring young people back, encourage others to come, and allow people who have a stake in the community to stay and enjoy the quality of life they don't want to give up. Some expressed the view that jobs created by small businesses and entrepreneurs are especially welcome. "They create niches that can meet diverse needs and interests while spreading the risk of losing jobs," said one participant. At several forums it was brought out that it is better to have ten small businesses that employ five people each than one large business that employs 50 people.

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*"Entrepreneurship can play a significant role in reinvigorating Iowa communities."*

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According to forum participants, entrepreneurship can mean improved quality of life in a community and for families. Small businesses can meet a wide range of needs, foster openness to new ideas, and in turn attract a broader more diverse population to a community, including a range of ages, ethnic backgrounds, and life experiences. "Creative ventures into value-added or non-traditional agricultural commodities such as antibiotic-free beef, organics, and grapes can make it possible to stay on the family farm," said one farmer. Perhaps even more important for some families is the opportunity expressed by another farmer to create ag-based industries that allow at least one parent to farm and stay at home with the children. This can be extended to other home-based entrepreneurs who value time with their families.

Enriching and widening the tax base was often cited as a benefit of fostering entrepreneurship in the community, but one participant said that the issue of stability and investment in the community was more important than just more money. Several times the question of what defines entrepreneurial success came

up: "Fundors define success as profit, rural business defines success as being able to stay here," said one person. "When making decisions about supporting business, is the goal to develop the community or to make money?" asked another. Some participants from small communities viewed the state's perception of entrepreneurial support as being very different from theirs. One remarked that rural towns wanted to see home-based and small business projects involving a few people funded rather than \$500,000 ventures funded by the state. "Home grown businesses will be loyal to a community; the money stays in the community and businesses will not abandon the community," one community leader said. "Local businesses have a stake in the community and, because of the commitment, they provide stability," he added.

Some participants expressed the view that the most compelling reasons for supporting local entrepreneurship were intangibles such as community spirit and hope. "Filling empty buildings, seeing local businesses prosper, experiencing the creativity and energy an entrepreneurial mindset brings to a community can boost morale and community pride," one participant said. "There is a synergy that coalesces, which also positively affects existing businesses. Or, put more graphically, there is a "popcorn" effect where success draws and builds success not only in business, not just economically, but spills over into the cultural and social life of a community," he continued.

Several participants mentioned tensions between entrepreneurial goals and community needs. In order to be successful, entrepreneurs must have a narrow focus concentrating on the success of their enterprise, while a community looks at meeting the needs of all. An entrepreneur looks out for him or herself; communities have to have a broader vision," they concluded.

### Some Forum Highlights:

The forums provided an opportunity for local groups to communicate, clear up misperceptions, and to take steps to prevent future 'information disconnects.' For example, in one community, local economic development leaders shared their impression that needs of entrepreneurs in their area were being met. However, several entrepreneurs in the group said they had received no help locally and were basically on their own to start their businesses. They did their own research on similar ventures in other communities in Iowa and outside the state. What assistance they did receive came from out-of-town resources in the region. By the end of this particular forum both groups pledged to open channels of communication by forming an entrepreneurship advisory task force.

Another example of information disconnect was evident at more than one forum when entrepreneurial participants expressed concern that the new venture capital initiatives are not likely to "trickle down and out" to the rural areas. A representative of a regional council





## The Three Approaches

"All approaches are valid; it depends on the type of business and community capacity."

of governments described the availability of a revolving loan fund for startup businesses. However, some entrepreneurs in the audience were not aware of the revolving loan fund prior to the meeting and one minority entrepreneur said emphatically that she wished that she had known about the fund when she was still in business. Participants believe that having a stronger local network could help to overcome these types of information disconnects.

Sharing of concerns seemed to help participants accept reality and respond creatively to their situation, said one participant. One farmer expressed the need for farmer entrepreneurs to work together to create networks for marketing value-added and non-traditional enterprises in growth market segments such as organic and natural foods.

Some opinions changed as a result of the discussions. In one forum, an economic development official came into the forum thinking the self-help approach was likely to be preferred by community leaders and left with the impression that a combination of community and regional connection approaches was preferred by local leaders and citizens.

Two entrepreneurs at one forum in a rural area attributed much of their recent success to Internet marketing. One received significant help from a UNI marketing class. He now has an out-of-state consultant hired to keep his products near the top of the lists generated by various Internet search engines. A majority of his sales are now generated by Internet contacts.

According to Small Business Administration statistics, about 60 percent of business startups survive the first four years and 40 percent survive the first six years. If so, only a portion of business startups survive long term. In the experience of one business incubator, the success of one or two startups is balanced by the failure of one or two others, with perhaps six additional startups that may experience mediocre performance. This adds risk and uncertainty as far as returns on investment to community strategies that invest in entrepreneurship.

Participants deliberated on the issue of "what, if anything should our community do to support entrepreneurship" by considering three distinct, though not mutually exclusive approaches.

### Self-Help Entrepreneurship

Entrepreneurship should emerge from independent initiative, perseverance, and risk taking with little public involvement. Market forces should determine which enterprises survive. Public resources should be used for other community needs.

### 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.

### Focus on Connections, Strategic Networks and Regional Linkages

Entrepreneurial projects often require expertise or a critical mass of resources that are greater than what is available locally. Regional connections, networks, and resources can be key to entrepreneurial success.

During the community conversations participants discussed the benefits and drawbacks of each approach. When time permitted there was also discussion of the tradeoffs inherent in each approach, e.g., what would a community have to forego in order to take the self-help approach? To aid the discussion and to be sure all approaches were examined from all perspectives, participants were sometimes asked questions like "what do you think people who don't favor this approach would say?" Therefore what follows in this section is a summary of the forum discussions and not a transcript of what individual participants had to say.

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*"What, if anything should our community do to support entrepreneurship?"*

## Self-Help Entrepreneurship

Some participants at each forum pointed out that self-help entrepreneurship rarely means that one is completely on his or her own. Still, many people were able to express a certain appeal to some degree of “going it alone” for the individual. Some participants were also able to articulate a limited number of benefits for the community. In terms of individual benefits, people said the independent entrepreneur is more passionate, feels greater personal satisfaction, enjoys scheduling flexibility and freedom to be creative and make his or her own decisions. If they can make it through the initial startup, he or she may have a higher probability of success, both financial and otherwise because of the dedication and hard work needed to make a business work. It was noted that the community has the benefit of the entrepreneur’s business being located in town with very little risk to public resources.

Those not in favor of leaving entrepreneurs on their own to ‘sink or swim’ expressed the view that some help is needed both with financing and in obtaining information and education about starting a business. “There is a certain isolation in entrepreneurship and it’s difficult for one person to know it all or do it all,” said one entrepreneur. “There is a big gap between having an idea and selling the product. Filling that gap successfully requires many skills,” said another. “Typically, the entrepreneur has a great idea but needs financial backing and often doesn’t know how to write a business plan, assess the market, or develop the ongoing strategy needed to secure funding and build a successful business,” said a third. “Without that help the entrepreneur loses and the community is likely to miss out on opportunities for new business startups,” he added.

The absence of a pure self-help approach was mentioned in most forums. Participants noted that entrepreneurs who do succeed often have support such as family money or connections and other advantages. The playing field is not level some participants said. For instance, women, minorities, those who are poor or disenfranchised have historically not had equal access to establishment networks, resources or opportunities, thus they often are less likely to succeed. Some believe that if a community chooses not to invest in entrepreneurship, and go with a self-help approach, it will be favoring certain groups while putting others at a disadvantage.

## Focus on Community Assets to Build Entrepreneurial Initiatives

Deliberation on the idea of utilizing community assets and resources to help entrepreneurs caused many participants to express contrasts between this and the self-help approach. In fact, many of the benefits of this community initiative approach could be seen as drawbacks of the self-help approach.

On the plus side, forum participants frequently mentioned that investing community resources and otherwise encouraging local entrepreneurs not only makes it easier for entrepreneurs to start a business but also creates more opportunities for all — especially young people. It may also attract others to the community.

“A supportive community builds pride and fuels community spirit,” said one participant. “Success creates more confidence and can-do attitudes,” said another. Many participants expressed a belief that this approach would bring stability to the community and in the end the investment would pay off in terms of generating even more success. Several forum participants talked about the need for organizing local entrepreneur forums, support groups, advisory task forces, mentoring networks and other activities to identify entrepreneurial needs and provide assistance in meeting them.

This approach was seen as a more inclusive approach in that it could provide support and guidance for all entrepreneurs and would-be entrepreneurs not just those already advantaged within established networks. Some suggested that publicly supported entrepreneurial initiatives are more likely to create opportunities for broader networks of interests including young people, women, minorities and other groups that may be left behind by the self-help approach.

Creating a local business incubator was part of the discussion at five of the ten community forums. Business incubators provide facility space and services to entrepreneurs at reduced costs. In addition, they typically provide a unique opportunity for 10 to 20 entrepreneurs located within a common facility to network with each other and to manage their startups within arms length of the incubator staff who typically have marketing, financial, and production management expertise. Entrepreneurs located outside the facility also tap into the network and expertise.

Participants at a majority of forums expressed interest in entrepreneur mentoring programs, entrepreneur facilitation, and/or entrepreneur advisory boards. A Fairfield Entrepreneurs Association is implementing a mentoring program to connect new entrepreneurs with established entrepreneurs who have started several successful businesses. Participants at three forums participated in enterprise facilitation workshops conducted by the Sirolli Institute. The Small Business Development Center at UNI is implementing a pilot program to assist five counties with implementation of local entrepreneur advisory boards.

Participants at one forum in Southwest Iowa mentioned the Manning Betterment Foundation and another foundation created by the Southwest Iowa Coalition. These foundations provide a mechanism for reinvesting community wealth into the local economic base by supporting local and area entrepreneurial projects. Foundations can attract wealth from residents who lived their life in the community or who received some benefit

from the community. In turn, they can also provide leadership in establishing entrepreneurship teams, accessing expertise, doing feasibility studies, and raising seed funds for projects.

Participants at a majority of forums expressed lack of knowledge regarding local contacts and programs available and generally agreed that greater efforts in coordination, communication, and networking were needed locally and among communities within the county or region. Community resource inventories, points of contact for information, brochures of home-business products and services, tours, clubs, forums, short courses and schools such as “Fast Track” or “Start Smart” were mentioned as low cost approaches for assisting entrepreneurs.

Support for the community initiative approach was tempered by the realization that it is more financially risky for communities and requires greater investment of time and money in businesses that may not pay off compared to Approach 1. Several participants said that it is good to talk about supporting entrepreneurs, but the reality is that resources are already stretched and there aren’t enough to go around, so other community needs may go unmet. Also, as a counterpoint to the notion that this approach is more inclusive, one participant said that support may not be available on an equal basis to all: politics get involved, mom and pop operations could be squeezed out when assistance and incentives are given to larger businesses. People with few resources who lack political clout or have trouble qualifying for financing would be left behind. It was also noted that publicly funded economic development priorities frequently change thus there is often a lack of continuity and follow through with such programs in some communities.

Those who find some aspects of the community approach to be unappealing often do acknowledge that entrepreneurs need help getting started and maintaining a business. However, many favor providing assistance to help individuals secure their own financing rather than offering what they characterize as government “hand-outs.” “All funders place accountability strings on the money they provide,” said one participant. Also there is the view that taxpayer support of entrepreneurship can be stifling: that it fosters dependence rather than autonomy. This perception contrasts with an earlier claim that no entrepreneur can really go it completely alone. Communities are often viewed as risk averse. “If they invest in local start-ups and they fail, it makes the community shy about further investment in home grown businesses,” said one forum participant.

So just how a community might provide entrepreneurial support can become a complicated political issue. The values inherent in this discussion reflect pride in community, a cooperative spirit, a desire to create a more entrepreneurial community, and the perceived good that comes from community ownership and public

involvement in creating and sustaining a vital community. Participant comments reflected many values in terms of generosity and willingness to support the efforts of aspiring entrepreneurs while at the same time encouraging independence, perseverance and hard work.

## Connections, Strategic Networks, and Regional Linkages

During the forum discussions, participants at all forums said connections, strategic networks, and regional linkages are among the keys to entrepreneurial success and community vitality. In commenting on the benefits of this approach, participants said it spreads the risk and opens up greater opportunities for funding ideas and markets. Participants noted that collaboration potentially benefits everyone by creating a greater possibility of success. “More ideas are generated and more can often be accomplished together than alone” was a perspective frequently shared in the discussions.

Several regional networks were identified over the course of the forums. Among them were CEO clubs; regional banking, business, and agricultural entrepreneur groups; business and industry trade associations, Councils of Government (COGs), the Southwest Iowa Coalition model, SBDCs, Resource Conservation and Development Districts (RC&Ds), regional development coalitions, community colleges, area extension partnerships, CIRAS, USDA Rural Development, and Department of Economic Development staff. There was much talk about the importance of relationships and personal connections to entrepreneurial success. Formal and informal networks were seen as a way to fill in information gaps, take advantage of mentors who aren’t local competitors, and generally take advantage of the experiences of others from a larger pool of potential advisors.

While having a wider range of resources was seen as advantageous, participants voiced concern about how this would impact their communities. Some feared that local interests and community identity would be threatened. “Collaboration often takes more time,” said one person. “Politics plays a role, boundaries become fuzzy and some people think that this approach would be very difficult without some way to coordinate regional activity,” she added.

The lack of face-to-face contact was viewed as a problem in many regional, national or global relationships. Trust is harder to establish and communication is more complicated with electronic transactions. Connecting with the outside world also introduces risks such as losing workers, patrons and businesses to other locations. Others thought their community might not see a benefit from regional cooperation because of the competition that exists among communities.

On the one hand, working together generates greater political clout and creates the potential to impact greater numbers of people. It also means more time and resources



are spent on regional activities and less on local projects unless the regional activities are planned so that they directly support the local projects of interest to several communities. In such cases collaboration and pooling resources may save time and effort rather than increase it.

Concerns were raised at several forums about the funding cuts for SBDCs. Many local development organization representatives indicated that when entrepreneurs come in and express interest in starting a business, they are often referred to the nearest SBDC. According to a SBDC representative at one forum, the statewide network of 16 SBDCs typically provided about 3,000 consultations annually to small businesses. About 20 percent were startups. The remainder needed problem-solving advice. This meant each SBDC handled an average of 190 consultations per year. "This year there are 13 SBDCs and each remaining SBDC has 30 percent fewer resources compared to last year," said one leader.

Difficulty in accessing state and federal resources was mentioned in several forums. Often regional clout is needed to get the attention of state and federal agencies. Some noted the need for assessing the costs of time and resources in searching for funds against the benefits that often come with strings attached. Still new farm bill dollars for rural development, renewable energy, wind farms, and business incubators generated several optimistic reactions when mentioned by participants. A myriad of programs makes it difficult for local and regional entrepreneurial teams and individuals to sort through and connect with the right program for the right idea. More than one participant mentioned the need for a multi-agency review team to review project proposals similar to what exists for housing projects.

At one forum, the availability of volunteers through AmeriCorp, Volunteer Service, and college student summer intern programs such as the Life in Iowa program were mentioned as possibilities for helping local community development groups to organize local initiatives for local entrepreneurs.

A few participants inquired about government contracts and producing goods and services that may be of interest to state and federal government agencies as a means for helping to sustain startup businesses. The federal government has a Small Business Innovation Research (SBIR) program that provides up to \$750,000 for approved small business projects for research and development of goods and services desired by sponsoring federal agencies including the Department of Defense, Department of Agriculture and several others. Iowa has not utilized this program as much as surrounding states in recent years. Government purchase of "soy-grease" was mentioned at one forum as an example of creating a significant market for new and innovative Iowa products.

Another perception raised at more than one forum is that many of the concepts discussed under the community-based initiative approach can also be conducted on a regional level. The decision about whether to "go local" or to "go regional" involves an assessment of the costs, benefits, and politics of the local and regional institutions. A few participants expressed some fear of forced consolidation and loss of local institutions and opposition to regional approaches imposed from the top-down if it means forced consolidation.

"Communities are looking for collaboration not consolidation in regional initiatives" said one participant. This statement appeared to resonate with all the other participants of one forum that included representatives from several counties. Problem solving, sharing of innovative ideas, and working together on common concerns were identified as reasons to consider collaboration across county lines.

## Tradeoffs

As forum participants discussed the three approaches and shared their thoughts and experiences, they agreed that each involves tradeoffs.

To be an entrepreneur means that an individual will have some degree of the freedom and the autonomy that comes from being one's own boss. It also means investing a great deal of time, energy and personal resources for the satisfaction and pride that comes from succeeding on one's own. Participants said that the more outside help an entrepreneur takes advantage of, the more "hoops there are to jump through" and the less freedom he or she has to make choices. At the same time they recognized that communities that choose not to support entrepreneurs miss out on many opportunities for new business start-ups. "The local economy may suffer, some storefronts may stand empty and community spirit may be dampened," said one participant.

Utilizing community resources to help local entrepreneurs requires the investment of limited funds and volunteer time and energy. So on the one hand, entrepreneurship initiatives may stimulate community vitality. However on the other hand, citizens may get impatient with the amount of time it takes for their investment to pay off. Additionally they may not be supportive of the idea of risking taxpayer dollars in support of entrepreneurship development programs or incentives.

Building regional relationships and networks opens up more opportunities for communities and entrepreneurs in accessing resources, expertise, and markets. However in exchange for these opportunities the communities and entrepreneurs must deal with more bureaucratic processes and the community risks losing local identity and control.



## Common Ground And Next Steps

Pre-forum questionnaire responses indicate that a third of the participants are currently involved in a start-up business and about 20 percent more are thinking about starting a business. Perhaps even more important, over half of the participants know someone else who has an idea and is interested in starting a business.

Questionnaire responses show that participants overwhelmingly agree that some public sector involvement in organizing programs to assist local entrepreneurs is appropriate, and particularly that local government and private sector leaders should form partnerships to provide this assistance. While the scarcity of seed capital was mentioned as the most limiting factor to successful entrepreneurship in the forum surveys, participant comments suggested some opposition to using public funds for direct investment in startups. Investing in local entrepreneurs means more than capital. Many participants believe that the lack of entrepreneurial skills for managing new business also presents significant barriers to successful entrepreneurship in their community.

Post-forum questionnaires show some change in views as a result of the deliberations and some definite ideas about what can be done in the future to support local entrepreneurs. However, the greatest value of the deliberations is likely to be the common ground and next steps identified at each of the forums.

Five themes for future action emerged from the forum notes compiled from the community conversations. Each is discussed below.

### Invest in Local Entrepreneurs

*"Take pride in what we have."*

Tapping into the resources of the local community, especially into the creative energy of people in the area who have a stake in staying and capitalizing on what makes the community unique and special, was one of the dominant themes at the forums. There is a lot of entrepreneurial potential in Iowa. In one small town it was noted that there are at least 125 home businesses in the area. Investing in local entrepreneurs means more than capital.

Although that is an important factor, information and education are equally important.

### Additional Next Step Suggestions to Support Local Entrepreneurs:

- Encourage local community leaders and development groups to consider rebalancing their economic development strategies to allocate some funding for support of business startups and entrepreneurship.
- Shift some funding to entrepreneur development programs and local business startups from incentives for larger businesses or recruiting businesses in from outside.
- Increase availability of and access to venture capital. Identify local seed capital providers and angel investors (wealthy business people and entrepreneurs who invest in new start ups). Make it easier for entrepreneurs to obtain funding and organize local angel investor networks. Investigate federal guaranteed loan programs.
- Help to create a tax environment more favorable to entrepreneurial activity.
- Sustain or enhance economic development programs that emphasize entrepreneurship: continue to support entrepreneurs beyond startup; help them through different stages of business development; expand or create business incubators; make state economic development programs more useful for and more in tune with the needs of small business people.
- Support efforts to help entrepreneurs find niche markets, pool resources for marketing, and to connect with potential customers.
- Help entrepreneurs in niche markets, capitalize on what makes the community special for tourism and provide service—instead of competing with big discount stores or malls.
- Offer greater access to courses on how to develop business plans, financial management, marketing and other aspects of entrepreneurship.
- Make affordable health insurance available for small business owners.

### Involve Youth

*"We need to involve students in entrepreneurship and have schools do more."*

Youth need to be exposed to entrepreneurship as a career option. They need to be involved in discussions such as



the entrepreneurship forums and in hands-on experiences. “Older people tend to dominate. We need to let young people try things. They might make mistakes but we didn’t get everything right ourselves the first time.” Efforts need to be made to recruit young people back to Iowa. One participant said that a person who left during the farm crisis of the '80s thought she didn’t have a choice but to leave Iowa to succeed. Young Iowans need to know that staying is a viable choice: or at least they need to know that they can return to the state if they do leave.

#### **Additional Next Step Suggestions to Involve Youth:**

- Incorporate entrepreneurship into the K-12 curriculum and extra curricular activities.
- Bring teachers who lead and students who participate in entrepreneurship programs in local schools, colleges, and youth organizations (Junior Achievement, 4-H, etc) together with the local entrepreneurship advisory groups and steering committees to learn about what is being done locally and in other communities.
- Organize a local task force to identify entrepreneurial summer internship opportunities for local youth, those who are now in college, and others who would have an interest in local entrepreneurial companies.
- Sponsor internship programs with businesses for youth and college students.
- Create a Play Station type game that is high tech and interactive, to promote Iowa communities.
- Contact alums from Iowa high schools, colleges, and universities and tell them about entrepreneurial opportunities in Iowa, remind them of the quality of life. Encourage young leaders to come back to Iowa.
- Address the affordable housing issue.

### **A Supportive Community is Essential**

*“If entrepreneurship is to thrive, it means cultivating a culture open to risk-taking, new ideas, and tolerant of failure.”*

Many resources are potentially available, but knowing where to go and being able to access information is not always easy for would-be entrepreneurs. This may be particularly true if local community development

groups have not initiated or coordinated any recent entrepreneurship efforts. Several participants experienced being shuffled from one place to another as they sought help. Others expressed lack of unawareness of what was available. Seniors and other experienced business people in the community can serve as mentors. Entrepreneurs can learn from and support each other.

#### **Additional Next Steps Suggestions for Supporting Local Entrepreneurs:**

- Create a comprehensive resource list of entrepreneur support services for each area and make it widely available in the community
- Create and advertise a one-stop-shop or point of contact so people know where to go to access support services, tap into local networks and sign up for entrepreneurial training, mentoring programs and support resources.
- Improve targeted access to information and resources for underserved populations such as minorities, women, the disabled, and all low resource persons.
- Establish more SCORE (Service Core of Retired Executives) chapters, entrepreneurs clubs or mentoring programs.
- Staff and create a local business incubator, enterprise facilitation board, and /or develop an agreement with an area SBDC to spend part time in the local community.
- Policymakers, community leaders and citizens can become more aware of proposals affecting local entrepreneurs so that they can lobby effectively. Encourage local legislators and community leaders to be more aware of proposals related to local entrepreneurship and seed capital program initiatives so that they can become aware of local impacts. Do more to inform legislators about the needs of entrepreneurs.
- Organize activities, forums, short courses and schools such as “Fast Track” or “Start Smart” to improve entrepreneurial skills and assist entrepreneurs with forming their own networks.
- There are products and services being produced and / or sold in communities that many people in the area know nothing about. Find a way to get that information out.
- Entrepreneurs can form networks and meet regularly.
- Get the forum report out to those who need to see it.
- Look at models of successful community collaboration throughout Iowa for ideas.

## Highlight Entrepreneurial Success

*"Sharing success stories can encourage other entrepreneurial ventures."*

A positive and pro-active attitude toward entrepreneurship by the public and private sector can be key to effecting change. Many communities in Iowa—both large and small—are providing models that may be of interest. In some cases leadership has been important, but community support is also important in order to sustain growth. Entrepreneurs at more than one forum expressed disappointment in previous dealings with community leaders. A critical junction for many business startups often occurs when a new business takes on new employees. Diagnosing the strengths and weakness of the firm and connecting it with people experienced with the needed skills and professional expertise can help the startup over a major hurdle. Often one entrepreneurial company creates the talent and experiences that spark other entrepreneurial companies in the community. Celebrating successful accomplishments, examining case study stories, and lessons learned during a business startup, can help to generate confidence for others to follow.

### Additional Next Step Suggestions for Highlighting Entrepreneurial Success:

- Continue the dialogue and keep the momentum going. Involve a wider range of people; articulate a community vision.
- Buy local, particularly when you can for a similar price or better service; be willing to support local businesses because of the larger commitment to community vitality.
- Hold entrepreneurial success fairs; highlight a successful business each week; celebrate local successes.
- Involve more people in community decision-making in order to prevent burnout of the few who are always involved and help people feel more invested.
- Promote diversity and openness to new people and ideas.

## Reach Beyond the Community

*"We have to set aside turf protection and work together."*

Although community identity and investing in local resources is a primary concern, some forum participants also recognized that reaching out may be essential for some communities and businesses to survive economically. This is especially true with respect to marketing, and the need to pool resources. There are

already a number of multi-county projects in progress involving high-tech and agricultural value-added products. With the advent of commercial use of the Internet, the smallest firm in the smallest town can access markets around the globe. Whether it is antibiotic-free beef, or specialty manufacturing, entrepreneurs have to tap into markets outside of Iowa, often outside the United States. The community boundaries are no longer the boundaries of the market for the local firm. However, using such strategies may require a degree of sophistication and access to marketing expertise.

In addition, buying a franchise from a national or regional business network may represent an opportunity for some entrepreneurs to fill existing gaps in skills and to receive training for a business concept with a track record. However, legal advice should be used to evaluate any agreements. Franchisers often retain many controls over the conditions under which the franchise may be operated and sold. Similar lessons and opportunities exist in agriculture as the trends in industrialization and value-added enterprises continue.

Tourism presents an opportunity to attract new consumers to community businesses. There are already a number of multi-county projects in progress involving high tech products. Working regionally makes it possible to embark on ventures that require capital and expertise not available in individual communities.

### Additional Next Step Suggestions for Reaching Beyond the Community:

- Help entrepreneurs plug into regional resources, initiatives, networks, and global markets.
- Create regional websites to link entrepreneurs.
- Be proactive and learn more about entrepreneurship in our own and neighboring counties.
- Create websites that link communities of place and communities of interest.
- Consider developing multi-county projects and regional coalitions for political support.

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*"With the advent of commercial use of the Internet, the smallest firm in the smallest town can access markets around the globe."*

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## Concluding Observations from the Forums

One forum participant expressed the idea that there are two Iowas: urban and rural. To some extent this notion may be true. At the same time, reality may not be that simple. There may in fact be several Iowas: urban, rural, prosperous, poor, university communities, small college communities, communities that are trying to hold on to the good old days, communities that are forward looking, communities that are content with the status quo, communities that are themselves entrepreneurial, and regions of the state that are distinguishable both geographically and culturally. In some regions, the culture is supportive of entrepreneurship and in others it may not be supportive. A key question often raised by forum participants on entrepreneurship and community vitality was, "what makes for an entrepreneurial community?" The forums demonstrated that people are interested in knowing what the elements are, how to identify them, and how to promote them.

For entrepreneurship to become a primary path, or even a path to community revitalization in Iowa, will require a major shift in thinking. Such a path will likely involve a shift from a business recruitment mindset and/or a mindset that is comfortable with the status quo, to an entrepreneurial mindset. Leaders in some communities, and some at the state level, may need to rethink the prevailing approaches to community and economic development, so that initiatives supporting growth and development of small homegrown businesses can occur. Leaders in some communities will have to expend more community resources to accomplish such revitalization.

Finally, community leaders and citizens in some communities will need to think more broadly about what a community is and whether they can collaborate across community lines to generate options for mutual gain.

An Iowa lawmaker recently likened Iowa's economy to a train analogy with the metro centers serving as the economic engines of growth. The forum deliberations in both rural and metro areas would seem to challenge that notion. Some but not all rural businesses depend on linkages to commerce in Iowa metro centers. Similarly some but not all metro businesses depend on linkages to Iowa's non-metro commerce. While analogies are sometimes risky, the forum discussions suggest that Iowa's economy is perhaps more like doing "the wave" at an Iowa-ISU football game. Every section has the opportunity to start the wave, but only one section does. It can be started anywhere by anyone in the stadium. However each section has to contribute to some degree in order to sustain the momentum. Strategies that target certain industries, community attractions, or growth momentum in selected communities, potentially disenfranchise others, unless some resources are set aside and allocated to entrepreneurial activity wherever it may exist or develop in the state. The forums demonstrated that a lot of entrepreneurial spirit exists in both the smallest rural areas as well as Iowa's metropolitan communities. Thus perhaps the challenge is to discover how to support entrepreneurial spirit so that all segments of Iowa's economy have an enhanced opportunity to contribute to Iowa's economic growth.

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*"Thus perhaps the challenge is to discover how to support entrepreneurial spirit so that all segments of Iowa's economy have an enhanced opportunity to contribute to Iowa's economic growth."*

## **Entrepreneurship and Community Vitality Forum Sites and Local Convenors**

**Fairfield, Iowa - October 16, 2002**

Burt Chojnowski  
Ronald Bower

**Corning, Iowa - October 28, 2002**

Chris Nelson  
Sue Basten  
Beth Waddle

**Atlantic, Iowa - November 5, 2002**

Alan Teel  
Kate Johanssen

**Emmetsburg Iowa - November 7, 2002**

George Hammond  
Jane Goeken  
Tom Alger  
Clark Marshall

**Sheldon, Iowa – November 18, 2002**

Terry Janssen  
Jane Goeken  
Clark Marshall

**Vinton, Iowa – November 19, 2002**

Linda Fischer  
Becky Stainbrook  
Renaë Tharp

**Burlington, Iowa – November 21, 2002**

Don Buzzingham

**Iowa City, Iowa – November 25, 2002**

Jan Garkey  
Jeff Zakarakis-Jutz  
Ruth Allison

**Tripoli, Iowa – November 26, 2002**

Darren Siefken

**Fort Dodge, Iowa – December 5, 2002**

Jim Patton  
Mike McCarville



Photo courtesy of ISU Extension

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