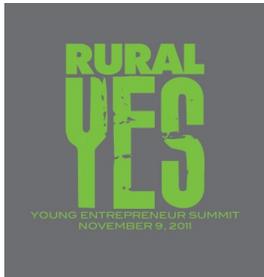




Rural YES “Young Entrepreneurs Summit”: Report of Findings

December, 2011

Dr. Mark A. Edelman and Sandra Charvat Burke



The Community Vitality Center at Iowa State University, the U.S. Small Business Administration (SBA), and the U.S. Department of Agriculture (USDA) Rural Development organized a Rural YES “Young Entrepreneurship Summit”^{1,4} to reach out to potential and current entrepreneurs in rural America. Approximately 160 participants heard presentations from federal and state officials,² a panel of rural Iowa entre-

preneurs,³ and, through small group discussions, talked about entrepreneurial issues, opportunities, and challenges. Portions of the program were live-streamed to a wider audience across the United States. This report summarizes the findings from 48 respondents who returned questionnaires after the discussions.

The participants were asked to classify themselves as to whether they were a prospective

Table 1. Percent of respondents (n = 48) indicating that an entrepreneurial resource is available in their community or region.

| | |
|--------|--|
| 58.3 % | A local point of contact for new entrepreneurs to learn about local entrepreneurial resources and networks. |
| 58.3 % | Local financial institutions that provide loans to business startups. |
| 47.9 % | Entrepreneur education programs and short courses that occur at least annually. |
| 41.7 % | Links to regional, state and federal business development and capital assistance. |
| 41.7 % | Access to broadband and internet expertise in digital media design and marketing. |
| 33.3 % | Local revolving loan funds that provide loans to business startups. |
| 33.3 % | Entrepreneurship support from development corporations and local government. |
| 29.2 % | Local entrepreneur mentors and business coaching networks for business startups. |
| 29.2 % | Recognition and awards for successful entrepreneurs to inspire others. |
| 27.1 % | Active youth programs to develop, recruit, and retain young entrepreneurs. |
| 25.0 % | Local business plan competitions for helping to launch business startups locally. |
| 18.8 % | Local networks where entrepreneurs share ideas with peers for solving challenges. |
| 16.7 % | Entrepreneurial initiatives that encourage women and minority entrepreneurs. |
| 16.7 % | Local seed and equity capital funds for investing in business startup ventures. |
| 16.7 % | Champions for local entrepreneurial programs, initiatives, and support services. |
| 14.6 % | Retired farmer & business owner incentives to transfer assets to young entrepreneurs. |
| 14.6 % | Local foundation support and endowments for entrepreneurship development. |
| 12.5 % | Access to shared-business startup facilities and services such as phone, reception, mail, office space, conference rooms, copiers, and office-equipment. |
| 8.3 % | Local angel investor networks that invest in local business startups. |
| 8.3 % | Support programs that cultivate large ventures involving entrepreneurial teams. |

entrepreneur or already had a business. Thirty-five percent said they were a prospective entrepreneur, 25 percent noted that they had a business that was less than two years old, while 27 percent said they owned an established business. In addition, 29 percent of those attending said they were community leaders and another 23 percent said they worked in entrepreneurial support services or agencies. A number of the respondents reported multiple roles.

Resource Checklist

As part of the group discussions, the participants were asked to fill out a checklist noting the kinds of entrepreneurial resources and support that were available in their community (Table 1). Among the various resources, the respondents were most likely (58%) to say their community or region had a local point of contact for entrepreneurs to learn about resources and that there were local financial institutions that provide loans to business startups. These were the only two types of resources for which a majority of the respondents noted availability. Nearly 48 percent said that their community or region had entrepreneur education programs or short courses and 41 percent noted their community had links to regional, state, and federal business development and capital assistance and that the community had access to broadband and internet expertise. One-third said their local area had entrepreneurship support from development corporations or local government and that there was a local revolving loan fund available for business startups. Fewer respondents (29%) thought there was recognition or awards for entrepreneurs in their community, local mentors or business coaches (29%), active youth entrepreneur programs (27%), or local business plan competitions (25%). A number of other entrepreneur supports, including seed and equity capital funds, local angel investors, initiatives for women and minorities, shared business facilities, local networks, and foundation or philanthropic support were noted as unavailable by at least 80 percent of the respondents.

Challenges and Opportunities

The questionnaire asked about entrepreneurial challenges in rural communities as well as the opportunities that exist in rural areas for starting and owning a small business. Among

the challenges, the respondents most often (35.8%) noted capital finance issues (Table 2). They said there were difficulties in finding seed funding and capital, that production costs could be high, and that there were challenges, especially during the start-up period, of having enough income from the business for their personal and family needs. Other issues for the entrepreneur that were noted are competition with big corporate businesses that may have market volume and low prices; finding good workers; regulations and taxes; awareness of programs and services for entrepreneurship; marketing expertise for their products; and support for networking.

The current interest in and emphasis on local food was thought to provide important entrepreneurial opportunities for rural communities and was the opportunity named most often by the respondents (17%) (Table 3). Some respondents said they had opportunities because they had a good customer base and market potential for their products or services, and others noted that the availability of raw materials, biomass, broadband, and various aspects of infrastructure gave them a good opportunity for business. In addition, some said that support programs, capital, and income were available to them as an entrepreneur; that the opportunity to start a business was available to anyone; and that a quality rural lifestyle and the availability of a highly productive workforce was important.

Some distinct contrasts emerged in what respondents thought to be challenges versus items noted as opportunities. Many more respondents thought that finance and capital issues were a challenge, especially regarding the availability of capital, than thought there were opportunities for entrepreneurs. Another set of participants was concerned about competition from big business while a like number thought they had a good customer base, good market potential, or relatively little competition. The local foods movement was important for these respondents and the availability of local broadband was an important infrastructure component for entrepreneurs.

Small Group Discussion Suggestions

The final portion of the questionnaire led participants through a small group discussion about what might be done in their local region, by state government, by federal agencies, and

Table 2: Challenges to entrepreneurial success in rural communities.

| Type of Challenge | Count | Percent |
|---|-----------|--------------|
| Capital, Finance | 19 | 35.8 |
| Finding capital, seed funding | 11 | 20.7 |
| High production costs | 3 | 5.7 |
| Family Income from business | 5 | 9.4 |
| Competition with big business | 8 | 15.1 |
| Lack of infrastructure, networking | 7 | 13.2 |
| Lack of workforce | 5 | 9.4 |
| Marketing | 4 | 7.5 |
| Regulations, taxes | 3 | 5.7 |
| Other | 7 | 13.2 |
| Total | 53 | 100.0 |

Table 3: Opportunities for entrepreneurship success in rural communities.

| Type of Opportunity | Count | Percent |
|--|-----------|--------------|
| Quality, local foods movement | 9 | 17.0 |
| Good customer, market potential | 9 | 17.0 |
| Availability of raw materials, broadband, biomass, infrastructure | 7 | 13.2 |
| Own boss, anyone can start a business | 5 | 9.4 |
| Support programs, help available | 4 | 7.5 |
| Income, wealth potential | 4 | 7.5 |
| Availability capital, funding | 3 | 5.7 |
| Quality lifestyle | 3 | 5.7 |
| Other | 9 | 17.0 |
| Total | 53 | 100.0 |

by local and regional foundations and philanthropic entities to foster entrepreneurship in rural areas. Although expressed in a variety of ways, the suggestions for local area improvements focused on ways to enhance local support systems. These ideas included better coordination, consistency, and integration of local networks; enhanced efforts to improve awareness of and linkages to resources; more business workshops; marketing assistance; and rural community business incubation initiatives. It was thought that local banks, governmental units, and economic development groups could better coordinate their support services along with improving access to microloans and capital. It was noted that small business entrepreneurs should have access to resources at the same level as large companies. Finally, local areas should look for ways to enhance connections with and opportunities for local youth and provide entrepreneurship programs in middle and high schools.

Suggestions for state government were, in some ways, similar to suggestions focused on local levels in that improved awareness of and connection to resources, less fragmentation of programs, and more financial resources were suggested needs that could be addressed at the state level. There were, however, suggestions that included a number of things that could only or best be done at a state or regional level. These involved tax policy changes to support entrepreneurs; streamlined state certifications and regulations; more assistance for food processing, marketing, and distribution; and supporting efforts to have consistent local access across the state to seed capital and venture capital for large and small businesses. Additional suggestions were to connect local schools and students with business entrepreneurs and entrepreneurial development

initiatives in local communities. College student debt was an emerging challenge and some suggested developing debt forgiveness programs for college students who wish to start a new business or take over an existing one in a community or rural area.

Federal level suggestions included a number of ideas focused on federal agencies. These included suggesting that the SBA simplify its loan and application process and procedures. It was noted that the USDA could improve support systems for young family farmers and beginning local entrepreneurs. The federal Farm Service Agency (FSA) could take small local food producers more seriously and improve communication. Insurance availability for small farm crops could be improved as well as efforts to provide debt financing for things the FSA won't fund through the current beginning farmers program. More federal support was suggested for organizations that help with business planning such as Small Business Development Centers and Extension. It was also noted that there should be enforcement of antitrust laws and support for rural broadband to aid business access to global markets.

Local and regional foundations and philanthropic entities might focus more support toward economic development organizations to enhance entrepreneur programs and foster entrepreneur networks and mentoring. Business succession planning programs could also be enhanced and supported by local foundations in order to retain wealth in local rural communities. Creating a culture of philanthropy and "giving back" to local communities could be used to enhance local entrepreneurial development across rural America.

¹The Rural YES "Young Entrepreneurship Summit" was held in Ames, Iowa on November 9, 2011. Approximately 160 participants attended. See list of the many organizations and web sites that co-hosted this event on page 4.

²Marie Johns, Deputy Administrator, U.S. Small Business Administration
Doug O'Brien, Deputy Under Secretary, Rural Development, USDA
Terry Branstad, Governor of Iowa
Kim Reynolds, Lt. Governor of Iowa
Dr. Mark A. Edelman, Director, Community Vitality Center

³Entrepreneurs Panel

Moderator, Rob Hach, Anemometry Specialists, Alta, IA
Matt Russell, Coyote Run Farm, Lacona, IA
Amy Strouth, Prairie Queen Bakery and Restaurant, Sheldon, IA
Pat Palmer, The Computer Guy, Hampton, IA
Mari Holthaus, Kymar Acres, Waukon, IA and President, Grown Locally Coop, Decorah, IA

www.anemometry.com
www.coyote-run-farm.com
www.PQBakery.com
www.thecomputerguy.bz
www.kymaracres.com
www.grownlocally.com

⁴Event Partners and Co-Hosts

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U. S. Department of Agriculture Rural Development
Community Vitality Center, Iowa State University
Ag Ventures Alliance and Rural Development Partners

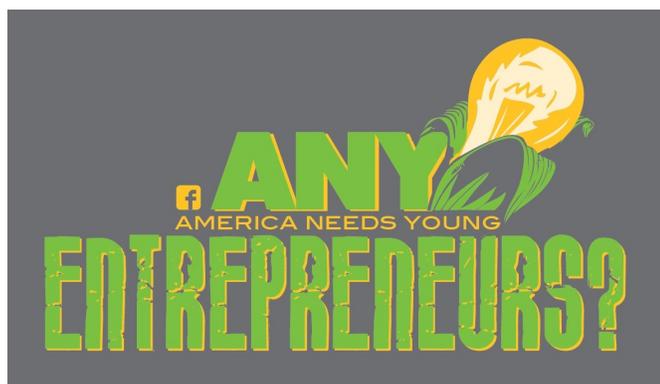
Iowa State University Extension and Outreach
Community Economic Development Programs
Agriculture and Natural Resources Programs
College of Agriculture and Life Sciences, Iowa State Univ.
MyEntre.net, University of Northern Iowa
Iowa Rural Development Council
Sprint
Dun and Bradstreet
Iowa Foundation for Microenterprise and Community Vitality (Iowa MicroLoan)
Iowa Small Business Development Centers
Practical Farmers of Iowa
Iowa Area Development Group (IADG)
Renew Rural Iowa, Iowa Farm Bureau
Young Professionals of Iowa (YPIowa)
Iowa Association of Business and Industry (ABI)
Meskwaki, Inc. and Pinnacle Bank

Community Bankers of Iowa
Iowa Bankers Association
Iowa Telecommunications Association
SCORE
Agricultural Law Center, Drake University
Women's Business Center, Iowans for Social and Economic Development
Iowa County Economic Development
Community Foundations Initiative of the Iowa Council of Foundations

Professional Developers of Iowa (PDI)
Davis-Brown Law Firm
Des Moines Area Community College (DMACC)

Web Sites

www.sba.gov
www.rurdev.usda.gov
www.cvcia.org
www.agventuresalliance.com
www.ruraldevelopmentpartners.com
www.extension.iastate.edu
www.extension.iastate.edu/communities
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See Rural YES video interviews with the entrepreneurs on the Summit Panel as they share success stories about their business enterprises.

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*Community Vitality Center
183 Heady Hall
Iowa State University
Ames, IA 50011-1070
515-294-6144
cvc@iastate.edu
www.cvcia.org
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