

Entrepreneurial Organization of the Month

Institute for Rural Entrepreneurship

Location: Raleigh, North Carolina
Director: Leslie Scott
Established: October 2003
Funding: Funded through the N.C. Rural Economic Development Center as well as various state, federal and private grants

Goals:

- To support development of a culture in rural communities that views entrepreneurship as a viable option for economic opportunity.
- To support overall improvement in the health and vitality of the small business community in rural areas.
- To support self-employment as an important source of jobs and income in rural North Carolina.
- To support development of entrepreneurial companies – new and existing – that can grow and generate jobs and wealth in rural communities.

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A New Way to Support Homegrown Jobs in North Carolina

In 2003, Leslie Scott, at that time working for the University of North Carolina, was part of a research team that interviewed rural entrepreneurs for the North Carolina Rural Economic Development Center. Among their many conversations were those with farmers and shop-owners, Native Americans and Latinos, community college teachers and small business center directors.

The team, led by Deb Markley of the Center for Rural Entrepreneurship and Erik Pages of EntreWorks Consulting, Inc., did 22 focus groups with rural entrepreneurs around the state and several interviews with business service providers..

“I was so interested in that work. I thought, “This definitely could help revitalize the North Carolina economy and take the state back to its history of entrepreneurship,” Scott said.

Only one year after Scott contracted to do the focus groups, she found herself at the helm of the N.C. Rural Center’s newest program for proliferating this southern state’s small rural businesses: the Institute for Rural Entrepreneurship (IRE).

“Doing the rural interviews was very fortuitous,” said Scott, who traces her paternal roots back the 1700s in rural North Carolina. “North Carolina feels like home to me.”

Launched in October 2003, IRE was established by the Rural Center to stimulate and support the development of small businesses in North Carolina’s 85 rural counties. But IRE is not your typical entrepreneurial assistance program.

“Our strategic focus is on helping communities and developing the capacity of community leaders,” Scott said. “We are helping communities create an environment for entrepreneurs. Really, we are practicing social entrepreneurship.”

Back to Small Business Roots

The IRE website states, “Through much of its history, Rural North Carolina has been home to small-town merchants, talented craftspeople and progressive farmers, all willing to take the risks necessary to build their businesses.”

Building on this legacy of entrepreneurship, IRE strives to tap in to the potential for small business development as a means of creating jobs and building wealth in rural communities.

“Right now, things are still pretty bad in much of rural North Carolina,” Scott said.

In the early 1900s, manufacturing empires emerged around textiles, tobacco and furniture. By the mid-20th century, North Carolina had become the most industrialized state in the southeast, providing jobs for thousands of urban and rural residents.

However, the traditional manufacturing economy is now taking a nosedive. Manufacturers have left the state to locate in countries where labor is cheaper and environmental laws are less stringent. All told, North Carolina has lost more than 200,000 manufacturing jobs in the last 10 years.

The last national recession compounded this blow to the state’s economy. From 2000 through 2003, North Carolina moved from the 12th lowest unemployment rate in the nation to the 11th highest. Tens of thousands of dislocated workers are exhausting their unemployment benefits without finding a new job.

The days when nearly every small town could expect to have two or three plants providing jobs for local residents are essentially gone.

Facing this reality and looking back to North Carolina’s entrepreneurial roots, the Rural Center embarked on a large-scale research and engagement program on rural entrepreneurship in the spring of 2003. Included in this research were the focus groups: Scott’s path to leading IRE.

“One broad theme to emerge from the focus groups – and what really struck me – is that information flow to rural areas is really bad,” Scott said. “People kept telling us that they feel isolated. Also, there are various programs in place to help rural businesses, but people were often unaware of them or not well served by them.”

The focus groups also confirmed that rural North Carolinians face many of the same challenges faced by entrepreneurs in other parts of the country: distance from markets, limited local expertise and the absence of peer networks. In some cases, competition from big box retailers, such as Wal-Mart, was freezing out small businesses.

Aside from the sense of isolation plaguing these rural business owners, three other problems were consistently cited in the focus groups: lack of access to capital, difficulties in working through the “maze” of public and non-profit support services, and the need for more training and education programs for entrepreneurs.

But the focus groups also found signs of optimism. The agri-tourism sector seems poised for growth, and most rural communities have a strong history of entrepreneurial success and a powerful work ethic on which to build a base for future prosperity.

During 1998 to 2002, rural establishments with fewer than 50 employees created nearly 30,000 jobs. In contrast, rural establishments with more than 100 employees lost 42,000 jobs. Many of the state’s economic developers now see the need to work with small businesses as well as larger ones.

Scott and her colleagues believe hope lies in this rural state’s small business legacy.

As the IRE/Center for Rural Entrepreneurship focus group study suggests, “For rural regions with limited options, a ‘grow from within’ strategy may hold the greatest promise for the future.”

Variety of Business Assistance Available

While only in existence since 2003, IRE already offers up an impressive list of accomplishments.

“The committee that established the Institute created an umbrella over existing programs in (N.C.) Rural Center,” Scott said. “They pointed out that the Center was already doing innovative work with entrepreneurs through their micro-enterprise loan program, their capital access program, their IT effort to bring broadband to every part of the state and their Agriculture Advancement Consortium.”

The Consortium is a 25-member board of agricultural leaders organized to advocate for North Carolina’s farm communities and to coordinate agricultural research and demonstration efforts that will identify and disseminate opportunities in production and marketing.

The rural information technology effort in North Carolina is called e-NC: a grassroots initiative to encourage all North Carolina citizens to use technology to improve their quality of life and their economic prospects.

In operation since 1989, the Rural Center's nationally award-winning Microenterprise Loan Program provides rural people with small business loans to help them become self-sufficient through business ownership.

Added to these established entrepreneurial efforts are IRE’s new ventures.

Program performance at IRE in year one includes a long list of accomplishments, such as \$660,000 in funds to 11 community demonstrations of entrepreneurship as an economic development strategy. The Community Development Block Grant program in partnership with the North Carolina Department of Commerce funded nine demonstrations. Two sites received funds from the N.C. Rural Center.

“I’m hopeful that there is enough excitement building in these communities that things will start to happen,” Scott said. “To me, it’s about the flow of ideas and introducing new possibilities in these small towns.”

An example of one of the demonstration grants is found in Carteret County. Called the Marine and Aquaculture Resource and Training (MART) program, it will help entrepreneurs in boat building and aquaculture – two industries slated for growth in eastern North Carolina. Training, one-on-one counseling and networking roundtables will assist these budding business people. The lead partner in the effort is Carteret Community College’s Microenterprise Development program.

In Yancey County, grant funds will support the launching of a handcraft business incubator. The grant will be used for necessary equipment for a clay tile pottery studio that can be used for hands-on training, as well as training for potters in design skills, marketing and business essentials. Leaders are also developing a craft apprenticeship program. Partners include Mayland Community College, the Yancey County Cultural Resources Commission and the Yancey County EDC.

The demonstration projects also include town-specific and regional grants.

Two regional meetings kicked off the entrepreneur demonstration projects and provided networking opportunities for those involved.

Scott said IRE is also making in-roads in helping dislocated workers in rural North Carolina to learn about entrepreneurship as a possible career direction.

The state’s Commission on Workforce Development granted IRE \$200,000 for the New Opportunities for Workers (NOW) program to evaluate self-employment as a career option for dislocated workers. Workers in 43 counties are eligible for NOW training and other resources to start a small business. Small Business Centers at 22 community colleges participate in NOW.

Scott believes that there is great potential for new and expanding small businesses in rural counties.

“People in prior years did not think of entrepreneurial activity outside of (North Carolina’s) Research Triangle area,” she said. “But in small communities, there are some really effective entrepreneurs.”

Rural areas have also benefited from various meetings and conferences hosted by IRE, as well as procurement of grants and entrepreneurship research.

The IRE website offers links to the Rural Center’s database of business indicators for each of North Carolina’s 100 counties. Click on a county and find population, economic and business statistics. The Business Resource Directory is a statewide inventory of business development services, also searchable by county. The website also now includes a directory of entrepreneurship education and training resources in North Carolina.

This new information was summarized at the 2004 Rural Partners Forum on October 1.

Scott speaks highly of this Rural Center-sponsored annual event.

“Most rural people don’t want to come to Raleigh any more than they have to,” Scott said. “But this conference is the one out of the year that they will come to. It’s a huge public education opportunity and an effective vehicle for policy influence.”

Just last year at the Rural Partners Forum, IRE was launched.

At the 2004 Forum, Scott said they hosted a small business ribbon cutting to honor businesses contributing to the economy. The North Carolina secretary of commerce was there to acknowledge all of the diverse entrepreneurs that have created jobs.

“It may be corny, but it was an effective event to show the important but often unappreciated impact of small businesses,” Scott said. “Plus, it was a ton of fun for those who were honored.”

-By Lisa Bauer, 0904

For more information on...

... the Center for Rural Entrepreneurship, go to www.ruraleship.org

... the North Carolina Rural Economic Development Center, Inc., go to www.ncruralcenter.org

... the e-NC effort, go to www.e-nc.org

... the report on focus groups in North Carolina, go to

www.ncruralcenter.org/entrepreneurship/markelypagesreport.pdf. That report is also available at www.ruraleship.org, click on Eship Across America, click on North Carolina, and look for links to the report at the Library section on the bottom of the page