
Entrepreneurship Development in Maine

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The entrepreneurship efforts in rural Maine can best be described as a work in progress. The very nature of an entrepreneurial approach to economic development requires patience. Unlike industrial attraction with its occasional “home runs,” a successful entrepreneurship strategy is about singles and doubles. Successful entrepreneurial firms often take years to reach their potential, and along the way, create jobs in increments of ones, threes, and fives.

To expect significant economic impact in Maine from the current effort is unreasonable. The final report of the partnership between Maine and the Ewing Marion Kauffman Foundation (EMKF) was delivered to Gov. Angus King and then Gov.-Elect John Baldacci in mid-December 2002. However, there are valuable lessons from this effort and signs that the spirit of entrepreneurship is starting to take hold in Maine, not only among entrepreneurs, but also within the public sector and nonprofit communities that support them.

TURNING CHALLENGES INTO OPPORTUNITIES

The emergence of entrepreneurship initiatives in the state of Maine was a response to challenges in the economic and education arenas. Similar to the circumstances that drive entrepreneurs in the private sector, state and local officials focused on disturbing trends associated with economic development and education across the state. They turned these challenges into an opportunity to rethink the direction

and scope of state and regional economic development efforts.

The convergence of three specific challenges provided the impetus for the entrepreneurship initiatives in Maine. First, companies that had been the dominant employers in Maine during the 20th Century were either closing, merging with non-Maine counterparts, or being acquired outright. Even when facilities stayed open following a merger or acquisition, there were significant economic consequences for Maine as the decisionmaking about a facility’s future moved out of state. In those instances where there was a shift to absentee ownership, corporate leadership tended to make investments to modernize or expand in new plants located outside of Maine, either in the southern United States or offshore. While the economic dislocation associated with firms that had merged or been acquired proved to be more incremental than the unemployment following a plant closing, the trend was clear and consistent (See Box 1).

Equally important, absentee ownership also meant that the profits derived from the continuing operations of merged or acquired companies were deposited in out-of-state banks. This migration of wealth resulted in a decline in local capital that is needed to fuel the start-ups and entrepreneurial growth companies that could fill the void left by declining industries.

Second, the downturn in the national and state economies had a significant impact on state revenues. State leadership acknowledged the relatively high

Box 1

ECONOMIC DISLOCATION IN RURAL MAINE

Northern Maine (Aroostook County). Aroostook, Maine's northernmost county, experienced the closure of Loring Air Force Base in the early 1990s. Aroostook County, known in Maine as "The County," has a land area larger than the states of Connecticut and Rhode Island combined. Aroostook, which harvests potatoes and other row crops, has seen declines in agricultural and forest products (e.g., lumber, pulp, and paper mills) employment.

Eastern Maine (Washington, Hancock, Waldo, Knox, Penobscot, and Piscataquis counties). Eastern Maine, especially Washington, Hancock, and Waldo Counties, has experienced the decline of commercial fishing and fish-processing industries (e.g., sardine canneries). Penobscot County, the location of Bangor, has seen the decline of traditional manufacturing industries, especially pulp and paper. Piscataquis County also has seen a decline of traditional manufacturing industries, especially forest products and shoes. Waldo County has experienced the loss of its once strong poultry-processing industry.

Midcoast Maine (Lincoln and Sagadahoc counties). Lincoln County, one of Maine's wealthier counties because of a growing retirement population, recently experienced the decommissioning of Maine Yankee, a nuclear power plant and Maine's largest generator of electricity. Bath Iron Works, a U.S. Navy shipbuilder, in Sagadahoc County has shed more than 3,000 union jobs (more than 30 percent of its workforce) over the past decade. Sagadahoc also has seen a steady decline in commercial fishing employment.

Central Maine (Androscoggin and Kennebec counties). Both of these counties, named after major Maine rivers that have fueled Maine factories for decades, have experienced the decline of traditional manufacturing (e.g., textile mills and shoe factories). Kennebec has experienced the recent closure of two pulp and paper mills.

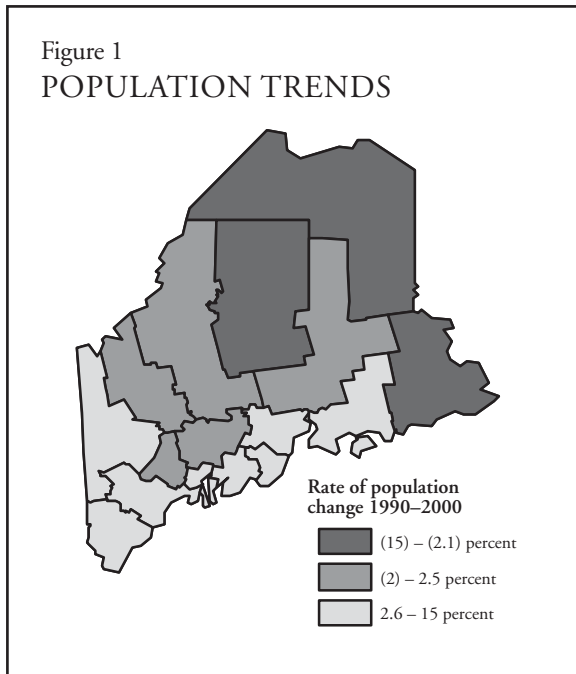
Western Maine (Franklin, Oxford, and Somerset counties). Franklin, Somerset, and Oxford counties have experienced declines in the forest products industry, especially pulp and paper. Franklin and Somerset also have seen declines in the shoe industry. Oxford has experienced a decline in the manufactured (i.e., modular) home industry.

level of public expenditure associated with attracting outside investment. At the state and substate levels, economic development officials were being asked to do more with less.

Finally, the state faced a significant challenge in many of its rural school systems. Although Maine has the lowest dropout rate in the country, many rural graduates were not going on to postsecondary education. In addition, students were leaving their hometowns after graduation (See Figure 1). Research

by the Maine Leadership Consortium, which focused on why youth were leaving the state, generated considerable debate and activity around education standards and helping public schools understand their role in encouraging rural youth to take more control over their own future.

Upon taking office in 1995, Gov. Angus King identified two issues that he thought held the key to Maine's economic future. The first was the importance of small business to the state's economy. Having



observed the decline in manufacturing and resource-based economic development throughout the state, Gov. King echoed earlier research about the role that small businesses play in job formation. Under an initiative labeled “Plus One,” Gov. King suggested that unemployment in Maine could be significantly reduced or even eliminated, if each of the state’s more than 30,000 small businesses could add just one job.

Second, Gov. King observed that Maine was a net exporter of educated youth. In some instances, this involved Maine residents who attended the state’s public schools and universities then sought employment beyond Maine’s borders. He also rued the fact that while the state’s public universities and three private colleges—Bates, Bowdoin, and Colby— attracted talented students from outside Maine, once they graduated, few chose Maine as the place to start their careers.

THE MAINE RESPONSE

To understand the current movement to encourage and support entrepreneurship in Maine, one is reminded of the first-time winner of the Academy Award who said, “I have worked at this business for 20 years to become an overnight success.” It started in different places, in different ways, and at different times. For example, the University of Southern Maine, in collaboration with the Heart of Maine Resource Conservation and Development (RC&D) Area, had been teaching the FastTrac business-planning curriculum to support active entrepreneurs since 1997. The Eastern Maine Development Corporation (EMDC) created the “Incubator without Walls” in October 1999 that included the NxLevel curriculum for aspiring entrepreneurs. The state created the Maine Technology Institute in 1999 to “encourage, promote, stimulate, and support research and development activity leading to commercialization of new products and services in the state’s technology intensive sectors.”

While these and other isolated initiatives were contributing to the renewal of the Maine economy, they were not having the desired aggregate impact. The next important event in the evolution of Maine’s commitment to entrepreneurship came when Steve Levesque, commissioner of the Maine Department of Economic and Community Development (DECD), articulated the need to focus on entrepreneurial companies and how they differed from small business. In March 2000, Commissioner Levesque established the Entrepreneurship Working Group (EWG) as a committee of the legislatively created Maine Small Business Commission. EWG began the important task of creating a vision for entrepreneurship as the center of economic growth in Maine and identifying the resources that could support the vision.

While the creation of the EWG signaled the beginning of a more systematic statewide approach to entrepreneurship as an economic development strategy, a more focused effort on rural Maine began when the Maine Rural Development Council

(MRDC) participated in the Rural Entrepreneurship Initiative (REI), jointly sponsored by the Ewing Marion Kauffman Foundation (EMKF), Partners for Rural America Inc., the National Rural Development Partnership, and the Nebraska Community Foundation. REI consisted of policy academies in four states—Maine, Minnesota, Missouri, and West Virginia—to address the unique challenges faced by rural entrepreneurs. In a January 2001 report, “Entrepreneurship as a Rural Development Strategy: Defining a Policy Framework for Maine,” MRDC identified the following impediments to a healthy entrepreneurial economy in rural Maine:

- Culture constraints.
- Community business climate.
- Lack of networking opportunities.
- Limited technical assistance.
- Capital availability.

MRDC then took what it learned from its REI experience to the next level in 2001 with a Down East Rural Entrepreneurship planning effort. The result of this effort was a four-pronged strategy for building an entrepreneurial economy in Down East Maine:

- Support business-to-business networks.
- Capture and apply telecommunications technology.
- Promote and market research and development assets.
- Build an entrepreneurial foundation through youth education.

The relationship between the State of Maine and the Kauffman Foundation that started with the Fast-Trac program at the University of Southern Maine

and grew through MRDC’s participation in the REI, reached a new plateau in January 2002 when Kauffman Foundation representatives met with Gov. King and senior education and economic development policy advisers. In his final year as the state’s chief executive, Gov. King stated that he wanted his legacy to include “starting the process of making Maine one of the most entrepreneurial states in the nation.” The proposed collaboration was unique in one additional aspect. Instead of asking EMKF to fund one or more activities in Maine, Gov. King asked the Kauffman Foundation to help Maine determine how it could best use its own resources. As a part of the effort, Gov. King urged that special attention be paid to promoting entrepreneurship in the state’s poorer, rural communities. He designated Commissioner Levesque as the lead state official and the EWG as the organizational arm of the partnership.

EMKF accepted the Governor’s invitation as it represented a unique opportunity to employ the entire range of knowledge that the Foundation had accumulated during its 10 years of experience in the field of entrepreneurship. Maine’s interest in looking at entrepreneurship as more than an economic development activity—involving K-12 and higher education officials in the process—was an additional incentive. EMKF made a one-year commitment to work with the EWG to develop recommendations for accelerating entrepreneurship in Maine. This commitment included staff support to the EWG, access to the Foundation’s knowledge base, and out-of-pocket expenses.

THE PARTNERSHIP

The first challenge for the partnership was narrowing the scope of the initiative. Based on the January meeting with Gov. King, EMKF staff prepared a menu of options for promoting and supporting entrepreneurship (See Appendix A). Eventually, the EWG identified six areas that would become the focus of the partnership effort:

- **K-12 Education**—Introducing Maine’s youth to the concept of entrepreneurship as a career choice.
- **Higher Education**—Developing entrepreneurial skills as part of a student’s formal education.
- **Adult Training**—Developing entrepreneurial skills of individuals who have completed their formal education.
- **Support Systems**—Developing systems that would respond to entrepreneurship demand in a timely fashion.
- **Policy**—Understanding where state laws, regulations, and expenditures either support or inhibit entrepreneurship.
- **E-Team**—Harnessing the time, talent, and treasure of successful Maine entrepreneurs.

Subsets of the EWG membership formed task forces to address the first five issues. An EMKF associate or consultant was assigned as a resource to each task force. Each task force identified priority issues and a work plan to address the issues.

As the task forces began to identify the current state of entrepreneurship activity within their respective subject areas, it quickly became clear that the partnership had a strong base from which to carry out its work—both from a statewide perspective and in terms of the unique issues associated with Maine’s rural areas. For example, the adult education task force pointed to the cooperative arrangement between the University of Southern Maine (USM) and the Heart of Maine RC&D to deliver the Fast-Trac program in rural communities. USM, based in Portland, acknowledged that it did not understand the rural parts of the state and partnered with the RC&D to alleviate a potential *conflict of cultures*.

One highlight of the yearlong effort was sponsorship of a Summit on Entrepreneurship Support Services. The first of two sessions focused on the needs of entrepreneurs and the current availability and quality of support services. The second session focused on the principles associated with an ideal support system, drawing on models from Kansas City, Mo., Wisconsin, New Hampshire, and several rural regions of the country.

A final report and recommendations were submitted to Gov. King in December 2002 along with a briefing from the five EWG task force chairs and the EMKF project coordinator. Several key recommendations were made including:

- Maine should build on its existing experience with the Mini-Society program for grades three through six and test a middle school curriculum in Washington County.
- The University of Maine (UM) and the University of Southern Maine (USM) should continue to pursue joint development of the entrepreneurship curriculum and faculty.
- Expand adult entrepreneurship education and educational offerings, using distance learning technology, as well as face-to-face learning to reach remote rural areas.
- Develop “specialization” within the support services system, as providers identify and develop core competencies and focus on quality versus quantity of services to allow providers to spend more time with promising entrepreneurs.
- From a policy perspective, improve capital availability for entrepreneurs through better organization of angel investors and address key issues affecting the transfer of university developed technologies.

(An executive summary of the report is provided in Appendix B.)

INTERMEDIATE OUTCOMES

As mentioned previously, it is too early to measure the success of the Maine entrepreneurship effort in terms of new business formation, jobs created, or state revenues generated. However, one already can see how the experience has influenced the state's approach to economic development and that many of the participating organizations are building on the lessons and momentum established during the year-long partnership. The following are a few examples of the intermediate outcomes associated with the Maine entrepreneurship initiatives.

Entrepreneurial Education at the Collegiate Level

The University of Southern Maine (USM) and the University of Maine (UM) successfully competed for a grant under the Kauffman Collegiate Entrepreneurship Network program. Of the 53 grant recipients (selected from more than 300 applicants), the Maine proposal was the only one that included a systemwide approach to entrepreneurial education at the collegiate level. Under this grant, the USM and UM Schools of Business will develop a set of core entrepreneurship courses that will be delivered via distance learning technology to the 14 campuses of the University of Maine System and Maine Community College System. This will provide more than 40,000 students at Maine higher education institutions, many in rural communities, with access to academic offerings in entrepreneurship. Additionally, the two universities—with the assistance of the Maine Small Business Development Centers—will establish a Summer Institute in Entrepreneurship, scheduled for summer 2004. Faculty members from both the state university and community college systems will have the opportunity to develop and enhance their skills as entrepreneurship educators.

Katahdin Entrepreneurship Education Programs (KEEP)

Entrepreneurship has become the vehicle for responding to a major employee dislocation in the Katahdin region of Maine. In January 2003, the owners of the Great Northern Paper Co. announced that they had filed for bankruptcy and the holiday shutdown would be permanent. In response to this devastating event, the Maine Small Business Development Center (SBDC), Maine District Office of the U.S. Small Business Administration (SBA) and the Finance Authority of Maine (FAME) initiated a series of meetings with local businesses and lenders to assess the impact of the shutdown on the regional economy. As a result of these meetings, 30 public and private organizations collaborated to create KEEP for existing and start-up businesses within the region.

Drawing on the work of the support services task force during the Maine/EMKF partnership, KEEP is a regional model for collaboration among economic development organizations to facilitate entrepreneurship and small business development by linking local entrepreneurs to the support organizations that are best qualified to meet their needs. Moreover, KEEP marketing efforts promote the value of the system as a whole over the value of the programs offered by individual service agencies. Finally, all of the participating organizations use a common intake form and share information. (The concepts of specialization, system marketing, and common intake were identified as ideal criteria for an entrepreneurial support system during the Summit on Entrepreneurial Support Systems in September and October 2002).

Project GATE

Maine is a participant in Project GATE (Growing America through Entrepreneurship), a federal microenterprise demonstration project in Maine, Minnesota, and Pennsylvania. The federal partners

include the Employment and Training Administration of the U.S. Department of Labor and the SBA. Project GATE will use the Maine Career Centers as one-stop (or first-stop) centers for microenterprise assistance. The career centers will act as coordination and communication hubs, handling client intake and screening and referring clients to the appropriate service agency within Maine's entrepreneurship support system. The GATE plan for Maine, drafted by the Maine SBDC, includes the sharing of Project GATE funding among the collaborating organizations that deliver services (e.g., training and coaching) to GATE clients. Again, this collaboration draws on the work of the Maine/EMKF partnership and was made easier, since many issues associated with a collaborative support system were raised during the support service summit.

K-12 Education: Washington County Experience

One of the most heartening aspects of the partnership was the extent to which participants recognized that the seeds for future entrepreneurship success in Maine start with K-12 education. To further promote this perspective, Washington County schools were selected as a demonstration site to test the concept of a seamless system of entrepreneurship education within K-postsecondary schools. Washington County represented a challenging test bed, as it is one of the most rural, economically depressed areas of the state. In addition, Washington County has a high rate of drug abuse and low high school graduation rate, and the majority of workers are in industries with seasonal employment. However, the lack of large corporate employers in the county has resulted in the existence of more than 5,000 small businesses.

In 1999, a citizen's group convened the Washington County Education and Economic Development Alliance (WCEEDA) to address the vocational education needs and the low rate of academic achievement within the public school system. Recognizing that it

needed to broaden its scope beyond education, it sought membership from the business, labor and economic development communities in addition to representatives from secondary, postsecondary, and adult education.

A planning process, funded through a grant from the Maine Department of Education, resulted in a series of recommendations to address both the education and economic development needs of Washington County. With support from Gov. King, WCEEDA received a second grant to begin implementing the recommendations, including the introduction of entrepreneurship education in all Washington County schools.

This local effort coincided with the formation of the Maine/EMKF partnership that included a task force on K-12 entrepreneurship education. Nancie Thomas from the Kauffman Foundation provided staff support to the K-12 task force. Recognizing that a successful education initiative would have to integrate entrepreneurship objectives with the state's academic standards—Maine Learning Results—Thomas identified opportunities where entrepreneurship education curriculum could be used to teach to the standards. The K-12 task force, taking advantage of the groundwork that WCEEDA had already laid, recommended that Washington County be the demonstration site for entrepreneurship education programs that could eventually be rolled out across the rest of the state of Maine.

WCEEDA established a local advisory committee representing business, education, and economic development to oversee the demonstration. To date, the committee has identified potential activities and is compiling a list of entrepreneurs who would be willing to assist students with their projects. The initial focus will be on middle school students who have the highest propensity to drop out of school. The local advisory committee hopes that the entrepreneurship curriculum will capture the attention of middle school students and give them a reason to stay in school. In the longer term, teachers who participate in the middle school programs will become trainers

for elementary and high school teachers as the program expands beyond the middle school level. The initial curriculum will be the Kauffman Foundation's "Making a Job" program. EMKF will provide training for 10 teachers from throughout the county.

The success of this demonstration to date appears to hinge on the following factors:

- A common concern about the region's economic and education future shared by a broad spectrum of county interests.
- The combination of local participants who knew the area and the people, the knowledge and experience of the statewide steering committee, and the encouragement and support from Gov. King.
- Collaboration in an area not known for collaboration.
- Rewards in terms of professional development opportunities that sustained teacher involvement and commitment.

The entrepreneurship education demonstration in Washington County is not without its challenges. The two biggest obstacles continue to be time and money. Everyone involved in this project has other responsibilities. Declining local revenues create increasing competition among programs for limited resources. Yet most of the individuals involved in WCEEDA have been there from the beginning and demonstrate a strong commitment to its goals, despite the lack of sufficient resources.

LESSONS LEARNED

The process of creating an entrepreneurial approach to economic development is consistent with the entrepreneurial process in the private sector. Therefore, the key to encouraging and supporting entrepreneurs is

for government and nonprofit entities to be as entrepreneurial as the clients they assist. This suggests that critical elements for creating an entrepreneurial approach to economic development are the same as those associated with a for-profit venture. Jeff Timmons, professor of entrepreneurship at Babson College in Wellesley, Mass., describes these critical elements as "opportunity, resources, and team."

There must be a real market opportunity that generates broad-based interest in the idea of entrepreneurship as an economic development strategy. The transformation from more traditional economic development strategies to entrepreneurship will not happen simply because it is a "good idea." Those who promote a shift in economic development perspective must demonstrate the compelling need. Additionally, skeptics must see real value in shifting to an entrepreneurial approach before they give up long-standing economic development programs and strategies.

Once the opportunity is identified or created, public and nonprofit economic development officials need to assemble the teams and resources necessary to take advantage of the opportunity. In Maine, the existence of untapped resources and potential team members became clear early in the process. While the Maine Rural Development Council and the Entrepreneurship Working Group had identified many of the players and the resources at their disposal, the full scope of potential synergies among the players or the framework in which they might operate did not emerge until the more comprehensive, statewide effort in 2002.

The shift to an entrepreneurial approach to economic development is evolutionary, not revolutionary. The seeds for Maine's current efforts were planted by Gov. King's initial interest in small business. Once state officials began to articulate the need to differentiate between small business and entrepreneurship, Commissioner Steve Levesque called for the creation of the Entrepreneurship Working Group as a committee of the legislatively mandated Maine Small

Business Commission. Next, public and nonprofit organizations began to look for opportunities and resources to develop and expand the interest in entrepreneurship as an engine for economic growth. These often separate activities began to come together with Maine's participation in the EMKF-sponsored Rural Entrepreneurship Initiative and culminated with Gov. King's invitation to the Kauffman Foundation to become a partner in the development of a more comprehensive entrepreneurship strategy.

There exists a temporal disconnect between the long-term commitment associated with nurturing an entrepreneurial economy and the finite limits of an elected official's tenure. On the positive side, Gov. King's decision to move this initiative at a time when he was not subject to re-election provided the freedom to explore and discuss potentially controversial issues outside the pressures of an election cycle. On the other hand, the pending transition raised questions about the implementation of specific recommendations. The most evident case of this phenomenon was the debate over whether to launch the Maine E-Team initiative. The EWG and Kauffman Foundation believed this cadre of successful Maine entrepreneurs, who understood the economic potential of entrepreneurship and would support continuation of the work started during the King administration, would ease the transition. However, the partners recognized that an invitation to participate from an outgoing governor might receive a lukewarm response. Also, the EWG leadership and EMKF knew that the negative impact of a false start would be fatal for future efforts to mobilize this valuable resource.

Finally, the Maine experience demonstrates that rural constituencies can and do provide leadership beyond their own communities. The statewide partnership with the Kauffman Foundation grew out of the initiative taken by the Maine Rural Development Council to be one of the four original discovery states in the EMKF-sponsored Rural Entrepreneurship Initiative. However, new learning about entrepreneurship and

relationships that resulted from the EMKF/Maine partnership became the basis for additional activity in rural Maine. Examples include the KEEP initiative that draws on the model developed by the support system task force and the implementation of the "Making a Job" curriculum in Washington County.

CONCLUSION

While the probable implementation of some of the recommendations in the December 2002 report is still in doubt, the Maine experience has had the following intermediate outcomes that should sustain and expand the interest and support for entrepreneurship as an economic development strategy in rural Maine:

- Identified and addressed issues that had impeded entrepreneurial activity in rural areas of the state.
- Created models for support service delivery that are now being tested in rural Maine.
- Expanded opportunities for entrepreneurship training for rural residents.
- Seeded a relationship between the Kauffman Foundation and the Washington County Education and Economic Development Alliance that will support the introduction of an entrepreneurial education program in Washington County public schools.
- Served as a catalyst for collaboration among campuses of the University of Maine System for purposes of delivering entrepreneurship education to students systemwide.

Equally important, this trailblazing effort provides valuable guidance to other rural constituencies that elect to take on similar efforts.

APPENDIX A

Options to Support Creation of an Entrepreneurial Economy and Society

K-12

- Implement curriculum (e.g., EMKF's Mini-Society program) to introduce elementary school students to the basic concepts of entrepreneurship.
- Develop curriculum for middle school programs.
- Develop curriculum for high school programs.
- Establish an EntrePrep program (instruction followed by internship with an entrepreneurial company) for high school seniors.

Community College/University

- Develop an entrepreneurship track to help students understand the business potential of the technical skills that they are learning.
- Use the community colleges as a vehicle for entrepreneurial education for adults.

College/University

- Develop curriculum for entrepreneurship degrees in business schools or as entrepreneurship tracks in other schools/departments (e.g., engineering schools).
- Create internship programs to promote experiential learning.

Adult Education

- Expand FastTrac program.
- Implement 9/11 economic recovery FastTrac program.
- Support the creation of entrepreneurship networks (e.g., formation of a chapter of the Young Entrepreneurs Organization).
- Provide professional development opportunities for entrepreneurs as their companies grow.

Mentoring Programs

- Create an entrepreneurial mentoring program.
- Recruit successful Maine entrepreneurs to be mentors.

Give Back

- Establish an “E-Team” of successful Maine entrepreneurs who become champions for entrepreneurship initiatives.
- E-Team members serve as mentors, adjunct professors, or hosts for intern programs.
- Identify and work with wealthy Maine residents to encourage angel investments either individually or through the creation of angel networks.

Entrepreneurial Environment

- Review state regulatory and tax policies to determine where they inhibit entrepreneurship.
- Review state economic development programs to assess their fit with the new entrepreneurial focus.
- Examine options for capital formation that support the start up and growth of entrepreneurial companies.
- Create an entrepreneurial support system that draws on public, nonprofit, and private sector resources and promotes collaboration.
- Establish recognition programs for outstanding entrepreneurs, educators, and support organizations.
- Provide training and assistance to public and nonprofit organizations to help them become more entrepreneurial. (Entrepreneurial behavior in the nonprofit and public sectors is often referred to as “social entrepreneurship.”)

Research

- Analyze secondary data about entrepreneurial activity in Maine’s labor market areas.
- Using methodology provided by EMKF, conduct additional research about Maine’s entrepreneurial climate.
- Using instruments provided by EMKF, conduct surveys to identify individuals involved in entrepreneurial activity and/or assess the propensity of Maine residents to become entrepreneurs.

APPENDIX B
EXECUTIVE SUMMARY
Promoting and Supporting an Entrepreneurship-Based Economy in Maine

The following summary describes observations, conclusions, and recommendations designed to make Maine a leader in entrepreneurship. The summary and full report, which follow, are organized by priority areas. The report's author, the Ewing Marion Kauffman Foundation (EMKF), and its adviser, the Entrepreneurship Working Group (EWG), think that these priority areas are the key elements to developing an entrepreneurship-based Maine economy.

K-12 Education

Research shows that youth have a natural affinity for owning businesses. A K-12 entrepreneurship education program sustains this interest and raises youth awareness of the rewards, requirements, and challenges associated with entrepreneurship. The report recommends that Maine build on its existing experience with the Mini-Society for grades three through six and test a middle school curriculum in Washington County. The EWG K-12 task force, which was formed during this process, should be used to coordinate these efforts. Additionally, the state should encourage the introduction of entrepreneurship education programs in extracurricular activities, such as Boy Scouts and Girl Scouts, 4-H, and summer camps.

Higher Education

Maine's initial interest in entrepreneurship education at the college/university level focused on enhancing internship opportunities. Our experience with internship programs demonstrates that they are most effective when linked to quality classroom instruction. Therefore, EMKF's recommendations to support entrepreneurship through higher education

will cover three topics: internships, entrepreneurship curriculum, and faculty development. Specifically, we recommend that the University of Maine (UM) and the University of Southern Maine (USM) continue to pursue the joint development of an entrepreneurship curriculum and faculty. The product of this effort would be available to any student within the University of Maine System (UMS), as well as the state's technical colleges. With respect to internships, EMKF recommends that the EWG Higher Education task force build upon an entrepreneurial internship/cooperative education program proposal developed by the University of Maine at Augusta. Finally, we recommend that Maine continue to pursue multidisciplinary approaches to college entrepreneurship offerings, such as UM's approach, and that Maine take advantage of similar efforts at peer universities and draw upon models under development at EMKF.

Adult Education

Providing the adult, working-age population with quality entrepreneurship education will be the key to Maine's short-term entrepreneurial success. While there are a number of existing educational offerings for adult entrepreneurs in Maine, there appear to be weaknesses in the following areas: providing start-up entrepreneurs with comprehensive education, serving remote rural areas, and meeting the needs of technology-based entrepreneurs (i.e., commercialization).

The mission of Maine's adult entrepreneurship education community should be to increase access, build knowledge and skills, build support for entrepreneurial adult education at the state and community levels, and deliver entrepreneurship education through local adult education programs. While strategies for identifying

entrepreneurs, marketing adult education opportunities, and determining delivery methods are discussed in the report, EMKF recommends the following: marketing messages should focus on the benefits of adult entrepreneurship education, and educational offerings should use distance learning technology, as well as face-to-face learning to reach remote rural areas.

Support System

Maine already has in place many of the elements of an effective entrepreneurial support system, and there has been significant progress toward improving the delivery of services. Therefore, the EWG's task is not to start from scratch but to improve the effectiveness of the current system. The one area in which Maine's support system appears to be weakest is support for entrepreneurial networking and mentoring opportunities (See the Public Policy section).

EMKF recommendations, which are described further in the report, seek to establish a "first stop" point of entry into the system, create a common client intake form and make it available online, provide system entrants with host agencies (analogous to a primary care physician), develop specialization within the system by providers identifying and developing core competencies, allow providers to spend more time with promising entrepreneurs, link entrepreneurs to university and college resources, improve system accountability and metrics, and initiate collaborative marketing efforts.

Public Policy

The development of an entrepreneurship-based Maine economy will depend upon policies that increase the number of Maine entrepreneurs, support the creation of entrepreneurial networks, foster a culture that celebrates entrepreneurs, and increase access to capital and technology. EMKF's review of state policies revealed the following: Maine's most

pressing issue is the quantity of good deal flow (i.e., the identification, education, training, and mentoring of entrepreneurs or aspiring entrepreneurs in the adult, working population). Our experience suggests that the existence of peer networks of entrepreneurs is a critical element of the continuous learning cycle associated with successful entrepreneurship. Maine Technology Institute, Finance Authority of Maine, University of Maine, and Applied Technology Development Center (i.e., incubators) resources are critically important to high-growth entrepreneurship in Maine. There appears to be little civic leadership from Maine's business community in fostering a culture of entrepreneurship. There is a general consensus that the problem in the capital area is not the availability of capital, but the amount and quality of deal flow in Maine to attract capital. Finally, while Maine has a relatively high marginal individual income tax rate that is applied at a fairly low level of income, it does not appear to be an obstacle to entrepreneurial growth.

Discussed more fully in the report, EMKF public policy recommendations seek to increase resources for adult entrepreneurship education and support private sector and community based peer-to-peer entrepreneurial learning initiatives (i.e., networking and mentoring). We further recommend that the governor's influence be used to encourage the development of more college entrepreneurship education, advocate entrepreneurship as a key economic development strategy, and recruit key business leaders to be part of an "E-Team" or a similar group to be the private sector champions for economic development through entrepreneurship. Additionally, EMKF recommends that Maine re-allocate economic development resources for entrepreneurship and use state funds to leverage federal entrepreneurship resources. Finally, we recommend that Maine improve the capital availability for entrepreneurs through better organization of angel investors, address key issues affecting the transfer of university developed technologies, and consider developing a tax regime (similar to Maine's franchise tax on financial institutions)

for an industrial sector in which Maine has an entrepreneurial strength.

Maine E-Team

The most untapped resources necessary to support the goal of making Maine the most entrepreneurial state in the union are the time, talent, and treasure of successful entrepreneurs. EMKF has seen an increasing interest by successful entrepreneurs to give back to their communities in a number of creative ways.

Working with the various EWG task forces, EMKF identified the following opportunities to utilize the talent of Maine's current legion of successful entrepreneurs:

- Mentoring emerging entrepreneurs.
- Serving on boards and advisory committees of new enterprises.
- Becoming adjunct professors of entrepreneurship at state colleges and universities.

- Hosting entrepreneurship interns from state colleges and universities.
- Introducing youth to the option of entrepreneurship as a career choice by speaking at elementary and secondary schools.
- Becoming angel investors in new Maine enterprises.
- Becoming instructors and counselors for adult education programs.
- Advising the governor and the Entrepreneurship Working Group on policies and programs that support entrepreneurs and encourage entrepreneurship.

Given our belief that the E-Team is among the most powerful resources available to further this initiative, EMKF encourages Gov.-Elect Baldacci to consider establishment of a Maine E-Team as a cornerstone of his economic development agenda.