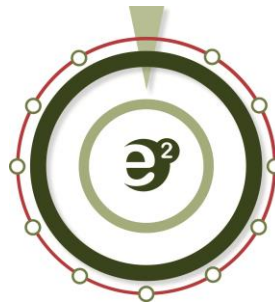# Center for Rural Entrepreneurship

energizing entrepreneurial communities

e²

Entrepreneur Coaching for

Community Success

A Training Guide

About This Guide

Entrepreneurship requires encouragement and guidance to be sustained in rural communities. This guide lays out important systems and people to have in place to provide the necessary guidance to help communities develop a strong development network for entrepreneurs.

Related Resources

The Center has an entire collection of worksheets and exercise resources. Pricing for this Guide is $10 (digital) and $20 (printed). The price for the Assessment Worksheets and Exercises is $25 (digital) and $50 (printed). These prices are for individual community use. If you want to employ these resources for multiple communities please contact Don Macke at don@e2mail.org

Contents

Other Guides in this Series

Energizing Entrepreneurs (e2) Series:

Entrepreneurial Communities
Keys to Growing Entrepreneurial
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Growth-Oriented Entrepreneurs
Economic Gardening
Readiness for Entrepreneurial
    Development
Entrepreneurial Development
    Opportunities
Community Coaching
Entrepreneur Coaching
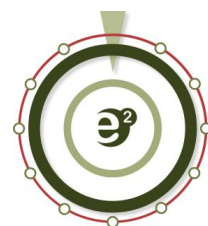Area Resource Networks and Teams
External Networks

Stakeholders and Sustainability

Working with Entrepreneurs Series:

Entrepreneurial Mapping
Program Branding
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Visitation Protocols
Sample Entrepreneur Surveys
Intake and Screening of
    Entrepreneurs
Referrals
Client Tracking
and Portfolios

Structure of the Training Guide

Early experience in communities across the country and more recent experience with the Hometown Competitiveness model have convinced the team at the RUPRI Center for Rural Entrepreneurship that:

- The best hope for most rural economies is supporting the growth of new and existing entrepreneurs and business owners.
- To make progress, communities must have a plan for moving forward.
- Executing this plan requires an intentional, systems approach.
- A key element of this system is the Entrepreneur Coach (E Coach) – an individual whose responsibility is to drive the system and engage the community as a partner in this effort.

This resource or guide was put together to share what the Center has learned about E coaching for community success. This training guide is organized as a set of modules that can be used in whole or in part in your community. For a comprehensive approach to establishing an Entrepreneur Coaching Program in your community or region, we recommend going through the modules, start to finish, so that you have an understanding of both the context and the components of an effective coaching program. For communities that are more experienced with entrepreneurship development, jumping in to explore the components of entrepreneurship coaching may be a better training strategy. The RUPRI Center staff can provide guidance on identifying the best way to approach entrepreneur coaching in your community.

The Modules

- Module 1 – The Context
  - Why Entrepreneurship?
  - Taking a Systems Approach
- Module 2 – Building an Entrepreneur Coaching Program
  - What is an Entrepreneur Coach?
    - The Coach's Job
    - Role in Community
    - Finding the Right Coach
  - Nurturing the Entrepreneur Coach
  - Finding Partner Entrepreneurs
  - The Area Resource Team (ART)
  - The External Resource Network (ERN)
  - Documenting Performance
  - Investing in Supportive Infrastructure
- Module 3 – Resources

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Module I provides background on why entrepreneurship is a promising economic development strategy for rural communities and regions and the elements of an effective Entrepreneurial Development System (EDS). Specific topics covered include:
- Why entrepreneurship?
- Taking a Systems Approach

Module II offers guidance on building an entrepreneur coaching program. Module III identifies resources for building this program in your community and region.

Why Entrepreneurship?

Entrepreneurs have always been important to rural America. Past generations of entrepreneurs moved from cities to become the town builders that settled and developed most rural areas. Over the past 10 years, entrepreneurship has become a hot topic in development circles. Some see it as a new fad that will pass with time. Our view of entrepreneurship is very different. After years of work with rural communities across the country, searching for economic development strategies that work in rural America, we have concluded that **entrepreneurial development is the foundation for all rural development.**

America's Entrepreneurial Legacy

America is an entrepreneurial country. Economic and social innovation is a key to America's success. Benjamin Franklin, a founding father of the American republic symbolizes the power of entrepreneurship to create economic opportunities and robust economic growth. [1] Beginning with the very first European settlements in what became the United States, personal economic freedom and business ownership have been important. A tradition of small business and farm ownership was deeply rooted in American culture in the 16th, 17th, and 18th centuries – America's formative years. Upward mobility based on ideas, talent and hard work has enabled a culture where entrepreneurial behavior is rewarded with less regard to race, religion, gender or national origin than in many other countries.

For much of America's history, America has had an expansive frontier – homesteading was still occurring in Alaska in the 1960s. Personal initiative was highly regarded in the relatively unstructured frontier societies. For example, while ownership of businesses by women was limited in the east in the 1880s, it was robust and rewarded in the Wyoming frontier. America's frontier culture created a further tradition of entrepreneurial behavior both in business and in civic/social life.

The entrepreneurial energy of the American people was also met by innovation in federal policy that created a supportive environment for entrepreneurial growth. The publication, American Formula for Growth – Federal Policy and the Entrepreneurial Economy, 1958-1998 [2], documents this set of national laws and policies that stimulate entrepreneurial behavior. Comparative international studies highlight that federal policy

has created a robust environment where business formation and ownership represent a key pathway to personal economic security and overall growth.

Highlights of Relevant Research

American tradition and culture is one thing, but there is a growing body of research that points to entrepreneurship as a key to economic success in the 21st Century. Some of the more significant research is summarized briefly below.

Birch & Cogenics. Dr. David Birch, then with the Massachusetts Institute of Technology, observed in the 1970s that more and more of American job creation was coming from small and medium sized entrepreneurial companies. Today, Dr. Birch and his company Cogenics estimate that 55% of job creation comes from existing businesses growing, 45% of job creation comes from new business startups (a significant increase over a decade ago) and that only 1% of job creation now comes from business relocation. [3]

Global Entrepreneurship Monitor Project. In one of the most extensive ongoing studies of recent times, The Ewing Marion Kauffman Foundation (in partnership with Babson College, Ernst & Young, the London Business School & researchers from dozens of countries) established the Global Entrepreneurship Monitor Project (GEM) in the late 1990s. This landmark research effort explores the relationship between economic growth and entrepreneurship in 48 (2008 study) of the world's industrial and emerging economies. In one of the earliest studies, they found the following results: "The level of entrepreneurship activity in a country explains 70% of the difference in economic growth among these nations. All nations with high levels of entrepreneurial activity have above average rates of economic growth. Only a few nations that have above average rates of economic growth have low levels of entrepreneurship." [4] This positive relationship between entrepreneurial activity and economic growth has been confirmed in more recent and expanded studies.

National Commission on Entrepreneurship. In 2002, Patrick Von Bargen and Erik Pages with the National Commission on Entrepreneurship expanded on the findings of GEM and explored the unique role that "high performing" entrepreneurial companies play in the U.S. economy. They concluded that about 4 to 7% of all American businesses (generally smaller to medium sized entrepreneurial businesses) generate two-thirds of all business growth and job creation, and that over 50% of all business innovation comes from smaller entrepreneurial businesses. Of particular interest for rural America is that they found high growth companies in all regions including rural; however, there were fewer of these growth firms in rural regions. [5]

Lowe Foundation. The Edward Lowe Foundation of Michigan and the U.S. Small Business Administration (SBA) completed landmark research several years ago investigating the relationship between entrepreneurs and regional economic growth in the United States. This study looked at nearly 400 regional economies across America

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and found the following striking results when comparing the most entrepreneurial regions with the least entrepreneurial:

- New firm birth rates were 1.9 times greater
- Firm growth on average was +1.6% per year compared to -2.4%
- Job creation rates were 1.7 times greater
- Wage growth was 14% higher
- Productivity growth rates were 50% higher.

Most of the top regions for entrepreneurial activity were in the "non-California" western part of the country while the lowest regions tended to be in the Upper New York/Upper Midwest area. Lowe's research clearly explains why some regional economies in the United States are doing better than others. [6]

U.S. Small Business Administration. In February 2007, the U.S. Small Business Administration's Office of Advocacy (www.sba.gov/advo) released a very important research report titled Small Business and State Growth: An Econometric Investigation. Two core findings are worth noting. "The authors find that increasing small business births by 5 percent would result in a 0.465 percent increase in GSP (gross state product) growth. States with lower manufacturing shares of their GSP and states with a smaller share of their populations between the ages of 45 and 64 (relative to the reference percentage below age 25) have higher GSP growth." [7]

U.S. Council on Competitiveness. The U.S. Council on Competitiveness released their 2007 annual report, Competitiveness Index: Where America Stands. [8] The Council concludes that four factors are central to America's economic future: innovation, entrepreneurship, education and energy. On entrepreneurship the Council writes: "Entrepreneurship is a critical driver of success in the modern economy. New companies and their subsequent growth create most of the new jobs in the United States. New companies also provide an increasing share of knowledge creation, an area that has traditionally been dominated by large companies and their substantial R&D Expenditures."

Jack Schultz (author of Boom Town USA). Since World War II, business attraction has been a core, if not primary, economic development strategy for rural America. Following World War II, American industry sought lower cost places with capable workforces to locate branch plants, warehousing operations and regional corporate headquarters. Relocations fueled economic growth in thousands of mid-sized rural communities nationwide. Jack Shultz (a leading rural economic development expert) tracks business relocations nationally. Today he argues that an estimated 300,000 economic development organizations are chasing 300 major relocation opportunities. Costs have risen and the opportunity for business attraction (at least in the traditional sense) has dramatically declined as industry is moving more and more operations off-shore. However, field studies by the RUPRI Center for Rural Entrepreneurship strongly suggest that communities and regions with robust entrepreneurial climates are attracting a new breed of businesses. These places are seeing success in attracting entrepreneurs (seeking a great business climate) who are bringing or creating businesses. [9, 10]

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Sources for More Information

- Walter Issacson. *Benjamin Franklin, An American Life.* NY, NY: Simon & Schuster Paperback Books. ISBN 0-684-80761-0. 2003.

- Erik Pages and Patrick Von Bargen. *American Formula for Growth – Federal Policy and the Entrepreneurial Economy, 1958-1998*. Washington, D.C.: National Commission on Entrepreneurship. October 2002.

- Cogenics is a private for-profit firm led by Dr. David Birch. Information generated by Cogenics is proprietary. Data shared in this report were procured by Nancy Stark then with the National Association of Towns and Townships in 2003. Nancy Stark is now with CFED in Washington D.C.

- Michael Camp, Paul Reynolds, et al. *Global Entrepreneurship Monitor.* Kansas City, MO: Ewing Marion Kauffman Foundation. 2000.

- Patrick Von Bargen and Erik Pages. *High-Growth Companies: Mapping America's Entrepreneurial Landscape.* Washington, D.C.: National Commission on Entrepreneurship. July 2001.

- Advanced Research Technologies, LLC. *The Innovation-Entrepreneurship NEXUS. A National Assessment of Entrepreneurship and Regional Economic Growth and Development.* Prepared for the Edward Lowe Foundation and the U.S. Small Business Administration Office of Advocacy. April 2005.

- Donald Bruce, John A. Deskins, et al. ***Small Business and State Growth: An Econometric Investigation.*** Washington, D.C.: U.S. Small Business Administration, Office of Advocacy. February 2007.

- ***Competitiveness Index: Where America Stands.*** Washington, D.C.: Council on Competitiveness. 2007.

- Jack Schultz is a life long economic developer with extensive experience with business attraction and commercial/industrial real estate development. He is author of the book *Boom Town USA: 7 ½ Keys to Big Success in Small Towns.* Jack runs the Boom Town Institute and additional information can be found at www.boomtowninstitute.com.

- The RUPRI Center for Rural Entrepreneurship has tools, research and stories of successful rural entrepreneurship drawn from our work across the country. Visit our website at www.energizingentrepreneurs.org.

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Taking a Systems Approach

Entrepreneurial Development Systems

Your community is launching an exciting new program to provide coaching services to area entrepreneurs. Entrepreneur coaching is a proven, but emerging economic development strategy that focuses on business development through direct assistance to entrepreneurs. One objective of this approach is to create an **Entrepreneurial Development System** (EDS). Systems, whether in education, health care or economic development, generate more robust and consistent desired outcomes than are possible without them. An EDS provides comprehensive, customized and program support for partner entrepreneurs. This approach provides varying levels of support based on an entrepreneur's potential contribution to the local and area economy.

This section provides a primer on what we mean by an EDS. In this EDS model, the proposed E coach plays a central role in (1) developing and maintaining the EDS and (2) working with partner or client entrepreneurs.
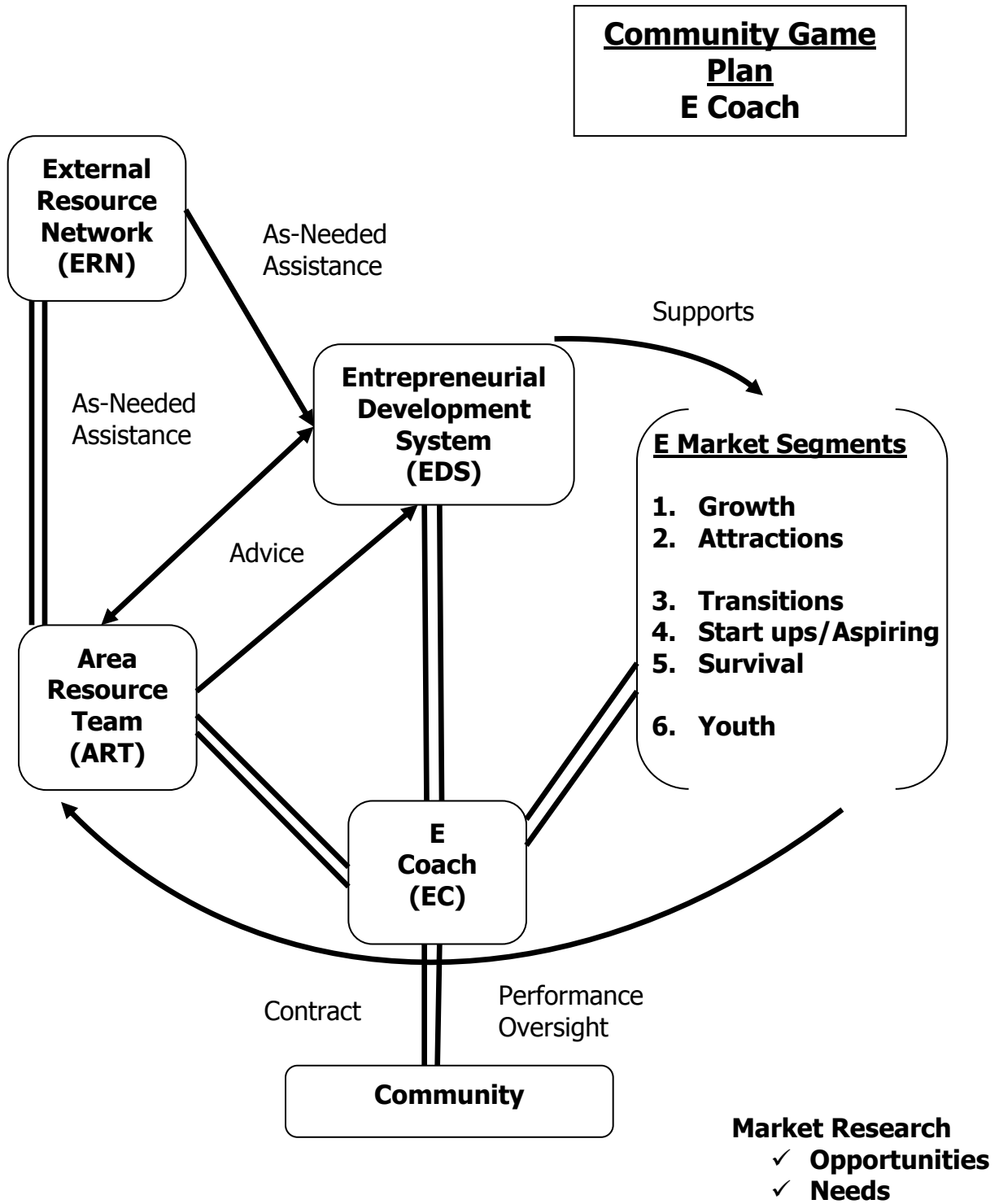
Proposed Community EDS

What are the recommended elements for a Community EDS and E coaching program? We begin with a conceptual view of this system and then provide additional detail that builds out the proposed system for a community and its region.

Conceptual View. Figure 1 provides a visualization of the key building blocks for the recommended Community EDS. Following this graphic, we discuss key components and the operational inter-relationships between each component. This graphic also helps identify roles and responsibilities aligned with your community, the E coach and other key players.

Role of Assessment

Based on our field experience, it is clear that the programs, resources and organizations that are most effective in helping entrepreneurs are very entrepreneurial themselves. It is critically important that as you build a Community EDS, you also cultivate an entrepreneurial culture within your community's region as well.

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Figure 1. Recommended Community EDS

Community Game Plan
E Coach

External Resource Network (ERN)

As-Needed Assistance

As-Needed Assistance

Supports

Entrepreneurial Development System (EDS)

Advice

E Market Segments

1. **Growth**
2. **Attractions**

3. **Transitions**
4. **Start ups/Aspiring**
5. **Survival**

6. **Youth**

Area Resource Team (ART)

E Coach (EC)

Contract

Performance Oversight

Community

Market Research
✓ **Opportunities**
✓ **Needs**

The primary focus of the EDS is on identifying and supporting two groups – growth and attraction entrepreneurs.

- *Growth Entrepreneurs* are existing entrepreneurs seeking to expand their businesses through better business models, new products/services, or new markets. Ultimately we are most interested in growth entrepreneurs who pursue markets outside of the immediate local economy, generating new wealth for the community.
- *Attraction Entrepreneurs* are seeking to potentially locate in the community or its region and bring or establish a business that fits the characteristics of the entrepreneur.

In addition to growth and attraction entrepreneurs, the elements of this system of support could also be used to provide assistance to aspiring, start up, transition, and survival entrepreneurs.

You might ask the question, "Why do we need to serve these other entrepreneurs?" There is a two-part answer – politics and opportunity. Everything a community does must embrace some degree of equal access. Any service viewed as "restricted" or "gated" can create political challenges. Broader access can ensure adequate equity for all and produces fewer political problems. More importantly, the reason for serving these markets (e.g., aspiring, start ups, transitions, struggling) is rooted in mission-centered opportunity. The research is clear – we can never judge who will become the next Bill Gates. We also know from the research that high activity at the start up end of the market fills the pipeline, fueling growth entrepreneurs over time. What we need to do is provide measured assistance that supports these market segments, but allows our primary focus to be on growth and attraction entrepreneurs.

Key Elements of the EDS. In our proposed community EDS, the centerpiece is the E Coach. This person drives the system, although as the conceptual graphic demonstrates, the E coach is not alone in these efforts. Other elements include:

- Close *strategic* working relationships with community leaders and organizations such as the Chamber of Commerce and other key development groups (both public and private) in both the community and the broader region.
- Development of an *Area Resource Team* (ART) that includes area resources such as bankers, attorneys, CPAs, the community or technical college, Chamber of Commerce, city, county and other relevant resource providers. The ART works closely with the E coach to (a) advise and guide the program and (b) provide confidential guidance and assistance through the E coach to partner entrepreneurs.
- Development of an *External Resource Network* (ERN) that creates effective linkages between partner entrepreneurs and outside resources (e.g., state, federal, regional, higher education) on an as-needed basis. The E coach and the program would serve as broker between the ERN and partner entrepreneurs.

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- Development of a ***portfolio of partner entrepreneurs*** that meet the strategic targeting of the program. Management of this portfolio would be a primary responsibility of the E coach.
- Aggressive development of a strategic identification, ***outreach*** and assistance program to targeted entrepreneurs. This is relationship-based customized assistance. The creation of strong and trusting relationships between the program and partner entrepreneurs is essential for desired impact.
- Community commitment to developing the necessary private and public ***infrastructure*** to provide a robust business climate for entrepreneurs. A key objective will be to gain deeper insight from engaged entrepreneurs into their needs and opportunities. This market research is needed to guide the development of this infrastructure and business climate.

Ultimately, the EDS will create a robust set of ***networks*** that can effectively connect entrepreneurs with specific needs and opportunities to the optimal set of resources to help them achieve their goals and build their businesses.

Making Operational Your Community EDS

So how do you make this EDS operational for your community's entrepreneurs? We suggest the following process steps for the community:

1. Strategic targeting of entrepreneurial talent
2. Targeted outreach to key entrepreneurial talent groups
3. Specific client recruitment
4. Relationship building with client entrepreneurs
5. Select assistance provision
6. Systematic assistance
7. Documenting success

Each of these steps is discussed in more detail below.

Strategic Targeting of Entrepreneurs. We must be clear as to our targeted markets. Having clarity as to who we are trying to assist greatly impacts what types of assistance we need to have available. There should be agreement among the community, the E Coach and the ART on E targeting.

Targeted Outreach. We recommend low profile, organic outreach. High profile outreach may generate good public relations but few E clients. As partners in the EDS, the community and the ART help the E coach identify potential E clients. This list of entrepreneurs then can be used to conduct outreach interviews. These interviews are helpful to (1) learn more about potential E clients, (2) introduce the EDS resource to the E client, (3) assess the quality of the E clients and (4) better determine their potential needs and the community's ability to assist them.

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Recruitment of E Clients. Ongoing outreach and interviews are highly recommended. As interviews are completed, the E coach and the ART should review findings and target those potential clients who would be "high promise" partner E clients. Follow up visits built around a single point of assistance would then occur and a portfolio of E clients will emerge over time.

Relationship Building with E Clients. We use the term "partner E client" intentionally. We want, through this program, to create long-term partnerships. The partnership agreement is simple. We provide assistance to the E client and, in return, the E client cooperates and builds a stronger business, generating economic development impacts for the community.

From Selected to Systematic Assistance. Over time, our resource networks will grow in quality and range. We will have more to offer. The value of our assistance will become better known within entrepreneur circles. More entrepreneurs will want to partner with us. As this progression occurs, we can begin to "systemize" our assistance and become more aggressive in our interaction with entrepreneurs. Examples would include more ventures, peer groups, advisory boards and other peer to peer type strategies.

Documenting Success. To maintain momentum for any economic development effort, it is important to document and share the story of success within the community and the broader region. Capturing stories of successful E client outcomes and documenting changes in economic indicators for the community is an ongoing and long-term part of any successful EDS.

Additional Background on EDS

In addition to defining the elements and attributes of an EDS, it is important to create some benchmarks for the evolution and development of this system. Over time, we would expect your EDS to move through specific desired stages of development for your community and its region. We recommend three benchmark stages:

- Basic
- Advanced
- High Performing

Communities that achieve these levels of EDS development are competent to varying degrees in four key areas essential to stimulating and supporting entrepreneurs:

- Markets reached
- Services provided
- Organizational infrastructure
- Economic and social impacts

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As one might expect, these four areas are highly interrelated. Expansion in organizational infrastructure enables more services to be provided, more of the entrepreneurial marketplace to be reached, and greater economic and social impacts to be realized. The attributes or benchmarks for each of these key areas, by stage of EDS development, are explored below.

Markets Reached

The likely markets that an EDS can effectively serve will differ based on the stage of development. Figure 1 describes these markets in more detail.

Services Provided

Two service attributes should be universal to an EDS, regardless of stage of development. First, central to our EDS design is a local resource center anchored by a proposed website. The website becomes a central mechanism to promote good referrals and stimulate effective networking. The website inventories, on a real time basis, all available resources (both public and private) that is capable of supporting entrepreneurs. Second, we propose a "no wrong door" rather than a "one stop shop" approach to market outreach. The "no wrong door" approach requires effective networking within the community – all support providers must be familiar with the work of their partners so that effective referrals are made.

The services provided by EDS stage of development are outlined in Figure 2.

Organizational Infrastructure

While organizational infrastructure is not an outcome we are seeking, it is fundamental to our ability to evolve an EDS that can generate economic and social outcomes. Smart investments are important and will require that communities and the region make hard decisions about investing in their future. Investment in an EDS is a strong indicator of transformational change.

Key elements of organizational infrastructure that are built over time are described in Figure 3.

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Figure 1. EDS by Market

Basic	A basic EDS generally has less capacity to stimulate and support entrepreneurs. Typically, a basic EDS focuses on the earliest or most developmental end of the entrepreneurial talent market including: ▪ Youth – young people with a business idea or existing venture ▪ Aspiring – people with an idea who have not yet started their venture ▪ Start ups – people who have just launched or just achieving sales ▪ Formal existing businesses – business owners who may have entrepreneurial ideas
Advanced	An advanced EDS has more capacity and experience. It is significantly more sophisticated and not only serves the basic markets, but the following additional market segments: ▪ Informal existing businesses – business owners who are not part of the formal economy ▪ Struggling or challenged businesses – business owners who are facing difficulties in building their businesses ▪ Business transitions – business owners seeking new owners to transition the business ▪ Growth-oriented entrepreneurs – entrepreneurs who are actively working to grow their business
High Performing	A high performing EDS is rare in rural America and offers a comprehensive and sophisticated set of services. The high performing EDS not only serves basic and advanced entrepreneurs, but the following entrepreneurial segments: ▪ Serial entrepreneurs – entrepreneurs who start and grow a business, over and over again ▪ High growth entrepreneurs – entrepreneurs who are experiencing rates of growth of 15-20% annually ▪ Entrepreneurial and business attractions – entrepreneurs who move into a particular community to start or grow their business

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Figure 2. Likely Services by EDS Level

Basic	Through a lead organization and local resource team, a basic EDS provides access to three kinds of core services: ■ Entrepreneurial training, e.g., FastTrac® ■ Entrepreneurial counseling, e.g., Small Business Development Center (SBDC) ■ Debt financing through microenterprise organizations, revolving loan funds, or other existing programs Additionally, many basic systems have a modest youth and/or young adult entrepreneurship program such as Rural Entrepreneurship through Action Learning (REAL) or a school-based program such as Junior Achievement. Finally, a basic EDS may spend a modest amount of time on entrepreneur identification, visitation, and targeting for assistance.
Advanced	An advanced EDS provides basic services, but also begins, through volunteer and paid staff, to provide more one-on-one assistance including: ■ Coaching ■ Networking support and infrastructure ■ Simple angel investment networks ■ Expanded financing tools including working with commercial banks ■ Better connections to specialized, outside resources ■ Business incubation, either bricks and mortar or virtual ■ More extensive youth and young adult entrepreneurship offerings ■ More aggressive visitation and E client development
High Performing	A high performing EDS effectively provides both basic and advanced services. Levels of one-on-one assistance are more robust, primarily due to increased experience and more highly skilled staff. In a high performing EDS, the ability to network to access critical outside resources is more complete, including accessing venture capital, market research, import/export assistance, business transition planning, innovation and technology access, and specialized services such as intellectual property rights expertise. Entrepreneur visitation is ongoing and robust. Finally, at this level, an EDS is organizing and supporting peer groups, mentors, and advisory board-type strategies on a more regular basis.

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Figure 3. Organizational Infrastructure by EDS Level

Basic	There must be a core group of champions within the community who believe that entrepreneurship is central to the community's future. There must also be a lead organization that takes on the responsibility of building the community EDS. This process requires a collaborative approach with multiple stakeholders engaged and partnering to build and sustain the EDS. Paid staff may or may not be possible at this stage. Most likely, someone, as a part of their job description, will take responsibility for staffing the EDS. The financial commitment of the community is modest at this point, given the unproven nature of the strategy. Generally speaking, the community's local spending on a basic EDS ranges from $5-10 per capita per year. For a community of 5,000, this rate equates to $25,000 - $50,000 per year.
Advanced	At the level of an advanced EDS, staffing and volunteers become more important. As the system moves from referrals to training programs like FastTrac® to coaching or one-on-one assistance, costs rise rapidly. Typically at this stage, there is a broad-based network of champions and partners who form a community entrepreneurship network. With the network, established and experienced successful entrepreneurs provide leadership and support. There is full-time staff, and possibly multiple staff members. The staff is more experienced and better trained. There is greater investment in an advanced EDS because they are doing more and achieving greater results. At this level, communities are investing a minimum of $10-15 per capita per year, and possibly more. For the community of 5,000, this equates to an annual budget of $50,000 - $75,000 augmented by a much larger volunteer resource.
High Performing	A high performing EDS is characterized by a dedicated organization and staffing, and the greater skill sets required to address the opportunities and needs of serial and high-growth entrepreneurs. At this stage, the community has staff and volunteers who specialize in everything from youth entrepreneurship to resource brokering. Investments rise to enable this level of infrastructure. Community spending may rise significantly, ranging from $15 per capita to $50 per capita per year. For the community of 5,000, this level of investment provides an annual budget of $75,000 to $250,000

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Economic and Social Impacts

Another element of organizational infrastructure is the establishment of a measurement system. Performance tracking is important at all stages of EDS development. We need to document and track both numbers (e.g., job and business creation) and stories (e.g., ribbon cutting on a building expansion, new market for an existing business). The sophistication of goals and metrics increases as the EDS moves from basic to advanced to high performing.

Figure 4. Economic & Social Impacts by EDS Level

Basic	Possible outcomes associated with a basic EDS are likely to be more qualitative and more limited. Clearly, there are process outcomes that are realized such as the community's decision to precede, investments of time and money, and a sense that this approach can make a difference. Economic and social outcomes are impacts are harder to realize, but at a minimum, the community EDS should have: ▪ Identified entrepreneurs ▪ Begun visitation ▪ Identified specific needs and ways to help ▪ Made good referrals to assistance providers ▪ Created some success stories New investment and job creation rates will be small, but the stories are there and are important to building momentum and encouraging the community to do more within this strategy.
Advanced	At this level, impacts should become more tangible and robust, including business activity measures (e.g., number of start ups, saves, total investment, and job creation) and community impacts (e.g., increased spending in the community, growth in the tax base or utility sales). While there are promising numbers and stories, the EDS has probably not yet reached indicators of systemic change.
High Performing	A high performing EDS is working many entrepreneurs across the market spectrum. The impacts identified for an advanced system are being realized. At this stage, it is important to watch for indicators of systemic change, including positive trend lines for population, income, employment and tax base that are growing faster than peer communities or even state averages. Higher rates of youth and young adult attraction, external entrepreneur attraction, and fundamental changes in community attitudes or culture can be documented as well.

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Module II provides detailed information – what a new E Coach and community need to know – about using an E coach as the centerpiece of a community Entrepreneurial Development System. This module covers:

- *What is an E Coach?*
- *Nurturing the E Coach*
- *Finding Partner Entrepreneurs*
- *The Area Resource Team*
- *The External Resource Network*
- *Documenting Success*
- *Investing in Supportive Infrastructure*

Module I in this guide provides background information on why entrepreneurship is a promising economic development strategy and the elements of an EDS. Module III in this guide includes additional resources to help you use E coaching for community success.

What Is An E Coach?

A community's E coach is the cornerstone of an EDS and an entrepreneur-focused economic development game plan. This section answers this question by exploring the role of a coach, both with entrepreneurs and within the community, and how communities can find the right coach.

The E Coach's Job

Who is a coach? Good question. A coach is someone who (1) knows the game, (2) has played the game, and (3) can teach the game. Coaching has become widespread throughout world culture, reaching beyond sports into professional development, life development, and entrepreneur development.

An E Coach can have a range of responsibilities including:

- Job #1 – Working with Entrepreneurs
- Job #2 – Building the Core EDS
- Job #3 – Conducting Market Research
- Job #4 – Building EDS Infrastructure

The E coach's role may be defined narrowly, focusing on Job #1, or it may be construed broadly to include the other three jobs. Each of these jobs requires a particular set of skills and carries a certain set of expectations within the community.

Job #1 – Working with Entrepreneurs. The E coach's primary job is to work directly with targeted entrepreneurs. His or her job is not to retail assistance, but to help entrepreneurs network to the best possible answers that address their core needs and opportunities. A key part of this process is to challenge the entrepreneur to become

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more self-aware and strategic. As Ewing Marion Kauffman (the famous entrepreneur who endowed the Kauffman Foundation in Kansas City) often said - *Successful entrepreneurs spend as much time growing their business as running their business.*

Job #2 – Building the Core EDS. The E coach is the cornerstone within the RUPRI Center's community EDS. In many cases, the E coach is asked to take an active role in building out the EDS within a community. For example, it makes sense for the E coach to support and develop both the Area Resource Team and the External Resource Network.

Job #3 – Conducting Market Research. It is likely that the E coach will have the most direct contact with client entrepreneurs. This contact provides a remarkable opportunity for the coach to conduct market research around the status, needs and opportunities associated with the portfolio of entrepreneurs that come into contact with your community's EDS. With a bit of planning and intentionality, the E coach can systematically gather critical entrepreneur market research that can inform EDS development over time.

Job #4 – Building EDS Infrastructure. Coaching is a key element within a successful EDS, but it is only one element of a high performing EDS. High performing systems create access to market research, education, advanced technical assistance and capital. In some cases, the E coach may be part of the community team that is responsible for building EDS infrastructure.

In addition to the specific jobs associated with an E coach, it is important from the start to establish expectations regarding **performance and accountability**. Hallmarks of successful entrepreneurs include intentionality, flexibility and resilience. Just like successful entrepreneurs, E coaches and a community EDS should have these same attributes. Intentionality is very important so that there is a vision of where we are headed so we can:

- Have transparent expectations around progress and performance
- Track performance with defined expectations
- Make knowledgeable changes when needed

We recommend the Heartland Center for Leadership Development's *Hierarchy of Community Impacts.* Resource 1 in Module III contains a review of this performance measurement system. One of the early tasks for the E Coach in partnership with the *Area Resource Team* (ART) and the sponsoring organization(s) will be to set goals and objectives consistent with the five levels of the hierarchy.

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Finding the Right Coach

The E coach does not shoulder all the responsibility for building a community EDS. And, most coaches do not bring a fully developed set of skills to this job. Consequently, professional development and career tracking are essential ingredients with successful E coaching programs. We describe in more detail how to nurture the E coach in the next section. But, in brief, we suggest the following approach to professional development approach with community E coaches:

- Hire a person who has coaching attributes and is committed to life-long learning, professional development, and career tracking.
- Provide intensive early orientation and training support to ensure the E coach gets off to a strong start.
- Enable one-on-one mentoring with the E coach over the first six – 18 months with regular "touch base" teleconferences and at least quarterly in-person sessions.
- Supplement mentoring with training opportunities on topics associated with entrepreneur development.
- After the first six – 12 months on the job, network the E coach into a peer group of E coaches with monthly teleconferences and annual retreats.

Coach turnover can greatly limit the potential impact of an entrepreneur-based economic development strategy. We believe career tracking is an essential element to minimize E coach turnover. We encourage a strong expectation by the community and E coach that this is a professional career track and that experience can dramatically increase impact. Successful career tracking provides clear performance expectations, robust professional development, competitive compensation (base, growth and benefits), performance compensation and the opportunity for long tenure employment.

To help you find the right coach, we have provided resources developed by our partner communities in Module III. Resource 2 provides a sample Coach Request for Qualifications proposal prepared by the McCook Nebraska Economic Development Corporation. This document offers a summary of desired qualifications for the E coach, along with language about the proposal and contracting process. Resource 3 provides a draft job description prepared by the Valley County (NE) Economic Development Board as they sought to hire a business development director.

Nurturing the E Coach

How do you provide the training and support needed to help the E coach be successful in your community? This section presents our best learning about nurturing the E coach. The information shared here is on the training and support program that the Center put together for the McCook NE Economic Development Corporation.

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Challenge and Opportunity

Who is a coach? Remember, a coach is:
- One who knows the game
- One who has played the game
- One who can teach the game
- One who can innovate to increase performance

The E coach is not necessarily the **EXPERT**. Rather, the E coach is someone who can network clients to the right answers in the right order. Coaching is part art form and part science.

The challenges of business coaching are multi-faceted. Coaching requires sophistication, good judgment, objectivity and balance. The primary risk is that the E coach will evolve into the **EXPERT** and/or the **SAVIOR**. Poor coaching relies too much on what the E coach knows versus networking clients to the best resources. Often, the E coach creates dependency with clients. Coaches are human and entrepreneurs (particularly growth entrepreneurs) can be challenging. There is often a tendency to work with "nice folks" (who may not hold the greatest opportunity for impact) and discount the best candidates from an impact standpoint. Picking and choosing clients should not be the sole domain of the E coach, but a collective process driven by an Area Resource Team working with the E coach. A good E coach empowers and enables; at a personal level it is often hard not to become paternal with clients you really like and want to succeed.

What we know from field experience is that E coaches with solid and ongoing training perform better and longer. Additionally, the development of a sound support and oversight system corrects small problems and results in stronger and more consistent performance over time.

As your community pursues E coaching, we strongly recommend that you invest in robust training and develop a sound support system for those performing E coaching.

Training Options

We recommend the following training options during the start-up phase of an E coaching initiative. This training should be jointly undertaken by the new E coach and staff from the lead organization, such as the director. While the E coach will take primary responsibility for this work, it is valuable to build a team in which the director/staff of the lead partner organization fully understands E coaching practices and techniques.

Coach for the Coach. In our system, Don Macke with the RUPRI Center serves as the coach for the coach. The program of engagement includes an intensive day-long seminar on E coaching, Entrepreneurial Development Systems (EDS), and entrepreneurial targeting. This initial training would be followed by weekly strategy and trouble-shooting calls. Initially, these calls might run 30 to 60 minutes and occur every 5 to 10 working days. As the program settles in and comfort levels rise, both the frequency and duration of the calls would decline, ultimately to an "as needed" basis.

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Peer Group. We strongly recommend that once the initial start-up phase is complete (first 3 to 6 months), the Center helps the coach create their own *peer group.* Possible candidates exist in communities in Nebraska, Iowa, and Kansas where the Center is already engaged. Initially the Center would help with start up and then networking would become sustained by the group. Typically, the group might have conference calls every 30 to 60 days where they can share challenges and effective practices.

Visitation. Another valuable component of this support system would be to enable the E coach to make one to two visits over the contract period to places like Fairfield, Iowa or Valley County, NE to experience firsthand how coaching is conducted and how an EDS operates.

Formal Training. The Center can recommend additional training programs that would benefit the E coach, such as participation in Energizing Entrepreneurs (e^2) webinars or the multi-day e^2 Institute. Other training programs can be identified as particular needs in the community are identified.

Support System

The support system for an E coach should include the following components.

Training. The first element of the proposed support system should be the training program outlined above. Strong and ongoing professional development is the best option for ensuring superior and consistent performance.

Team Approach - Not Lone Ranger. Teams are better than lone rangers. At a minimum, the team should include the E coach and the director/staff of the lead organization. To the extent possible, particularly in the early days, the team should participate in the training program outlined above (with the exception of the peer group). There should be clear lines of communication and accountability between the lead organization and the E coach. Ensuring a strong agreement, action plan, and monitoring system are essential. Finally, the lead organization should provide a safety valve for the E coach and the E coaching program. There needs to be a confidential, yet transparent way for potential and existing clients to raise concerns about the E coach and the E coaching program so that such issues can be understood and dealt with constructively. Since this is a system based on people - there will be issues.

Area Resource Team (ART). The ART is profoundly important. This group provides primary support and guidance to the E coach and the program. The ART also becomes the muscle necessary to mobilize and organize area resources so that the E coach has value to offer clients. We recommend a training program for the ART members to ensure they understand their jobs and the ground rules for maintaining a great area resource team. A well-connected ART and E coach will minimize problems and greatly enhance impact.

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Finding Partner Entrepreneurs

Every entrepreneur worth his or her salt knows that customers are paramount. To survive, let alone thrive, in business you must have a very clear idea of who you are marketing to and what your business niche is that will turn potential customers into life-long customers.

This same lesson applies to communities and organizations that want to stimulate economic development through entrepreneurs. A key attribute of a successful *Entrepreneurial Development System* (EDS) is its ability to engage in effective entrepreneur targeting (ET). This section provides information that can help you get up to speed on ET and engage in this critical function with efficiency and effectiveness.

Our review of ET centers on five related topics:
- What is E Targeting?
- Why Target?
- Understanding E Talent
- How to Target
- ET Strategy Sequencing

What is E Targeting?
We will start with a reality check.

Reality #1. Entrepreneurs within your community are not all the same. They are at different stages of development. They have different experiences with business. They are looking for different answers. To be effective, your effort has to be valuable and appropriate to different kinds of entrepreneurs and their unique wants, needs and opportunities.

Reality #2. If your community is like most, you have finite resources to support your entrepreneurship strategy. You do not have unlimited resources that would permit you to craft support systems for every kind of entrepreneur within your service area. Bottom line - you must make choices that are similar to those that the entrepreneurs you are trying to help must make.

Entrepreneurial targeting is (1) knowing what kinds of market segments (kinds of entrepreneurs by stage of development) you have and (2) which segments you are going to seek as customers (specific entrepreneurs you are going to help). Entrepreneurial targeting is the process the E coach, ART (Area Resource Team), and community (or organization) will use to sort through market segment opportunities and set clear goals to identify on which market segments you will focus your available time and resources.

As you engage in E targeting, keep these three strategic goals in mind. First, help those entrepreneurs who are basic to your economy – those who are selling outside of the

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community and, as a result, bringing income into the community. Second, focus on those entrepreneurs whose businesses contribute to quality of life and a positive business climate. Third, focus on locally-owned businesses that capture local spending and create multiplier effects for your community. As you employ this targeting process in your community, your understanding of E targeting will grow over time.

Why Target?

Remember the old saying "like a broken record"? When it comes to entrepreneur targeting, that's what we are. Individual entrepreneurial success requires FOCUS, FOCUS and more FOCUS. For your entrepreneurship strategy to bear desired results, you must be focused as well. You cannot be all things to all people. You must make hard choices on where to start and how to grow. Community stakeholders demand performance and a key to early and long-term performance centers on picking the right targets (entrepreneurs) to partner with from the very beginning of your efforts.

Each community is different and may need different things from economic development. Where you start may depend on the kinds of entrepreneurial talent you have present in your service area. Or, your plan may be driven by the need to help a cluster of existing businesses grow, generating investment, job creation and tax base early on in your strategy.

Targeting helps you sort through three key strategic community considerations:

- The pool of entrepreneurial talent in your community
- Your community's development goals
- Your community's capacity to work with entrepreneurs

Combined, these three key considerations can enable your community to discover your market niches and go to work with confidence that you have the **right game plan for success.**

How to Target

Step 1 - E Talent Discovery & Mapping. Begin by pulling together your Coach, ART and maybe some other community leaders with knowledge about your communities businesses, business owners and entrepreneurs. This group can then engage in the entrepreneurial talent mapping exercise described in the next section. Talent mapping is not a census - rather we want to get a good list of entrepreneurs by type that we can use to support early visitation.

Step 2 - Goal Clarification. The next step should be to review and clarify your community's development goals. Chances are there may be multiple sets of goals within your community tied to key stakeholder groups (e.g., chamber, Development Corporation, city, county). Gather these goal documents, review them and work toward some consensus on how these goals might direct your entrepreneurship game plan.

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Step 3 - Early Visitation. Using focus groups, interviews or surveys, your next step is to reach out to entrepreneurs from your lists (Step 1) and based on your community's development goals (Step 2). Early visitation can give you a better idea of what is out there and the needs and wants of your entrepreneurs.

Step 4 - Development Capacity. A customer can only become a customer if you have something of value they want. So in step 4 we explore (based on what you discovered in Step 3 what resources you have or could access that could bring value to your entrepreneurs. You need not have answers to all their needs to get started, but you do have some answers that can enable you to make entrepreneurs clients of your program.

When you combine Steps 1 through 4 together, you will be able to set specific targets for your program that will allow you to FOCUS and use your resources wisely for maximum early and long-term impact.

Understanding E Talent

Bob Ho from Maine, one of the best economic developers we ever met, first created this idea of *entrepreneurial talent.* Entrepreneurship is an American value, rooted in our culture. We see ourselves as entrepreneurial in our passion to create and our motivation to build. Everyone who is in business probably has some entrepreneurial traits. But most business people are not entrepreneurs. True entrepreneurs represent a relatively small segment of American society. Entrepreneurs are those who have a passion for creating and a capacity for growing enterprises. Entrepreneurial talent is rooted in motivation and capacity. Both are learned traits and can be developed, expanding the nucleus of entrepreneurs at the community level.

The Center has developed an assessment tool to help economic development practitioners and community leaders better understand the local pool of entrepreneurial talent. There are two parts to this process. The first part helps you **understand the entrepreneurial talent** present in your community. The second part helps you **map and target** the entrepreneurial talent found in your community. These two pieces will provide the information you need to better support and encourage local entrepreneurs.

Part 1: Understanding E Talent in Your Community. Every community has a range of entrepreneurial talent. There are four broad categories of entrepreneurial talent: Limited Potential, Potential, Business Owners, and Entrepreneurs. Within each category, there are types of entrepreneurs whose characteristics vary based primarily on their motivation and capacity to be entrepreneurial. These categories make up the typology used for the Mapping and Targeting Entrepreneurial Talent exercise in Part 2.
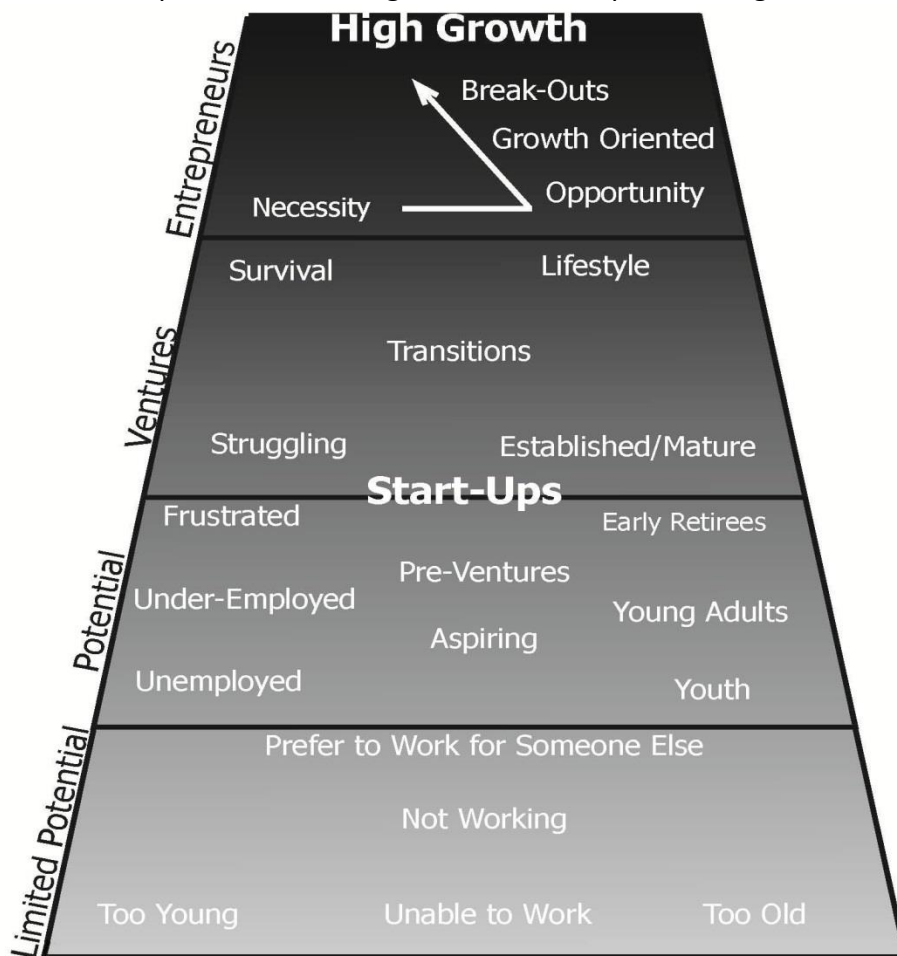
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Figure 4: Entrepreneurial Talent

TYPE	DESCRIPTION	DEVELOPMENT OPPORTUNITY	SIZE OF TALENT POOL
Limited Potential	Not in the workforce or choose to be employees	Limited opportunity to transform into entrepreneurs; long-term approach	Large
Potential	Could become entrepreneurs with right motivation and support	Long-term approach; high cost relative to expected impact	Large/Moderate
Youth	Interested in learning new career opportunities and paths	Long-term approach; likely to create culture change rather than new enterprises	Moderate
Aspiring	Have motivation but need to reduce risk through support services	High cost relative to expected moderate development impact; long-term approach	Large
Start ups	In process of starting a business but may not have all the skills	High cost relative to expected impact; moderate opportunity; long-term approach	Moderate
Business Owners	Currently in business but may not have motivation or capacity to create a more competitive venture model	Moderate cost relative to expected moderate return; medium-term development approach	Large
Survival	Struggling to achieve success in business and may not have time/ability to see new opportunities	Moderate cost relative to expected moderate return; medium-term approach	Large
Lifestyle	Successful in their business and they are not seeking to change or grow	Moderate cost relative to expected moderate return; medium-term approach	Moderate
Re-starts	Have started and failed, but are trying again with more experience	Moderate cost relative to expected moderate return; medium-term approach	Small

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Entrepreneurs	Actively engaged in running/growing a successful enterprise, looking for new opportunities	Low cost relative to expected high return; opportunity for more immediate impact	Moderate/small
Growth-oriented	Have a drive to grow and are reaching out to new markets and approaches	Low cost relative to expected high return; opportunity for more immediate impact	Moderate
Serial	Create and grow a new enterprise, then move on to another opportunity	Low cost relative to expected high return; immediate impact but some challenges	Very small
Entrepreneurial Growth Companies	Experience consistent with high growth; "gazelles"	Limited opportunity and capacity to help	Rare

Another way to visual your community's entrepreneurial talent is to think of it as a pyramid, with a broad base of limited potential and potential entrepreneurs, and a smaller peak of entrepreneurs including serial and entrepreneurial growth companies.

Source: Center for Rural Entrepreneurship ™ - www.energizingentrepreneurs.org - 8/2011

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Part 2. Mapping and Targeting E Talent in Your Community. One way to assess the types of entrepreneurial talent in your community or region is through the use of talent mapping. A group of informed citizens can begin to identify specific persons/ventures based on the typology presented here. The mapping exercise output can be used to target specific entrepreneurs (e.g., aspiring, growth-oriented) for visitation. Visitation, employing a Business Retention and Expansion model, can provide deeper insight with respect to entrepreneurship traits and enterprise needs.

There are five steps to Mapping and Targeting Entrepreneurial Talent:

Step 1 – **Build a Team.** Pull together a team of people who have considerable familiarity with the community, its residents and businesses. This team will provide the expertise for the entrepreneurial talent mapping work. Possible team members might include someone from the newspaper, local government, Chamber of Commerce, Development Corporation, or bank.

Step 2 – **Gather Informational Resources.** Before the team meets to begin the mapping work, gather various information resources that might help identify possible entrepreneurial talent. These resources might include the local business directory, telephone book or other directories of local business people.

Step 3 – **Identify your Entrepreneurial Talent.** Once the team is gathered, use the **Entrepreneurial Talent Checklist** and the **Entrepreneurial Talent Mapping Worksheet** (Resource 4 in Module III) to begin identifying and categorizing businesses within the main entrepreneurial talent categories. The **Checklist** can help you classify local entrepreneurs/businesses on your worksheet. Remember, an entrepreneur does not need to meet all the items on a specific checklist to fall into that category. Use these characteristics as a guide in placing entrepreneurs. Use the **Worksheet** to list as many entrepreneurs in each category as you can identify in your community. This is a first cut so don't worry about exact placement. This list will be used for further targeting.

Step 4 – **Focus, Focus, Focus.** Few communities or organizations have the capacity initially to work with all types of entrepreneurial talent. Focusing on those entrepreneurial talent groups that best fit your community's economic development needs and support capacities is important. Targeting your development efforts initially is important to success as well as to building the capacity necessary to expand. Use the **Targeting Entrepreneurial Talent** – **Pros and Cons Checklist** to help with this targeting activity. Once you've worked through the **Checklist**, use the **Targeting Entrepreneurial Talent** – **Pros and Cons Worksheet** (Resource 5 in Module III) to create your own list of pros and cons for targeting each type of talent in your community or region.

Step 5 – **Visitation.** Once your group has focused on the type of entrepreneurial talent that you will work with, plan visits to each and every person/business on your list. The Center has developed interview and survey tools that can guide your visitation efforts.

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Strategy Sequencing

We have worked in hundreds of communities throughout North America and we see patterns that are pretty consistent from one community to the next. Your targeting work will clarify not only what you have by way of entrepreneurial talent, but also provide insight on your community's development goals and capacity to help entrepreneurs. As a general rule the following strategy sequencing emerges in most communities.

Priority 1 - Early focus on existing businesses that want to grow.

Priority 2 - Create basic services for early stage and existing struggling businesses.

Priority 3 - Chances are your existing business owners are aging and business transition is a huge issue requiring a game plan to hang on to what businesses you already have.

Priority 4 - Depending upon your community and your assets, you may be a candidate for entrepreneur attraction.

Priority 5 - Chances are, depending upon your size; you have relatively few high growth entrepreneurs. But if you have some in your service area, then a focused strategy makes sense.

Priority 6 - You may have specialty businesses tied to specific regional economic sectors such as farms, tourism, hunting or specialized manufacturing. Once you have good experience with your entrepreneurship game plan, you may want to consider "cluster" strategies working with these businesses on profitability and growth plans.

Entrepreneur Attraction

Most communities are very familiar with business attraction. But, relatively few communities have begun to focus on "entrepreneur attraction". There is an important shift in development opportunities nationally away from business attraction to entrepreneur attraction. Your community may want to explore if this development opportunity makes sense within your strategy.

We are not saying these will be your priorities; we simply want to illustrate a likely sequence. If you are like most communities, you will focus on Priorities 1 and 2 initially. You may discover that you need to get engaged with Priority 3 sooner as opposed to later. Priorities 4 through 6 will depend upon your local assets and will come later once you have an established an effective program with earlier priorities.

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Our communities are ever changing and you will need to periodically update your targeting. We suggest that this be done annually. Your community's ongoing entrepreneur outreach and visitation will provide critical new information that can support your targeting. Additionally, as you realize early success, your community's development expectations and goals may grow and change. Be sure that your efforts are on track to impact the trend lines and grow a stronger community over time.

Area Resource Team (ART)

Every community has significant local knowledge that can serve area entrepreneurs and their dreams of growing more successful ventures. A key component of our **Entrepreneurial Development System (EDS)** is the Area Resource Team (ART). The ART becomes the mechanism to connect area entrepreneurs with local resources that can help address their unique needs.

ART Roles

The ART has three core roles and three secondary roles. The core roles are:
- To identify and recruit possible entrepreneurs as clients into the E coaching program.
- To assist the E coach in crafting strategies and tactics in support of entrepreneur clients.
- To develop and manage the portfolio of entrepreneur clients.

Each of these core roles is explore in more depth below.

Recruitment. Outreach should be selective, low profile and organic. We want to begin to identify possible entrepreneurs as client candidates that match our targeted markets. The members of the ART play a central role in identifying and creating pathways to recruit client candidates. ART members are well networked in the community/area and can reach into those relationships to broaden outreach and enable recruitment.

Power of Local Knowledge

Every community has significant local knowledge that can serve area entrepreneurs and their dreams of growing more successful ventures. The ART becomes the mechanism for putting local knowledge to use in connecting entrepreneurs with local resources that can help them succeed.

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Client Support. The business coach spends each day visiting with, assessing and strategizing how to help targeted entrepreneurs. From time to time, the coach may encounter a challenge with respect to working with an entrepreneur or finding the right resource. The coach will reach out to members of the ART team to trouble-shoot problems and create resource solutions.

Portfolio. Within our E coaching program, we employ a portfolio approach. Using our entrepreneur strategic targeting, we want to identify and recruit entrepreneur clients, and then focus time and energy on them. As with investments, we want to develop a portfolio that we can evolve over time based on the performance of our clients. The coach manages the day to day workings of the portfolio. The ART keeps the big or strategic picture in mind. Each month, the ART and the coach should review the portfolio with an eye toward increasing investment of time and effort with some entrepreneurs and reducing effort with others.

Engagement Meter

Just like investing, we want to invest in entrepreneurial development for the long haul. We want to find promising clients and work with them over time to build stronger ventures and a more robust and resilient community economy. Periodically we may need to shift effort – increasing our efforts with some clients while decreasing with others. We need to add to the portfolio and drop non-performing clients. The Coach and ART are in charge of developing a strong portfolio of entrepreneur clients consistent with the community's strategic objectives and targeting.

There are two possible secondary roles for the ART. We consider them optional in the sense that initially the ART might focus exclusively on the core roles. In time, as the portfolio is built and the program is in stride, it may take on these secondary roles. Each community is different. Scope and mission must be intentional and updated regularly. The two secondary roles are:

- Helping to expand entrepreneurial infrastructure
- Engaging in community outreach

Infrastructure. As you identify, visit and work with area entrepreneurs, it represents a significant market research activity. We are bound to gain broader and deeper insight into local entrepreneurs and what kinds of support would accelerate their growth. The opportunity exists to gather these insights and use them to guide current and future

community investments in business development infrastructure. We may find that there is a need for an angel investment network, a business resource website within local government, market research capacity, or one-stop permitting. The ART, working with the E coach, can serve to gather process and prioritize this market research and then share it with the host organizations such as the Development Corporation, Chamber of Commerce, or municipal government.

Community Outreach. While we want to maintain low profile outreach with entrepreneurs, there is a need to educate the community about this initiative. A possible role of the ART is to create a speakers bureau and provide information about this initiative and its impacts with key community groups. For example, the ART may provide a twice annual briefing to key sponsoring organizations (e.g., development corporation, Chamber of Commerce, municipal government, school board, county government). Or the ART can make presentations to civic groups like Elks, Rotary and the like. These audiences can be educated about the initiative and its low profile approach while still mobilizing more of the community to identify candidate entrepreneurs.

Composition of the ART

We find it helpful to address the question of ART composition or membership through two different lenses. First, we identify the kinds of people who should be recruited. Second, we want people on the ART who possess certain qualities or attributes beyond their expertise or role in the community.

Types of ART Members. None of this is etched in stone, but from experience we suggest the ART be composed of three types of people based on their expertise and/or role within the community:

- Representatives of host or sponsoring organizations
- Persons with certain business expertise and connections
- Civic leaders

Size of the ART

Initially we recommend that the ART have 5-7 members, perhaps 3-5 in smaller communities and more in larger communities. The group should be kept to a manageable size. It is also important that the ART members are willing and able to use their networks to increase the capabilities of the ART for the E coach and client entrepreneurs.

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The people you might select from within the first and third categories are pretty straight forward. However, a bit more explanation is needed for the second category. In this case, we are looking for bankers, attorneys, CPAs, people with marketing and human resource expertise. Also, we are looking for retired business people with a wide range of business experiences and knowledge.

Attributes of ART Members

The list of the top 10 attributes for ART members includes:

- A+ reputation in the community
- Discreet and comfortable with maintaining confidentiality
- Positive – a good problem solver
- Able to make a reasonable time commitment
- A good networker and well connected
- Agrees with the ART job and willing to do it
- Business experience
- A good listener and open minded
- Can be strategic
- Brings one or more of desired expertise (e.g., banking, marketing) to the ART

Volunteer or Life Sentence?

Too often, we recruit folks to a new committee and it becomes a life sentence. We strongly recommend that ART members have a fixed term with one or two opportunities for renewal. The host organizations can work to bring new members into the ART. Most importantly, anyone can be part of the ART network for life without the monthly meetings!

ART's Relationship to the E Coach

Remember the old saying, "hand in glove"? This saying applies to the ART and the E coach. It is important that both become partners in this work and understand their inter-related but unique roles. As a partner with the coach, the ART provides strategic direction with respect to the development of the entrepreneur portfolio. The ART does not provide governance of the coach or performance oversight – this job remains with those who have hired the coach. However, the sponsoring organization may seek input from the ART with respect to continuous improvement planning. Bottom line, the ART serves as an advisor, counselor, and resource to the coach. Building a comfortable relationship between the ART and the E coach is essential to initiative success.

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ART's Relationship to the Host Organization(s)

At the end of the day there is an organization(s) that is responsible for the success of this initiative and the E coach. Chances are, this organization created the ART and recruited its members. We hope a member of this organization actively serves on the ART. The host organization should provide the ART with its vision, mission and scope of work. It should provide staff support (typically through the coach) and training. If there are problems, the host organization should be available to resolve them. If hard directional decisions are needed, the host organization should be involved. It is critically important that the ART remember its relationship with the host organization and ensure strong and appropriate communication.

A Third Relationship?

Networks are key to entrepreneurial development. The ART serves as the focal point for growing and maintaining a community's resource network. The ART, through its members, can be a powerful tool for creating an ever expanding community network that can identify, recruit, and help targeted entrepreneurs.

Confidentiality, Confidentiality, Confidentiality

For entrepreneurs who are engaged in that highly personal job of creating and growing a business, privacy is very important. Most entrepreneurs are reluctant to seek out help because of their need for privacy (both good and bad). A reputation takes a lifetime to create and one bad action to destroy. Confidentiality is foundational to this work and the functioning of the coach and ART. It is critically important that the members of the ART understand the confidentiality ground rules, follow them and ensure everyone else within the system follows them. We recommend that each time the ART meets members read aloud the confidentiality pledge and sign it as testament to its overarching importance.

ART's Operational Building Blocks

Each initiative and each ART create their own way of doing business that is comfortable to them. This is good and to be expected. However, there are some operational building blocks based on proven practice that we strongly encourage. These include:

- Evolve and change membership over time
- Use the portfolio approach
- Strive to remain intentional and strategic
- Have co-chairs who lead the ART

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- Become a partner with the E coach
- Maintain strong relationships with the host organization, the community and resources within the network.

Remember, remember, remember – this is about building a stronger community economically and socially by helping entrepreneurs realize their dreams by building successful businesses. Ultimately, all decisions, large and small, should be judged through this focus.

The External Resource Network (ERN)

There are hundreds, if not thousands, of possible development resources capable of helping area entrepreneurs. In fact, there are so many resources it can be confusing to entrepreneurs as to where to go to get the right help when they need it. These business resources have two important characteristics:

- Public vs. private
- Low or no cost vs. fee based

Public resources are mostly offered by government or non-governmental organizations (NGOs or non-profits) and these resources are often low or no cost. Public resources tend to be basic or early stage. Often they can be very helpful to aspiring or start up entrepreneurs, but of limited help to existing or growth entrepreneurs. There are relatively few public resources to help business transitions in most landscapes.

Private resources are provided by for-profit and sometimes non-profit organizations or businesses. Such services generally require a fee and can be expensive (particularly for the inexperienced entrepreneur who has not worked with consultants, for example). Additionally, the most robust entrepreneur services within the private sector are geared to mid-sized and particularly larger businesses. Consequently, for most entrepreneurs there is both a service and cost mismatch.

There is a profound gap in services relevant to a majority of community-based entrepreneurial ventures that are established and wanting to grow. They are too far along to benefit from most public services and too small to really be able to use most private services.

Nevertheless, with a little creativity, resources are available. Within our **Entrepreneurial Development System (EDS)**, we want to evolve a **resource network** of those potential partners who can help entrepreneurs realize their dreams and grow the community's economy. For most rural communities, mid-sized trade center communities, and urban neighborhoods, many of these resources (both public and private) are externally based. We recommend the development of a networked resource that can enable the E coach, the Area Resource Team (ART), and ultimately, the entrepreneur, to connect with

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available resources that can help them meet their needs and realize their development opportunities.

A key component of our **Entrepreneurial Development System (EDS)** is the External Resource Network (ERN). The ERN becomes your community's mechanism to identify, rationalize and make more transparent available external development resources.

What is an ERN?

With the best of intentions, many states and communities look to paper or electronic directories as a way to gather and list all available resources. While the development of a directory can be a good learning experience, it rarely serves the informational need for which it is created. Other states and communities have tried to create web based directories with the same hope of increasing access to services by entrepreneurs. Most of these efforts have failed because they are:

- Very costly
- Difficult to maintain and update
- Often exclude private resources (which account for most of the resources)
- Do not have enough information to really enable the entrepreneur to get where they need to go
- Not used by most entrepreneurs

Over time, there have been remarkable efforts to organize resource providers into networks with the hope that such networks would provide entrepreneurs with better access to services. While there are many compelling reasons for creating resource provider networks at the regional or state level, this strategy too may not be a good option for a community for two reasons:

1. A community cannot be expected to create an effective network when its creation requires top-down leadership and support.
2. Such networks are not the most effective way to help entrepreneurs connect with external resources.

The RUPRI Center is a strong advocate of the SourceLink$^{©}$ approach to creating virtual external resource networks. KC (stands for Kansas City) SourceLink was developed in the greater Kansas City region by the Ewing Marion Kauffman Foundation, SBA and an alliance of entrepreneurial service providers to address the very real need and opportunity to rationalize entrepreneurial support resources. We will not address the SourceLink option now, but we encourage communities to learn about SourceLink to (1) inform their ERN strategy and (2) consider employing the SourceLink package regionally to support the development of their ERN.

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More on SourceLink©

SourceLink is proprietary and charges for its services. But, as a non-profit, it has a public mission and can provide three important services:

- *Resource Navigator (directory)*
- *Biz-Tracker (client management system)*
- *Web plate Now*

They have the software, field experience, training support, and follow-on technical support within one package. For more information, go to www.ussourcelink.com.

ERN Roles

In our EDS model, the ERN is virtual and passive. We do not actively invite resource providers into the community, expect them to attend network meetings or do anything beyond their normal service provision. Our ERN is largely created by the E coach and the ART as a database of possible resources.

We encourage the E coach and ART to invest time and energy in getting to know what resources are available and particularly focus on those that can help entrepreneurs who have been targeted by the community. For example, if assisting start ups is a community goal, then finding out who provides micro-lending and counseling services could be a great resource fit.

In time, the E coach and ART becomes expert on internal and external resources. They not only know which agencies provide what, but they build personal relationships with resource providers who are particularly important to their community's strategy. The E coach, with the guidance and support of the ART, wants to be able (with one call or email) to network to a resource and make a hard handoff to their client entrepreneur.

Within our system, the community takes on the role of rationalizing entrepreneurial resources. One of the key value-added benefits that the community provides is being expert at knowing what is available and what works when. The community, through the E coach and ART, becomes the resource expert that saves time and energy for the entrepreneur. This capacity becomes a powerful marketing draw for the community and its entrepreneurship program. As reputation builds, entrepreneurs locally and those considering moving into the community are attracted by the ERN asset.

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Hard vs. Soft Handoffs

No, we are not talking about football. Our goal is to build relationships with targeted entrepreneurs and provide high touch and high quality assistance. When we refer someone to a resource, we want to make sure it is the right fit, that the resource is properly researched, and that this will be a win-win for both the entrepreneur and the resource provider. Soft handoffs are full of quality control problems that often lead to disappointment at both ends. Hard handoffs take more time, but result in better outcomes.

Building Your ERN

As you look to build your ERN, we suggest you focus on answering two foundational questions:

1. When should you build your ERN?
2. How should you build your ERN?

When should the ERN become a priority? There is a lot of work to do in building an EDS and only so much time and energy at any given point. Setting priorities is important. While there is no RIGHT or WRONG answer, we do believe, based on experience, that there is a sequence that tends to work best when a new game plan is taking shape. In starting up an EDS and E coaching program, we recommend this order of action:

- Decide to create an EDS initiative.
- Decide on the level of program to pursue in year one.
- Procure adequate funding for at least three years.
- Secure your host organization.
- Establish your ART.
- Hire your E coach.
- Get oriented and trained.
- Launch the E coaching program.
- As interaction with entrepreneurs occurs, keep good notes on what resources, inside and outside the community, would provide the most appropriate help.
- Wait until your program is well underway and has gone through start up challenges before pushing too hard to develop the ERN.

Where do you start in building your ERN? There are two kinds of resources that are fundamental for an ERN – pathway resources and retail resources.

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Pathway Resources. Within both the private and public sectors, there are organizations with staff who serve as "pathways." For example, your state development agency probably has field staff that works in support of business development. These folks are often regionally based and visit your community on a periodic basis. They often serve as the link between state resources and a community development project. Within the private sector, such resources are often housed in trade associations such as the State Bankers Association. Because of their experience, they know where resources are and can often (on a confidential basis) give insight on quality and price.

We recommend that you identify and get to know personally your Pathway Resources first. Particularly focus on the public resource providers as they may well know both private and public options. Because they are charged with visiting your community, invite them in to brief you on what they know and what they can do. Treat them well and build a trusting relationship. They win when development occurs. They will go the extra mile for you (giving your coach and program cache with entrepreneurs and branding for your community) if your community is known as a place where development deals get done.

Retail Resources. Let your entrepreneurial targeting drive your exploration with retail resources. If you are focusing on helping second stage entrepreneurs obtain growth capital, get to know who can help you with such needs. If you have a project coach (such as RUPRI), we can help you create a strategic game plan to systematically identify and build relationships with those retail resources you are likely to use a lot.

Small Business Development Centers

Every state has Small Business Development Centers" (SBDCs). The U.S. Small Business Administration, in partnership with the states, establishes and funds these centers. Typically, they are regionally based. They are a core possible resource. However, often their workloads are greater than their capacity, creating challenges in delivering real time assistance. We recommend you get to know your regional SBDC personally. Learn what they can do and how they work. If possible, convince them to visit your community regularly to provide assistance. Generally, SBDCs are most helpful with start up and smaller existing businesses. Because helping businesses is what they do, they can be a great **pathway resource**.

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Besides SBDCs, there are other core external resources you may want to get to know and engage in the early stages of your initiative. Cooperative Extension, community colleges, regional development agencies, and state agencies offer appropriate and SBDC-like assistance. Your coach, who was hired because he or she is a great networker, should be directed to employ those networking skills and map out your landscape's resources.

Institutional Memory

Most communities can only afford a part-time or single full-time person to serve as their E coach. Accidents or life changes can result in the sudden departure of your community's coach. When you lose your coach, you can also lose all their knowledge about external resources. Coach turnover is one of the major reasons that entrepreneurial development is often derailed or slow to realize results.

Anytime there is turnover in key leadership positions within an initiative, there will be disruption. We strongly recommend that you always plan for change to minimize likely disruption. Chances are, your coach will have the deepest knowledge of external resources. We recommend a two-part strategy to manage and minimize disruption with respect to your ERN. First, make sure you build a SourceLink type knowledge system that captures what your coach, community and entrepreneurs know about outside resources. Second, make sure your ART is engaged and becomes a secondary knowledge bank of external resources.

A Word about Private Resources

Public resources that offer free or low cost assistance are fundamentally limited in what they can do from two perspectives. One, their funding is rarely tied to demand for their services. In most cases, if they are good at what they do, they have far more demand than capacity to service that demand. Two, if they receive government funding, changes are they have a "no compete" clause which prevents them from providing free or below market rate assistance if such assistance is available through private firms. This clause generally keeps public resources from developing and offering higher level and more sophisticated assistance.

As entrepreneurs grow, they are going to require higher levels of assistance that most often can only be met by for-fee private resources. You may have an entrepreneur who needs help with intellectual property rights. You have a great attorney in town that could do an okay job, but this is not their strongest suit. You may need to find a high powered law firm in the city that can really address your entrepreneur's needs. You have two challenges. First, how do you manage the politics of bypassing that local attorney? Second, how to do you help your entrepreneur get prepared to work with a high cost resource located at a long distance?

We suggest that your ERN strategy include four important components with respect to including private resources in your network:

1. Because it is hard and potentially political, do not elect to exclude private resources from your game plan and network. If you want to grow your entrepreneurs and your community, your network must include what these private resources have to offer.
2. Where you have growing demand for select specialized assistance, work with local, area and regional private resources to grow their expertise so you have more local options.
3. Become informed on how to effectively work with higher priced, more specialized external private resource providers. You may need to serve as a bridge between the resource provider and the entrepreneur initially. You can take the time to learn the ground rules, cost and how to get the best value from a resource.
4. Chances are, within your region there are existing businesses that have dealt with various private resources. There are firms that have dealt with complex talents searches, exporting, outsourcing, accessing venture capital, and the like. In your own backyard, there is a brain trust that has seen it, done it and can help others travel these roads and survive/thrive. You should consider building out your network to engage such resources as possible lower cost and more appropriate options for your entrepreneurs.

We live and compete in a dynamic and changing world. There is no way we or our entrepreneurs can have adequate knowledge to meet all our challenges and opportunities. A hallmark of successful entrepreneurs is the recognition that networking is KEY to success. It is not what you know - but who you know. Your community, through an intentional ERN, can create networking infrastructure that offers the world's best answers and knowledge to your hometown entrepreneurs.

Documenting Performance

Americans like to keep score. We measure our success by tracking and comparing things. Keeping score in sporting events and business is relatively simply as compared to things like education and health care. In business, we can measure success in terms of a balance sheet. Measuring economic development is fundamentally harder! Economic development is inherently more abstract where action (cause) and impact (effects) are hard to track and definitively measure. Actions and investments made today may not fully play out until five or 10 years from now. During the intervening years, there may be other actions (both intentional and unintentional), dumb luck and bad luck that all skew our ability to measure "cause and effect".

However, despite the complexity and to keep faith with our need for and tradition of keeping score, we must measure performance of our entrepreneurial development system investments and our entrepreneurial coaching actions. This section provides a framework along with some advice as your community or region builds its own performance tracking game plan.

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Advice

Too often we either do nothing about performance tracking and reporting or we build elaborate change models with complex metrics. Either approach is not advised and generally undermines your efforts. In fact, we would advise you do nothing rather than build a system that is too complicated. Bottom line, make sure your performance metrics (1) are easily measured, (2) can be measured on a real time basis, and (3) intuitive to your stakeholders and community. In other words -- keep it simple.

Hierarchy of Community Impacts

The Heartland Center for Leadership Development (www.heartlandcenter.info) is a national leader in community-based development. Milan Wall, Co-Director with Heartland, created a performance measurement system called the **Hierarchy of Community Impacts**. We have adopted this system in our community work and developed performance metrics around its five levels of possible community impact. The following figure summarizes the hierarchy.

Figure 5: Hierarchy Adapted to Entrepreneurial Coaching

Level	Impact Description	Example of Progress at this Level
1	Activities Undertaken	A community decides to actively explore entrepreneurial coaching as part of their overall economic development program.
2	Outputs Realized	A community does its research and due diligence and builds a program design and proposes it to stakeholders.
3	Commitments Made	Stakeholders in the community decide to provide three years of seed funding to start and underwrite the entrepreneurial coaching strategy.
4	Outcomes Achieved	The program gets up and running and is benefiting specific entrepreneurs in the community. These outcomes are documented in both metrics and testimonials.
5	Indicators of Systemic Change	The program reaches scale and there is now evidence that the community is growing as measured in new investment and net job creation.

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The hierarchy provides a useful framework for creating a performance measurement program (see Resource 1 in Module III to learn more). Ultimately, we all want to see systemic change. But most of us also understand that getting to systemic change takes times and that there are progress steps that build toward bottom line impacts. By using the hierarchy, your community can create a clearer road map to DEFINE and TRACK progress. This approach can ensure greater stakeholder and community awareness and transparency. Such a system can manage those critics who demand immediate success by pointing out that you are on schedule with our projected plan.

Measuring Impacts by Stage of Development

Because economic development has a certain "smoke and mirrors" reputation, it is important to provide a good road map of what to expect from your entrepreneurial coaching strategy. We recommend that you measure your progress by stage of development of the program. Mapping this out as part of your program design can help define REALISTIC expectations on the part of your stakeholders and community members. Fortunately, the communities that have preceded you in this work provide us with a research basis for anticipated impacts by stage of program development. The following figure summarizes expected impacts by stage. Because every community is different, actual benchmarks and anticipated progress must be customized to your reality.

Figure 6: Measuring Impacts by Stage

Phase 1 *Program Start Up* (6-12 months)	▪ Early capitalization for the Program ▪ Final program design including portfolio targeting ▪ Coach is hired or retained ▪ The ART is created and trained ▪ Early outreach to entrepreneurs begins
Phase 2 *Outreach & Scale Up* (next 18-24 months)	▪ Outreach to potential entrepreneurial clients picks up ▪ Clients are enrolled in the program ▪ The ART is functioning - supporting and guiding the coach ▪ The ERN is being built and used ▪ Focus is re-assessed to ensure conformance with targeting ▪ Early impacts are being realized with specific entrepreneurs
Phase 3 *Program Maturity & Impact* (On-Going) *Program impacts should be realized within the first three years. Economy impacts take longer and should be realized within 5 to 10 years.*	**Program** ▪ Specific number of weekly "E" visits are realized ▪ Changes in client profitability ▪ Increased client investment ▪ No go decisions ▪ New business start ups ▪ Business saves ▪ Business expansions ▪ Business breakout **Economy** (compared with historic benchmarks) ▪ Increased overall investment ▪ Increased net new job creation ▪ Increased tax base (sales & property)

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Key Metrics or Indicators of Progress

Entrepreneurial coaching is somewhat like selling insurance - the more potential clients you reach, the greater your insurance sales. Outreach to entrepreneurs through visitation and referral is fundamental to a successful entrepreneurial coaching program. However, the opportunity for outreach and visitation are not limitless. Based on the size and complexity of a community's economy there are only so many potential clients. Your metrics will have to be adjusted to the size of your existing and potential business community.

All other impact benchmarks will flow from your visitation goals. In any community at any given time there are fundamental limits as to how many start ups, saves, transitions, expansions and break outs you can realize. While there can be variability based on your unique circumstances and how hard you are working your game plan, there are boundaries that are defined by your location, size and the health of the macro economy.

Remember not everything can be reduced to simple numbers. Even baseball where two numbers decide who "wins" is full of complexity with all sorts of indicators and commentary. Often times a strong testimonial or story in the newspaper can document that real progress is being achieved.

Choosing the Right Metrics?

Choosing the right metrics is important. You should not and cannot afford to create elaborate and expensive tracking systems. So how do you choose what to track, measure and report? We recommend that you have your stakeholders answer this question. What metrics will help them decide if your efforts are valuable enough to ensure their continued support? Challenge them to be selective so that you can spend more time working with entrepreneurs and less time reporting progress.

The chart on the following page explores possible impact metrics related to your targeting and goal setting early on in program design that you may want to track within your program.

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Figure 7: Possible Impact Metrics

Impact Metric	Description
No Go Decisions	Sometimes a positive impact of your coaching program is a decision by an individual not to go into business or expand. Helping someone NOT fail is a win in most rural communities.
Plan Changes	Business plan changes that reduce costs and increase income can lead to greater business success, profitability and survival. While these kinds of impacts are somewhat hard to measure numerically, you can capture testimonials that are powerful.
Start Ups	New business start ups are a reason for a ribbon cutting and a picture in the local newspaper. Start ups indicate progress and a brighter future.
Saves	Even good businesses hit hard times and begin to struggle. Coaching can help these businesses turn around, resulting in saves. While not a topic suitable for a ribbon cutting, this impact is important to track.
Transitions	In most rural communities, existing business owners are aging and business transitions are very important. Each business you can help transition to new owners (versus liquidation, leaving a vacant building) is a community win.
Expansions	Even small expansions are important. New investment in equipment, a building upgrade and even a new part-time employee are wins. In entrepreneurship-based economic development, victory comes through incremental progress.
Break Outs	In time, you may help a local entrepreneur achieve a breakout and realize higher growth where investment and job creation levels are large. A key tracking indicator for breakouts is entrepreneurs reaching out to and realizing external markets.
Relocations	There will be some relocation if you watch for them. People wishing to live a rural lifestyle or wanting to come home often bring ventures with them. Be sure to track these relocations if they are a priority for you based on your targeting.

New start ups or expansions are one aspect of a good set of metrics. But your stakeholders and community members will likely want more detail. Traditional economic development measures of success revolve around three basic indicators:

- Jobs created
- New investment
- Tax base expansion

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While our world is a bit more complicated compared to the times in which these three indicators became mainstays, they are still the bottom line in most communities. We suggest a somewhat refined set of metrics be used to detail what a new business expansion (for example) means for your economy and society. The following chart compares traditional bottom line impact metrics to those we are recommending.

Figure 8: Traditional & Entrepreneurial Metrics Compared

Traditional Metrics	Entrepreneurial Metrics
Jobs, Jobs & More Jobs In traditional development we believe if we create jobs, economic development will follow. This is no longer true since we can have significant economic growth without much job creation or where the kinds of jobs we create are more important than creating lots of jobs.	**Careers vs. Jobs** An entrepreneurial economy focuses on creating careers our kids and grand kids want. Quality over quantity is the new name of the game. While tracking job creation is still important, tracking the kinds of occupations being created is also important.
New Investment New investment is important. It leads to spending in construction and purchase of goods and services. In traditional development we could see new investment in manufacturing plants and new franchised stores.	**Different Investment** There will be less large scale investments in things like factories and call centers. There will be investment associated with both new and existing construction. Reuse of old downtown buildings by entrepreneurs is an example.
Tax Base Expansion Tax base expansion occurs in two ways in both models - more sales tax revenues and expanding property tax base. Large scale projects often require new investments in streets, water, power and schools, offsetting tax base gains.	**Different Tax Base Impacts** Entrepreneurial development is more incremental and so there are less dramatic impacts to the tax base. The good news is that with incremental development, the need for massive new investment in, for example, water system declines as well.

The important thing for your program is to track the entrepreneurs you are working with and systematically document the impacts you are having. To the extent possible, work with local media to generate stories on even the smallest impacts.   These stories can be very useful in developing reports and capturing the full scale of impact you are realizing. It is easy to remember when 100 new jobs are created by a new manufacturing plant – it is harder to recall 100 new jobs created by two dozen different entrepreneurial ventures. We suggest you incorporate into your portfolio data base space for logging impacts regularly (preferably weekly).

Formula for Success

We have found a very simple formula for success that can go a long way to ensuring strong performance tracking and accountability. This formula is illustrated in the chart on the following page.

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Figure 9: Possible Impact Metrics

Metrics System - Impact Tracking
First, make sure you have set clear goals with your stakeholders and community. These goals should be realistic and based on your entrepreneurial targeting. Second, be religious in tracking related impacts you are realizing with your E coaching clients. Capture these weekly in your client database in a separate spreadsheet field.

Stories and Testimonials	Statistics
Testimonials from clients and stories about business development are powerful. We are a visual and oral based society. Testimonials and stories provide richness and help explain how your program is making a difference in ways that numbers cannot.	Numbers are important. Statistics around the number of start ups, expansions, saves, job creation, new investment and tax base expansion are fundamental to a good performance tracking system. Pick those important to your stakeholders and track them.

Communication and Celebration
It is important that you communicate your performance information first to your ART, then to your stakeholders and finally to your community. There are lots of ways to do this, but most importantly, you need to create a routine around your communication and celebration. Creating a routine with respect to format and frequency ensures you do this regularly and it becomes part of your management system. Be humble and true, remember at the end of the day this is about what entrepreneurs achieve and we are junior partners, providing a helping hand. Testimonials and good documentation will link the two for accountability.

Overall the keys to success are as follows:

- Fix realistic expectations by doing solid goal setting and targeting.
- Challenge your stakeholders to define the metrics that you will track and to strive for simplicity over complexity. Track a few metrics well versus doing too much poorly.
- Remember that stories are as important as numbers.
- Be religious in documenting impacts. Spend a little time each week doing documentation. Enlist your local media to capture stories.
- Be sure you have and execute communication and celebration plans.

Remember the old saying, "if you do not know where you are going, you are likely to get there." Unrealistic expectations and lack of good documentation are two of the greatest challenges to sustaining economic development efforts. Investment flows to certainty and in this case continued community support for entrepreneurial coaching is rooted in solid performance tracking and reporting.

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Investing In Supporting Infrastructure

Entrepreneurial Coaching (EC) provides the "retail" elements for our Entrepreneurial Development System (EDS). The E coach engages in outreach and client relationship building. These activities are critical to creating an opportunity to support area entrepreneurs. The E coach and the **Area Resource Team** (ART) provide valuable services related to goal clarification, feasibility analysis, business planning and networking to resources such as a good commercial banker. But, for an EDS to reach its full potential in supporting entrepreneurs, it must provide a robust **infrastructure for an entrepreneur that meets** a range of needs essential for entrepreneur and venture success. This section outlines the elements of a comprehensive, yet achievable, entrepreneurial infrastructure suitable for a community or regional landscape.

Systems

Our field experience supports the view that systems of support for entrepreneurs achieve greater outcomes than isolated programmatic approaches. Systems, by design, are comprehensive, rational and integrated. Entrepreneurial Development Systems provide a more complete environment for stimulating and supporting entrepreneurial development.

Major Elements of E Infrastructure

First, we must admit that there is no "established" definition for Entrepreneurial Infrastructure.   But, such a typology or definition is needed and can be useful. Our field experience working with communities and entrepreneurs throughout North America suggests that there are four major elements to a robust E infrastructure, summarized in the following figure.

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Figure 10: Major Elements of E Infrastructure

Market Research	Capital Access
Possibly the most important infrastructure resource a community can provide to area entrepreneurs is market research. Knowledge about such things as competitors, suppliers and markets is powerfully important to entrepreneurial success in today's global economy.	There is near universal awareness that access to capital or money is essential to business development and growth. However, with entrepreneurs, there may be a greater diversity of capital access needs and strategies than has been the case in more traditional business development.
Peers - Networks - Mentors	**Basics**
Manufacturing a box of cereal can be systematized and managed from across the continent. Entrepreneurs are engaged in not only production, but the creative process of designing services, building teams and connecting with markets. Access through networks to peers and mentors who have had experience with these "creative" processes can be powerfully important.	We call it "business climate" and for industrial attraction we know what it takes to be competitive after nearly 65 yeas of learning. With entrepreneurs, the kinds of business climate amenities that are valued are different from those that attract industry. Learning what entrepreneurs need and want from their business climate is important to building the right infrastructure.

In rural America communities are often smaller and more isolated as compared to urban, let alone metropolitan places. The lack of scale and physical isolation create unique challenges for rural communities as they seek to create and sustain robust E infrastructure. For rural communities committed to this development path, we strongly suggest two strategies that can help you meet this challenge. First, consider working regionally. By partnering with other communities in your region, you can mobilize more resources and build a stronger infrastructure for your entrepreneurs. Second, your efforts must be rooted in effective networking. Learning how to reach outside of your locality to resources in other places is an important approach. By increasing access to such resources, your community can offer a competitive advantage for area entrepreneurs.

Market Research. When a major manufacturing plant is considering your community to locate a branch plant, you do not need to worry about market research. Larger companies have extensive market research capabilities. But for smaller entrepreneurial ventures, market research is fundamental. We would argue that access to affordable and high quality market research may be more important to growing your entrepreneurial economy than even access to capital. Clearly, both are essential, but creating access to market research is new and can provide your community or region with a comparative advantage in building a robust environment for entrepreneurs. The following figure summarizes the key elements of market research.

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Figure 11: Components of a Market Research Resource

Markets	Competitors
Bottom line, entrepreneurs need customers or markets. Helping entrepreneurs discover where there are markets is important. While this may be intuitive at the community level, extending a footprint to regional, national and even international markets requires more research support.	Every day throughout the world, people wake up with a strong desire to succeed. For every entrepreneur there are competitors - some known, most unknown. Market research can help entrepreneurs learn more about potential competitors including their geographic coverage, strengths and weaknesses.
Suppliers	**Other**
Creating a reliable, affordable and diverse supply chain is important to any business, but choices in this arena are particularly critical to growing entrepreneurial ventures. Market research can help entrepreneurs learn more about potential suppliers, enabling smarter choices to be made.	Because entrepreneurs are people, often with families and lifestyle needs, what constitutes a good place to start and grow a business is different as compared to traditional industrial attraction. There are a whole set of "softer" needs (e.g., quality schools, natural amenities, cultural attractions) that become essential to an entrepreneur0based development approach.

In some places like Chico, California or the communities in Wyoming, market research services are provided as part of their economic development programs. For most communities, we know very little about market research (other than it should be part of a business feasibility study or business plan), let alone how to provide strong market research services. The U.S. Small Business Development Centers (SBDCs - supported by the U.S. Small Business Administration) are now providing more sophisticated market research as part of their practice. However, these services can be challenged by too few field SBDC field staff and whether staff in your area is skilled at using these resources. But your area SBDC could be a starting place for accessing such resources. We recommend that you take time to talk to your area and state SBDC to find out what they can do and under what conditions they can support you with market research.

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Figure 12: Entrepreneurs and Capital Access

Start Ups	Start ups may have limited personal equity and poorer credit ratings. They need small amounts of capital. Micro capital programs and strategies to help them become bankable are important.
Survival	Many rural Americans are entrepreneurs because they have no other choice. Often they are outside the traditional credit world and, like start ups, can benefit from micro programs that create access to small amounts of capital and build credit history.
Lifestyle	As the word suggests, lifestyle entrepreneurs have married life choices with a venture. Bed and Breakfast Inns are poster examples for lifestyle entrepreneurs. Often they have better credit capacity and history, but may have somewhat larger capital needs.
Transition	America is aging and so is a current generation of business owners. Both sellers and buyers have unique and often complex capital needs requiring packaging and guarantees.
Growth	Growing businesses tend to have an increasing need for capital tied to an expansion. Our more traditional economic development capital programs can work well in this market.
High Growth	High growth businesses consume great amounts of capital which are often larger than traditional economic development capital programs can provide. Creating access to angel and venture funds becomes more important in this arena.

Capital Access. We know from decades of economic development experience that businesses need capital to grow. Whether a new manufacturing plant, farm or main street business, we have a pretty good idea what kinds of capital they need and who can provide access. But capital access becomes more complex when we consider the diversity of entrepreneurs within our landscapes. The following table illustrates some of this diversity.

Figure 12 provides a very general sampling of entrepreneur related capital markets, situations and resources. It is probably clear that creating capital access is more complicated when we consider the diversity of entrepreneurs your community is likely to contact. But there are basic elements to a strong capital access system that can be built on your current resources including micro-lending programs; community based revolving loan programs, area banks and connections to state and federal economic development financing programs.

Peers - Networks - Mentors. Entrepreneurs, like artists, athletes, singers, etc., are creative. They are part of the "creative class" as described by Richard Florida (www.creativeclass.com) in his many books and writings. Visioning, creating and growing successful ventures demands both science and art form. While things like business planning seem pretty straight forward, the insight and knowledge embedded in successful plans are not. As entrepreneurs create their ventures, they must find their

"competitive niche." Not only must they create a great plan, they must also execute it well. The global economy is highly competitive and requires exceptional execution even with the best of business models and plans.

Competitive Niches

The New American Dictionary defines "competition" as "a striving or vying with another or others for profit, prize, position, or the necessities of life." This same source defines "niche" as "a situation or activity especially suited to a person's ability or character." Given the reality of the global marketplace, it is essential for entrepreneurs to find their "competitive niche." Generally they are too small to compete effectively in commodity markets where size and price determine success.

There is always a learning curve for entrepreneurs when they are creating and growing. The price of this learning curve can be brutal and even destructive. The key to surviving these learning curves is access to peers, networks and mentors – people who have "been there, done that". The following figure summarizes these keys to entrepreneurial success.

Figure 13: Peers – Networks – Mentors – Keys to Success

Peers	There is a certain comfort that comes from connecting with folks who are experiencing what you are experiencing. For entrepreneurs, the ability to connect with other entrepreneurs is hugely important. Perspective, insight and moral support can all be found with peers.
Networks	Somewhere in the universe are the experience, knowledge and optimal solutions that can address any entrepreneur's needs. The challenge is how to find those right answers. Communities that support effective networking can help their entrepreneurs get to the best possible solutions more quickly and with less pain.
Mentors	Mentors are important to those in any career or profession. Mentors can be particularly helpful to entrepreneurs who are struggling or moving into unfamiliar territory like new markets or growth. Helping your entrepreneurs connect with mentors can be an effective strategy.

Basics. The following figure provides a comparative view of the kinds of basic business infrastructure associated with traditional industrial attraction, such as relocating a manufacturing plant or establishing a call center, and entrepreneur based economic development (based on field observations by the RUPRI Center).

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Figure 14: Basic Business Infrastructure Compared

Attraction Infrastructure	Entrepreneur Infrastructure
Low Cost Land for Development	High Speed Internet Access
Workforce/Skilled Workers	Cell Phone Services
Access to Rail and Truck Shipping	Same Day Parcel Services
Favorable Tax Structure	Gathering Places and Cool Spaces
Affordable Energy	Human Talent
Tax Abatements and Incentives	Quality of Life Amenities

Traditional Industrial Attraction. Industrial attraction typically occurs at scale. Such development needs lots of cheap land suitable for development. Issues of grading and utility access become important. This kind of development also requires lots of workers with industrial skills associated with assembly, machinery and welding. Because this is "product" based development, it also requires good access to rail and truck related shipping. Industrial attraction requires major capital investments and so tax policy related to sales taxes on machinery and how real estate is assessed are also very important. Production type industries use lots of inputs from natural gas to electricity to water. As a result, access to and affordability of these kinds of inputs impact location decisions. Over time this kind of development has become accustomed to assorted tax abatements and incentives. These policies are now very competitive and expected.

Basic Infrastructure for Entrepreneurs. Entrepreneur-based development tends to be at a smaller scale and generate more incremental growth. While entrepreneurs are engaged in product related development, more often they are engaged in providing services which requires a different set of inputs. While the following are generalizations, they are typical of what entrepreneurs generally need and want from a business environment. Access to quality and affordable high speed internet and cell phone services are essential. Entrepreneurs are connected and need to have access to electronic communication systems. In many cases, these ventures are employing same day delivery of both inputs and products, so access to same day parcel services is critical. Entrepreneurial ventures are more engaged in "creative" work and so the physical environment is important. Entrepreneurs want gathering places to meet, think and relax (e.g., coffee shops, bars, cafes and outdoor settings). While not mandatory, entrepreneurs also seek "cool" spaces to base their operations. The rehabilitation of downtown lofts, old school buildings or hospitals can create the "right" real estate for entrepreneurs and their work. Knowledge and service based business thrive or die based on human talent. Access to motivate and educated human talent is important to growing area entrepreneurial ventures. Finally, quality of life for home and family is critically important.

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There are shared infrastructure items associated with both traditional and entrepreneur-based economic development. Possibly the most important is access to commercial air service.

Quality of Life Amenities. Different people value different things for their home and family settings. Consequently, defining quality of life in general terms is very hard. For entrepreneurs, we can make some generalizations as to the kind of quality of life amenities they prefer.

- Like most, entrepreneurs and their families want quality schools, housing and youth resources.
- Recreation is often important as many entrepreneurs are physically active and outdoor space as well as gyms are critically important.
- For many entrepreneurs, their spouses have career dreams as well. How well an area can accommodate the career of a spouse can be very important.
- Finally, entrepreneurs are looking for an environment or a culture of entrepreneurship where there are other entrepreneurs and strong community awareness and support for entrepreneurial activity.

Remember, talented entrepreneurs can choose where they live. In many ways, they are footloose and have great diversity in where they can run their venture. Often times, the first consideration in making a decision is the quality of community, followed by whether the business can operate from that location.

This section of our Guide provides only a summary review of the kinds of infrastructure for today's rural entrepreneurs. While there is more that your community will need to discover and learn, we hope this overview of E infrastructure is helpful and provides you with a framework and road map for growing your economy by growing your entrepreneurs.

Module III includes additional resources to help you use E coaching for community success. This module includes:

- *Resource 1 – Hierarchy of Community Impacts*
- *Resource 2 – Sample Coach Request for Qualifications, McCook Nebraska*
- *Resource 3 – Draft Job Description, Valley County Nebraska*
- *Resource 4 – Entrepreneurial Talent Mapping Checklist and Worksheet*
- *Resource 5 – Targeting Entrepreneurial Talent Checklist and Worksheet*
- *Resource 6 – Case Studies of E Coaching*

Module I in this guide provides background information on why entrepreneurship is a promising economic development strategy and the elements of an EDS. Module II provides detailed information – what a new E Coach and community need to know – about using an E coach as the centerpiece of a community Entrepreneurial Development System.

Center for Rural Entrepreneurship

Questions & More Information

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e² University

The Center can help your community or region increase prosperity through entrepreneur-focused development in the following ways:

Awareness. We can help you raise awareness of the entrepreneurship opportunity through key note speeches, workshops and informational webinars.

Mentoring & Advising. The Center can provide very affordable mentoring to community leaders attempting to build or strengthen a strategy. This support can include procuring funding for project developments.

Assessment. The Center can provide quick to in-depth opportunity assessment essential for smart game plan development. We also have a team that does Targeted Industry Studies.

Strategy Development. The Center has extensive experience in helping communities craft customized and optimized development strategies.

Training. Via our Working with Entrepreneurs Program, we can provide comprehensive and field tested training opportunities for development practitioners and leaders.

Execution Coaching. The Center provides specialized game plan implementation coaching on a real-time basis through modest retainer arrangements.

Sustainability. Finally, the Center can help your community find the long-term funding to ensure robust support for your E Strategy.

The e² Team is led by Don Macke, Co-Director with the Center for Rural Entrepreneurship. Don has more than 38 years of community economic development experience and has worked with regions and communities throughout North America and the Caribbean. The e² team includes Ahmet Binerer (research), Deb Markley (metrics & research), Dana Williams (logistics), Ann Chaffin and Kyle Cummings (communications).

Over the years, the Center has developed close relations with some of the best working in the field of entrepreneurship including Leon Atwell and Jack Newcomb (master community & business coaches) from Kansas, Christine Hamilton-Pennell (market intelligence) based in Denver, Colorado, Dick Gardner (master community coach) from Boise, Idaho and Quincy Ellis and Greg Clary (master community coaches, entrepreneurship experts and incubation authorities) from Texas. Additionally, the Center has one the largest networks of entrepreneurship practitioners in North America who can be drawn upon to support specific projects.

The Center for Rural Entrepreneurship's vision for rural America is one of vibrant communities and regions that embrace entrepreneurship, that find new sources of competitive advantage in their inherent assets, and that invest in a new more sustainable future for both present and future generations. The Center's mission is to help our local, regional and state partners achieve this future by connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy.

To learn more about the Center's history and program areas, go to
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The Rural Policy Research Institute (RUPRI) provided founding support to create the Center for Rural Entrepreneurship in 2001. RUPRI's mission is to provide independent analysis and information on the challenges, needs, and opportunities facing rural people and places. The work of the Center for Rural Entrepreneurship, along with other centers and collaborations, helps RUPRI achieve this mission. To learn more about RUPRI, visit www.rupri.org.

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