



# **Working with Entrepreneurs Guide**

**September 2020**

## About This Guide

Based on over 40 years of work in the rural community economic development arena and 25 years focused on entrepreneur-led development, at e2 we have concluded that the most important pathway to a more prosperous community employing entrepreneurial development is your community's commitment to **working with your entrepreneurs**. This **Working with Entrepreneurs Guide** provides you a field-tested and comprehensive framework for organizing your community to effectively and efficiently engage with your entrepreneurs, network them to resources, and generate desired community economic development impacts. Furthermore, this guide also addresses how your community can learn from your entrepreneur interactions to inform smart entrepreneurial ecosystem building.

The e2 University includes several additional guides to help you in your journey toward entrepreneur-led economic development:

- **Introduction to e2 University**
- **Community Readiness for Entrepreneurship**
- **Assessments to Strategy**
- **Working with Entrepreneurs**
- **Metrics, Stories and Sustainability**

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## Part 1 – Guide Overview

### Insights from Ernesto Sirolli

Ernesto Sirolli, an early entrepreneurship thought leader, founder of Enterprise Facilitation and author of *Ripples of the Zambezi*, advanced the idea of the **trinity**, meaning the three core elements essential for venture success: production of a good or service, marketing to customers and financial management. He made a compelling case that every successful venture must have entrepreneurs who have passion and capabilities in all three areas. He also noted that rarely does one person have this kind of passion and ability relative to the trinity. As your community begins to work with your entrepreneurial talent, remember these foundational insights and how you can help your entrepreneurs build teams that wake up every morning aspiring to excellence in production, marketing, and financial management.

### Introduction

Entrepreneur-focused development is as much a human development strategy as a business development strategy. You are supporting entrepreneurial talent who will, in turn, be more successful in creating and growing ventures and having a positive impact on your community and your economy. Our **Working with Entrepreneurs Guide** includes important tools and background on our framework and process for working with your community's entrepreneur talent.

Once you have committed to an entrepreneur-focused development strategy and started to reach out and touch your entrepreneurs, you need to start asking some very pointed questions. How are you going to support them? How will you actually meet their needs, both now and in the future? This is the crux of **Working with Entrepreneurs**. Part Four in our book [Energizing Entrepreneurial Communities – A Pathway to Prosperity](#) explores this concept in some depth. In this guide, we provide your community a proven approach for finding your community's entrepreneurial talent and networking them to assistance, increasing desired economic development impacts.

### Providing Value to Your Entrepreneurs

The primary reason for working with entrepreneurs is to provide value to them. That value, however, is unique to each entrepreneur. One training program, one incubator facility, one financial tool will not meet the needs of every entrepreneur who has the passion and energy to start and grow a business in your community. You need to address three important challenges as you begin to work with entrepreneurs:

1. Do you really know who your entrepreneurs are? You need to get entrepreneurs to the right resource at the right time. This requires creating a process to really understand who they are, what motivates them, and what is challenging them. To do that, you need to gather more information than simply who they are and where they operate their enterprise. The intake and screening process outlined in our **Working with Entrepreneurs Guide** provides you some concrete tips and tools for developing this system.
2. Do you have clarity about the real bottom-line issues your entrepreneurs are facing? What challenges or opportunities that could move their venture to greater success are foundational questions? On any given day, your community's entrepreneurs face new challenges or opportunities that seems more important than anything else. Some of these challenges are the "fires" we encounter in our everyday work life. Some, however, are serious issues that get in the



way of building an enterprise, executing a plan, and achieving success. It is these really critical issues that you want to uncover with your entrepreneurs so that you can network them to the resources needed to address them. This is an important and primary role for the Entrepreneur Coach - a role we explore in-depth in this guide.

### All You Have to Do is Provide Some Meaningful Help

Another insight Ernest Sirillo advanced was the idea that our communities or any resource provider should not be expected to have solutions to every entrepreneur challenge or opportunity. This is an unrealistic expectation. First and foremost, ultimately each and every entrepreneur is responsible for their success or failure. They own their venture. Our role as communities and resource providers is to be a meaningful and helpful partner. Building on Ernesto's counsel, we advocate that as you begin to work with your entrepreneurs be candid and focus your assistance on those challenges and opportunities where you can bring real assistance. Where you do not have solutions, be up front and honest with your entrepreneurs. Regardless, if you can network your entrepreneurs to some assistance that makes a difference, you will build an increasingly trusting relationship that will open the door for continued work with your entrepreneurs. Additionally, by demonstrating you can help, those you are helping will talk to other entrepreneurs building positive community reputation. Positive street reputation will make outreach much easier as entrepreneurs begin to come to you versus your spending effort reaching out to them.

3. Do you have resources that can address at least some of the entrepreneur's development needs? Real value comes from connecting entrepreneurs to the resources they need to overcome the challenges and realize the opportunities you identify together. While this may seem like a daunting task, you should remember that supporting entrepreneurs is a team sport. You, your entrepreneur coach, and the other service providers you have identified through your resource mapping (see our **Assessment to Strategy Guide**) provide value to your entrepreneurs and, ultimately, development outcomes for your community.

### e2's Approach

Through years of work in communities across North America, we have developed a roadmap that describes e2's approach to building an entrepreneurial ecosystem that can move your community toward prosperity. The **e2 roadmap**, a pathway that moves from getting to know your customers (i.e., your entrepreneurs) to ultimately achieving the kinds of economic development outcomes that your community desires. Working with entrepreneurs is foundational to successful entrepreneur-led development. Ultimately, your community must begin identifying and working with your entrepreneurial talent. This is the **e2 ground game** that requires serious community commitment. It takes time, energy, and budget to identify, target and reach out to your entrepreneurs. This proactive approach is called the **eAccelerator**. Instead of waiting for entrepreneurs to come to us for assistance, we are intentionally and smartly reaching out to them. This allows your community to decide where you can best demonstrate early impact. Chances are good your community does not have the capacity to work with all your entrepreneurship talent. By targeting, you can manage opportunity with capacity and demonstrate impact. Impact ensures growth and sustainability.

### From Center for Rural Entrepreneurship to e2 Entrepreneurial Ecosystems

For nearly a generation, our work in rural entrepreneurship was as the national Center for Rural Entrepreneurship. Across America and world there are resources, thought papers and books all branded



as the Center for Rural Entrepreneurship. Beginning in 2019 we rebranded our work as **e2 Entrepreneurial Ecosystems**. Currently, e2 is doing less field work and consulting and now focusing on updating our resources based on the last six years of field work. Our new e2 University resources are part of this focus shift. We hope these resources can be redeployed across North America and the world to advance rural entrepreneurship as a primary community-focused development strategy.

## The Basic System

As we explore entrepreneurial ecosystem building considerable attention is focused on resources like seed capital funds, growth planning, incubators, co-working spaces, accelerators, and the list goes on. All of these resources can be important and are often essential components within an entrepreneurial ecosystem. However, the most important element of an entrepreneurial ecosystem are our entrepreneurs. For rural America, we have evolved a **basic system** that is foundational within new and emergent ecosystems. Figure 1 provides a visualization of our basic **e2 Working with Entrepreneurs** system. It focuses on reaching out to the entrepreneurial talent your community has and networking to assistance that can help them grow and be more successful. We refer to this as the **ground game**. Building the perfect **supply side** (e.g., resources, programs, financing, etc.) focused ecosystem will underperform without a robust and sustained strategy to identify, engage, and assist entrepreneurs.

Figure 1 – The Working with Entrepreneurs System

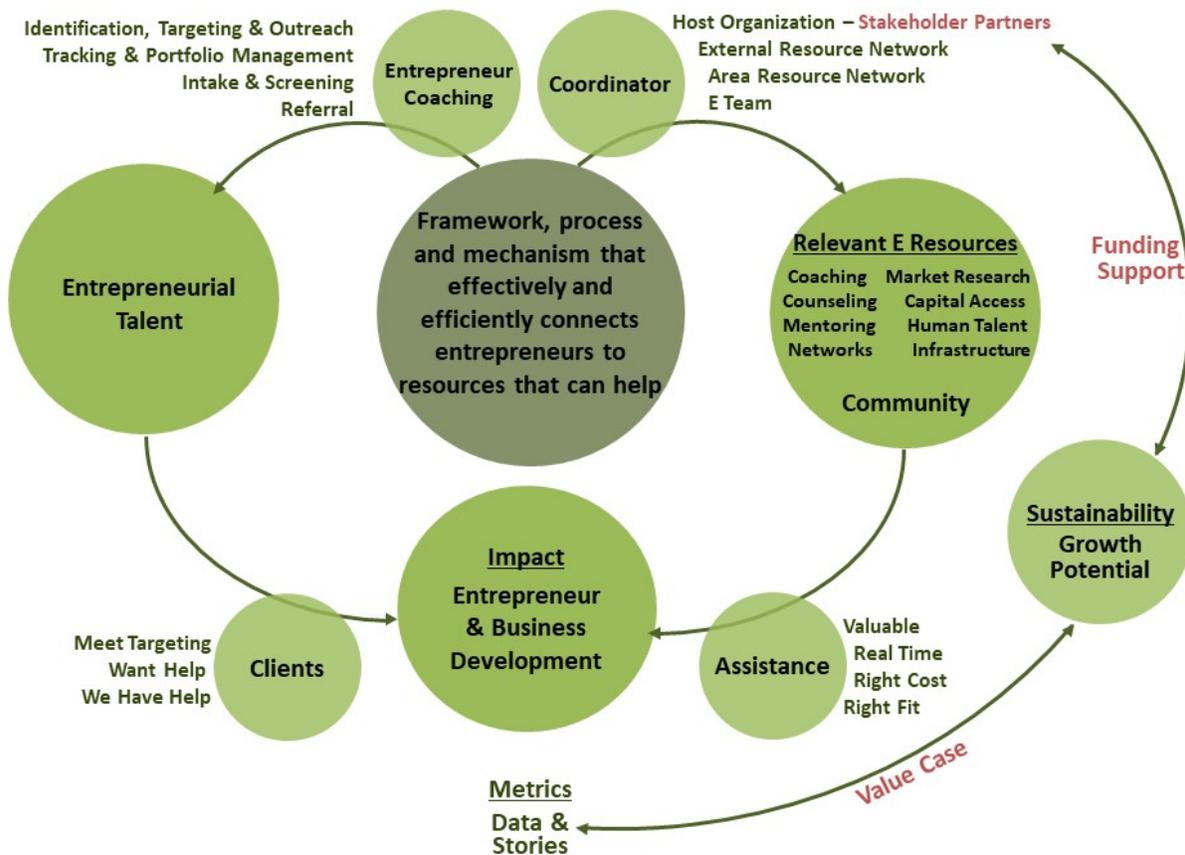
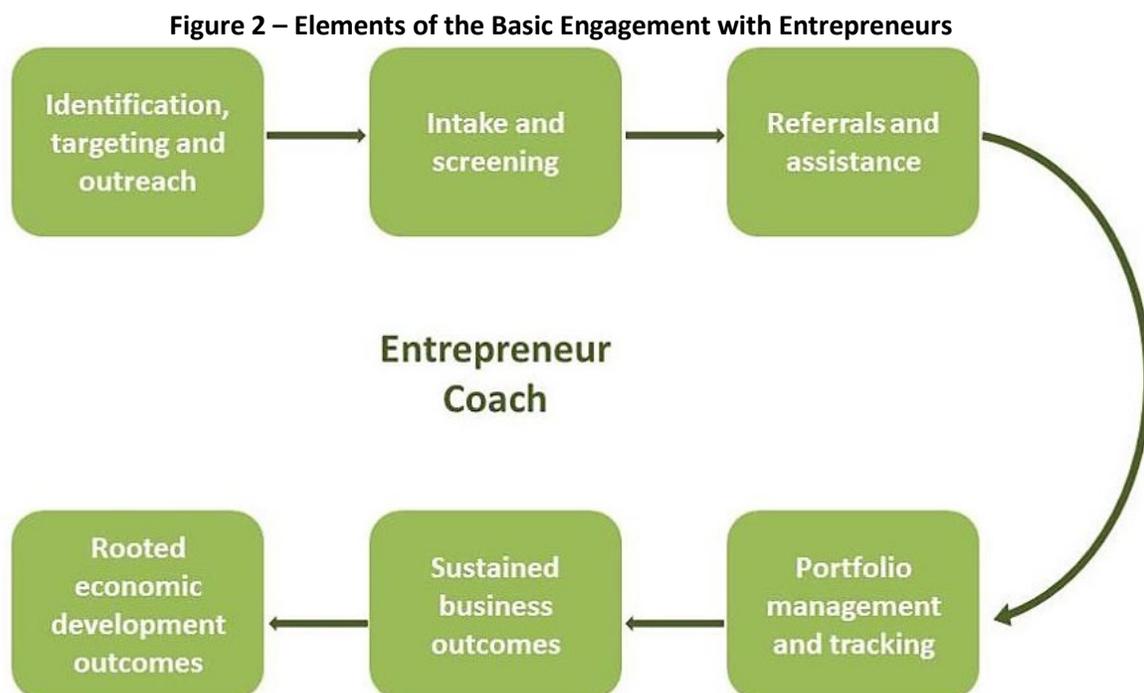


Figure 1 illustrates the basic transaction that can energize entrepreneurial talent in your community. It begins with discovering your community’s entrepreneurial talent and engaging with them to identify

potential areas of assistance and growth. As part of this engagement, your community begins to network your entrepreneurs to resources that can help them become more competitive and successful. The impact outcomes will vary from helping one entrepreneur become a bit more efficient and profitable to helping another growth-oriented entrepreneur navigate the challenges of achieving market penetration enabling growth.

Figure 2 highlights the primary elements of a basic working with entrepreneurs game plan ranging from initial entrepreneurial talent mapping and targeting to outreach and intake to referral to assistance and finally tracking the entrepreneurs your community is working with and measuring your impact. Each of these system elements will be explored in detail in the coming sections of this guide.



## Part 2 – From Entrepreneurial Talent to Deal Flow Impacts

It is important to remember our endgame of increasing and sustainable community prosperity where more of our residents are doing better. Our means to this end is increasing entrepreneurial behavior by networking relevant assistance to our entrepreneurs.

The endgame of working with entrepreneurs is increasing what we call **deal flow**. The key to working with entrepreneurs is what we call **energizing your entrepreneurial talent**. Ewing Marion Kauffman, founder of Marion Laboratories and the Kauffman Foundation, was known to say, *“a key to entrepreneurial success is focusing time and energy on growing a better venture versus just running your business.”* When we engage with our entrepreneurs, we are actually disrupting them with respect to their near-total focus on **running their business**. Our engagement can create space and perspective on how to grow a better business. When entrepreneurs find time to focus on growing better ventures, our communities can accelerate deal flow and ultimately economic development outcomes.

## Deal Flow

So what do mean with the term **deal flow**? Deal flow includes a wide range of possible venture outcomes. For an aspiring entrepreneur, deal flow could include making the decision to actually launch a venture. For an existing main street business, deal flow is new investment in their building and equipment. When considering growth-oriented entrepreneurs, deal flow is the decision to take on a new market and expand the size of business creating new investment, jobs, and economic activity in your community.

For the remainder of this section, we explore the **working with entrepreneurs framework** beginning with the all-important activity of entrepreneurial talent and mapping and finishing with Impact – Metrics and Stories.

## Mapping and Targeting

Our **e2 Assessments to Strategy Guide** provides detailed information, tools and resources that can help your community undertake entrepreneurial talent mapping and targeting. Entrepreneurial **mapping** is a quick process whereby a group of entrepreneurial stakeholders (e.g., economic developers, chamber executives, bankers and others with knowledge of specific community entrepreneurs) identify or map your community's entrepreneurial talent and roughly classify this talent based on where it is developmentally (e.g., aspiring to high growth).

### Consider Civic-Minded Entrepreneurs for Initial Outreach

If you are just starting your working with entrepreneurs journey, we encourage you as part of your community's entrepreneur targeting to consider entrepreneurs who are also civically minded. By civically minded, we are thinking about entrepreneurs who care about their community and are interested in helping their hometown grow a stronger ecosystem for entrepreneurs. We make this suggestion because civic-minded entrepreneurs are going to be more accommodating and supportive while your community is learning how to undertake outreach, intake, and networking to assistance. Less civically minded entrepreneurs may be less patient and more critical. In time, as you fine-tune your game plan, you can engage with these harder to reach and support entrepreneurs.

The second key activity we recommend your community undertake once you have completed your entrepreneurial talent mapping is to **target** specific entrepreneurs for your initial community outreach. Chances are good that your community does not have the current capacity to reach out to every entrepreneur in your community as you are building your ecosystem and entrepreneurial strategy. Remember, this is not intended to be a comprehensive census of your community's entrepreneurs; rather it is intended to get your community going with respect to outreach and ultimately networking entrepreneurs to assistance. Over time your community will routinize an important set of activities and become more comprehensive in reaching all your community's entrepreneurs.

### Remember Your Community's Three Kinds of Entrepreneurial Talent

As your community undertakes your first (or even third) entrepreneurial talent mapping and targeting activity, remember you have three kinds of entrepreneurial talent based on legal organization: for-profit businesses, nonprofit ventures (e.g., a county hospital or large social service agency) and civic or governmental enterprises (e.g., a state park for example). Identifying and reaching out to for-profit entrepreneurs is obvious, but your community may also want to engage the fast-growing nonprofit

venture sector and even governmental enterprises. In an opportunity-focused approach to economic development, working with all your entrepreneurial talent regardless of legal organization makes sense.

Based on e2's work with communities across the United States, we recommend that your community complete entrepreneurial talent mapping and targeting before you engage in outreach. Being strategic and intentional can help your community be more effective, efficient, and impactful as you begin to work with your entrepreneurs.

## Outreach to Entrepreneurs

As every entrepreneur knows, sooner rather than later, you need to reach out and engage your targeted customers. When your community chooses to work with entrepreneurs, your customers are the entrepreneurs you hope to help and who, in turn, will generate economic development outcomes in your community.

Before we dive into **entrepreneur outreach** strategies, there are two important considerations related to **first impressions** and **demand-driven approaches**.

### Meeting Development Needs

Your community can setup shop to help entrepreneurs, do some marketing, offer some programs, and wait to see who shows up. We call this a reactive approach. Our field experience across the country has informed us that reactive approaches are slow and often fail to attract the very entrepreneurial talent for whom your community can provide assistance and generate impact. We recommend a proactive approach in which you target entrepreneurial talent and conduct outreach. If you hope to grow your economy and create economic opportunities for your residents, you must go beyond mapping entrepreneurial talent – you must conduct outreach, engage in intake and screening, and make referrals to resource partners that can meet your entrepreneurs' development needs.

**First Impressions.** Advice for making a good first impression is universal. Often, a bad first impression closes the door for further interaction. The steps of outreach, intake, screening, and referral collectively constitute your first impression with what you hope will become long-term entrepreneurial clients. A strong game plan and even stronger execution and quality control related to these important activities is fundamental to the future success of your entrepreneurial work. When your community is in a startup phase, chances are reasonable that you will have quality control challenges (e.g., failure to follow up with entrepreneur as promised, soft referrals, mismatched referrals, and the like). It is for this reason we suggest you consider your first targets for outreach to be civically minded entrepreneurs who are more likely to cut you some slack and help you fine tune your outreach to assistance game plan.

**Demand-Driven versus Supply-Focused Approaches.** One of the biggest failings of so many entrepreneurship initiatives is the idea that "if you build it, they will come." This supply-side approach uses marketing websites, trainings, networking opportunities and counseling to draw in some potential clients. But through this guide and our Entrepreneurial Communities Framework, we suggest a different and, we think, better approach: Identify the entrepreneurial clients you want to work with and proactively reach out to them through a process of visitation and engagement. We call this a **demand-driven** approach. We find this approach to be more efficient and effective as your community is learning the ropes of working with entrepreneurs. By learning from your community's unique entrepreneurial talent, you can map the actual assistance you need to have within your resource network. There is little

point in developing programs and resources that do not match up with the very entrepreneurs you are trying to help.

### Biggest Mistakes

Over the years, we have had the opportunity to talk with, explore and work with many entrepreneurs across North America. Too often, we discover that the best of intentions and lots of hard work are undermined because new initiatives assume that if they open the door, customers will come. Unfortunately, our experience suggests that offering great help (even with smart marketing programs) is often insufficient to generate client activity. This can be particularly true for the promising entrepreneurs we really want to work with such as growth-oriented entrepreneurs.

**Outreach is Key to Success.** Every **successful** entrepreneur knows that to succeed, you must identify and engage the customer as you start a business. Over time, happy customers and a growing reputation will drive new traffic to these ventures. But, in the beginning, when customers do not really know you and are not sure you can really help them, you have to be proactive and reach out to them. The same is true for your entrepreneurship program. Taking some time, energy, and resources to build a basic outreach strategy is foundational to your ultimate success.

**Entrepreneur Outreach Strategies.** Outreach is about making connections with the entrepreneurs you are targeting. Before we talk about specific strategies, it is important to consider why and how entrepreneurs may choose – or *not* choose – to connect with your entrepreneurial development efforts.

**Why the disconnect?** This is an all too familiar refrain: We have great services (e.g., business counseling, mentoring, workshops) and wonderful resources (e.g., gap financing tools, market research, web site development assistance). We have been generating stories in the paper and on the radio station. We have gotten the word out through the city, chamber of commerce and development corporation. Yet, we are experiencing too little traffic let alone actual entrepreneur clients for our initiative. So **why the disconnect?** Entrepreneurs, particularly the growth-oriented and innovative entrepreneurs we want to target, are focused and busy. Our field research suggests these entrepreneurs are often not part of traditional business development networks. As a result, they may not be paying attention to your marketing and mailings. They may even have the mindset that **you cannot help** – that what you are providing is not valuable and that it would be a waste of time to even explore how you might help. Focused entrepreneurs typically do not like events or workshops. When they are ready for help, they want it now and they want one-on-one attention. Your outreach and engagement activities have to break through the three walls of limited awareness, indifference, and disregard.

**How Do We Connect with the Right Clients?** Every startup entrepreneurial venture must deal with this question. Even established brand names have to continue to make their case to customers. Why in the world does a brand like Coke continue to market and advertise? Because customers are busy, they have choices, they may be new to the marketplace, and the list goes on and on. Successful outreach strategies use both **push** and **pull** tactics. Here's one example of a push tactic: A bank loan officer meets with an entrepreneur seeking a line of credit or secured debt for an expansion, but the deal needs some work before the bank can say yes. Since the loan officer does not want to say no, he or she might instead ask the entrepreneur to work with your program in the hope that a bankable deal can be developed. A classic pull tactic is creating positive talk on the street. You have helped some entrepreneurs with positive results, and their businesses are growing. They are feeling good about your



efforts and agree to give a testimonial you can use in marketing. More importantly, they are sharing the good news with other entrepreneurs in the community, pulling new customers into your initiative.

Understanding what it takes to engage entrepreneurs is just the first step in developing an outreach strategy. There has been plenty written on customer outreach and development, branding, and marketing. While we do not want to re-plow that ground in this guide, we offer some preferred **outreach tools and approaches** that can be used by your community to evolve a powerfully effective and efficient outreach game plan.

### Surveys Too Long?

Given the extensive use of this feedback in a wide range of regions and communities in North America and particularly the continental United States, we have received a lot of smart counsel. A common community feedback is concern that the e2 survey is too long and that entrepreneurs will not complete it. We respect this concern. With that said, our experience is that while not all entrepreneurs will complete the survey because of its length, most do. We have found that entrepreneurs are excited about sharing and often take the time to complete this survey and even add comments.

**Visitation & Surveys.** Over the years, e2 has collected and developed an entire set of entrepreneur visitation protocols and surveys. These tools have been field-tested for objectivity, appropriateness, and effectiveness. Remember, you may have only one chance to begin a relationship with a local entrepreneur. Make sure you are using the right tool and approach. You may want to customize these resources to meet your specific needs. Additionally, you may want to brand these resources to your community and program. You have our permission to brand any of these tools as long as you provide reasonable attribution to the e2 as the source.

### Earn Your Entrepreneurs' Loyalty

Approach outreach, intake, screening, and referral as a healthy challenge. These four related activities represent your first impression with a potential entrepreneurial client. Yes client! You are not doing entrepreneurs a favor. You must demonstrate value to them if you are to help them and in turn develop your economy. This is an opportunity, and trust in you and your initiative must be earned. Doing outreach, intake, screening, and referral well is an important start in growing your entrepreneurial development system.

Figure 3 summarizes our entrepreneur visitation protocol resources. ***All of these tools are included with this guide.***

**Figure 3 – e2’s Visitation Protocols and Resources**

<p><b>Entrepreneur Visitation Protocol</b> (Figure 5)</p>	<p>This is our basic visitation protocol. It includes both implementation and key questions. It can be used in combination with our <b>Entrepreneur Self-Test</b> or <b>Entrepreneur Survey</b> (Figure 4). This visitation protocol can be modified to work with a Chamber style “drop-in visit” strategy with a follow-up survey</p>
<p><a href="#"><u>Growth Entrepreneurs Visitation Protocol</u></a></p>	<p>Growth entrepreneurs typically are established businesses. They are more resistant to accepting help and require more time to build trust and access. Their businesses are more complicated, and this protocol provides a framework with stronger orientation around “growth” topics and questions.</p>
<p><a href="#"><u>Tourism-Related Visitation Protocol</u></a></p>	<p>For many rural communities and regions, tourism is an important economic sector. This protocol addresses the unique aspects of tourism-related entrepreneurs and businesses. Often, this visitation is done in partnership with the area’s “visitors’ council.”</p>
<p><a href="#"><u>Transition Visitation Protocol</u></a></p>	<p>For many rural communities, current owners and operators of existing businesses are approaching retirement. This protocol is specific to entrepreneurs likely to be in transition. Ensuring successful transition is key to most community’s development strategies.</p>

We strongly advise using your targeting and mapping work to create a prioritized list of entrepreneurs for visitation and survey completion. These are addressed in detail in our visitation protocols. Drop-in visits are quick and intended to get the ball rolling with a targeted entrepreneur. As part of this drop-in visit, we encourage leaving the **entrepreneur survey** (Figure 4) to enable additional information gathering. It is common during the drop-in visit for the entrepreneur to play close to the vest. You may find, however, that the entrepreneur opens up a bit when they are answering the survey left behind, providing you with insights you can use in a follow-up visit and further engagement.

**Electronic Gateways.** Based on age and preference, a growing number of entrepreneurs want to engage virtually through a web site, application, or other electronic portal. Having such a portal is powerfully important. You can build your own or use an existing and proven resource such as [Resources & Tools for Business Success](#) and/or [SourceLink](#). These resources are excellent and provide value. They can be incorporated into your own and partners’ web sites. These resources can be customized with spaces for messaging and marketing.

**No Wrong Door**

Not too long ago, the established best practice was creation of a “one stop center.” With just one place to go for help, we could rationalize our support system for entrepreneurs. This idea made sense. What we found, however, is entrepreneurs typically do not use a one-stop center approach. One-stop centers have given way to a more appropriate “no wrong door” approach. No wrong door means that entrepreneurs can use multiple pathways to get connected to your resource network and the assistance they need. No matter where they enter, it should be the right door.

**Area Networks.** Chapter 2.3 in our book, [Energizing Entrepreneurial Communities – A Pathway to Prosperity](#), addresses this idea of creating an **Area Resource Network** (ARN). The area resource network can naturally flow out of your early community organizing for entrepreneur-focused development where you have identified and engaged partners in your work. Typically, the area resource network includes businesses, individuals and organizations that come into regular contact with entrepreneurs



such as the city clerk, local banks, the chamber, business supply stores, attorneys, CPAs, computer stores and the like. Engaging these stakeholders as resource partners can expand your ability to help entrepreneurs and ensure that they are driving traffic your way. For example, a local attorney may be working with a startup and helping them create a limited liability company. During this work, the entrepreneur is asking questions and sharing information. Because the attorney is part of your ARN, they suggest to their client that they connect with you.

**Events.** Be creative in using both existing and new events to reach out to your targeted entrepreneurial clients. A central outreach message is that your community is here and ready to help entrepreneurs become more successful. Before you employ events in your outreach strategy, work with some entrepreneurs, create some positive impact and collect some testimonials. Such testimonials are powerful ways to pull new entrepreneurs into your system. These short stories with quotes and pictures convey that you really can help. You can use YouTube, social media, newspaper stories, radio clips or even one-page photographed handouts. Use your network to create opportunities to share your stories. In time, you may become more sophisticated and offer entrepreneur networking events.

### Reaching the Hard to Reach

We have been working in West Texas (Lubbock and Amarillo regions) a lot over the last few years. Many rural counties in West Texas are becoming minority majority with growing Hispanic and Latino populations. These new residents are often very entrepreneurial and can be challenging to engage in business development programs. We have been working with the faith community, literacy groups and other trusted segments of the community to get our message out and create connections. Take time to understand your community and make sure that your outreach game plan reflects new and creative ways to reach out to immigrant entrepreneurs and others who might be less well connected to your traditional business development networks.

**Pathway Resources.** Remember our advice regarding a “no wrong door” approach with entrepreneurs. Within this approach, everyone who cares about your community’s future can become a pathway resource. When community members and groups are aware of your entrepreneurship initiative, they can become part of your referral network. Remember, entrepreneurs, their families, and employees are part of your community. They visit cafes, libraries, schools, city offices, stores, and churches.

Here is one example from our field experience. In one small rural community, the owner of the only hardware store for miles around reached out to his priest because he was facing a balloon payment that he could not meet. He was beside himself and desperate and reached out to a trusted advisor. Because the priest was informed about the community’s entrepreneurship efforts, he was able to point the business owner to local resources. A new financing package kept him operating and, to this day, his store is thriving. Educating, engaging, and supporting a network of pathway resources throughout the community creates a **no wrong door** strategy that can drive entrepreneurs toward your initiative and the resources they need for success.

### Tips You Can Use... Marketing Materials

Based on our field experience and learning from rural communities throughout North America, we offer the following considerations as you decide what marketing materials to employ in your outreach strategy:

- Keep your materials simple. You do not necessarily need glossy and expensive printed materials. Using a desktop publisher or Microsoft Word documents can allow you to print your materials when needed and update as required.

- Be creative. Have some fun and move beyond the regular brochure or one-page flyer. Here is an idea from Deuel County South Dakota using a bit of humor and a post-card format.

- Target your materials to the entrepreneurs you want to help. Prepare several versions of the same outreach materials but with targeted messages (e.g., to farmers or business transitions).

- Use testimonials. Word of mouth recommendations are ultimately your best outreach tools. As you build strong relationships with entrepreneurs, see if they will provide you with a quote or testimonial that you can use publicly as part of your marketing materials.

- Success supports outreach. Valley County, Nebraska does a remarkable job of celebrating business success through their local newspaper and radio station. Every “growth event” is celebrated with a story and picture in the newspaper. These celebrations create marketing opportunities.



**Implementation.** Bottom line, you just have to *do it*. The best design and game plan in the world cannot yield results if you do not work your plan and execute it religiously. Maintain an outreach routine – a regular pattern of outreach activities – in spite of your busy schedule. You never know when your message will be received. At e2, people have been on our mailing list for years, receiving our electronic newsletter month after month. Then one day, an item connects with them and they reach out to us for help. BINGO - our outreach strategy yields a new community partner.

**Word of Mouth Referrals.** Nothing is more powerful and effective than a personal referral. When one entrepreneur recommends your program to another entrepreneur, the chances that a connection will be made are much greater. Word of mouth referrals don't come easily; they must be earned by working hard to create value for your entrepreneurial clients. Reputation takes time and diligence to create but can be ruined with weak execution and, as a result, negative feedback about the value of your work in the community. Remember that entrepreneurs also care about community prosperity. Encourage the entrepreneurs that you help to share their experiences with others who could benefit from your assistance. Encourage them to become honest and candid advocates, not just boosters. Ultimately, the success of any entrepreneur is the responsibility of that entrepreneur, not your program. You can become a valuable partner, but you cannot solve every issue or problem. Getting this part of the messaging right is important.

## Intake & Screening

Every time you have some contact with a potential entrepreneurial client, you have an opportunity to undertake intake and screening. By intake, we refer to the collection of information, insights, and early perspectives on potential entrepreneurial clients – your baseline. Intake is an ongoing process that evolves as your engagement with a client progresses. Screening is also ongoing as you constantly look

for insight into (1) the entrepreneurial development needs of this particular client, (2) the most important areas of assistance needed, and (3) which of the resources in your network match up well against this entrepreneur's needs.

A really strong outreach strategy needs to be matched by an effective system of intake and screening. Once entrepreneurs connect with your initiative, how will you manage these interactions? Remember our goal is to provide meaningful assistance that allows our community to build trusting relationships with individual entrepreneurs and positive reputation with our entrepreneurial community. Success in growing your economy by helping entrepreneurs grow is contingent on three considerations:

1. Do we know who these entrepreneurs are, and have we successfully begun the process of intake and screening?
2. Do we really understand the issues that are important to entrepreneur success? This consideration is challenging. It involves achieving clarity with each entrepreneur on what it will take to become successful. It takes time, patience, and creativity to get entrepreneurs to trust and open up about their business and personal challenges. With some entrepreneurs, you may never get to this point.
3. Do we have resources to address some of the entrepreneur's development needs?

The following insights can help you and your community become more successful with entrepreneur intake and screening.

### Strategic Listening

A key attribute of great teachers and entrepreneur coaches is their strategic listening skills and experience. They are totally focused on seeking insight into the communication (both verbal and non-verbal) of the student or entrepreneur. Knowing what you are listening for is the foundation of strategic listening, followed by careful dialogue that gets you and the client to the really important development topics and issues.

**Like Hiking a Mountain.** If you have ever hiked a mountain, you know that the horizon constantly changes. With each gain in elevation, a new horizon and potential hiking goal emerges. With each new hike, there is continual discovery and each path offers new insight. In so many ways, working with an entrepreneur is like hiking a mountain. Information comes out slowly over time as trust and the quality of your conversations deepen. Be determined in building a valuable relationship with your clients.

In many cases, even veteran entrepreneurs are not sure of what issues or questions are most important until they have a chance to talk about them over time. Like most of us, they may be reluctant to admit what they don't know. Building a trusting and confidential relationship creates the space for the really challenging and scary issues to come to the surface so they can be addressed. It is an art form that experienced coaches learn over time that allows them to reach new heights of insight and understanding. In addition to basic contact and business information, we encourage you to spend time during your initial intake meeting with an entrepreneur on two areas: entrepreneurial history and personal history.

**Entrepreneurial History.** In an informal way, we want to understand a potential client's entrepreneurial experience. You might ask the entrepreneur questions such as:

- Are you in business now?
- Have you been in business in past?
- Did you grow up in or around family members who were in business?
- At what stage of entrepreneurship are you?
- What kind of business have you been in, are in or want to be in?

**TIP:** Be sure to take a look at the various **visitation protocols and entrepreneur survey tools** we have included with this guide. They can help you explore possible conversation starters and ways to phrase your questions. Be informal and organic. Remember, you are building a potential relationship, not executing a complicated screening process.

### Getting the Basics

Every conversation is a potential intake opportunity. Be disciplined and keep your basic intake checklist with you and use it. At a minimum, gather the following information during your first encounter:

- Name with correct spelling.
- Preferred way for you to contact this person.
- Why did they reach out to you?
- When could you do a more formal intake?
- Your insights on this potential entrepreneurial client.

**Personal History.** It is also important to gain some personal information about the entrepreneur. You might ask some easy starter questions such as:

- Are you married?
- Do you have kids? What ages?
- Are you an immigrant?
- How long have you lived in the community?

**TIP:** Covering these questions will likely consume an initial intake visit. Patience is strongly recommended. It takes time to build a trusting relationship and each conversation must be evaluated to see where to go next and how much more deeply you can probe. We encourage you to take your cues from the entrepreneur and go at a pace that is comfortable for them. Check out the [intake tools](#) shared by our colleagues at the Kansas Small Business Development Centers to get more ideas for questions and protocols to use to make this process work well for you.

You should also note the approximate age, gender, and race of the entrepreneur. Remember, you are helping a person or team develop their dreams. Entrepreneurs often have a hard time separating business and family. A strong **entrepreneur development system** is comprehensive and addresses the range of entrepreneurial needs from personal life balance to securing growth financing.

## Screening – Going Deeper – Is this a Potential Client?

It is unlikely that every entrepreneur you meet will be ready or right for your entrepreneurship initiative's assistance. That is why screening becomes so important. You need to be flexible but systematic in working through a set of screening elements to determine whether an interested entrepreneur is actually a potential client for your entrepreneur development system. Ultimately, you want to find the right match between adding value for the entrepreneurs and delivering development impact for the community.

### Use of Surveys

Creating safe spaces where entrepreneurs will open up and really share is so important to your success with intake and screening. In our rural culture, it is often true that it is easier to share through a survey than in conversations. A response or a comment made in a survey can open the door to a richer discussion during follow-up visits.

The key intake and screening elements we recommend that you use include the following:

**General Background.** Every interaction with your entrepreneurial client is an opportunity to gather more information. Listen strategically and use start and end times for this kind of information gathering. Do not take notes, but listen and be prepared to process what you have heard following the encounter. Remember, when you are working with entrepreneurs you need to budget time to process what you are learning. Often, as the entrepreneur begins to trust you, they will share deeper insights, telling you, for example, the real personal motivation for going into business. This information will help you and your community work with the entire entrepreneur, ghosts, warts and all.

**Motivation and Passion.** Borrowing a chapter from angel and venture capital investors, we are more interested in the entrepreneur, their motivations and capabilities than their specific business. Ewing Marion Kauffman often counseled that entrepreneurial success was rooted in:

- The right motivation
- A strong and abiding passion to succeed
- A healthy work ethic
- Willingness to learn and some talent
- A lot of good luck

As your relationship with an entrepreneur grows, you will have more latitude to explore these very personal characteristics. But in time, you must gain insight (and help the entrepreneur gain insight) into their motivation, passion and work ethic. Talent is hard to judge, and we will talk about willingness to learn in the next section. Good luck cannot be predicted, but good planning and risk assessment can be a hedge on luck.

**TIP:** The **visitation protocols** included in this package have a number of questions or conversation starters that can be helpful in gaining insight on motivation, passion, and work ethic. Assessing the passion of your entrepreneurs can help you determine how much you invest in them.

Here is quick checklist of possible considerations as you probe this area:

- Background (life’s successes and failures)
- Attitude (optimist vs. pessimist, etc.)
- Maturity
- Goals
- Personal Life Experience
- Is there a Dream or Vision?

**Willingness to Learn.** From conversations, interviews and focus groups over the past decades with entrepreneurs and the people who work with them, we have learned an important lesson about working with entrepreneurs. After motivation and passion, the most important indicator of entrepreneurial success is a genuine “willingness to learn.” It is often less important what a person knows than their openness to and capacity for learning. Red flags should go up when entrepreneurs state that they know all they need to know or are reluctant to engage in learning what they need to learn to be successful.

**Real Development Issues.** While we have presented this screening process in a logical and sequential way, engagement with entrepreneurs must be organic. View this process like a road map with alternative routes. Depending on how things develop, be prepared to be flexible and alter the sequence as it organically makes sense. Trust your judgment.

Ultimately, we want to identify those issues or opportunities that are important to both short-term and, eventually, long-term success. An entrepreneur may come through the door seeking a grant and, while money might be an issue, chances are good it is not the core issue. So there are surface questions or issues that begin the conversation. Listen, take notes and probe, but keep trying to uncover the hidden questions or issues that:

- Keep them up at night
- Represent their deepest fears
- Create blind spots
- Reflect their dislikes

The greatest insights often come through off-handed comments or footnotes. The topic may be the need to hire new employees and create a human resources system, but, deep down, the entrepreneur may just not be comfortable being a boss. Taking note of these items can create a focus for deeper conversations, assessment, and, ultimately, solutions that really matter.

**Entrepreneur Survey.** The following is our e2 basic **Entrepreneur Survey**. This survey can be used as outlined in this guide. We encourage users of this survey to refine it to better fit your needs. While at first glance it appears to be rather long, our experience supports the conclusion that most entrepreneurs will complete it or the sections they are comfortable completing.

### Figure 4 – Entrepreneur Survey

This **Entrepreneur Survey** was designed to gather information from entrepreneurs at the community level. The survey can be administered in a one-on-one interview or in a larger group of entrepreneurs. The purpose of the survey is to gain a better understanding of four primary questions:

- Who are these rural entrepreneurs?
- What type of businesses do they operate?
- What future plans do they have for the business, such as entering new markets or seeking new financial capital?
- What are their attitudes toward entrepreneurship?

This survey can provide useful baseline data about a community's entrepreneurs. The data can be used to identify areas where future resource investments may be needed. For example, if entrepreneurs expect to seek professional or technical advice in the future, the community may want to identify existing service providers or invest in creating new sources of technical assistance. The survey can be tailored to meet the specific needs of a community. For example, if a community is considering the creation of a business incubator, questions could be added under the Optional section to address the entrepreneur's interest in locating in an incubator facility or using the services provided by such a facility.

Welcome to the Entrepreneur Survey. Your responses will be kept completely confidential and none of your individual information will be disclosed. We appreciate your willingness to share your story with us! Contact information will be used only if follow-up questions are necessary and to provide general demographic information for all those completing the survey.

#### About the Entrepreneur:

Name of the owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Website (if applicable): \_\_\_\_\_

Sex:  Male  Female

Marital status:

Single

Married

Separated

Divorced

Significant Other

Number of children: \_\_\_\_\_

Highest level of education completed:

- Eighth grade
- High school
- College
- Graduate school

How many total years of personal business experience do you have? \_\_\_\_\_

Were/Are either of your parents ever involved in owning and operating their own business?

- Yes
- No

If yes, identify which parent and briefly describe the business activity?

\_\_\_\_\_

**About the Business:**

Name of business: \_\_\_\_\_

What year was this business started? \_\_\_\_\_

What year did you become the owner of this business? \_\_\_\_\_

Which best describes how you came to own this business?

- Started the business
- Purchased the business
- Inherited the business

How is your business organized?

- Sole proprietorship
- Partnership
- Subchapter S corporation
- Corporation

Which best describes your primary business activity?

- Service
- Retail (including restaurants)
- Finance / insurance / real estate
- Transportation
- Business and professional services
- Wholesale / distribution
- Manufacturing
- Construction
- Other: Please describe briefly \_\_\_\_\_

How many years of experience in this specific business activity do you have? \_\_\_\_\_

In an average week, how many hours do you devote to your business? \_\_\_\_\_ hours

How many employees do you have? \_\_\_\_\_

Full-time \_\_\_\_\_ Part-time \_\_\_\_\_

How many family members are employed in your business? \_\_\_\_\_

Full-time \_\_\_\_\_ Part-time \_\_\_\_\_

How many family members are investors in your business? \_\_\_\_\_

What percent of the business do you own? \_\_\_\_\_

### Future Plans for the Business:

How likely is your business to do each of the following in the next two years?

Please use the following scale to answer each question below:

**1 = not at all likely    2 = unlikely    3 = haven't considered this    4 = likely    5 = very likely**  
*Circle the best response.*

	1	2	3	4	5
Add a new product or service	1	2	3	4	5
Sell to a new market	1	2	3	4	5
Research new markets	1	2	3	4	5
Expand distribution channels	1	2	3	4	5
Expand advertising and promotion	1	2	3	4	5
Invest in new equipment	1	2	3	4	5
Replace current equipment	1	2	3	4	5
Expand current facilities	1	2	3	4	5
Redesign current facilities	1	2	3	4	5
Seek additional financial capital	1	2	3	4	5
Computerize current operations	1	2	3	4	5
Upgrade computer systems	1	2	3	4	5
Redesign operating activities	1	2	3	4	5
Expand the scope of operating activities	1	2	3	4	5
Seek professional or technical advice	1	2	3	4	5
Add specialized employees	1	2	3	4	5
Invest in offsite training for employees	1	2	3	4	5

**Entrepreneur Visitation Protocol.** The following is our e2 primary **Entrepreneurs Visitation Protocol**. It is modeled on the standard chamber of commerce drop-in approach. We recommend that this visitation protocol be used in conjunction with the **Entrepreneur Survey** (Figure 4). Typically, as part of the visit, the survey is dropped off and specific arrangements are made with the entrepreneur to complete and return or pick up the completed survey. The detailed inquiry areas can be shortened or eliminated when using the associated survey.

### Figure 5 – Entrepreneur Visitation Protocol

Our **Entrepreneur Visitation Protocol** provides a generic step-by-step process for conducting in-person visitation with targeted entrepreneurs within a community setting. This process is adapted from the **Business Retention and Expansion Program** visitation process so it should be familiar to economic developers who have worked with this particular program. However, our protocol focuses on the entrepreneur, not necessarily the business. We are looking for entrepreneurs who (1) fit our targeting and (2) are open to partnering with us in our development program.

#### Proposed Protocol

The following protocol is proposed to guide your visitation of entrepreneurial businesses. The target of the visitation tool shared below is a generic entrepreneurial enterprise. You may want to add elements to the survey for specific types of entrepreneurs, such as home-based businesses.

**Process Steps.** We propose the following stepped process:

**Step 1 – Identification and Targeting.** The first step involves identification of entrepreneurial businesses to target. We suggest that you develop your visitation list based on (1) entrepreneurs who fit the community’s targeted entrepreneurial type and (2) entrepreneurs who may be open to participating in the community’s support program.

**Step 2 – Visitation.** The second step is to visit each of the targeted entrepreneurs employing a modified Business Retention and Expansion interview process addressed in detail below.

**Step 3 – Customized Assistance.** The third step involves engaging the entrepreneur in a customized development program designed to address particular needs or opportunities.

**Step 4 – Tracking.** A simple tracking system should be established to annually assess each business initially visited, with particular focus on those entrepreneurs enrolled in the program.

**Step 5 – Program Evolution.** Each year, your entrepreneurial development strategy should be critically assessed to determine if it should continue as a strategic part of the community’s economic development effort and, if continued, how it may need to evolve to ensure its appropriateness and effectiveness.

**Confidentiality.** For this program to be successful, it must be totally confidential. Any information gained through interaction with entrepreneurs must be kept confidential, with access to the data restricted to a limited number of people committed to that confidentiality. We recommend the following:

- The program should be managed by a committee of no more than three to five people from the development organization. Committee members should agree in writing to complete confidentiality of all information gathered through this program.
- A written confidentiality pledge should be provided to each entrepreneur engaged formally or informally in the program. Any disclosure of information should be made only with written permission from the entrepreneur. Identification of the person or persons authorized to share business information and provide such a release should be made early in the process.

**Desired Outcomes.** This activity should result in the following:

- Insight into the entrepreneur and his/her venture and identification of the specific development issues that, if addressed, could enable the business to do better.
- Insight into the attitudes of the entrepreneur toward being involved in an economic development program focused on targeted entrepreneurs.
- Insight into critical community-specific development issues that might inform infrastructure needs for the community (e.g., lack of access to broadband, limited downtown office space).

**Visitation.** The initial visitation should run between 30 and 50 minutes. A team of two should conduct the visitation, with one person asking the questions and the second person taking notes and asking clarifying questions. A sample visitation survey is provided below.

**Inquiry Area 1 – About the Business.** First, we want to gain insight into the business or businesses (there may be more than one) owned and/or operated by the interviewee.

Name of business: \_\_\_\_\_

What year was this business started? \_\_\_\_\_

What year did you become the owner of this business? \_\_\_\_\_

Which best describes how you came to own this business?

- Started the business
- Purchased the business
- Inherited the business

How is your business organized?

- Sole proprietorship
- Partnership
- Subchapter S corporation
- Corporation

Which best describes your primary business activity?

- Service
- Retail (including restaurants)
- Finance / insurance / real estate
- Transportation
- Business and professional services
- Wholesale / distribution

- Manufacturing
- Construction
- Other: Please describe briefly \_\_\_\_\_

How many years of experience in this specific business activity do you have? \_\_\_\_\_

In an average week, how many hours do you devote to your business? \_\_\_\_\_ hours

How many employees do you have? \_\_\_\_\_

- Full-time \_\_\_\_\_
- Part-time \_\_\_\_\_

How many family members are employed in your business? \_\_\_\_\_

- Full-time \_\_\_\_\_
- Part-time \_\_\_\_\_

How many family members are investors in your business? \_\_\_\_\_

What percent of the business do you own? \_\_\_\_\_%

**Inquiry Area 2 – About the Owners/Operators.**

The second area of inquiry focuses on the owners/operators.

Name of the owner: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Website (if applicable): \_\_\_\_\_

Sex:  Male  Female

Marital status:

- Single
- Married
- Separated
- Divorced

Number of children: \_\_\_\_\_

Highest level of education completed:

- Eighth grade
- High school
- College
- Graduate school

How many total years of personal business experience do you have? \_\_\_\_\_

Were/Are either of your parents ever involved in owning and operating their own business?

- Yes
- No
- If yes, identify which parent and briefly describe the business activity below?

---

**Inquiry Area 3 – Future Plans.** Thirdly, we want to gain insight on their personal/business plans.

Note. The following questions are intended to be a **menu** to probe for insight. It is best to start with the following open-ended question and then use the specific questions for probing and clarification.



### Primary Questions

What are your plans for your business(es) in the next five years?  
Do you have longer-term business plans? If yes, what are they?

### Probing Questions

For these probing questions, you can use a scale where 1 = not at all likely and 5 = definitely plan to

Add a new product or service	1	2	3	4	5
Sell to a new market	1	2	3	4	5
Research new markets	1	2	3	4	5
Expand distribution channels	1	2	3	4	5
Expand advertising and promotion	1	2	3	4	5
Invest in new equipment	1	2	3	4	5
Replace current equipment	1	2	3	4	5
Expand current facilities	1	2	3	4	5
Redesign current facilities	1	2	3	4	5
Seek additional financial capital	1	2	3	4	5
Computerize current operations	1	2	3	4	5
Upgrade computer systems	1	2	3	4	5
Redesign operating activities	1	2	3	4	5
Expand the scope of operating activities	1	2	3	4	5
Seek professional or technical advice	1	2	3	4	5
Add specialized employees	1	2	3	4	5
Invest in offsite training for employees	1	2	3	4	5

**Inquiry Area 4 – Development Issues.** Every business faces real and perceived development issues. Often these issues become personal and clouded by emotions. It is important to discover those issues that are core to the development of (1) the entrepreneur and (2) their venture(s).

### Primary Question

Please list and describe the five most important issues facing your business in terms of your ability to be profitable and/or grow.

1. .
2. .
3. .
4. .
5. .

### Probing Questions

Which of the following business development issues are critical to your business' success and future growth? Rank on a 1 to 5 scale where 5 is very important and 1 is not at all important.

Access to financing or capital	1	2	3	4	5
Access to new markets	1	2	3	4	5
Assistance with business planning	1	2	3	4	5
Assistance with business transfer or sale	1	2	3	4	5
Lowering local taxes	1	2	3	4	5
Lowering state and/or federal taxes	1	2	3	4	5
Providing benefits to workers	1	2	3	4	5
Finding motivated and/or skilled workers	1	2	3	4	5
Lack of community awareness and support	1	2	3	4	5
Assistance in improving production	1	2	3	4	5
Access to higher quality telecommunications services	1	2	3	4	5
Upgrade computer systems	1	2	3	4	5
Redesign operating activities	1	2	3	4	5
Expand the scope of operating activities	1	2	3	4	5
Seek professional or technical advice	1	2	3	4	5
Add specialized employees	1	2	3	4	5
Invest in offsite training for employees	1	2	3	4	5

*You have a successful business in this community – would you consider giving of your time and experience in any of the following ways:*

Are you willing to mentor other entrepreneurs?  Yes  No

If yes, are you willing to mentor other entrepreneurs...

One on one  Yes  No

Through an entrepreneurs' network that meets periodically  Yes  No

Through a virtual entrepreneurs' network (on the Internet)  Yes  No

Other  Yes  No

Please describe \_\_\_\_\_

Do you think an entrepreneurial or vocational internship/apprentice program would be useful in helping people gain experience in starting their own businesses?  Yes  No

Would you be willing to participate in such a program?  Yes  No

## Program Elements

**Communications.** Two types of communication are required for this program:

**Type 1 – To the Entrepreneur(s).** Creating awareness of the program is important. Such awareness building should create appropriate expectations for the entrepreneurs so that they understand the opportunities and the limitations of becoming part of the program.

**Type 2 – To the Community at Large.** Informal communication within a smaller community is quick and often inaccurate. It is important that the community be accurately informed about the program to ensure its success. In Ord, for example, we recommended that the newspaper be enlisted to run a series of articles that introduced the program and provided progress reports monthly.

**Business Assistance Program Elements.** There are three elements to this *Business Assistance Program*:

**Element 1 – Identification, Targeting, Visitation & Enrollment.** The first three components are addressed with this tool. Regarding enrollment, we recommend a formal enrollment process involving the joint signing of a simple agreement that spells out the roles and responsibilities of both parties through this program. See the Attachments for a model agreement.

**Element 2 – Customized Technical Assistance.** Visitation will help to clarify the true development issues that each entrepreneur faces and provide the opportunity to design more customized technical assistance for each entrepreneur. In most cases, this assistance will involve a referral to a service provider within your area or external resource network. This customized assistance is the key to delivering real value to entrepreneurs – you are addressing the most critical things that are keeping them up at night.

**Element 3 – Support Infrastructure.** A common set of issues, applicable to any entrepreneur, will likely surface. The community should anticipate these issues and commit to building infrastructure to help resolve them. Possible infrastructure needs might include:

- ✓ **Peer networking.** Most entrepreneurs want the opportunity to interact, both formally and informally, with their peers. Networking events, driven by entrepreneurs, tend to be popular ways to build a stronger culture of entrepreneurship in a community.
- ✓ **Basic financial/bookkeeping information.** A weak spot for many entrepreneurs, classes in popular financial management software can meet the needs of a diverse set of new and even existing entrepreneurs.
- ✓ **Marketing 101.** Classes, webinars, and other ways to share marketing information are popular with new entrepreneurs without established communication and marketing departments of their own.

## Referrals – Networking Entrepreneurs to Assistance

There is a strong connection between referring or networking entrepreneurs to potential assistance and the process of actually providing relevant, real-time, and impactful assistance. Next, we will explore some of our hard-earned lessons learned specific to the art and science of entrepreneur to resource referrals.

**Effective and Efficient Referrals.** Sound intake and screening enables two interim outcomes. First, intake and screening allows your community's ecosystem and the potential client to make an intentional decision to work together. Second, this process identifies specific areas where you make commitments to provide assistance based on the reciprocal commitments of your new client. First impressions become positive impressions if the first two or three referrals go great for both the entrepreneurial client and the resource provider. Remember, you want to build trust and a positive relationship with both the entrepreneurs and your resource partners.

The connective tissue in an entrepreneurial ecosystem is a well developed and executed referral system. In fact, referrals may be the best and most cost-effective way to connect entrepreneurs to the resources they need to succeed. The referral can be across town to a local accountant or across the country to a university resource focusing on international trade.

Over time, you may have dozens of interactions with an entrepreneur in your community. Your ability to manage these transactions effectively and efficiently will impact your success and your development program's impacts. Building protocols and management systems becomes important as you may be working with dozens of entrepreneurs at any given time.

We believe there are five keys to effective referrals:

1. Strategic Listening
2. Hard vs. Soft Referrals
3. Follow-Up
4. Use of Tracking Software
5. Testing Your Referral System

Consistently employing all five practices can ensure the best possible outcomes from your referrals. In making good and valuable referrals, you will create a positive reputation that will enhance your ability to work with additional entrepreneurs and work with your current entrepreneurs on more important issues. Chapter 4.2 in our book [\*Energizing Entrepreneurial Communities – A Pathway to Prosperity\*](#) provides more detailed content on each of these keys. We include a few quick comments below to introduce each topic.

**Strategic Listening.** Strategic listening involves careful screening that enables you and the entrepreneur to hone in on where they really need help. Focusing on really important development issues is critical. You want to dig into issues that can really make a difference in the competitiveness, profitability, and sustainability of the entrepreneur and their venture. Another key element to strategic listening is looking for those critical areas where the entrepreneur has needs, but also where you have the potential to really help by networking them to resources. Remember, you do not need to have a solution to every challenge to be valuable and relevant.

**Hard vs. Soft Referrals.** There are two kinds of referrals – hard and soft. The difference is like the experience you typically have in a 4- or 5-star hotel and a 1-star motel. Hard referrals are all about ensuring quality control and better outcomes.

## Referrals

There is a huge difference between **soft** and **hard referrals**. An example of a soft referral might look like the following. An entrepreneur contacts the local chamber of commerce asking for information about commercial small business lenders in the community. The chamber staff member or volunteer suggests several banks. There is no upfront or in-depth screening to narrow down what kind of loan assistance the entrepreneur is seeking. No attempts are made to ensure that there is a successful handoff to a resource that will work with the entrepreneur. In the case of a hard referral, the chamber person takes a bit of time to learn about the entrepreneur, gather basic intake information (e.g., name, business, phone number, email address, etc.) and probe as to what kind of loan assistance (e.g., line of credit, debt for capital expenditures, operating loan, etc.) they are seeking. With a hard referral the chamber person would take this information and offer to make some contacts with area banks and identify some specific loan officers who would be willing to work with the entrepreneur. The entrepreneur's inquiry is entered into the community's information management system. Some calls are made, and one or two loan officers are identified. This information is made available to the entrepreneur or better yet, the chamber person makes personal introductions to ensure a connection is made. After some time, follow up is undertaken to see if contact was made and progress realized from both the banker and entrepreneur's perspectives. Hard referrals take more time, thought and nuanced engagement with both the entrepreneur and potential resources. Hard referrals tend to build relationships that can enable additional assistance over time and enhanced development progress.

**Follow-Up.** Follow-up is an important part of working with entrepreneurs. It is your best way to stay connected and ensure they are making progress and continuing to feel satisfied about the value you are creating with clients and resource providers. Follow-up works best when it involves both the entrepreneur and the referred resource provider. For example, you email an entrepreneur a few weeks after you have made a referral to see if they got connected, ask how things are going, and encourage them to keep you posted. You also email the resource provider to give you a status report, without sharing any confidential information. You might ask them what they think the entrepreneur might need next so that you can anticipate what your next resource referral might be.

**Use of Tracking Software.** Given that you will be working with many entrepreneurs over time, we strongly recommend that you use some kind of information management client tracking software. For larger communities, resources like Synchronist or SourceLink can be a good fit but are more expensive. For smaller communities or programs, the cost and complexity of these systems may be too much. You can build your own system or, if you are working with e2, we can offer you free basic software. Our software involves an Excel spreadsheet for engagement tracking, note logging, and email capture.

The software is only a tool and for it to be helpful, you must learn how to use it and integrate it into your daily work. We recommend that you put your software on a portable computer, tablet or personal communication device so that you can access your software and information no matter where you are. This will help you do just-in-time capturing of insights following a meeting with an entrepreneur.

**Test Your Referral Systems.** To have a quality referral system, you need to test your resource partners, particularly those you are likely to use a lot. The first step is getting to know them and what they can do.

They may have priorities for who they work with and preferences for how they like to take on clients. The second step, unless you already have a solid working relationship, is to make a couple of referrals and see how things go. Taking this step can help you refine your relationship and ensure that you can make additional referrals with confidence.

You should also test whether the resource provider is willing to work with you collaboratively. By “collaboratively,” we mean two professionals working as a team to help an entrepreneur, respecting that each of you have a unique relationship with that client. The simple action of sending you an email when they have completed their work and letting you know where things ended up can be really important. We are not suggesting that you violate confidentiality but keep everyone informed with simple communication tools.

## Ensuring Valuable and Relevant Assistance

### Knowing Your “Go To” Resources

It is so important that when we refer an entrepreneur to a resource your community is confident it is a good match and that there will be a good experience for both the entrepreneur and the resource provide. One of the biggest mistakes we can make is acting too quickly and networking an entrepreneur to the wrong or poor resource. Wasting their time can erode trust between that entrepreneur and your community’s ecosystem. Additionally, taking time to make sure there is a good fit between the entrepreneur’s need or opportunity and the resource you are referring them to is equally important. With sound referrals we increase the potential for not only a good fit with impact, but we are helping our resource partners fulfill their missions. When we help our resources fulfill their missions chances are increased that they will want to work more with our community and entrepreneurs. This is key to growing a stronger resource network.

Earlier in this guide we laid out the basic transaction your community is undertaking where you are reaching out to your entrepreneurs and networking them to assistance. Key to this transaction is knowing the resources you are networking them to are trusted and appropriate. We strongly recommend that your eTeam take time to first map your potential resources. For additional help on this all important task return to our **Assessments to Strategy Guide** and the section focusing on **entrepreneurial resource** mapping and engagement. This section of this guide can help your community ensure you have sufficient reliable and trusted resources to begin networking your entrepreneurs to assistance.

Now let’s turn our attention to entrepreneurial client tracking and development of your community’s entrepreneur client portfolio.

## Tracking

Just as referrals and assistance are strongly connected, tracking and portfolios are equally strongly connected. In this section of our guide we explore first entrepreneurial client tracking and then the use of portfolios to ensure strong and impactful engagement and continuing strategic focus of your community’s ecosystem resources. Here we explore and illustrate three topics that can help you make better decisions about the best client tracking system for your work:

- 1. Why Commit to Tracking Clients?** Not every entrepreneurial ecosystem formally tracks its clients. Some have relatively organic and informal systems – like my file cabinets with folders on

potential projects. These informal approaches work well for solo operators but if you are working with a team, have stakeholders or a larger number of clients, a tracking system and approach can prove invaluable. We answer the “why commit” question by exploring the following topics:

- **Entrepreneurs Do It!** Lots of entrepreneurs have organic and informal ways of tracking their clients; some entrepreneurs do not track their clients at all. However, based on our field experience and research, successful entrepreneurs and particularly growth entrepreneurs commit to robust and smart tracking of existing and potentially new clients. This is one of many critically important systems that entrepreneurs use to be more efficient, effective, and successful in their ventures. To better serve entrepreneurs, we suggest the model entrepreneurial practice of tracking your clients.
  - **Being Smart and Strategic.** One reason why smarter, more successful entrepreneurs (as well as entrepreneurial ecosystems) use a **client tracking system (CTS)** or **customer relationship management system (CRM)** is to be more strategic. Appropriate and real-time information on your clients – what they need and how they are growing – allows you to deploy resources efficiently and effectively, generating greater impact with the same level of input.
  - **Growing Repeat Customers.** With a sound CTS, you can capture and evaluate patterns and trends. This information can help you identify entrepreneurs who you have supported over time. These **repeat clients** often evolve from startups to growth-oriented to growth and even to breakout status. This progression is important since these repeat clients, with your assistance, create greater economic development outcomes.
  - **Documenting Assistance, Learning and Outcomes.** There is a connection between sustaining stakeholder support, reporting impact and a well-used CTS. When you consistently use your CTS, you have the opportunity to harvest both specific and portfolio-wide information such as the number and type of clients, the level and pattern of assistance provided, challenges encountered, and economic development impacts achieved. A good CTS allows you to capture this information more systematically, accurately, and easily for reporting, communication, and marketing purposes – eliminating the fire drills and scrambling often done prior to a stakeholder meeting.
  - **Quality Control.** Perhaps the most important reason for a CTS is to ensure quality control. When you are working with a handful of clients, it is easy to keep critical information related to commitments, deadlines, and future meetings in an informal system. But when a program aspires to larger scale and impact, this informal approach is bound to come up short and result in quality control problems – meetings missed, commitments not fulfilled and failure to focus on the larger strategic portfolio and its evolution. An appropriate CTS allows you to achieve quality control and be more strategic in the use of your time and energy.
- 2. Tracking Design Considerations.** Being intentional and smart about the kind of CTS you need and want is important. These tools can become black holes, consuming too much and energy relative to the value they provide. We encourage you to not focus on the optimal CTS but build a

starter or basic CTS and then use it, learn from it, and grow it based on clear and compelling needs and wants. The following topics offer insight into these design considerations:

- Remember Your eTalent Mapping and Targeting
- Special Design Elements
- Assessing Opportunity for Impact
- Universal Access
- Communicating Within Your Team and to Your Stakeholders

### Remember Your eTalent Mapping and Targeting

Our section on **Entrepreneur Mapping and Targeting** in our [Assessment to Strategy Guide](#) addresses the all-important topic of targeting. Your ultimate success depends on how well you (1) understand your community’s or region’s entrepreneurial talent and (2) target where you want to engage. Targeting allows you to focus time, energy, and resources on your *best opportunities* for development impact given your unique environment. There may be no reason to focus on **high-growth entrepreneurs** if you have only a few of them and you do not have higher order assistance resources most relevant to their needs. But your talent mapping and targeting may surface numerous **growth-oriented entrepreneurs** where you have resource alignment and the opportunity to bring value to them.

The following **Entrepreneurial Talent Matrix** can help you; your team and your stakeholders explore the tradeoffs in targeting different types of entrepreneurs and the development opportunities they represent. Figure 4 summarizes the range of entrepreneurial talent for North America.

**Figure 4 – Continuum of Community Entrepreneurial Talent**

Type	Description	Development Opportunity	Talent Pool Size
<b>Limited Potential</b>	Not in the workforce or choose to be employees	Limited opportunity to transform into entrepreneurs; long-term approach	Large
<b>Potential</b>	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
Necessity	Can’t find good work and must make a living	Huge potential and a necessity for most places; increasing survival/thriving rates are important goals	Growing due to lack of wage and salary jobs
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
<b>Business Owners</b>	Currently in business but may not have motivation	Moderate cost relative to expected moderate return; medium-term development approach	Large

	or capacity to create a more competitive venture model		
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
Restarts	Have started and failed, but are trying again with more experience	Moderate cost relative to expected moderate return; medium-term approach	Small
<b>Entrepreneurs</b>	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

**3. Special Design Elements.** We recommend you consider these special design elements as you put together a CTS: Development Stage, Targets and Opportunity for Impact.

**Development Stage.** There are many different kinds of entrepreneurs...

**Aspiring – Startups – Growth – Transitions – Lifestyle – Serial**

Every community has a range of entrepreneurial talent. In a community with few entrepreneurs, your initial development objective might be to focus on “aspiring” and “startups” to increase future entrepreneurial activity. Smaller communities have relatively few high-growth or Stage 2 (10-99 employees) growth entrepreneurs. But many of these same communities have some “growth-oriented” entrepreneurs. You may choose to target growth-oriented entrepreneurs

**TIP:** In this guide, we include access to the **Entrepreneurial Talent Section** of our [Assessments to Strategy Guide](#) to help you understand your eTalent and consider your best targets. Your tracking system should allow you to classify your entrepreneurial clients based on their stage of development.



because they have the potential for quicker and greater economic impacts including attracting new investment, creating jobs and careers, and expanding the local tax base.

**Targets.** Your community may have special goals that will need to be incorporated into your targeting and tracking system. Here are a few illustrations of these special targets:

**Women.** Your community may want to increase the rate and success of entrepreneurial women. You may have a large number of startup and cottage entrepreneurial ventures led by women. Your goal may be to support them so that you can increase the number of growth-oriented and eventually breakout women-owned ventures.

**Immigrants.** Your community may have a growing immigrant population. Even if they were attracted to your community because of employment opportunities, immigrants are often very entrepreneurial. Traditional career pathways may be limited, but these immigrant entrepreneurs can achieve success and status in the community through business ownership. Supporting immigrant-related business formation may be a goal.

**Minorities.** Your community may have a large and historic minority population. If traditional employment options have disappeared – for example, the loss of manufacturing jobs – you need to consider new economic opportunities for these dislocated workers. Entrepreneurship may be one option and could become a special target for your development system.

**Youth.** Many communities consider youth entrepreneurship an important objective, both to build the skills of young people today and to create career opportunities for young people who want to return to your community. You may decide to prioritize youth entrepreneurship, and your tracking system should address this special target population.

**Main Street, Tourism, etc.** Special targets can also include community development priorities like revitalizing the business sector in your main street district or growing a more year-round tourism industry where we focus on the likely entrepreneurs in or wanting to be in these spaces.

The list can go on and on reflecting the diversity of our communities and the multiple development goals we aspire to with our entrepreneurship game plan.

**Assessing Opportunity for Impact.** We must be practical...

- Not every potential entrepreneurial client fits our targeting.
- Not every potential entrepreneurial client wants our help.
- We may not have solutions to help every potential entrepreneurial client.

We have to be smart and make good decisions about when we choose to engage with potential and existing clients. The following relatively simple scoring system can be used to sort clients based on these three critical attributes:

**Figure 5 – Client Prioritization Considerations**

Targeting	Wants Our Help	We Can Help
1 – 2 – 3 – 4 – 5	1 – 2 – 3 – 4 – 5	1 – 2 – 3 – 4 – 5
Use a scale of 1 to 5 score where “1” means strong agreement with the statement and “5” means no agreement with the statement. For example, Client A may be scored like this:		
<p><b>Targeting:</b> The client fits our community’s targeting of entrepreneurial talent.</p> <p><b>Wants Our Help:</b> The client wants our help.</p> <p><b>We Can Help:</b> We have the resources to help this particular client.</p>		
Client A Score = 1	Client A Score = 2	Client A Score = 2
<b>Client A Total Score = 5</b>		
<b>Best possible score is “3” and worst possible score is “15”. A score of 5 suggests that Client A is a priority client who should receive more time and support!</b>		

These scores are dynamic and will change over time. You may start out with a high priority client who becomes distracted and is not doing their work. You may downgrade their score on “Wants Our Help” from a “1” to a “4” and minimize your engagement until your client is willing to perform again.

### e2’s Simple Client Tracking and Portfolio Management Resource

Our tracking program includes an Excel [template](#) where you can enter notes. We encourage the members of your team who are working directly with entrepreneurs to use this function to create a record of engagement. With each engagement (e.g., meeting, referral, phone call, email exchange), record the date and key points about the interaction. To capture information, you can use basic Excel spreadsheet for summary information, a tab connected to a Word document for log entries, and a Google Documents web-accessible folder to archive documents such as a news article of an expansion, a business plan, financials, and the like.

The goal is to create a comprehensive longitudinal record of engagement. This information – like a medical record – ensures you stay in context, hold your clients accountable and vice versa, and reprioritize your client list as needed.

**Universal Access.** Your CTS needs to be secure since you have private and confidential information about clients and their ventures. At the same time, the CTS needs to be easy to use and accessible to members of your team. A web platform such as Google Drive or Dropbox is a shared technology that allows authorized use of all or parts of the systems, providing secure remote access to your CTS for authorized members of your team. Customized commercial resources like [SourceLink](#) or [Synchronist Suite](#) have built-in protocols for access. e2’s tool requires you to determine the best shared technology platforms, security and sharing protocols. More and more users are using tablets or laptops to work from anywhere with Internet or cellular service and some have capacity to build their own client



tracking system. You should spend time thinking through **technology** options and preferences since the right platform and tools will contribute to the actual use and value of your CTS.

**Figure 6 – Client Engagement Tracking Resource**

Date	Engagement Entry
10.15	Met with the potential client and did basic intake information. See client file for more details about the intake.
10.20	Met with the client and screened them for priority development needs and opportunities. Developed a prioritized list of potential development actions. Made two assignments to be due within two weeks. See file for details.
11.01	Emailed the client to see how the homework was coming. No progress. Suggested that we not meet until the homework is done.
11.06	Client emailed and indicated the homework is done and we set date and time to meet.
11.10	We met and reviewed the homework. Made a referral to a local loan officer to secure a line of credit.

You now have entrepreneurial clients! You are in the business of growing your community’s economy by smartly assisting local entrepreneurs. Congratulations! Now you have to execute and manage those clients. Your portfolio of clients reflects the targeting of outreach efforts to help you address strategic development needs and opportunities in your community. Tracking clients allows you to provide intake, screening, referral, and assistance effectively and efficiently.

- 4. Examples and Resources.** There are many examples and resources associated with client tracking systems. The following sections provide some options and guidance to consider in selecting or building a CTS:

**Build Your Own System.** Everyone working with entrepreneurs has a system – a notebook, iPad, or a commercially available program. We know from experience that many initiatives attempt to build their own CTS. Some of these **build your own** systems are impressive and work well, in our opinion. However, building your own system takes time and effort. While we do not discourage this route if you have the capacity, we do encourage you to explore the ready to use systems that are available.

**Generic Commercial Systems.** There are a multitude of generic commercial customer relationship management systems available. Most are geared for business use and include such commercial brands as [SalesForce](#) and [Sage](#). If you are already using one of these products, you are ahead of the game. If you are still searching, we encourage you to research some of the more well-known and referenced generic commercial CTS.

**Customized Resources.** There are fewer systems geared specifically for business development. While we have not researched or used all of the systems, we do recommend three resources for you to consider as part of your due diligence on selecting a CTS:



**Figure 7 – Possible Client Management Systems**

SourceLink	Synchronist Suite	SBDC
<p><a href="#">SourceLink</a>, developed by the <a href="#">Ewing Marion Kauffman Foundation</a>, is an amazing collection of resources focused specific on entrepreneurial development systems and is managed through the University of Missouri at Kansas City as a public purpose social venture. For an example, <a href="#">KC SourceLink</a> platform.</p>	<p><a href="#">Synchronist Suite</a>, provided by Blaine Canada Ltd., is also worth exploring. This economic development software is used by many states and larger cities often associated with business retention and expansion programs. Synchronist can be very sophisticated so look at the features you really need.</p>	<p>Your state <a href="#">Small Business Development Center</a> works with thousands of businesses each year. They have functioning and high performing client management systems. You may want to talk to your state SBDC to see what they are using to see if it's a good choice for you.</p>
<p style="text-align: center;"><b>SourceLink Pro (formerly Biz-Trakker)</b></p> <p>SourceLink provides a very powerful suite of services in support of entrepreneur-focused economic development. <a href="#">SourceLinkPro</a> is one of those resources. While its primary functionality is “making it easier to measure your economic impact,” it can support client tracking of your overall portfolio.</p>		

**e2’s Client Tracking and Portfolio Management Resource.** Regardless of which tracking system you ultimately choose; our most important recommendation is to use that system religiously. As part of this guide, we provide access to a simple Excel [template](#) that a number of our partners use to track their entrepreneurial customers.

### Online Resources

Since e2 last identified potentially relevant entrepreneurial client management systems, there has been a significant increase in online resources. For example, Google and other major players in the online environment are offering CRM (customer relations management) systems. There is a wide range of sophistication and costs associated with these resources. You may want to explore what kinds of CRMs might be in use in your region before your commit to which system you will begin with. Remember, when you are getting started you need a basic “starter” system that is easy to use. As your ecosystem work grows, you can adopt more sophisticated CRMs to meet your growing needs.

**Do Your Due Diligence Before You Commit.** One final word of advice – do your homework before you decide. Based on our experience, we know that client tracking systems can become overly complicated and costly. Consider what your real needs are today and what you anticipate you will need down the road. Then look critically at the options out there and try to find the most time and cost-effective solution available. Before you commit, talk to practitioners who are using the CTS you are most interested in so that your final choice is a smart choice.

**Good luck in finding your optimal CTS.  
Find your right solution and then use it religiously.**

## Execute!

Every successful entrepreneur does two very important tasks – tracking their clients and pursuing an intentional portfolio of clients. This is one of those boring but essential execution functions that must be done well and consistently. Your portfolio of clients reflects your targeted outreach efforts which, in turn, reflect your strategic development needs and opportunities. Tracking clients allows you to support entrepreneurs in an efficient and effective way.

Before we move on to **Portfolios**, we want to spend some time on the topic of confidentiality and discretion.

## Confidentiality

### Confidentiality and Discretion

Working with entrepreneurs requires the highest standards of confidentiality. Clients must have trust before they will openly share information and insights. We have included an informational sheet on **confidentiality** along with policies and forms that can be adapted to ensure confidentiality in your work.

One-on-one work with entrepreneurs requires the highest standards of confidentiality. You are dealing with personal, private, and often proprietary information. In order to gain deeper insight with your entrepreneur clients, they must believe you can be trusted with their information. It only takes one innocent breach of confidentiality to destroy a program's reputation as a trusted and discreet resource. For example, a well-meaning volunteer on your resource committee may overhear confidential information about a client and casually share some of this information over coffee with a friend the next morning. Before you know it, the information is shared around town and makes its way back to your client. Not only do you have a very uncomfortable conversation forthcoming with your client, but this simple error can undermine your ability to engage with other entrepreneurs in your community. Ensuring confidentiality should be a key part of your operating policy, procedures, and behavior.

#### Other Resources

There are lots of other people in your community that adhere to high standards of confidentiality including health care, legal, accounting, religious and other professional service providers. You may want to use any of these professionals to obtain their advice and confidentiality policies and procedures in shaping this component of your program.

**The Confidentiality Pledge.** Everyone on your team – staff and partners – must agree to your confidentiality policies and procedures. You should be clear as to who within your team, including potential resource partners and advisors (including your oversight board), can receive confidential information. One tool we use with staff, resource partners, board members and advisors is the confidentiality pledge. Every time we meet and talk about entrepreneur clients, the pledge is shared and everyone present signs. This simple process ensures that everyone involved is reminded about confidentiality.

Figure 8 - Confidentiality Pledge

<p>I understand that the information I am hearing and that we are talking about in this meeting is confidential. I pledge to keep this information to myself and not disclose it to anyone outside of this meeting.</p> <p style="text-align: right;"><i>Everyone present at this meeting must sign this Pledge.</i></p>
<b>Meeting Date:</b>

**A Best Practice Resource.** Few public business development resources in the country have had more experience working with entrepreneurs than America’s **Small Business Development Centers (SBDCs)**. They are present across all states. For more information about SBDCs in your part of the US, go to <https://www.sba.gov/tools/local-assistance/sbdc>. A good partner, Greg Panichello, State Director for the Kansas Small Business Development Centers, has shared some of their resources regarding confidentiality.

Using Greg’s confidentiality policies and tools is a great starting place for crafting your own policies, protocol, and tools. These tools can help ensure that your entrepreneurship strategy is adhering to necessary and desired standards of confidentiality. We have received permission to share the following resources from the Kansas SBDC with this guide:

- [Conflict of Interest and Client Confidentiality Policy and Form](#)
- [Conflict of Interest and Client Confidentiality Policy for Employees](#)
- [Conflict of Interest and Client Confidentiality Policy for Non-Staff Partners](#)
- [Conflict of Interest and Client Confidentiality Policy for Volunteers](#)
- [Statement of Understanding from Our Kansas Work](#)
- [Information Form](#)

## Portfolios

Now let’s move on to a deep exploration of using a **portfolio** approach. With our decades of economic development experience, we know all too well the truth of the old economic developer’s insight:

**They (stakeholders, funders, the community) will forget the dozens of successes and remember the single failure when it is time for evaluation and bonuses.**

The lesson is to not put yourself and your program into the position of being judged on single successes or failures. While we aspire for success, the very nature of entrepreneurship means that failure is part of the process. We will address the following topics as we consider portfolios:

**Why Employ a Portfolio Approach?** We will answer this question by looking at the following:

**Portfolio Defined.** In this case, your portfolio is a collection of entrepreneurial clients with whom you have made a mutual and intentional decision to work together. Ideally, this portfolio has been developed by identifying and targeting the entrepreneurial talent that is best aligned with the opportunities and development preferences in your community.

**Judging Success and Failure.** In entrepreneur-focused development, failure is inherent. Because failure is part of this process, you need to manage that failure and ensure that it does not derail your overall efforts. How you measure both success and failure is really important. The best strategy for managing the risk of overall failure is to create a portfolio of entrepreneurial clients, track their progress and report on the success of your overall portfolio.

**The Retirement Illustration.** Any advisor helping you plan for retirement will work with you to create a diversified portfolio, benchmarked to your tolerance for risk and reward. Similarly, a diversified portfolio of entrepreneurial clients – developed based on your targeting and tolerance for business failures and successes – will help you manage expectations among your partners, stakeholders, funders, and community.

**Managing Your Clients.** As you design your portfolio, you need to strike the right balance between **risk** and **opportunity**. Just as you seek the right balance in your retirement portfolio, you should seek the right balance in your entrepreneur client portfolio. What are some of the strategic considerations associated with entrepreneur portfolio balancing?

- Assisting entrepreneurs based on our stakeholder preferences. For example, you may have stakeholders who care about main street, tourism, growth businesses, etc. Your portfolio might reflect a balance between these stakeholder-preferred entrepreneurs so that you keep those stakeholders happy, engaged and funding your initiative.
- Growing your base of entrepreneurial talent versus achieving immediate development impacts. Getting to economic development impacts by assisting startups may take years and your funders may not be that patient. You might need to strike a balance between growing the pipeline by supporting startups and focusing attention on growth-oriented entrepreneurs that can generate impacts more quickly.
- There may be other strategic and political considerations including connecting to a growing immigrant population, working with minority groups in your community or increasing services to entrepreneurs based on desired gender balance.

You may uncover other portfolio balancing considerations in your community as you engage stakeholders.

**Focus on Portfolio Success.** Fast forward to three years from now. You have an “up and running” entrepreneurship program. Your program has grown to 55 active clients. During this process, you completed and updated your targeting. You and your stakeholders have a strong understanding of the why and how of your portfolio. Each year, you report back to your resource partners, stakeholders, funders, and community. Overall, your portfolio has done well, and you can point to aggregate outcomes of new business investment, loans made, jobs saved or created, and markets reached. One-third of your portfolio did really well and contributed to the overall success of your program. One-third of your portfolio are active clients who have improved business performance but not generated any measurable development impacts. And one-third of your clients are either struggling or have failed.

**TIP:** The focus should be on the overall portfolio’s performance and not individual wins or losses. Mixed results within the portfolio are to be expected. But you are succeeding because your overall metrics are strong and positive. The portfolio approach shifts expectations from single deals to the overall impacts of your efforts.

**Creating a Smart ePortfolio.** To create a smart ePortfolio, you need to:

**Be Smart.** You have the ability to be smart in creating your portfolio. What do we mean by smart? First, you want to be opportunity focused. In a perfect world, you would focus all your efforts on high performing growth entrepreneurs. But in the real world, you may have relatively few of these kinds of entrepreneurs. Understanding your entrepreneurial talent is the critical first step. It provides the foundation for being smart. Second, you need to create aggressive but realistic expectations among your resource partners, stakeholders, funders, and community as to the characteristics of your portfolio. Your entrepreneurial talent mapping results are the fodder for building a smart portfolio.

**TIP:** Targeting should not only reflect your entrepreneurial talent opportunities, but your development goals as defined by your resource partners, stakeholders, and community.

**Figure 9 – A Sample Community Portfolio**

<b>Growth-Oriented</b>	Your eTalent mapping surfaced a good group of growth-oriented entrepreneurs. You have targeted this high potential segment. You have negotiated with your partners that 50% of your program effort will be focused on this group.
<b>Startups</b>	Your overall entrepreneurial activity is relatively low. You need to build and fill your ePipeline. You negotiate with your partners and decide to dedicate 20% of your program effort toward aspiring and startup entrepreneurs.
<b>Transitions</b>	Many of your locally owned businesses are run by aging owners. Transitions are becoming an issue, so you want to focus 10% of your effort helping transition businesses to new ownership.

<b>Main Street</b>	Aging is hitting main street businesses very hard. You have a new main street revitalization program and so you offer to support with a 10% effort.
<b>Youth</b>	Finally, your partners feel youth entrepreneurship is important. You are just underway, but you commit 10% of your program to work with area schools on youth entrepreneurship.

Your community’s actual portfolio should reflect your entrepreneurial talent opportunities, development preferences and goals, and the resources you can mobilize to support your entrepreneur clients.

**Remember Our Three Client Questions.** In the **Tracking** section, we scored clients based on three critical questions:

- Does the client meet our targeting?
- Does the client welcome our assistance?
- Do we have the resources to help the client in a meaningful way?

These questions can be used to make an informed and objective decision about whether to work with a potential client and add them to the portfolio. It is in the best interest of your initiative and the entrepreneur to have a smart and fair way to say no when the fit is not right. As you work with clients, things will change. You may decide to spend more time on a client who is working hard, making real progress, and getting close to achieving real economic development impacts. You may pull back from another client that is not really holding up their part of the deal and doing their work on time. It is important to manage your portfolio so that you are achieving the greatest impact across all your entrepreneur clients.

**Routinize Portfolio Updating.** The discipline of updating your portfolio scoring should be routinized. Every four to six weeks, take time to review your portfolio and make scoring adjustments. Once these adjustments are made, translate them into action – tough love for some clients and additional assistance for others. This process allows you to keep your portfolio strong.

**Build Performance-Based Funding and Compensation.** In economic development, we talk about return on investment (ROI). Your funders have committed resources over a period of time, and they want some sense of the return on their investment. In reality, it is hard to calculate a fair and robust ROI. However, a portfolio approach with aggressive but realistic impact projections gives you the opportunity to negotiate a performance-based approach with your funders. If you are hitting or exceeding your performance goals, and there is opportunity to do more work, the funder would consider staged increases in program funding. You may also want to build in performance compensation for key staff or entrepreneur coaches in the form of annual bonuses based on hitting or exceeding your portfolio’s performance goals.

**Connect Portfolios with Your Client Tracking System.** The elements of client tracking and the portfolio approach all fit together into a package. The elements in and of themselves are important but become more powerful when integrated into a working package of activities. There should be a strong connection between your client tracking system and your portfolio;



each informs the other and should be developed at the same time. Using our e2U framework and process, you can vision, design, build and execute each of these component parts in support of your entrepreneurship work.

Our next and final stop in this section of our guide focused on impact and the import role of capturing impact metrics and stories.

## Impact – Metrics and Stories

Entrepreneur-focused economic development creates numerous small wins (e.g., new investment, a few jobs created here and there, and a business that reaches an outside market) that, over time, accumulate and create development impacts that can begin to change the trend lines in your community. In contrast, when a major firm locates in a community, the win is clear and usually well publicized, with major media coverage and a ribbon cutting. The secondary impacts are more visible as new workers increase spending and activity around town. Part 3 covers the important topics of measuring the success of your entrepreneur-focused development efforts, including tracking impacts, using a portfolio approach to report on your entrepreneurial clients and capturing both numbers and stories to convey impact.

### Managing Expectations through Metrics and Stories

Typically, your stakeholders are enthusiastic and supportive in the early days of your work. If you have created the right expectations, you are likely to experience early success. But those expectations often increase and even become less realistic over time. If you have a well-defined and agreed upon measurement system, reflected in your portfolio and CTS, you can better manage the expectations and politics that emerge in your community. We encourage you to be conservative in setting outcome targets and to strike a balance between achieving early wins and building a strong foundation for the future. You will encounter unexpected opportunities and setbacks. We encourage you to communicate often and honestly with your funders and other stakeholders so that you keep their trust and confidence in your work. Regularly report to them – using both metrics and stories from your entrepreneur clients – so that their support and your work can continue.

**Communicating Within Your Team and to Your Stakeholders.** The CTS is a **tool** to be used regularly as part of your work with entrepreneurs. At a minimum, there are three audiences for the CTS and its information:

- 1. Entrepreneur Coach.** The primary use of the CTS should be to support your work with your entrepreneur clients as a coach. It should be a confidential place where you can record and easily access insights, action plans, referrals made, etc. The CTS is your core information management system, so make sure it works for you and that you actively use it.
- 2. Members of the Team and Resource Network.** You can also use a CTS with other coaches and members of your “Go To” resource network. This [worksheet](#) will help you identify “Go To Resources” in your community or region. By having a **shared information system**, you can

**TIP:** Remember to always get permission from your client before making a referral or sharing information. You can use the log to note the date when you asked for permission and then document the date it was given.

facilitate communication. For example, you and another coach on your team may be working with the same entrepreneur on different issues, such as marketing and financing. If you are both using the CTS, it becomes an easy way to share information. You can alert your fellow coach via email that there is useful insight in the log or that you have added referral information to the CTS. If you refer an entrepreneur client to a loan officer who is one of your “Go To” resources, you can save the entrepreneur time by sharing relevant background information such as a business plan or financials with the loan officer through the CTS.

- 3. Stakeholders and Funders.** You and your program are accountable to stakeholders and funders. Periodically you will need to share information about the work, the impacts on entrepreneurs, and the economic development impacts of your portfolio. You should assume that any information shared with stakeholders and funders could become public. If you are sharing individual client information, you need the permission of the client. One way to ensure that you can respond quickly to stakeholder information requests is to collect testimonials from your clients describing how you have helped them, and the impacts achieved. If these are archived in your CTS, with permission from the client, you can react quickly to information requests. Another way to minimize the transaction costs of providing information is to report on the impacts of your entire portfolio. In this situation, you are sharing aggregate data in a way that protects personal or private information. Your ability – on short notice and with little effort – to harvest portfolio information from your CTS can make your engagement with stakeholders and funders more effective.

There are some additional considerations as your community moves to step up your game plan to work with your entrepreneurs. We explore these design considerations next.

## Part 3 – Other Considerations

There are three other important considerations that your community should address as you gear up to work with your entrepreneurs:

**Host and Collaborating Organizations.** Initially, as your community is getting ready for entrepreneurship and organizing for action, chances are good various interested and invited stakeholders are working as a committee of the whole (i.e., no formally designated host organization). This less formal approach early can work fine, but as you gear up for entrepreneur outreach and networking to assistance it is important your community take steps to formalize your organizational structure. Central to this next stage of organizational development, we recommend you designate a host organization. We use the term **host organization** naming intentionally. By host organization we are envisioning an organization that assumes certain responsibilities on behalf of the stakeholders and your community versus delegating this work entirely to one organization. Remember entrepreneur-led development and ecosystem building is a team or collaborative undertaking. The following are the attributes of a host organization specific to working with entrepreneurs:

- A well-respected development organization within your community that is acceptable to other stakeholder partners.
- An organization with the commitment and capacity to play the role as the host organization.
- This organization is willing to make at a minimum a three-year commitment (five to seven years is even better) to serve as your community’s host organization.

- An organization open to expanding its capacity over time to host and support working with entrepreneurs and entrepreneurial ecosystem building. This may mean this organization reduces commitments to current work to increase capacity to serve as the host organization.
- Strong support (not just the CEO) by the organization's Board of Directors and funding stakeholders to be your community's host organization.

Likely candidate organizations in your community to serve as the host organization typically include:

- Chamber of Commerce
- Development Corporation
- Municipal Government
- County Government
- Regional Development Agency
- Local or Regional College or University
- New Organization

These organizations are best suited to community-wide commitments to entrepreneurial development. But there may be situations where there are narrower and more focused eDevelopment initiatives addressing segments of your community including main street programs, tourism groups, farm-to-table organizations, and the like. Now let's explore the key roles or commitments of host organization:

- Serve as the convener organization for your entrepreneurship collaborative bringing partners together in support of organizing for both working with entrepreneurs and ecosystem building.
- Coordinate your community's and partner organizations' efforts to reach out to targeted entrepreneurs, complete intake and screening, networking to assistance and tracking using the portfolio system addressed earlier in this guide.
- Provide sufficient dedicated staffing and volunteers to provide robust support for these functions.
- Manage or delegate to another partner organization the critically important functions of tracking your entrepreneurs and resources providers, managing your ePortfolio and capturing impact (e.g., testimonials, stories, and metrics).
- Manage or delegate to another partner organization the foundation function of collecting and sharing impact information back to stakeholder (including funding organizations and resource partners) organizations and the entire community impact outcomes.
- Create and support a communication system that ensures all partners and community are aware of what is going on, what is being learned and that there is "organic" peer accountability (e.g., when there is good information on how each partner is performing, organic peer accountability becomes a strong force ensuring higher performance). No one wants to make a commitment and fail when there is wider understanding of the commitment.

Central to the commitment and work of the host organization is ensuring the individual efforts of each collaborating organization is woven into a well-articulated, efficient, effective, and impactful initiative. The host organization takes on the responsibility to clarify how each cooperating organization and resource has clear and accountable responsibilities, these commitments are being fulfilled, issues are being addressed and gaps are being filled. The host organization depends upon the goodwill and commitment by its collaborating partners to make good on their commitments. The host organization's only leverage to ensure commitments are made and sustained is ensuring transparent peer pressure

and active follow up non- or weak-performing partners. Oftentimes partners may have challenges adversely impacting their ability to make good on their promises. With help from the host organization, this partner can get back on track, keep faith with peer partners and ensure the entire system is working.

### **This is a Collaborative Organization and Not a Corporate Structure**

In a corporate structure, there is a clear chain of command. Within a corporate organization, there are powerful tools to ensure commitments made are kept. For example, if a key leader is not performing, they can be replaced by a new leader that is more committed and possibly has stronger skills to ensure higher performance. Unless your community empowers a single organization to lead and do the work associated with your entrepreneurship strategy, chances are good you need to explore a collaborative organizational structure at least during the startup and maturing phases of ecosystem building and operation. Possibly, over time, your community may move towards a more corporate structure with contractually delegated responsibilities to partner organizations. Because of this early organization reality, we strongly recommend the use of a host organization with voluntarily committed collaborating partners.

Our next consideration relates to stakeholder alignment and coverage.

**Stakeholder Alignment and Coverage.** In e2's **Organizing for Action Guide**, we provide a framework and tools where your community can engage potential organizational stakeholders and aligned these resources within your eStrategy. These organizing activities are foundational to optimizing your community's various resources necessary to standup, test and grow your working with entrepreneurs' strategy. In this section we provide two illustrations that can help your community understand how a collaborative approach can and does work.

### **Illustration 1 – Divide and Realize Impact**

Almost every community or region of any size has an array of development focused organizations:

- Chambers of Commerce – Focused on Local Businesses
- Development Corporations – Focused on Attraction and Larger Employer Retention
- Main Street Programs – Main Street Ventures
- Tourism Agencies – Area Tourism Ventures – Including For-profit, Nonprofit and Governmental
- Community Foundations – Nonprofit Ventures
- Local Government – Governmental Ventures

In this illustration, a host organization – say the area chamber of commerce – would work with these partner organizations to work with their segments of the community's entrepreneurs. Within the collaborative model, there are shared resources (e.g., gap funding programs, mentoring, market research, etc.) and common protocols (e.g., outreach, visitation, surveying, etc.) employed with customized adjustments to meet the unique needs of each sector. But different organizations take on the work of reaching out to entrepreneurs within their sector and ensuring there are relevant resources specific to the needs and opportunities of their particular entrepreneurs. For example, the area development corporation would focus on larger employers using their BEAR (Business Expansion and Retention) tools. The host organization would work to clarify which entrepreneurs fall into which sector

buckets to avoid duplication, waste of effort and frustration on the part of both entrepreneurs and cooperating organizations.

A second approach that involved the host organization facilitating spreading the work to specific organizations is another organizing model. Illustration 2 speaks to this approach:

### Illustration 2 – Spread the Work

In this approach to organizing and mobilizing your community's resources to work with entrepreneurs and ecosystem building certain functions are taken on by specific organizations. Here is an example of how this approach might work:

- County government and its economic developer agrees to serve as the host organization.
- The chamber of commerce commits to entrepreneur outreach, visitation, surveying, intake, screening, and networking to assistance.
- The area Small Business Development Center agrees to organize the area entrepreneur resource network and coordinate with the chamber to ensure strong handoffs.
- The city, through its library, agrees to track entrepreneurs, manage the community's ePortfolio, capture testimonials, stories, and metrics. The library would also work with area partner organizations to get impact information shared and local media to ensure the entire community is aware of how the community's strategy is stimulating and supporting economic development.

All of these partners would serve on the community's eTeam convened and moderated by the host organization to ensure seamless articulation of efforts, problem trouble shooting and gap filling.

Collaborative organizational structures are challenging and depend on the commitments of partnering groups to fulfill their commitments on time and effectively.

**Entrepreneur Coaching.** In this guide, we are including content on entrepreneur or business coaching. We have included our updated our resource on [Entrepreneur Coaching](#) that explores our eCoaching approach to entrepreneur development. We also have three complementary pieces:

- [Training & Support](#) – This is a sample piece from the McCook Economic Development Corporation which outlines options for providing training and support to business coaches and contractors involved in their Business Coaching program.
- [Request for Qualifications](#) – This is a sample piece from the McCook Economic Development Corporation which lays out the preferred qualifications and capabilities of interested contractors connected to programs for business coaching services.
- [Sample Job Description](#) – This is a sample entrepreneur coach job description from Valley County, NE.

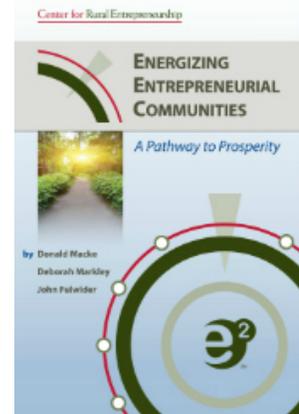
**Tools and Checklists.** We have included a number of related tools and checklists including:

- Am I Entrepreneurial Coaching Material?
- Considerations for Getting Off to a Great Coaching Experience

- Red Flags to Watch for When Coaching Entrepreneurs

**Our Book.** Our e2 University resource packages provide in-depth guidance and tools related to the elements of a high performing entrepreneurship game plan. Unfortunately, it is so easy to get lost in the details. This process is necessarily complex when done right.

***[Energizing Entrepreneurial Communities – A Pathway to Prosperity](#)*** provides an easy-to-use framework and guide to growing an entrepreneurial community. We encourage you to keep a copy of our book handy and use it to keep your efforts on track. It can provide the big picture view as you work on the details.



## Access and Use of e2 University Materials

**Single Party Users.** Our entire e2 University is available free of charge to selected users. If you and your community are interested in any or all of these resources, contact [info@e2mail.org](mailto:info@e2mail.org).

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**Kansas and Nebraska Users.** Nebraska and Kansas have played an extraordinary role in evolving our e2 development framework. Access to e2 University resources is available free of charge to end users through [NetWork Kansas](#) and Nebraska Extension in Nebraska.

### A Condition for Access and Use of e2 University Resources

In all cases e2 asks users to execute a **use agreement**. As part of this agreement, we require a commitment from you to share your learning back with e2. We need user feedback to continue our learning so that e2 can support entrepreneurship ecosystem building and future resources for users yet to come.

## Additional Help

Don Macke is not currently accepting new advising and consulting work. However, based on scheduling availability, Don is willing to do an exploratory call to better understand your needs and expectations, and recommend pathways forward. Contact him at [don@e2mail.org](mailto:don@e2mail.org).

## How e2 Can Help



**e2 Entrepreneurial Ecosystems** helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by [Don Macke](#), e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

## What We Do

- ✓ **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work.
- ✓ **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data. Explore some of our research tools and reports [here](#).
- ✓ **e2 University (e2U)** is our platform for sharing guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2U team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin**. Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley**, LOCUS Impacting Investing.
- ✓ **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of [Start Us Up: America's New Business Plan](#), a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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[NetWork Kansas](#), a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.

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