



Photo by Monica Bourgeau

Rural Retailing

An Important Development Focus

April 2022

In the United States, we are firmly rooted in a consumer-based economy. Every day we make money and then spend it, meeting our material needs and wants. Our spending is wide-ranging, from basic housing and food to that great new car or trip to the Caribbean in the dead of winter when northern skies are dark. How we meet our needs and wants is constantly changing along with our evolving desires. But rural retail remains an important development focus and opportunity for most rural communities.

Why Care?



Credit to The Berkshire Eagle¹

The image above is a Norman Rockwell² painting of the main street in his hometown of Stockbridge. Norman Rockwell was born in 1894 and passed away in 1978. He experienced explosive change in the United States over his lifetime and is recognized as an iconic American painter and illustrator of American life, working for *The Saturday Evening Post* magazine. During his heyday, American main streets were vibrant places where a community's residents gathered, shopped, held conversations, and enjoyed a little entertainment. Local **brick-and-mortar** retailing and services were king. Over time franchises, strip malls, shopping centers, big box stores, and e-commerce would largely supplant main streets or our community's downtown districts.

Yes, there has been profound change. There is intense competition for all our spending dollars in today's environment. Every day, throughout the world, billions of people work hard to capture our spending streams. The day of local captive markets is over, but development opportunities remain for local retailing and service provision.

Based on e2's expansive analysis of local and regional economies throughout North America, we have identified our top 10 rural **Likely Entrepreneurial Development Opportunities**³ (LEDOs for short).

¹ *The Berkshire Eagle News*. Pittsfield, MA.

² *Norman Rockwell*. Wikipedia. January 2022.

³ Macke, Don with Ann Chaffin. *Likely Entrepreneurial Development Opportunities*. e2 Entrepreneurial Ecosystems. 2021.

Among these LEDOs is **Area Spending Capture**.⁴ For area spending capture to generate desired community economic development impacts, competitive local ventures must work hard to meet our residents' spending needs and wishes.

Extensive field experience has made one thing clear. While capturing local spending is very challenging, significant opportunities exist for local ventures to succeed in this field. The result of increased local spending capture is more vibrant, livable, and prosperous rural communities. Rural retail is a foundational entrepreneurial development strategy. In this paper, we explore innovative retailing models, stories, and tactics. This **Rural Retailing** paper is organized into the following sections:

- Innovative Rural Retail Models
- Rural Retail Stories
- Retailing Tactics
- Conclusion – Other e2 Resources

What We Mean by Rural Retailing

In this e2 strategy paper, rural retail includes traditional retail ventures like grocery, clothing, and hardware stores. But rural retail also includes area consumer-focused services such as a local doctor's office, food, and drink establishments, entertainment venues, banks, and other service ventures. We also include nonprofit ventures that provide health care, social services, recreational opportunities (think YMCAs), and governmental enterprises such as area state parks and local museums that serve destination visitors.

The first stop is **Innovative Retail Models**.

⁴ Macke, Don, and Kimberlee Spillers. [Spending Capture-Related Development](#). e2 Entrepreneurial Ecosystems. 2021

The American Household Consumer Market

The following American household consumer market profile employs 2021 estimated data from Esri (www.esri.com). Esri is a national market research firm. At e2 we employ Esri data in our work throughout the United States.

2021 U.S. Population – 334 million residents
2021 U.S. Households – 126 million households
2021 U.S. Families – 83 million families
Average Household Size – 2.58 persons
Median* Age - 38.8 years
Median* Household Income - \$64,730
Average* Household Spending - \$78,934

*The median is the mid-point where there are half of the households with values less than the median value and half of the households with values greater than the median value. The average is the total value of, for instance, household spending divided by the number of households.

In 2021 Esri estimates that total household consumer spending was nearly \$10 trillion.

The top five household spending categories include:

#1 – Housing	\$3,179 billion	32% of the total
#2 – Food	\$1,169 billion	12%
#3 – Transportation	\$1,150 billion	12%
#4 – Health Care	\$789 billion	8%
#5 – Entertainment	\$409 billion	4%

The top five spending categories in 2021 accounted for about 67% of all household consumer spending.

Most American households spend more than they make. This is particularly true for lower-income and younger households. Consumer debt is a key consideration and includes:

Consumer Debt Type	Average per Household	Total for All Households
Home Mortgages	\$15,438	\$1,952 billion
Vehicle Loans	\$2,859	\$362 billion
Credit Card Debt	\$2,772	\$351 billion
Student Loans	\$6,989	\$884 billion

Creativity and innovation are foundational human traits. Our creativity and innovative ways drive change and evolve our societies and economies. Change can be hard. With innovation, ways of doing things in the past become less relevant as new approaches gain favor. Innovation is alive in rural America specific to rural retailing.

Innovative Rural Retail Models

As we have worked throughout North America over the years, we have come across some remarkable innovative rural venture models. In this section, we provide overviews of innovative venture models that are focused on capturing area consumer and visitor spending. The collection includes:

- Destinations
- Community Ventures
- Cooperatives
- Employee-Owned Ventures
- Electronic Commerce
- Collaborative Ventures
- Mini Franchises
- Value Chains
- Microclusters
- Complementary Ventures
- Online

Before exploring these innovative and competitive retail models, this paper reviews the evolution of retailing in the United States.

Figure 1. Development Chronology of American Retailing

<p>Barter and Cottage Ventures</p> <p>Before there were brick and mortar retail stores, early humans engaged in barter, the trading of goods and services, creating the rise of cottage ventures as permanent communities were established.</p>	<p>Pre-1700s</p>	<p>According to Big Commerce⁵, the earliest documentation of retailing occurred in 9000 BC with the trading of livestock. The first use of currency dates back to Mesopotamia in 3000 BC.</p>
<p>Evolution Versus Replacement</p> <p>Our economy from the dawn of human beings has evolved from subsistence hunting and gathering to community-centered agriculture to the first industrial revolution to the second industrial revolution to the knowledge economy. This evolution will continue as long as there is human society. Today there are still hunting and gathering societies, community-centered agriculture areas, manufacturing centers, and budding knowledge-centered cities. This is how evolution works – innovations occur but previous dominant economic forms are not completely displaced by emerging economies.</p>		

⁵ *The History and Evolution of Retail Stores: From Mom and Pop to Online Shops.* www.bigcommerce.com. January 2022.



<p>This same evolution process is evident in how we meet our material wants and needs. Today there are off-the-grid subsistence communities and traditional brick-and-mortar retailing. Shopping malls may be in decline, but they continue to exist, all while e-commerce surges.</p>		
<p>Mom and Pops Proprietorships are generally locally owned businesses where the owners operate the business.</p>	<p>1700s and 1800s</p>	<p>In the United States, European settlement prompted a rise in proprietorships or what we might call mom and pop businesses.</p>
<p>Mail-Order⁶ – Catalog Merchants⁷ In the 1800s the majority of Americans lived in rural communities with relatively small consumer markets. Mail-order was a perfect fit in these conditions.</p>	<p>Mid-1800s</p>	<p>Tiffany’s Blue Book, reputed to be the first mail-order catalog in the United States, debuted in 1845. Others quickly followed including Montgomery Ward, Hammacher Schlemmer, Sears, JC Penney, and more.</p>
<p>Department Stores⁸ Bainbridge in England is the oldest department store. Department stores with wide-ranging goods and services offerings became mainstays in downtowns and shopping malls until the 1980s when competition changed.</p>	<p>Mid-1800s</p>	<p>Cities offer massive department stores like Macy’s in New York. Even smaller micropolitan cities hosted regional and local department stores. Department stores anchored downtowns and eventually shopping malls throughout the United States.</p>
<p>Consumer Credit⁹ Credit and debt are as old as the Bible. But in the 1920s consumer credit became more common and available to a wider range of consumers. Credit access fueled consumer consumption. An estimated 70% of all U.S. Gross Domestic Product is related to consumer spending.¹⁰</p>	<p>1920s</p>	<p>Credit Cards¹¹ While there were earlier versions of “credit card” offerings, the first multi-purpose charge card was offered by Diners Club in 1950. Credit and debit cards are now widely held and used by households, businesses, nonprofits, and government organizations.</p>
<p>Consumer Credit</p>		
<p>The emergence of widely available consumer credit and now credit cards has driven consumer behavior and spending. Credit allows consumers to spend before they have earnings to cover spending. In turn spending on credit has driven consumer debt. Today physical credit cards are being replaced with smart devices and electronic payment systems.</p>		
<p>Franchising¹² Following World War II there was massive pent-up consumer demand with a booming post-war economy. Franchising boomed in the 1950s and continues strong to this day. Franchise ownership is a primary pathway to household wealth. It is also a form of</p>	<p>1950s</p>	<p>Examples of franchises in the United State are numerous including McDonald’s, Coca-Cola bottling plants, car dealerships, and major brand gasoline stations. With a franchise, local and regional owners operate the shop within the framework standards of the franchise. There are</p>

⁶ Mail Order. www.wikipedia.org. January 2022.
⁷ Catalog Merchant. www.wikipedia.org. January 2022.
⁸ Department Store. www.wikipedia.org. January 2022.
⁹ The History of Credits Cards. www.creditcards.com. January 2022.
¹⁰ www.thebalance.com.
¹¹ The History of Credits Cards. www.creditcards.com. January 2022.
¹² The History of Modern Franchising. www.franchise.org. January 2022.



entrepreneurship widely exercised in the United States.		opportunities for rural “mini-franchises” as a rural retailing strategy.
<p align="center">Shopping Malls¹³</p> <p>Following World War II personal automobiles became universal with associated improvements in streets and highways. Shopping malls are a direct result of our auto-centered transportation system.</p>	1950s	Shopping malls with their typical layout (e.g., central building complex surrounded by abundant parking) and formula of offerings (e.g., food courts to anchor department stores to specialty shops) are mainstays in any U.S. city. Today shopping malls are stressed and some would argue in full decline.
<p align="center">Big Box Stores¹⁴</p> <p>Big box stores like Target, Walmart, Home Depot, and Lowe’s can be found throughout the United States, even in smaller cities in rural America. Big box stores are innovative and dynamic, fully engaged in e-commerce, online purchasing, and pick up/delivery services.</p>	1960s	In some ways, big box stores are like department stores (e.g., Walmart and Target) or specialty-focused (e.g., Home Depot and Lowe’s). Big box stores can locate in existing shopping malls but are generally anchors in their own commercial real estate with associated strip plazas or mini-malls.
<p align="center">Strip Malls – Mini Malls – Strip Plazas¹⁵</p> <p>Called by many names, these commercial developments are generally adjacent to and facing a major highway or city street. Strip malls are major entrepreneurial investment opportunities where space is leased to other tenants.</p>	1970s	Drive through any major rural community or interstate highway interchange and the visual is strikingly similar to comparable offerings. While strip malls are convenient, they greatly contribute to urban sprawl and unattractive landscapes.
<p align="center">Telemarketing</p> <p>Omaha, Nebraska was an early center for telemarketing for two reasons. First, the Strategic Air Command headquarters located in Omaha necessitated a robust telephone capacity. Second, Midwestern voices typically have no identifying regional accent.</p>	1970s	Telemarketing ¹⁶ is a push strategy using telephones to generate customers for specific products and services. Telemarketing builds on earlier mail-order and catalog sales strategies.
<p align="center">E-commerce</p> <p>Just as the automobile drove the creation of shopping malls, big-box stores, and strip malls, the internet drives growth in e-commerce. The computing power of personal devices like smartphones or tablets makes purchasing online very easy.</p>	1990s	According to BigCommerce, today over 80% of Americans shop online compared to just over 20% in 2000 (20 years ago). Over 50% of American consumers cite being able to shop 24/7 as a reason for online shopping. Online shopping is growing faster than brick and mortar. ¹⁷
<p>The Rise of E-commerce</p> <p>Amazon illustrates the rise of e-commerce. Amazon Prime delivery trucks are increasingly as numerous as Post Office and FedEx trucks. There is no question that e-commerce offers greater choice and convenience when</p>		

¹³ *Shopping Mall*. www.wikipedia.org. January 2022.
¹⁴ *Big-Box Store*. www.wikipedia.org. January 2022.
¹⁵ *Strip Mall*. www.wikipedia.org. January 2022.
¹⁶ *Telemarketing*. www.wikipedia.org. January 2022.
¹⁷ *E-Commerce*. www.wikipedia.org. January 2022.



compared to more traditional brick and mortar. E-commerce is expected to continue to gain in retail market share in the United States. But according to BigCommerce, brick-and-mortar out-sells e-commerce four to one with e-commerce now capturing about 15% of all consumer spending. When services like food and health care are considered, brick-and-mortar's share of consumer spending still dominates.¹⁸

Opportunities for Innovative Niche Retailing

The biggies (shopping malls, big box stores, franchises, and Amazon-like e-commerce) optimize to capture high-volume spending areas. No one can really compete on price with Walmart for certain sizes of blue jeans. But consumers with an atypical blue jean size offer room for local retailing to capture this spending stream. As our friend Chris Gibbons with Economic Gardening¹⁹ repeatedly says "...do not compete in commodity markets, compete in niche areas where you have competitive advantages." There are literally millions of niche markets and niche marketing strategies where rural entrepreneurs and rural retailing can compete, capturing more of the available area and visitor consumer spending.

The Future of Rural Retailing

The future of rural retailing is not destiny. Its future all depends on what rural entrepreneurs and their communities do. Rural retailing and the communities that are home to these ventures must be creative, innovative, smart, and competitive – in a word, entrepreneurial. Fostering entrepreneurial ecosystems with a strong focus on supporting rural retailing is both an opportunity and possibly foundational to the future of rural communities.

With this brief history of retailing as context, attention now turns to exploring innovative models of rural retailing curated by e2.

Use of the Term "Ventures"

We use the inclusive term **ventures** intentionally with specific meaning. Ventures include for-profit businesses, nonprofit organizations, and governmental enterprises. All kinds of ventures are important and relevant for thriving rural retailing.

Destination Business Bootcamp

Jon Schallert is a national expert in destination businesses. His destination trainings and boot camps have been certified by the NetWork Kansas Board as a resource for their eCommunities. These trainings and the more intensive boot camps can empower entrepreneurs to envision and grow destination businesses, expanding their market reach. To learn more, check out www.jonschallert.com.

Destinations. Throughout rural America, there are ventures that evolve into destinations that draw consumers from beyond area boundaries. In Ord, Nebraska (2020 population of 2,036 with a regional market of 10,000) there is a remarkable service business called Utopia Spa and Health Studio. Utopia defines itself as follows: "Utopia: the perfect place. We focus on Mind, Body, and Spiritual wellness. We created Utopia to offer a personalized approach to meet everyone's needs for health and self-care. We are a 'one-stop-shop'!" Utopia Spa is a destination venture enhancing Ord's offerings in the downtown area and attracting consumers from the immediate area, northeastern Nebraska, and as far away as Denver, Omaha, and Lincoln. Destination ventures not only provide amenities to area residents but in being a destination for outside visitors to contribute to the economy by bringing in spending and

¹⁸ E-Commerce. www.wikipedia.org. January 2022.

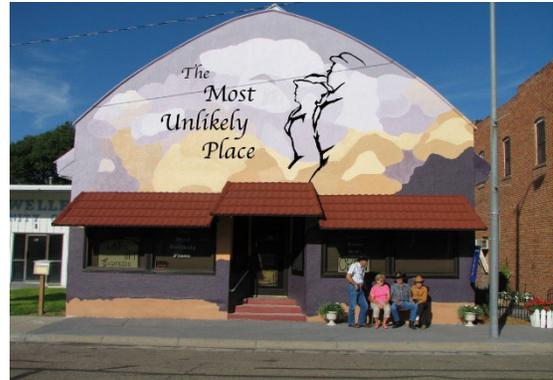
¹⁹ www.economicgardening.org.

generating income. When outsiders come to Ord to use Utopia’s services, they also buy lodging, food, and gasoline and may shop in other retail businesses.

Multiple Bottom Lines

The vast majority of for-profit businesses focus on a single bottom line: sales and particularly profits. Most community ventures have multiple bottom lines including covering costs, generating good employment, creating community benefits, meeting desired and critical needs, and operating in environmentally sustainable ways.

Community Ventures. Community ventures have the following characteristics: community mission, multiple bottom lines, a community governance board, operate in low density or markets lacking alternatives, focus on both essential and desirable amenities, generate community impact, often provide community dividends, operate with some staff and community volunteers, often have community investors and are not generally a legal cooperative. Examples include a grocery store operated by a public school in Cody, Nebraska (2020 population of 147), a coffee shop, café, and community center (*picture right*) in Lewellen, Nebraska (2020 population of 189), community centers throughout rural America, community-operated swimming pools and splash parks, and community-supported libraries and recreational resources.



Community-owned and operated ventures are increasingly popular as a way to ensure that desired and essential goods and services are available and controlled locally. The Green Bay Packers football team and the Kansas City Royals baseball team (now privately owned) offer large-scale versions of a community venture. A February 1, 2022, feature in the *New York Times* shares the story of how a Vermont community-acquired and now runs a ski resort foundational to the community’s economy and vitality. The Ascutney Vermont Ski Resort that once

failed in private ownership is now a community venture. To learn more, check out www.ascutneyoutdoors.org.

Essential and Desirable Amenities

In our e2 writings, we talk about essential and desirable amenity ventures. These ventures are universally important, but in rural areas, pro-active community action may be required to create and sustain them. Examples of essential amenity ventures include the only grocery store or medical clinic in a community. Examples of desirable amenity ventures often include a good local café, a coffee shop with a bakery, a brewpub, or a wine bar.

Cooperatives. Cooperatives are a long-running form of venture organization. Cooperatives are legal entities and operate in certain ways. Oxford Languages defines a cooperative as: “...a farm, business, or other organization which is owned and run jointly by its members, who share the profits or benefits.” Farm and electric cooperatives are well known across much of rural America. Cities have food cooperatives. Organizing and operating cooperatives can be complex, and the rise of community ventures may make an aligned venture model easier to organize and sustain.

Employee-Owned Ventures. With cooperatives, the members own the venture. With employee-owned ventures, the employees own the business. Employees select management which then runs the venture. Employee-owned companies are a growing movement, and some are relatively large. For rural communities with a large company in play for acquisition or going public, employee ownership is a strategy to keep the company in the community. The story of Cabela’s and Sidney, Nebraska (2020 population of 6,410) is a case in point of an opportunity missed.

Cabela’s and Sidney, Nebraska

Cabela’s is a specialty retail company focused on outdoor activities like hunting, fishing, and camping with brick-and-mortar stores, and online and catalog sales. It was founded by the Cabela brothers in one of their kitchens. It experienced explosive growth and became a national brand with its superstores located at major interstate highway interchanges. For years Cabela’s headquarters was based in Sidney, Nebraska (2020 population of 6,410) in a very rural region. The private owners decided to go public and once Cabela’s became a public corporation it was at risk for acquisition. Long story short, Cabela’s was acquired by the larger Bass Pro Shops and the Sidney headquarters was hollowed out. At some point in the negotiations, Cabela’s employees rooted in Sidney’s headquarters could have pursued employee ownership. Unfortunately, this option was not explored, and this part of the high plains has taken a huge economic hit.



Electronic Commerce. Amazon and others have demonstrated the power of e-commerce. E-commerce offers selection and ease where any time of the day a consumer can shop, find the right product at the right price, purchase it and have it delivered by FedEx, the Post Office, or another logistics provider. E-commerce is growing rapidly, and the pandemic has driven its growth as in-store shopping has health risks. But e-commerce can be a two-way street. While external retailers can use e-commerce to capture area consumer spending and erode local spending, local retailers can adopt e-commerce to expand their reach, supplementing or even replacing their brick-and-mortar stores. Strong e-commerce can also drive regional consumer shopping in brick and mortar where consumers want to look at and touch products.

Collaborative Ventures. About 15 years ago in our work, we began building on Dr. Michael Porter’s **economic cluster theory**,²⁰ articulating what we call **microclusters**. Microclusters involve a group of ventures coming together around a particular economic activity. Often, they form a development marketing organization. Great examples can be found around destination tourism. Lodging, food service,

²⁰ Porter, Michael E. *Clusters and the New Economics of Competition*. Harvard Business Review. 1998.



Dr. Michael Porter

experiential activities, and other relevant amenity providers work collaboratively to promote their region as a tourist destination. These providers often engage in reciprocal packages where lodging works with activity providers and food and drink establishments, internalizing spending within this smaller collaborative venture group. Other mini clusters can be organized around retiring Boomers, rural health care, and even downtown districts.

Mini Franchises. www.franchisedirect.com defines franchising as: “...a form of marketing and distribution in which the owner of a business system (the franchisor) grants to an individual or group of individuals (the franchisee) the right to run a business selling a product or providing a service using the franchisor's business system.”

Franchising is a major force in the business world. Consider this:

- There are over 745,000 franchise locations in the United States.
- There are approximately 3,800 franchise systems operating in the United States, as of the beginning of 2019.
- Over the past few years, 250 to 300 businesses annually have developed their concepts into a franchise.
- Franchises employ about eight million Americans directly.
- About 13,000 to 20,000 prospects invest in new franchises yearly, according to Franchise Performance Group and FRANdata.

Source: www.franchisedirect.com

Mini franchises are a grossly under-deployed retail strategy in rural communities. Employing the same powerful venture model lessons learned in general franchising, rural ventures can create mini franchises. In rural areas where the demand for a good coffee shop/café/bakery is high, a successful venture of this type in one community could franchise to owner/operators in other rural communities. Franchises can particularly make sense for a wide range of services such as funeral homes, dentistry, optometry, health studios, and the like. In the next section, we have a powerful story of a rural-rooted franchise called Dutch Bros. Coffee.

Value Chains. WealthWorks (www.wealthworks.org) is a champion of value chains in rural America. Value-chain development is also widely employed in the distressed urban neighborhoods of many cities. WealthWorks was a rural community economic development initiative funded by the Ford Foundation (www.fordfoundation.org). On the Aspen Institute hosted website there are guides, resources, and, most importantly, value-chain stories. In the next section, we share the WealthWorks story of **Arkansas Biofuels, Camelina: Biofuel for Thought**. There are strong correlations between cooperative ventures and value-chains. Cooperative ventures such as a rural health care mini-cluster can employ value-chain mapping and development to grow a higher value mini-cluster. For an overview of WealthWorks, check out this [e2 paper](#).

Shared Characteristics

There are many shared characteristics among some of these venture models including value chains, microclusters, mini franchises, complementary, and community ventures. In many ways, they are a derivation of similar themes. But each venture model is adapting to special circumstances, developing niche solutions that empower their success. When working with entrepreneurs in or moving into the

retailing space, we encourage community-centered entrepreneurial ecosystems to share these models and tactics, allowing these entrepreneurs to customize an optimal strategy for success.

Microclusters. Microclusters involve public, for-profit, and nonprofit ventures which work together to create higher-value economic development activities. The picture to the right is the historic Red Cloud, Nebraska Moon Block. It is a \$20 million restoration by the Cather Foundation and is home to the Red Cloud Opera House and Cather Center. Willa Cather, born and raised in this part of rural south-central Nebraska, lived from 1873 into 1947 and experienced the transformation of the prairie into Nebraska's earliest frontier communities. Each year thousands of visitors come to Red Cloud (2020 population of 878) to experience Catherland, ranging from monthly entertainment at the Opera House to learn about Cather and the sites she employed in her extensive writings. A microcluster has been developed around Catherland, contributing to the diversity and diversification of this very rural community.



Historic Moon Block in Red Cloud, Nebraska

Complementary Ventures. When someone travels 75 miles to access health care at a regional hospital, chances are good this consumer may spend a night in a local hotel or motel, eat some meals in area cafes and even do some shopping while in town. Valley County Health Care System (next section) draws patients from a vast multi-county region. They are a destination venture. In a case like this, those doing intake on an out-of-town patient, often accompanied by family and/or friends, can share information on complementary goods and services like lodging, where to buy vegan food, or just a good coffee shop to visit while waiting for a loved on to finish tests or surgery. Being intentional about complementary ventures creates greater opportunities for all collaborating ventures within this very organic value chain or microcluster.

Online. Much of rural America has insufficient area markets to support a rich mix of retail and service ventures. Becoming a destination can expand the geographic market reach as consumers travel miles to a great steak house or entertainment venues like the Red Cloud Opera House or the Golden Husk in Ord, Nebraska. For most, creating a robust online presence with online sales is a powerful hybrid retailing model that drives both brick-and-mortar traffic as well as e-commerce. Being able to scale a venture and diversify its market reach and possibly its product and service offerings is a proven rural retailing model.

Logistics Really Matter

I recently re-read Marie Sandoz's book *Old Jules* about her father immigrating from Switzerland in the late 1800s and his homesteading in northwestern Nebraska in the 1880s. A theme in this remarkable book is Old Jules' tireless efforts to secure and run U.S. Post Offices. During these times when isolation was a real issue, having a post office meant being connected to the larger world. Before private parcel services, governmental postal services allowed people to communicate and often purchase goods. Old Jules was a horticultural entrepreneur and loved his seed catalogs and pamphlets on growing fruit and vegetables.

The Competition. There was a time when most goods and services our rural communities needed were provided locally. America’s early farms and villages were very self-sufficient. But even in the 1600s and 1700s rural communities required goods and services that were externally provided. Some of the earliest federal and state policies focused on this trade – either empowering or restricting it, and always taxing it.

With improvements in transportation and logistics, first with water transportation, then railroads, and now highways, the ability to move goods and even services (from circuit-riding preachers to doctors) increased the shift of spending from local to more regional. The advent of the internet and e-commerce markets, from accounting services to specialty clothes, means that the spending shift can move internationally. Competition for consumers and sales are part of rural retailing reality, from big box stores like Walmart, Home Depot, and Target to e-commerce platforms like Amazon.



Foundational to thriving rural retailing is understanding the competition and embracing the venture models and tactics providing the necessary competitive edge rooted in niche markets.

The next step is a review of **Rural Retail Stories**.

We always wish we had more case stories. Fortunately, we do have some stories, primarily from Ord County that we can share. In time, with help from our e2 story capture team, we will collect more stories that can illustrate innovative rural venture models, strategies, and tactics.

Rural Retail Stories

It is one thing to share in abstract terms the characteristics of innovative retail venture models as presented in the previous section. It is another and possibly more enriching experience to explore these models through actual stories. We are pleased to share the following rural retail stories. In time we are committed to collecting and curating more stories.

- Caleb Pollard and Scratchtown Brewing
- Nancy Glaubke and the Valley County Health Care System
- Gaylord Boilesen
- Hackel Construction
- Dutch Bros. Coffee
- Arkansas Biofuels Value-Chain
- Jubilee Catering
- Ord Locker
- Utopia Spa and Wellness Studio

Rooted Corporations – Growing an Entrepreneurial Economy

Through our learning from Central Appalachia (Ohio, Kentucky, and West Virginia) as part of the ***Entrepreneurial Communities Initiative*** (supported by the Appalachian Regional Commission), the importance of **rooted corporations** became more evident. Rooted corporations are area-owned small corporations that are growing and reaching external markets and customers. Examples include a micro-franchise with a corporate headquarters in one community but with coffee and bakery shops in outlying communities. Another example is a family-owned grocery chain with five stores rooted in north-central Kansas. Allo Communications, once headquartered in Imperial, Nebraska (2020 population of 2,055), is a rapidly expanding telephone, broadband, and cable services provider operating in multiple states. Rooted corporations are important in many ways, providing a more diverse array of better jobs and careers, community identity, leaders, and volunteers. To learn more, check out [**Rooted Corporations – Growing an Entrepreneurial Economy.**](#)

Caleb Pollard and Scratchtown Brewing. In the opening of the Scratchtown Brewing story from Ord Nebraska, Dr. David Iaquina²¹ shares the following description of Caleb Pollard, founder of Scratchtown: “A Place for Being: Father, “Anywhere” in search of Place, Economic Director, Entrepreneur, Future Leader.” Iaquina goes on to make the following introduction. “The story of Scratchtown is intertwined with Caleb Pollard’s personal journey. To understand the success of Scratchtown, it requires an understanding of that journey, his entrepreneurial motivation and the role Ord itself played in the process. Prior to coming to Ord, Caleb had reached that point in his life where his children, his wife, his priorities, and his journey coalesced around the **need to be somewhere**. He, like many in his generation, had decided that life was more than simple economic pursuit and career success. He needed a place to feel rooted, where he could spend time with his boys, where he could share life with his wife, and where he could make a difference over the long haul. Having served a successful tenure with the state in economic development, he jumped when Ord offered him the opportunity to actualize his decision to take root in a small community.” The [Scratchtown Brewing story](#) features both an entrepreneur and an entrepreneurial venture. It speaks to creating an innovative retail and service venture in Ord offering an important gathering place or watering hole contributing to the quality-of-life amenities in this community and its rural region.



Pollard on the left in the red T-shirt

Nancy Glaubke and Valley County Health Care. The following is the introduction to the [Valley County Health Care Story](#): “At the start of the 1900s there were two doctor-owned hospitals in Ord. Eventually there was one that evolved into a county-owned hospital. This legal construct continues to this day,



Valley County Hospital Complex in Ord

enabling the Valley County Health Care System. When we think of entrepreneurs we typically focus on for-profit businesses. However, in America, and particularly rural America, entrepreneurial ventures can be for-profit, nonprofit, and even governmental. The dynamic growth and success of the Valley County Health Care System has led it to become the largest employer among the entrepreneurial ventures in the Valley County region.” Central to this story is a one-time entrepreneur coach, civic leader, and social entrepreneur Nancy Glaubke who leads this health care system. Today the Valley County

Health Care System is the largest wage and salary employer in the region and anchors a health services cluster enabling another for-profit, nonprofit, and governmental health care services to thrive.

Gaylord Boilesen. Iaquina describes [Gaylord Boilesen](#) this way: “Home Grown Serial Entrepreneur, Mentor and Community Leader.”

The following is the introduction to Gaylord’s remarkable story. “Born, raised in Valley County and Ord, Gaylord Boilesen has spent his entire life working there. His story like many in the area started on a farm

²¹ The Ord stories are taken from two sources: Macke, Don, and David Iaquina. *Defining Ord and Its Economy*. e2 Entrepreneurial Ecosystems. 2021 and Macke, Don, David Iaquina, Matthew Hansen, Elizabeth Chase, Robert Stowell and Ann Chaffin. *The Ord Story Capture Collection*. e2 Entrepreneurial Ecosystems. 2021.

where the bedrock of his life was laid down. However, at the age of thirteen his father left farming and opened a business in Ord. It was here that the future of his life was forged. The lessons learned from his dad formed the blueprint of the man, but it was his involvement in Jaycees that honed his agency, giving him the courage to act with intention whether for himself or in the service of others. A successful entrepreneur, Gaylord has known what others call failure, but what he sees simply as the opportunity to find another way. It is this resilience coupled with what Nancy Glaubke calls his ‘amazing vision’ and his propensity to eschew personal acknowledgement that has characterized his life and brought success. It’s instructive to explore this journey in his own words.” We share Boilesen’s story for several reasons but primarily because of his smarts in running his businesses and mentoring younger entrepreneurs learning the art and science of rural retailing. The tactics section includes many topics inspired by Boilesen’s counsel.



Hackel Construction. The [Jeana and Tanner Hackel story](#) curated by laquinta starts with the following statement:

“What is your highest purpose? Treat your employees as assets invest in their ‘tools,’ improve their lives.”

Hackle’s story is influenced by the role of entrepreneurial leadership reflected in the previous statement resulting in a remarkable and competitive venture model for this local-doing-statewide-work construction company. Not only did Jeana and Tanner as a couple and owner-operators of this construction company participate in Ord’s Synovation Valley Leadership

Academy, but they also encouraged all their employees and spouses to do the same. Investing in people as a core entrepreneurial venture asset is core to this remarkable story and example.

Dutch Bros. Coffee. As the story goes Dutch Bros. Coffee started as a single pushcart in Grants Pass, Oregon (population 39,189). Today Grants Pass, a rural micropolitan city in southwestern Oregon, is home to a multi-state franchise. Founded in 1992 the mission of Dutch Bros. Coffee is:

“We may sell coffee, but we’re in the relationship business. Whether we’re slinging drinks or serving up smiles, Dutch Bros is all about you.”



Dutch Bros. has a unique franchising model where baristas are encouraged to become owner-operators of these coffee shops. To learn more, go to Dutch Bros website at <https://www.dutchbros.com/> and check out the “Our Story” section.

Arkansas Biofuels Value-Chain. The Arkansas Biofuels Project is part of the WealthWorks value-chain development strategy. This story illustrates the development of a microeconomic cluster, a collaborative venture, and the use of value-chain mapping and development. It started with breakthrough technology; a small-scale biofuels micro-refinery developed at Mid-South Community College in West Memphis. Enter the Arkansas Green Energy Network (AGEN), a network of community stakeholders with a goal to accelerate the micro-refinery's commercial deployment in ways that would provide jobs and capture wealth for people, firms, and communities in the region. The rest of the story: "After just 18 months, this 'value chain' of connections is being deployed in DeWitt, Arkansas, a community of 3,200 with a poverty rate of 24%. DeWitt has quickly become the hub of a 10-county waste vegetable oil recycling district ... AGEN's creative and collaborative effort builds on what it discovered right in the region — know-how, crop and technology innovation, and people striving to do better — and connects them to regional and world markets." There are other stories on the WealthWorks resource site including strategy guides. To learn more about this story check out <https://www.wealthworks.org/success-stories/arkansas-biofuels>.



Jubilee Catering. Passion often drives remarkable entrepreneurial ventures operating in the retail and service space. [Melanie Boden and Jubilee Catering](#) is a remarkable story of passion enhancing the quality of life in this region through catering food and drink. laquinta starts this story off with the following statement:

"I had no intention of doing that, but it did make my heart sing. I loved it."

You see it in Melanie's smile and experience when you partake in one of her catering events. Others cater in the Ord region, and they are good, but Boden's quality of food and drink, coupled with her elegant presentation, offers a competitive edge.

Ord Locker. The following is from the [Ord Locker story](#) introduction curated by laquinta:

"Enhancing successful existing venture transitions offers the opportunity for new entrepreneurial energy to bloom in a community. Too often existing ventures are lost when aging owners fail to find new owners and close their ventures. Central to the Ord Locker story is a successful venture transition where not only was Ord Locker transitioned but the new owners (the VanDeWalles) brought new vision and energy resulting in an expanded venture serving both local needs and envisioning external markets through new product and service offerings. The images of the existing Ord Locker in downtown and the multi-million-dollar new facility on the edge of town powerfully illustrates this very important entrepreneurial dynamic." Learn more about the VanDeWalles (Ace and his sister) and the Ord Locker transition and now growth in this [story](#).



Utopia Spa and Health Studio. This is another innovative venture model captured by laquinta in his work with Ord, Nebraska. The following is the introduction from this [story](#):



“Sarah Brinkman is from an area ranch family who returned from New York and saw a need for a spa. She purchased and repurposed a downtown building that now hosts over 15 spa businesses and entrepreneurs. This innovative business model provides an ‘attraction’ amenity and workspace for these independent spa service providers. Spa services range from traditional hair, face, and nail care to yoga and exercise classes to health care related cold and heat therapies.” Entrepreneur Brinkman and her “tribe” of venture entrepreneurs is an example of both a collaborative and community venture.

As noted earlier, despite the intense competition in the retail and service markets and the general decline in locally owned and operated retailers, there are ways to compete. When local retailers and service providers are supported and network with each other, very competitive models can be grown by employing cutting-edge retailing tactics to be discussed in the next section.

A Plea for More Innovative Rural Retail Stories

In rural America, cultural stories can inspire and inform. They are powerful. We work hard to collect and curate stories. But we need HELP! If you have stories or even story leads, share them with us by reaching out to Don Macke at don@e2mail.org.

The next stop is **Rural Retail Tactics**.

Oxford Languages defines “tactic” as “...an action or strategy carefully planned to achieve a specific end.” Venture models address how an organization is organized and operated. Tactics are specific strategies that help ventures reach more consumers, expand sales, open markets, and improve profitability.

Retailing Tactics

This section of the **Rural Retail** paper explores the following innovative retailing tactics:

- Talking with the Customer
- Knowing What Your Area’s Residents are Buying
- Finding the Right Competitive Formula
- Employees as Assets Versus Costs
- Cooperative Staffing
- Traditional Marketing and Advertising
- Social Media Marketing
- Cooperative Marketing
- Use of Marketplaces
- Marketing Associations
- Smart Hours of Operation
- Online Selling
- Discount Purchasing
- Point of Sale Tracking
- Dead Inventory Management
- Building an Optimal Team
- Outsourcing
- Finding Growth-Oriented Entrepreneurs and Ventures

Talking with the Customer. For most of his life, my father owned and operated gasoline stations and garages. He probably did not have a high school degree. He was smart and ran amazing small businesses. Dad understood that finding his niche in these markets was key to customer activity and loyalty. Central to his strategy was **talking with his customers**. In an organic way, he opened up conversations to learn how he could better serve his current and potential customers. Based on this ongoing market research he customized his product and service lines, creating a competitive edge and contributing to his success. Too many rural business owners focus on completing the transaction but do not open the door to these conversations that would provide marketing intelligence, helping them grow more competitive and profitable ventures. Being intentional about talking with customers and learning from them is our first rural retailing tactic.

Insights from Independence, Oregon’s Market Research

Independence is a community of just over 10,000 residents located in the Salem Metropolitan Area in west-central Oregon. As the metro area has grown, Independence is part of a dense urban landscape where competition for retail and services is intense. In today’s environment, consumer spending on apparel (e.g., men’s, women’s, children’s, footwear, etc.) is very competitive. Competition comes from e-commerce, big box stores, and franchises. Price, value, and selection create a climate that makes

locally owned and operated apparel stores challenging. According to Esri, in 2021 consumer spending for apparel by permanent residents in Independence was over \$5.6 million. Esri estimates, given Independence’s projected growth, by 2026 apparel spending will increase to over \$7 million or by \$1.4 million. Local apparel goods and service providers could capture some of this existing and increasing consumer apparel spending. Using detailed market research information from providers like Esri can help local retailers better understand consumer demand and flag areas of spending capture opportunity.

Knowing What Your Area’s Residents are Buying. There is remarkable market intelligence research specific to what consumers are buying in rural communities and regions nationwide. The e2 [Market Opportunity Profiles](#) provide this kind of information. The illustration above from Independence, Oregon illustrates the importance of retail and service ventures taking time to better understand what consumers in their markets are buying. Comparing sales with market potential can help identify how a business can evolve to capture more spending.

Finding the Right Competitive Formula. Figure 2 provides an overview of the various elements that contribute to retailing competitiveness. As our friend Chris Gibbons with Economic Gardening counsels, compete where you have competitive advantages in niche markets. Avoid playing in the commodity retail and service spaces where e-commerce like Amazon or big box stores like Walmart are most competitive.

Figure 2. Retailing Competitive Elements

Offerings	Price
One of the advantages of e-commerce is the ability to find an amazing array of goods from vendors throughout the world. Offering consumer demanded goods and services is foundational to retailing competitiveness.	Price matters. Cheaper goods and services have conditioned consumers to competitive pricing. Price matters and if a rural retailer is pricing goods and services significantly higher than down the road or e-commerce providers, sales will be lost.
Value	
Competing on price is important but competing on value is more important. Relative to the goods and services offered, value is a key competitive consideration. Commodity-oriented goods and services will always have their consumer. But in the rural space, making the case that the value of the good and service being provided is a great buy, margins will be stronger and rural retailers can create very competitive niche markets.	
Service	Convenience
Not all consumers want service, but for many consumers, excellent service is important. Providing high-quality service can generate loyal consumers and even draw consumers from a larger geography, enhancing sales and profit margins. For many consumers added services justify higher pricing.	Searching for a product over the internet at 10 p.m. on a Saturday is a form of convenience. Brick and mortar stores cannot provide that kind of convenience. But brick and mortar retailing coupled with e-commerce and online shopping can offer a competitive edge.
Entertainment	
For some consumers, shopping is a chore, something to be tackled and completed as quickly as possible. For others, shopping is an enjoyable activity. Entertainment value can be associated with the shopping process. For rural retail and service ventures, providing entertainment value through the on-site or virtual shop setting, coupled with first-rate service, can create niche competitiveness along with strong profit margins.	

Employees as Assets Versus Costs. In market economies, employees can be reduced to cost inputs to be controlled and minimized. In service-related retailing, employees are a major cost input. Within the context of competitive, niche, and profitable rural retailing markets, employees are the secret ingredient. Capable, efficient, and experienced employees can provide a huge advantage over weak and poor-performing employees. Investing in employees who not only know their job but are passionate about what they do can yield significant returns.

Good Jobs Strategy

In 2014 Zeynep Ton with the Massachusetts Institute of Technology's Sloan School of Management published a remarkable book titled *The Good Jobs Strategy, How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*. At e2 we use this book in our development work, drawing on the case stories and the competitive lessons it illustrates. Professor Ton makes the case that even in highly competitive venture areas like groceries or convenience stores, employees should be seen as competitive assets versus simply an input cost. For rural retailing employing the "great employee" strategy is foundational to thriving.

Cooperative Staffing. For many "main street" rural ventures the owners are also the primary employees in the hardware store, grocery store, and that rare clothing store. Staffing is always an issue. Working long hours takes a toll. An innovative solution is cooperative staffing. In rural regions, employment agencies can retain workers who are made available on a full-time or part-time basis to provide regular and even spot staffing. Inclusion of training, benefits, and placement can be a "win-win" for both employees and employers. If there is a strong fit, these "contract employees" can become permanent and maybe even permanent employees with equity in the local business. This tactic or solution can ensure better work for employees and create a skilled and motivated workforce pool for small- to medium-size ventures in a rural region.

Equity Employees

"Equity employees" may not be a familiar term to many in rural America or even business circles. Keeping costs manageable is paramount to rural retailing success. Keeping employee costs reasonable is important to the bottom line, but wages can energize poor staffing, high turnover, and other adverse impacts associated with cheap labor force strategies. With an equity employee strategy, key employees earn equity in the business and become co-owners. At the time of ownership transition, a foundation has been laid where key employees can more reasonably acquire the venture from the core or founding owners.

Traditional Marketing. In the same way that retailing itself has changed and evolved, so too have the tactics and strategies to reach markets for goods and services. Marketing 101 suggests that the term "marketing" includes the product, the price, the distribution, and the promotion of a product or service. For this paper, we will limit the conversation to promotion. From the bamboo flutes and calligraphic signboards of ancient China to the point-of-purchase displays of today, marketing, and promotional tactics have changed much as retail itself has evolved. Many traditional forms of promotion still have a place in reaching today's consumers, including handbills, posters, newspaper/radio/television advertising, billboards, direct mail, and flyers. Email has emerged as an alternative to direct mail.

Social Media Marketing. Social media is now a mainstay in our culture and consumer habits. Handheld smart technology is universal. Emerging generations may only use smart handheld devices to

communicate and engage in marketplaces. Social media can be used not only to enable online buying but also to communicate in a customized way to the market. Recently we had an interesting discussion with a former Silicon Valley tech entrepreneur who has developed an app that can send social media messages to consumers that sales are underway. For example, during slow times at a local food and drink establishment, social media can be used to send real-time messages to consumers that specials are being offered, driving traffic and sales. Compared to more traditional print, radio or television marketing, social media marketing can be cheaper. Social media can also encompass website and search engine optimization, blogs, online advertising, keyword search sponsorship, and text messaging. A key community ecosystem resource includes social media marketing co-ops and support services that smaller operations can afford to use. For that overworked retail owner/operator(s), working collaboratively with a local or regional marketing firm or cooperative can lighten the burden of marketing.

Cooperative Marketing. America's chambers of commerce have changed over the years. But one area in which rural chambers excel is marketing their communities to area consumers. Many rural chambers sponsor events to drive traffic to their communities and often their downtowns. Community celebrations and downtown events create causal opportunities for consumers to shop area businesses. But there is an opportunity to be more strategic and impactful. Creating cooperative marketing, particularly associated with packages (hospitality) and microclusters (downtowns and health care systems), can drive traffic and sales. Most local ventures are too small to support active marketing game plans on their own. Cooperative marketing services and strategies, hosted by a community's or a region's entrepreneurial ecosystem, can increase competitiveness, sales, profits, and associated local sales tax revenues.

Use of Marketplaces. There is a growing network of online marketplaces where local goods and service providers can reach consumers both through brick-and-mortar and online e-commerce avenues. Possibly the widest used online marketplace is Facebook Marketplace ([www.facebook.com > marketplace](http://www.facebook.com/marketplace)). But other existing and new marketplaces are supporting community entrepreneurs to achieve commercial success. In this part of the Rural Retailing paper, we have highlighted a number of these marketplaces. Another well-respected and established marketplace is the Kansas Sampler (www.kansassampler.org). When ventures are small and the owners are also the ones keeping a venture operating, collaborative strategies like employing cooperative marketing, use of marketplaces, and the like are core to achieving greater market success.

Hanna Grimes Marketplace – Keene, New Hampshire

Headquartered in Keene, New Hampshire, the [Hanna Grimes Marketplace](#) provides merchandising avenues for area artisans. This remarkable venture provides both brick and mortar and online selling venues for a wide range of artisans from this corner of New England. Check out our [paper](#) and podcast [episode](#) featuring Hanna Grimes Marketplace.

Marketplace

Karen Rzepecki is an entrepreneur who has created a very interesting resource called Makerplace (<https://makerplace.io/how-it-works>). The following is from her website:

Understanding the Needs of a Marketplace. An online marketplace solution can boost customer loyalty and build trust.

- Capture new revenue through commissions on sales, without the headache of storing and shipping items, or managing drop-shippers, or losing your audience to other sites
- Enhance your customers' shopping experiences by providing multiple, complementary products and services on a single website
- Build deeper relationships with consumers by showcasing the story behind the brands

Check out this story about the PA Wilds Marketplace “connecting consumers with the PA Wilds Region”: <https://makerplace.io/case-study-local-marketplace>.

GROW Nebraska

GROW Nebraska (www.grownebraska.org) is a remarkable success story. Founded originally in a closed school in tiny Holbrook (2020 population of 194), GROW operates a brick-and-mortar store in Kearney, (2020 population of 33,790) and provides online selling services for artisan members. GROW is both an example of “marketplace” and a member-centered “marketing association.”

Marketing Associations. When you are small in scale, collaboration is key to overcoming a lack of size capabilities. Marketing associations are a key way to reach consumers efficiently and effectively at a lower cost. The association does the hard work of marketing and delivery. The local entrepreneur can focus on producing high-quality goods and services. We recommend that any rural entrepreneurial ecosystem host a marketing association that can support a wide range of member services including online shopping platforms, targeted cooperative marketing, use of social media, and other consumer connection strategies.

Smart Hours of Operation. For brick and mortar, the hours of operation for customers are really important. This is particularly true with such high rates of labor force participation among family members. Too few or wrong hours of operation miss opportunities to connect with customers. Convenience and access are important competitive considerations. Too many hours with limited customer activity adds to costs, does not add much in the way of sales, and can kill the bottom line. Talking with customers (both current and prospective) can help a venture strike a balance between smart hours and some degree of life balance. The addition of online shopping can also make a huge difference in creating access and convenience without expanding store hours and staffing.

Grocery Stores in Commuter Communities

Many smaller rural communities serve as neighborhoods within larger areas and regional economies and communities. These communities provide a hometown for residents who commute down the road to larger communities for work. Often, these commuters take advantage of larger store offerings in the communities where they work. Too often hometown stores are closed when these commuters come back home at the end of a workday. Extending hours may not be a viable cost solution for a rural community grocery store. Margins in the grocery business are very small and leave little room for unsupported costs. However, in this situation, a grocery store can offer online shopping for these commuters who can pick up their groceries when they come back into town. Instead of fully staffing a store, one employee or lockboxes can make the purchases available when commuters return home. Also

having ready-to-eat meals is a plus for families that are rushing to get to evening activities and must feed themselves and their children.

Sunday Night and Two Cafes

This story from the Great Plains community features two cafés and their desire to give their staff some time off (particularly with the COVID challenge) and the community’s desire for Sunday night dining. The solution was simple and smart. Each café would offer dining every other Sunday night and then afford their staff predictable time off every other Sunday night. Sunday nights can be slow, and this solution drives more traffic to each café when they are open and provides some needed time off for the staff.

Online Selling. For many rural retailing vendors of goods or services, but particularly relevant to selling goods, area markets are often too small to support these ventures. Creating a hybrid venture with both brick and mortar and online selling can reach a larger consumer base creating sufficient sales to be competitive.

Discount Purchasing. For most rural ventures selling goods or service businesses purchasing supplies, there are discount purchasing opportunities. Managing cash flow to enable discount purchasing informed by good point-of-sale and inventory information can increase margins. Timing is everything and understanding the discounting programs of various suppliers is central to working smart on your business.

Point-of-Sale Tracking. Rural retailers know their customers as they are in constant contact every day. Those retailers paying attention can begin to recognize what is selling and what is not selling. But even for a small brick-and-mortar store, precise tracking is hard. Use of smart cash registers with point-of-sale tracking software coupled with sound inventory tracking can provide critically important insight into what is selling and where there are dead inventory opportunities to clear space. While point-of-sale and inventory software require investments of money and time, they can provide a foundational competitive edge.

Dead Inventory Management. Dead inventory takes up shelf space or storage and creates three negative impacts on the bottom line:

1. Consumes shelf space for items that are selling.
2. Creates a sunk cost that must be amortized.
3. Generates a store appearance that is tired and unattractive.

Dead Inventory Defined

Dead stock, also known as dead inventory or obsolete inventory, refers to items that aren't expected to sell. Dead stock can negatively affect a business's bottom line. Unlike dead stock, deadstock items (think vintage hard-to-get items) often sell at a premium price.

www.netsuite.com

Point-of-sale and inventory information management systems and protocols can flag dead inventory with the potential for clearance sales (which can generate some revenue) and ensure that offered goods are likely to sell at profitable prices.

Building an Optimal Team. Building and sustaining an optimal team is foundational to all rural retailing. Good people, beginning with the owner/operators, are the key to success. But growing a larger

employee base may not be the solution to building an optimal team. Rather, growing relationships with other ventures and services (e.g., outsourced bookkeeper, cooperative marketing alliance, shared staffing) can ensure an optimal team while keeping overhead smaller and more flexible.

Outsourcing. Outsourcing is one of the big top ten trends we recommend rural communities learn about and track.²² Outsourcing is widely used in corporate, governmental, and even defense arenas. Outsourcing, such as shared staffing, can be an important strategy to bring critical human talent into a venture's success.

Sirolli's Trinity of Management

Ernesto Sirolli is a legacy entrepreneur and a global thought leader. His "Trinity of Management" concept is powerful. Sirolli argues that any entrepreneurial venture must have team members who are capable and passionate in three critical venture areas – finances, production, and marketing. Sirolli goes on to argue that rarely in smaller entrepreneurial ventures is there a team meeting these three essentials for venture success. Our field experience is equally clear, and we agree with those observations. A local auto body shop may have fantastic production capabilities. Their reputation helps offset the lack of formal marketing expertise. But the lack of management related to finances can be a killer. In a situation like this, the solution may be to retain a local bookkeeper who can handle taxes, payroll, and the all-important accounts receivable challenges. The bookkeeper is an outsourced contract employee who fills out Sirolli's three key-player requirements.

Finding Growth-Oriented Entrepreneurs and Ventures. High growth and growth-oriented entrepreneurial ventures often start with very humble beginnings like a basement, kitchen table, or garage. Rural retailing ventures (both goods and service providers) are often the starting place for growth-oriented entrepreneurial ventures. By supporting rural retail in your community and increasing its success, your community may identify entrepreneurs with growth potential able to grow a small corporate headquarters and/or reach external markets than can contribute to the base of your economy.

The previous retailing tactics are a sample of what is possible. Retailing today or the process of connecting with consumers to provide the goods and services is a high opportunity area within your entrepreneurial ecosystem. Helping your retailers become more sophisticated and competitive is foundational to becoming a more successful entrepreneurial community.

The final stop provides some concluding thoughts along with recommended resources your rural community can use to grow a more prosperous future.

²² Macke, Don. *The 2020 Pandemic Recession – Future Trends*. e2 Entrepreneurial Ecosystems. 2020.

Among our ten most likely entrepreneurial development opportunities, possibly the most universal opportunity is increasing capture of area spending. Every rural community, even the smallest villages, has some potential to capture more of the spending streams flowing every day in their market areas. We encourage entrepreneurial communities to work with existing and potential entrepreneurs in becoming more competitive in capturing area spending and growing into more successful entrepreneurs.

Conclusion – Other e2 Resources

At e2 we are committed to helping rural communities and regions realize greater prosperity through entrepreneur-led community economic development. Other e2 resources specific to this topic include:

- [Spending Capture-Related Development Strategy Guide](#)
- [Republic County, Kansas Market Opportunity Profile](#)
- [Likely Entrepreneurial Development Opportunities \(LEDO\) Paper](#)
- Other [LEDO Strategy Guides](#)
- Entrepreneurial Ventures Stories (hyperlinked in the Stories Section)
- [Ord Story Capture Collection](#)

We hope these resources can help your community create a more hopeful and prosperous future. We want to hear from you and capture your stories. Share with us your insights, questions, and stories of successful rural retailing. Reach out to Don Macke with e2 Entrepreneurial Ecosystems to share at 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

- ✓ **Analytics.** e2 helps communities and regions understand their entrepreneurial potential through research and data. [Explore](#) some of our research tools and reports.
- ✓ **e2 University (e2U)** is our online platform for sharing more than 1,000 guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. [Learn](#) more about e2U resources.
- ✓ **Mentoring.** We mentor and coach practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work and invite practitioners to join our [National e2 Practitioners Network](#).
- ✓ **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, and emerging and established businesses, to a deep network of business-building resource organizations across the state.

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