

In his 1999 book *Ripples of the Zambezi: Passion, Entrepreneurship and the Rebirth of Local Economies*, Ernesto Sirolli, founder of The Sirolli Institute, articulates a key insight he calls the “Trinity of Management.” Sirolli makes the case that every successful entrepreneurial venture must have passionate and capable team members in three key areas (Figure 1). The first is the ability to **produce** a good or service that consumers want. Second, is the ability to **market** those goods or services to reach potential consumers. Finally, is the ability to **manage** the venture and particularly finances. Then Sirolli makes the point (and at e2 we agree) that few entrepreneurs have sufficient passion and robust capability in all three areas, demanding a team approach.

Figure 1. Three Keys for Successful Entrepreneurial Communities



## Background and Introduction

Networking area entrepreneurs to relevant assistance and resources is the basic transaction that must occur within an entrepreneurial ecosystem to realize deal flow and economic development impacts. Within the **e2 Development Framework**, we employ a **demand-driven** entrepreneurial ecosystem-building process. By demand-driven, the development and delivery of assistance to entrepreneurs are optimized based on their core needs and wants. In rural America from small metropolitan areas like Missoula (2020 population of 73,489) in western Montana to the smallest villages like my hometown of Mullen (2020 population of 472) in the heart of the frontier Nebraska Sandhills, area business services can be mobilized and energized to provide go-to resources for area entrepreneurs.

### Deal Flow and Economic Development Impacts Defined

By deal flow we mean when a venture invests in its operation. When capital comes into venture deals the leading edge of economic development impacts are realized. Associated economic development impacts include real estate improvements, jobs, greater area spending, and local tax base expansion.

This paper provides my vision for **business services** in a community-centered game plan.

### Questions and Information

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Entrepreneurs know what they know. For all entrepreneurs, there are blind spots. Their blind spots can at best slow a venture's development and at worst destroy it. Creating a **push** and **pull** matching grant or cost-sharing program can increase an entrepreneur's use of critically important and even transformative technical assistance providers (i.e., resource partners) and entrepreneurship programs.

### Matching Grant or Cost-Sharing Program

Figure 2 defines what we mean by **push** and **pull** strategies:

**Figure 2. Push and Pull Strategy Defined**

Push Strategy Example	Pull Strategy Example
<p>A community is working with an early-stage entrepreneur and sensing that obtaining growth planning assistance could greatly reduce the risk of failure and potentially accelerate success. As a condition of securing financing, the entrepreneur is challenged to engage in growth planning with an area resource. The community offers to cost-share the price of this assistance.</p>	<p>A brand-new entrepreneur is buying a local welding shop. This person has all the technical skills but has limited business experience and lacks accounting expertise (and passion). In this case, the community incents the entrepreneur to retain a local bookkeeper to help with payroll, taxes, and accounts receivable. The incentive is a grant to a local bookkeeper to cover part of the cost for the first year.</p>

Entrepreneurs can be resistant to getting help. Sometimes it is fear and sometimes it is lack of resources or even limited experience working with technical assistance providers. But even the most talented entrepreneur cannot succeed and grow without the right help. Building trusting and impactful relationships with relevant resource partners can be a difference-maker.

Reducing barriers like funding and providing opportunities to engage in needed technical assistance can be an early ecosystem investment. Introducing a matching grant and/or cost-sharing program can employ philanthropic, governmental, and private funding to provide funding for accessing smart business services. Like incubator space, in time the entrepreneur has met their needs and/or created a relationship with a business service provider that is long-lasting and fully funded by the entrepreneur. We are recommending point-in-time and cost-sharing that solves a current need. Such a program can also be a risk management strategy where capital access requires the use of certain business services to ensure they receive the foundational support necessary. For more information, please see our short paper, [Technical Assistance Cost-Sharing Programs](#).

Our next stop is exploring how expanding the connection between entrepreneurs and resource partners can grow stronger communities.

Our primary mission is to help area entrepreneurs achieve their dreams and contribute to their success. But engaging area technical assistance providers with area entrepreneurs can empower a **progressive cycle** growing stronger communities and a more valuable entrepreneurial ecosystem. For most entrepreneurs, area resource partners are the first **go-to** resources.

**Development Cycle of Increasing Community Business Services**

Figure 3 illustrates the development cycle associated with energizing area resource partners as an early accelerator within a community-focused entrepreneurial ecosystem:

**Figure 3. Business Services Progressive Cycle**

<p><b>1 - Increasing Access to Business Services</b></p> <p>Through the use of a community matching grant or cost-sharing program, we can increase access to area business services, reducing the risk of failure and increasing, often accelerating venture development and success. This strategy is true for all entrepreneurs from nascent to growth-oriented ventures.</p>	<p><b>2 – Growing the Business Services Sector</b></p> <p>When we create business for resource partners in our communities we will grow this sector in capacity, capability, and offerings. In working with a range of entrepreneurs, area technical assistance providers will create possibly life-long client relationships and expand service offerings growing a more robust ecosystem asset.</p>
<p><b>3 – Expanded Stakeholders and CED Leadership</b></p> <p>Locally owned and rooted successful ventures empower local and committed stakeholders and leadership for community economic development. We engage in community economic development for generations because we have a strong self-interest where development contributes to our own success.</p>	<p><b>4 – Community Giveback</b></p> <p>With more rooted successful business services we radically increase the potential for community giveback and building; including community investors, mentors, volunteers, taxpayers, and philanthropists. By expanding give back, we create better communities and a more positive culture.</p>

Fairfield (2020 population of 9,416) is located in southeastern Iowa. Historically, like other heartland rural communities, it was rooted in production agriculture and manufacturing. Over the years it has become an innovative and more dynamic entrepreneurial community. It has embraced opportunity resulting in transformative change. One major change was the transition of a local college into the [Maharishi University of Management](#).



Figure 3 on the next page provides an overview of Burt Chojnowski’s theory of how successful locally owned businesses grow leadership and stakeholders for community building. Chojnowski is with [Brainbelt Consulting](#) rooted in rural Fairfield, Iowa.

Figure 4. Visualization of How Successful Local Business Grows Community Builders

<b>From little capacity to giveback to transformative leaders</b>		
<p><b>Nascent and Struggling</b></p> <p>Newer entrepreneurs often struggle with too little time, energy, and money to engage in giving back to their community. They are the ones in need of help.</p>	<p><b>Maturing, More Time &amp; Money</b></p> <p>In time, these nascent and struggling entrepreneurs mature and achieve greater success having more time and money to give back. They now can engage as leaders and givers.</p>	<p><b>Successful Leaders</b></p> <p>By their 50s and 60s, they have arrived, achieving greater success with more time and more money to give back. At this stage, they can be change-makers.</p>
<p>For decades in both core cities and rural communities, we have seen an erosion of locally owned and operated successful businesses. Our business services sectors have been starved and eroded with the general economic contraction, outsourcing, and decline of our rooted community ventures. In growing a stronger and more vibrant entrepreneurial economy we can also regrow our community’s technical assistance sector, not only enhancing our entrepreneurial ecosystem but putting into motion a virtuous cycle of rebuilding our community’s investors, leaders, philanthropists, taxpayers, and volunteers.</p>		

When employing the Sirolli Trinity Framework consider the following business services that can become foundational within any community, particularly regional, entrepreneurial ecosystems. Figures 5a-c provide overviews of likely area business services. Our first stop is business services relevant to entrepreneurs’ production of goods and services for customers.

Figure 5a. Production-Centered Business Services

<p><b>Production Technology</b></p> <p>Goods-oriented ventures require production technology that is reliable, productive, and efficient.</p>	<p><b>Production Systems</b></p> <p>As businesses generate more sales the adoption of appropriate production management systems can optimize growth and profits.</p>	<p><b>Human Resources</b></p> <p>Hiring employees can be scary and challenging. Assistance in hiring and employee development and management empowers ventures.</p>
<p><b>Supply Chains</b></p> <p>Production requires supply chains. Curating reliable and optimal supply chains to ensure production and meeting consumer needs is key to a venture’s success.</p>	<p><b>Research and Development</b></p> <p>When providing goods and services there are always opportunities to enhance offerings through the use of research and development.</p>	<p><b>Contracting</b></p> <p>Most ventures outsource key activities including construction, maintenance, and even allied input production as part of supply chains. Being a great contractor is key.</p>

Most entrepreneurs are in ventures because of their desire to produce and sell something. Often, they can find someone to help with finances (e.g., See Figure 4c). Sound, let alone optimal marketing, is often a weak spot for most smaller-scale entrepreneurs. Figure 4b provides some of the marketing-centered business services important for venture success and growth.

**Network to Innovative Business Service Connections**

In any metro chances are good an entrepreneur can find for-profit business services in all the areas highlighted in Figures 4a-c. In rural areas, such services may not be local. But if we are willing to be innovative and improvise, chances are good in your region there are resources. For example, there may not be a human resources (HR) consultant, but larger employers like your area health care system have HR staffing and expertise. Local expertise is often to (1) provide counsel and mentoring and (2) network to regional services known to be affordable and helpful.

**Figure 5b. Marketing-Centered Business Services**

<p style="text-align: center;"><b>Branding</b></p> <p>Branding is important. Creating a brand can enhance a customer base and carve out niche markets where there are larger profit margins.</p>	<p style="text-align: center;"><b>Potential Customer Research</b></p> <p>We know the customers we have. But customer research can help a venture find new customers by adjusting offerings. Growing customer bases impacts bottom lines.</p>	<p style="text-align: center;"><b>Digital Marketing</b></p> <p>The days of the “Yellow Pages” are gone. Digital marketing employing websites and social media tools are increasingly foundational to venture success. Finding digital marketing help is key.</p>
<p style="text-align: center;"><b>Signage</b></p> <p>Signage, particularly for ventures servicing transportation corridor consumers can be important. Strong signage within a venture and along travel routes continues to be important.</p>	<p style="text-align: center;"><b>Store Appeal</b></p> <p>Store appeal, including service ventures, is more important than we think. Clean, attractive, engaging, and comfortable settings enhance consumer quality and spending.</p>	<p style="text-align: center;"><b>Online Purchasing</b></p> <p>The COVID pandemic highlighted the importance of online shopping. Offering online shopping with pickup and delivery is increasingly central to any goods and service venture in today’s market.</p>

In every rural region, savvy ventures are employing effective, profitable, and cutting-edge marketing. Often, these fellow entrepreneurs are willing to help and mentor. They also know where there are marketing business services and how to employ them cost-effectively.

**Successful and Yet Failing**

In our work in Central Appalachia, we captured a compelling story of a new startup business that was thriving. It provided a service and demand was growing rapidly. Customers loved the quality and timeliness of the services provided. Yet when the local business coach stopped by, the owner shared he was planning to close and get his old job back. Stunned, the business coach asked why. The owner shared that while he loved doing the work, he was scared of how to do taxes and collect payments. His accounts receivables were in the thousands driving cash flow problems. He was behind on taxes. He knew he was in trouble and his answer was to fold up shop. The business coach offered an alternative; work with a local bookkeeper. The connection was made. The tax situation was quickly resolved, and the bookkeeper rallied to collect unpaid bills. Today this business is expanding and thriving.

Our next stop is venture finances and the kinds of business services that can make the difference with both the bottom line and the durability of the venture over time.

Figure 5c. Financial-Centered Business Services

<p><b>Bookkeeping &amp; Systems</b></p> <p>Every rural area has capable and affordable bookkeeping services, and, on the web, there are amazing tools to handle a wide range of business financial needs from payroll and taxes to profit and expense tracking.</p>	<p><b>Accounts Receivable</b></p> <p>In communities where we know customers personally, it can be easy to extend credit and hard to collect. But keeping accounts receivables current is essential for healthy cash flow and profitability.</p>	<p><b>Legal</b></p> <p>The right legal construct for a venture is important. Every rural region has legal offices with expertise in explaining the pros and cons of different legal structures but also can help with contracting and other legal matters.</p>
<p><b>Tax Accounting</b></p> <p>Federal, state, and local taxes pay for things we need from national defense to highways to public safety. Finding help to ensure that income is retained to pay taxes on time is just something we must do.</p>	<p><b>Inventory Management</b></p> <p>Particularly for ventures offering goods, but also for service ventures inventory management is money. Reducing dead inventory and optimizing what sells with better margins adds to the bottom line.</p>	<p><b>Diversification</b></p> <p>If your only customers are farmers, when the farm economy is down your sales will be down. Learning how to diversify your offerings and customer base empowers a more successful and resilient venture.</p>
<p><b>Financial Planning</b></p> <p>Both venture and personal financial planning are important. Proper planning can ensure a successful venture and life. <i>See the Jim Wolf insert.</i></p>	<p><b>Point of Sales Systems</b></p> <p>For retail or ventures providing goods point-of-sales systems allow an entrepreneur to track what is selling and what is not selling.</p>	<p><b>Risk Management</b></p> <p>After every business downturn or natural disaster ventures fail immediately or within a few years. Developing a risk management strategy reduces and manages risk.</p>

Indeed.com provides a list of 30 most likely business services relevant to ventures at <https://www.indeed.com/career-advice/career-development/business-services-types>.

### Jim Wolf Counsel

Jim Wolf is one of my all-time heroes. He called Albion, (2020 population of 1,543) Nebraska home. He operated the family diversified ranch called Wagonhammer Cattle Company. He was Harvard educated, a banker, rancher, and entrepreneur, and along with his wife, Elaine became a philanthropist. When I first visited Jim at the corporate offices in Albion, he walked me down a long hall to his modest office. Along was one graph, handwritten tracking cattle prices from the 1940s when he returned from Harvard back to the ranch. On the other wall was the Dow Jones stock market average. I was intrigued and asked Jim to explain. He said that it is simple. When cattle prices are good, he invests in the ranch and the stock market. When cattle prices are weak and the ranch is losing money, he draws on the stock market to carry them through. Jim understood financial planning and was always willing to share his insights with anyone interested.

Our final stop is some preliminary thoughts on how your community can engage, empower, and develop area business services that become not only foundational to your community's entrepreneurial ecosystem offerings but contribute to economic and community building.

Right next door or down the road is a collection of relevant, affordable, and capable entrepreneurial resources. These are the business services located and operating in every rural region across North America. When we make business services foundational to our entrepreneurial ecosystems, we put into motion a collection of outcomes and impacts that not only help area entrepreneurs but build our communities.

### **Area Business Services – Your Community’s “Go-To” Resource**

We encourage your community to use our e2 resources to help you map, target, and engage area business services. We encourage you to explore creating a matching grant or cost-share program to bridge underserved and resource-challenged entrepreneurs to relevant business services. Once the value is demonstrated and a venture is doing better, the chances are good that these entrepreneurs will hire various business services to be part of their entrepreneurial team.

*Celebrating Jim and Elaine’s success and community giveback, we share some images from their beloved Wagonhammer Ranch in North Central Nebraska.*

