



Chambers of Commerce and Entrepreneurship

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Background and Introduction

Community or regional level entrepreneur-led development and entrepreneurial ecosystem building requires host organizations. Historically local chambers of commerce have played this role of supporting local businesses and growing a supportive business climate. This paper – Chambers of Commerce and Entrepreneurship explores how today’s chambers of commerce can become the hub for entrepreneur-focused development and entrepreneur ecosystem building.

Likely Local Entrepreneurship Players

Back Story. Entrepreneurial resources can be local, regional, or even national. However, identifying, engaging, and assisting entrepreneurs is **primarily** a local or area activity. Resourceful or more developed entrepreneurs can navigate entrepreneurial resource networks and find assistance on their own. But for most entrepreneurs who are focused on the multiple things they must do each day, making it easier to find the right resource, at the right time and at the right cost can be very valuable.

Accelerating Entrepreneurial Development. If we want to accelerate entrepreneurial development in our community or region (the accelerator approach), then we must be proactive in identifying, engaging, and connecting entrepreneurs. It is fundamentally challenging for regional resources to undertake the proactive or accelerator approach, let alone statewide or national resources. Most regional, state, and national resources do not have the field staff or relationships with communities to even identify entrepreneurs to make this happen. This is particularly true of more rural landscapes with low density (fewer and more isolated entrepreneurs) and higher cost (the cost of outreach relative to impact metrics) service markets. One national/state resource is Small Business Development Centers (SBDCs), which can be found in every state and are usually located regionally. However, funding erosion from the Small Business Administration (SBA), state governments, and regional partners (like host colleges and universities) have constrained the outreach capacity of even SBDCs.

Community Champions and Hosts. When our [e2 entrepreneurial development accelerator](#) approach or model is embraced, we need a local host organization that can champion and support this work. For most rural communities, these are the likely local development players that are typically interested in supporting entrepreneurial development:

- Chambers of Commerce or commercial, business, or venture clubs
- Economic Development Corporations (EDCs)
- Main Street Programs
- Tourism, Convention, and Visitor Attraction Programs
- Sector groups like farm groups working on “value-added” development
- Local municipalities
- County governments

- Area colleges and universities
- Local school districts
- Self-organized business networks

Possible Roles for e2 Host Organizations. Supporting entrepreneurs and growing a community or regional entrepreneurial ecosystem and culture is a team sport that can optimize the role and missions of many local and regional development players. Consider the following mission alignment between various development players and entrepreneurial development:

- Economic Development Corporations – Base Economy Ventures*
- Main Street Programs – Main Street Businesses
- Tourism Groups – Hospitality Related Ventures
- Farm Groups – Farmers, Ranchers and Agriculture Related Ventures
- Chambers – Local Chamber Member Businesses
- Local Colleges or Universities
- Nonprofit Development Organizations like Microlending Groups

*The base economy refers to those economic activities located in a community or region sold primarily to customers outside of the community. Business attraction has long focused on locating new businesses like manufacturers or call centers that grow the base economy. Base economy activities bring new income and wealth into the community creating opportunities for secondary ventures. Secondary ventures primarily rely on local and area spending.

***e2 Host.** Remember, entrepreneurship-focused development at the community or area level is a team sport. Entrepreneurship lends itself to a collaborative approach where many if not all the players outlined in this paper can become engaged partners in this work. Our field experience strongly supports the idea that we need a single host organization to support this work and ensure that the collaborative partnerships thrive.*

And the list can go on. Each of these partner e2 players can focus on working with their primary entrepreneurs based on their organizational missions. All these organizations can collaborate to build out a community’s entrepreneurial ecosystem and culture. Fostering intentional and sustained collaboration takes organizational leadership and commitment. Collaboration can be sustained for short periods organically or by shared committee method. But sustaining collaboration that is strategic and impactful requires a host organization that takes on facilitating and support collaborative work.

Two Most Likely Host Organizations. The two most typical and likely host organizations are chambers and Economic Development Corporations (EDCs).

EDCs. Most EDCs have a primary mission of growing the base economy of a community, county, or region. Through base development, they are seeking locally situated ventures



selling most often to customers outside of the community. These kinds of ventures create local jobs and increase taxes and spending benefits through attracting outside customers or bringing funders income into the community. Often EDCs will be part of the entrepreneurial consortium but are not always well suited to be the host organization because of their primary mission.

Chambers. Local chambers of commerce, business associations, and the like are the most typical and appropriate host organization for entrepreneurial development as we have defined hosts on the previous page. One rationale for this assertion is the historic role of chambers as a business network. Next, we share a quick history of the chamber of commerce movement.

The “Local” Chamber of Commerce Movement

Chambers Defined. A quick web search provides consistent chamber definitions such as “...a form of business network, for example, a local organization of businesses whose goal is to further the interests of business.” The operative language is the goal to further the interests of business. Furthering the interests of business today might include general community marketing, advocating for improvement in state for federal highways, or addressing legislation through state chambers of commerce. Historically, chambers did all these things, but they also used their networks to provide direct, one-on-one assistance.

For More Information on the History and Mission of Chambers check out sites hosted by the International Chamber of Commerce or the U.S. Chamber of Commerce.

Chambers have a Long History. The following is a quick summary of the chamber of commerce movement drawn from the International and U.S. Chamber of Commerce web sites and histories:

- First known chamber is Marseille, France established in 1599. The chamber of commerce movement was launched and eventually spread to England and Europe.
- The first American chamber was founded in 1768 in New York City. The tradition of chambers of commerce was brought to America by entrepreneurial immigrants.
- As European Americans moved west, they brought chambers of commerce with them. As new communities were created and established, local government, churches, schools, and businesses, eventually chamber-like organizations were created.

The early town-focused and city-focused chambers of commerce engaged in community promotion and business climate issues like taxes, zoning, and the like but

continued to serve as a “business network” that helped local business owners connect, learn from each other, support each other, and network to resources.

- The National or U.S. Chamber of Commerce was founded in 1911. From the very beginning, the U.S. Chamber was a booster for the United States and a lobbyist on behalf of business interests.
- As the U.S. Chamber of Commerce engaged in the creation of state chambers of commerce, a national network was formed. In most but not all cases, local chambers belong to the state chamber and typically only larger chambers are members of the national chamber. The evolution of the U.S. Chamber and state chambers altered the purpose of chambers in material ways. These chambers now focus on national and state issues, including supporting specific types of “pro-business” candidates for office and entering partisan politics.

Don & Marge Macke – Main Street Entrepreneurs

A Short Illustration – My Mom and Dad. My Dad’s family were farmers, but this family tradition ended with the Great Recession. Within my Dad’s family, there were seven brothers and all of them and their wives pursued small business careers in plumbing, grocery and dry goods, electronics, hotels and motels, cafes, convenience stores, movie theaters, meat markets and the like. They were small town, main street business owners and entrepreneurs. By and large they were successful but what we would call “main-street life style” entrepreneurs. My Mom and Dad had multiple businesses but primarily gasoline stations and garages.

The illustration in this story begins in Mullen, Nebraska – a community of about 400 residents in the heart of Nebraska’s frontier Sandhills Region where cow/calf production or ranching is king. Mom and Dad moved back to Mullen because my Father wanted to be closer to his family. Unfortunately, Mullen was one of those struggling and declining rural communities. No matter how hard or smart my folks worked, they fell further and further behind. Eventually they made a tough decision to move to a larger community where markets were bigger and there was greater opportunity for success. This community was Ogallala, Nebraska situated on Highway 30 and Interstate 80 (when it was later built). At that time, Ogallala was a community of about 4,000 residents, and it was growing. Mullen has now stabilized and is home to two of the world’s better Scottish links golf courses. People from the West Coast and Pacific Rim (a lot closer and cheaper than going to Scotland) fly into North Platte to golf these courses.

When we moved from Mullen to Ogallala, our family was broke and poor. Mom and Dad were looking to restart. We moved into an abandoned house and my folks took a lease on a closed Standard Oil gas station on Highway 30 (Interstate 80 was still coming). With little capital, lots of motivation, and new community, our family went to work to reopen this business. As a young boy helping my folks clean up the station, I remember two men visiting wearing Ogallala Chamber of Commerce blazers. They approached my Dad and introduced themselves. They welcomed us and celebrated that this closed business and eyesore was coming back to life.

Most importantly, they offered a deal to my folks. They pledged they would help my folks connect to bank and other resources that the Chamber offered to local businesses. This visit made a huge difference to my folks, but there was one more part of the deal. In return for the welcome and help, they recruited the new “Macke Standard Oil Station” to become an active member of the Chamber and support its work to grow the community. This Station thrived and became the first operational station on a 50-mile stretch of I-80. Success in Ogallala enabled my folks to have a secure and comfortable retirement.

National and state chambers cannot effectively provide one-on-one business assistance, so promoting “pro-business” candidates and policies like international trade became their stock and trade. This trend towards advocacy also shaped the modern role and mission of many local chambers of commerce.

- Large associations and their venture models often become dependent upon larger members or (in this case) large state, regional, and national corporations. Over time, many chambers have become the voice of “big business.” Illustrating this transformation and pain point, we see the emergence of alternative business trade groups like the American Independent Business Alliance or National Federation of Independent Business (NFIB), “the Voice of Small Business.”
- Given the historical racial and gender biases of America, we have also seen the emergence of race or gender-related chambers and business groups including large communities such as Hispanic, Black, and Women chambers. These groups focus on advocacy and promotion but also tend to continue the business networking mission.



Today’s Crisis and Tomorrow’s Opportunity. The “golden age” of community business is often illustrated by the paintings of Norman Rockwell and his pictures of main street life. Those depictions include busy Saturday nights when everyone was in town shopping, taking in a movie or grabbing a meal at a local café, or those paintings of Christmas with busy streets, beautiful store windows and an essence of community life in the last century. In many ways those days are gone, but local business and main streets continue to be important and offer development opportunities.

The reason I share this brief history is to help us understand why many local chambers are either struggling with their missions and/or have disengaged from one-on-one business networking and assistance. These challenges have undermined local business and community support for chambers, compromising their reputation, capacity, and even survival.

Helping local chambers reposition their mission to be the host for entrepreneur-focused development by employing our e2 Accelerator approach offers unique opportunities to provide not only a renewed and historic mission focus but a value case to increase chamber membership, funding, and capacity. Chambers will not always be willing or be the best host option for our e2 work. But in many communities, chambers offer an important solution to our need for a committed and robust e2 host.

Local Chambers in the New Age of Development

National and most state chambers have become political. Their primary focus is advocacy for candidates, parties, and policies. In most cases their advocacy is tied to their largest members and funders; and regional, state, and national corporations.

Local chambers in most smaller communities are struggling. They are largely struggling for three reasons:

1. Their communities and regions are distressed.
2. Local business ownership has been hit hard first by mail order shopping, then box stores, franchises, and now eCommerce. Bottom line, chambers have fewer and poorer local members.
3. In many cases, chambers have also lost value by disengaging from one-on-one business networking and assistance.

By helping local chambers become the host for our e2 efforts, we can immediately and positively impact the third challenge of mission value. If we are able help local businesses through our e2 work, we can positively impact the second challenge by growing a stronger business community and potential chamber membership pool. If we can positively impact challenges three and two through our e2 work, we can materially reduce community distress and create a stronger cycle of prosperity.

Our [e2 University Library](#) provides background information and tools that you can employ to help your chamber become your e2 host organization. In doing so, you can ensure greater e2 impact and sustainability in the communities where you are coaching.

A Word of Advice. Remember, while the local chamber of commerce may be the most logical e2 host organization conceptually, it may not be the right host organization solution in your community. There may not be a chamber. The chamber may not be interested. The chamber's reputation and behavior may make it unacceptable to other e2 partners. Explore this option and employ these lessons learned in helping our e2 partners and communities find their optimal e2 host organization solution.

Let me wrap up this paper with one final story from one of our favorite rural and entrepreneurial communities that illustrates how focusing on local entrepreneurs grew a stronger and vibrant chamber of commerce.

Ord Nebraska Entrepreneurs and Its Chamber of Commerce

We have worked with Ord off and on for over 25 years. Ord is in Valley County in North Central Nebraska. It is rural and a farm and ranch service hub. The estimated population of Ord is 2,078. Like much of the rural Great Plains Region, Ord and Valley County are distressed due to chronic and severe depopulation – the result of agricultural automation (fewer people needed) and a failure to diversify the economy and society beyond agriculture.

Valley County was founded in 1880 and peaked in population in 1920 with 9,823 residents. Today (2018 estimate), the county has a population of about 4,200 residents. This represents a loss of over 57% of the county's peak population. Chronic and severe depopulation creates serious distress.

About 25 years ago, we began to work with Ord and Valley County through our partnership with the Nebraska Community Foundation, the Heartland Center for Leadership Development, Nebraska Extension, and the W.K. Kellogg Foundation during implementation of our HomeTown Competitiveness (HTC) Initiative.

When we first started working with this community, it was seeking a path forward to prosperity. At the time, the chamber was struggling with few members and a lack of staff. Through HTC, Bethanne Kunz (a former resident who was working with SPRINT in KC) was recruited home to become the chamber executive. Bethanne and the Ord HTC Team focused on entrepreneur development as their primary economic development game plan.

After a few years, membership in the chamber grew dramatically, and at its annual meeting, the Governor the State of Nebraska made time to come and talk. Hundreds of members gathered to share stories of how the Ord Chamber were helping businesses grow. Throughout the room where this remarkable event happened, Bethanne and the community displayed pictures of business progress. The Chamber has committed to working with the local newspaper and radio station to capture and share every piece of good business news. Not only new business openings and major expansions, but when a local business might add an employee, purchase a new piece of equipment or upgrade their store front. These pictures and stories created a strong sense of progress and hope that the future will be brighter.

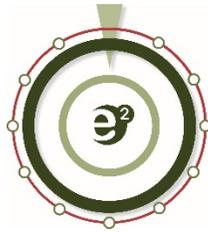


Ord and Valley County illustrate how aligning entrepreneurship within a chamber host can revive the chamber, support and grow businesses, and revitalize a distressed community.

Note - We are currently working with the community of Ord, Nebraska to capture its 25-year development history. This work is supported by the Ewing Marion Kauffman Foundation and the Nebraska Community Foundation.

Summary

Based on our field experience from across North America, we believe that chambers of commerce can be great hosts for entrepreneurship-led development and entrepreneurial ecosystem building at the community and regional levels. Taking on this mission can strengthen the relevance and ultimately the capacity of chambers to stimulate and support a new generation of local ventures.



How e2 Can Help

e2 Entrepreneurial Ecosystems can help communities increase prosperity through entrepreneur-focused economic development and ecosystem building through:

- **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building entrepreneurial ecosystem strategies that work.
- **Analytics Support.** E2 helps communities and regions understand their entrepreneurial potential through research. Please view a sampling of our research tools at: <https://www.energizingentrepreneurs.org/solutions/start.html>
- **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.** Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

Our emerging vision includes the following solutions:

- **e2 Institutes.** Explore our new generation of e2 Institutes where teams come together, learn from each other and explore the expanded world of strategies, tactics and resources needed in entrepreneurial ecosystem development work.
- **National e2 Resource Network.** e2 offers a resource network capable of connecting those seeking help with those who can help across North America.

e2 Entrepreneurial Ecosystems (formerly the Center for Rural Entrepreneurship) is led by Don Macke, who has more than 40 years of community economic development and policy experience. We have a national team of practitioners, both inside and outside e2, who bring research, coaching, incubation, market intelligence and other expertise to this work.

Questions & More Information



Don Macke

don@e2mail.org

402.323.7336

www.energizingentrepreneurs.org

The mission of **e2 Entrepreneurial Ecosystems** is to help communities and regions connect, learn, and share best practices for building sustainable entrepreneurial ecosystems across North America. With more than 25 years of field experience, particularly in rural America, e2 is the preferred resource for communities of all sizes wanting to pursue prosperity.

For tools and resources, visit our online library at <https://www.energizingentrepreneurs.org/library/>.

To learn more about e2, go to www.energizingentrepreneurs.org.

770 North Cotner Blvd., Suite 400
Lincoln, NE 68505
(402) 323-7336

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