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West Virginia Entrepreneurs Building a League of Their Own

By Thomas D. Rowley

West Virginia isn't exactly known for its entrepreneurial climate. Indeed, various rankings and evaluations put the state at or near the bottom of the barrel when it comes to growing and nurturing entrepreneurs—those critical engines of economic development. That, however, may soon change as the state begins to focus on this long-neglected, yet critical, sector.

The effort began in 2000 as the Rural Entrepreneurship Initiative, when West Virginia was named one of four original Rural Entrepreneurship Discovery States (along with Maine, Minnesota, and Missouri). The program—sponsored by the Kauffman Foundation—aimed at exploring trends, strategies, and opportunities for growing entrepreneurship in rural America. To do that, the states worked with the Center for Rural Entrepreneurship, Partners for Rural America, and their respective State Rural Development Councils to conduct various exercises, including policy academies to examine what worked and what did not in promoting entrepreneurship.

Among the findings in West Virginia was the fact that a poor entrepreneurial climate existed not just in rural portions of the state, but in urban as well. Furthermore, lack of entrepreneurial support and effort in rural and urban West Virginia were intertwined. As a result, the Rural Entrepreneurship Initiative became the West Virginia Entrepreneurship Initiative (WVEI) and has evolved into a “broad-based dynamic statewide learning network” with more than 50 participating organizations, everything from higher education and state and federal agencies to nonprofit organizations and, of course, entrepreneurs themselves.

In pursuit of its mission to improve entrepreneurship across the state, WVEI has mounted efforts to

- create an entrepreneurial environment in the state--by evaluating and improving policies, programs, and incentives and by creating networks of entrepreneurs and support systems;
- enhance support to entrepreneurs--by using existing resources, improving communications, widening markets, and improving community-based support systems;
- increase sources of and access to capital--by identifying funding gaps and encouraging investment, utilizing available federal funds and programs, and improving coordination of existing funding sources; and
- build youth entrepreneurship—by expanding youth-oriented programs, expanding technology-based entrepreneurship opportunities, and encouraging school-based opportunities.

According to Don Macke, co-director of the Center for Rural Entrepreneurship, WVEI's efforts put West Virginia on "the cutting edge in shaping statewide policies around entrepreneurship as a rural development strategy." A look at one of its activities shows why.

From Baseball to Business

If the Entrepreneurial League System sounds like something from the world of sports, it's supposed to. Indeed, it's based on professional baseball's hierarchy of leagues—rookie, single A, double A, triple A, and majors.

According to Tom Lyons, who along with Greg Lichtenstein, has been "inventing" ELS for the past 15 years, ELS--like baseball's league system--is designed to identify and develop talent.

The ELS is based on three assumptions: 1) entrepreneurs succeed only if they have the right skills; 2) entrepreneurs come to the game with different levels of skill, and 3) entrepreneurial skills can be developed. Key to the system's success is a single point of entry that determines what skills an entrepreneur has, what skills need to be developed, and gets him or her the right help to develop those skills. Rookies get help with fundamentals, single A players get higher level help, and so on, right up to major leaguers. As an entrepreneur masters new skills, he or she moves up in the system.

Similarly, service providers have different skills and operate at different levels. For example, micro-lending programs might be considered as targeting rookies. Higher up in the system are banks and ultimately, venture capitalists. ELS helps providers better target and better serve entrepreneurs. In other words, it helps them succeed too.

Finally, ELS can show policymakers where services overlap and gaps exist, giving them information needed to improve the overall efficiency and coverage of a system with many components.

"What we're really talking about is a systems approach, but that makes most people's eyes glaze over," said Lyons, professor and director of the Center for Research on Entrepreneurship and Enterprise Development at the University of Louisville. "We were looking for an interesting way to put it. We looked at a couple of options. Baseball was one of them; jazz [which develops talent through a hierarchy of clubs] was another. More people understood baseball."

Indeed, enough entrepreneurs and providers in West Virginia understood—and liked—ELS that they formed a group and signed on. Lyons and Lichtenstein are now working with folks at Advantage Valley, Inc., a regional economic development organization, to implement it.

As WVEI project manager Joe Barker put it, “[Entrepreneurs] got absolutely born again with this ELS approach.”

Implementation of ELS in West Virginia is only beginning and will take some time—5 years or more--before the results are clear. Still, those involved are optimistic.

According to Lyons, more and more West Virginians understand that recruitment and retention are no longer enough to bring economic success to a region. “People in West Virginia are beginning to realize that the future of the state rests on entrepreneurship,” he said. “It’s a place that’s ripe.”

Deb Markley co-directs the Center for Rural Entrepreneurship and will help evaluate ELS in West Virginia. According to Markley, the promise of ELS lies in the fact that it is a logical systems approach that meets entrepreneurs where they are and gives them what they need, rather than a one-size-fits-all approach, which doles out help that may be inappropriate.

She also likes what she sees in terms of participation.

“In West Virginia they’ve got high-level folks in their brain trust, CEOs [of small ventures] and others who are participating and saying ‘we’re going to have some skin in the game.’

That level of buy-in, according to Markley, is critical and should serve as a model for other places.

“There’s nothing unique about West Virginia that suggests ELS can be successful there but not someplace else,” said Markley. “They’ve got the same issues as anywhere—turf battles, isolation, etc.”