



Growth-Oriented Entrepreneurs Development

*A Likely Entrepreneurial Development Opportunity
Strategy Guide*

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Our 40 years of rural community economic development work in North America is a rich learning experience. At e2, we have worked in nearly every rural region in the continental United States and many of the Canadian provinces. Our [Development Opportunity Profile](#) analysis has surfaced reoccurring likely entrepreneurial development opportunities universally available to most rural communities.

Strategy Defined

Oxford Languages defines strategy as “*a plan of action or policy designed to achieve a major or overall aim...*” Any strategy is a point-in-time plan for action. Just as startup entrepreneurs are encouraged to develop a venture plan, communities exploring entrepreneurial development should do the same. Your community’s development strategy will change and evolve over time as new opportunities, priorities, and challenges emerge.

About our e2 Strategy Papers. At e2, we have been conducting opportunity analysis for rural communities and regions throughout North America for decades. This field-rooted work has identified and led e2 to create our 10 common and [Likely Entrepreneurial Development Opportunities](#), for many rural communities.

This strategy paper on **growth-oriented entrepreneurs** is organized into the following sections:

- Introduction
- e2’s Likely Entrepreneurial Development Opportunities
- Why are Growth-Oriented Entrepreneurs Important?
- The Role of Growth Entrepreneurs in America’s Economy
- Growth-Oriented Entrepreneur Development Resources
- Conclusion – Find Them, Build Relationship and Help Them Grow

Remember Regional Development. While regional development is not one of our top 10 likely entrepreneurial development opportunities, we strongly recommend every rural community embrace, with other communities in their region of America, larger-scale regional development. When more communities in a region are thriving, opportunities are created for your community and your entrepreneurs. For more information, check out our paper, *Regional Development*.¹

Additionally, growing entrepreneurial ecosystems is best done regionally, hopefully with state-level support. We recommend a top-down and bottom-up entrepreneurship strategy as outlined in our paper, *Entrepreneurial Ecosystem Building in Rural America, Four Decades of Learning*.²

¹ Located in our website’s [resource library](#).

² Ibid.

Entrepreneurs and entrepreneur-led economic development is foundational in community-centered development. The sweet spot for economic development for most rural communities is identifying and supporting growth-oriented entrepreneurs.

Introduction

In this overview strategy paper on **Growth-Oriented Entrepreneurs (GOEs)**, we showcase e2 resources your community can use to identify and support this all-important entrepreneurial development opportunity.

As Andy Stoll with the Kauffman Foundation is known to say...

*...every community has entrepreneurial talent,
but every community does not have supportive entrepreneurial ecosystems.*

Growth-oriented entrepreneurs are the **sweet spot** for entrepreneur development in most rural communities and regions. While many rural communities, particularly those that are smaller and more isolated, do not have growth entrepreneurial talent, every rural community has growth-oriented entrepreneurs and the development opportunities associated with them.

e2's Likely Entrepreneurial Development Opportunities

Too many rural economies and societies are failing because of their narrow economies rooted in one to two changing economic sectors. Our paper, [Economic Crashes, Mini-Case Studies](#), illustrates the consequences of undiversified economies. Conversely, our story, [Ord, Nebraska, An Entrepreneurial Community](#), illustrates when a community diversifies its economy, it drives transformative change. Our likely entrepreneurial development opportunities can create genuine and robust strategies to grow a more diversified economy.

The following table provides brief descriptions of each of the top 10 development opportunities, in no particular order:

	<p>Natural Resources. Much of rural America depends upon single natural resource industry economies (e.g., farming, mining, forestry, energy, etc.). While there are limited entrepreneurial development opportunities related to these international market industries, there are opportunities rooted in diversifying within these sectors and increasing sector related spending capture.</p>
	<p>Transportation Corridors. Urban America is connected by transportation corridors that run through rural America. Services are required to support those traveling these corridors, creating entrepreneurial development opportunities.</p>
	<p>Tourism. While the vast majority of Americans live and work in urban America, rural America provides important places to play. For a wide range of rural communities and regions, tourism represents a way to diversify area economies.</p>
	<p>Retirees. When thinking of new residents, keep in mind the tidal wave of retiring Boomers. This group represents a significant likely entrepreneurial development opportunity for most rural communities, from high amenity places to rural villages adjacent to metro centers.</p>
	<p>Commuters. Upward of 50 percent of rural workers live in one community and work in another community. These outbound commuters have embedded entrepreneurial development opportunities in creating bedroom community-related development and entrepreneurial opportunities when they end their commuting.</p>

	<p>Hub Cities. America’s landscape is still defined by a hierarchy of places based on size. In rural America, there are regional and area hub cities and towns that provide critical services like healthcare, shopping, and entertainment to rural areas. These communities are the “downtowns” of vast rural regions to smaller areas.</p>
	<p>Larger Employer Retention and Expansion. Many rural communities are home to large manufacturing plants, fulfillment centers and institutions including hospitals, regional universities, and parks. Ensuring the future of these larger employers is an entrepreneurial opportunity.</p>
	<p>Growth-Oriented Entrepreneurs. Nearly every rural community has growth-oriented entrepreneurs with the motivation and capacity to reach external markets with their products and services. Electronic commerce empowers this kind of entrepreneurship.</p>
	<p>Area Spending Capture. Competition is intense from box stores, franchise, and electronic commerce, but opportunities exist to increase local venture competitiveness and recapture some of these spending leakages. In doing so, rural communities can empower growth-oriented entrepreneurs.</p>
	<p>New Residents. Since the 1900s, the primary migration pattern has been from rural to urban. Today, there are counter (e.g., urban-to-rural) migration trends among 30-year-olds, retiring Boomers and others. These new residents represent a huge opportunity to energize area entrepreneurial talent.</p>

To learn more about these top 10 Likely Entrepreneurial Development Opportunities and our evolving collection of associated strategy papers, please visit our website’s [resource section](#).

There are many reasons why growth-oriented entrepreneurs and their ventures are so foundational to rural community economic development. While all entrepreneurial talent – from startups to main street amenity businesses – are important, growth-oriented ventures are foundational to growing a more diverse, higher-value, and resilient economy and society.

Why Are Growth-Oriented Entrepreneurs Important?

We make the case that growth-oriented entrepreneurs must be a prime focus of your entrepreneurial development efforts and ecosystem building. Consider these top five most compelling rationales for spending much of your time working with these entrepreneurs, helping them grow and in turn, growing a more competitive and prosperous community:

1. They Are Economic Engines
2. They Create More Than Jobs
3. They Produce Rural-Rooted Corporations
4. Leaders, Volunteers, and Charitable Donors
5. Community Identity and Pride

They are Economic Engines. First and foremost, GOEs and their ventures are the primary economic engines driving rural community relevance, competitiveness, higher-value, diversity, and resilience. GOEs help us reinvent our communities, connecting to new markets and economics sectors, contributing to the base part of our economies while often providing critically important and desirable local goods and services. Because GOEs tend to connect to different markets and economic sectors they inherently provide critically important diversification offsetting typical rural over-dependence on natural resource industries like agriculture and forestry and industries like manufacturing.

They Create More Than Jobs. GOEs and their ventures create more than jobs in our communities. They tend to create more jobs, better jobs, and a wider range of career offerings foundational to people attraction development and retention. Additionally, because these ventures are typically growing, their activities tend to generate more local taxes, from increased property taxes to expanded sales taxes. Broadened and expanded tax bases enable communities to invest more into education, recreation and parks, and other government provided amenities and services.

They Produce Rural-Rooted Corporations. When GOEs grow and reach external markets they create small-and medium-sized corporations in our rural communities. These rooted corporate headquarters enhance job creation and career diversity, as well as give our communities unique reputations. Within these corporate headquarters is a wide range of expertise ranging from management to marketing, communications to logistics, advanced information technology to production. These kinds of expertise and connections can become resources within our communities' entrepreneurial ecosystems.

Leaders, Volunteers, and Charitable Donors. GOEs succeed because of the highly skilled, rooted, and passionate, human talent within them. These ventures provide community leaders, volunteers, and charitable donors that contribute to both a community's development and its vitality.

Community Identity and Pride. Across the North American landscape there are literally thousands of rural communities. By and large these communities are more similar than different. Some are located in beautiful locations like the Rocky Mountains, while others are located in southern USA landscapes. Being home to locally rooted, growth-oriented ventures with corporate headquarters and market reach regionally, nationally, and even internationally, creates community identity and pride. Having these kinds of ventures in a community opens the door wider for new resident attraction and the ability to keep local talent home.

Next, consider the role of growth entrepreneurs and growth-oriented entrepreneurs in creating desired economic development impacts in our communities (e.g., business growth, job creation, and area tax base expansion).

Growth-Oriented versus Growth Entrepreneurs

In their 2017 book, [Beyond Collision: How to Build Your Entrepreneurial Infrastructure](#), authors Maria Meyers and Kate Pope Hodel provide the following useful typology (from page 35):

1. Microenterprises	23,836,937	77% of All Entrepreneurs*
2. People Thinking of Starting a Business	14,806,479	
3. Main Street Entrepreneurs	6,822,074	21% of All Entrepreneurs*
4. Innovation-Led Entrepreneurs	289,817	1% of All Entrepreneurs*
5. Second Stage Entrepreneurs	280,540	1% of All Entrepreneurs*
6. Big Business (100+ employees)	170,653	

*All these ventures are considered entrepreneurial ventures contrasted with big business. Growth entrepreneurs typically include innovation-led and Stage 2 entrepreneurial ventures. With that said, about 2% of all entrepreneurial ventures are classified as **growth entrepreneurs** (570,357 ventures). If these growth entrepreneurs were spread evenly among America's 19,495 incorporated communities (www.populationreview.com), each would have 29 growth entrepreneurs per community. But we know that these growth entrepreneurs are concentrated in entrepreneurial hot beds like Boulder, Silicon Valley, Boston, Austin, and an increasing number of mid- and small metro areas like Omaha, Kansas City, and Columbus, Ohio.

While relatively fewer growth entrepreneurs (see a more precise definition in the next section) can be found in rural America, and particularly in smaller and more isolated rural communities, there is a much larger group of what we call growth-oriented entrepreneurs that often start out as microenterprise and main street ventures like Dutch Bros Coffee rooted in the Northwest. It started small as a local coffee stop and grew into a remarkable growth venture with shops throughout the Pacific Northwest. For rural communities, based on our field work, upwards to five percent of all area ventures have the potential to become growth-oriented reaching customers and markets outside of their locale. Growth-oriented entrepreneurs are a much bigger development target for rural America.

Next in our journey in this strategy paper is a deeper dive into the role of growth entrepreneurs in our economy nationally.

The Role of Growth Entrepreneurs in America's Economy

According to the [National Center for Economic Gardening](#), the following speaks to where economic development, as measured in net job creation, is coming from:

80% or more jobs are created locally in every state.

15% of all companies are Stage 2 companies.
(10-100 employees & \$1 to 50 million in sales)

About 40% of all jobs are created by Stage 2 companies.

While specific data does not exist for growth-oriented entrepreneurs, we do know the following:

Growth-oriented ventures include larger Stage 1 and Smaller Stage 2 companies.
(Stage 1 have 2 to 9 employees)

Some growth-oriented entrepreneurs become Stage 2 growth companies.

Growth-oriented entrepreneurs are the major economic development opportunities for most rural communities and regions.

Two Stories of Rural Ventures that Transitioned from Growth-Oriented to Stage 2 Growth



The World's Foremost Outfitter was founded by two brothers in Western Nebraska growing up in a family-owned furniture business based in Chappell (817 residents in 2019). It started on a kitchen table selling mail-order fishing flies with the profit embedded in shipping and handling. Over time, it became a major player in sports recreation. It grew down the road in Sidney (5,635 residents in 2020). Now acquired by Bass Pro Shop, Cabela's is being hollowed out in Sidney.

Two hometown kids, Brad Moline and Russ Pankonin, founded Allo Communications. Russ never left Imperial (2,008 residents in 2019), and he and his wife run weekly newspapers in southwestern Nebraska. Brad's family ran the local grocery store. He moved away to work in the telephony industry. When he came home, he and Russ created Allo, providing broadband, phone, and cable television services. Allo has grown fast, expanding into the Lincoln, Omaha, and now Kansas City markets. Still present in Imperial with corporate offices, Allo is now part of Nelnet.



A **nelnet** COMPANY

All types of entrepreneurial talent from aspiring to startup, from microenterprises to main street, from growth-oriented to Stage 2 growth and technology-led entrepreneurs, are important. Increasing aspiring

and startups grows the share of Americans engaged in entrepreneurship and improves the probability for more, higher-impact entrepreneurs over time. Microenterprises and main street ventures contribute to quality-of-life amenities, enriching entrepreneurial ecosystems for all entrepreneurs, their families, and workers, as well as for all residents within a community. It is important to remember that most growth-oriented entrepreneurs emerge from the ranks of startups, microenterprises, and main street ventures. For rural communities, identifying and supporting growth-oriented entrepreneurs can create locally rooted small-and medium-sized corporate headquarters, creating not only a wider diversity of jobs and careers, but stronger local tax bases, volunteers and leaders, and likely philanthropic donors.

The YourEconomy Resource

Unfortunately, the kind of national impact data just shared is not readily available at the state, let alone community level. One source that is reliable and can help your community understand the role of GOEs is [YourEconomy](#). This business dynamics resource was created by the [Edward Lowe Foundation](#) and now is hosted by the University of Wisconsin at Madison. This is a remarkable resource, and we strongly recommend its use. Mark Lange and his team at the University of Wisconsin can help your community understand your venture dynamics and the role that GOE ventures play in generating ventures, jobs, and sales.

Like every other segment of entrepreneurial talent, growth-oriented entrepreneurs have particular needs and wants from a community's entrepreneurial ecosystem.

Next, we explore our e2 collection of resources your community can employ to craft a relevant and impactful development strategy specific for your community's growth-oriented entrepreneurs.

At e2 Entrepreneurial Ecosystems, and the national Center for Rural Entrepreneurship before it, we studied and captured considerable useful content focusing on GOE ventures and their entrepreneurs. Instead of including all this content in this paper, we have curated relevant content for your use in growing your community's strategy around this powerful development opportunity.

Growth-Oriented Entrepreneur Development Resources

e2 Resources

Below are a number of resources that your community can employ to identify and support growth-oriented entrepreneurs. The following e2 papers can be found in our website's resource library under [Likely Entrepreneurial Development Opportunities](#):

- **Growth-Oriented Entrepreneurs** by Christine Hamilton-Pennell and Don Macke
- **Help Your Community Become Growth Obsessed – A Guide for Rural Growth** by Penny Lewandowski for e2
- **Rooted Corporations – Growing an Entrepreneurial Economy** by Don Macke with Ann Chaffin

We have also a number of relevant stories from our case study on **Ord, Nebraska**³ including:

- The Ord Story Collection
- The Subconn Story
- The Valley County Health Care System Story
- The Ethanol Story
- The Utopia Spa Story

Ord, located in rural north central Nebraska, has transformed itself from a community in crisis to thriving today. It has grown from a two-sector to seven-sector economy. GOEs have been powerful players in this transformation. In multiyear story capture initiative, we have only touched the surface in collecting and curating relevant models and stories. But the five we shared above provide a rich taste of what these kinds of ventures and often related micro clusters can mean even for a community of 2,300 residents.



³ You can find our Ord resources in our website's [resource library](#).

Next, consider two quick stories of rural rooted GOE ventures.

Two Stories of For-Profit Rural-Rooted Growth-Oriented Entrepreneurial Ventures	
<p>On the main street of Marysville, Kansas (3,281 residents in 2019) you will find the Porch Swing shop. It sells gifts, cards, and flags. The owners of this main street store are also the owners and operators of Flags-R-Us, an e-commerce company selling flags, banners, and accessories throughout the U.S. and world. Still rooted in Marysville, Flag-R-Us supports a corporate office and fulfillment center in this rural community of northcentral Kansas.</p>	
	<p>Sarah Brinkman grew up on a ranch near Ord (2,310 residents in 2019) in northcentral Nebraska. She moved away with thoughts of becoming an MD. As life progressed, she chose to move home and back to the ranch. Still passionate about health and wellbeing, she founded Utopia Spa and Health Studio in Ord, providing space for nearly 20 spa and healthcare entrepreneurs. Utopia draws customers from throughout the region and as far away as Denver and Omaha.</p>

Remember that when we use the term **ventures**, we include for-profit businesses, nonprofit organizations, and governmental enterprises. The previous two quick stories highlight for-profit GOE ventures at very different stages of growth in their entrepreneurial journeys. Consider the next stories focusing on growth-oriented nonprofit and government ventures rooted in my home state of Nebraska:

Two Stories of Rural-Rooted, Governmental, Growth-Oriented Entrepreneurial Ventures	
	<p>Fort Robinson State Park, located in northwestern Nebraska's beautiful pine ridge region, is a landscape transformed from frontier fort to a destination tourism site. Fort Robinson is a major economic force during the spring through fall tourist season. It provides both full-time and part-time, year-round, and seasonal employment and careers. Fort Robinson is a point of pride for northwest Nebraska and its gateway communities of Crawford and</p>
<p>Chadron. Fort Robinson is managed the Nebraska Game and Parks Commission(a state agency), but it is a growth-oriented venture.</p>	
<p>Just up the road from Fort Robinson is Nebraska's regional college, Chadron State College. It began as a teachers' college and now offers a wide range of post-secondary degrees. It is a critical economic driver in this part of Nebraska, and it is a growth-oriented venture. Chadron State College is another example of a governmental enterprise enriching rural regions and their communities.</p>	

America's nonprofit sector is diverse, large, and growing. According to www.independentsector.org, roughly 10 percent of America's workforce is in this sector, and it is now the third-largest private workforce just behind manufacturing and retail trade in the USA. The independent or nonprofit sector in

the U.S. is also growing rapidly. According to www.nonprofithub.org, between 2007 and 2016 (during this period we had the Great Recession from 2006 into 2010), this sector grew by nearly 17 percent, measured in net jobs created. Nonprofits are important in rural America, ranging from healthcare facilities to tourism destinations.

Two Stories of Rural-Rooted, Nonprofit, Growth-Oriented Entrepreneurial Ventures



[Mary Lanning Health Care System and Hospital](#) are rooted in the regional hub city of Hasting, Nebraska (population 24,906 in 2019). Mary Lanning provides a full range of health care services including advanced and specialty health care. It is the go-to regional health care center in south central Nebraska and north central Kansas. Organized as a nonprofit organization, as much of rural health care in rural America is, Mary Lanning is a growth venture providing economic impact and a diversity of jobs and careers.

American writer Willa Cather called Red Cloud (population of 1,095 in 2019) home. Many of her books and writings are set in Red Cloud and the surrounding region now called **Catherland**. The [Willa Cather Foundation](#), organized as a nonprofit, has been a cultural and economic force for this part of Nebraska. It is directly or indirectly responsible for Red Cloud's renewal. The picture at the right is of the \$20 million-dollar restoration of the historic Moon Block where the Foundation, the Cather Center, and Opera House are now located.



Now, back to some additional resources related to GOE ventures.

Economic Gardening

We have a podcast episode and paper featuring Economic Gardening (EG), which focuses on providing market intelligence research to Stage 2 growth and growth-oriented ventures:



- **Pathways to Rural Prosperity Podcast** episode with Chris Gibbons - [Economic Gardening, An Entrepreneurial Movement](#)
- [Economic Gardening – Oldest Entrepreneurial Approach to Economic Development in America](#)
By Don Macke with Chris Gibbons
- Chris Gibbon's [Book](#)
- The EG website at www.economicgardening.org

SourceLink

Another resource relevant to growth and growth-oriented entrepreneurs is SourceLink. We recommend the following SourceLink resources:



- [Beyond Collision: How to Build Your Entrepreneurial Infrastructure](#) by Maria Meyers and Kate Pope Hodel, 2017
- The SourceLink website at www.joinsourcelink.com
- Pathways to Rural Prosperity Podcast with Maria Meyers and Kate Pope Hodel on SourceLink
- Our SourceLink Paper

Edward Lowe Foundation

One final resource we strongly recommend, particularly for supporting growth entrepreneurs, is the [Edward Lowe Foundation](#). The Foundation was created by Edward Lowe, the founder of Kitty Litter. As an operating and program foundation, the Edward Lowe Foundation focuses on supporting Stage 2 Growth Entrepreneurs.



Time to wrap up and move to conclusion.

Whether a community is just starting down the road with entrepreneur-led economic development or moving to the next stage in growing an impactful entrepreneurial ecosystem, the questions, **what do we start with** or **what comes next**, is common. Based on our experience we recommend focusing first on growth-oriented entrepreneurs. They have the potential to have the greatest impact, in the shortest time, and can most benefit from your ecosystem's assistance.

Conclusion - Find Them, Build Relationship, and Help Them Grow

We encourage your community to have a [Development Opportunity Profile](#) completed to identify your likely entrepreneurial development opportunities. Then we encourage you to be smart and focus on those opportunities that match your development goals, best match your ecosystem assets, and get started in working with your targeted entrepreneurs. We encourage you to identify and begin working with your community's growth-oriented entrepreneurs as your community's **sweet spot** for generating economic development impacts.

We hope this strategy paper on **Growth-Oriented Entrepreneurs Development** can help your corner of rural America find its pathways to greater prosperity and vitality. Join the conversation and share your thoughts, critiques, and stories with Don Macke 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

- **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work.
- **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data. Explore some of our research tools and reports [here](#).
- **e2 University (e2U)** is our platform for sharing more than 1,000 guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2U team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin**. Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley**, LOCUS Impacting Investing.
- **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of [Start Us Up: America's New Business Plan](#), a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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

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