

Entrepreneurial Organization of the Month

WAEM – West Alabama East Mississippi

The most entrepreneurial regions had better local economies from 1990 to 2001 compared to the least entrepreneurial. They had 125 percent higher employment growth, 58 percent higher wage growth and 109 percent higher productivity.

-Edward Lowe Foundation

Regional Economic Development in a Globalized World: Ready or Not

In West Point, Mississippi, 2,000 people lost their jobs due to a major manufacturer closing its doors. But this town of 13,000 would not be defeated.

East Mississippi Community College jumped in to get people trained and upgrade their skills. The city came aboard to support a new vision. And a local bank president took the lead in charting a new course for this rural municipality.

The new course included adoption of the West Alabama East Mississippi (WAEM) Enterprise Ready Development System (ERDS). This initiative provides a platform for communities and entrepreneurs to connect to assistance and resources that help them start and build businesses. At its core, WAEM ERDS is about moving from a near exclusive reliance on “take a job” workforce development to “make a job” enterprise development.

“In West Point, they are balancing recruitment with economic development,” said Chris Reed, associate director of WAEM. “The company that left West Point was actually a homegrown company, and the community college helped citizens connect back with their historical entrepreneurial spirit.”

In fact, East Mississippi Community College was the first government institution to put boots on the ground. The College president even handed out his cell phone number to citizens who wanted to better themselves through continuing education. By setting this example, the college staff quickly adapted a new way of interacting with the community that made it easier for the ERDS process to take shape. East Mississippi became more entrepreneurial and helped the community do so as well.

In the 37-county region that comprises the WAEM economic development strategy, funded by a federal grant, West Point is a “golden child.” It has adopted a diversified economic development approach that embraces multiple businesses in multiple markets.

A Region in Need Receives a Jump-Start

At a 2007 governors summit in Mississippi, the statistics shared painted a bleak picture of the 37-county WAEM region. But speakers also offered hope.

“If this region wants a better performance in the global economic race, it will require a region-wide strategy,” said Mark Drabenstott of the Rural Policy Research Institute’s (RUPRI)

Center for Regional Competitiveness. “This region is in a global economic race, ready or not. Globalization has made regions the athletes.”

Drabenstott described the WAEM region and delineated economic challenges.

The 37 counties are roughly split between Mississippi and Alabama and drawn together through the WAEM project. The region has about one million people, 88 percent of them working in the region. Thirty of the counties are rural. The Office of Management and Budget declares 22 rural counties in the region, making it difficult for these areas to obtain the coveted Community Development Block Grants.

Economically, “overall, the region is losing ground,” Drabenstott said.

Both job growth and income growth lag behind the nation’s average. Poverty and a low-attainment workforce are principle concerns throughout the area. Employment mainstays have been agriculture, basic industry and government jobs – all of which are in current decline.

The region is above the national average in people working in factories, but below in those employers in higher skill-level “producer services” jobs, such as accounting, high-tech jobs and other rapid-growth industries.

Drabenstott said, “The region is tilted away from higher segments of the economy that have done very well.”

These 37 counties are also adding jobs at a slower pace than the rest of the nation in the last decade, and the jobs being added are low-wage. Three of four counties qualify as “consistently poor” – having 20 percent or more people below the poverty level in the last four decade census figures.

While having fewer people in the workforce than the national average, the region also lacks workers with college degrees. Two of three counties have more than 25 percent of the people without a high school degree.

But Drabenstott offered hope to his audience.

“Remember that fewer people in the workforce as a whole also means there is more of a potential to find workers for new economies,” he added.

He also introduced hope through the WAEM initiative.

In 2005, the U.S. Department of Labor awarded a \$15 million WIRED grant to the WAEM region with the goal of creating a 37-county regional development strategy.

The WIRED initiative (Workforce Innovation and Regional Economic Development), launched in November 2005, stresses the critical role talent development plays in creating effective regional economic development strategies. WIRED brings together state, local and federal entities; academic institutions (including K-12, community colleges and universities); investment groups; foundations; and business and industry to address the challenges associated with building a globally competitive workforce.

The Montgomery Institute is managing the project with strong input from local community colleges. RUPRI’s Center for Rural Entrepreneurship is involved as a technical advisory, helping to make the region “enterprise ready.”

The strategy employed by WAEM is the Enterprise Ready Development System (ERDS). Providing a platform for communities and entrepreneurs to connect to assistance and resources that help them start and build businesses, the ERDS is based on five integrated facets that are critical to entrepreneurial development:

1. entrepreneur education, training and technical assistance;
2. expansion of capital and market access;
3. community technical assistance;
4. developing networks; and
5. growing an entrepreneurial culture.

The ERDS process is similar to a business model in that it analyzes its market (entrepreneurs) and decides what services it will provide; ascertains the resources it has or needs to meet those needs; and implements and provides those services to add value to its customers.

In year three of the WIRED grant, the team is working on goal two, cultivating community and regional entrepreneurship.

“Dream It, Start It, Grow It”

The ERDS process in the WAEM region has gained much ground in a short period.

“Because of the WIRED grant,” said Reed, “we needed to have some results from the project fairly quickly. Having successes few and far between wasn’t good enough. We needed something we could show and count.”

What they count on is a simplified process to connect people in different communities with the ability to dream, start and/or grow a business through networking with others and relying on local resources as well as a website of additional resources and tools.

The WAEM staff, made up of ‘navigators’ from community colleges, goes into communities in the 37-region county area and identifies business champions or ‘connectors.’

WAEM trains navigators to be well-versed in regional resources and training opportunities. These navigators, armed with a database of regional resources, enter communities and do a triage with business leaders to find community champions of entrepreneurship, called connectors.

“Anybody who has long-term viability in the community can be a good connector,” Reed said. “It could be a business, a bank, an unemployment office or economic development centers.”

Connectors help distribute information and resources about entrepreneurship and business development to community members through Start It! cards. These pamphlets provide a localized lead into a network of community services needed by budding entrepreneurs, such as information on licensing and fees, building permits, gas and power, taxes and health department issues.

The cards are also a gateway to the regional entrepreneurial website, www.mybiz.am. Here, entrepreneurs can find a resource directory, local community connections, a library of worksheets and Finance Flyby, a tool that allows clients to find information on local loan programs.

“The website represents part of the richness of this whole experience,” Reed added. “it’s really a virtual representation of the real network that we are building throughout the region.”

“The WAEM area is a fairly large region,” said the Center for Rural Entrepreneurship’s Don Macke, lead technical advisory for the WAEM project. “There are a lot of programs going on, and through the Dream It, Start It, Grow It process, Chris is trying to engage communities. One important goal is not just to stimulate businesses but also to help cities become more civically entrepreneurial.

“WAEM is one of the few projects that’s beginning to provide connectors and navigators – people on the ground – to engage literally hundreds of communities throughout the region. Now we are beginning to talk about a robust infrastructure for business development.”

Along with the infrastructure of information, Reed has also created a series of events and conferences to keep the momentum and bring people together who work with entrepreneurs, continuing to build relationships and networks.

Macke and Reed agree that the Dream It, Start It, Grow It program, as a part of the broader ERDS strategy, has offered success stories as well as lessons learned.

Macke added, “For this initiative to have long-term success, there really needs to be five to seven years of funding. Most grants run only one to three years. With what we are trying to do – work with 37 counties, train people in eight community colleges -- it just takes time.”

WAEM is now in the critical third year, looking for additional funding.

Reed added that they also learned that it takes both a top down and bottom up approach to economic and community development. And that it works well if a non-governmental agency – with the flexibility to be entrepreneurial and the respect of local citizenry – to take the lead.

“You really need to bring communities through the process at the same time you are developing a regional support system,” Reed said.

And, of course, connectors and navigators are key.

Reed said a lot of time is spent on choosing and training navigators, who will essentially be selling the process to the region and will have to have an entrepreneurial mindset to market ideas.

“We’re really selling a product,” Reed said. “And we need the special kind of people that will go out there and build capacity in communities.”

Reed and Macke said they realize that it takes five to seven years before you can create a self-sustaining system. For example, North Carolina has seen impressive results with similar strategies, but they have been working for 10 years.

Right now, for the WAEM team, it’s important to continue to forge ahead while recording benchmarks and metrics for policy makers to see their successes.

“This whole process reminds me of a venture capitalist trying to build a large company,” Reed said. “It really takes a series of angel and venture capitalist infusions over five to seven years. That model is close to what we are talking about trying to achieve in the WAEM region.”

Reed said the success of the regionalized ERDS program primarily rests on the will of local citizens. It does require a high amount of voluntary engagement, and it needs to be an organic process that takes into account differing local communities and economies and the willingness of local leaders.

“In this region, people do not want to be told what to do,” added Reed. “But they do want to have a path to follow.”

-By Lisa Bauer, 1/08

For more information on...

... the Center for Rural Entrepreneurship, go to <http://www.energizingentrepreneurs.org>

... the West Alabama East Mississippi program, go to <http://waem.tmi.ms>

... the mybiz website, go to www.mybiz.am

... the Department of Labor WIRED grants, to go <http://www.doleta.gov/WIRED>