

# Marketing the community

The competition to attract new investment and jobs into communities is fierce. There are thousands of communities competing for business expansion and relocation projects annually. In today's economy, the competition for new investment is increasingly global. Communities must also market themselves to firms already located in their areas (business retention) and to new business start-ups. Marketing is a critical component of a successful community and economic development program. This chapter defines marketing in the community and economic development context, explains the components of a successful industry marketing program, and discusses the key elements in the marketing plan.

## **Introduction**

Communities market themselves to a variety of entities: new firms, existing firms, nonprofit organizations, tourists, new residents, restaurant chains, and so on. While the principles behind marketing to these various audiences are similar, the specifics of marketing programs vary according to the target audience. The focus of this lecture will not be on marketing to tourists (That will come in future lectures). Nor will it be on attracting retail stores, restaurants, or new residents. Instead, it will focus on the marketing of communities in a specific economic development context: that of attracting new firms and retaining and expanding existing ones. In

most communities these companies – manufacturing operations, call centers, service firms – form the basis of the local economy, which in turn supports retail stores, restaurants, and new residents.

### **Marketing definitions**

There are many textbook and lay definitions of marketing. However, what does marketing mean in the specific context of economic development? Let us start with a broad definition of marketing and narrow it down to the economic development field. *General marketing*: “The performance of business activities that direct the flow of goods and services from producer to consumer”. This is a broad, consumer product definition of marketing. *Societal marketing*: “To determine the needs, wants and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being”. This is getting closer to a definition of marketing in the economic development context. In order to attract new investment that will create jobs and benefit the community at large, communities are trying to meet the needs and wants of their target markets. A company or organization needs a good location for business. This, in turn, is a complex and multifaceted concept including potentially hundreds of factors affecting business operations. *Economic development marketing*: “Creating an image in the minds of key company executives who rarely make expansion

decisions; staying in contact with them so that when the time comes to act, they consider a particular community; and, finally, ensuring that their business location needs are fully satisfied.” For the purposes of this lecture, economic development marketing can be defined in this way. Creating an image is a key to successful community and economic development marketing. Of course, actively pursuing firms with mailings, visits, phone calls, and so on is also critical to a successful economic development campaign. Some observers might refer to this part as “sales” instead of “marketing.” However, these activities are defined, both will be covered in this lecture.

### **Components of marketing**

Community marketing may be divided into four broad steps:

- Define the product and message.
- Identify the audience.
- Distribute the message and create awareness.
- Satisfy the needs and wants of the customer.

### **Define the product and message**

It would be remiss to discuss community marketing without covering two of the key elements on which a marketing program must be based: community SWOT analysis (strengths, weaknesses, opportunities, and threats) and strategic visioning and planning. SWOT analysis (or community assessment) and strategic planning

have been covered in previous lessons. However, it is worthwhile to review these tools in the context of a marketing program. A SWOT analysis identifies the economic development strengths and weaknesses of a community. Which community strengths – such as highly productive and trained labor force, good utility cost and service, and supportive local government – will attract industry? Conversely, which weaknesses – such as inadequate transportation infrastructure, lack of available industrial site and buildings, and permitting difficulties – will hurt the recruitment of new businesses, retention and expansion of existing community, and new business start-ups? All the basic site selection factors should be covered but there will also be community-specific issues that will surface in the analysis such as factions quarrelling over which direction the community should go. Opportunities might include economic development potential from an excellent community college while threats might include the potential closure of a local plant. It should be obvious why a SWOT analysis is such a critical component of community marketing. If an audit of strengths and weaknesses hasn't been conducted, how can a product (the community) be defined and made attractive to its potential audiences (types of industries)? Many communities claim they are a great place to “live, work, and play.” However, what specific set of assets does a community have relative to the thousands of others also vying for new investment? Without a SWOT analysis this question cannot be answered, the product cannot be

defined, nor can an effective marketing image and campaign be created. A SWOT analysis also identifies the weaknesses and threats that need to be addressed in the short and long term. The SWOT analysis gives the community a foundation on which to base effective community strategic planning and visioning. Once community leaders and citizens compare their economic development strengths and weaknesses with those of other communities, they can more effectively chart a direction for future growth and development. So many communities want to attract the next automobile assembly plant or company headquarters, yet have a completely unrealistic assessment of their chances for attracting such large projects. Perhaps they should focus instead on smaller advanced manufacturing companies or customer support centers. It is great to dream about a future in which the community is growing and attracting high-paying jobs, but if a dream is unrealistic it will likely never happen. Another component of strategic planning and visioning involves what the community wants to be in the future. Does it want to focus on attracting manufacturing and service firms, or does it want to become a “bedroom” community and thus rely more on tourism and retail and jobs in surrounding communities to support its residents? Again, it is easy to understand why strategic planning and visioning is critical to an effective marketing campaign. Without this element based on SWOT analysis a community does not even know to whom it wants to market. Imagine that a person wakes up one day and decides

to get in their car and go somewhere. However, they are not sure where to go or why, so they drive around aimlessly and return two hours later, happy they made good time on the highway. Their neighbors and family would certainly question the person's sanity. Community marketing without a SWOT analysis and strategic plan is just as pointless.

### *Marketing image*

A fundamental part of defining the product and marketing message is to create an effective marketing image. A community marketing image may be defined as: "The sum of beliefs, ideas and impressions that people (residents, target audience, outside public, etc.) have of a place"

### *Slogans and logos*

Slogans and logos may be used to communicate a community's image and rise above the marketing clutter of hundreds or thousands of other communities.

Slogans are briefly stated ideas, themes, or "catchphrases" used to convey a community's message to a target audience

### **Identify the audience**

After the community image and message have been crafted, the next step is to identify the audience for the development marketing campaign. That market

is certainly broad but, again, this chapter focuses on marketing to companies. This audience includes:

- Outside companies, site selection consultants, industrial real estate companies, and others involved in corporate expansion (recruitment).
- Lead-generating economic development organizations (e.g., state and regional economic development organizations, utilities).
- Existing businesses already in the community (business retention and expansion).
- Entrepreneurs (new business start-ups). This group may be referred to as an *external* marketing audience: those organizations and individuals that can help a community attract investment and create jobs. There is another marketing audience that can be referred to as *internal*:
  - Community stakeholders (e.g., elected officials, board members, sponsors).
  - Media (newspapers, TV, radio).
  - The general public. - Community and economic development organizations need to communicate with this internal audience so that they may continue to secure strong cooperation and support in the overall development effort. Many economic development marketing programs have died premature deaths because not enough attention was given to ensuring that a strong community coalition stayed together to support the overall effort. As discussed in lecture 1, this is one area where community development and economic development have a strong overlap.

Logos are graphic or pictorial images used to help convey a community's image. They can provide a visual unifying theme for marketing materials such as brochures; letterheads; and promotional giveaways such as key chains, pens, coasters, and so on. Again, themes and logos must clearly reflect a community's carefully crafted marketing image. It has been said that we live in a "sound-bite" world today and slogans and logos can be effective in instantly communicating an image. The external development marketing audience is still quite large and successful, and communities identify their prime prospects by drilling down to specific sectors and organizations in the marketplace. This is critical because communities have limited marketing budgets and cannot spread their resources too thinly by marketing to a broad audience that may not even be interested in their message. The challenge is to identify those industries and companies that would be most likely to view a community as a potential location match. In order to do this, communities need to segment their markets. Community economic development market segments include:

- *Sector/industry*. Manufacturing, service, professional, wholesale/distribution, and so on. Within each sector (e.g., manufacturing), which industries would make the best targets (e.g., auto parts, plastics, electronics)?
- *Geography*. For a community in rural Arkansas, for example, it would probably be more fruitful to try to recruit companies in higher cost locations such as

Chicago, Dallas, or another urban area rather than similar rural areas nearby.

- *Type of company/organization.* Smaller communities may be better off targeting smaller, privately owned firms. Larger communities can target these as well, but also may want to target larger, publicly traded companies. Again, it is all about the best match with the community. Substantial effort should be given to the target industry analysis because this often makes the difference between a successful and unsuccessful marketing campaign.

Target industry selection criteria include:

- A match between the location needs of the industries and the strengths/weaknesses of the community (from the SWOT analysis).
- Historical and potential growth rates of industries.
- Skill levels and wage rates of industries.
- Diversification potential of the industries for the local economy.
- Other community-specific considerations such as environmental friendliness, industry image, and so on. Once the target industries are selected, the next step is to identify companies in those industries that will make likely targets for recruiting. The community should look for companies that are most likely to expand and that also meet the above-mentioned criteria of geography, company size, and ownership. The target industry and company selection process must be based on sound research. Large amounts of data on growth rates, location criteria,

and patterns should be collected and analyzed in order to select the best targets. Many communities hire professional consultants or rely on local universities to assist with this complicated procedure. If the community undertakes the analysis itself, there are numerous sources of information on industries and companies that are available through government and private organizations. So much of this is now only a few clicks away on the Internet.

### **Distribute message and create awareness**

After creating the message and identifying the target audience, the third basic step in community marketing is to distribute the message and create awareness.

There are different means a community can use to distribute its marketing message and promote itself. The mix of marketing elements should be chosen very carefully and with much research in order to make the best use of limited marketing dollars.

Ways to promote and market a community for economic development include:

- *Advertising.* Media choices include television, radio, and print. Types of print media for economic development advertising include national business publications such as the *Wall Street Journal* or *Business Week*. However, advertising in these national publications is quite expensive and probably not feasible for smaller communities. Other print media include industry trade publications oriented toward industries such as aerospace or plastics, and site selection/development magazines such as *Expansion Management*, *Area*

*Development, and Site Selection* - Industry trade publications are read by executives within specific industries and thus may be used to reach a community's target industries. Site selection and development magazines target corporate executives that are typically involved in corporate expansion decisions but which cover a broad range of industries. There are other niche print publications, such as local business journals and Chamber of Commerce magazines, that communities can explore as potential advertising options.

- *Direct mail.* We are all regularly bombarded with “junk mail” and 99 percent of it winds up unopened in the trash. However, many communities operate successful direct mail campaigns aimed specifically at the industries and companies they have carefully selected, as described above. Research shows that repeated mailing to a select audience has a much higher response rate than general blanket mailings. If a community sends out 1000 targeted mailings, gets 10 company prospects, and lands one new company, the benefit will be tremendous even though the batting average is low.

- *Email.* Many communities use email to market themselves. Some email messages are direct “sales pitches” while others are electronic copies of newsletters, announcements, etc. Targeted email can be effective but random mass e-mailings are usually treated as just more spam.

- *Trade shows.* Many communities successfully market themselves to their target

industries at trade shows. There may be hundreds of executives from a target industry there, so attendance can be a very cost-effective way to reach the target audience. Many communities buy or share booths at the trade show and stock them with marketing

- *Personal contact.* This is one of the best ways to market a community but it is often difficult and expensive to get a personal contact opportunity with a corporate executive. Trade shows are one way to do this, as is the telemarketing follow-up which is part of the direct mail campaign discussed above. Another personal contact method is to visit prospects, but this is expensive and is usually done after a prospect has expressed interest in a community.

- *Networking.* Many leads come to communities through networking with other economic development officials and agencies. Networking contacts should include the state economic development agency, utility companies, real estate brokers and developers, site selection consultants, existing employers in the community, railroads, and other organizations that may know of expanding companies.

- *Public relations.* While all of the above activities may be considered public relations, to get their message out to their target audience and general public, successful communities have even more proactive programs at their disposal.

Local, regional, and state news channels (television, radio, and print) should be regularly sent press releases and otherwise contacted to get the community's name

in print and publicize significant events.

- *Websites.* The Internet is now a primary way to gather information, and site selection data is no exception. It is almost taken for granted today that a community will have a website with relevant economic development information. Not having one sends a negative message to potential investors. In addition to containing basic economic and demographic information about a community, a website can contain testimonials from local executives, preferably in audio or video format; community pictures; and interactive video “virtual tours” of the community

Types of marketing materials include:

- *Brochures.* One of the best formats is a six-to eight-page four-color professional brochure highlighting the economic development assets and livability of the community. However, these can be expensive so many communities opt for “desktop” versions.

- *Postcards and other brief mailings.* As discussed above, these brief reminder pieces sent out quarterly or semi-annually help keep a community in the minds of target company executives.

- *Community profiles.* These are more in-depth fact books about communities. Often 15 to 20 or more pages in length, they are really more valuable as a follow-up tool once an executive’s interest in a community has been piqued.

Brochures or other shorter pieces should be used to create the initial interest.

- *Audiovisual presentations.* This category includes CDs, DVDs, computer presentations, and the like (websites are covered above). They can be expensive to develop and are being replaced in many instances by websites that can do the same thing over the internet at the click of a mouse. However, these presentations can be effective as a downstream selling tool once initial interest and specific contacts have been established. Mass mailings of these media are almost never effective.
- *Promotional items.* This category includes T-shirts, pens, tote bags, and many, many other creative items. As mentioned above, these promotional gifts can help with community branding and imaging.
- *Newsletters.* Short newsletters mailed to prospects can be effective marketing tools. However, newsletters mailed to the *external* audience should not contain purely local information such as the date of the next city council meeting. Instead, newsletters sent to the external audience should briefly highlight recent positive developments, company locations, and expansions in the community.

### **Satisfying the needs and wants of the customer**

The final basic step in marketing the community is satisfying the needs and wants of the customer. This is a critical but often overlooked distinction in community marketing. Development organizations must keep their focus on attracting and satisfying the needs and wants of the companies, tourists, restaurants, nonprofits, or other groups they are trying to attract.

## **The marketing plan**

A marketing plan is the roadmap communities follow for successful promotion. It should be a written document widely agreed upon by all elements of the community. The marketing plan should contain:

- A mission statement for the marketing plan and a vision statement for the community.
- A situation analysis (SWOT analysis summary).
- A description of the target audience (industries and companies).
- Marketing goals and objectives.
- Strategic action items to achieve each objective.
- Budget and resource requirements.
- Clearly defined staff requirements and positions.
- Clearly defined responsibilities of participating organizations and stakeholders.

Marketing goals are what a community or other entity has set out to accomplish.

For example, a major goal of a marketing plan could be to “Attract new business and industry to the county through an aggressive targeted marketing campaign.”

Marketing objectives generally describe what needs to be done to achieve the goal.

An example of an objective could be to “Convince prospects with an active project to visit the county.” Strategic action items are specific, measurable

activities designed to accomplish an objective. An example could be to “Invite

corporate prospects as expense-paid guests to enjoy the county's Fall Apple Festival and local quail hunting." Marketing plans may be 10 or 100 pages long, depending on the community and level of detail desired. Too little detail causes the marketing plan to be viewed as just another general statement of goals and objectives; too much detail can discourage local stakeholders from reading the plan and buying into it. Detailed marketing plans are best and they can include an executive summary for the general public's benefit. Marketing plans should be dynamic. No one can predict with certainty how the various elements of the plan will work in practice. As the community learns about the elements of the marketing program that work best, and as external conditions such as the economic situation change, the marketing plan should be revisited and modified at least yearly.

### **The regional approach to marketing**

Marketing a community can be a very expensive activity. Advertising, travel to trade shows, developing promotional materials and other marketing activities often require significant budgets which may be beyond the means of smaller communities. For example, a booth at a major trade show can cost tens of thousands in cash. Yet in a global economy with increased competition for investment, tourism, and other economic activities, it is even more important to have an effective marketing program to "get on the radar screen."

**Conclusion**

Community marketing is a broad topic. This lecture has focused on economic development marketing and specifically on recruiting new firms to a community. However, the marketing elements discussed in this chapter have broad applicability throughout the field of community and economic development. They are particularly relevant to business retention and expansion, and new business startups. Research shows that most new jobs in communities are created by retention and expansion of existing companies and business start-ups as opposed to recruitment of new companies. Marketing plans should include goals, objectives, and strategic action steps for all of these important economic development activities. Even the smallest, most isolated communities can achieve marketing success through applying the principles described in this lecture. For a metropolitan area, marketing success may be attracting a new Fortune 500 company that can benefit even more than 1000 local employees. For a small rural community, marketing success may be as basic as helping a start-up company with five employees or attracting a franchise restaurant. The key point to remember is that manna rarely falls from heaven. Success is more likely to come to communities that develop solid marketing programs and stay the course.

# Retaining and expanding existing businesses in the community

While the recruitment of a new business into a community usually garners front-page headlines, the retention or expansion of an existing business rarely does.

Communities tend to take their existing businesses for granted, which can be a big mistake. Industries choose to expand in different communities from where they are located (or even worse, relocate entirely to another community) for many reasons.

Some of those reasons are readily discovered and prevented through a proactive existing business retention and expansion program. In most communities, it is a lot easier to create 25, 50, or 500 jobs through the retention and expansion of existing industry than to spend the time and money it takes to recruit new industry.

## **Introduction**

When people hear the term “economic development,” they often think about recruiting new businesses into their community or region, sometimes visualizing large projects such as automobile assembly plants, high-tech research facilities, or corporate headquarters. These types of projects make headlines and can transform a regional economy almost overnight. Because of the publicity and attention these large projects command, many communities make the mistake of pursuing the

“Holy Grail,” overlooking the small and medium size businesses that create most new jobs. As discussed in lecture 1, the three legs of the economic development stool are recruiting new businesses, retaining and expanding existing businesses in the community, and facilitating new business start-ups. Research has shown that retention and expansion and new business start-ups account for the majority of new jobs created in most areas.

### **What does business retention and expansion encompass?**

Business retention and expansion (BRE) covers a wide spectrum of activities, but a general definition is to work with existing businesses in an area to increase the likelihood that they will remain and expand there instead of relocating or expanding elsewhere. BRE programs should be tailored to the specific needs of a community – one size does not fit all. However, there are several components that are usually included in BRE programs. They include business visitations and surveys to identify problems and issues; troubleshooting community-related problems that companies might have; and industry recognition/appreciation programs. Regular visits to businesses and interviews with executives are important components of a BRE program. While BRE programs should be tailored to fit a community’s unique situation, they should generally include the following components:

- Interviews and surveys with local businesses to detect trends, problems or issues.

It is preferable to conduct personal interviews with key executives from local businesses. This demonstrates the value the community puts on these businesses and facilitates better communication and information gathering. Surveys may also be used to gather data and they are relatively easy to create and administer, especially if they are Internet-based. Often a survey followed by a personal interview is the best approach. Interviews and surveys give local businesses a feeling that the community cares, and if there is a problem an executive will likely identify it in the interview or survey. It is critical, however, that any problems identified be addressed immediately or the business will not fill out a survey or consent to an interview again. All local businesses should be visited and/or surveyed at least once a year. This can be a major undertaking, especially in larger communities. Economic development agencies often solicit the assistance of board members and volunteers to help conduct the interviews and surveys.

- Industry appreciation functions such as annual banquets. These typically provide a casual setting in which to interact with local businesses and provide an excellent opportunity for businesses to network and discuss issues of mutual interest.
- Initiatives to improve the general business climate. This might include streamlining permitting processes, making government agencies customer-friendly, and so on.

- Sponsorship of meetings and forums to help companies deal with issues of concern to them.

One example would be roundtable discussions with local operations or human resource managers. However, there should be plenty of time for unstructured discussion to allow issues to bubble to the surface.

- An area industry directory listing all businesses in a community including manufacturing, service, and retail. These directories can help businesses find local products and services they need to operate effectively. Information for each business should include key executives, contact information and a brief description of the product or service.
- Labor and wage surveys to help local businesses gauge their pay scales. Some BRE programs even offer business consulting services. These services may include assistance in identifying export markets for local products or sponsoring informative sessions about market trends and specific topics of interest. One of the most valuable BRE services is helping local companies attain “lean and agile” production status to help them remain competitive in the global economy

### **Benefits and advantages of BRE**

As a part of the overall community and economic development program, the benefits and advantages of business retention and expansion are significant.

- *BRE is a cost-effective way to create jobs and keep local economies strong.*

- *Relationships with local executives can be leveraged to create even more jobs.*
- *BRE can facilitate the recruitment of new industry.*

### **BRE is a team effort**

Successful BRE programs are usually team initiatives. It is not just the job of the Chamber of Commerce or economic development professional to operate the program. Issues affecting local businesses are varied and complex, often requiring special expertise. There are many specialty areas – such as utilities, permitting and regulation, government services, transportation – that may require attention from local government agencies or other private organizations. BRE is most effective when undertaken by a team composed of representatives from economic development organizations, local government agencies, educational institutions, and other fields. Knowledgeable specialists from utilities, transportation departments, and so on should be on the team as necessary to help resolve technical issues. The multidisciplinary BRE team should work together and coordinate communications and activities. All members should assist in BRE activities, such as business visitations and surveys, and the team leaders should know whom to contact to handle a specific situation. The team leaders should always make sure that any problems or concerns reach the appropriate experts on the BRE team. This is often where the ball is dropped and, as a result, the issues and concerns fall on deaf ears.

## **How successful are BRE programs?**

The vast majority of economic development professionals report that their organizations are involved in some facet of business retention and expansion. Most of them would undoubtedly offer stories and anecdotes on the success of BRE programs if asked.

# **Entrepreneurship as a community development strategy**

## **Introduction**

A profound change in community economic development strategy over the past decade has been the emergence of entrepreneurship. Now, as never before, community developers recognize that entrepreneurship is critical to the vitality of the local economy. This emerging strategic change is due to several factors. A primary reason is the impact of globalization in driving many manufacturing jobs to overseas locations and, thus, reducing the effectiveness of using industrial recruitment as a strategy. Another factor leading to the rise of the entrepreneurship development strategy is the evidence that entrepreneurs are driving economic growth and job creation throughout the world.

**Who is an entrepreneur anyway?**

A useful definition of entrepreneur is “a person who creates and grows an enterprise. This definition is simple, yet it helps clarify who an entrepreneur is. First, it reminds us that our focus is the person, not the venture itself. There is also a difference in the level of financial risk between an entrepreneur and an owner/manager. The level of risk associated with entrepreneurs is generally greater than that of managing an existing small business. Purchasing a franchise or an existing retail store may be an option for those who do not want to take large financial risk, yet still want to own their own business. However, it may also be a first step for entrepreneurs who go on to start new ventures. Third, the definition is intended to include civic entrepreneurs. Civic entrepreneurs create programs and resources that benefit our communities and our lives. They develop children’s museums, provide public health care, and build new playgrounds and parks. Often, this work is done through a nonprofit organization or informal community or neighborhood association. Civic entrepreneurs need skills in planning their enterprise, marketing their product or service, earning revenues or obtaining funding to keep the organization financially solvent, and creating value. As with business entrepreneurs, they perceive and act upon opportunities. The motivations that drive entrepreneurial behavior are wide-ranging. We might assume that most entrepreneurs are motivated by greed – making money. However, like most myths,

this one is largely untrue. While entrepreneurs enjoy and appreciate making money, it is not usually their most important, driving motivation. However, bringing together creativity, innovation, and motivation is not enough. Successful entrepreneurs acquire the capacity they need to put their ideas into action. Most entrepreneurs do not start with all the knowledge, skills, and insights necessary to create thriving ventures. They acquire these skills, develop them, and employ them consistently and effectively.

Let us now look at five important capacities of entrepreneurs' effective application to BRE

1 *Ability to perceive opportunities.* First and foremost, entrepreneurs develop a heightened ability to perceive opportunities. They see how an abstract idea can be made practical and brought to the market. However, discipline and judgment are essential to this capacity. An entrepreneur must not only perceive opportunities but assess them and determine if they are a good fit with his evolving game plan.

2 *Ability to assess and manage risks.* There is a myth that entrepreneurs are reckless. In fact, most entrepreneurs hate risk. They become very skilled at-risk identification, assessment, and management. Entrepreneurs understand that too much risk can kill an idea. The ability to deal effectively with risk distinguishes successful from less successful entrepreneurs.

3 *Ability to build a team.* - No single individual has all the skills necessary to

succeed in starting a business. In order to succeed, a new venture must have capability in production, marketing and finance, the three legs of the stool. Most successful entrepreneurs often bring in partners who have skills that complement theirs. In fact, entrepreneurs can become highly skilled at team building. They learn what kinds of team members they need and figure out how to assemble the right human resources. Great teams build great ventures.

*4 Ability to mobilize resources.* Another myth is that successful entrepreneurs have deep-pocketed investors. The reality is that most successful entrepreneurial growth companies start like everyone else – with too few resources and dependency upon family and friends. Here again is an attribute that distinguishes highly successful from less successful entrepreneurs. Skilled entrepreneurs learn how to mobilize resources. They can mobilize not only necessary investment capital, but also strategic partners, people, facilities, and whatever else is necessary for success.

*5 Ability to sustain creativity.* Finally, many entrepreneurs are not happy becoming managers of successful growing companies. They hire chief financial officers to ensure good management. Skilled entrepreneurs learn how to keep growing companies creative. They learn how to develop environments and processes that allow companies to be re-created.

### **What are the needs of entrepreneurs?**

Entrepreneurs are the creative, passionate people who drive the start-up of

enterprises. However, entrepreneurs are not all the same. Every community has a range of entrepreneurial talent and, once you have identified this talent, you can begin to develop the resources and strategies that each entrepreneur needs to be successful. The three main types of entrepreneurial talent are potential (those who may become entrepreneurs), existing business owners (some of whom may be entrepreneurs), and entrepreneurs (including those with growth and even high growth potential).

### **Potential – aspiring and start-up**

Aspiring and start-up entrepreneurs are early in the venture creation process.

Aspiring entrepreneurs are motivated toward making a life change and are actively considering crossing the bridge and starting an enterprise. Aspiring entrepreneurs are likely to be researching and developing their business idea. They may even be testing it out in informal ways. They may be attending business workshops and networking with potential customers, related businesses, and other entrepreneurs. Aspiring entrepreneurs need guidance in assessing how good their idea really is. Will it meet a market test? Will someone pay for the good or service they want to offer? Is it really feasible for them to create this business? They need someone to ask the tough questions so that they can make an informed “go – no-go” decision about starting a business. Start-up entrepreneurs, on the other hand, have crossed the bridge and made the decision to start their business.

They have given thought to the business model, although there may still be some gaps. Some may have a formal business plan, although most do not. Some have the necessary skills to launch their enterprise, perhaps with the assistance of other team members. However, it is likely that they may need to acquire more skills to create a successful business. Like aspiring entrepreneurs, start-up entrepreneurs need someone who can help them move from ideas to a solid game plan. They have already made a decision to start a business – now they need help making sure all the pieces are in place. Is the management team strong? Is there capital to start the venture? Are markets clearly identified and strategies for tapping them tested? Can the team acquire the necessary skills quickly enough to succeed with the venture? The specific needs of aspiring and start-up entrepreneurs are closely related and can be met with moral support, networking and mentoring, business counseling, and entrepreneurship training.

### *Networking and mentoring*

Entrepreneurial networks that serve aspiring and start-up entrepreneurs can be formal or informal. A network is a great place for an aspiring entrepreneur to get moral support as he speaks with others who have already traveled the path to a successful business. However, networking does not have to be formal.

Entrepreneurs will network whenever they come together in one place.

### *Entrepreneurship training and business counseling programs*

Aspiring and start-up entrepreneurs can often benefit from participation in training and counseling programs, either one-on-one or with other entrepreneurs. Whatever training or counseling programs are used, community developers should keep several things in mind:

- Entrepreneurs need to be able to understand where to get these services so they don't become frustrated as they try to get help. Communities can help by having a "one-stop shop" for entrepreneurs where they can obtain a directory with information about service providers including an explanation of the specific services offered by each provider.
- Training and counseling programs should be user-friendly. Aspiring and start-up entrepreneurs may still have their "day jobs" and need to be able to take a class or meet with a counselor in the evenings, on weekends, or even online.
- A community developer needs to know enough about an entrepreneur and her skills to steer her toward the training program or business counselor that can best meet her needs.

### **Potential – youth**

Youth represent a large population of potential entrepreneurs. In rural communities, where retaining young people is a vital concern, entrepreneurship offers a promising tool. Since the necessary motivation is present for many young people, the community leader's task is to provide the potential entrepreneur with

opportunities to learn new entrepreneurial skills. An important first step is engaging young people in conversations about their dreams and what businesses they are interested in. Youth have at least three specific needs as potential entrepreneurs. Those needs are to become engaged with the community, to learn what the business world is like, and to develop the skills set to start a new enterprise. Civic entrepreneurship, networking and mentoring, and entrepreneurial training are support mechanisms that meet these needs.

### *Civic entrepreneurship*

Many young people have a desire to serve and be proud of their community. Engaging youth as civic entrepreneurs is an excellent way to build their loyalty to the community and to give them practical experience as civic leaders.

### *Networking and mentoring*

How can young people learn about business opportunities? Networking with entrepreneurs and business owners is an excellent way to open the door to entrepreneurship. A mentoring or apprenticeship program which matches a business owner to a young person in a one-on-one mentoring relationship gives the potential entrepreneur the chance to see how business is created in the real world. This, at least in part, may provide the young person with the insight and encouragement for choosing the entrepreneurial path. A first step in getting a mentoring program going in your community might be to invite community

entrepreneurs into the classroom. Entrepreneurs who tell their stories in the schools are providing the role models these young people need to envision an entrepreneurial future for themselves.

### *Entrepreneurial training and experience*

How can youth acquire the skills they need to become successful business entrepreneurs? Traditionally, formal education has focused on preparing students to be good workers rather than successful entrepreneurs. However, this is beginning to change as more schools are offering activities, such as Junior Achievement, that provide youth with the knowledge and practice of business. Some schools have gone even further by incorporating notable entrepreneurship training programs into the curriculum.

### **Business owners' lifestyle**

These entrepreneurs may have successful ventures, whether a main street café or a family medical practice, but they often do not have the motivation or capacity to grow. However, it is important for community leaders to know who these entrepreneurs are and to identify whether some existing business owners develop the motivation to grow or change their business in some way. Often the motivations of lifestyle entrepreneurs may change unexpectedly when a son or daughter returns to town and wants to be involved in the business; when the business owner is faced with an opportunity such as the potential to expand into an

adjacent store front on the main street, or to take the business “online.” Business owners who are motivated to grow their businesses need many of the same support services as start-up entrepreneurs: networking opportunities; training to build their skill sets; one-on-one assistance with specific business issues such as creating a new website, developing e-commerce tools, or tapping new markets. Community leaders need to stay in touch with business owners throughout the community so that they can identify entrepreneurial talent and provide the support for that talent to thrive.

### **Entrepreneurs – growth**

Growth-oriented entrepreneurs are already succeeding and are driven to grow their ventures. They see new markets, profit centers, products, or services to be created. They hold the promise of growth with the associated benefits of profits and job creation. Exceptional, even among the growth-oriented ventures, are the high-growth businesses.

#### *Customized assistance*

As the growth-oriented entrepreneurs’ needs become more targeted and specific, the support must evolve as well. Customized assistance provides one-on-one assistance in response to very specific questions from the entrepreneur. The service provider might provide market research to help the entrepreneur better understand a new market (such as that provided through “economic gardening”). A university

textile lab might develop a prototype product for a manufacturing entrepreneur to market to prospective customers. This assistance is designed to respond to the specific needs of the entrepreneur as he actively grows the business.

### *Higher order assistance*

General practice attorneys and business counselors often have the qualifications needed to help a startup entrepreneur with legal or financial questions.

However, in order to support growth-oriented entrepreneurs, higher order services may be required. The growth-oriented entrepreneur who is developing a new product may need a patent attorney. A rapidly growing entrepreneurial venture may need the capital and expertise that a venture capitalist can provide. If these services are not available locally, community developers need to develop a network of external service providers, often in nearby urban areas, which can be tapped to help these growth-oriented entrepreneurs.

### *Networking*

Whether you are assisting aspiring, start-up, or growth-oriented entrepreneurs, the importance of networking doesn't change. The sophistication of the network may increase as the growth-oriented entrepreneur seeks specialized knowledge to help the business expand. The informal breakfast group may give rise to a more formalized network, perhaps organized by the Chamber of Commerce or business association.

*Expanding/ strengthening the management team*

Growth-oriented entrepreneurs often begin to face time and ability constraints in the management of a growing enterprise. A family member serving as part-time bookkeeper might work well for a startup but a growing venture may need a chief financial officer. The entrepreneur himself may be able to manage employees when the business is family run but a growing venture may need a human resources director. Building this new management team can often be a challenge for entrepreneurs. It is hard to share power in an organization, especially one you have built from the ground up. However, it is even harder to be successful without an experienced team. These entrepreneurs need help recognizing their staffing needs and finding the right people to fill those needs.

**Entrepreneurs – serial**

Serial entrepreneurs make up another category of entrepreneurial talent. These are individuals who start, grow, and often sell one business and then begin the creative process all over again in another business venture. Serial entrepreneurs often start five or more businesses in their lifetime. Although they make up only 2 to 3 percent of all entrepreneurs, they have a unique experience and are important to identify in your community.

**How can your community become “entrepreneur-friendly”?**

There is no single set of actions that a community should adopt to become

entrepreneur-friendly. There are three levels of support – basic, advanced, and high performing – that can help you begin to think about creating an environment in your community that is supportive of entrepreneurs.

### **Basic support**

Investment in a basic support package is the starting point to building a broader and more sophisticated community support system for entrepreneurs. To provide a basic level of support in your community, leaders need to:

- Address any issues related to creating a positive entrepreneurial climate such as favorable attitudes toward entrepreneurship and good quality of life, and strong infrastructure such as roads, utilities, and telecommunications. The greatest entrepreneurship development program operating in a weak climate with poor infrastructure will come up short.
- Take stock of your current access to appropriate business services (e.g., legal, marketing, production, financial, accounting). Access to the right services is important. Remember: if these services are not available within the local community, as is sometimes the case in rural areas, they may be accessed over long distances using today's technology.
- Create a focus on entrepreneurs, both business and civic. Creating a focus on entrepreneurs might include raising the awareness level of community residents and leaders about the role of entrepreneurship within the community. Going a

bit further, a community might identify entrepreneurs and provide periodic recognition for their contributions to the community.

- Provide regular opportunities for networking and mentoring. Entrepreneurs themselves indicate that the most important support they can receive is a combination of networking with other entrepreneurs and access to mentors.

### **Advanced support**

Once the basic elements of a support system are in place, a community can consider a number of advanced activities to further energize entrepreneurs.

Remember: more advanced support doesn't mean that things should become more complicated for the entrepreneur. Massive directories and complicated pathways for entrepreneurs to access support can be counterproductive. We urge communities at this level to create some kind of simple organization (probably using existing organizations) to ensure that entrepreneurial support efforts are understandable, easy to access, and seamless. Leaders providing advanced support typically:

- Link closely to the regional Small Business Development Center office or other provider of entrepreneurial training and counseling. Another option is to offer an entrepreneurial training resource such as FastTrac, NxLevel, or REAL (Rural Entrepreneurship through Action Learning) if these programs are not being provided by others in the community. These programs are particularly helpful to

start-up and early stage businesses.

- Ensure that an entrepreneur has access to appropriate financial capital beyond that provided by local banking institutions. An important step may be the formation of micro-lending programs for smaller start-up entrepreneurs and revolving loan programs for growing and restructuring businesses.
- Implement programs that increase local entrepreneurs' awareness of and access to new markets. In rural areas particularly, entrepreneurs may need assistance to develop strong skills in identifying market opportunities and assessing the commercial feasibility of various opportunities. Sending delegations to conferences, trade shows, and trade missions are all good ways to increase market awareness.
- Encourage programming that introduces youth (the younger the better) to entrepreneurship. Young people are a driving cultural force in our nation and communities. Sooner or later, these same young people will form the backbone of our economies and communities. Creating opportunities for young people to engage in venture and community building is critically important.

### **High-performing support**

To be a high-performing community that is optimally supporting entrepreneurs requires considerable community commitment and investment. High performing communities are characterized by:

- Using strategies that offer customized help to the full range of local entrepreneurs. This might involve entrepreneurial coaches to work one-on-one with aspiring or start-up entrepreneurs. It might involve the city and library providing extensive and specialized market information to growth-oriented entrepreneurs, as the City of Littleton, Colorado does. This customized help may require significant investment by local community organizations.
- Building on current financing resources by creating area-based “angel” investment networks and pathways to more traditional venture capital resources (which may be external to the community). Sooner or later, growing ventures need more sophisticated forms of capital including access to equity capital. As entrepreneurial deals emerge and grow, the ability to help these ventures meet their capital needs is critical to keeping these businesses within the community.
- Integrating entrepreneurial opportunities into the core curricula of their formal educational systems. Trying to engage youth in entrepreneurship via extracurricular activities usually brings only marginal benefits.
- High-capacity organizations dedicated to supporting entrepreneurs. These entrepreneurial support organizations, such as the Fairfield Entrepreneurial Association, are rooted in communities and provide a comprehensive and sophisticated package of support that energizes start-up entrepreneurs and develops

entrepreneurial growth companies. Relatively few communities meet the standards for a high-performing support environment.

### **Minority entrepreneurship**

The desire to start a business extends across racial and ethnic lines. In fact, there has been a recent surge in entrepreneurship among minorities in the United States, particularly among well-educated African Americans. Research shows that blacks are 50 percent more likely to engage in start-up activities than whites. Hispanic men are about 20 percent more likely than white men to be involved with a start-up, although the difference isn't statistically significant. Education significantly predicts nascent entrepreneurship, particularly for blacks and Hispanics.

### **What is the next step for your community?**

If there is little current support for entrepreneurs in your community, you can start the ball rolling by forming a team of leaders and interested citizens to lead the entrepreneurial effort. It may be that an existing organization, such as the local economic development group, has an interest in entrepreneurship and could be the umbrella organization for the new team. Once the team has come together, one of its first actions would be to examine what the community is currently doing to foster entrepreneurship.

### **Conclusion**

Communities are recognizing that entrepreneurship is an important strategy of

community economic development. However, as has been seen in this lecture, entrepreneurs are not all the same. Communities must be flexible and responsive to meet the varying needs of entrepreneurs. It is essential that support be tailored to fit the needs and wants of entrepreneurs, rather than based on satisfying an external agency or funding source. All types of entrepreneurs benefit from networking and mentoring opportunities. Indeed, other entrepreneurs may be the most valuable source of information and ideas!