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Strategic Partnerships That Strengthen Extension's Community-Based Entrepreneurship Programs: An Example from Maine

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Abstract: This article explains how Extension can enhance and expand its nationwide community-based entrepreneurship programs by developing strategic partnerships with other organizations to create highly effective educational programs for rural entrepreneurs. The activities and impacts of the Down East Micro-Enterprise Network (DEMNE), an alliance of three organizations with economic development missions in Maine, is used to showcase effective strategies that identify, create, and sustain strategic partnerships; build on their strengths; and overcome potential challenges. This Extension project was part of a statewide effort in Maine to build and strengthen networks of business service providers and improve service delivery to Maine's entrepreneurs.

Introduction

Cooperative Extension in Maine and other states across the country are actively seeking ways to support and enhance the economic viability and sustainability of local communities. One approach that has been growing in popularity in recent years is community-based entrepreneurship. Small businesses are the backbone of many local economies (Deller & McConnon, 2009; Audretch, 2002), and helping them succeed has proven to be an effective economic development strategy for an increasing number of communities throughout the United States. To underscore the importance of this strategy, eXtension created the *Entrepreneurs and Their Communities* Community of Practice to assist Extension professionals in meeting the educational needs of this expanding clientele base.

Small and micro-businesses are critical to the U.S. and Maine economies. In 2008, there were 41,755 businesses with employees in Maine. Nearly 90% of these businesses employed fewer than 20 employees. In addition, there were 113,522 individuals who were self-employed and 23,897 businesses with one to four employees. These 137,419 micro-businesses account for 21.3% of the state's employment and contribute an

estimated \$12.9 billion to the Maine economy. Nationally, there were approximately 25 million micro-businesses in 2008 accounting for 18.1% of total employment (McConnon, 2010; Atasoy, McConnon, & Gabe, 2007).

To grow Maine's economy, it is important that small businesses have access to high-quality educational programs to enhance their success. However, many small businesses fail because entrepreneurs lack the necessary business management skills to successfully start or operate a business. In addition, business owners are often unaware of available training and counseling support provided by business-assist organizations. As a result, many business owners fail to take advantage of resources that are designed to help them succeed. Research has shown that participation in relevant and effective training can reduce the failure rate and help business owners make better business management decisions and avoid costly mistakes (Muske & Stanforth, 2000).

As suggested in recent studies, Extension can play an important role in supporting community-based entrepreneurship (Muske & Stanforth, 2000; Bassano & McConnon, 2008; Peake & Marshall, 2009). This article describes the activities and impacts of a collaborative and community-based entrepreneurship project designed to improve the business management skills of aspiring and existing micro-enterprises in rural Maine.

Methodology

Strategic Partnerships

The goal of the University of Maine Cooperative Extension entrepreneurship program is to promote community-based entrepreneurship by providing aspiring and current business owners with access to a variety of programs that will help them develop or enhance business management skills considered crucial for achieving business success.

As part of its strategy for meeting this goal, Extension faculty have forged strong relationships with key players in state government and regional and national business support organizations. This was achieved through sharing of client referrals, co-counseling clients, serving as guest instructors, participating on advisory committees, disseminating relevant research findings, and acting as a resource and conduit to university resources. As a result of these efforts, the University of Maine Cooperative Extension received an invitation in 2000 to join Maine's Entrepreneurship Working Group (EWG). Comprised of the administrative leadership (or their representatives) of Maine's most important business support organizations, the EWG was created to strengthen business service provider networks and encourage greater cooperation among the state's premier business support organizations. In addition, the EWG was expected to serve as a catalyst for local and regional business assist professionals to collaborate in meeting the needs of entrepreneurs.

In 2004, three EWG member organizations, the University of Maine Cooperative Extension, the Washington Hancock Community Agency, and the Maine Small Business Development Centers, entered into a discussion to identify workable strategies that would improve entrepreneurial support services in a two-county region in Eastern Maine.

These discussions resulted in the creation of a partnership among the three agencies that became known as the "Down East Micro-Enterprise Network" (DEMNE). The group applied for and received a 1-year, \$164,115 grant from the Maine Department of Economic and Community Development to support its activities. The grant was part of a \$1 million fund established by the Maine Legislature which was designed to encourage collaborations like DEMNE that could facilitate new approaches to program delivery, strengthen partnerships among existing business-assist organizations and extend limited state resources.

The DEMN partnership was formalized by a written memorandum of agreement in which the role of each organization was described, financial resources allocated, and strategies identified to measure and report progress and document opportunities and challenges. The DEMN partners established as their goal improving the access and availability of high-quality educational programs that strengthen the business management skills of small and micro-business owners operating in Hancock and Washington Counties, Maine (Figure 1).

Figure 1.
State of Maine



Program Activities

From January 2005 to April 2006 the Down East Micro Enterprise Network established a user-friendly, comprehensive, and coordinated schedule of skill building activities for the region's entrepreneurs. DEMN provided nearly 3,000 hours of technical assistance to more than 300 micro-businesses through business management trainings, individual business consultations, and visits to businesses. The Washington County Business Conference and Marketplace, an annual event established through Extension's leadership, was integrated into the DEMN activities and served as an important resource for program participants.

DEMN developed an extensive website that provided a complete schedule of workshops and business consultation dates and locations and served as an information clearinghouse for all DEMN activities.

Entrepreneurs were able to register for a workshop, schedule a consultation, or make contact with any of the DEMN partners. The website proved to be popular with business owners seeking information or access to DEMN network services, with 7,000 site visits documented. In addition, the website provided a direct link to the Washington County Business Conference and Marketplace website and University of Maine Extension's Small & Home-Based Business Virtual Resource Library, an on-line educational resource. In addition to media press releases, newspaper advertisements, and radio and cable promotions to announce the program, the DEMN partners created a master mailing list comprised of former and current business clients. The DEMN website featured prominently in all promotions and descriptions of the program. Consistent with the funding agency guidelines, special effort was made to encourage participation by individuals with low and moderate incomes.

Business Management Trainings

One hundred seventy-two people attended one or more of the 60 daytime and evening workshops that were presented in multiple locations across Washington and Hancock Counties in Maine. Based on subject matter expertise, DEMN partners co-presented the workshops, and in other cases, outside experts served as workshop facilitators.

Workshop topics were grouped into four independent modules: Starting Your Down East Business, Managing Your Down East Business, Marketing Your Down East Business, and Counting the Cash in Your Down East Business (Table 1). Each module contained approximately seven workshops. Organizing the workshops into modules allowed the participants to attend just those workshops that addressed their particular needs without having to commit to the entire four-module series.

Most participants attended multiple workshops. For example, 32% of the respondents indicated that they participated in six or more workshops. Thirty-three percent participated in two to five workshops.

Table 1.
Modules Presented and Management Topics Addressed

Module	Management Topics
Starting Your Down East Business	<ul style="list-style-type: none"> • Assessing participants' readiness to be an entrepreneur • Understanding and creating a business plan • Resources available for starting a business • Evaluating a business idea • Time and money management • Keeping key business records
Managing Your Down East Business	<ul style="list-style-type: none"> • Understanding your industry • Forms of business ownership • Legal issues such as contracts and liability • Employee recruitment and

	<ul style="list-style-type: none"> management • Insurance
Marketing Your Down East Business	<ul style="list-style-type: none"> • Conducting market research • Basic and advanced marketing strategies • Understanding your market • Attracting and keeping customers • Arriving at profitable prices for products and services
Counting the Cash in Your Down East Business	<ul style="list-style-type: none"> • Understanding financial statements • Budgeting and cash flow projections • Managing money • Establishing a relationship with lenders • Business financing

Business Consultations

Individual consultations consisted of confidential discussions with DEMN participants about their business. At the end of each workshop, participants were encouraged to take advantage of individual counseling sessions to discuss specific issues or concerns they had about starting or operating their business. Most frequently, people wishing to start their first business wanted to have a more in-depth discussion about their idea or had questions about writing a business plan to test the viability of their proposed business. Owners of existing businesses typically had cash flow, employee, marketing, financing, legal, or more complex questions, often requiring the DEMN partners to engage in research to locate the information they needed. To improve access to DEMN resources, consultations were conducted in several population centers as well as remote communities. In some instances, consultations took place at the business owner's home or place of business.

Usually, one or two DEMN partners participated in each consultation session with the business owner to enhance the resources available to them and provide multiple perspectives on the issue or problem at hand. Business owners could participate in as many follow-up sessions as were needed to resolve their problem. Two hundred sixty-five businesses participated in the no-charge business consultations. Overall, 36% participated in multiple counseling sessions.

Washington County Business Conference and Marketplace

Since 2003, University of Maine Cooperative Extension has organized this conference in cooperation with other business assist organizations, business owners, municipal governments, and the region's community college. The conference was developed to present educational programs that build or enhance the business management skills of Washington County's entrepreneurs. In addition, the conference provided networking opportunities in which business owners could interact with each other, with representatives of business-assist organizations, and with state leaders. Finally, the marketplace provided business owners with an opportunity to sell and display their products and services.

The 2005 and 2006 conferences took place within the timeframe of the DEMN project and provided approximately 650 hours of free classroom instruction in over 60 business education topics. Conference attendance was considered an integral component of the DEMN experience. Thirty percent of the DEMN clients participated in the conference as workshop participants and as marketplace exhibitors.

Program Impacts

In the winter of 2009, Extension faculty mailed a three-page survey to individuals who registered in the DEMN project to determine the effectiveness of the DEMN project in achieving its goal of improving the business management skills of existing and aspiring micro business owners in Washington and Hancock Counties, Maine. The survey asked participants about the educational programs they attended, the knowledge and skills they acquired, the business practice changes they made, and how those practice changes affected their business. In addition, participants were asked to place a dollar amount on the value of the knowledge and skills they acquired as a result of participating in the DEMN project. Sixty-seven individuals completed the surveys, for an overall response rate of about 41%.

Demographics

Survey respondents were split equally between Washington and Hancock Counties. Sixty-nine percent of the respondents were female, and 31% were male. Seventy-three percent of the businesses were home-based, and 27% were not home-based. Forty-four percent of the respondents indicated they had been in business between 4 and 10 years.

The majority of the DEMN program participants had household incomes below the state median household income of \$45,832. In fact, 75% of the people registering to participate in DEMN activities had an annual household income of less than \$40,000.

Sixty-six percent of the respondents had no employees, while 23% had 1-2 employees. For those businesses with employees, the average number of employees was two.

Survey Results

The survey revealed that DEMN participants improved their knowledge about operating a business and used their improved business management skills to make changes that had a beneficial impact on their business while creating and preserving jobs in their community. Overall, 97% of the survey respondents increased their knowledge of operating a business, while 96% indicated that they used the knowledge and skills they learned to make changes in their business. Eighty-four percent of the survey respondents made planning changes, 73% made marketing changes, 72% made business management changes and 28% made financial or legal changes (Table 2).

Table 2.
Practice Changes Made by DEMN Participants

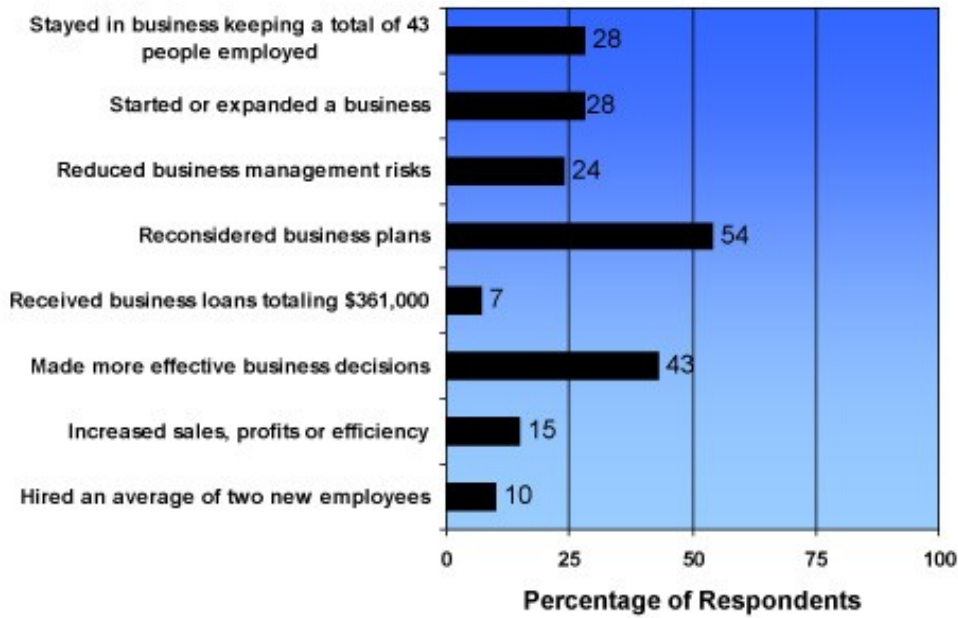
Planning Changes	51 % Developed new business goals	51% Wrote or revised a business plan	21% Contacted a business assist agency	16% Engaged in market research			
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Marketing Changes	45% Networked more with other business owners	36% Developed or revised a business brochure	30% Developed new marketing strategies	21% Developed a new website	21% Revised their marketing materials	12% Changed their exhibit design	
Business Mgmt Changes	33% Revised a record keeping system	28% Improved their financial or cash flow mgmt	27% Developed a new pricing policy	27% Increased their computer practices	22% Improved time mgmt	21% Achieved better balance between family and business	13% Enrolled in additional business mgmt classes
Financial or Legal Changes	18% Obtained business insurance	9% Presented a financial plan to a financial institution	7% Received an average bank loan of \$72,000	4% Changed their legal form of ownership			

About 80% of the respondents indicated that their improved business knowledge and skills affected their business in a variety of ways. For example, 54% indicated that they reconsidered their business plans, and 43% made more effective business decisions (Figure 2).

DEMN participants were asked to place a value on the knowledge and skills acquired from participating in DEMN. Thirty-four percent of the respondents indicated a value of \$1,500 or more. Seventeen percent indicated a value of more than \$3,000. The average value placed on the knowledge and skills acquired by respondents who participated in DEMN was an estimated \$1,500.

Figure 2.
Ways Improved Business Knowledge and Skills Affected the Business



Discussion

The Down East Micro-Enterprise Network used the combined skills and resources of three organizations with economic development missions to create a successful educational program for small and micro-business owners in Washington and Hancock Counties, Maine. Business owners reported improving their knowledge and skills about operating a business and using that knowledge to make planning, marketing, business management, and financial or legal changes. The changes that business owners implemented had a beneficial impact on their businesses.

DEM N participants were a diverse group. Participants included proprietors of Main Street and home-based businesses, individuals in the thinking stages of starting a business, the self-employed, and mature businesses with employees. These businesses had different needs they were seeking to address. Participants could meet individually with DEM N program staff, benefit from site visits to their business, engage in networking with other business owners and business assist professionals, and attend the Washington County Business Conference and Marketplace as a workshop participant and/or marketplace vendor. All of these activities created significant learning opportunities for aspiring and existing businesses in the region and contributed to the success of the DEM N program.

The effectiveness of the program was greatly enhanced by the successful collaboration and coordination of services among the participating organizations. Together the DEM N partners provided 1,385 hours of technical assistance to 308 micro-enterprises. Two hundred sixty-five of those businesses requested and received an additional 1,524 hours of follow-up assistance. This level of sustained and comprehensive business support to the region's entrepreneurs would not have been possible without the active participation and contributions by all the DEM N partners.

However, with partnerships come challenges. In the process of creating the partnership that made DEM N successful, it quickly became apparent that each organization had its own organizational culture that influenced behavioral norms, attitudes, and beliefs. These organizational norms affected how each partner

worked collectively and individually with business owners. This was reflected in what client data were collected, how business management trainings and individual consultations were conducted, and how follow-up assistance was provided. Understanding and learning to work with organizational differences is challenging and time consuming. However, it is a necessary component of any successful partnership. The following guidelines should be considered when engaging potential partners for the purpose of collaborating in the planning and delivery of community-based entrepreneurship programs.

Creating Strong Partnerships

- Strengthen business service provider networks by forming a group comprised of the leadership of the State's premier business assist organizations.
- Organize quarterly round tables that provide an opportunity for county or regional business assist professionals to explore opportunities for collaboration.
- Identify opportunities where partnering makes programmatic sense from the perspective of the clients served and the partnering organizations.
- Identify program goals and the contributions each partner will make toward achieving the desired outcomes.
- Discuss organizational norms, policies, and procedures, and how they will affect the partnership, programs offered, client interaction, and data collected.

Developing Effective Educational Programs

- Take a coordinated approach to program delivery with a multi-county or regional focus.
- Develop a comprehensive, interactive website that describes available programs and provides on-line registration for all project activities and partner contact information. Incorporate links to other business resources.
- Promote project website heavily in all publicity and advertising.
- Organize trainings or workshops into modules that allow entrepreneurs to target those topics that would most benefit their business.
- Offer trainings at various times of the day and in different locations throughout the area.
- Provide opportunities for entrepreneurs to meet individually with business educators.

- Seek opportunities to co-coach/teach with representatives of the partnering organizations. Co-coaching/teaching benefits the partners and entrepreneurs.
- Provide programs in remote, sparsely populated underserved locations with special efforts made to reach individuals of lower to moderate incomes.
- Set up a protocol for carefully tracking program inputs and outcomes and review progress frequently.
- Consider incorporating an event such as a trade show, business conference, or national speaker that will serve as a project capstone.

Conclusions

Through a coordinated approach to program delivery, the DEMN project successfully helped hundreds of Maine micro-entrepreneurs improve their business management knowledge and skills. As a consequence, business owners made significant practice changes that resulted in positive economic benefits for their enterprises, families, and communities. This is especially significant because it helped to improve economic opportunity in an economically depressed region of the state. As a result, the region's entrepreneurial climate has improved.

The DEMN project also demonstrates a strategy for expanding and strengthening Extension's nationwide entrepreneurship programs through the effective use of strategic partnerships when they are properly conceived and executed. These partnerships can create programs with significant impact while maximizing the use of increasingly limited public resources. In addition, they strengthen organizational relationships that lead to other successful collaborations.

Implications for Extension

According to Atasoy, McConnon, and Gabe (2007), micro-businesses are an important source of jobs and a significant contributor to the economy in rural communities across the United States. Extension should actively support community-based entrepreneurship as a strategy for creating strong and vibrant communities by exploring opportunities to partner with other established business-assist organizations.

These organizations offer programs that support entrepreneurs and welcome program collaborators because they expand their program capabilities and improve chances for success. In addition, many funding agencies are encouraging organizations to partner in creative ways to deliver cutting-edge programs.

Extension, a rich source of research-based information for small business owners and innovative community development programming, has much to offer potential partners in the creation of highly successful programs that support community-based entrepreneurship.

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