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Encouraging Entrepreneurship in Rural Communities: The University of Kentucky Entrepreneurship Initiative Program

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Abstract

Entrepreneurship is a critical tool in rural economic development. The University of Kentucky Cooperative Extension Service is developing a new program designed to stimulate community support for existing and potential entrepreneurs in rural communities. This program is designed to interact and learn from existing entrepreneurs in order to meet their needs to create profitable and sustainable businesses. At the same time, the long-term objective is to use existing business information to develop programs to encourage potential entrepreneurs to start new businesses.

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Entrepreneurship is increasingly being recognized as critical to the future of rural America (Kansas City Federal Reserve, 2001). This recognition begs the question of what types of public programs will be most useful to encouraging and supporting rural entrepreneurs. Traditionally, credit access and business counseling have been at the forefront of entrepreneurial support systems. Organizations such as the Cooperative Extension Service, Small Business Development Center, and others have provided technical assistance, while banks, community development corporations, and local governments have provided credit access.

However, it is becoming evident that entrepreneurial support requires more than these basic tools. In fact, community-based support and an entrepreneurial climate are also critical to the success of new business owners.

The University of Kentucky Cooperative Extension Service (UK-CES) has developed and is beginning to implement a new program to assist communities in providing a supportive environment for existing and potential entrepreneurs. This program, Local Entrepreneurship Initiative, was developed by a team from the UK-CES Community and Economic Development program. It is currently being pilot tested in Green County and Wolfe County, Kentucky.

The program has a short-term and long-term objective. The short-term objective is to assist existing entrepreneurs. In providing this assistance, the hope is that more small businesses will survive the first, critical years of business. The long-term objective is to provide programs that stimulate the entrepreneurial culture of a community. In so doing, it is expected that a healthy business climate will encourage potential and aspiring entrepreneurs to start businesses.

Program Outline

The UK-CES Entrepreneurship Initiative program is inspired by work undertaken by the Center for Rural Entrepreneurship (Center for Rural Entrepreneurship, 2002). The program is divided into four major sections:

1. Preliminary development,
2. Business visitation program,

3. Strategy development, and

4. Implementation.

Preliminary development refers to the process of engaging the community in supporting the local entrepreneurship initiative. The first step is to create a volunteer local task force and coordinator in the community. Ideally, the local task force is sponsored by an organization such as local chamber of commerce, local government, county Extension office, local utility companies, banks or other community groups. The task forces' major responsibility is to ensure that the program continues to progress on a scheduled timeframe. This is likely to provide some stability to the task force and resources, including a meeting place and storage facility.

The business-visitation phase is designed to gather information from local entrepreneurs about the challenges and opportunities of starting and running a business in the community. The major factor in this phase is an in-person business survey. Members of the local task force and the university will be involved in a process to create a customized survey from a generic template.

The survey is designed to be administered to local businesses by local task force members and other volunteers. Survey training is provided by the University of Kentucky. Two-person teams will be sent out to conduct the interviews, with each team conducting up to three interviews. The main criterion for a business to be included in the survey is that it is homegrown and less than 5 years old. The objective is to try and interview at least 30 local businesses.

Once the business-visitation phase is completed, the development of a strategic plan begins. This phase of the program is informed by business visitation surveys and other community information. Marketing assistance, payroll and accounting training, technology assistance, and capital access are examples of issues that may be identified in the survey. As issues are identified, the local task force will decide on the appropriate strategy to address expressed needs and identify potential partners to implement programs.

In the implementation phase, the task force identifies and contacts organizations, such as a local community college, that can assist in marketing and payroll training. Using this information, the group also decides on programs that may assist people who are trying to start new businesses. This may, for example, be a program that assists entrepreneurs in preparing a business plan and meeting with a banker.

Follow-up and implementation are critical to the ultimate success of the program. Programs that simply collect data but do not create and implement a plan are likely to produce a negative atmosphere among entrepreneurs and the business community. The program is designed to keep the activities of the task force going for at least 4 to 6 months beyond the business-visitation and report phase. During this time, task force members will begin to implement parts of the report recommendations.

Extension's Role

Extension's role in the local entrepreneurship initiative is likely to vary, but a number of possibilities exist. The major role of Extension agents and specialists is to act as facilitators and assist the community in understanding the program, selecting a local sponsor (e.g., chamber of commerce) and creating the local task force.

Involvement on the local task force, while recommended for county Extension agents, will likely be dictated by many forces. Extension specialists' role has been to provide interview training for the local task force, survey data analysis, and a draft report concerning survey results to the local task force. The ideal situation, and the one most beneficial to the community, is when Extension agents and specialists act as facilitators but the local task force and coordinator drive the program.

Conclusion

Extension professionals need new tools and ways of thinking about rural economic development, particularly in the area of entrepreneurship. Economic changes mean our communities can no longer simply rely on agriculture or manufacturing recruitment strategies. We must encourage more local, homegrown businesses to develop.

Many organizations already provide some form of business counseling or financial capital access to rural entrepreneurs. However, very few organizations play a role in building community support and awareness for entrepreneurs and entrepreneurship. The program designed by the University of Kentucky is intended to spur communities to support and encourage entrepreneurship. Extension professionals can play critical in assisting communities in carrying out this program.

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