



**Entrepreneurship:
The Future of Montana's
Rural Communities**
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Twin Tracks for Rural Revitalization



- **Globalization**

- Ensuring that rural communities have capacities and attitudes to compete as regions
- No hiding place from the global economy – some places will win, some will lose
- Accept that global economic engines and hubs of innovation and creativity will be in most vibrant city regions – but still a role for rural
- Food systems, biotechnology, alternative energy, distributed systems

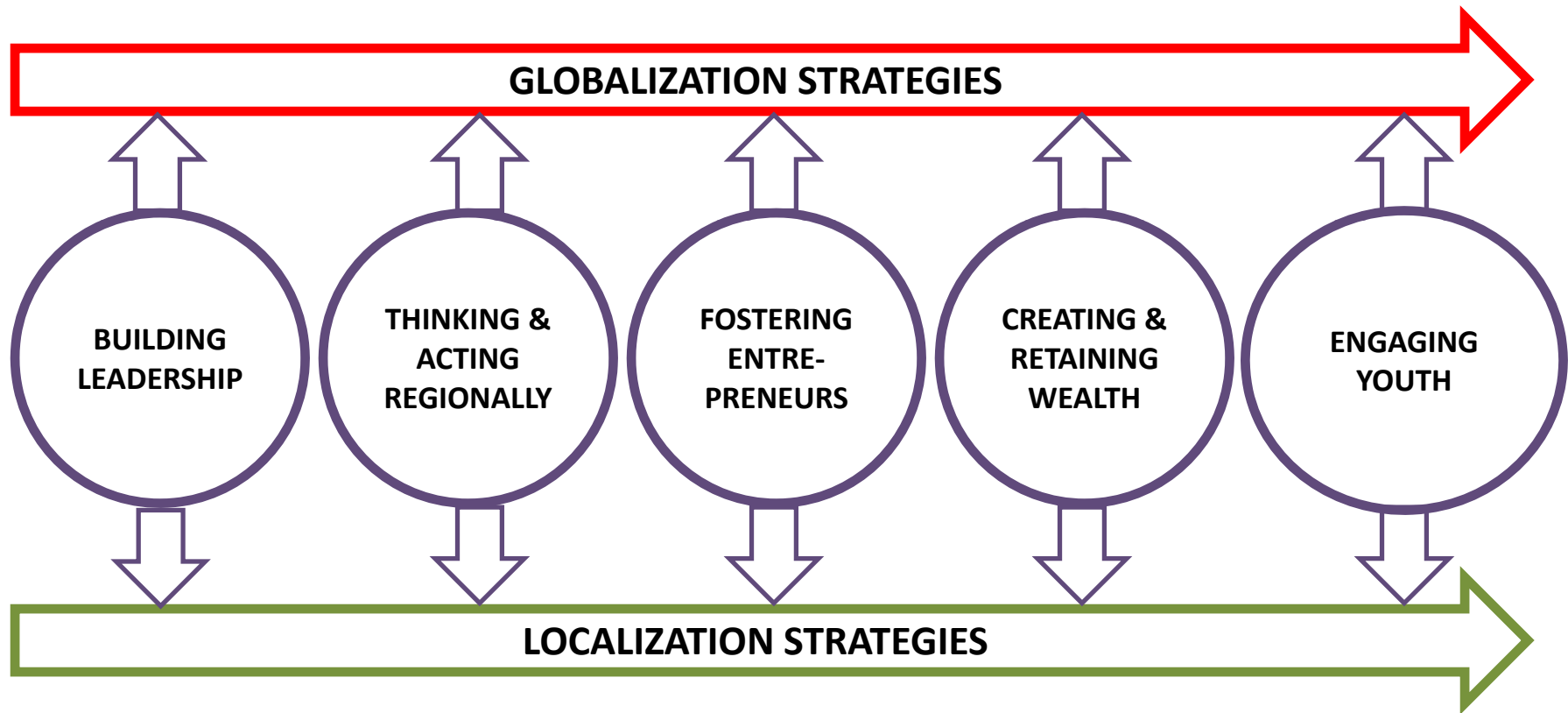
Twin Tracks for Rural Revitalization



- **Localization**







- In part a response to unwanted effects of globalization – loss of economic opportunities from outsourcing, technology applications; loss of biodiversity, landscapes, culture...
- Growing interest in low mileage and organic food, innovative farming practices, local scale renewable energy, wealth creation and capturing of value of local assets
- Shifting from “waiting to be saved” to “growing our own”

Strategies for Rural Revitalization



Kauffman Index of Entrepreneurial Activity



- In 2009, every month, an average of well over **three out of 1,000 adults** created a new business
 - 558,000 new businesses (2007 = 495,000)
 - 4.2 men  2.4 women 
 - 4.8 Latinos 
 - 3.5 Asian Americans 
 - 2.2 African Americans 
 - 5.1 immigrants 
- **Montana** had 1st = highest entrepreneurial activity rates – 4.7 per 1,000 adults

% adult (aged 20-64) non-business owner population that starts a business each month

Some Definitions



- **Entrepreneurs**...*people who create and grow enterprises*
- **Entrepreneurship**...*the process through which entrepreneurs create and grow enterprises.*
- **Entrepreneurship development**... *the infrastructure of public and private policies and practices that foster and support entrepreneurship.*
- **Entrepreneurship policy**... *fostering of a socially optimal level and type of entrepreneurship*

Many types of entrepreneurs

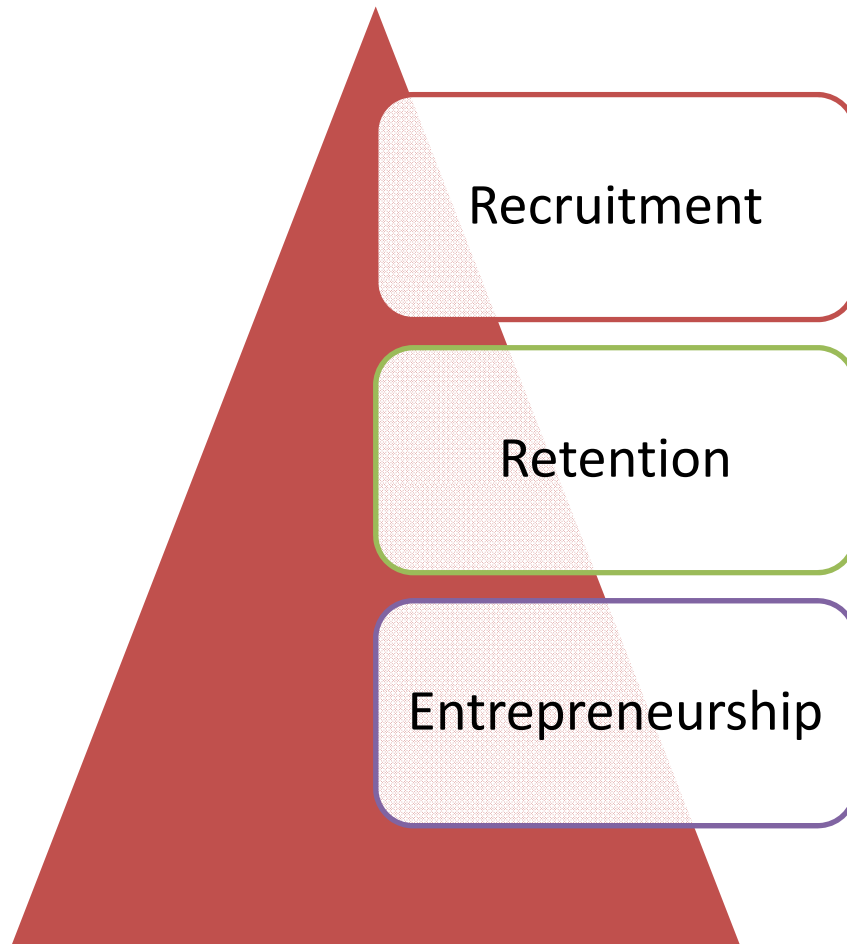


Entrepreneurship as Economic Development Strategy



- **Entrepreneurship** – the link between assets and finding new sources of competitive advantage and economic opportunity
- **Entrepreneurs** – recognize opportunity and bring together resources to turn opportunity into a viable business venture
- **Entrepreneurial communities and leaders** – understand their assets and mobilize to employ these assets through entrepreneurship development

The New Economic Development



- Entrepreneurship as the bedrock for economic development
- Emphasis on creating an e-friendly community – easier to attract and retain businesses
- E-friendly = business ***and*** community environment

What we think we know



- Entrepreneurs are **diverse** in education, skill, motivation and found in many contexts – defining characteristic is willingness to **innovate**
- **Innovation** can be found anywhere – not restricted to certain sectors or places
- Only one in ten entrepreneurs will succeed in creating significant jobs and wealth
- Unwise to try to pick winners – need to create **diverse pool** of aspiring and early stage entrepreneurs

What we think we know



- Main challenge in US is to **increase conversion rate** of early stage entrepreneurs into established businesses
- Context for economic development is rapidly changing – global integration means both **threats and opportunities** – entrepreneurial approaches more important especially in rural
- Some rural areas better endowed than others for sources of innovation or entrepreneurial climate, but all can benefit to some degree

Some trends



- **Focus on transformational potential of entrepreneurship**
 - Increasing focus on the individual entrepreneur through mentoring, coaching, peer learning – transformational skills
 - Increasing understanding of **systems approaches** to “connect the dots”, break down institutional barriers – shifting from supply to demand orientation
 - Increasing recognition of **importance of place** – both positive and negative influences (assets and attitudes)

Some trends



- **Separation of agriculture and rural development leads to overlooked opportunities**
 - 80% of farm household income is from off-farm sources; Successful farming dependent on vibrant rural communities
 - Important part of new **opportunities** in rural America – bio-energy, local food systems, ecosystem services – all offer farm- and land-based entrepreneurship possibilities
 - Weak system linkages between business support services and farm organizations – unique role for Extension

Entrepreneurship Policy Goals



Entrepreneurship Program Goals



Some US Models



- **Entrepreneurship Development Systems**

- Six Kellogg-supported initiatives putting key principles to the test – NC, NE, NM, OR, SD, WV

- **Hometown Competitiveness**

- Mobilizing local leaders, energizing entrepreneurs, engage & attracting young people, capturing wealth transfer – NE

- **Entrepreneurship League Systems**

- Lyons & Lichtenstein – entrepreneur diagnostics, service delivery systems – WV, KY +

- **Enterprise Facilitation**

- Sirolli – support/counseling to entrepreneurs and linking to resources

Some more models



- **Entrepreneurship Education**

- REAL – K-12, community colleges – experiential learning for young people (and adults) – NC, GA, +

- **Rural Innovation**

- Kentucky Innovation Fund – taking rural innovators to capital markets

- **Energizing Entrepreneurs (e2)**

- RUPRI/CRE – training and tools for entrepreneurship development by communities

- **Economic Gardening**

- Chris Gibbons – access to information, infrastructure, connections – emphasis on market research – a developing movement



**Rural Policy Research Institute
(RUPRI)**

www.rupri.org

**RUPRI Center for Rural
Entrepreneurship**

www.energizingentrepreneurs.org