

R. Long # 39 BOS 11/7/2017

## Rural Communities' Untapped Potential for Growth

***They have valuable assets that make them fertile ground for startups. To tap those assets, they need to build entrepreneurial ecosystems.***

BY: [Don Macke](#) | November 7, 2017

The primary focus of economic development across America in recent decades has been the attraction and retention of businesses. Create an office park or industrial district, offer tax and other incentives, and lure companies to the site. Yet for much of America, especially the rural communities in which I have spent much of my life, that approach no longer works. Companies are simply not returning at a sufficient rate.

Fortunately, there is a better way. It takes more time but produces business and job growth organically that is rooted in the assets and resources of the local community and therefore not likely to leave town.

The solution is to create a locally defined environment or ecosystem of entrepreneurship -- a culture and structure that facilitates the flow of ideas, talent and resources to start and grow businesses that relate to a community's specific environment. Perhaps surprisingly, the very same communities that may not be able to attract existing companies provide fertile ground for startups. I've seen it happen repeatedly, and there's proof.

The key is for rural communities to recognize that they have valuable assets, one of which is the very nature of rural life. In an increasingly congested and impersonal world, there is great appeal to a close-knit community. The qualities associated with rural life are particularly conducive to the creation of entrepreneurial ecosystems and the free flow of information, skills and resources.

The challenge is, first, to move away from the old approach, which is so comfortable for many government officials. But that approach takes time, energy and resources away from creating an entrepreneurial ecosystem.

Building such an ecosystem requires assessing local assets and resources, engaging people associated with them, and creating mechanisms for bringing those people and prospective entrepreneurs together, ensuring that the people involved are broadly diverse and building a collaborative vision with energetic buy-in.

While the two approaches to growth could theoretically coexist, and may at some level, most communities have limited resources and must choose one or the other. That choice is crucial but made easier in a digital age, when opportunities to create dynamic local environments exist to a remarkable degree.

Entrepreneurial ecosystems offer opportunity that any community can embrace and pursue, especially ones that have watched the old approach leave them empty-handed. Holt County, Neb., is a great example, and typical of rural communities in the Great Plains. The underlying economy is rooted in agriculture and ranching with some related manufacturing. The county's population peaked in 1920, when it had 17,000 people; today there are 10,000.

I started working there in the 1990s, when the economy had reached a crisis point. We created a countywide economic-development group committed to an entrepreneurship-focused strategy. It took time for that strategy to have demonstrable impact, but between 2007 and 2015 82 businesses were created in the county, according to the Nebraska Community Foundation. They range from boutiques to a hydroponic vegetable grower to a copper mug manufacturer. Over the same period, 39 existing businesses expanded and 26 transitioned to new owners. The 30-year-old age cohort grew by 30 percent.

A recent analysis highlights the development further. Between 2000 and 2015, employment in Holt County grew by 1,272 full and part-time jobs. Personal income grew by \$166,427,000, and per-capita income grew by \$19,887.

Local entrepreneurial ecosystems like Holt County's needn't exist in isolation. [NetWork Kansas](#), one of the nation's most comprehensive statewide entrepreneurial ecosystems with more than 500 resource partners, is generating impressive results while serving primarily small communities. Between 2008 and 2016, NetWork Kansas had an impressive level of impact: 590 businesses supported with financing resources; \$300 million in deal flow for new business development; \$15 million in NetWork Kansas-related financing; \$285 million in other capital leveraged; and nearly 3,000 net jobs created or saved.

On an even broader scale, this June the Kauffman Foundation, which champions entrepreneurship and education, convened [the first-ever ESHIP Summit](#), drawing more than 400 ecosystem builders from 48 states, Puerto Rico and the District of Columbia, plus nine other countries. That geographic breadth underscores the point that ecosystem building is relevant across the nation and beyond.

Every community has assets that are valuable to ecosystem building and has the potential to build a growing entrepreneurship-focused economy. It doesn't come quickly, but it's available to everyone. That's something that cannot be said of traditional business attraction.

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