

Iowa Community Entrepreneurship Collaborative Alliance (ICECA)

The Concern: Iowa exhibited the slowest growth in population and gross state product among the surrounding states during the 1990s based on U.S. Census and Department of Commerce statistics. Entrepreneurial activity explains 70 percent of economic growth variation among nations, according to the 2000 Global Entrepreneurship Monitor which is supported by the Kauffman Foundation. Iowa Ranks 49th in new business startups according to 2002 U.S. Small Business Administration state profiles. Recent reports (Kauffman, Kellogg) suggest entrepreneurial development in nonmetro regions is vastly different from metro areas, often requiring different approaches, grassroots networks and collaboration.

The Proposal: Create an Iowa Community Entrepreneurial Collaborative as an roundtable/alliance where all groups in Iowa with entrepreneurial development expertise, resources, and support networks are welcome to participate. The Collaborative's purpose would be to provide incentives for (1) innovative entrepreneurial development initiatives, (2) collaboration across areas of expertise and resource networks, and (3) sharing of success stories and lessons learned with others interested in supporting entrepreneurship. The specific objectives are to:

- Increase business startups, new jobs created, and entrepreneurial firms retained
- Increase entrepreneurs attracted to Iowa for purposes of starting new ventures
- Increase opportunities for entrepreneurial second stage growth companies

A Missing Link in Rural Iowa: Community-Based Entrepreneurship Capacity with External Links.

Nationally, 10.5% of the adult population is involved in entrepreneurial activity. Entrepreneurship is not restricted to income level, gender, or targeted sector of the economy. Thus, targeted industry strategies miss the lion's share of potential entrepreneurial development opportunities. Success is more likely to be maximized with multiple networks that connect with aspiring entrepreneurs and potential second stage growth entrepreneurs where they live and work. Such approaches cross the lines of gender, income, and industry. Leading national experts and Foundation reports suggest effective entrepreneurial development systems in rural areas involve building community capacity linked to regional networks.

In 2002, the Community Vitality Center (CVC) sponsored entrepreneurship forums in ten counties, ranging in size from Adams to Johnson County. Half of the 300 participants represented community and development leaders, but the remainder identified themselves as aspiring entrepreneurs and/or currently involved in a business startup. Of the three strategies discussed, only 11 percent of the participants favored "self-help" entrepreneurship strategies without public sector involvement. However, 88 percent of the participants favored community initiatives by public/private partnerships to support entrepreneurs, and 67 percent favored strategies to link local initiatives with regional expertise and resources.

In a 2004 CVC study, Iowa leaders from each of eight nonmetro communities could identify at least one homegrown business started in an earlier decade that is now one of the major top local employers. But when asked in the interviews, none of the leader groups could identify local entrepreneurship programs in place beyond revolving loan funds. All leader groups were interested in what could be done locally on a cost-effective basis, underscoring potential for entrepreneurial development in Iowa's nonmetro areas.

CVC and others have learned that entrepreneurial development capacity can be enhanced by a number of models. One development corporation of a county with 6,000 people in a neighboring state shifted its \$75,000 budget to entrepreneurship in 1990 and demonstrated capacity to facilitate 10 new firms with 25 new jobs and 10 expansion/retention projects with an additional 29 jobs per year for the 1990s. Another pilot project including some Iowa observations demonstrated that given extra training and mentoring assistance, low income entrepreneurs can reach a 49% five-year startup success rate--a rate of success similar to other startups. These are but two examples of entrepreneurial success in nonmetro areas.

The Community Vitality Center (CVC) was created to become a catalyst on issues affecting the vitality of nonmetro communities. CVC has established collaborative partnerships with several groups interested in CVC's two primary initiatives: Community Entrepreneurship and Community Philanthropy. During the past 3 years, CVC has sponsored over 50 projects and workshops in Iowa communities. CVC projects include community entrepreneurial centers, MyEntreNet workshops, Sirolli workshops, business plan competitions, rural community college intern programs, entrepreneurial coaching networks, community entrepreneurship forums, entrepreneur development planning workshops, entrepreneurial boot camps, and others. CVC led the organization of a statewide Community Entrepreneurship Academy attracting 150 community leaders from across the state. In another effort, CVC co-led a coalition of 30 groups in response to a Kellogg Foundation initiative. CVC has conducted community case studies and collaborative relationships with the Rural Policy Research Institute, North Central Regional Center for Rural Development, National Center for Rural Entrepreneurship, and other national networks.

Collaborations Represents an Opportunity to Move Iowa Up in Entrepreneurship. The CVC Board concludes the national rank of 49th in new business startups should be unacceptable to Iowans. A wide range of groups, organizations, and networks are supportive of entrepreneurship and may have something to offer in terms of resources and expertise for moving Iowa up from the bottom in national ranks. To date, Iowa has been unable to build collaborative linkages across organizations, approaches, expertise, and networks. CVC endorses all entrepreneur development programs operating in metro areas and seeks to multiply the benefits of urban based networks by encouraging coordination and collaboration to the extent possible with rural community based networks. As a "lead template center" with leadership representing diverse community interests in charge, CVC seeks to leverage federal, state and private funding to incent (1) innovative entrepreneur development projects, (2) a wide variety of models, strategies, and approaches, (3) collaboration and strategic partnerships among entrepreneur development and support groups to take advantage of the many unique strengths and capabilities that various groups bring to the alliance and to provide accountability for local stakeholders.

In 2004, the CVC Board developed a list of diverse entrepreneurial development approaches and projects that have a stake in creating entrepreneurial development capacity across the state for response to a W.K. Kellogg Foundation RFP. CVC has established collaborative partnerships in several project areas with limited CVC funds from federal and private sources. Optimum success however, is likely to be achieved only if more of Iowa's assets and networks work together in a collaborative approach.

1. Community Entrepreneurship Development Centers (leveraging CVC Challenge Grants)
2. Local Community Entrepreneurial Asset Inventory & Support Team Development (ISUE/PDI)
3. MyEntreNet-UNI-IDM & SBDC Capacity Expansion Project
4. Microenterprise entrepreneur support for targeted low income areas (ISED/Faith Groups/ ISUE)
5. SBDC/ISU Extension Coaching Networks working with Banking, Business & Utility interests
6. Entrepreneurial Communities Network (led by Fairfield Entrepreneurs Association)
7. Community Business Plan Competition Networks (CVC with local sponsors)
8. SW Iowa Coalition Entrepreneurial Center & Network
9. Community College and Private College Entrepreneurship Initiative
10. CVC/Pappajohn Center Youth Entrepreneurship Programs for Middle and High School
11. ISUE-Pappajohn Center Virtual Research Park Initiative
12. IMEP/CIRAS Second Stage Manufacturing Growth Initiative
13. Value Added Agriculture New Ventures (Renewable Energy, Ag Mkt Center, Biowa)
14. Serial Entrepreneur Group Expansion Project (FEA & Ag Ventures Alliance)
15. Rural Entrepreneurial Capital Networks and Microenterprise & Business Succession Gaps
16. Iowa Department of Economic Development Entrepreneur and Venture Capital Programs
17. SBA/USDA Rural Development Entrepreneurial Programs
18. County Philanthropy Endowments for Community Entrepreneurship Development