



# Entrepreneurship 101: Entrepreneurial Ecosystem Building

Tessa Conroy  
UW-Madison



Sarah Low  
University of Missouri



# Why Entrepreneurial Ecosystem Building?



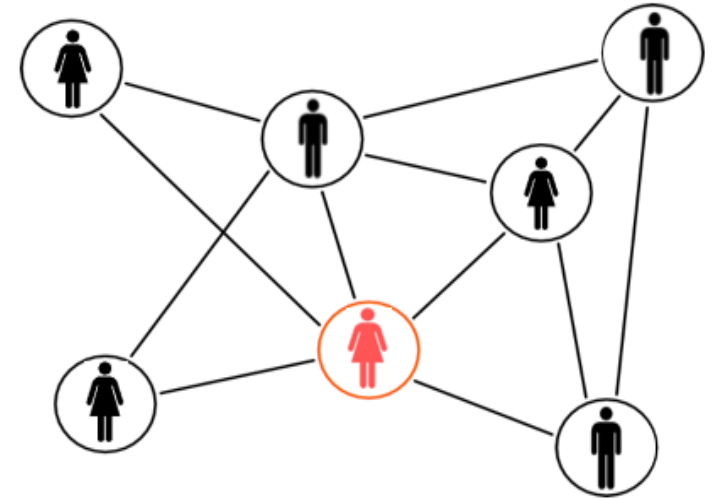
# Why Entrepreneurial Ecosystem Building?



- EE increase the quantity and quality of entrepreneurial activity
  - Sending more entrepreneurs to SBDC
  - Sending higher-quality ventures to SBDC!
- EE Building:
  - Encourages dynamism (competition, innovation)
  - Creates a “buzz” around entrepreneurship
    - Attracts more entrepreneurs and investment
    - Creates spillovers and in-turn more creative destruction
    - All this leads to economic and cultural benefits

# Why Entrepreneurial Ecosystem Building?

- Equitably enhancing entrepreneurship.
  - Inclusive approach.
  - Can benefit historically underserved.
- More consistent with portfolio approach.
  - Develop multiple assets.
  - Avoid “picking winners.”
  - Reduce vulnerability to losses in a particular firm or industry.



# Why Entrepreneurial Ecosystem Building? Networks!

- Entrepreneurial networks are weak in parts of rural America
  - Negatively impact entrepreneurial successes
  - Entrepreneurial networks define entrepreneurial regions
- Entrepreneur-to-entrepreneur networks are vital; however, entrepreneurial networks must contain more than supportive fellow entrepreneurs
- Community leaders, elected officials, educators, are a vital part of the ecosystem
  - **Can you think of would-be entrepreneurs who have been discouraged from starting a business?**
  - **Is your community supportive of entrepreneurs, risk-taking, and “doing things differently?”**



# What is an Entrepreneurial Ecosystem?

Answer: it varies!

# What is an Entrepreneurial Ecosystem?

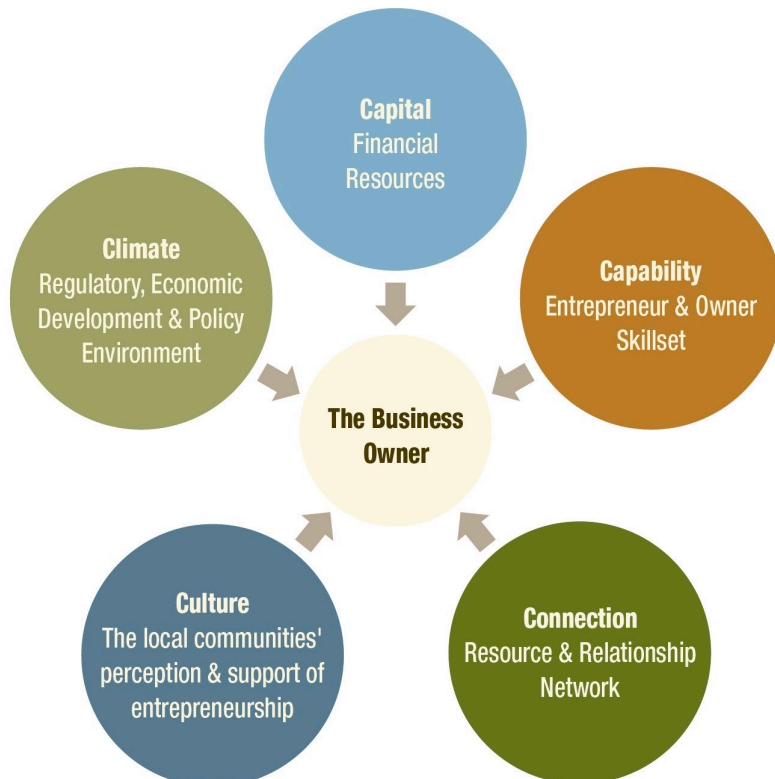
- We use the term ecosystem to emphasize **the importance of networks and systems** in fostering entrepreneurship
- OECD definition: An entrepreneurial ecosystem is a set of locally interconnected entrepreneurial:
  - Actors (e.g., current and aspiring entrepreneurs)
  - Organizations (e.g., businesses, banks, VCs)
  - Institutions (e.g., universities, governments)
  - Processes (e.g., entrepreneurial ambition and acceptance)

# Components of entrepreneurial ecosystems

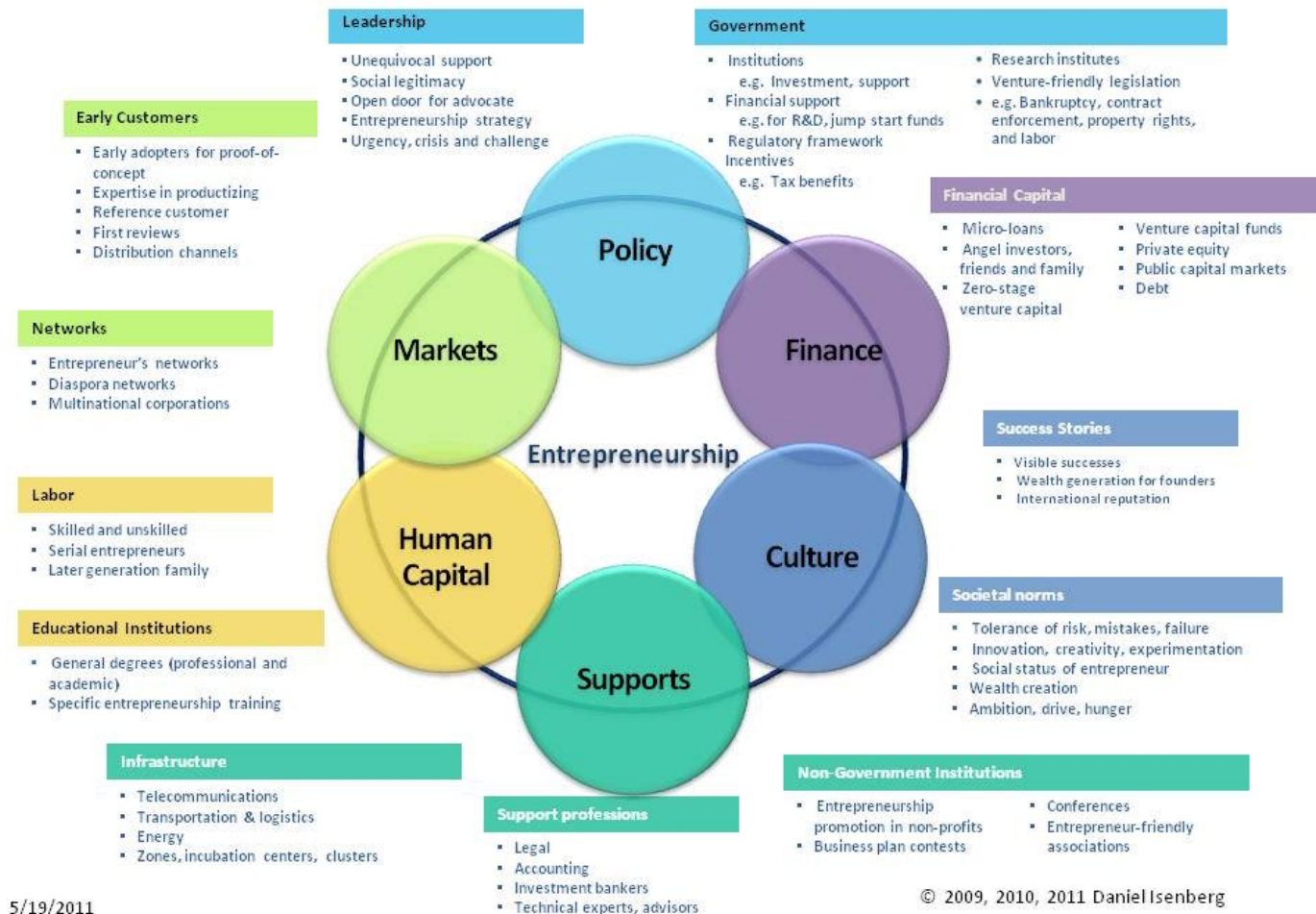
- Many different descriptions exist, but they are all pretty similar!

## Center for Rural Entrepreneurship

### 5 C'S OF THE ENTREPRENEURSHIP ECOSYSTEM



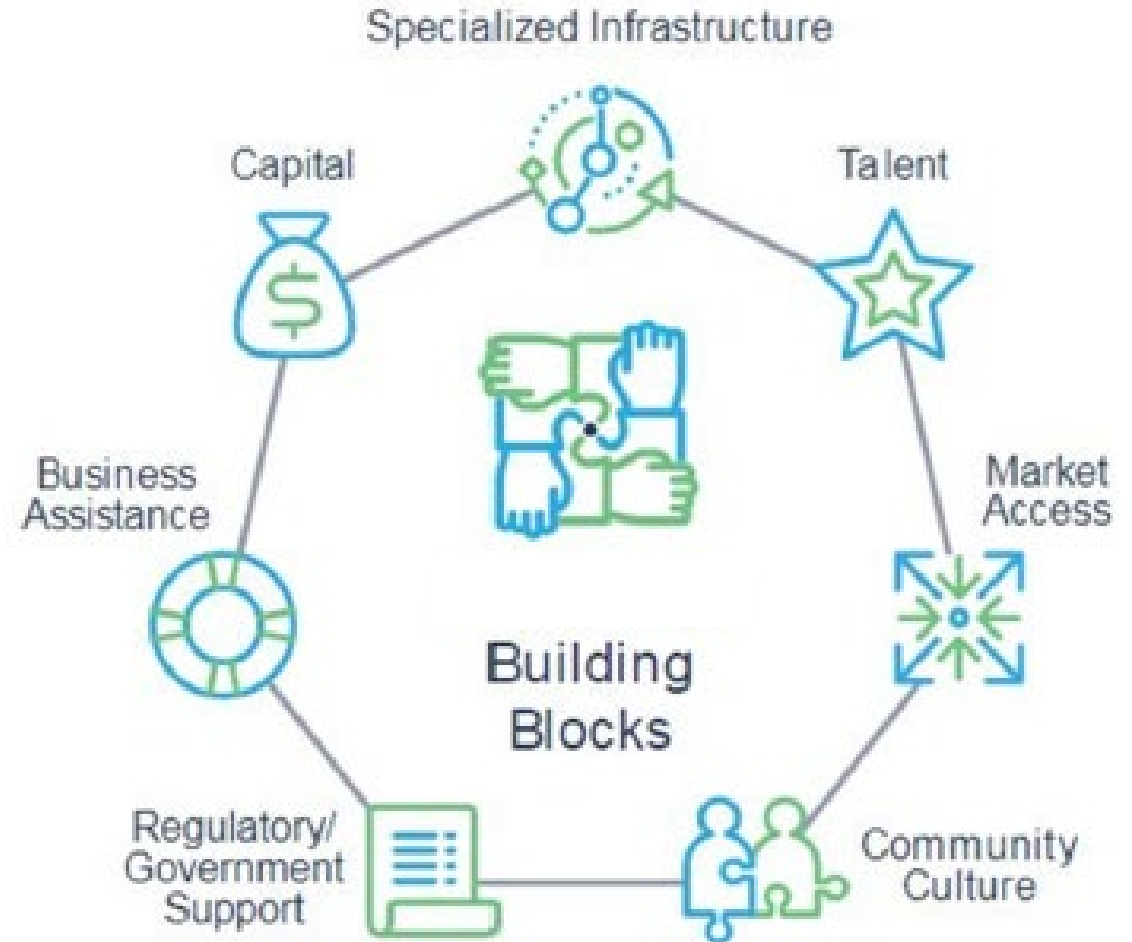
## Domains of the Entrepreneurship Ecosystem



# Components of a rural entrepreneurial ecosystem

We need to build an entrepreneurial ecosystem that includes:

- Leaders/culture supportive of risk-taking, innovation and entrepreneurship
- Technical assistance providers
  - Lenders, lawyers, accountants
- Specialized infrastructure (e.g., broadband)
- Available workforce
- Market access



Graphic used with permission from Erik Pages and the Center for Regional Economic Competitiveness





# How to build entrepreneurial ecosystems

Answer (again): it varies!

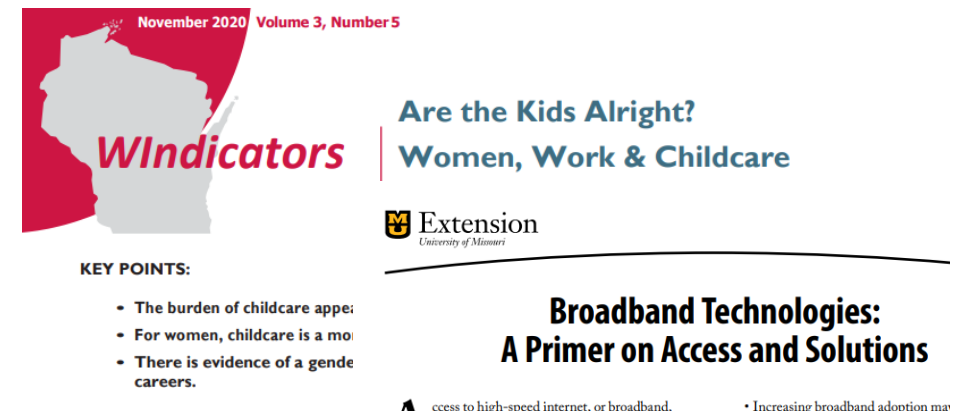
# How to build an entrepreneurial ecosystem?

- Creating an entrepreneurial ecosystem requires a community to think about the environment in which firms operate and not about a specific business
  - **How can we make our region more entrepreneur-friendly?**
- There is no recipe for entrepreneurial ecosystem development, each region has:
  - a unique set of people, institutions, and existing networks
  - a unique culture and history
  - unique assets, markets, policies
  - **What assets makes your community/region unique?**

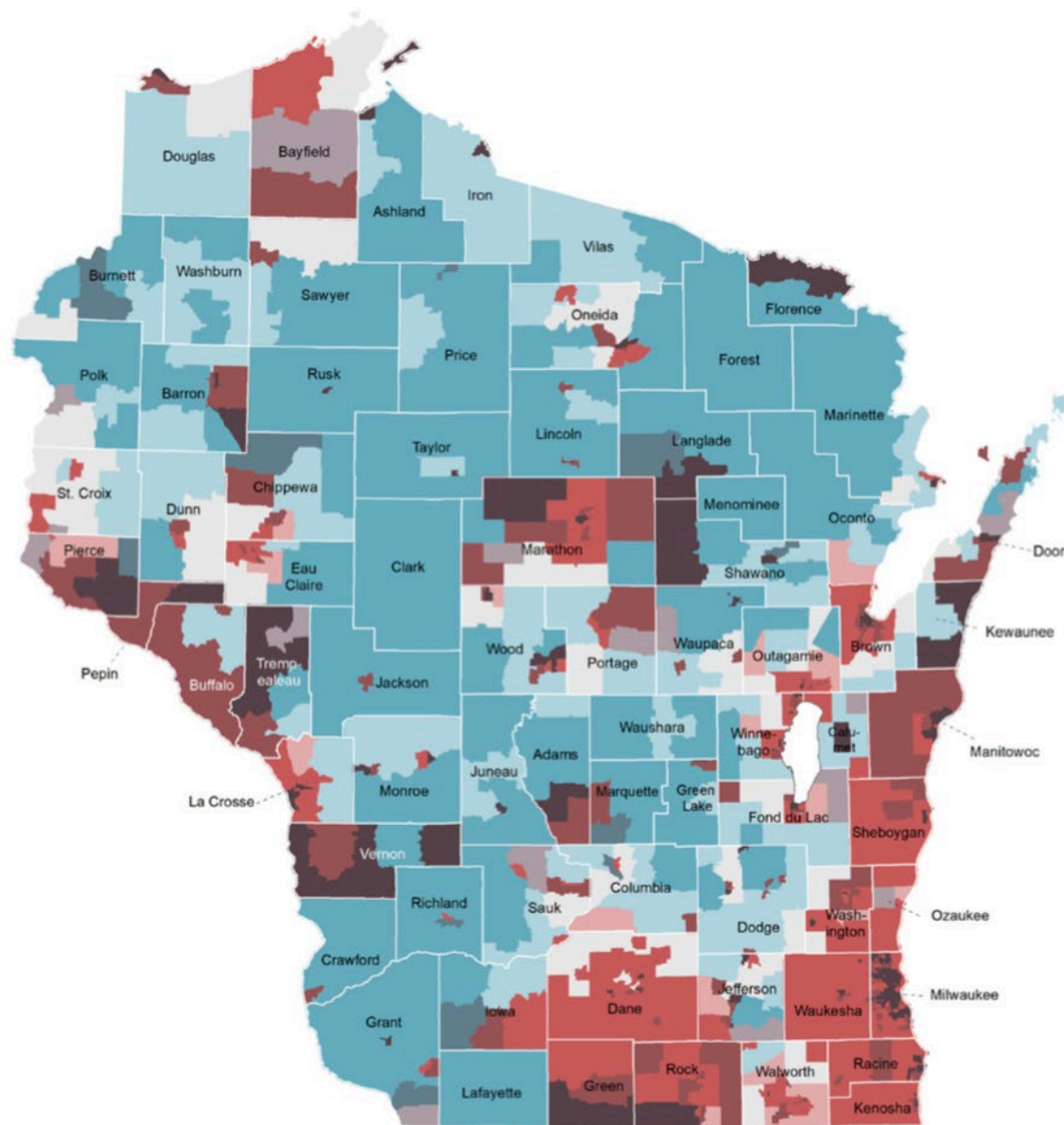
# Some Building Components of the Ecosystem

- Broadband (infrastructure)
  - More access to broadband → more start-up activity
  - Especially among small, rural, and women-owned businesses
- Small Business Lending (capital)
  - More small business lending → more start-up activity
  - Access to financial capital could include credit unions, CDFIs, loan funds, local investment groups, CSEs
- Childcare (infrastructure)
  - More childcare → More self-employment
  - Owners are entrepreneurs themselves.
  - Necessary service to support other entrepreneurs.
- Social capital (culture)
  - Networks, norms, and trust
  - Leverage to support entrepreneurs

Look for Cooperative Extension resources! →



# SHARE OF POPULATION WITH ACCESS TO BROADBAND VS. SHARE OF HOUSEHOLDS WITHOUT INTERNET BY WISCONSIN CENSUS TRACT



Population with Access  
to Broadband (25/3 Mbps)

Households without  
Internet Access

## Share of Population with Access to Broadband (FCC Form 477):

State of Wisconsin: 92.3%

United States: 94.8%

## Share of Households without Internet Access (ACS):

State of Wisconsin: 15.8%

United States: 15.8%

# Broadband

- Attracting new businesses, fostering entrepreneurship, enhancing farm profits.
- More startup activity in places with greater access.
  - Effect is even larger in the most remote rural counties.
  - Also larger for small and women-led businesses.
  - Download speed more important than upload
  - Variations by industry.

Forthcoming

*American Journal of Agricultural Economics*

**Rural Broadband Speeds and Business Startup Rates**

Article

**Entrepreneurship,  
Broadband, and Gender:  
Evidence from  
Establishment Births  
in Rural America**

International Regional Science Review

1-33

© The Author(s) 2021

Article reuse guidelines:

[sagepub.com/journals-permissions](https://sagepub.com/journals-permissions)

DOI: 10.1177/01600176211018749

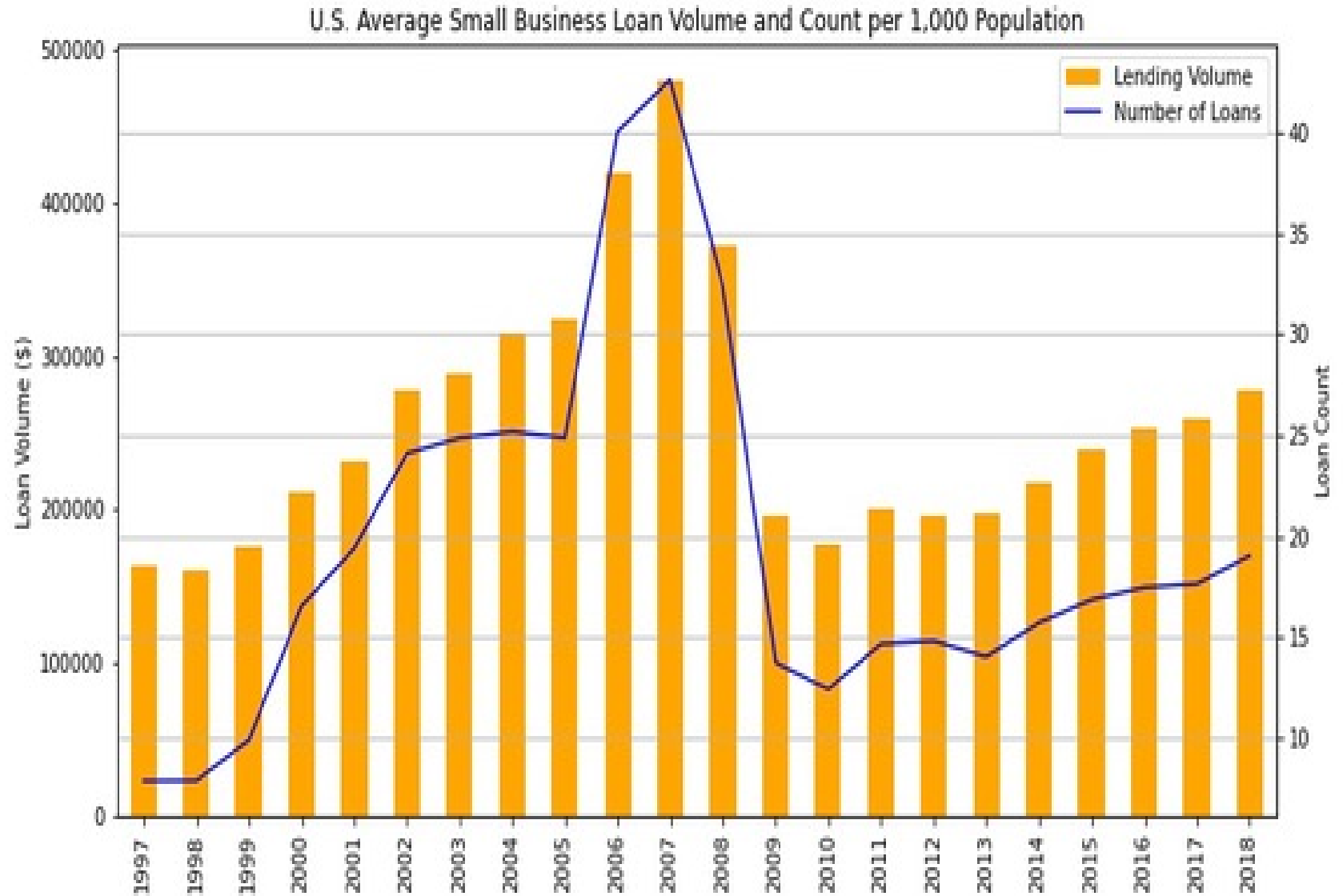
[journals.sagepub.com/home/irx](https://journals.sagepub.com/home/irx)



# Broadband Opportunities

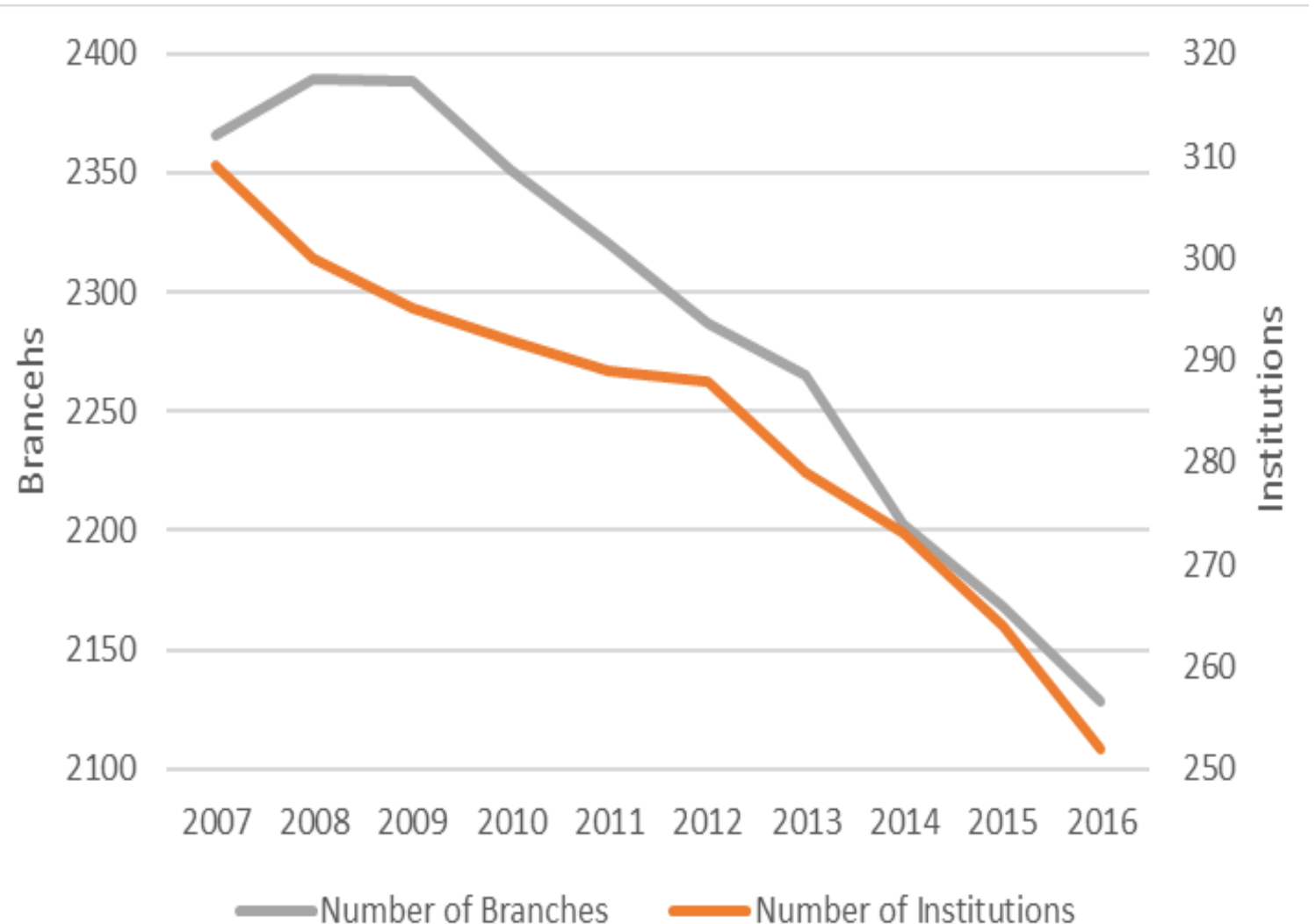
- Focus on adoption?
- Less than  $\frac{1}{4}$  of federal spending on rural expansion has gone toward affordability/adoption.
- Important for attracting private investment.
  - Affects the take rate
- Affordability
  - Assistance for households who could utilize programs
    - Subsidy?
  - Cost of infrastructure
  - Competition and alternative models
    - Models other than profit maximization
- Preferences
  - Value and willingness to pay
  - Digital literacy

Lending has  
been slow  
to recover  
from the  
recession.



Financial  
institutions  
and branches  
have declined  
in Wisconsin.

Number of Financial Branches and Institutions





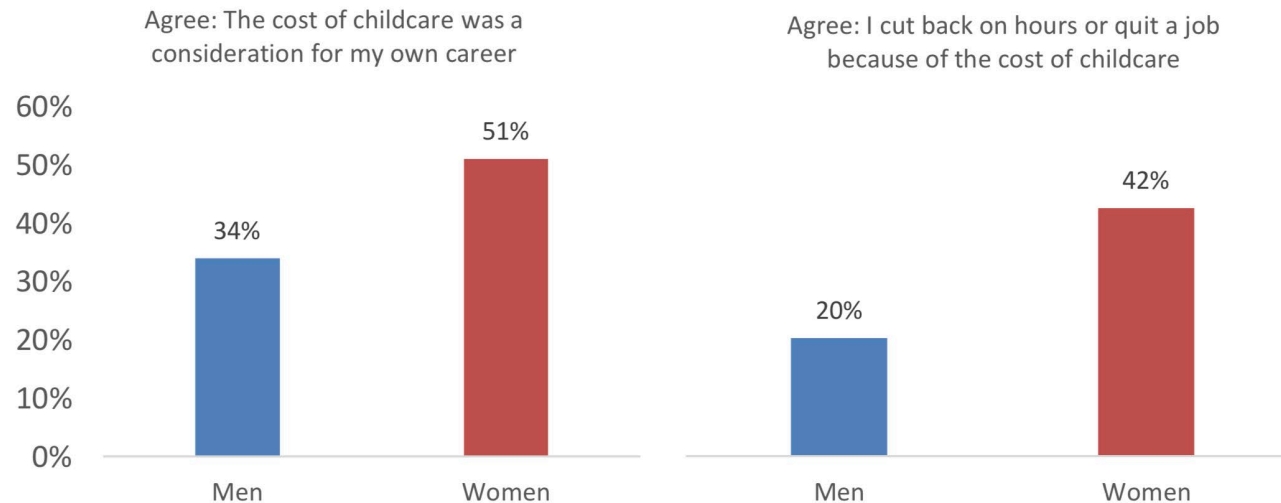
# Financing Opportunities

- Community Supported Enterprise
  - Community ownership of a business
  - Community membership to a business
- Rotating Loan Funds
- Credit Unions
- Community Development Financial Institutions

# Childcare

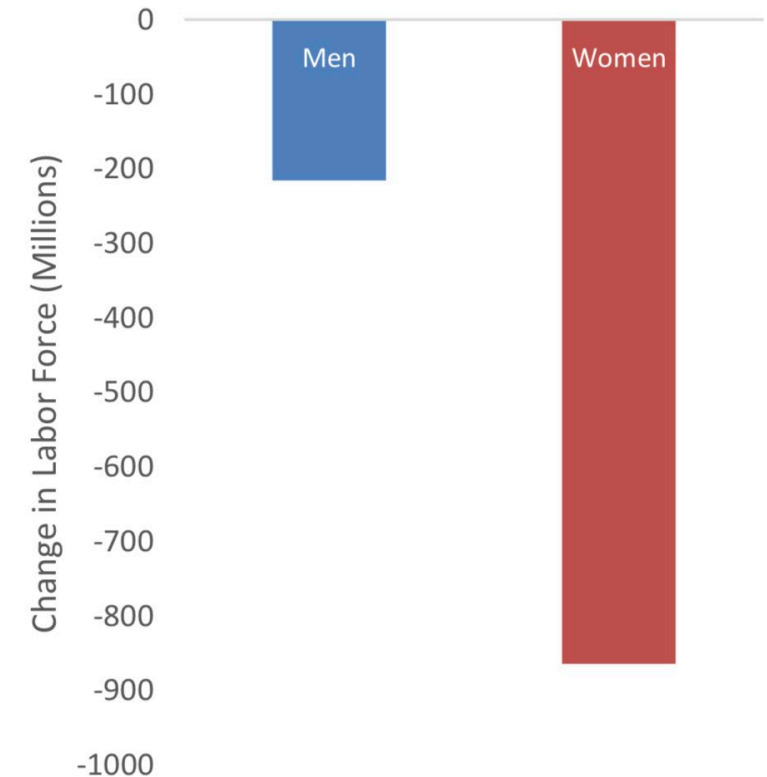
- Childcare availability boosts labor force participation and self-employment.
  - Female labor force participation is 5-10 percentage points lower than for males
  - Female labor force participation reached it's lowest point in decades during the recession.

**Figure 2: Role of Childcare Costs in Employment Decisions by Gender**  
(n=1,176)



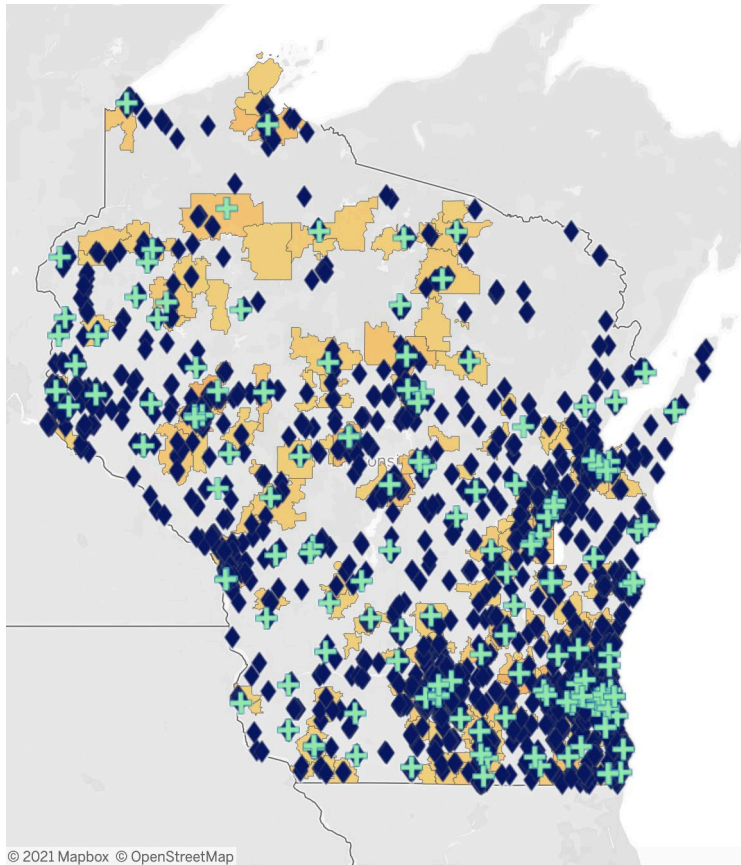
**Source:** Wisconsin Economy Survey. Fielded by YouGov.com September 2020 **Notes:** Survey n=1,500; Parents/guardians determined by affirmative answer to "Have you or your partner been the parent or guardian to children of any age, now or in the past?" n=1,176

**Figure 1: Change in Civilian Labor Force, Age 20 years and over, August 2020 to September 2020**



Source: Bureau of Labor Statistics, Table A-1. Household Data. Available at <https://www.bls.gov/news.release/pdf/empst.pdf>

# Childcare desserts are common.

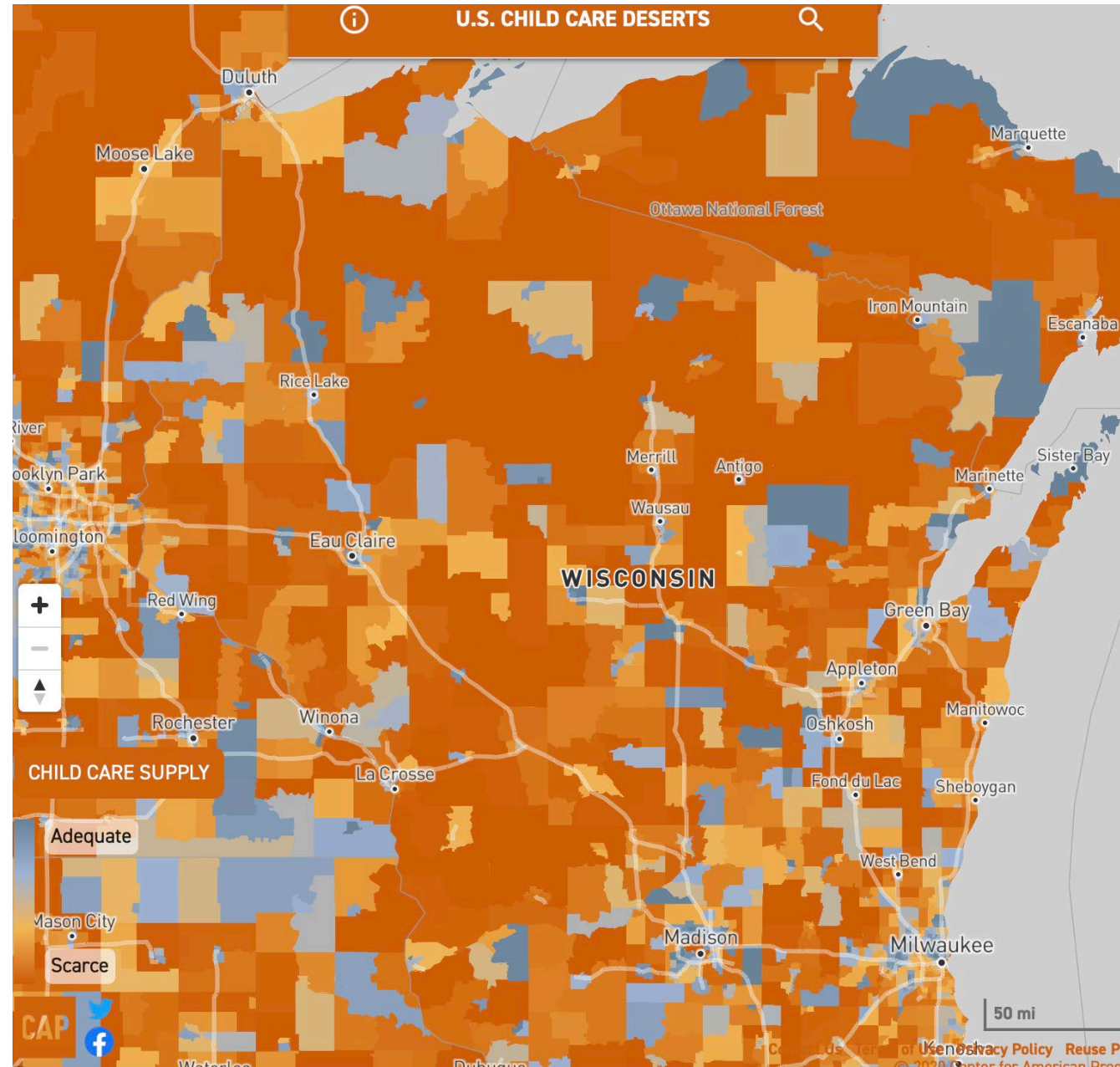


A Bright Start At Jackies Daycare	
920 Knoke St Gresham, WI 54128	
Total Slots:	0
Slots for Age Under 2:	0
Slots for Age 2-3:	0
Slots for Age 4-5:	0
Slots for Age Over 6:	0..

A Brighter Future Family Childcare	
3129 W Juneau Ave Milwaukee, WI 53208-2937	
Total Slots:	11
Slots for Age Under 2:	2
Slots for Age 2-3:	3
Slots for Age 4-5:	3
Slots for Age Over 6:	3..

A Childs Haven	0000587
N1984 Evanswood Rd Weyauwega, WI 54983-8506	
Total Slots:	0
Slots for Age Under 2:	0
Slots for Age 2-3:	0
Slots for Age 4-5:	0
Slots for Age Over 6:	0..

A Childs Imagination Inc	1000
1368 Cold Spring Rd Neenah, WI 54956	
Total Slots:	12
Slots for Age Under 2:	0
Slots for Age 2-3:	1
Slots for Age 4-5:	1
Slots for Age Over 6:	10..





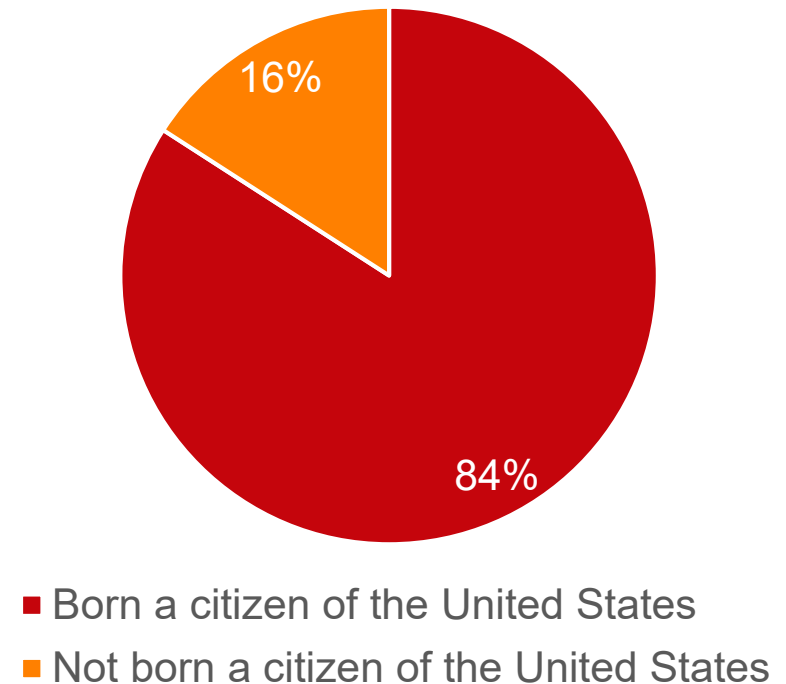
# Childcare Opportunities

- Resources from Extension
  - Bootcamp
- Shared Services Model
- Childcare cooperatives
  - Employee/business/parent-owned
- Engaging the broader community
  - Using the schools

# Foreign Born Entrepreneurs

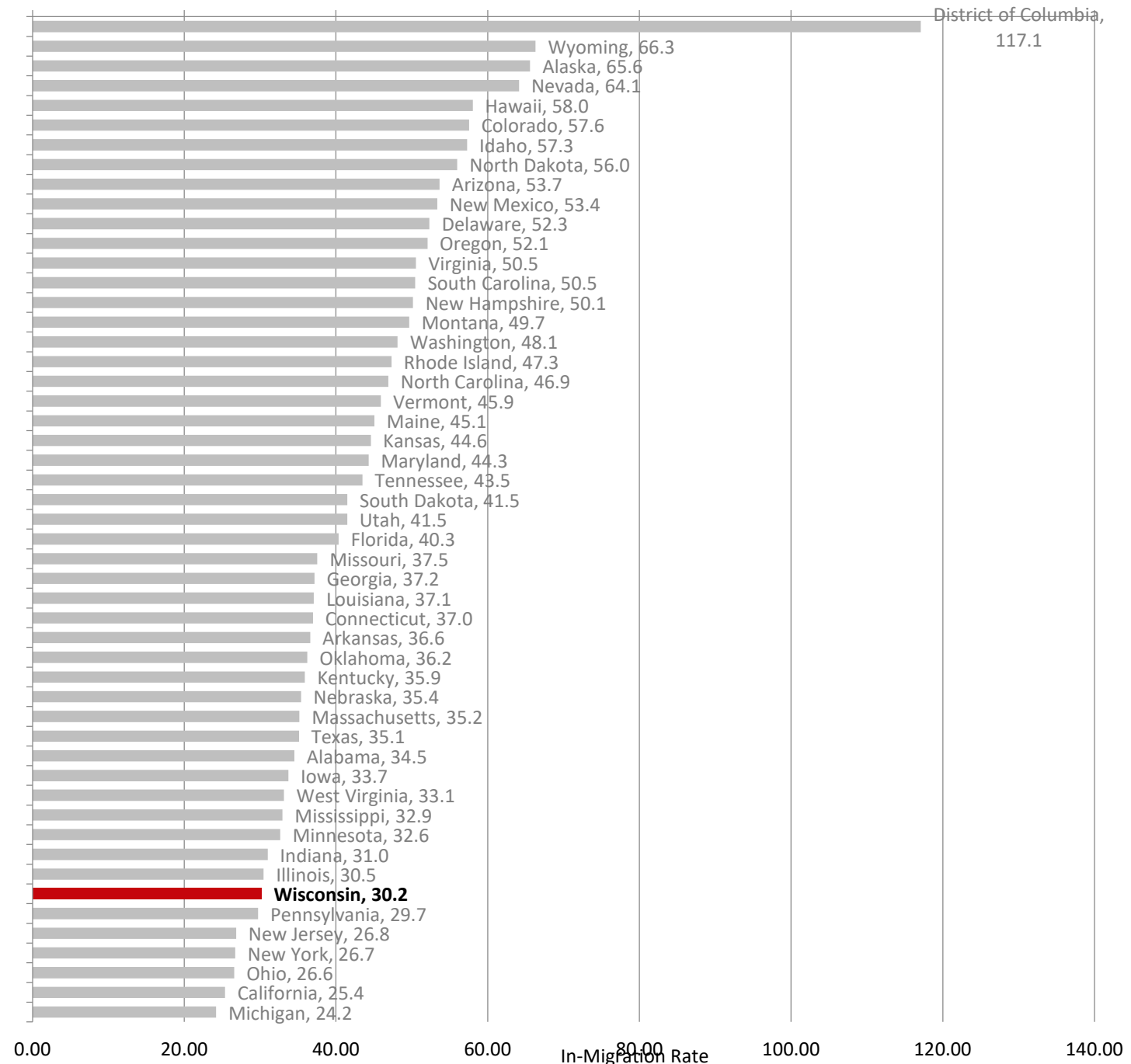
- Foreign-born individuals are **more than twice as likely to start a business than native-born citizens**
- International students founded **1 out of every 4** U.S. startups valued >\$1B
- Midwest tends to have fewer foreign-born residents
  - 5% of WI population, **5%** of entrepreneurs
  - 13.5% of U.S. population, **16%** of entrepreneurs

Foreign-born Business Ownership  
United States, 2016



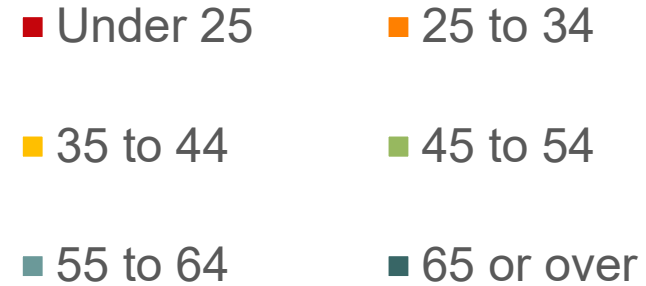
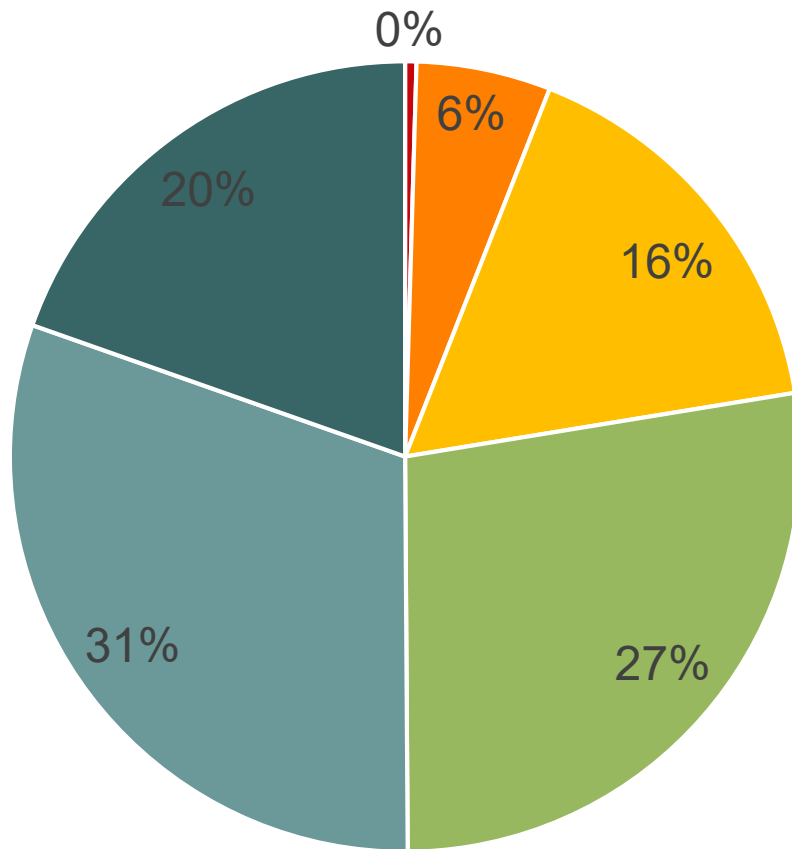
# Wisconsin has low domestic in-migration.

(2011-2015 5-year Estimates)  
Per 1000 Population Age 18 to  
64 with a Bachelor's Degree



# Age

Age of Business Owners, United States 2016



“Lots of cool things are going on in rural America,” says Mary Ann Kristiansen, founder of the Hannah Grimes Marketplace and the Hannah Grimes Center for Entrepreneurship in Keene, N.H. Among those “cool things” is the way older adults have been embracing entrepreneurship in rural communities.

Some of the older entrepreneurs are moving to rural towns for the low-cost, easygoing lifestyle. Others already live there and have decided to start businesses as their encores.

# Social Capital and In-Migration

- Placemaking
  - Entrepreneurs are footloose.
  - UW-Extension Placemaking team
- Near and newly-retired populations
  - High human capital/financial capital
  - Age-inclusive programming and initiatives
- Foreign-born population
  - Immigrants nearly twice as likely to become entrepreneurs

# Connecting Entrepreneurial Communities

- Seven states' cooperative extension co-hosted a virtual conference
  - Michigan, Minnesota, Nebraska, North Dakota, South Dakota, Pennsylvania, New Hampshire and Missouri in November, 2020
  - 314 participants
  - 43 virtual sessions
- Creating (Connecting) Entrepreneurial Communities conferences in many states





# CREATING ENTREPRENEURIAL COMMUNITIES

Hannibal, Missouri  
Sept. 29-30, 2021





# Homegrown: Entrepreneurship in your Community—An entrepreneurial ecosystem curriculum

This day-long workshop helps participants create a supportive entrepreneurial ecosystem so that entrepreneurs get supportive signals from community leaders



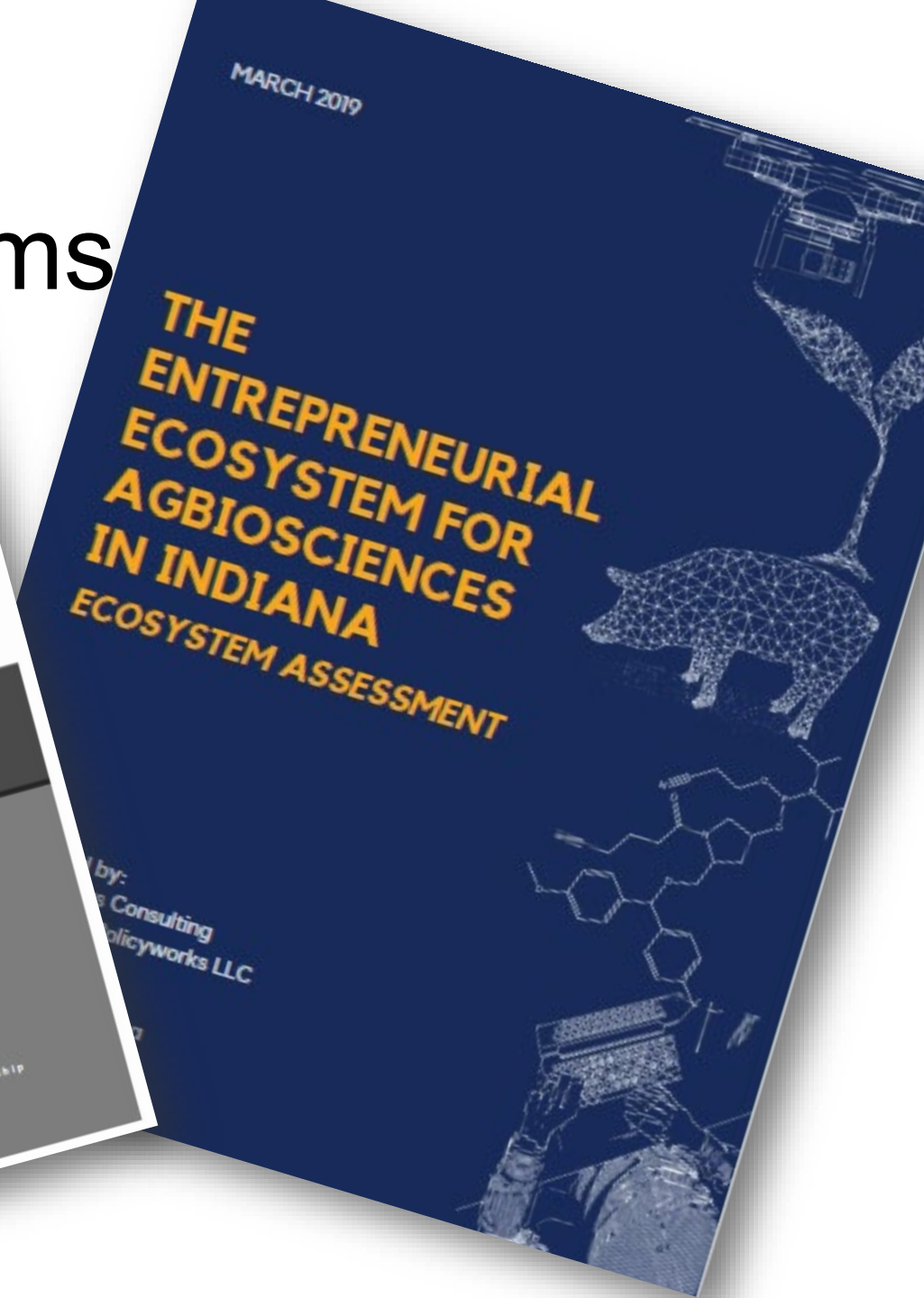
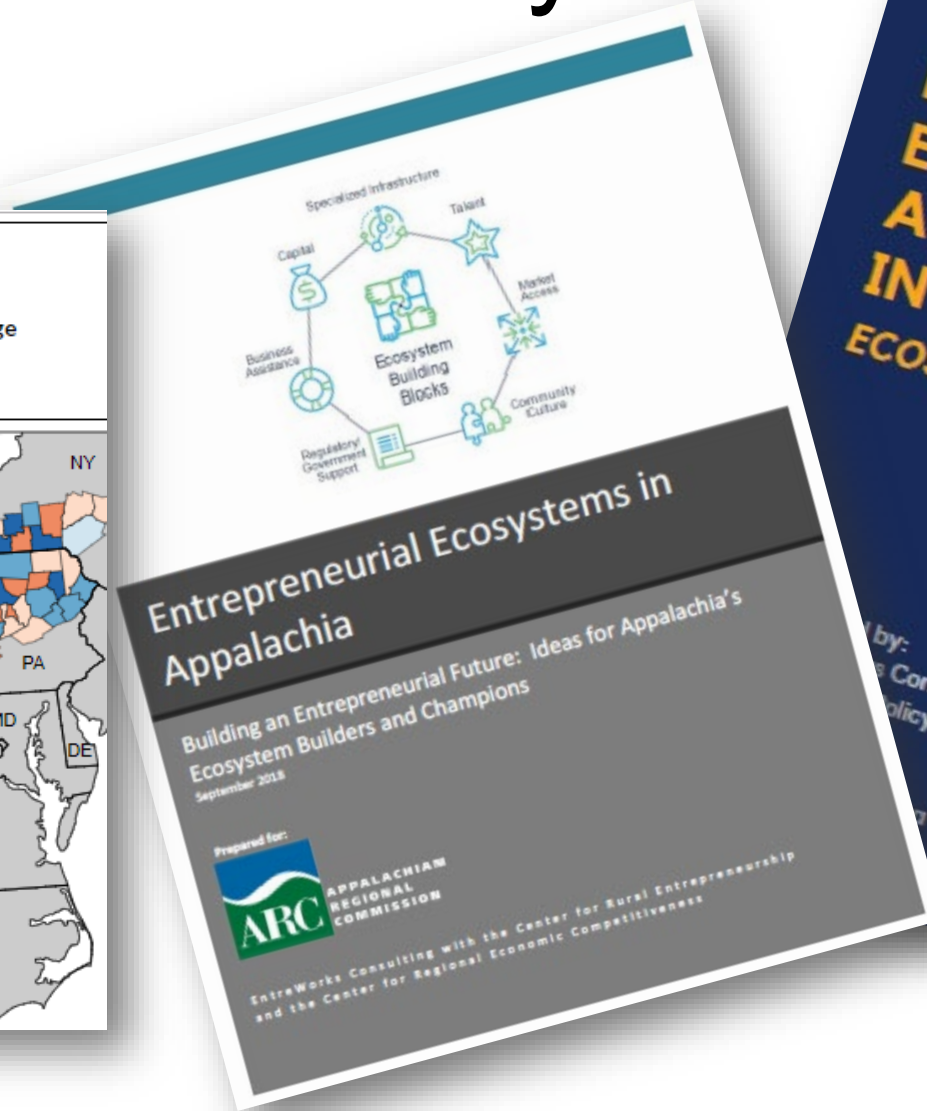
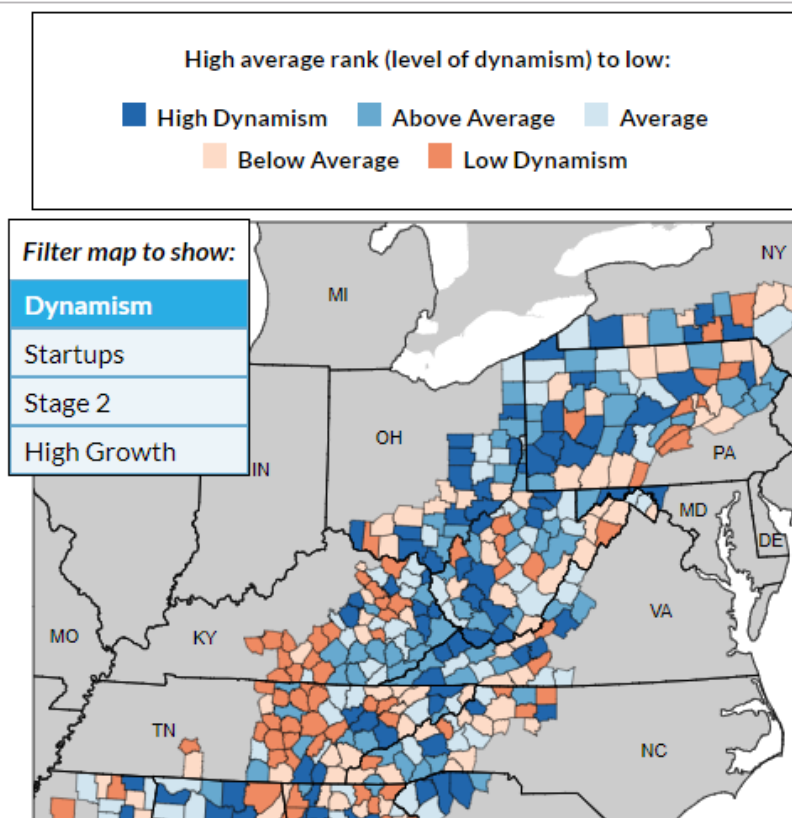
**Extension**

UNIVERSITY OF WISCONSIN-MADISON



**Extension**  
*University of Missouri*

# Others Are Building Entrepreneurial Ecosystems





Example: Northwest Missouri



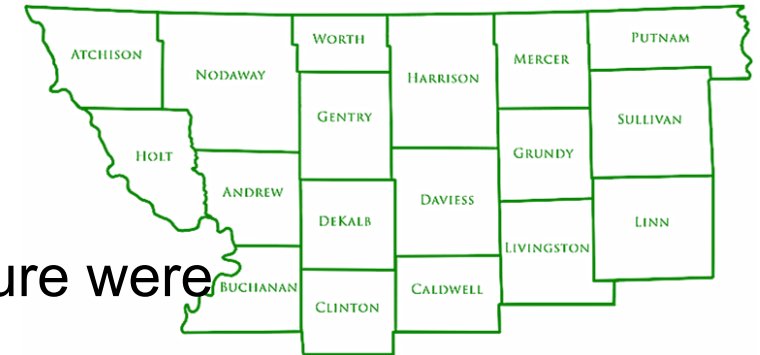
# Example: Entrepreneurial ecosystem building

- Northwest Missouri

- Original goal: create a regional system that supports innovative entrepreneurship
- Coordination, culture and lack of broadband infrastructure were barriers to entrepreneurship in the region
- Engaged with MU Extension-Exceed for data, research and analysis, facilitated community conversations, and strategy recommendations
- Also engaged with Don Macke and other consultants

- Good examples of collaboration and strength utilization

- KC SourceLink & MO SourceLink
  - Good engagement (Maximize NWMO), RPC collaboration
  - Technical assistance provision a priority, Facilitation groups
  - Political capital
  - Two universities
- People focus is next (placemaking, quality-of-life)



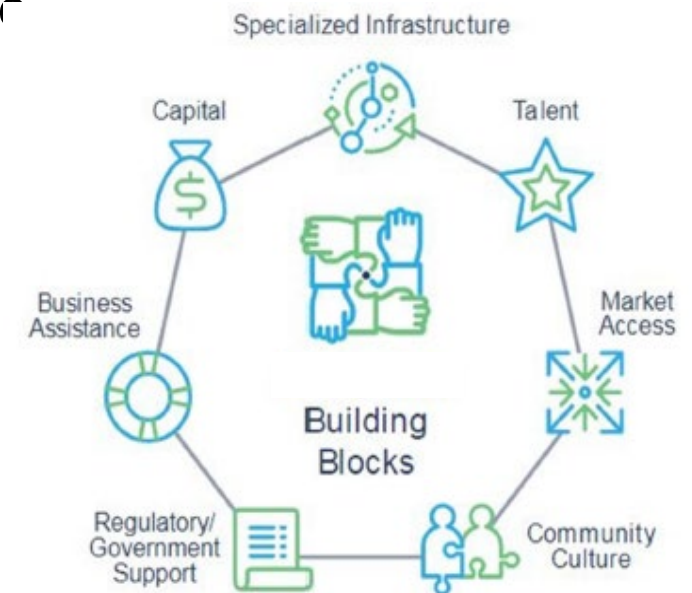
COMMUNITY FOUNDATION  
OF  
NORTHWEST MISSOURI



**MAXIMIZE**  
NWMO

# 1. Pipeline of entrepreneurs

- Survey indicated internships were needed
- Focus groups identified initiatives to build entrepreneurial pipeline
  - Entrepreneurship curriculum at all levels
  - Youth entrepreneurship programming
    - MO AfterSchool Network Youth Entrepreneurship Initiative
  - Incubators
  - Target training at immigrants and minorities
  - Mentoring
  - Succession Planning
- COGs, schools and planners implementing




## 2. Cultivating technology exchange and innovation

- **“We need people that are motivated to change the status quo”**
- Survey respondents “slightly more negative than positive” on technical assistance offered by regional educational institutions
- 67% responded false to “The region is a welcoming, tolerant, and attractive place for people of diverse backgrounds”
  - The region may benefit from increased focus on promoting the importance of diversity in communities

### 3. Access to financial capital

- **Access** to capital was a challenge, but more so **affordability**
- Evaluate what types of capital are needed in your region?



Loan Type	Typical Amount
Seed Money	\$1,000 - \$5,000
Micro Loan	\$5,000 - \$10,000
Gap Financing	\$10,000 - \$250,000
Venture Capital	\$250,000+
Conventional Loan	Any amount

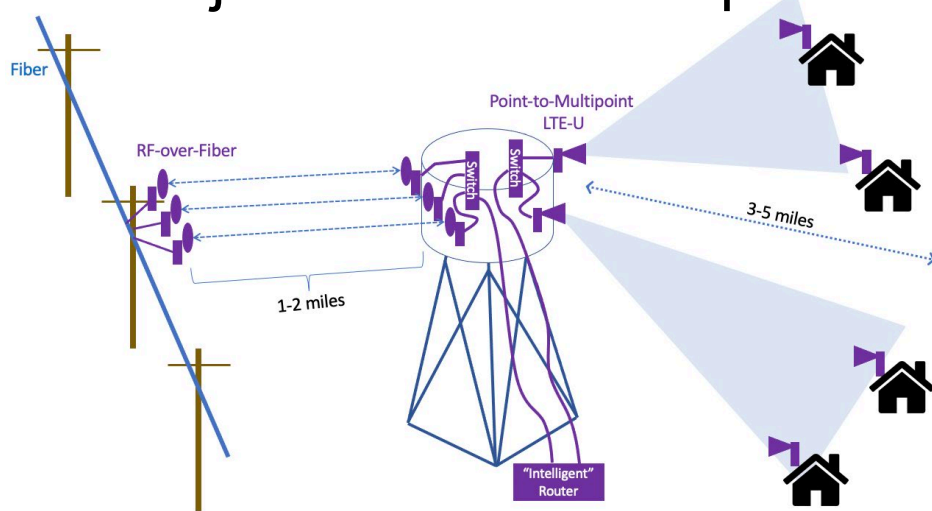
- Individuals' awareness of resources also vary
  - Work with Facilitation groups to increase awareness of existing programs

## 4. Talent and networks

- The most common network mentioned was the presence of downtown development organizations in several communities (Missouri Main Street)
- Investing in downtown areas:
  - Makes a community more attractive for its own residents
  - Helps provide opportunities for local entrepreneurs to do business and connect with their community
- Focus groups emphasized the need to invest and develop more regional networks to help connect entrepreneurs, investors, support organizations, mentors, etc.

# 5. Broadband access

- The region is actively trying to increase broadband access, adoption and affordability
  - Facilitated community groups
  - Partnerships with local ISPs
  - Project OVERCOME pilot



Administered by U.S. Ignite, Funded by NSF and Schmidt Futures  
\$300,000 for 1 year period of performance (3/1/21 – 2/28/22)

<https://www.us-ignite.org/program/overcome/>

