



Help Your Community Become Growth Obsessed

A Guide for Rural Growth



Written by:

Penny Lewandowski

Change at the Edges

penny@changingedges.com

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When it comes to job creation and innovation, rural America is sitting on a relatively untapped gold mine — one that can make a difference between a community's decline or prosperity.

But before you rush out to buy your prospecting kit (you can actually order one from Dick's Sporting Goods for \$50.99), take time to look in your own back yard. You'll find your gold mine in two, three or four established growth-oriented companies that are quietly creating two, three, or four jobs and providing a sustainability that will last for years.

Whether you're in a big city or a small rural county, the largest job creators are not startups or big corporations. They are existing growth-oriented companies, and nearly every county has at least one. Take Chase County Kansas (population 2,700) as an example. According to statistics from YourEconomy.org, in 2018 the county's second-stage growth companies represented only 13.2 percent of all business establishments but generated 46 percent of all jobs.

In a world often focused on startups, these statistics prove it's not about how many companies start. It's about how many companies grow.

Following is a guide to help your rural community become growth obsessed by understanding:

- How to foster a culture that feeds and attracts growth-oriented companies
- The essentials of relating to and investing in growth companies
- Where to find proven resources
- How to move beyond density issues and dispel rural myths
- The importance of acknowledgement and celebration

Developing Your Growth Obsessed Culture

Investing your time and resources into existing businesses creates an environment where companies are positioned and encouraged to grow. And that means they're less likely to be lured away to what may be perceived as more lucrative pastures. The first step is to think differently.

Start where you are and look forward

The DNA of growth entrepreneurs is focused more on the future than on past losses and doubts, so it helps if you are too. Little things can make a big difference, starting with your vocabulary.

In his advice to mayors and other local leaders, Dan Isenberg, founding executive director of the Babson Entrepreneurial Ecosystem Platform at Babson Executive Education, emphasizes that words and phrases influence people and set the tone for thinking differently.



“Use words like growth, growing, achievement, success, sales, scale-up, exporting and markets. Make sure these words are repeated in different contexts and media. Incorporating them into your message helps establish your vision,” Isenberg advises.

Comfort is found in familiarity, so start conversations about businesses people already know. And while all companies are important, external market companies – the ones selling their products and services outside your immediate community and bringing new money in – make the biggest difference in your economic growth. Make sure you know their story and that everyone else does too.

Along the way, be on the lookout for the unexpected success. When we focus on loss or what we think success should look like (attraction, startups and incubators), when success outside our field of vision does happen (two more jobs, a new contract, an expansion), we risk not seeing it at all. And that’s a real buzz kill for the entrepreneurs who are making things happen.

Find champions and don’t go it alone

Recruit people who share your growth-oriented enthusiasm and lift them up as your early adopters. Cultivate both ends of the spectrum by including traditional and respected community leaders, as well as the 20 somethings who will convince your future workforce to stick around.

Bob Stowell grew up in Ord, Nebraska (population around 2,100). He left for the Military Academy, served in Vietnam and chose to come home after law school. Bob is an Ord champion and his footprint of good works is legendary. He is constantly exploring how he can help Ord be more successful and is an advocate for attracting talent. Bob was instrumental in hiring Ord’s first full-time economic developer. And with others, recruited her successor Caleb Pollard, who developed one of the most impactful entrepreneurial ecosystems in rural America. Caleb was recruited to Ord and he stayed. Today he owns and operates Scratchtown Brewing. Successful communities have champions like Caleb and Bob – committed citizens who plant deep roots and advocate for nothing less than success.

Everyone isn’t the same

While startups are hungry and easy to please, growth companies face more strategic and challenging issues. Developing a program or service you think will fit everyone’s needs is a sure sign you don’t understand your growth-oriented businesses.

And while familiarity is nice, innovation seldom occurs when everyone looks alike. Embrace what is different. This can be particularly challenging in communities that dream of better times but shun new ideas. Make it easy to be accepted and successful. Innovation matters. Age, gender, skin color, accents, blue hair or that outfit that makes you cringe do not.

Several years ago, McCook Nebraska (population 7,500) learned looks can be deceiving. The town's main street had become home to a group of skateboarders – young, unfamiliar and dressed in black. They made people nervous and the Chief of Police was getting complaints. Local business coach Sue Shanner had a simple answer, "Let's have a talk with them." Sue learned one of the young men had grown up in McCook and recently returned home. Some friends came with him and together they programmed video games. Because someone took the time to listen rather than judge, McCook discovered what other rural communities dream of – young entrepreneurial talent.

Get comfortable with being uncomfortable

You're playing the long game, so get comfortable with waiting. Working with established growth companies requires patience, but the payoff is loyal and sustainable. Your community may be clamoring for the quick fix, but the gold rush is over. Today it takes between 10 to 20 years before a gold mine is ready to produce material that can be refined. It won't take your companies that long to achieve success, but don't expect change overnight.

Wealth is not a dirty word

Stop apologizing for putting your time and resources into something that is already established. The creation of wealth is a good thing – it pays salaries, feeds kids, builds parks, supports schools and helps the homeless.

"Companies in our region are driven not just by their own growth, but by the growth of their community," says Jenn Laird from Authentically Inspired in Chase County, Kansas. They have strong ties to where they live and work, and a desire to give back. Harshman Construction and Kansas Graphics, two home grown external market companies, support countless community projects including the Chamber and nearly every community youth sports activity. "We are so fortunate to have businesses that understand the power of philanthropy and what it means to our success."

Essentials to Understanding and Investing in Growth Companies

You may think your companies are doing just fine without you. After all, they may be run by the very individuals who are leading your community. But all companies grow faster when you pay attention and invest in their success. Start by showing the love.

Listen to the needs of your growth companies and move fast to find solutions. If your decision process is laborious, you've lost a crucial opportunity to gain their trust. And this makes them attractive game for another community that is indeed growth obsessed.

How do I invest my time?

Growth oriented entrepreneurs are beyond business plans and first hires. New markets, new customers, team development, innovation and competition are what keep them up at night.

Here are a few ways you can help:

1. Become less obsessed with capital. A dollar from sales is stickier than a dollar from investment. Find ways to help your companies make more money by finding new markets and customers.

Southern Designs, a manufacturer of home décor items based in rural Vidalia, Louisiana (population of approximately 4,000) took advantage of the state's Economic Gardening (EG) program to increase sales. Leveraging geographic information system (GIS) technology, the Economic Gardening team located customers similar to Southern Design's existing market, then created heat maps to show the concentration of these potential buyers. "We took the data and ran with it. Now when creating Facebook ads, which is our primary ad spend, we're better able to target prospective customers." Within a few months of ending its EG engagement, Southern Designs doubled its number of Facebook followers and began generating significant increases in monthly sales, including a 65 percent hike in January 2018. That's sustainable external market revenue for Southern Designs and a shot in the arm for Vidalia.

2. Get smart about operational capital – SBA funds, microloans, and more. The smarter you are, the better you'll be at directing your companies to the resources that fit them best.

NetWork Kansas Entrepreneurship's E- Communities' revolving loan program is a great example of innovative funding. The loans are intended as gap financing to help entrepreneurs start or grow a business in a specific community. The loan program matches public sources of capital and bank loans, providing up to \$45,000 per project. Funds are flexible and can be used for a variety of business purposes, including startup costs, purchasing an existing business, business expansion, working capital, inventory, and more.

3. Get smart about growth capital. It pays to understand where this money exists and how managers make decisions. Helping companies understand if they are the right fit for investment saves lot of time and heartache down the road.
4. Understand your companies' talent needs. Their next employee might be your neighbor or the person you sat with at lunch. You're a connector, so start connecting.
5. And finally, think differently about what you measure. Job creation is important to you, but it doesn't keep your companies or their bankers up at night. Attitude,

innovation, talent, new markets, resources, and money invested back into the community – all of this ensures a sustainable economy.

In their book, “Beyond Collisions, How to Build Your Entrepreneurial Infrastructure,” Maria Meyers and Kate Hodel emphasize the importance of measuring what matters to you. “Just because you can measure or count something doesn’t mean it’s important. Figure out what matters in your community. You may have to create your own data collection systems or develop deep partnerships to get the information you need. It’s worth it. Real data can drive decision making, tell a compelling story and encourage support.”

Partnerships and Resources

Success in rural communities comes from widening the circle. By becoming externally focused and building partnerships, you provide increased resources that keep your companies in the place they love the most – their own community. Get comfortable knowing you cannot be all things to all people. Your willingness to network is crucial.

Partner with organizations inside and outside your community, region and state. Eradicate silo thinking. It’s crippling everywhere and devastating in rural communities.

The Appalachian Regional Commission’s push to diversify central Appalachia’s coal dependent economy led the national Center for Rural Entrepreneurship (now e2 Entrepreneurial Ecosystems) to form a unique partnership with the Foundation for Appalachian Kentucky, the West Virginia Hub and Ohio’s Rural Action. Knowing existing businesses were the region’s lifeblood, Rural Action partnered with Logan, Ohio to focus on entrepreneurship-led economic development. Andy Good, life-long Logan resident, serial entrepreneur and executive director of the Hocking Hills Chamber of Commerce; saw the value in a new game plan and set out to staff the effort. His Chamber partnered with the Nelsonville Chamber and local school district to fund the first regional Business Coordinator. When locals ignore silos, amazing things happen.

Peer-to-peer

The most trusted sources for growth companies are their peers. The challenge is achieving enough critical mass in a rural community to make dynamic peer-to-peer interactions possible. By working with surrounding communities, you have a better chance of finding enough cohorts to get something started. Don’t worry about distance. Your growth entrepreneurs will drive for this opportunity and be grateful you helped them find their tribe.

Understanding what did or didn’t work for someone else is valuable information for growth entrepreneurs. That’s why mentors and coaches are so important. When you get to know people outside your community, your access to mentors and coaches increases. Find ways to match them with your growth entrepreneurs. And just like peer groups, CEOs will put miles on the odometer for these opportunities.

Embrace Virtual

The Edward Lowe Foundation, an expert in growth company development, understands everyone does not have access to in-person peer-to-peer opportunities. That's why they developed Virtual PeerSpectives. Using a unique CEO roundtable methodology designed especially for leaders of second-stage growth companies, Virtual PeerSpectives – delivered through video-conferencing technology – puts the roundtable experience at your companies' fingertips. Literally.

CEO Mark Massicotte leads L'Anse Manufacturing Inc., a precision machining company based in Michigan's largely rural Upper Peninsula. The company has been generating strong sales increases of 25 percent, and Massicotte links much of the growth to joining a Virtual PeerSpectives roundtable in May 2018. The monthly meetings enable him to break away from daily distractions and focus on strategic issues, ranging from HR and personnel development to capital investment. "Hearing others talk about pitfalls they've encountered while growing their companies helps me avoid the same problems, Massicotte says. While other members are from larger cities and different industries, he feels everyone is an equal inside the roundtable. "As a second-stage CEO, we all speak the same language."

The System for Integrated GrowthSM (SIG), another virtual program from the Edward Lowe Foundation, enables second-stage CEOs to tap vetted experts in specific areas. Among areas of concentration are HR (recruiting and retention, as well as compliance), operations and finance, global markets, succession planning, supply chain management and primary market research. "SIG provides operational assistance that enables entrepreneurs to solve pressing business issues, whether they are internal problems or lie outside the walls of the company," says Colleen-Killen Roberts, vice president of entrepreneurship at the Edward Lowe Foundation.

The National Center for Economic Gardening's virtual strategic research program puts your growth companies in front of a national team of researcher experts who identify new markets, industry trends and competitors; map geographic areas for qualified sales leads; raise visibility in search engine results and increase website traffic.

These proven programs provide high quality and measurable assistance. And no one gets in the car.

Find Your Own Tribe

Working with growth companies is an entirely different ballgame than startups. Find your own peer-to-peer opportunities so you have a place to vent, celebrate, share, and find more resources. The Kauffman Foundation's annual ESHIP conference or organizations like e2 Entrepreneurial Ecosystems, Network Kansas, the Edward Lowe Foundation and Rural Rise are great places to start. For more resources, visit the e2 website www.energizingentrepreneurs.org.

Working with What You Have and Disproving Rural Myths

Rural areas face density issues – fewer people, fewer resources, less diversity and limited access to new markets and customers. This can lead to a mindset of scarcity and inferiority, and that’s a tough place for a community on the road to becoming growth obsessed.

Marketing guru Seth Godin says focus is a choice. “The runner who is concentrating on how much his left toe hurts will be left in the dust by the runner who is focused on winning. Even if the winner’s toe hurts just as much.” You have every right to be focused on winning.

Just Because You Think It, Doesn’t Mean It’s True

High growth and technology are always synonymous. No. You’re experiencing industry bias when you believe the big wins only come from tech or science. In the 2018 bull market, the number one performer was GGP, a company that invests in shopping centers, beating out tech wizards like Apple and Netflix. Retailer Ulta Beauty was fifth. [Reference source: CNBC March 9, 2018, “Netflix and one-time penny stock GGP are among the biggest winners since the bull market began 9 years ago.”]

In 1992, brothers Dane and Travis Boersma of rural Grants Pass, Oregon were out of work after government regulations pushed the family’s dairy farm out of business. They bought a double-head espresso machine and, as the brothers liked to say, traded in the smell of manure for the smell of coffee. They set up a pushcart along the railroad tracks and began passing out samples. Today the company has over 7,500 employees and is the largest privately held drive-through coffee chain in the United States. Yes, technology is wonderful. But so is coffee in over 290 Dutch Bros. kiosks in seven states.

Growth only happens inside industry clusters. No again. Don’t worry if your businesses are different. Innovation takes place across clusters, not necessarily in clusters. And the best peer-to-peer interactions happen when everyone doesn’t look alike.

We’ll never figure out which companies will grow. It’s not that hard. Chris Gibbons, founder of the National Center for Economic Gardening, says the best way to find out if a company has the intention to grow, is to ask. “We spent a lot of time trying to predict which companies would grow,” says Gibbons of his early work in Littleton, CO. “Finally, my colleague Stephanie Neumann said, ‘Why don’t we just ask them if they are going to grow?’ Despite all of my equations and research, it turned out to be the single best predictor. We monitored it for several years and it had a much higher prediction rate than anything else I could generate.”

So just ask – about growth stories, plans, markets, contracts and new hires.

We should only pay attention to young companies. Age doesn't matter. Be cautious about writing off a company that has flatlined or been around forever. They might discover a new market that completely changes their trajectory towards growth.

Successful startups always leave for denser pastures. Not always. By developing a scale-up reputation, you are more ensured your growth-oriented companies will stay right where they are. Why leave when access to funding, peers, strategic research and operational assistance is within easy reach?

If a Tree Falls in the Forest...

If growth occurs and no one notices, it has less impact.

Be alert to the wins – those unexpected successes – then make a lot of noise. Spreading the joy can be accomplished at big events or in simple acknowledgements. Loyalty runs deep when we celebrate the company that got a new contract, broke through the barrier towards a great innovation, did something amazing for their community or found a way to honor their employees.

The decline in the timber industry brought challenges to Klamath Falls, a regional hub community located in south central rural Oregon. In response, a group of leaders formed Klamath IDEA to focus on growing the region's entrepreneurial economy. Every September the organization and its partners host a day-long celebration and educational event that draws hundreds of attendees. Klamath IDEA understands growing businesses are the foundation for the region's success and they rarely miss an opportunity to celebrate.

Celebrations, large and small, have the power to lift up and override the negative.

Party on.

In Summary

No single form of economic development is a panacea. The magic is found in balance. Capturing the hearts of existing businesses takes time and an ability to appreciate the beauty of singles and doubles. But when done well, it results in a stickiness that means companies are positioned and encouraged to grow, and less likely to be lured away to greener pastures. If rural areas want to keep jobs close to home and ensure their overall economic base is strong, it is time they become growth obsessed.

"After working most of my life in traditional economic development I became convinced that shifting to entrepreneurship-led development was essential to community prosperity," says Don Macke, CEO of e2 Entrepreneurial Ecosystems. "In the late '90's we created the Center for Rural Entrepreneurship to stimulate and support entrepreneurship. Over time it became clear that growth-oriented entrepreneurs are

the sweet spot to achieve community growth and sustainability. Discovering and helping even a few of these companies achieve more growth can be transformative for a rural community. They are foundational to diversifying otherwise narrow and at-risk economies and creating new economic drivers essential for community success.

We hope this paper and the success stories from your peers inspire you act toward developing an entrepreneurship-led strategy for your community.

Penny Lewandowski

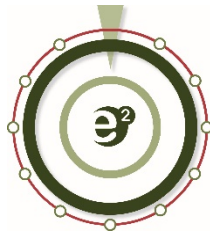


Recognized as a thought leader in entrepreneurship and building an entrepreneurial culture, **Penny Lewandowski** helps entrepreneur support organizations understand new ways to think about economic development – especially how a grow-from-within strategy leads to thriving and sustainable economies. She is a frequent speaker and has delivered passionate keynote speeches on leadership topics that cover everything from fear, knowing when to leave and how to deal with the unexpected success.

Prior to starting Change at the Edges, Penny led the Edwards Lowe Foundation’s entrepreneurship team and external relations development, served as executive director of the Greater Baltimore Technology Council and was a leader in Northern Virginia’s development as an entrepreneurial hub through her work with the Netpreneur Program, delivered by Morino Associates. She is a member of the International Economic Development Council’s board of directors, a certified executive coach and publishes a blog, “Penny on the Edge.” For more on Penny, visit her [LinkedIn page](#) or email her at penny@changingedges.com.

Referenced Resources:

1. YourEconomy: A online information tool from the University of Wisconsin that allows users to analyze business activity from the community level, to the state level, and across the country. YourEconomy follows the performance of U.S. businesses from 2003 - 2018, providing detailed information about jobs, sales and establishments. <http://youreconomy.org/>
2. Economic Gardening®: An entrepreneurial approach to economic development. The program is delivered virtually and focuses on supporting local stage 2 growth companies with strategic information and frameworks to grow jobs locally. www.economicgardening.org
3. PeerSpectives: A distinctive CEO roundtable process for second-stage growth entrepreneurs that is delivered in-person or virtually by the Edward Lowe Foundation: www.edwardlowe.org/entrepreneurship-programs/ceo-roundtables/
4. System for Integrated Growth: Enables second-stage CEOs to tap vetted experts in specific operational areas. SWAT team of business specialists provides analysis, in-depth information and best practices. Delivered virtually by the Edward Lowe Foundation. www.edwardlowe.org/entrepreneurship-programs/sig/
5. Network Kansas: A nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas that connects aspiring, emerging, and established businesses to a wide network of business-building resource organizations across the state. www.networkkansas.com
6. e2 Entrepreneurial Ecosystems: Nonprofit known formerly as the Center for Rural Entrepreneurship. With over 25 years of field experience in rural communities, e2 helps communities and regions connect, learn, and share best practices for building sustainable entrepreneurial ecosystems across North America. <https://www.energizingentrepreneurs.org>
7. Kauffman ESHIP Conference: A yearly convening that brings together entrepreneurial ecosystem builders — leaders connecting communities to accelerate entrepreneurship – to learn, network and share best practices. www.eshipsummit2019.kauffman.org
8. Rural Rise: A group of organizations and individuals committed to preserving and growing entrepreneurship in rural communities. www.ruralrise.org
9. Babson Entrepreneurship Ecosystem Project: A team of experts and leading institutions developing practical programs to help public and private sector leaders around the world foster heightened levels of high growth entrepreneurship. www.entrepreneurial-revolution.com
10. “Beyond Collisions, How to Build Your Entrepreneurial Ecosystem”: A guide from the executives at SourceLink on how to support entrepreneurs and build your community’s entrepreneurial infrastructure. www.joinsourcelink.com/landing/book



How e2 Can Help

e2 Entrepreneurial Ecosystems can help communities increase prosperity through entrepreneur-focused economic development and ecosystem building through:

- **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building entrepreneurial ecosystem strategies that work.
- **Analytics Support.** E2 helps communities and regions understand their entrepreneurial potential through research. Please view a sampling of our research tools at: <https://www.energizingentrepreneurs.org/solutions/start.html>
- **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City, SourceLink, Edward Lowe Foundation, Kauffman Foundation, and NetWork Kansas.** Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

Our emerging vision includes the following solutions:

- **e2 Institutes.** Explore our new generation of e2 Institutes where teams come together, learn from each other and explore the expanded world of strategies, tactics and resources needed in entrepreneurial ecosystem development work.
- **National e2 Resource Network.** e2 offers a resource network capable of connecting those seeking help with those who can help across North America.

e2 Entrepreneurial Ecosystems (formerly the Center for Rural Entrepreneurship) is led by Don Macke, who has more than 40 years of community economic development and policy experience. We have a national team of practitioners, both inside and outside e2, who bring research, coaching, incubation, market intelligence and other expertise to this work.

Questions & More Information



Don Macke

don@e2mail.org

402.323.7336

www.energizingentrepreneurs.org

The mission of **e2 Entrepreneurial Ecosystems** is to help communities and regions connect, learn, and share best practices for building sustainable entrepreneurial ecosystems across North America. With more than 25 years of field experience, particularly in rural America, e2 is the preferred resource for communities of all sizes wanting to pursue prosperity.

For tools and resources, visit our online library at
<https://www.energizingentrepreneurs.org/library/>.

To learn more about e2, go to www.energizingentrepreneurs.org.

770 North Cotner Blvd., Suite 400
Lincoln, NE 68505
(402) 323-7336

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