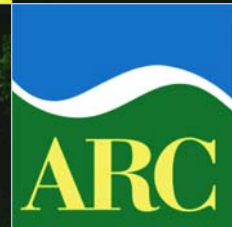


CREATING AN ENTREPRENEURIAL APPALACHIAN REGION

FINDINGS AND
LESSONS FROM
AN EVALUATION OF
THE APPALACHIAN
REGIONAL
COMMISSION'S
ENTREPRENEURSHIP
INITIATIVE
1997 – 2005



rupri Center for RURAL
ENTREPRENEURSHIP



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*Photographs on front cover
except middle right:
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HIGHLIGHTS

In 1997, the Appalachian Regional Commission (ARC) began an innovative multi-year initiative to invest in projects designed to build entrepreneurial economies across the region – the Entrepreneurship Initiative. Since that time, ARC has invested almost \$43 million in various entrepreneurship development projects. Over 10 years, these projects have created jobs and businesses, supported partnerships and collaborations, and helped leaders at the community and state levels recognize the value of entrepreneurship as an economic development strategy. While ARC has collected select data to describe the outcomes of these investments, the figures do not begin to tell the story about the extent to which their investment activity has had an impact on the region. This evaluation was designed to provide a more detailed and nuanced description of that impact, both in terms of the outcomes achieved by the projects, and in its effect on broader policy changes across the region.

Based on the results of this evaluation, the evaluation team concludes that the ARC Entrepreneurship Initiative has had an impact in the region by creating:

- More entrepreneurs in the pipeline
- Better informed and better skilled entrepreneurs
- Stronger, more job-creating businesses.

Entrepreneurship Initiative investments have also helped to create and enhance the region's capacity to support entrepreneurial development. ARC, by example and through its grants, supported the creation of partnerships across different types of institutions and the region. Most prominently, ARC seeded equity capital funds that facilitated the creation of a developmental venture capital industry in the region. ARC investments have created the beginning of culture change throughout the Appalachian area that is leading to increased recognition of the importance of entrepreneurship as an economic development strategy and increased support for those people and orga-



Photograph: Ken Murray

The Rural Policy Research Institute (RUPRI), the RUPRI Center for Rural Entrepreneurship, EntreWorks Consulting, and RTI were commissioned by ARC in 2006 to conduct an evaluation of the Entrepreneurship Initiative to study the outcomes achieved by a sample of funded projects and the broader policy impacts across the region. The evaluation team undertook literature reviews, reviewed project files for a sample of 114 projects, conducted phone interviews with 36 stakeholders and experts, developed a metrics framework, completed interviews with project staff associated with 88 projects, and made four site visits. This publication presents the important findings from this evaluation – outcomes, lessons learned, and recommendations.

nizations that are committing their talents and resources to pursuing an entrepreneurial path. These investments have energized and empowered a new set of actors, especially non-profit organizations, who continue to provide innovative, entrepreneurial leadership in the region.

More specifically, over 12,000 jobs have been created or retained and over 1,700 new businesses were created, at a cost that suggests an efficient allocation of resources relative to other similar types of economic development programs (see box). However, these measures tell only part of the story of impacts. Entrepreneurship Initiative investments have helped to train teachers and expose students to entrepreneurship concepts, almost 12,000 throughout the region. They have supported incubators that served at least 475 emerging businesses and helped spark the development of sectors such as the sustainable wood products industry. These public investments have been instrumental in attracting almost \$73 million in private capital to support entrepreneurship development in the region. And, through their educational investments and the demonstration effect of the projects funded, ARC has made entrepreneurship a legitimate and desirable economic development activity in local communities while raising awareness about the importance of the entrepreneurial and small business sector to the region's economy.

HIGHLIGHTED QUANTITATIVE OUTCOMES

Jobs created and/or retained	12,178
New businesses created	1,787
Students and teachers trained	11,634
Clients served by incubators	475
Actual private \$ leveraged	\$72,802,868
Public cost / job created or retained	\$579 - \$3,994
Public cost / business created or expanded	\$2,988 - \$7,818

Background

The origins of the Appalachian Regional Commission's Entrepreneurship Initiative are rooted in the challenge for states and communities throughout the region – a challenge that is shared across rural America – of how to foster the economic and cultural conditions that give birth to entrepreneurs, support innovation, and assist in the development and expansion of successful enter-

prises. These desired outcomes were, and still are, considered critical to Appalachia's future economic vitality.

At the time of the Entrepreneurship Initiative's unveiling in 1997, ARC's leadership had grown increasingly concerned about Appalachia's future vitality. The region was especially hard hit by cutbacks in declining sectors such as timber, textiles, and tobacco, and was seeking new approaches to jump start development. Entrepreneurship-focused economic development strategies were viewed by ARC as "... a critical element in the establishment of self-sustaining communities that create jobs, build local wealth, and contribute broadly to economic and community development."

By investing in the Entrepreneurship Initiative, the ARC was something of an "early adopter." Up to that stage, economic developers had focused almost exclusively on industrial recruitment as a core strategy. The industrial restructuring of the 1970s and the 1980s had stimulated some interest in business retention and technology development strategies, but entrepreneurial development strategies represented something of a "new thing" in 1997.

When the Entrepreneurship Initiative was launched, ARC sought broad input from both public and private sector stakeholders in the region – individuals who had a deep understanding of entrepreneurship development and the communities and culture of Appalachia. This input informed ARC's choice of investment targets, ultimately leading to program investments in:

- Entrepreneurship education for youth
- Business incubators
- Capital access initiatives
- Technical assistance and training for adult entrepreneurs
- Sector specific activities including networks.

As with most ARC initiatives, however, the approach to using the Entrepreneurship Initiative funds varied widely across the states in the region. Each governor and state program manager approached the Entrepreneurship Initiative with a different level of commitment to entrepreneurship as an economic development strategy and a different process for distributing what in many cases was described as a relatively small resource pool. As a result, over 10 years, ARC has invested in a wide mix of interventions. Examples include targeted technical assistance to entrepreneurs, seeding of local equity funds, funding for local incubators, summer youth entrepreneurship camps, and sector-specific investments in kitchen incubators, arts and heritage tourism, and natural resource-based business development strategies.

INVESTMENTS AND IMPACT

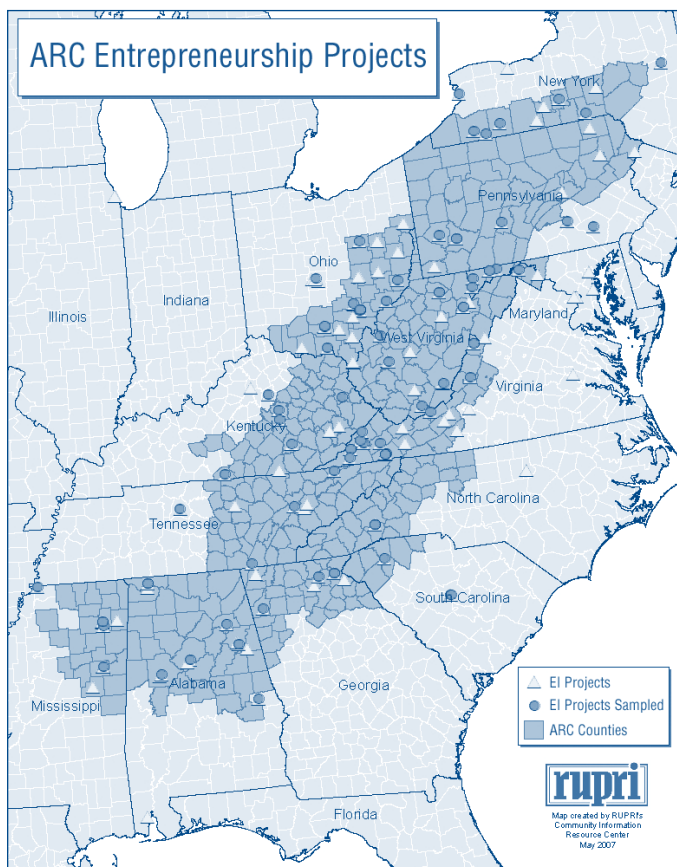


Photograph: Lloyd Wolf

ARC's Entrepreneurship Initiative was unique because its investments were made in a diverse project portfolio, varying widely by geography (see map), program type (i.e., access to capital, technical assistance and training, incubators, entrepreneurship education, and sectors), type of lead institution, and project goals. In fact, ARC invested almost \$43 million in 340 unique projects across the region at an average investment per state of \$3.3 million and investment per capita of \$1.82. The total ARC investment

leveraged an additional \$72.8 million in private investment for completed projects, a figure that is projected to rise to \$109.9 million when all projects in the portfolio have been completed. Today, ARC continues to fund entrepreneurship development-related projects under the Asset-Based Development Initiative launched in 2005, although the EI is no longer operating as a stand alone initiative. The Asset-Based Development Initiative is building on the foundation laid by the EI, leveraging the new businesses and additional capacity created by EI investments.

Given this diversity in projects, no single performance measure adequately captures the impact of ARC entrepreneurship investments on the region. As identified through the final reports, representing the portfolio of investments, the Entrepreneurship Initiative led to the creation of at least 9,156 jobs, the retention of a further 3,022 jobs, the formation of 1,787 new businesses, and the provision of services to 8,242 businesses. The estimated public cost per job



created ranged from \$579 to \$3,994 across projects, comparing favorably with other economic development efforts.

PORTFOLIO OUTCOMES	
Jobs created	9,156
Jobs retained	3,022
New businesses created	1,787
Businesses served	8,242
Average public cost / job created	\$579 - \$3,994

Other metrics identified through in-depth investigation of outcomes from a sample of projects expand on this picture. In the 88 projects included in the sample, over 11,500 students and teachers participated in or received training in entrepreneurship education projects, 1,500 entrepreneurs took part in sector-focused activities and at least 475 received support in incubator facilities.

This evaluation also captured some of the initiative's qualitative impacts. Through interviews with project leaders most familiar with the investments and regional stakeholders and entrepreneurship experts with deep experience both in the region and with entrepreneurship development, a number of common themes emerged:

- ARC investment helped to build a local "enterprise culture," contributing to the generation of new thinking and approaches to local economic development. Stakeholders noted that the Entrepreneurship Initiative helped raised the profile of entrepreneurship as a development strategy.
- Entrepreneurship Initiative investments helped facilitate networking and collaboration among practitioners. ARC resources enabled these partners to come together, pooling their assets to meet the needs in their communities.
- ARC dollars represented "but for" money in the region, providing start-up funding for innovative projects that would not have occurred otherwise. These investments also served to bring additional resources to the table, i.e., private leverage, helping some projects achieve scale and impact.
- Entrepreneurship education investments contributed to changing attitudes of young people and their teachers, both generally and in terms of entrepreneurship.

In spite of these important project-level and regional policy outcomes, the impact of the Entrepreneurship Initiative on overall economic trends in Appalachia appears less pronounced. While it is difficult to draw any causal connections between ARC investments and regional data, several trends are evident. Entrepreneurship, when defined broadly as nonfarm proprietor and microenterprise employment, is an increasingly important component of the Appalachian regional economy. For some parts of the region – the southern tier in particular – rates of employment associated with entrepreneurship are greater than for the country as a whole. This observation confirms the importance of investments in entrepreneurship development as a key piece of a regional economic development strategy. In essence, entrepreneurship represents an asset upon which the region can build.

However, in terms of income associated with entrepreneurship, the picture unfortunately mirrors the past – a region continuing to lag behind the rest of the nation in terms of nonfarm proprietors' income. This observation suggests that in spite of ARC's investment, the income generated through entrepreneurial activity is not growing in such a way as to allow the region to catch up with the rest of the country. This analysis also suggests that ARC's investments have had an impact on getting more entrepreneurs into the pipeline, but have had a lesser impact on creating stronger and higher growth entrepreneurs, at least as measured by income trends. It is possible that the Appalachian region would have fallen even further behind the nation in terms of income from entrepreneurship without EI investments.

More detailed information about this analysis can be found in the final evaluation report available at www.arc.gov/research (Click on "Research Reports", then "Evaluations") and www.energizingentrepreneurs.org.

LESSONS LEARNED

The Entrepreneurship Initiative's limited scale and scope (investing almost \$43 million in 13 states over 10 years) makes it difficult to draw any causal connections between ARC investments and broader regional economic trends. However, it is excitingly clear that the Initiative planted the seeds for entrepreneurship development as a key component of regional economic development strategies. This evaluation identified a number of lessons learned for those who are actively engaged in the practice of entrepreneurship development – the practitioners – as well as for those who are engaged in the design and implementation of policy and program – the policy makers.

A NOTE ABOUT LESSONS LEARNED

Lessons Learned and Recommendations were based on interviews with project leaders, review of project data and reports, and interviews with key stakeholders in the region. These lessons and recommendations represent the consensus view of these important participants in and witnesses to the Entrepreneurship Initiative investments.

Lessons for Practitioners

These lessons fell into three categories – lessons for leadership, management, and outreach. In terms of **Program Leadership**, the ARC experience suggests that:

- **Successful entrepreneurship initiatives had sparkplugs or local champions who provided leadership for these efforts.**

Entrepreneurship development was a new thing in most communities when ARC's Initiative began. In the midst of this environment where the new concepts were poorly understood or discounted, strong leadership



Photograph: Ann Hawthorne

Tech 2020 was initiated in 1993 to build on unique regional assets and create a high tech industry in east-

ern Tennessee.

ARC's series of investments

totaling \$1.2

million over

five years built

its capacity,

primarily for

venture investing. Tech

2020 has grown into a

significant economic

development organization

in the state and region,

playing a major role in

establishing the Southern

Appalachian Fund, one of

the first New Markets

Venture Capital Companies,

investing in Tennessee,

Kentucky, Georgia and

Mississippi.





Dairy Barn Southeast Ohio Arts Center shows that attracting new money is not the only measure of an effective and sustainable program. Sustainability can also come from attracting new partners, building local collaboration, and generating excitement about local community-building efforts. Thanks to a \$50,000 ARC grant, the Arts Center built a shop to sell local artwork and crafts. The shop soon turned a profit, becoming self-sustaining and providing valuable income to approximately 100 local artisans. The shop stimulated new partnerships with local schools and generated buzz about other Arts Center projects. In terms of entrepreneurship, the project helped educate local people about the potential for “self-sufficiency through art.”

was required. Entrepreneurial development needed a strong “brand” and a compelling vision that would capture the imagination of local leaders and residents. In most cases, this vision was generated by a local champion who came to embody the new approaches and the new vision for the region.

- **Local capacity was a key to success.** When strong organizations with existing capacity were already in place, ARC investments had a catalytic effect. In most of the successful cases, a community was home to an organization with a strong track record in other related fields of activity and this capacity was leveraged in support of entrepreneurship development. However, in some cases, ARC’s investments contributed to building capacity; one case in point is Tech 2020 in Tennessee.

A number of lessons for **Program Management** were also identified through this evaluation:

- **Program self-sufficiency (sustainability) and success went hand in hand.** While all ARC grantees seek to be self-sustaining, effective projects viewed ARC funds as start-up investments that were not an end in themselves. Instead, ARC dollars were used to jump-start programs that would rise or fall based on how they performed in the marketplace – just like any other entrepreneurial venture. Creating sustainable economic development programs takes time; this lesson suggests that making self-sufficiency an explicit project goal may result in greater priority being placed on its achievement.
- **Entrepreneurship development was recognized to be a long-term process.** It takes years to produce the culture change that is a desired outcome of many entrepreneurship development efforts. Successful project leaders recognized the long-term nature of their endeavors and concentrated on developing the staying power – resources, leadership, organizational capacity, community support – needed. As one interviewee noted, “It usually takes longer to reach the critical mass (and resultant job and business creation) than you would expect.” And, another noted the need to “be patient, education projects don’t have immediate results.”
- **Successful projects altered their goals and approaches as conditions warranted.** The Entrepreneurship Initiative was the first regional effort to encourage entrepreneurship development and investments were made when the field was relatively new. Project leaders were plowing new economic development territory and many projects were con-

sidered demonstrations. Effective project leaders adjusted their approaches to reflect changing demand and to overcome unexpected obstacles. As a result, these projects, such as the one in Coeburn, Virginia, achieved outcomes that were positive but, in many cases, different from what was originally intended.

Finally, the Entrepreneurship Initiative offers insights to practitioners regarding **Program Outreach**:

- **Partnerships and collaborations were important to success.** Successful projects marshaled resources by forming partnerships and collaborating with other organizations to share resources and build capacity. They leveraged assets and avoided duplication of efforts. These partnerships also facilitated networking among service providers, creating a better environment for entrepreneurs.
- **Successful projects celebrated and shared the story of their success.** Many projects engaged the media to help build community support as well as to publicize their activities as part of a broader marketing campaign. Some communities held up their successful entrepreneurs as role models. ARC was also instrumental in sharing success through their region-wide education efforts, e.g., conferences, and programs like the Appalachian Youth Entrepreneurship Education Springboard award.

Lessons for Policy Makers

For policy makers, again the lessons were of three kinds – lessons for program design, implementation, and impacts. In terms of **Program Design**, ARC investments showed that:

- **Practitioners and entrepreneurs have unique local knowledge that can be applied to program design and subsequent program refinements.** Effective policy begins by gathering intelligence and insights from those who are closest to the issues. The goal should be to create a more transparent process of communication between local partner organizations and, in the case of the Entrepreneurship Initiative, ARC staff. This more open process will not only help to improve local satisfaction with ARC and other programs, it will also improve their effectiveness as they become more responsive to local markets and more cognizant of local economic development capacities.

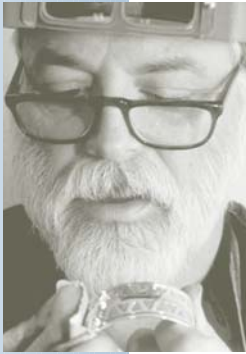


The Crooked Road

Coeburn, Virginia's ARC grant was initially designed to train low-income people to become crafters. However, according to the project designer, "We learned that you can't teach people to be artists and crafters unless they want to be." But exploration associated with the grant uncovered a significant number of musicians seeking to expand their music businesses. The Entrepreneurship Initiative is credited with helping Coeburn spawn a popular spot for bluegrass and country music. A vintage downtown building is being conserved through income generated from crowds coming from miles around to enjoy affordable, excellent entertainment. People of all ages are participating in the Friday night concerts and Thursday evening jam sessions. They are a site for, and one of the progenitors of, The Crooked Road, a 13-county effort to highlight and market country music venues throughout Southwestern Virginia.

Kentucky's Artisan Heritage Trails

Program was savvy in its media outreach strategies. Program leaders faced two challenges – to engage local artisans in the program and to attract tourists from outside the region. The Internet was used as a marketing tool to engage local artisans. As local crafts people began profiting from online sales, word of mouth did the rest of the work. Beginning with a small base of 82 artisans, now more than 600 artisans sell their wares through the program.



Photograph: Ann Hawthorne

The Trails Program also succeeded in marketing to tourists outside the region. The most recent innovation is an online trail system visitors use to map out their travel plans and learn more about sites and shops long the trail. A much celebrated partnership has developed with National Geographic. The program was featured in National Geographic Traveler magazine and its online maps can be accessed through the magazine's website.

- **Successful initiatives brought together related investments, in this case, other regional economic development or entrepreneurship-related investments.** Linking ARC funds with investments from other local, state or federal partners created greater opportunities to build a sustainable strategy. One approach in West Virginia proves an example of effective practice related to this integration of resources.

In terms of **Program Implementation**, ARC's experience showed that:

- **Getting Entrepreneurship Initiative funds to local partners was dependent upon state leaders, such as governors and program managers, and varied based on the importance assigned to the initiative.** State governments are the ARC's key regional partners, so it is not surprising that several dimensions of state government helped shape the Entrepreneurship Initiative process. The differences in state approaches are quite striking, ranging from investments in a broad range of locally-designed programs to funding a single approach throughout a state, from making many small investments to pooling funds to support a single large investment. In addition to pursuing different strategies, states also differed in terms of their commitment to promoting entrepreneurship as a regional development strategy. Some governors and state program managers were cool to the new approach, while others viewed it as a critical component for community transformation. Not surprisingly, the level of "buy-in" by state leaders had a large impact on how the deployment, outcomes and effectiveness of the program varied by state.
- **The size of ARC grants placed limits on regional impacts.** Practitioners, and state program managers, were challenged by the relatively small pool of money allocated to the Entrepreneurship Initiative. ARC investments did help to educate state and local leaders about the potential of entrepreneurial development as a regional development strategy. Unfortunately, the investments were not sufficiently large to transform the economic development landscape of the region. Some noteworthy exceptions prove the value of more sustained investments in program development. The Shoals Entrepreneurial Center incubator in Alabama and the Natural Capital Investment Fund (NCIF) in West Virginia are two examples of multi-year grant making that helped build institutional capacity that ultimately led to sustainable organizations that continue to have an impact on their states and, in the case of NCIF, the region.

Finally, ARC's investment experience provides two lessons related to expanding reach and measuring **Program Impacts:**

- **Building a broader base of support for entrepreneurship investments requires continued efforts to “make the case” to local leaders.** While the Entrepreneurship Initiative has been successful in beginning to change attitudes toward entrepreneurship, this cultural shift is by no means universal throughout the region. Particularly among local elected officials, capacity building and efforts to make the case continue to be needed.
- **Programs can be improved by embracing long-term and locally-driven evaluation of program outcomes and impacts.** Practitioners would have benefited from ongoing assessment of project outcomes and follow up from ARC to share lessons learned and support mid-course changes as needed. It was clear that a better measurement system, both in terms of defining relevant outcomes and collecting and reporting data, was needed.



The Ohio-West Virginia YMCA used ARC funding to train teachers using the national REAL (Rural Entrepreneurship through Action Learning) curriculum. The initiative was successful in leveraging ARC funds with private donations, partnering with communities, schools, and an economic development region to create entrepreneurship summer camps that exposed

young people to entrepreneurship. The organizers of this initiative had a broader goal of helping young people see the value of civic engagement, i.e., social entrepreneurship. The camps

continue and have even drawn youth from outside West Virginia's ARC counties. The project director offered these lessons learned from the experience – have a big goal, not just creating jobs but renewing community spirit and be open to partnering with other people and organizations.

RECOMMENDATIONS



Photograph: Ann Hawthorne

The evaluation team offered one capstone recommendation along with three sets of action recommendations to ARC related to:

- 1) **Investments in entrepreneurship development initiatives**
- 2) **Creation of a “best in class” metrics system**
- 3) **Program design and management.**

Investments in Entrepreneurship Development Initiatives

- **Include assessment of existing capacity and capacity-building activities as part of the project design.** Successful entrepreneurship development initiatives build on existing capabilities, as was seen with Kentucky Highlands Investment Corporation, Appalachian Community Enterprise in Georgia, and the Shoals Entrepreneurial Center in Alabama, or create new capacity, as evidenced by the PACERS youth entrepreneurship program in Alabama and the Tech 2020 program in Tennessee. Therefore, including capacity building as an integral part of entrepreneurship investments should result in stronger, more effective initiatives.
- **Make investments with a focus on the long term.** The long-term nature of entrepreneurship development requires a long-term approach to investment. If a goal of these initiatives is to transform the culture of Appalachia, or another region, then a 10-year or longer time horizon is more appropriate than the more typical one to three year grant cycle. ARC should consider giving preference to multi-year funding commit-

ments that would provide a flow of resources over a longer time horizon, assuming performance on the part of the local partner and availability of federal funding on the part of ARC.

- **Require that entrepreneurship development initiatives receiving investments are market-driven and practice continuous improvement.** The needs of the customer – defined as youth, entrepreneurs or communities – must be the key drivers of entrepreneurship development. Initiatives should be designed to include mechanisms that obtain performance feedback, allow for mid-course corrections, and in some cases, redefine project goals, based on what project leaders are learning from their markets.
- **Place emphasis on investing in initiatives that demonstrate the ability to form regional partnerships and collaborations.** With capacity and resource limitations a reality for most organizations, the ability to form dynamic and effective partnerships that share resources becomes paramount to success. These cross-organizational and cross-regional collaborations should be emphasized in the design of entrepreneurship initiatives, and effective partnerships should be rewarded as part of the investment process. ARC can help further true collaboration by making it a priority in grant making and by educating local partners to the resource realities associated with collaboration.

Creation of a “Best in Class” Metrics System

- **Replace old, overused metrics with a comprehensive “entrepreneurship development metrics portfolio”.** “Job creation” is an overused metric, paints an incomplete picture of the outcomes of entrepreneurship development investments, and should be replaced by a more encompassing “entrepreneurship development metrics portfolio.” While job creation was reported as an outcome of ARC’s investments, a much richer understanding of the Initiative’s impact has come through efforts to define and capture outcomes as measured by a broad set of performance metrics. In addition to jobs created/retained and new business starts, this system should include other outcome measures such as those identified through this evaluation (see chart on following page).

SOME RECOMMENDED OUTCOME METRICS

- Change in business profitability (performance) following a capital investment
- Number of youth considering business creation as a career option after participating in an education program
- Percent of incubator tenants who graduate and remain in the region
- Change in total sector sales over time as a result of investment to encourage sector development
- Number of customers still in business after receiving technical assistance
- Positive change in perceived community support for entrepreneurship as measured by community pre- and post-surveys
- Amount of capital (\$) raised by incubator tenants, those served by technical assistance providers, etc.
- Increase in youth awareness of business concepts after participating in an education program

- **A “best in class” metrics system requires investment in a “best in class” evaluation system.** Performance measurement should be viewed as an integral part of program development – from the perspective of funding agencies like ARC and project leaders. ARC should support the creation of a performance measurement system for future investments by developing a participatory evaluation system in partnership with grantees. This measurement system would be developed by grantees and their customers, i.e., the entrepreneurs, with support from ARC, and would be designed to provide project leaders with useful information that can be used to adapt programs to changing circumstances as well as to report to ARC on project performance.

Program Design and Management

- **Regularize the ARC’s initiative process so that state program managers can more effectively plan for and promote the use of the resources.** Interviews indicate that state program managers and local grantees like the ARC initiative process. However, given the gate keeping role of state leaders, ARC should provide structure and consistency

to the initiatives to encourage the active buy-in of people at the state level. A more transparent and open process for community input on project design and implementation would also help ARC create more effective initiatives and empower local people and organizations to actively participate in these efforts.

- **Apply ARC’s proven experience in developing and delivering effective, region-wide education programs that help make the case for entrepreneurship as a core economic development strategy for the Appalachian region.** There continues to be a strong need to make the case for entrepreneurship, particularly among local elected officials and traditional economic developers. ARC has developed a reputation as a trusted authority in this field and also has the lessons learned from 10 years of entrepreneurship development investments to share throughout the region. What is needed now is a broad effort to provide community leaders, elected and others, with the understanding and tools they need to embrace entrepreneurship as part of an economic development strategy.

Capstone Recommendation

The Entrepreneurship Initiative effort, and subsequent ARC investments, has helped spur great interest in new tools to support Appalachia’s entrepreneurs. To build on this momentum, it is strongly recommended that ARC create a “next generation” **Entrepreneurship Innovation Initiative** that would be groundbreaking in its design. A long-term investment is recommended that incorporates all the learning from the Entrepreneurship Initiative and the emerging entrepreneurship development field. This capstone recommendation is based on the recognition that the Entrepreneurship Initiative has achieved important impacts at the community level and laid the foundation for a richer initiative that can produce widespread and significant policy change for the region. The **Entrepreneurship Innovation Initiative** would give ARC an opportunity to make investments that are deeper and more transformational, generating impacts that lead to policy change at the state level, and in local communities throughout the region. This initiative would also provide an opportunity to implement a participatory evaluation system that can generate the data and insights that will provide a deeper understanding of how ARC investments help to change the economic outlook and performance of the region.

ELEMENTS OF THE ENTREPRENEURSHIP INNOVATION INITIATIVE

- **The Entrepreneurship Innovation Fund** would provide selective, competitive, strategic investments in “next level” entrepreneurship development activities throughout the region. Investments would be competitively awarded across the region to initiatives that demonstrate a holistic, systems approach to entrepreneurship development, with an emphasis on those initiatives that have the potential to be transformational and sustainable
- The second element would be a pool of funds distributed to the states for investments in **First Tier Entrepreneurship Projects** at the ground level. Similar to the Entrepreneurship Initiative, these projects would build capacity and fulfill distinct entrepreneurship metrics that are developed by the communities and ARC working together.
- In the interest of capacity building, ARC should fund the development of **Entrepreneurship Innovation – Guidelines for the Future** – a framework for communities to use based on what ARC has learned from 10 years of investment in this field and what its partner organizations across the country have learned through their various activities.
- The fourth element would be a **“Best in Class” Evaluation System** that is initiated from the beginning of the Entrepreneurship Innovation Initiative. It would incorporate the “best in class” metrics derived from this evaluation, discussions with ARC, and input from the field. This evaluation system will be essential to making the case as well as measuring and ensuring impact.

Useful Resources for Entrepreneurs and Community Leaders

Resources for Community Leaders

Association for Enterprise Opportunity	www.microenterpriseworks.org
U.S. Department of Treasury, CDFI Fund	www.cdfifund.gov
CFED	www.cfed.org
Coleman Foundation	www.colemanfoundation.org
Community Development Venture Capital Alliance	www.cdvca.org
Consortium for Entrepreneurship Education	www.entre-ed.org
EntreWorks Consulting	www.entreworks.net
Heartland Center for Leadership Development	www.heartlandcenter.info
Kauffman Foundation	www.kauffman.org
National Business Incubation Association	www.nbia.org
National Dialogue on Entrepreneurship	www.publicforuminstitute.org/nde
National Association of Seed and Venture Funds	www.nasvf.org
RUPRI Center for Rural Entrepreneurship	www.energizingentrepreneurs.org

Resources for Entrepreneurs and Youth

DECA	www.deca.org
EntrepreneurShip Investigation	www.4h.unl.edu/esi
eXtension Community of Practice	www.extension.org/entrepreneurship
Future Business Leaders of America	www.fbla-pbl.org
Future Farmers of America	www.ffa.org
Junior Achievement	www.ja.org
Kauffman's eVenturing	http://eventuring.kauffman.org
National Council on Economic Education	www.ncee.net/ea
National Foundation for Teaching Entrepreneurship	www.nfte.com
REAL Enterprises	www.ncreal.org , www.gareal.org
US Small Business Administration	www.sba.gov

THE APPALACHIAN REGIONAL COMMISSION'S mission is to be a strategic partner and advocate for sustainable community and economic development in Appalachian.

THE RUPRI CENTER FOR RURAL ENTREPRENEURSHIP'S mission is to foster greater understanding of the promise and the practice of entrepreneurship as a sustainable economic development strategy for rural regions.



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