



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION
REGIONAL COUNCIL 9

BUILDING STRONGER ENTREPRENEURIAL ECOSYSTEMS IN CENTRAL VIRGINIA: EXPANDING GO VA REGION 9'S RURAL ECOSYSTEM

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PREPARED BY:



**innovation
policyworks**

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Staff

Shannon Holland, Director, GO Virginia Region 9, Central Virginia Partnership for Economic Development

Rural Entrepreneurship Task Force - Region 9

Jim Cheng, CAV Angels, Region 9 Chair
Tom Click, President and Co-founder, Patriot Industries, Region 9 Past Chair
Miles Friedman, Director of Economic Development, Fauquier County
Patrick Mauney, Executive Director, Rappahannock Rapidan Regional Commission
Ed Scott, Co-Founder, EcoSeptix Alliance, Region 9 Vice-Chair

Economic Development Partners

Helen Cauthen, President, Central Virginia Partnership for Economic Development
Rose Deal, Business Development Coordinator, Culpeper County Economic Development
Miles Friedman, Director, Fauquier County Economic Development
Dianna Gamma, Greene County Economic Development
Tracey Gardner, Director, Madison County Economic Development
Phil Geer, Director, Orange County Economic Development
Maureen Kelley, Director, Nelson County Economic Development
Paige Read, Director of Tourism and Economic Development, Town of Culpeper
Bryan Rothamel, Director Fluvanna County Economic Development
Phil Sheridan, Director, Culpeper County Economic Development,
Candace Spence, Economic Development Manager, Central Virginia Partnership
Andy Wade, Director, Louisa County Economic Development
Alan Yost, Director, Greene County Economic Development

Business Organization Partner

Theresa Wood, Businesses of Rappahannock

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Entrepreneurs

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Tom Click, Patriot Industries, Reg. 9 Council
Michelle Coe, BlueSkyPhoenix LLC
Ed Dalrymple, Cedar Mountain Stone, Reg. 9 Council
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Barbara Evers, Everleigh Vineyards
Rob Faigle, RCS Technologies, LLC
Tom Faigle, RCS Technologies, LLC
Rudy Garcia, Business Owner, Fluvanna County Chamber/Fluvanna EDA
Jennifer Goldman, Owner, Resonance Consulting + Manager, Fauquier Enterprise Center
Josh Griffith, Farmers Insurance
Brenda Grime, Southern Revere Vineyard & Farm
Sheridan Grime, Southern Revere Vineyard & Farm
Shawn Hayes, Blue Ridge Café & Catering
Kristin Hicks, Nourish Louisa + Dapper Cat Coffee
George Hodson, Veritas Vineyards & Winery
Chester Hull, CUBE
Phil Jaderborg, PJ Networks
Whitt Ledford, Cair Paravel Enterprises, Greene County EDA
Martha Ledford, Cair Paravel, LLC
Dustin Madison, Precision Farming, Louisa County EDA
Catherine Morris, Performance Signs
Robbie Morris, Performance Signs

Chris Pearmund, Pearmund Cellars
Peter Rice, Box In-Box Out
Laura Rogers, Braggs Corner Industrial Centre LLC
Ed Scott, EcoSeptix Alliance, Region 9 Council Vice-Chair
Keith Segerson, P3 Innovation Strategies
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Community Partners

Chip Boyles, Executive Director, Thomas Jefferson Planning District Commission, Region 9 Council
Bo Bundrick, Director, CTE & Workforce Development, Louisa County Public Schools
Marianne Clyde, Be the Change Foundation
Donna Comer, Workforce Development Coordinator, Lord Fairfax Community College
Christopher Coutts, PhD, Provost, Fauquier Campus, Lord Fairfax Community College
Lewis Foster, Orange County Broadband Authority
Becky Gartner, Extension Agent, Virginia Cooperative Extension
Jennifer Goldman, Manager, Fauquier Enterprise Centers + Owner, Resonance Consulting
Tracy Hale Clark, Executive Director, Louisa County Chamber of Commerce
Betty Hoge, Central Virginia Small Business Development Center (SBDC)
Christine Kriz, Director, Lord Fairfax Small Business Development Center (SBDC)
Jessica Jenkins, Culpeper Renaissance
Donald Jennings, SCORE + Minority & Veteran Farmers of the Piedmont
Beth Johnson, Blue Morning
Lois Mastro, Fluvanna EDA
Martha O'Keefe, Associate Vice President, Germanna Community College
Valerie Palamountain, Dean, Workforce Services, Piedmont Virginia Community College
David Reardon, Lord Fairfax, Small Business Development Center
Lynne Richman Bell, CEO, Boys & Girls Club of Fauquier
Greg Rosko, Piedmont Virginia Community College
Dwayne Satterfield, Orange County Public Schools
Jason Smith, Virginia Economic Development Partnership
Frank Strano, Entrepreneurship Instructor, Fauquier County High School

Gerald E. Swiggett, Ph.D., Treasurer, Fluvanna County EDA
Margy Thomas, PATH Foundation

EXECUTIVE SUMMARY

In late 2019, GO Virginia Region 9 released a business plan for a regional “Venture Hub” - a place that focuses the entrepreneurial energy in Central Virginia, enabling local people to start and grow new businesses that support inclusive economic prosperity. Current plans envision that the Venture Hub facility will be located in Charlottesville/Albemarle County, recognizing the community’s role as the regional population center, but more importantly as one of the nation’s emerging entrepreneurial hotspots.

While Charlottesville is an emerging center for entrepreneurship and innovation, it is not the only hotspot in Central Virginia. Enthusiasm and interest in entrepreneurship is growing across Central Virginia. Nearly every community within Region 9 is seeing growth in new startups, and community leaders are developing new strategies to embrace and accelerate the impact of new local startups and growing companies. These activities range from creation of new coworking spaces to business plan competitions to new youth entrepreneurship training programs.

These local efforts are showing great promise and would benefit from closer connections not only to the centrally located Venture Hub, but also to key partners across the ten-county area of Region 9. This report outlines strategies and programs to achieve these goals. It is based on assessment of the entrepreneurial ecosystem in the more rural sections of Region 9, which we define as Region 9 communities located outside of the Charlottesville/Albemarle area.

We find many strong ecosystem assets already in place, especially in the development of new programs to foster youth entrepreneurship and in support of local economic development organizations. Yet, challenge areas also remain. Many of these are structural in nature: the area’s rural entrepreneurs face large obstacles due to poor broadband access and challenges in recruiting/retaining talent. However, local entrepreneurs are starting successful companies despite these obstacles.

A greater number of local entrepreneurs could start and grow successful companies with a more robust rural ecosystem in place. Some of the needed supports and services will be made available via the Venture Hub, which will provide assistance across Region 9. But the area’s rural entrepreneurs also need access to support closer to home, where obtaining assistance does not always require a long drive. Whatever resources and support made available to a new business owner in downtown Charlottesville should also be available to the entrepreneur in Warrenton, Louisa, Culpeper, or Lovingston.

These new ecosystem assets must recognize the reality facing entrepreneurs in more rural parts of Region 9, where businesses must operate at further distance from key markets, without immediate access to critical support networks, and where some key business building blocks (such as world-class broadband) may not be readily available. This workplan recommends a number of steps to enhance Region 9’s efforts to support rural entrepreneurship. They include the following:

- ◆ **Create a Home for Entrepreneurs in Every County:** Designate and develop an entrepreneur’s center in every county. This site might be located at a coworking or other facility where local entrepreneurs can access services or just “hang out.”
- ◆ **Easier Access to Resources:** Local businesses need assistance to identify and access resources. Among other things, new regional business coaches will focus on creating these linkages and networks.
- ◆ **Streamlined Permitting and Licensing:** In many communities, business regulations are unclear and too complex. Local governments and key partners should scrub these rules to make them more “entrepreneur-friendly.”
- ◆ **Access to Equity Capital:** Charlottesville has emerged as a leading center for angel investing. Better linkages between these assets and the rural parts of Region 9 are needed.
- ◆ **Specialized Resources for Food and Beverage Manufacturers:** Central Virginia is developing a global reputation for high quality food products. Specialized support for food and agriculture-focused entrepreneurs is needed.
- ◆ **Youth Entrepreneurship Support:** Excellent initiatives to support youth entrepreneurs are bubbling up across Region 9. These promising pilot projects should be expanded to engage more students and to engage every school in Region 9.
- ◆ **Embrace Diversity:** Central Virginia is becoming a more diverse place, and its ecosystem support efforts should reflect such diversity. New efforts to engage women, minority, veteran, and new immigrant entrepreneurs should be developed.

As with Region 9’s other ecosystem-focused investments, the bottom-line goals for this effort are straightforward: to help more local people to start new businesses and to help those businesses become successful in terms of jobs, innovation, and their overall contribution to the regional economy.

INTRODUCTION

Since the GO Virginia program was first established, Region 9’s Council has heavily focused on building a stronger entrepreneurial ecosystem, defined as the set of activities, linkages, and interactions that support entrepreneurs, grow companies, and build a more diverse regional economy. Diligent entrepreneurs can succeed anywhere, but they are *more* likely to start and grow companies in regions where key resources are readily available and where necessary support services are easily accessed.

Central Virginia (Region 9) is blessed with many assets and advantages when it comes to ecosystem building. It is home to a world-class university, the University of Virginia (UVA), as well as other top educational institutions. Thanks to its natural beauty and ideal location, the region attracts talented people with the skills, resources, and networks needed for business success. Yet, like many regions, it can and should build on these core assets. That has been a key objective for the Region 9 team.

The ecosystem building work can be traced back to 2017 when the original Region 9 Growth and Diversification Plan noted that: “Region 9’s entrepreneurial ecosystem is strong with regard to student and faculty innovations at UVA, but thin and fragmented elsewhere in the region. It does not adequately support new businesses or help existing businesses to scale throughout the region.”¹ Additional state-level work reached similar conclusions, which noted the region’s “significant asset base” along with “uneven performance” that could be improved.²

Region 9’s Council took these findings to heart, and commissioned Camoin 310, and its partners EntreWorks Consulting and Innovation PolicyWorks, to develop a study and workplan for building a more robust regional ecosystem. The initial component of this work was completed in October 2019 and recommended development of a Venture Hub facility to be located in or near downtown Charlottesville.³ The Venture Hub, which is currently being developed, is intended to serve four primary functions:

- 1) As a *Place to Meet*, where entrepreneurs and other members of the ecosystem can convene, network, learn, create, and celebrate.
- 2) As a *Place to Connect*, where business owners and aspiring entrepreneurs can access local resources, like coaching/mentoring services, workshops, and other programs.
- 3) As a *Place to Tell Stories*, where community partners can highlight the narrative of Region 9 as an entrepreneurial powerhouse.

¹ *GO Virginia Region 9: Economic Growth and Diversification Plan*. 2017. Available at: <https://www.centralvirginia.org/wp-content/uploads/2017/06/Economic-Growth-and-Diversification-Plan-Region-9-Aug-31-2017.pdf>, p. 9

² TEconomy Partners, *Regional Entrepreneurial Assessment Project: Region 9-Piedmont Opportunity Corridor*, December 2018.

³ See *GO Virginia Region 9 “Venture Hub” Business Plan*. 2019. Available at: <https://www.centralvirginia.org/wp-content/uploads/2019/10/MASTER-100419-Venture-Hub-Business-Plan-1.pdf>

- 4) *As a Place to Learn*, where the region convenes ongoing conversations about additional needed resources, policies or activities that would further accelerate or expand the Region’s economic prosperity.

To be successful, this place must be widely accessible and open to all. With its proposed location in downtown Charlottesville, the Venture Hub and its related activities are easily accessible to residents of Charlottesville/ Albemarle County and the immediate surrounding communities as well as the UVA community. When fully operational, the Venture Hub will be a local beacon for innovation and entrepreneurship. It can and should be the “place to be” for innovators in Region 9 and beyond.

However, while the Venture Hub will be an important regional resource, its accessibility for all parts of the region may be limited. On-line resources can be used to connect in some cases, but ecosystem building also relies on face-to-face interactions and “happy” collisions. Because of the region’s large size, residents who live outside of Charlottesville/Albemarle County may be less able to visit the Venture Hub itself on a regular basis.

This potential challenge to the ecosystem was recognized by Region 9’s leadership from the start, and, as a result, they have viewed ecosystem development as a multi-pronged process. As the Venture Hub effort moves forward, a parallel effort to build linked ecosystem resources in other parts of Region 9 is also underway. This report provides pathways for this latter effort. It offers a series of recommendations for new programs and policies that provide new resources available in all locations across Region 9. These parallel efforts also ensure that innovation and good ideas move in multiple directions. Innovative efforts, such as excellent youth entrepreneurship initiatives in Culpeper and Fauquier counties, can and should be shared with partners in Charlottesville/Albemarle as well.

The objectives of this project phase are clear. Whatever resources and support made available to a new business owner in downtown Charlottesville should also be available to the entrepreneur in Warrenton, Louisa, Culpeper, or Lovingson. These new ecosystem assets must recognize the reality facing entrepreneurs in more rural parts of Region 9, where businesses must operate at further distance from key markets, without immediate access to critical support networks, and where some key business building blocks, such as world-class broadband, may not be readily available.

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Report Organization

This report is organized as follows. It begins with a brief review of the unique circumstances facing entrepreneurs in the less populated sections of Region 9.⁴ It is based on both outside research and interviews with more than 60 local entrepreneurs and economic development partners. We next assess common themes facing Region 9, while also reviewing insights from the growing literature on rural ecosystem building. Do rural regions need distinctive ecosystem resources, and if so, what do they look like? This analysis is bolstered by findings from eight case studies of rural ecosystem building efforts in Alabama, Colorado, Iowa, Kansas, Pennsylvania, Tennessee, and Virginia. We then offer guiding principles for building an ecosystem that engages all parts of Region 9 and conclude with program recommendations and a work plan for next steps.

⁴ This analysis is focused on businesses and aspiring entrepreneurs operating outside of Charlottesville/Albemarle County and includes those working in the counties of Culpeper, Fauquier, Fluvanna, Greene, Louisa, Madison, Nelson, Orange, and Rappahannock.

THE ENTREPRENEURIAL LANDSCAPE ACROSS REGION 9

Recent studies of the Region 9 economy note many positive trends related to supporting startups and high-growth ventures. Yet, at the same time, they note that regional growth trends are uneven, and that needed resources are not readily available in all parts of Region 9. For instance, the December 2018 assessment from TEconomy Partners highlighted three important characteristics of Region 9.⁵

1. Region 9 is strong in most areas of business formation, with areas of strength in information technology and life science fields related to UVA. Agriculture and food-related ventures are another area of strength. These agriculture-related sectors represent the second largest concentration of regional startup activity within Region 9.⁶
2. The region has a robust capital landscape. In terms of equity capital access, Central Virginia ranks well compared to other regions of comparable size.
3. As noted below, startup activity is concentrated in a few parts of the region, reflecting areas of population density but perhaps also reflecting the fact that entrepreneurial “programming is limited” outside of that focused on UVA-related startups. Strong support networks operate in Albemarle and Fauquier counties, but similar local networks are not in place elsewhere.

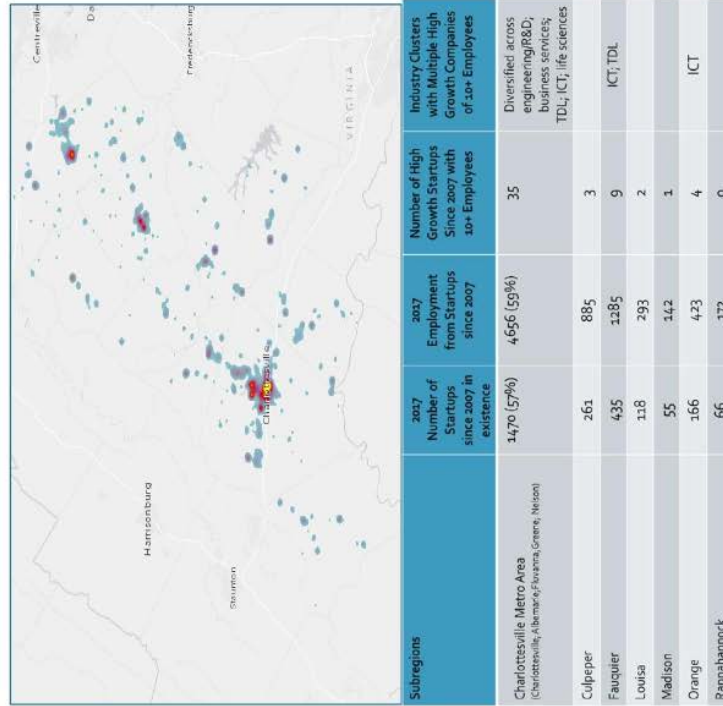
⁵ TEconomy Assessment, December 2018.

⁶ Ibid.

Key Graphics from Assessment of Ideation in Region 9

Region 9 has diversity in base of startups across traded sector industry clusters as well as across areas of the region

Major Industry Cluster*** (those relating to regional priority clusters bold faced)	Number of Start-ups Since 2007 Surviving by 2017	Start-up Employment Levels, 2017
Agriculture & Food Processing	195	1,056
Business Services	637	2,653
Energy, Natural Resources, & Finished Products	63	406
Engineering, R&D, Testing & Technical Services	97	654
Financial & Insurance Services	170	613
Health Care Services	28	710
Information Technology & Communications Services	74	577
Life Sciences	42	389
Manufacturing	58	608
Ship Building, Aerospace, & Defense	4	78
Transportation, Distribution and Logistics	231	1,438



Source: Slide from December 2018 Presentation by TEconomy Partners, LLC.

Some gaps do exist, but efforts to advance entrepreneurship in Region 9's more rural locations are underway. **Appendix A** provides a preliminary inventory of local support assets and resources, organized by county. This listing includes a strong concentration of core programs, with key partners like the statewide Small Business Development Center (SBDC) network and economic development organizations, assuming prominent roles. In a few counties, schools, business networks, and Chambers of Commerce, are also engaged. While local capacity does vary across the region, there is a basic program foundation in place in most counties, and local leaders are strongly committed to building a more start-up friendly community. For example, since 2014, the counties of Fluvanna, Greene, Louisa, and Orange have sponsored the Quad County Business Summit, an annual event that highlights local entrepreneur resources. It also includes the Quad-Tank, a region-wide business pitch competition for new ventures.

Resources in Charlottesville

An important core of Region 9's ecosystem assets are located (or are currently being developed) in Charlottesville. In addition to the Venture Hub facility now being developed, Charlottesville is home to many other critical resources for business startup and growth. These include various programs led or managed by UVA, such as the new Catalyst accelerator and the Batten Institute's Venture programs. A host of events, meetups, and networks are sponsored by groups like the Charlottesville Business Innovation Council, the Community Investment Collaborative (CIC), and the Charlottesville Regional Chamber of Commerce. Business coaching and planning assistance is available from groups like CIC and the state SBDC network, and a good base of capital providers is also in place. In fact, Charlottesville is one of the nation's leading centers for angel investing.

Economic Development is Also Entrepreneurial Support

The ecosystem "hub" of Charlottesville is robust, but it is not the only center of excellence within Region 9. For example, strong incubation programs are operated at multiple Enterprise Center locations in Fauquier County. Other parts of Region 9 have developed great expertise in supporting downtown development. The downtown revitalizations underway in places like Culpeper, Orange, and Warrenton, are spurred by local Main Street or Downtown programs, and local economic development investments. While these Main Street efforts do not necessarily brand themselves as ecosystem builders, they are in the business of building businesses and thus have great insight into helping new ventures start and grow.

Networks by Sector

Similar core expertise relates to the tourism and food and beverage and agriculture sectors. Region 9 communities are known globally for their natural beauty, and for products such as wine, beer, cider, and various organic foods. Groups like Nelson 151 not only promote local tourism, but they also operate as critical peer networks for local companies. An additional related asset exists at Culpeper County's Carver Center, which seeks to develop a commercial kitchen and other programming to promote agriculture-entrepreneurship.

Youth Entrepreneurship

Youth entrepreneurship is a final area of local strength. Both Culpeper and Fauquier Counties have developed excellent models that could be adopted across Region 9. In Culpeper, Career Partners Inc. has operated since 2000 with a goal of building closer connections between local business and the education community. E Squared (“Entrepreneurial Energy”), its core program, works with high schoolers who develop a new business venture with support from a business coach. This competition, which concludes with scholarship prizes for the winners, engages students but engages several local business owners as well. Fauquier’s Young Entrepreneurs Program is newer and developed with support from GO Virginia. Its first successful cohort of classes has been completed, and it is chartering a Youth Entrepreneurship Council at every County high school in 2020. In addition to these highlighted programs, most high schools across Region 9 include some kind of business or entrepreneurship training for youth. Typically, these programs might be part of 4H or Future Farmers of America (FFA), or part of other career awareness trainings.



Source: careerpartnersculpeper.com/esquared/

THE VIEW FROM LOCAL ENTREPRENEURS

In an effort to better assess regional ecosystem assets and gaps, we conducted extensive interviews with rural entrepreneurs and economic development partners operating across Region 9.⁷ These businesses highlighted several growth obstacles. While they expressed interest in better access to networks, coaching/mentoring, and other business support services, they also highlighted the importance of basic infrastructure as a driver of business success.

The Rural Broadband Challenge

Entrepreneurs operating in the most rural central parts of Region 9 must contend with poor broadband access, and an inability to recruit workers due to housing shortages. Addressing these core challenges will advance economic development across the board and will have especially profound impacts on rural business success rates. Efforts to build a stronger rural ecosystem can help but will have limited effect if not accompanied by significant improvements in the availability and affordability of broadband services across the currently underserved parts of Region 9.

Diverse Industries

Entrepreneurs in rural parts of Region 9 operate in a diverse mix of industries. Interviewees hailed from diverse sectors such as food processing, information technology, manufacturing, logistics, tourism and hospitality, and many others. A number of these sectors, especially those related to food and agriculture, may warrant closer attention not only in Region 9, but across the entire statewide GO Virginia network. Agriculture and food and beverage value-added processing represent a large cluster of local start-up activity that can and should be nurtured via these ecosystem-related investments.

Access to and Knowledge of Resources

Many rural entrepreneurs shared a sense of isolation and uncertainty about local ecosystem resources. Many interviewees were unfamiliar with traditional support programs, such as those offered by state agencies, the Small Business Development Center (SBDC) network, or SCORE. When these programs are used, they are well received. Efforts to increase awareness of existing business development resources are needed. More aggressive marketing of programs can help on this front, but awareness and program use will also benefit from a stronger overall ecosystem that regularly engages local people in entrepreneurship-related activities.

⁷ A listing of interview participants is provided in the Acknowledgements Section.

Permitting and Licensing Challenges

A similar set of concerns related to state and local business regulations. As in other parts of Virginia, the counties and municipalities across Region 9 sometimes present business owners with a complex set of rules, licenses, and regulations. Entrepreneurs frequently complained about regulatory confusion or uncertainty and expressed interest in better guidance and support on these issues.

Connections and Networks

Finding connections ranked high on all wish lists. The Venture Hub, designed as a “Place to Connect” will be available for this purpose, but something closer to home is also needed. This might take the form of a physical “home” for local entrepreneurship, which is absent in most locations. Recent Kauffman Foundation research further emphasizes the critical importance of connections. The researchers note: “Recent years have seen a proliferation of entrepreneurship education and training programs around the world, but the mere existence of programmatic resources is not the same thing as effectiveness, let alone vibrancy. Connections matter, and a dense network of connections, among a small number of programs, is arguably more important than a sparse network among a larger number.”⁸

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These networks provide great opportunities for peer connection, but they also help to publicize entrepreneurship as a viable career option for local people. Along the way, network partners learn what it takes to be an entrepreneur, and also gain a better understanding of programs and other support tools available across the region.

Programming Needs

Specialized programming that accounts for the unique nature of rural entrepreneurship is needed in Region 9. In general, rural and urban entrepreneurs face similar challenges that may relate to cash flow, workforce issues, or business planning. But, traditional ways of providing support services may not always work well for rural business owners. They may not always be seeking or be good candidates for major equity investments, but they can benefit from small loans or other types of support. Greater use of on-line and virtual training also makes sense, so that rural business owners do not always need to undertake long travel to attend workshops or meetings. Finally, programs need to recognize the growing diversity of entrepreneurs in rural Virginia. Enhanced efforts to target women entrepreneurs and new immigrants are needed.

⁸ Dane Stangler and Joshua Bell-Masterson, *Measuring an Entrepreneurial Ecosystem*, Report prepared for the Ewing Marion Kauffman Foundation, 2015, p. 5.

RURAL ECOSYSTEM BUILDING: WHAT'S DIFFERENT?

The concerns and aspirations expressed in our project interviews are not unique to Central Virginia. Similar issues have arisen in other rural locales across the US, and a growing movement of rural ecosystem builders is working on solutions.

Ecosystem building in urban, suburban, and rural locales depends on the same ingredients. Successful ecosystems emerge in places where the local business culture encourages risk-taking and innovation, where local people and businesses can easily access support and encouragement, where capital and other resources are available to fuel business growth, and where new ideas and innovations are shared across collaborative networks. These attributes can exist in any region or community, but they are more frequently found in denser urban areas where the levels of local resources and capital are higher, where networks are nearby and easier to access, and where the sheer number and density of entrepreneurs is larger. Because less populated rural locations may lack these naturally occurring attributes, ecosystem building requires a more conscious and focused commitment.

Several unique factors influence ecosystem policy and program development in rural locations.⁹ In general, rural business development patterns can differ from those found in urban areas. Firms may grow at slower rates, but they are also more stable and less likely to fail. These rural firms must also contend with constraints related to distance to markets, fewer networking options, and a shallow local talent base. Rural entrepreneurs are also more likely to operate in a few core industries or clusters, with higher concentrations of newer firms operating in manufacturing, agriculture, and tourism-related sectors.

Case Study Insights

Insights from the eight case studies developed as part of this project (see **Appendix C**) further reinforce these findings. The case studies assessed eight locations that were selected according to several criteria: the communities share some characteristics with Region 9, they have had some success in rural ecosystem building, and they offer a mix of program, policy, and organizational options. Experience from these communities suggests several factors that contribute to successful rural ecosystem building:

- ◆ **Local Customization:** Business support programs are aligned with local needs and practices. Effective rural programs do not simply import models from other regions. They adapt to the types of businesses and industry expertise found close to home.
- ◆ **Engage All:** Rural programs must be open to all, i.e., they provide support and services to any kind of aspiring or existing entrepreneur. This means that their customer base will be quite diverse, ranging from a high-flying tech entrepreneur to a farmer with a side hustle to a student designing websites. Programs also “meet entrepreneurs where they are” by responding to

⁹ Erik R. Pages, *Entrepreneurial Ecosystems in Appalachia: Literature Review*. Report prepared for the Appalachian Regional Commission, March 2018.

customer preferences as opposed to promoting a single prescription or pathway for business success.

- ◆ **Entrepreneur Leadership:** Most successful programs were started or are led by entrepreneurs, as opposed to government agencies or economic development organizations. Public organizations should be a major part of the network, but these efforts work best when they are “by and for entrepreneurs.”
- ◆ **Capital Linkages:** Most of the profiled programs either managed or had access to an array of support tools, especially funding vehicles.
- ◆ **Power of Youth Entrepreneurship:** Teaching young people about entrepreneurship as a career option has proved highly successful in rural settings. In addition to generating better education and career outcomes for students, these efforts also help to transform local business cultures.
- ◆ **Space Matters:** Rural regions benefit from having a physical “home” for entrepreneurship and innovation. This space does not need to be grandiose or expensive. It can even be part of existing facilities or programs.
- ◆ **Tell the Story:** Most of the profiled programs place great emphasis on telling the story of great local entrepreneurs and their role in community transformation. Good programs are not enough. A major focus on promotion and “branding” of local entrepreneurs is an important success ingredient. **Don’t Do It Alone:** Successful rural programs seek to link local entrepreneurs to outside markets and to outside sources of expertise and support. An insular focus will only limit the growth potential of local entrepreneurs. Connecting them to urban markets and outside expertise will build stronger companies with better growth potential.

GUIDING PRINCIPLES FOR THIS PROJECT

The 2019 Venture Hub business plan contained several core principles that guide entrepreneurship-related programming supported by GO Virginia Region 9. These principles include a commitment to serving all types of entrepreneurs, from side gigs to venture-ready tech firms, and an overall embrace of diversity and inclusion so that all local residents have the same opportunities to pursue their entrepreneurial dreams. In addition, all programs or facilities are committed to creating an open and welcoming environment without barriers to access or full participation in project activities.

These core principles pertain to all parts of Region 9, whether urban, suburban, or rural. They should be further supplemented by several additional principles that govern how services can and should be provided to Region 9 rural places. Openness to all should remain as a core principle. Rural entrepreneurs operate in diverse industries and have multiple motivations for business startup. It should not matter whether they want to pursue global expansion or make some additional income. Some level of program support should be available to any and all who seek it. Quality of service also matters. The entrepreneur in Afton or Madison should have access to the same type and same quality of services/support available to those working in downtown Charlottesville.

Partners must share resources and work together to help local entrepreneurs achieve success.

Achieving these goals of open access and high quality does not mean that highly specialized - and expensive - programs must be “cloned” in every part of Region 9. It does mean that partners must share resources and work together to help local entrepreneurs achieve success. It also means building on areas where Region 9 has developed strong capacities. Examples include youth entrepreneurship, where excellent projects are already underway in Culpeper, Warrenton and elsewhere, and in food/ag-related entrepreneurship, where the area has great strengths in agri-tourism, wineries, and orchards. We should ensure that all parts of the region can tap into this existing local knowledge and talent base.

PROGRAM

RECOMMENDATIONS

The program recommendations outlined below seek to address seven core challenges identified by local entrepreneurs and in related research and data analysis. The challenges and recommendations are summarized here:

Challenge	Recommendation
A Home for Entrepreneurs in Every County	1. Coworking / Entrepreneurial Center Grant Program
	2. Region 9 Passport
Easier Access to Resources	3. Business Navigators
	4. Expanded Outreach to Rural Counties
	5. Resource Navigation Portal
Streamlined Permitting and Licensing	6. Review Process; Designated Ombudsperson
Access to Equity Capital	7. Rural Fund and Investor Training
Specialized Resources for Food and Beverage Manufacturers	8. Food Enterprise Center/Commercial Kitchen at Carver Center
Youth Entrepreneurship	9. Expand E-squared program
Diversity	10. Promote entrepreneurship to underserved communities including minorities, women, veterans, and ex-convicts

As noted above, the recommendations are focused on improving the supporting environment for new and growing businesses across the entire landscape of Region 9, with an emphasis on locations outside of Charlottesville/Albemarle County. The recommendations are relevant to all counties in Region 9, but are designed as a modular menu of options where local communities can opt to adopt the full package of recommendations or to adopt a smaller range of new options.

These recommendations are suitable for all counties in the Region, although some may choose not to participate due to lack of interest in entrepreneurship or small business per se. Some counties may find that they already have implemented some of these suggestions; others need to start from scratch. We leave these decisions to the appropriate bodies in each county.

Unlike the Venture Hub Business Plan which outlined a single program centered in Charlottesville and Albemarle County, this set of recommendations is broader, and presents opportunities for county

governments, local nonprofits, and entrepreneurs alike to take actions to improve the rural entrepreneurial ecosystem. Two of the recommendations potentially qualify for funding under the GO Virginia Enhanced Capability Build Grant program, while several are proposed extensions to the Venture Hub operations. Several are no cost or low-cost actions that can be taken by various players in the ecosystem to change their operations or processes to be more friendly to rural entrepreneurs.

Unlike the Venture Hub, these recommendations do not lend themselves to a business plan approach. However, for each recommendation, we have provided guidance on potential costs, target audiences, the proposed service/program mix, staffing, physical space and equipment, organization and governance and financial model. In **Appendix B** you will find the Action Plan Matrix which summarizes the recommendations with more detail on implementation.

Since there is no single governmental entity with responsibility for all the counties in Region 9, the potential leadership and program partners may vary depending on specific recommendations and action items. The Venture Hub program currently remains in the planning phases, so its plan for development and rollout remains uncertain at this time. None of the recommendations below require that the Venture Hub be up and running. They can be implemented immediately, and can be connected to future Venture Hub programming, if desired, at a later date.

No single entity is required to lead in implementing the work plan presented below. It is likely that implementation leadership could be shared by the Central Virginia Partnership, County government staff, or other partners.

Challenge 1: A Home for Entrepreneurs in Every County

Entrepreneurs exist across the counties in Region 9, but they often have uneven access to resources. While many programs and services operate in Charlottesville and Albemarle County, only a few exist in the other service center communities like Warrenton and Culpeper, and many of the counties have no dedicated, full-time focus for entrepreneurship. In comparison, the case study communities uniformly have created a variety of programs and services to support entrepreneurs, and are benefitting from the vibrancy and energy that entrepreneurs bring to a local economy.

Recommendation 1

Each county in Region 9 should have a physical “home” for entrepreneurs. This home could be a coworking space, an incubator, or accelerator program.¹⁰ What matters is that entrepreneurs know where to go for assistance, support, training, and community building. The space could be in a public building or owned and managed by the private sector or a non-profit. It could be largely open space with desks, or small manufacturing shops or a shared kitchen facility. These choices need to be made with the advice of local entrepreneurs about their needs and opportunities for growth.

¹⁰ A co-working space typically offers shared desks, tables and conference rooms available for use by members on a regular basis, and by others on a drop-in basis, all for a fee. An Incubator is typically a program that entrepreneurs apply to, and upon acceptance, they rent office or manufacturing space in the incubator facility. This is typically a multi-year commitment and comes with access to shared resources and on-site coaching and counseling. An accelerator is usually an episodic program offered for a short period of time, e.g. 12 weeks, where a cohort of companies receive training, mentorship and connections. Some accelerators also offer office space for the duration of the program. Many accelerator programs culminate in a pitch contest or similar event, and result in investments in participating companies.

Beyond physical space, the entrepreneurship center should offer programming such as networking, training, and inspiration on a regular basis. This also offers the opportunity for Region 9 counties to work together and with existing programs and services to share programming, speakers and other resources. When the Venture Hub is operational, it should see part of its mission to support entrepreneurs in the other counties through shared programming.

These efforts will also benefit from a shared brand across Region 9. Each county and organization can and should maintain a distinct identity, but should also identify themselves as a member of the regional network as well.

Potential program models are emerging already. For example, Fauquier County has long supported three Enterprise Centers located in Marshall, Vint Hill, and Warrenton. These facilities operate as business incubators and also offer limited coworking space. Private coworking spaces, such as the new Elevate Coworking in Culpeper, are also being developed.

Program Specifics: Support the development of a GO Virginia grant application to support the creation and operation of coworking and other entrepreneurial support places. Annual funding should not exceed \$50,000 per county. Program reviews would assess applications to ensure that locations meet base standards, such as providing high speed broadband access, offering a regular mix of programming targeted to aspiring entrepreneurs and business owners, and providing local matching funds from membership dues or other sources.

Projected Annual budget: \$450,000.

Mission: To provide a “home” for entrepreneurs in each county in Region 9, to enhance the density of the entrepreneurial ecosystem, support job growth by increasing access to training, support services.

Target Audience: Aspiring and new entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: Physical office space, coworking space, conference rooms, shared equipment, training, networking, and coaching. GO Virginia would be supporting organizations that provide these services. Examples of potential partners include local economic development organizations, Chambers of Commerce, business networks, or services providers such as the Small Development Center Network.

Staffing: No new staff for GO Virginia Region 9. Each space could have one to two staff, depending on local market demand.

Physical space and equipment: No new space for GO Virginia Region 9. Each space would typically be 1,000-10,000 sq. ft.

Organization and governance: To be determined, depending on whether space is private or publicly owned.

Financial model: Usually a membership model where fees offset annual costs and contribute to recovery of upfront capital costs (e.g. remodeling). Annual grant from GO Virginia would make financial model more accessible for rural communities and entrepreneurs.

Recommendation 2

Region 9 should link the physical locations together using a “passport” program where entrepreneurs who are members of any program in the Region should be able to use the resources at other locations across Region 9. This model has been deployed in other regions. For example, the Indiana Coworking Passport allows limited free access to 57 different locations for any member of a participating space in Indiana. Similar programs also operate in Colorado, Florida, and Minnesota.

Program Specifics: Participation in the Passport program could be a prerequisite for receiving operational support under a proposed grant. The regional coworking network should be jointly supported by a task force composed of representatives from individual county or local spaces. The task force would jointly develop marketing materials, share program ideas, and support peer learning opportunities across sites for both entrepreneurs and program managers.

Annual budget: \$0.

Mission: To ensure that Region 9 entrepreneurs can get services when they are outside their home community. An additional benefit is to build community.

Target Audience: Entrepreneurs, freelancers and gig economy workers, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: Physical office space, conference rooms, shared equipment, training, networking, coaching. GO VA would be supporting organizations that provide these services.

Staffing: No new staff.

Physical space and equipment: No new space.

Organization and governance: N/A.

Financial model: N/A.

Challenge 2: Access to Resources

Successful communities that we studied had a significant investment in quality counseling resources, including partnerships with the SBDC and SCORE. While the SBDC and SCORE offer counseling to entrepreneurs in the rural parts of Region 9, there is wide variety in the quality and quantity of advice offered. During our interviews, many of the entrepreneurs said that they found it difficult to locate resources to help them, even when those resources did exist.

In addition, many communities invested in entrepreneurial coaches or resource navigators to support ecosystem development. These individuals have a different objective. Rather than directly providing one-on-one counseling and advice, the navigator's job is to help the entrepreneur find the resources that they need and to assist in accessing existing programs and services. In some ways, they could operate like the "regional quarterbacks" for entrepreneurship that have been discussed in statewide GO Virginia discussions.

Recommendation 3

GO Virginia Region 9 should consider dedicating funds to support two full-time business navigators for the rural counties to help entrepreneurs find and use the resources, programs, and services available to support them. In the future, the rural business navigators could be affiliated with the Concierge Service of the Venture Hub and should have the same training and qualifications as those individuals. This will ensure that the network is Region-wide and maintains the same level of service and quality.

Program Specifics: Support two business navigator FTE positions solely to assist entrepreneurs in the rural counties. Ideally, these roles would be a part of the Venture Hub Concierge Service. Ongoing support should be predicated on metrics such as companies assisted, new jobs created, and new funding raised.

Annual budget: \$150,000.

Mission: To provide thoughtful and knowledgeable coaching to entrepreneurs to help them overcome challenges and access resources to speed the development of their businesses.

Target Audience: Aspiring and existing entrepreneurs, self-employed, and small business owners in rural counties of Region 9.

Services and Programs Offered: Business concierge and resource navigation services. Coaching/Mentoring.

Staffing: Two new staff members who could be engaged by local, regional, or state partners.

Physical space and equipment: N/A. Roving business navigators would operate out of existing facilities.

Organization and governance: To be determined, depending upon specific roles and responsibilities of business navigators.

Financial model: Support for business navigators likely requires unique funding stream via grants, contributions, or as part of larger organizational operating budget.

Recommendation 4

GO Virginia Region 9 should encourage all Albemarle County/Charlottesville programs and entrepreneurial services to expand their outreach to rural parts of the region. The business navigators and Concierge Service should be “on the lookout” for companies in rural regions that would be a good fit with programs such as the Catalyst Accelerator.

Annual budget: \$0.

Mission: To help entrepreneurs overcome challenges and access resources to speed the development of their businesses.

Target Audience: Aspiring and new entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: All entrepreneurial support programs.

Staffing: No new staff.

Physical space and equipment: No new space.

Organization and governance: N/A.

Financial model: N/A.

Recommendation 5

Support the development of Venture Hub to create a single regional calendar for entrepreneurial events and a resource navigation portal. Ideally, this would be a collaboration with Venture Hub. This would increase the visibility of resources throughout the region. An example of an effective portal is Kansas City’s SourceLink (<https://www.kcsourcelink.com>) or the [CO.LAB calendar](#) for events in the Chattanooga region.

Mission: To help entrepreneurs overcome challenges and access resources to speed the development of their businesses.

Annual budget: Initial start-up costs might reach the \$10,000-\$15,000 range, with additional increments needed to maintain and update the site. Additional funds for marketing and promotion should also be pursued.

Target Audience: Entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: All entrepreneurial support programs.

Staffing: No new staff.

Physical space and equipment: No new space.

Organization and governance: N/A.

Financial model: N/A.

Challenge 3: Streamlining Permitting and Licensing

Region 9 entrepreneurs specifically noted challenges in navigating the permitting and licensing processes in many communities. In some counties, they reported that key staff members were sometimes unfamiliar with the requirements to start a business, that regulations were obscure and opaque, and that clear regulatory guidance was difficult to obtain. In contrast, in communities where entrepreneurs are welcomed and encouraged, in Virginia and elsewhere, licensing and permitting processes are greatly simplified and made transparent. A clear depiction of the timeline and compliance costs should be provided at the start of the process.

Recommendation 6

Virginia counties in Region 9 should regularly review their licensing and permitting processes, including zoning, health, and safety, to ensure that the path for a new business is well documented, transparent, and easy to follow. Counties should consider designating a single individual in county government, for instance in the Planning Office, as an Entrepreneurial Ombudsperson or Small Business Advocate to assist entrepreneurs. These steps would all be part of a region-wide initiative to ensure that every county can be designated “entrepreneur-friendly.”

Program Specifics: Virginia counties in Region 9 can conduct this audit internally. Designating one person to assist small businesses is an administrative change.

Annual budget: \$0.

Mission: To help entrepreneurs overcome challenges and access resources to speed the development of their businesses. To assist local governments in developing more effective and entrepreneur-friendly rules and regulations.

Target Audience: Aspiring and existing entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: All permitting and licensing.

Staffing: No new staff.

Physical space and equipment: No new space.

Organization and governance: N/A.

Financial model: N/A.

Challenge 4: Access to Equity Capital

Entrepreneurs in rural parts of Region 9 reported difficulty accessing equity capital. In addition, communities that we studied generally had created or raised pools of equity capital from local angels to support local entrepreneurs.

Recommendation 7

GO Virginia Region 9 should encourage the formation of a small (e.g. \$1 million) region-wide angel fund focused on entrepreneurs outside of Albemarle County and Charlottesville. Alternatively, existing angel network(s) should devote some time and energy to reach out to entrepreneurs in rural counties, using the Business Navigators and/or the network of entrepreneurial spaces as an efficient way to identify potential investments. Educational programming on the “do’s and don’ts” of equity investing would also be helpful to rural entrepreneurs to assist them with gaining a more sophisticated understanding of the process and the expectations of angel investors. Angel investor education should be provided to encourage high-net worth individuals in the region to expand their investment horizons and to expand membership in existing angel networks. This local leadership and buy-in is essential to successful programs.

Program Specifics: GO Virginia Region 9 should support an existing angel group in an application to the EDA Regional Innovation Strategies (RIS) program under their new Capital Challenge. This program makes funds available to increase access to capital in communities where risk capital is in short supply. The monies provide operational support for the “formation, launch or scale of investment funds that seek to invest their capital in scalable startups” or “organizations with a goal to expand capital deployment with a community, region or regional industry” (i.e. angel networks or investor training programs). Angel investor training programs are available through the Angel Capital Association, as well.

Annual budget: Will vary based on scope of outreach efforts and programming.

Mission: To help entrepreneurs access financial resources, especially equity investment, to speed the development of their businesses.

Target Audience: Entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: Equity investment.

Staffing: No new staff. Could be managed by existing angel network or Venture Hub.

Physical space and equipment: No new space.

Organization and governance: N/A.

Financial model: N/A.

Challenge 5: Specialized Resources for Food and Beverage Manufacturers

A substantial portion of the entrepreneurs operating scalable businesses in rural parts of Region 9 are involved with food and/or beverage production. As noted earlier, ag/food startups are one of the fastest growing new sectors within Region 9. With the advent of interest in “local foods,” and increased emphasis on healthy eating, these businesses that leverage Central Virginia’s long history of agricultural success, have the potential to bring both value-added manufacturing jobs and hospitality jobs to the Region. However, substantial challenges exist for entrepreneurs looking to transition from a restaurant or winery or home kitchen to production-scale manufacturing.

Many regions around the US are embracing new strategies to develop food systems-related programming. Some of this work is targeted at providing support for new farmers or new types of agricultural production. For example, Virginia’s [Appalachian Sustainable Development](#), North Carolina’s [Blue Ridge Food Ventures](#), and Vermont’s [Farm to Plate](#) initiative offer globally-recognized models of how to encourage new startups and new innovations in local agriculture. Beyond these excellent models, many regions and states are investing in ag-tech related sectors. This work aligns well with GO Virginia’s encouragement of investments in technology-related industries. Relevant program models include [Salinas, California’s ag-tech programs](#) and Indiana’s statewide [AgriNovus](#) platform. These latter programs seek to create world-class innovations and technologies in sectors like ag-biosciences, precision agriculture, and the like. They also seek to capitalize on the growing level of venture investor interest in this sector.

Recommendation 8

The proposed Food Enterprise Center/Commercial Kitchen project at the Carver/Piedmont Agricultural Institute, Carver Center in Culpeper is an ideal resource which, if brought to fruition, would substantially alter the trajectory of many food and beverage-related businesses in Central Virginia. Supported by

Virginia Tech’s Cooperative Extension, this resource is well positioned to provide the expertise that many require. GO Virginia’s Region 9 should fully support this project and encourage the use of its programs across the wider region.

Program Specifics: Local partners should support this project and make the case to GO Virginia that food and beverage-related manufacturers can yield high-paying, good quality jobs in the Region. The Food Enterprise Center team and partners created a feasibility study and project plan several years ago, and this plan can be used to guide further action on this recommendation.

Annual budget: Capital Costs: \$2.2 million. Local partners should support efforts to raise additional funding from foundations or various government sources.

Mission: To help food and ag-focused entrepreneurs overcome challenges and access resources to speed the development of their businesses.

Target Audience: Food and beverage manufacturing entrepreneurs, self-employed and small business owners in rural counties of Region 9.

Services and Programs Offered: Specialized support and equipment to bring new food and beverage products to market at scale.

Staffing: See Food Enterprise Center plan.

Physical space and equipment: See Food Enterprise Center plan.

Organization and governance: See Food Enterprise Center plan.

Financial model: See Food Enterprise Center plan.

Challenge 6: Youth Entrepreneurship

Youth entrepreneurship is a long-term investment in the entrepreneurial ecosystem that yields young people who see self-employment and small business as career alternatives. These investments are becoming a core part of many rural development initiatives, as they engage youth in community building, help to combat brain drain, and help to build a strong local talent base as well.

Region 9 communities have long recognized the benefits of youth entrepreneurship support. Already successful initiatives are underway in Culpeper, and piloted in Fauquier County, as well as in several of our case study communities. Existing program leaders are open to sharing what works across Region 9. Culpeper County’s Entrepreneurial Energy (E Squared) program now has twenty years of experience in providing great educational tools to students, but also in the important work of engaging parents, business leaders, and investors to develop programming that works and that can be sustained financially. In Fauquier County, an excellent new pilot youth entrepreneurship program is now being expanded to new schools and new school districts.

Recommendation 9

Youth entrepreneurship should be a strategic focus for GO Virginia Region 9. The Region 9 Council should support the expansion of existing youth entrepreneurship programs into other rural counties in the region. We recommend that a region-wide network be developed, with the purpose of sharing effective practices, supporting training for teachers and volunteers, and managing regionwide activities, such as regional business plan competition. The network will help to leverage the experience from older, more established programs and expand program reach into additional local communities and school systems.

Program Specifics: GO Virginia Region 9 should support county government/nonprofit initiatives that expand the E-squared program, support more connectivity through the Youth Entrepreneurs Program, and nurture other promising local initiatives. Grants to these entities should be matched 1:1 by cash and in-kind contributions from local businesses and leaders.

Annual Cost: Potential annual costs of \$100,000 to \$200,000, depending on adoption of new programs such as a regional business plan competition or summer camps.

Mission: To help youth learn about local business and entrepreneurship opportunities and to gain key skills and competencies.

Target Audience: Youth in rural counties of Region 9.

Services and Programs Offered: Experiential training in entrepreneurship.

Staffing: Builds upon existing staff at entrepreneurial centers, SBDC and local schools.

Physical space and equipment: N/A.

Organization and governance: To be determined, depends upon partners.

Financial model: Grant-based, to cover some salaries of existing personnel; in-kind support from business community; some expendable materials and supplies.

Challenge 7: Diversity

Although Region 9 has a very diverse population, its existing entrepreneurial support programs and its economic development infrastructure is overwhelmingly white and male. Like their counterparts across the country, the existing ecosystem generally does not serve minority or women entrepreneurs well.

Recommendation 10

GO Virginia Region 9 should take a leadership role in promoting entrepreneurship to underserved communities in the region, including Latinx, black, women, veterans, and ex-convicts. Partnering with

social service agencies, churches, associations, and others with linkages into these communities, Region 9 should encourage all entrepreneurial service providers to work with and support these underserved communities in order to expand economic opportunity for all Virginians.

Program Specifics: GO Virginia Region 9 should consider efforts to seek funds from a variety of foundations and government programs aimed at supporting minority and women, veterans and ex-convicts entering or re-entering the workforce. Partnering with local non-profits, entrepreneurial support organizations and local governments, Region 9 should encourage the expansion of programming to include underserved communities. Examples are:

- ◆ Inmates to Entrepreneurs <https://inmatestoentrepreneurs.org/about-us/>
- ◆ Women’s Business Center <https://www.sba.gov/offices/headquarters/wbo>
- ◆ Diversity <https://500.co>
- ◆ Boots to Business <https://sbavets.force.com/s/>

Annual Cost: Will vary based on scale of programming and focus areas.

Mission: To help minority, women, veterans and ex-convict entrepreneurs overcome challenges and access resources to speed the development of their businesses.

Target Audience: Underserved entrepreneurs in rural counties of Region 9.

Services and Programs Offered: Entrepreneurial training, funding.

Staffing: Depends upon programming offered, overlap with existing or planned services.

Physical space and equipment: Depends upon programming offered, overlap with existing or planned services.

Organization and governance: Depends upon programming offered, overlap with existing or planned services.

Financial model: Depends upon programming offered, overlap with existing or planned services.

CONCLUDING THOUGHTS

Since the GO Virginia program first started in 2017, GO Virginia Region 9 has identified entrepreneurship support as a top priority, and has consistently supported major investments to build a more robust ecosystem that supports entrepreneurs across every community in Central Virginia. This support has already spawned some important advances, including the Catalyst Accelerator in Charlottesville, the Cville BioHub effort, and youth entrepreneurship programming in Culpeper, Fauquier, Louisa, Orange, and Rappahannock counties.

The recommendations included in this report seek to further advance this regional mission by supporting a critical objective: ensuring that any and all entrepreneurs in Region 9 have access to world-class resources and support, regardless of whether they live in an urban, suburban, or rural location. With these new support programs in place, entrepreneurs in Region 9's rural locales will be able to easily access the training, funding, and support networks needed to start and grow companies. This business success will do more than help an individual entrepreneur or a group of entrepreneurs; it will also help to build stronger, more prosperous, and more resilient rural communities across Central Virginia.

APPENDICES

APPENDIX A: REGION 9 ENTREPRENEURIAL ASSETS INVENTORY

TYPE	COUNTY	RESOURCE	DESCRIPTION
Chamber	Culpeper (CUL)	Culpeper Chamber of Commerce	
Education	CUL	Career Technical Education (CTE) school	Courses already going on in high school. New facility to open next year—near Germanna Community College, Culpeper Campus.
Education	CUL	Culpeper County High School and Eastern View High School	Career and Technical Education Works with Career Partners (see below)
Education	CUL	Germanna Community College, Daniel Technology Center	Community college course work and training
Education	CUL	Lord Fairfax Community College Small Business Development Center (SBDC)	Small business training and assistance In Culpeper, entrepreneurs seeking information know to go to SBDC; SBDC is located in the Culpeper County Economic Development office
Funding	CUL	Culpeper Renaissance Inc. (CRI)	
Funding	CUL	Young E-ship Grant (GO Virginia)	An enhanced capacity (ECB) building grant funded by Region 9 Council. Culpeper, in collaboration with Fauquier, Orange and Louisa counties, will implement pilot programs in each county and develop a young entrepreneurship resource guide. Implementation grants are expected to follow ECB grants.
Government	CUL	Culpeper County Economic Development	
Government	CUL	Culpeper Town Economic Development & Tourism	
Government	CUL	Virginia Career Works	
Non-profit	CUL	Culpeper Future Farmers of America (FFA)	Culpeper high schools
Non-profit	CUL	Agriculture Research Center at George Washington Carver Piedmont Technical Education Center	Tech extension agents
Non-profit	CUL	GWC George Washington Carver Piedmont Technical Education Center (GWC PTEC)	Commercial Scale Kitchen (also houses a welding and machinists certification training school)
Non-profit	CUL	Career Partners	All-volunteer organization with a mission to become a recognized educational model in creating synergy between local

			business, government and community. Oversees five educational programs and serves more than 3,000 local students <ul style="list-style-type: none"> • E-squared -Start businesses • Maker Energy Faire - Make things • STEM - Learn about Science Technology Engineering and Math • Career Expo - Learn about careers • Mock Interviews- Improve interview skills
Private	CUL	Elevate Co-work & Community	Co-working space for lease
Chamber	Fauquier (FAQ)	Fauquier Chamber of Commerce https://www.fauquierchamber.org/	
Coalition	FAQ	Military	Entrepreneurship programs for active duty and transitioning military; Series of sessions outside Quantico (Prince William, Stafford, Fauquier). Fauquier County has an MOU with Quantico to provide e-ship services to active duty and retired Marines.
Education	FAQ	Fauquier County High School; Wakefield (private); (both schools are participating in Young Entrepreneurship Grant with GO Virginia)	
Education	FAQ	Mason Enterprise Center (Warrenton)	
Education	FAQ	Lord Fairfax Community College	Has entrepreneurship classes
Education	FAQ	George Mason University	Hosts Enterprise Centers
Funders	FAQ	PATH Foundation Northern Piedmont Foundation, Warrenton	
Funding	FAQ	Young E-ship Grant (GO Virginia) Fauquier has three schools	
Government	FAQ	Fauquier County Economic Development	
Government	FAQ	Fauquier Enterprise Centers in Marshall and Vint Hill.	
Government	FAQ	Main Street Warrenton program	
Non-profit	FAQ	SCORE	
Non-profits	FAQ	Boys and Girls Clubs	Serves middle school children; is developing entrepreneurship programming; participates at YEP GO Virginia grant
SBDC	FAQ	Lord Fairfax Community College Small Business Development Center (SBDC)	Provide scheduled services at George Mason Enterprise Center
Chamber	Fluvanna (FLU)	Fluvanna Chamber of Commerce	
Education	FLU	Career Technical Education (CTE)	No entrepreneurship classes; business

		school	related classes i.e. marketing, in the high school
Education	FLU	Fluvanna County High School	CTE in-school classes at high school
Government	FLU	Quad County Business Summit https://www.qcbsummit.com/	Annual Business Summit-with Pitch Competition in 2019.
Government	FLU	Fluvanna County Economic Development	
Non-profit	FLU	Community Investment Collaborative (CIC) Fund for Fluvanna	\$45,000 revolving loan fund through CIC
Private	FLU	Co-working space	
SBDC	FLU	Central Virginia Small Business Development Center (SBDC) Scheduled on as needed basis at Chamber offices in Palmyra.	Scheduled monthly and as needed visits.
Chamber	Greene (GR)	Greene County Chamber https://www.greenecoc.org/	
Civic	GR	Rotary / Lions/etc.	
Education	GR	Greene County High School	Career Technical Education (CTE) Programs
Funding	GR	Greene Small Business Investment Grant	Supported by Board of Supervisors
Funding	GR	Greene County EDA Small business lending program	Offer micro lending program for businesses
Funding	GR	Virginia Tourism Grants	Primarily AirBNBs at present. County has embraced tourism as target industry.
Government	GR	Quad County Business Summit	Annual Business Summit and Pitch Competition
Non-profit	GR	Stanardsville Area Revitalization group (STAR)	STAR has focused along on the infrastructure brining community together with streetscape projects; now looking to attract entrepreneurs
Non-profit	GR	Community Investment Collaborative (CIC) (Charlottesville)	
Non-profit	GR	SCORE	
Place	GR	Giuseppe Center, Stanardsville	Piedmont Virginia Community College offers classes at this educational facility. Big focus on dual enrollment programs.
SBDC	GR	Central Virginia SBDC	
Chamber	Louisa (LOU)	Louisa Chamber https://www.louisachamber.org/	
Civic	LOU	Clubs- Lions /Rotary	
Education	LOU	Piedmont Virginia Community College	
Education	LOU	Louisa County High Schools	
Education	LOU	Career Technical Education	Creating workforce development programs for target markets; building on high school campus; will include co-working spaces.
Funding	LOU	Louisa County EDA small business	

		lending program	
Funding	LOU	William A Cook Foundation	
Government	LOU	Quad County Business Summit	Annual Business Summit and Pitch Competition.
Government	LOU	Economic Development Offices	
Non-profit	LOU	Community Investment Collaborative (CIC)	
Non-profit	LOU	SCORE	
Place	LOU	Downtown Louisa Chamber	
Private	LOU	Louisa County Tourism Center	Offers co-working and Wi-fi access
SBDC	LOU	Central Virginia SBDC	
Chamber	Madison (MAD)	Madison County Chamber	
Education	MAD	Madison County High School/Career Technical Education Programs	
Education	MAD	Lord Fairfax Community College SBDC	
Funding	MAD	Part of “Crafting Higher Paying Jobs” GO Virginia project Germanna CC and Madison Economic Development	
Government	MAD	Madison County Economic Development	
Place	MAD	Madison Downtown Visitor Center/Chamber of Commerce/Economic Development	
Chamber	Nelson (NEL)	Nelson County Chamber of Commerce	
Education	NEL	Central Virginia Community College Lynchburg, VA Piedmont Virginia Community College (PVCC) Sweet Briar College Sweet Briar, VA	
Education	NEL	Extension Agents Based in Amherst County and serves Nelson County	
Funding	NEL	Commonwealth of Virginia, Department of Agriculture – Agriculture Forestry Industry Development (AFID) Grants	
Funding	NEL	Virginia Tourism	Grant programs/educational programs/ tourism development financing programs.
Government	NEL	Economic Development	
Government	NEL	Alcoholic Beverage Control (ABC) Authority	Adult beverage industry resources
Government	NEL	Health Department	Food manufacturing resource
Non-profit	NEL	Building Goodness Foundation – partners to teach construction	

		trades while doing community projects	
Place	NEL	Nelson Center – has space tied to workforce center and Virginia Employment Commission; Wi-Fi access to public and meeting space Rockfish Valley Community Center-- Rockfish University: location for meetings, including economic development and SBDC. Library – under expansion; access to Wi-Fi	
Place	NEL	Lovington -Main Street Grant, with plans for local makerspace	
Private	NEL	Skyline Chef Association	The Skyline Chefs Association of Virginia has created an American Culinary Federation Education Foundation's apprenticeship. Also offers host of other nationally recognized culinary designations.
SBDC	NEL	Central Virginia Small Business Development Center	Use Nelson Center for meeting
Chamber	Orange (OR)	Orange County Chamber of Commerce	http://www.orangevachamber.com/
Education	OR	Virginia Tech Cooperative Extension	Provide services to farmers and agriculturally based businesses, including guidance and resources for start-ups. https://ext.vt.edu/
Education	OR	Germanna Community College	Among the many certificates offered, Entrepreneurship Career Studies is the most relevant to this project. https://www.germanna.edu/
Education	OR	High Schools	<ul style="list-style-type: none"> • DECA • Robotics Team operates like a business • Young Entrepreneurs Resource Program (GO Virginia 9 project) • Marketing/design class operates like a business • Innovation Inc.
Government	OR	Quad County Business Summit	Annual Business Summit and Pitch Competition.
Government	OR	Orange County Economic Development	Offer connections and resource navigation. Liaison between the gov't, schools, and the business community. Provide small incentives for eligible startups. www.thinkorangeva.com
Non-profit	OR	<ul style="list-style-type: none"> • Orange Downtown Alliance 	

		(ODA) https://www.theoda.org/ <ul style="list-style-type: none"> • Tom Tom Summit & Festival https://tomtomfest.com/ • i.Lab @ UVA https://ilab.virginia.edu/ • Community Investment Collaborative (CIC) https://cicville.org/ 	
Non-profit	OR	SCORE – Central Virginia	https://centralvirginia.score.org/
Private	OR	Common Ground Co-working	Privately owned co-working space located in Locust Grove, VA.
SBDC	OR	Central Virginia Small Business Development Center	Provides quarterly workshops in Orange on various topics for E's. Every other month they provide one-on-one counseling sessions in Orange. https://www.centralvirginia.org/small-business-development-center/
Chamber	Rappahannock (RAP)	Rappahannock Business	Core local business network with 190 members: www.Rappahannock.com
Education	RAP	Rappahannock County High School	
Education	RAP	Lord Fairfax Community College and SBDC	
Government	RAP	Library	Has Wi-Fi and internet
Non-profit	RAP	Nonprofit – Rapp University	Offers accredited nursing programs CNA
Non-profit	RAP	Non-profit Family Futures	New; starting programming in schools; financial literacy
Place	RAP	Downtown centers in Flint Hill, Sperryville and Washington.	

APPENDIX B: ACTION PLAN MATRIX

Initiatives	Description	Possible Lead	Partners	Timeline	Budget	Metrics
A Home for Entrepreneurs in Every County						Number of co-working spaces, incubators, centers Number of members/companies using spaces
Coworking/Entrepreneurial Center Grant Program	Develop a grant application for a coworking network and other entrepreneurial support locations	TBD	Innovation Committee	Month 1		
Research other relevant grant programs	Form an advisory committee.	TBD	Innovation Committee	Month 1		Jobs created
Draft a Program Description	Using research and local knowledge, draft a program description.	TBD	Innovation Committee	Month 2		Capital raised
Apply for Region 9 funding	Apply to Region 9 Council for funding	TBD	Innovation Committee	Month 3		
Release RFP for program	Release RFP and meet with leaders throughout Region 9 to publicize.	GoVa R9	Innovation Committee	Month 4-5		
Award funds		GoVa R9	Innovation Committee	Month 6		
Develop/Market Coworking Passport Program	Develop shared brand for spaces and marketing plan for coworking passport concept	Advisory Committee/Venture Hub Team	County level EDOs and other partners/Innovation Committee	Months 9-12		Creation of Passport Program/Usage of Facilities across Region
Review annual reports		GoVa R9	Innovation Committee	Month 18		
Identify program expansion grant opportunities		GoVa R9	Innovation Committee	Month 18		

Easier Access to Resources

Hire two Business Navigators for Rural as part of Concierge Service	Write job descriptions and hire two persons to serve rural counties	Venture Hub or other organization	Innovation Committee	Months 9-12 or Startup of Venture Hub		Number of companies served Company impacts: New Jobs created/Capital Raised
Concierge Service Launch	Training, Protocols, Processes, Marketing	Exec Dir, Concierge	Partner Network	Months 9-12 or Startup of Venture Hub		Number of Engagements/Referrals
Develop relationships with other programs in region 9	Agreements with other providers, training, ongoing events	Exec Dir, Concierge	Partner Network	Months 9-12 or Startup of Venture Hub		
Develop rural e-shop web resource	Ideally in collaboration with Venture Hub team	Exec Dir, Concierge	Partner Network	Months 9-12 or Startup of Venture Hub		

Streamlining Permitting and Licensing

						Average time to obtain permits/licenses Satisfaction rating of clients
Outreach	Meet with County leadership to discuss issue	Local Economic Development Partners	Innovation Committee	Month 1		
Resources	Identify resources for counties to use	Local ED Partners	Innovation Committee	Month 1		
Counties should streamline permitting and licensing/Produce How-to Guides for Local Business		County governments	Innovation Committee	Months 2-12		
Ombudspersons named		County governments	Innovation Committee	Month 3		

Access to Equity Capital

Outreach	Meet with Angel Investors to discuss issue	GoVa R9	Innovation Committee	Month 1	Total capital raised by county Equity capital raised by County
Resources	GoVa Region 9 staff should identify resources such as Angel Capital Assn	GoVa R9	Innovation Committee	Month 1	Active investors by County
Angel networks should re-evaluate criteria, outreach		Angel networks	Innovation Committee	Months 2-6	
Angel networks should expand outreach		Angel networks	Innovation Committee	Months 7-12	
Angel Networks should recruit new investors from rural counties		Angel networks	Innovation Committee	Months 7-12	

Specialized Resources for Food and Beverage Manufacturing

Outreach	Meet with Carver Center to discuss proposal	GoVa R9	Innovation Committee	Month 1	Number of Food and beverage Mfgs Jobs in Food and Bev mfg
Funding Strategy	Work with VaTech on funding strategy	Local/Regional Partners	Innovation Committee	Month 3	Avg salary
Apply for funding	Carver Center should apply to GoVirginia for funds	Carver Center	Innovation Committee	Months 2-6	Number of companies served by center
					Results for those companies

Youth Entrepreneurship

Outreach	Meet with Current Programs/School Teams	GoVa R9 /Local Partners	Innovation Committee	Month 1	Number of students served as percent of student population
Resources	Develop inventory of local programs/resources	GoVa R9/Local Partners	Innovation Committee	Month 1	
Convene Regionwide Gathering/Network Kickoff		Local Partners	Innovation Committee	Months 4-6	Number of Participants/Communities engaged
Develop work plan to engage every Region 9 school district.		Local Partners	Innovation Committee	Months 7-12	Regional take-up of Programs
Consider additional region-wide programming such as biz plan competition and summer camps for 2021.		Local Partners	Innovation Committee	Months 7-12	Number of students, schools and community volunteers engaged

Diversity

					Number of companies/entrepreneurs served
Outreach	Meet with community organizations, social service agencies, churches, etc. to find partners	GoVa R9	Innovation Committee	Month 1-6	Jobs created
Resources	Identify resources and existing programs	GoVa R9	Innovation Committee	Month 1-6	
Community groups should work with Venture Hub, entrepreneurship centers/coworking / SBDC to bring services to Region 9		Community	Innovation Committee	Months 6-12	
Assess progress		GoVa R9	Innovation Committee	Month 12	Increase in customer engagements/new business formation by targeted populations

APPENDIX C: CASE STUDIES

Introduction

The following analysis examines entrepreneurial ecosystem building efforts in more rural communities around the US. It builds on a similar analysis included as part of an earlier GO Virginia Region 9 project: the October 2019 [Venture Hub Business Plan](#). For this report, the consultants worked with the GO Virginia Region 9 team to develop an inventory of locations that met several criteria. First, the communities had similar economic characteristics as the more rural parts of Central Virginia. Like Region 9, most of these case study regions were home to few small cities and towns, along with a larger area of lower densities and more rural lifestyles. Second, the case study regions have all developed relatively strong track records in spurring new startups, building entrepreneur-friendly cultures, and integrating entrepreneurship into the regional economic development landscape. Finally, the case studies present a mix of program options and possibilities. Some profiled initiatives operate over large regions or even an entire state, while others focus on a single community. In addition, profiled programs are led by private, public, and non-profit entities.

The places chosen were:

- Shoals Region, AL
- Western Slope Region, CO
- Northeast Iowa
- Network Kansas
- Launch Tennessee
- Southern Alleghenies Region, PA
- Danville, VA
- Staunton, VA

As a group, the case study profiles are designed to share a wide range of options and lessons that could be applied to ecosystem building in Central Virginia. The program profiles discuss each region's economic composition, the history of ecosystem building work, and lessons learned related to program offerings, funding, and organizational design.

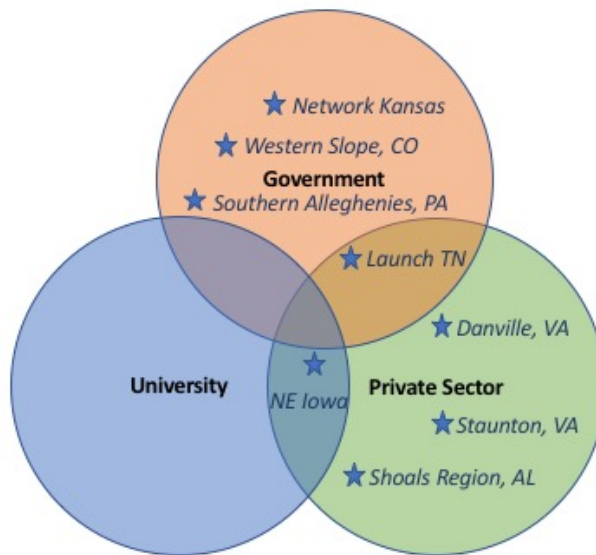
Analysis

In past work on the Venture Hub Business Plan, the consulting team profiled eight locations that operated in more urban settings and which had close connections to higher educational institutions.¹¹ This earlier analysis highlighted several important success factors for effective ecosystem building. They included:

¹¹ See Camoin 310, Innovation PolicyWorks, and EntreWorks Consulting, "Venture Hub Business Plan," Report Prepared for GO Virginia Regional Council 9, October 2019. Available at: <https://www.centralvirginia.org/wp-content/uploads/2019/10/MASTER-100419-Venture-Hub-Business-Plan-1.pdf>

- Successful initiatives offer diverse and comprehensive programming to existing and aspiring entrepreneurs.
- No one governance model works best. Successful initiatives can be led and managed by government agencies, higher education institutions, non-profits, and private businesses. However, regardless of “who leads,” effective organizations engage in real partnerships with a diverse array of players. (See Figure 1.) Note, however, that rural programs are more likely to be initiated by government organizations and the private sector, while the urban venture hub programs profiled in our earlier reports had more university and private sector governance.

Figure 1: Home of Rural Entrepreneurship Initiatives



- Effective ecosystem building changes the local business culture. It does not simply deliver programs to businesses. It also encourages and trains local people to collaborate, to learn together, to buy and act local, and to collectively support the cause of building a start-up friendly community.

These lessons apply to entrepreneurial development efforts in downtown Charlottesville and throughout the ten-county area of Region 9. Nonetheless, efforts focused on rural regions must account for the fact that, in some ways, entrepreneurship development is a numbers game. Metropolitan areas have a larger number and greater density of new and growing businesses, and close proximity makes it easier to connect. As a result, it is easier for business owners to network with one another, and to tap into a wider array of business support services and funding resources.

Rural entrepreneurship development efforts must account for these differences, and develop unique approaches to account for lower scale, lower density, and a less robust mix of support and funding resources. The programs and regions profiled in these case studies have tested different models and

procedures to address these realities. Some programs, such as Network Kansas, rely heavily on on-line resource tools, while others have built out statewide or regional networks, as seen in Colorado, Iowa, Kansas, and Tennessee, to share resources and ideas. Other programs link closely to an anchor institution, as with the Pappajohn Center at Northeast Iowa Community College or Danville's connections to the Danville Regional Foundation. In all of these cases, these networks help local and regional programs "punch above their weight" by tapping into a wider set of support tools that might not be available in all rural locales. This allows for a strong program mix, combining recognition of local needs and circumstances along with access to a wider mix of business services.

The GO Virginia Region 9 leadership team envisions a similar partnership between the Charlottesville/Albemarle Venture Hub (and related local resources) and the rural programming proposed in this report. The case study analyses offer several other suggestions for making these partnerships work:

- **Local Customization:** Design programs aligned with local needs and practices. Effective rural programs do not simply import models from other regions. They adapt to the types of businesses and industry expertise found in rural regions.
- **Engage All:** Rural programs must be open to all, i.e., they provide support and services to any kind of aspiring or existing entrepreneur. This means that their customer base will be quite diverse, ranging from a high-flying tech entrepreneur to a farmer with a side hustle to a student designing websites. Programs also "meet entrepreneurs where they are" by responding to customer preferences as opposed to promoting a single prescription for business success.
- **Capital Linkages:** Most of the profiled programs either managed or had access to an array of support tools, especially funding vehicles.
- **Power of Youth Entrepreneurship:** Teaching young people about entrepreneurship as a career option has proved highly successful in rural settings. In addition to generating better education and career outcomes for students, these efforts also help to transform local business cultures.
- **Space Matters:** Rural regions benefit from having a physical "home" for entrepreneurship and innovation. This space need not be grandiose or expensive. It can even be part of existing facilities or programs.
- **Tell the Story:** Most of the profiled programs place great emphasis on telling the story of great local entrepreneurs and their role in community transformation. Good programs are not enough. A major focus on promotion and "branding" of local entrepreneurs is an important success ingredient.
- **Don't Do It Alone:** Successful rural programs seek to link local entrepreneurs to outside markets and to outside sources of expertise and support. An insular focus will only limit the growth potential of local entrepreneurs. Connecting them to urban markets and outside expertise will build stronger companies with better growth potential.

The Shoals Entrepreneurial Center, dba Shoals Business Incubator



Alabama

“The Shoals” is a nickname for the most northwest corner of Alabama, a region that includes the cities of Florence, Muscle Shoals, Tuscumbia and Sheffield and encompasses Colbert and Lauderdale counties with a 2018 population of 147,149. Located along the Tennessee River, the Shoals has long been a center of shipping, distribution, and manufacturing. In 2016, 180 manufacturers operated in the region, employing nearly 9,500 workers. This total represents a drop from historical levels, but overall manufacturing activity has been growing in recent years.

“The Shoals” is also a vibrant arts and cultural center. The “Muscle Shoals Sound” came out of famous recording studios in the area, and featured many well-known musicians from the 1950s and 1960s. Florence is the birthplace of W.C. Handy and claims to be the Birthplace of the Blues. Tourists also visit the area for recreation on the Tennessee River and for access to courses on the Robert Trent Jones golf trail.

At the same time, the Shoals area is also home to “many residents who face trenchant, generational poverty.”¹² On average, local residents earn only 73% of the nation’s per capita income. Local education attainment levels also lag national averages, and family household poverty is 20% higher than the national average.

Shoals Entrepreneurial Center/Shoals Business Incubator

The [Shoals Entrepreneurial Center](#) (SEC) was established in 1992 as a business incubator offering office and light manufacturing space. Tennessee Valley Authority (TVA) gave the initial \$1 million in funding for the incubator which offers traditional startup and emerging company support services. Since its inception, the incubator has supported more than 150 companies and created 1,500 jobs. According to a study by the University of North Alabama (UNA), the cumulative economic impact exceeds \$170 million in expenditures and \$17.8 million in sales and income tax. The SEC has won numerous InBIA awards and was profiled in their book on best practices in rural incubation.¹³

In addition to three manufacturing incubator buildings in the region, the Shoals Entrepreneurial Center also has a Culinary Center (established in 2002) located at the former Burrell-Slater School featuring an FDA-approved kitchen, and a video production facility called Dash Studio. In total, the Center includes over 100,000 square feet of rentable space and has 28 tenants currently.

¹² Morrison, E., Barrett, J. D., Fadden, J. B. 2019. “The Shoals Shift Project: An Ecosystem Transformation Success Story.” *Journal of Entrepreneurship and Public Policy*. p. 11. DOI 10.1108/JEPP-04-2019-0033.

¹³ Lair, B. and Adkins, D. 2013. *Best Practices in Rural Business Incubation: Successful Programs in Small Communities*. NBIA Publications. Available at <http://www.inbia.org>.

In 2018, the name of the program was changed to Shoals Business Incubator (SBI) to more accurately reflect its activities. According to its 2018 tax filings, the organization is a 501(c)(3) corporation with ten Board members and three employees. Its operating revenue is around \$600,000, with government grants making up 50% and rents and fees contributing 48%. The SBI has a substantial balance sheet (\$1.2 million net assets) because of its real estate assets and unspent grant funds. The state Department of Economic and Community Affairs also supports the programming.

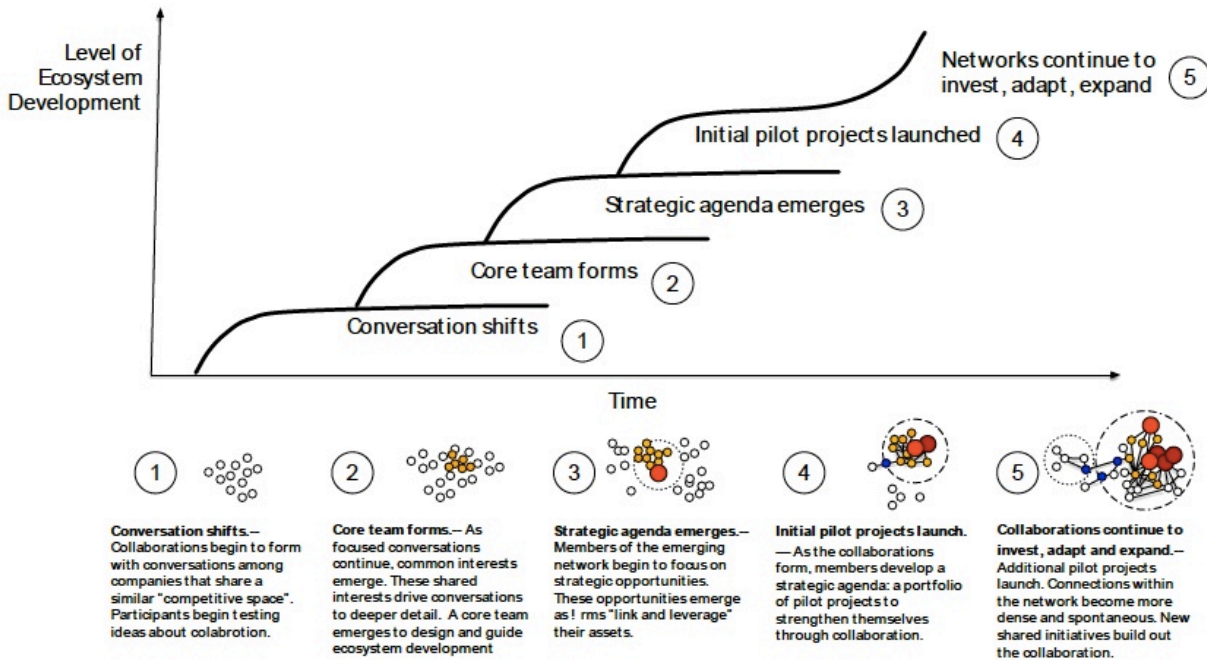
The Shoals Shift Project

A conversation started in 2014 between the SBI, the Shoals Chamber of Commerce, and University of North Alabama School of Business faculty about the role of entrepreneurship and innovation in regional economic development led to a new, joint strategy. Prior to this time, local economic development focused almost exclusively on recruiting relocating manufacturers. Efforts like the SEC were viewed as useful supplements to this core strategy. However, the new collaboration, inspired by the success of nearby regions around Chattanooga, TN and Huntsville, AL saw innovation and entrepreneurship as potential drivers to economic growth. The new strategy, dubbed “Shoals Shift,” was focused on helping local businesses apply digital tools and adopt technology into their businesses.¹⁴

Starting with a modest budget and local partners, the Shoals Shift project focused on a multi-step project to expand and enhance the entrepreneurial ecosystem in the region with a particular focus on the local role of the University of North Alabama and its campus in downtown Florence. In 2014, for instance, they announced a business plan competition and *then* set about raising the required \$15,000.

¹⁴ Pages, E., Markley, D., Katona, C. and Johnson, L. 2018. Entrepreneurial Ecosystems in Appalachia, Case Study: The Shoals Region of Alabama. <http://arceco.creonline.org>.

Figure 2. The Shoals Shift Model of Ecosystem Expansion



Source: Morrison, *op. cit.*, page 8.

The project partners provided a series of interactive, community building and engagement efforts such as business plan competitions, and focused on integrating student entrepreneurs with entrepreneurs in the community. The team has embraced Strategic Doing as a methodology, and so partnered with the Purdue Agile Strategy Lab. They have conducted regular trainings in Strategic Doing, and suggest that this is a "widely shared 'operating system' for building the complex collaborations required for developing an ecosystem."¹⁵ Strategic Doing, according to Purdue:

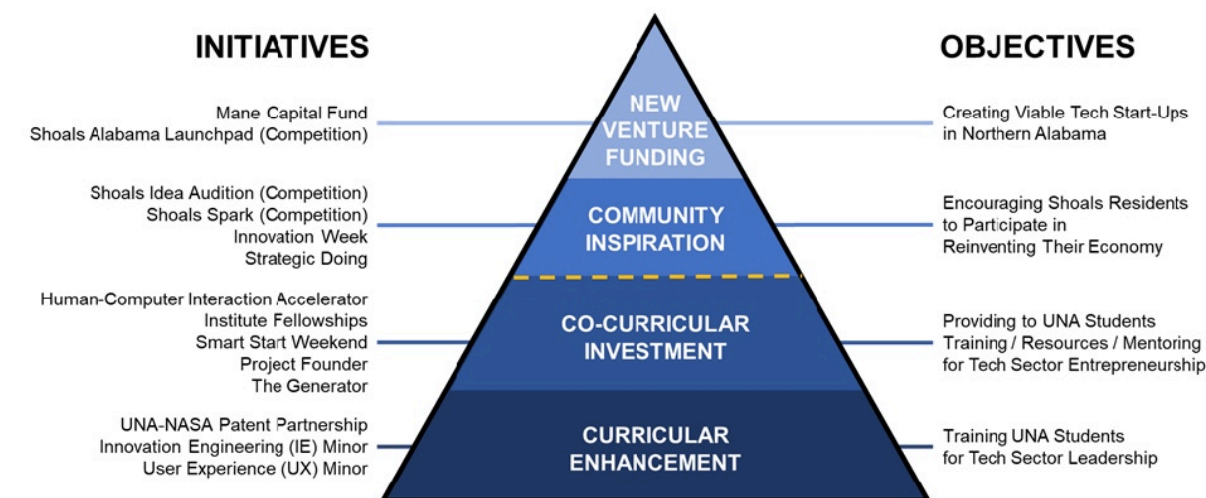
"... teaches people how to form collaborations quickly, move them toward measurable outcomes and make adjustments along the way. ... Strategic Doing enables leaders to design and guide new networks that generate innovative solutions. It is a new strategy discipline that is lean, agile and fast—just what organizations, communities and regions need to survive and thrive."¹⁶

Using Strategic Doing, the Shoals Shift partners developed a set of objectives and programming to achieve those objectives. These are illustrated in Figure 3.

¹⁵ Op.Cit, Morrison et al.

¹⁶ <https://strategicdoing.net/intro/>.

Figure 3. Shoals Shift Initiatives



Source: Morrison, *op. cit.* page 13.

The initiatives include a number of resources and training for UNA students, including training in innovation techniques through the [Innovation Engineering \(IE\) minor](#). [Smart Start Weekends](#) are designed to help students think about new business ideas and the UNA-NASA Patent Partnerships is intended to help students connect with NASA technologies, given the substantial NASA presence in Huntsville, only 40 miles away.

The University of North Alabama continues to play an important role in the Shoals Strategy, with the business school taking the lead on new curriculum and resources for students as well as members of the community.

Access to capital was increased via links to the statewide [Alabama Launchpad](#) business plan competition which began hosting a competition in the area. The Launchpad acts as a pre-seed source of funding for deserving companies. The Mane Capital Fund, a \$1 million angel fund was launched in February 2016 by Angel Capital Group out of Knoxville, TN.

The project got a huge boost in 2016 when it was awarded a \$997,150 POWER (Partnerships for Opportunity and Workforce and Economic Revitalization) grant from the Appalachian Regional Commission. According to the ARC, the grant was to “offer a wide range of entrepreneurial programming, including improved access to capital and credit and development of strategies to increase the profitability of the region’s start-ups and existing businesses through more efficient use of broadband technologies. The programming includes training and activities for community members and student entrepreneurs from middle schools all the way to the university level.”

According to Morrison Et al, these funds joined other grants from State of Alabama Innovation Fund (\$81,300); Daniel Foundation of Alabama (\$75,000); and annual local sponsorships (\$350,000 total). UNA’s commitment includes faculty and staff, rent at the Generator incubator, equipment purchases, and sponsorships exceeding \$700,000 annually.

Lessons Learned

- **A Community-wide Effort Can Change the Ecosystem.** This was a collaboration between an existing incubator, the Chamber of Commerce, the local university and local businesses. Using Strategic Doing as an “operating system” facilitated communications and collaborations and supported a “Just Do It” mentality. Including students was essential for helping change the self-perception of the region in favor of innovation and entrepreneurship.
- **Funding from federal and state agencies can be transformational.** In this case, initial support from TVA was leveraged later by state grants as well as the ARC POWER grant. But local businesses, foundations and individual supporters, as well as client rent and program fees have also been critical to match and anchor the financial sustainability of the incubator.
- Although incubators are seen by some as less effective than accelerators, in this case, **the incubator was central, both as a source of support and leadership, but also as a place for entrepreneurs to meet, collaborate and innovate.** Key was the understanding that the incubator was more than just a place with cheap rent, and to provide continual learning and networking opportunities.
- **The local university**, in this case, the University of North Alabama, **can take a leadership position**, and help integrate services for local entrepreneurs and students.

Colorado's Western Slope

Colorado's Western Slope is a sprawling area west of the Rocky Mountains that encompasses roughly 1/3 of the state of Colorado. It includes more than 35 counties, and several small cities, including Grand Junction, Gunnison, and Steamboat Springs.¹⁷ The entire region's population is around 563,000 and Grand Junction (population 61,000) is the largest urban center. The economic base is built on recreational tourism (especially skiing), agriculture, mining, and energy-related industries. Because of the historical role of mining and energy, the local economy has been subject to boom and bust cycles throughout its history.

Current Programming

Various communities around the Western Slope have invested in entrepreneurship-related programming for some time. For example, the [Grand Junction Business Incubator Center](#) opened in 1987 as part of regional economic diversification strategy. The Center has won numerous awards and works with more than 1,000 clients per year.

In recent years, the downturn in mining and energy sectors has led to a renewed interest in building a stronger regional entrepreneur ecosystem. These efforts have several core components.¹⁸ Local colleges and universities have been actively engaged. [ICELab](#), located on the campus of Western State Colorado University in Gunnison, has been an important ecosystem hub for many years. The facility was developed with both private and public funding, and support local businesses with education programs, co-working space, and accelerator programs. The facility is located in a prime location that can engage the wider community as well.

ICELab is further reinforced by other local facilities and work spaces including the Grand Junction incubator, [Proximity Space](#) (Montrose), [SCAPE](#) (Durango), and the [Telluride Venture Accelerator](#) (TVA). TVA is a project of the [Telluride Foundation](#), which has backed many local ecosystem building efforts and is considered one of the more innovative community foundations in the US. Proximity Space is a major player, and manages a regional network of coworking spaces. It also offers a regional coworking passport that provides access to multiple locations.

Delta County, one of the region's more rural locales, has recently introduced the [ENGAGE](#) program to support entrepreneurial activity in the agriculture and energy sectors, traditional areas of strength for the region. Among other things, ENGAGE sponsors weekly meetups, runs a popular kitchen incubator, and support numerous local events, such as Startup Weekend and annual industry-focused conferences.

These local and regional efforts also tap into extensive support from state government agencies and other organizations. Key partners include Startup Colorado, a statewide advocate, Tech Stars, a national accelerator program based in Boulder, the Colorado Office of Economic Development and International Trade (CO OEDIT). Among other things, CO OEDIT operates the [Rural Technical Assistance program](#), which has recently focused on assisting rural regions in develop coworking spaces, placemaking, and in supporting a [Certified Small Business Community](#) program.

¹⁷ This brief case study focuses on initiatives in the Tri-County area, which encompasses Grand Junction, and Delta and Mesa Counties.

¹⁸ See <https://region10.net/businesses-resources/> for a list of local resources.

Finally, all of these efforts include a major commitment to culture change, i.e. to promoting entrepreneurship as a viable and desirable career option. In addition to business plans and other media outreach, Startup Colorado also sponsors [“The Flyovers”](#) podcast, a series that highlights entrepreneurs living and working in rural Colorado.

Overall, the regional economy is thriving after a tough few years in the aftermath of the Great Recession. Unemployment is low, incomes are up, and new business growth is rising as well. Grand Junction is also expecting to benefit from the relocation of the Bureau of Land Management’s Washington DC operations to the Western Slope. These positive trends are occurring even as the local coal, oil and gas sectors are seeing stable or declining markets.

Lessons Learned

- Entrepreneurship as Economic Diversification:** The Western Slope economy has traditionally been built on several core anchors: agriculture, mining, and energy. These sectors can be highly volatile, and the region is full of former boomtowns, such as Nucla, a former center for uranium mining. Entrepreneurship has been embraced as a strategy to diversify the regional economy, and to provide some economic cushion in the face of potential future downturns. Many of the community programs, such as ENGAGE Delta County, have received extensive federal funding as part of coal region diversification programs.
- Amenities Attract Entrepreneurs:** The Western Slope is a highly desirable region that attracts migrants for its natural beauty, great skiing and recreational assets, and good quality of life. These migrants are a core part of the local ecosystem, bringing deep industry knowledge, enthusiasm, and money to the table.
- Space Matters:** The region is home to numerous coworking and other facilities targeted to entrepreneurs, thanks in part to conscious placemaking efforts by OEDIT and local organizations. These spaces help to build and nurture the local ecosystem.
- Foundations as Partners (and Investors):** The Telluride Foundation has been an important partner, investing in ecosystem building efforts and other economic development related initiatives such as the [Southwest Innovation Corridor](#). Its latest effort, Building Blocks, is a data portal that highlights local investment opportunities.
- Link to Local Clusters:** Programs like ENGAGE Delta County build on local assets, such as the region’s solar energy initiatives and its history as major center for food production.

Northeast and Northern Iowa:

John Pappajohn Entrepreneurial Center at North Iowa Community College



Iowa is a Midwestern state with a 2018 population of 3.1 million. While it has a reputation as a farm state, Iowa today is more urban than rural, and its economy is diversified beyond agriculture to include advanced manufacturing, processing, financial services, information technology, biotechnology and green energy production. Iowa's population is shifting to its urban areas, exacerbated by the "brain drain" of educated young adults leaving the state in search of better employment and education options.

In Northeast and Northern Iowa, a very rural part of the state, these trends are exacerbated. Mason City, the home of the John Pappajohn Entrepreneurial Center, is the county seat of Cerro Gordo County. The county's population (around 42,000) decreased 3.4% from 2016-2017, and the number of employed dropped 2.4% to 19,910. Only 22.7% of adults over 25 in the county have a B.A. or better and 10.4% live in poverty. The median household income is \$52,902, while per capita income is \$31,304.

Cerro Gordo County is commonly called "River City" for its location along the Winnebago River, a nickname made famous by the area's favorite son Meredith Willson, who wrote the hit Broadway musical *The Music Man*. Today, this region's economy is quite diverse, anchored by the Mercy Medical Center, and major manufacturers like Curries/Graham, Woodharbor Cabinetry Manufacturing, Cargill Kitchen Solutions, the Kraft Food plant that makes Jell-O and a major production center for Portland cement.

[North Iowa Area Community College](#) (NIACC) is the largest local institution of higher education, having begun as the state's first two-year institution in 1918. Nearly 3,000 students are enrolled in NIACC, with 48 percent attending full-time. Twenty-four percent of its students are 23 or older, and most (91%) are Iowans.

NIACC is home to [John Pappajohn Entrepreneurial Center](#), one of five similar centers in the state endowed by a generous \$1.5 million gift from John and Mary Pappajohn in 1996 and a subsequent \$3.5 million gift in 2000. (Other funding for the NIACC Center has come from the State of Iowa and the federal USDA Rural Development Fund.) The other centers are:

- John Pappajohn Entrepreneurial Center at University of Iowa, Iowa City
- Iowa State University (ISU) Pappajohn Center for Entrepreneurship, located at the Iowa State University Research Park in Ames
- University of Northern Iowa, John Pappajohn Entrepreneurial Center, Cedar Falls
- Drake University, Pappajohn Center for Entrepreneurial Outreach, Des Moines.

John Pappajohn emigrated from Greece as an infant, and grew up in Mason City. He managed to graduate from the University of Iowa in 1952, and immediately started his first business. He went on to organize and eventually became chairman of Guardsman Insurance Investors, a public insurance holding

company that owned Guardsman Life. He became one of the early venture capitalists when he formed Pappajohn Capital Resources in 1969. He has been involved with over 100 startups, over 50 initial public offerings and served as a director for over 40 public companies. He and his wife Mary have a prominent role as philanthropists in Iowa, and have been recognized many times by leadership organizations in the state.

At NIACC, the John Pappajohn Entrepreneurial Center includes a number of activities for students and for community entrepreneurs. The student programming includes:

- For college students, a combination of classroom instruction and practical experience. In addition to student incubation offices, JPEC offers a AAS degree in Entrepreneurship and Small Business Management and a 18 hour Entrepreneurial Certificate program.
- For current high school students, JPEC runs the Youth Entrepreneurship Academy, a 5-day summer program to learn the ins and outs of starting a business.
- For 5th graders, JPEC offers Entrepreneur for a Day (E4D®) to teach the fundamental principles of entrepreneurship and how to start a business. This is done over two sessions; the second is held on campus and includes a role-playing experience.
- For grades 3-7, Mind Mania is a week-long summer camp that offers diverse programming in things like mathematics, cooking, space exploration, Spanish, coding, theatre and girls empowerment.

Programming for new and existing businesses in the community is primarily offered through the local Small Business Development Center (SBDC) which provides business consulting. The SBDC also offers training such as “Start Smart,” a 2-hour workshop for anyone thinking about starting a business and “Launch and Grow Your Business,” a ten-week program for \$199. In addition, the JPEC operates a 3,000 sq. ft. incubator facility and a business accelerator program.

The NIACC John Pappajohn Entrepreneurial Center has been profiled many times as a successful model of a community college based entrepreneurial support organization. For instance, a 2005 study noted that the John Pappajohn Entrepreneurial Center had three challenges at its inception:

- “Cultivate a culture conducive to entrepreneurship;
- Provide entrepreneurs the tools for success;
- Give access to capital to the most promising entrepreneurs.”¹⁹

According to the 2005 study, the John Pappajohn Entrepreneurial Center partnered with the area economic developers, Iowa Workforce Development, the Iowa Department of Economic Development, the SBDC, local elected officials and others to get the business accelerator and incubator going, as well as organizing student curriculum for entrepreneurship.

¹⁹ Zanos, J.T. 2005. “Entrepreneurial Rural Communities National Case Study Series: Report #6: North Iowa Community College Entrepreneur and Capital Networks.”

In the early 2000s, this coalition organized a \$1.7 million community-based venture capital fund, North Iowa Venture Capital Fund (NIVCF) with 61 investors from 16 counties. NIVCF ultimately invested in 11 companies. A follow-on fund, NIVCFII was formed in 2007 with 67 investors at \$2.21 million. Currently, the JPEC offers the Wellmark Community Venture Capital Fund for convertible debt investments of \$10,000 to \$150,000. They also operate two revolving loan funds.

Outcomes specific to NIACC or the SBDC or JPEC there are hard to come by, but a twenty-year retrospective of the Pappajohn investment in all five entrepreneurial centers reported that from 1996-2006 the centers collectively supported 237,500 individuals, helped with 6,123 new business starts, and created an estimated 11,941 new jobs.

In 2014, Hanover Research profiled community college entrepreneurship models and cited these characteristics, all of which apply to the NIACC John Pappajohn Entrepreneurial Center:

- These centers focus on fostering entrepreneurship and providing business consultation.
- They form outside partnerships to secure monetary and non-monetary resources.
- They create linkages between the center and the general curriculum at the community college, offering courses specifically to entrepreneurs and small business owners.
- They affiliate with the SBDC and/or an incubator.
- Many rely on support from major philanthropic or corporate donors.²⁰

Lessons Learned

- **Support for Youth Entrepreneurship Helps Support Broader Ecosystem:** The UNA programs for community college students also supports the community's entrepreneurs and provides resources and leadership as well.
- **Philanthropic Donors can make a Big Difference:** Large donations from a single philanthropist and visionary like John Pappajohn can transform an ecosystem. These programs came from his vision, not a government entity.

²⁰ Hanover Research. 2014. *Community College Entrepreneurship Models*.
<https://www.hanoverresearch.com/media/Community-College-Entrepreneurship-Center-Models.pdf>

Network Kansas

By many measures, Kansas is one of the country's "most rural" states, with more than 25% of the state's population residing in rural areas. Like many states, Kansas' economic activity is center in several key urban areas, especially the regions surrounding Kansas City and Wichita. But, the Kansas state economy also relies heavily on these rural locales, which are home to major agriculture operations, energy-related activities, manufacturing, and other key economic drivers.



For many years, Kansas has supported investments and economic development programs that target growth in its rural locales. These efforts seek to stem and reverse a multi-decade pattern of population loss and economic decline. For example, between 2000 and 2010, 70% of Kansas' rural counties lost population, and around one-fifth of these counties saw population losses that exceeded ten percent.²¹ These regions faced an economic onslaught similar to other rural locales, where the simultaneous loss of jobs and businesses in agriculture, energy, and manufacturing created real challenges for local economic developers.

Beginning in the early 2000s, state and local leaders began a more active search for new programs that could stem the job and population loss and create new economic engines for rural Kansas. New entrepreneurship support programs were part of this new policy mix. In 2001, the state invested in a series of pilot Enterprise Facilitation projects²² to test new approaches for rural business start-ups. These initial programs enjoyed some success, leading state officials to increase entrepreneurship development funding as part of the 2004 Kansas Economic Growth Act.

This landmark legislation created a host of new programs, such as the Kansas Bioscience Authority and the Kansas Center for Entrepreneurship, which would evolve to become Network Kansas. The Center was initially charged with several functions, including service as a resource/referral network for entrepreneurs, and to provide new capital resources for new and growing companies.

Key Organizational Components: Network Kansas

During its first year of operations, the Center focused primarily on its role as a "one stop shop" or resource navigator for startups and small businesses in Kansas. In this role, which continues today, the organization manages a 1-800 phone line and resource navigation website to help Kansas residents find business support services or ask questions about the business startup process. This system is built on the SourceLink resource navigation tools that were first developed by the Kansas City-based KC

²¹ See Deborah Markley and Ahmet Binerer, *Creating Entrepreneurial Communities in Kansas*. Center for Rural Entrepreneurship, May 2014.

²² For background on the Kansas Enterprise Facilitation project, see Don Macke, Deborah Markley and Erik R. Pages, *Enterprise Facilitation® in Kansas: Lessons and Recommendations*, Center for Rural Entrepreneurship, August 2005.

Sourcelink with support from the Kauffman Foundation.²³ This network includes 500 resource partners and has provided assistance to more than 23,000 Kansans over the course of its existence.²⁴

As the Center for Rural Entrepreneurship evolved into Network Kansas, it assumed leadership and management responsibilities for a host of other programs focused on sparking rural entrepreneurship. Its current program portfolio is organized around four themes:

- **Classes:** Network Kansas supports a few workshops and classes, but primarily works to publicize events (via its statewide event calendar) run by its local partners. These include workshops and regular One Million Cups meetings which are currently operating in Kansas City, Wichita, Topeka, Manhattan, and Lawrence.
- **Connections:** This refers to the resource navigation efforts discussed above. It also manages the Kansas Economic Gardening Network, which provides specialized support to high-growth potential entrepreneurs.
- **Capital:** Network Kansas supports several state sponsored funding programs, including the Startup Kansas Loan program, which provides loans (up to \$45,000) to fund startup costs for firms in rural or distressed urban areas.
- **E-Communities:** This program provide loans (of up to \$45,000) to rural communities to support ecosystem building efforts, and other related programs, such as new revolving loan funds. E-communities also participate in a peer community network that now includes 64 different locations across Kansas (see Figure 5). Local E-community funds are intended to be used as a primary funding source for new entrepreneurs in partner communities.



Figure 5. Network Kansas E-Community Network

Network Kansas operates with an annual budget of approximately \$2 million, and a staff of 13. It manages a much larger portfolio of programs thanks to its role as an intermediary for various Kansas state programs and its management of several tax credit programs.

²³ See www.kccsourcelink.com. At one point, Virginia operated a statewide Sourcelink network, but this program no longer exists.

²⁴ Network Kansas Annual Report Fiscal Year 2017. Available at: https://www.networkkansas.com/docs/default-source/default-document-library/nwks_fy2017annualreport_web.pdf?sfvrsn=9d668836_0

Over the past eight years, Network Kansas has had a big impact across the state, providing direct support to 690 businesses and leveraging \$315 in new investments.²⁵ The state resource navigator effort has provided guidance, support, and referrals to 23,000 users, and Network Kansas' youth entrepreneurship competition is operating in 29 schools across Kansas. Meanwhile, the E-Communities partnership is operating in 61 counties, and has provided loans to 431 businesses.²⁶

Lessons Learned

- **Build the Foundation First:** Network Kansas has benefited greatly from its formal establishment via the 2004 Kansas Economic Growth Act. With this “official” charter via the Kansas Center for Entrepreneurship, Network Kansas has had a solid legal foundation on which it could link new programs and initiatives linked to new priorities and policy directions.
- **Embrace Rural and Urban:** Network Kansas is a rural entrepreneurship focused network, but it is not exclusively rural. Most of its programs are available in urban areas, and its E-Community program includes a few urban locations. This broad reach increases public support for the program and also helps to build essential connections between rural and urban economies.
- **Push Local Ownership:** Network Kansas is a statewide partnership, but most programs are managed and operated at the local level. This allows for local customization, while also ensuring local “ownership” of the effort.
- **Facilitate Peer Networks:** Via the E-Community Partnerships, Network Kansas has seeded important peer networks that engage a diverse set of partners and introduce new perspectives into the network.
- **Embrace Innovation:** Network Kansas operates as something of a “test bed” for new programs and initiatives. New programs are tested, and, if they succeed, they become part of the regular program portfolio. And, thanks to broad networks like the E-Communities Partnerships, new ideas and program concepts are regularly bubbling up.

²⁵ Network Kansas Annual Report FY2017.

²⁶ Network Kansas, E-Community Loan Portfolio 2017. Available at: https://www.networkkansas.com/docs/default-source/default-document-library/e-community-annual-report-fy2017.pdf?sfvrsn=bb768836_0

Startup Alleghenies (PA)

[Startup Alleghenies](#) is an ecosystem-building initiative focused on a six county area of South-Central Pennsylvania. The initiative currently serves the counties of Bedford, Blair, Cambria, Fulton, Huntingdon, and Somerset. The region is anchored by a few small cities, such as Altoona and Johnstown, but is heavily rural. The total regional population is roughly 459,000, spread over an area of 3,400 square miles.



The regional economy has been hard hit by multi-decade downturns in coal mining, manufacturing, and in the defense sector, which had developed a strong local cluster in and around Johnstown. Like much of rural Pennsylvania, the region is home to an older population, with lower than average educational attainment.

In recent years, community leaders have pursued a number of strategies to revitalize the local economy. These include ongoing efforts such as Bridges to Pittsburgh, a Cambria County-led effort to build closer ties to the thriving Pittsburgh economy, and various programs to build on local tourism and recreation assets.

Startup Alleghenies serves as one of the region's first major efforts to develop a stronger regional ecosystem for entrepreneurs. This effort has been spearheaded by the Southern Alleghenies Planning and Development Commission (SAPDC), the area's Local Development District, and has been funded with multiple investments, totaling approximately \$2.5 million, from the Appalachian Regional Commission's POWER program that supports coal-reliant communities.

The Startup Alleghenies Program

At the time of the Startup Alleghenies program kickoff in 2017, the regional ecosystem had few strong assets in place. Small entrepreneurship-related programs operated in at local universities (University of Pittsburgh-Johnstown and Penn State-Altoona), and a few local business incubators were in place, but few other dedicated resources were in place.

Startup Alleghenies sought to fill these gaps by developing new programs to support entrepreneurs, but, equally important, to develop a more supportive local culture for entrepreneurship in the region. This latter task was especially important as the region has typically relied on steel and other manufacturing jobs, and does not have a strong recent history of a friendly culture and climate for startups and entrepreneurial ventures.

The Startup Alleghenies work program has several key components. First, it funds entrepreneurial coaches who provide hands-on mentoring and support to local businesses. The program provides full funding (of approximately \$50,000 per year) for the salaries of five coaches who are co-located at county economic development organizations (EDOs).²⁷ Program funds support three years of salary, and coaches are considered as EDO staff members, as opposed to SAPDC staff. After three years, it is

²⁷ Coaches currently serve in Bedford, Blair, Cambria, Fulton/Huntingdon and Somerset Counties.

anticipated that county funds will sustain the coach positions, and this has indeed occurred in the two counties where coaches have operated for three years. Coaches actively coordinate with the SBDC network and other organizations, and they work with all businesses, from lifestyle startups to tech ventures, and do not “sell” programs. Instead, they focus on providing links to resources and serving as a sounding board for entrepreneurs. As an SAPDC staff member noted, “each entrepreneur’s journey is customized to them.” This effort is also supported by a useful resource website available at:

<http://startupalleghenies.com/resources-alleghenies/>

Second, Startup Alleghenies supports events and seeks to publicize local ecosystem resources and opportunities. This is done via regular outreach, and larger regional summits. In addition, the effort has a large social media presence, and dedicated funding—to support a local PR firm—is deployed for this purpose. Program managers view this effort as essential to Startup Alleghenies success, as it ensures regular outreach and aggressive marketing that can often be neglected by economic development organization due to a lack of time and resources.

Third, a new regional angel fund—the Allegheny Angel Fund—was created in response to research which identified a seed funding gap for the region. The fund now includes 22 accredited investors, and is poised to make its first investment in early 2020. The fund was created with technical support from SAPDC and national consultants hired using ARC funding.

Finally, Startup Alleghenies has invested in developing local infrastructure, i.e. spaces for entrepreneurs. Program staff members acknowledge that this effort has been less successful than other aspects of Startup Alleghenies, as demand for space has been less than expected. In addition, several private co-working spaces have emerged and proved quite successful. The success of these spaces has reduced the need for public investment in such facilities. A list of local spaces is available at:

<http://startupalleghenies.com/spaces/>

Most Startup Alleghenies programs have been operating for less than 2 years, so comprehensive metrics on company outcomes are somewhat limited. However, all of the coaches are busy, and the number of interested and engaged companies and entrepreneurs is growing. Early results are promising. Coaches and program partners are presently working with 463 entrepreneurs. From this group, 116 new businesses have been opened, creating 332 new jobs and generating more than \$4 million in new sales revenue. In addition, entrepreneurship is now considered a core part of local economic development priorities, and most of the local economic development partners are investing their own funds in Startup Alleghenies or related entrepreneurship programming.

These efforts have also enhanced local partnerships with organizations like the Small Business Development Center Network and Pennsylvania’s Ben Franklin Program that support technology-based businesses. Startup Alleghenies is an important driver of deal flow to these organizations, who in turn provide value-added services to entrepreneurs in the network.

Lessons Learned

- **Focus on Culture:** This region has long been dominated by coal, railroads, and heavy manufacturing industries, with a limited history of entrepreneurial activity. Local people worked at the mills, and did not consider entrepreneurship as a viable career option. Building a robust ecosystem requires a changed mindset, and Startup Alleghenies has focused on this goal by

sponsoring events, business plan competitions, and other activities that spread the word about why entrepreneurship matters.

- **Embrace Social Media:** Economic development organizations typically do a poor job with social media and aggressive PR and outreach work. Moreover, most government grants limit the use of funds for advertising and PR. Nonetheless, this work is critical, especially in regions where building an entrepreneurial culture is Job 1. Startup Alleghenies' decision to hire PR experts to support this work has paid dividends in spreading the word more aggressively and actively to a wider population.
- **Do Your Homework:** This entire effort began with a major asset mapping exercise to understand what resources were already present in the region and identify major gaps. Thanks to this early work, program managers were able to target investments in areas of greatest need, such as creation of a regional angel fund.
- **Find Entrepreneur Champions:** These efforts work best when championed by entrepreneurs—not by economic developers. The local angel fund effort only gained traction when it was embraced by a group of younger business leaders who invested their own funds and recruited other angels to the network.

Launch Tennessee

[Launch Tennessee](#) is a public-private partnership that “supports entrepreneurs from ideation to exit.” An initiative of the Tennessee Technology Development Corporation (TTDC) announced in 2012 as part of the TTDC 5-year strategic plan, Launch Tennessee’s vision is to make Tennessee the most entrepreneur-friendly state.



Launch Tennessee has a small staff, and provides its programming with the assistance of a statewide partner network that delivers the curriculum, mentors and other resources. Since 2013, 9,280 entrepreneurs have been served with 2,200 jobs created and a 65% increase in early stage investment. In the first five years, the initiative was funded with \$32 million in federal funds; \$20 million state and \$3 million private donations. Going forward, state and private funding will need to be significantly increased, according to Executive Director Margaret Dolan.

The programming includes:

- Mentor Network, especially in life sciences and energy, the state’s “core verticals.” Mentors are entrepreneurs-in-residence, domain experts and panelists (subject matter experts).
- Resource Networks, primarily free workshops including:
 - Launch TN 101, a one-hour opportunity to explore available resources
 - Federal Research Grants, a three- to four-hour training focused on SBIR/STTRs
 - Office Hours, one-on-one meetings with commercialization consultants (funded by the Small Business Administration under a co-operative agreement).
- Virtual Entrepreneurship Program. Two self-paced virtual, six-month courses backed up with meetups, discussion groups and connections to local resources. This program costs \$99, with a \$50 rebate upon completion. This program is limited to 150 participants per cohort, first come, first served.
- Technology Transfer Offices to help entrepreneurs access technology:
 - Oak Ridge National Laboratory
 - University of Tennessee Research Foundation
 - University of Memphis FedEx Institute of Technology
 - Vanderbilt University Center for Technology Transfer
 - St. Jude Research Hospital
 - Tennessee Board of Regents.

Launch Tennessee also supports several equity investment initiatives. It manages three funds, all of which require a match from the company, due diligence by Launch Tennessee and approval from the Investment Committee. The funds are:

- The Impact Fund, \$50,000-\$150,000 seed stage investments in agriculture, health care, sustainability, education, clean energy and financial inclusion. This fund requires a 4:1 match,

except 3:1 in Tier 3 or 4 counties²⁸ or in Opportunity Zones. Some investments may only require a 2:1 match.

- The Blended Capital Fund, \$25,000-\$50,000 investments with a 1:1 match, a “customized solution for under-resourced early-stage companies.”
- The Follow-on Fund, additional funding for companies with Launch Tennessee equity investments. Investment amounts are for \$150,000-\$250,000, with varying match requirements based on location.

In addition, Launch Tennessee operates a SBIR/STTR Matching Fund of roughly \$3 million a year. The amount of the match depends upon whether the company has won a Phase 1 or Phase 2 award, and where they are located or whether they are “disadvantaged.” A Phase 1 award will be matched at \$0.50 for each dollar awarded by the federal government if the company is in Tiers 1 or 2, but \$0.60 in Tiers 3 or 4, or in an Opportunity Zone or if the owner is female, a minority, a veteran or has disabilities. Phase 2 awards are match at \$0.25 for each federal dollar for all.

Lastly, Launch Tennessee offers microgrants for grant writing assistance for SBIR Phase 1 or 2 or Fast Track awards, or for any other research grants or for assistance engaging technical expertise. To receive a microgrant, the company must have been referred by a member of the Launch Tennessee Network, e.g., a mentor, entrepreneurship center, technology transfer office or accredited investor.

Entrepreneurship Centers

Launch Tennessee promotes and offers its programming through a network of six Entrepreneurship Centers. The Centers are:

- Chattanooga
- Cookeville (The Biz Foundry)
- Jackson (The CO)
- Knoxville
- Memphis
- Nashville

Only the Cookeville and Jackson centers are in rural areas and are profiled below. In FY2019, the six remaining centers have supported 2,225 companies, creating 146 jobs and helping them raise \$96.3 million. When the network of entrepreneurship centers was originally formed in 2011, there were nine locations including two more in rural Tennessee. However in 2016, Launch Tennessee “reduced the number of entrepreneur centers funded with ‘front door’ money from nine to seven. . .The goal. . . was to ensure more dollars were being funneled to programmatic activities. . .as opposed to general overhead.” As a result of this decision, two rural centers were closed: the Northwest Tennessee Entrepreneur Center and Southern Middle Tennessee Entrepreneur Center in Tullahoma closed. Now only 55 of the 95 counties in Tennessee are served by entrepreneurship centers.

²⁸ Tennessee divides its 95 counties into four Tiers based on economic distress. A number of tax incentives for companies in the state have varying benefits depending upon the Tier of the county where the company is located. Tiers 3 and 4 are the most distressed (largely rural) counties. (<https://tnecd.com/research-and-data/publications/>)

Figure 6. Launch TN Entrepreneurship Centers



Source: Launch TN 2019 Annual Report

The Biz Foundry

The [Biz Foundry](#) is one of the surviving rural centers. It is located in Cookeville, about ½ mile from Tennessee Tech University. Opened in 2013, the Biz Foundry moved to its current location in July 2017 and recently announced a planned expansion. Local funders and grants, including the local Chamber of Commerce and elected officials have made this possible. The [Biz Foundry](#) is an i-Corp site, in collaboration with the National Science Foundation and Tennessee Tech, and hosts the Tennessee Code Academy which provides computer programming education.

Jeff Brown, the long-time Executive Director, says, “Entrepreneur centers in rural areas must address people where they are, rather than force fit them into template-driven programs for which they may be unprepared or which they simply don’t need.” He notes that many of his clients are “lifestyle” companies, but this also allows him to assist high-growth companies when they emerge. The budget for the Biz Foundry is approximately \$300,000 annually, with two full-time employees, several part-time employees and a network of forty business advisors.

The CO

The [CO](#), in Jackson, is a 4,000 sq. ft co-working and makerspace located between Memphis and Nashville. Opened in 2014, the privately-owned CO’s partners include the Jackson Chamber of Commerce, the Southwestern Tennessee Development Corporation, the SBDC and Jackson Downtown District, along with a list of local businesses, banks and major corporations.

The CO is a fairly typical co-working and makerspace with a membership structure, community building activities and workshops. One popular offering is CO.STARTERS, a 9-week lean business model program that “equips aspiring entrepreneurs with the insights, relationships and tools needed to turn their business ideas into action.” The CO also supports coding training for high school students, with meetups

and special events. It also supports its own mobile Innovation Lab, a specially-equipped van that brings innovation tools directly to schools and companies across the region.

Lessons Learned

- **Adapt Programming to Local Needs:** Launch Tennessee is a statewide model, using a hub and spoke framework where programming is developed at the hub and disseminated throughout the spokes. However, the two rural centers appear to have their own programming as well, more suited to the local situations. For instance, the two rural centers each have significant programming related to teaching coding to young people in their regions. The Biz Foundry teaches the i-Corp curriculum and the CO uses a similar curriculum called CO:STARTER.
- **Sustained Funding is Difficult for Rural Centers:** Although Tennessee is mostly a rural state, only two of its remaining entrepreneurship centers are in rural areas. The 2016 decision to close two rural centers demonstrates the difficulty of maintaining funding for rural centers that generally don't have the same metrics (or opportunities) as urban centers.
- **Alternative Paths for Success:** Of the two remaining rural entrepreneurship centers, one is a typical co-working space with significant programming, started by young social entrepreneurs. The other center is closely associated with and supported by Tennessee Technical University. These demonstrate two alternative pathways for rural communities.
- **Meet Rural Entrepreneurs Where They Are:** While this sounds simple, it is difficult to implement because it sometimes results in less robust business outcomes, such as lower growth rates for assisted companies. As a result, the performance of rural centers may appear less impressive than their urban counterparts. Launch Tennessee's rural locations faced this challenge, and several of them lost funds due to lower impact numbers. Developing multiple measures of company success can help to address this challenge.
- **Develop a Diversified Funding Base:** Rural entrepreneurship program funding is a patchwork exercise. The two rural centers profiled here patch together their funding from a wide variety of sources, and understand that many rural county and local governments have a very limited ability to invest in "non-essential" services such as economic development. However, Launch Tennessee itself is underfunded and challenged by a culture that values business attraction over entrepreneurship.

Danville, VA

Danville, VA (population 43,000) is an independent city that anchors a wider region encompassing Pittsylvania County (VA) and Caswell County (NC). Since the 1800s, Danville served as an important manufacturing center, and local textile factories drove the regional economy into the 1990s. At that point, the Danville region was walloped by the loss of its manufacturing base along with the precipitous decline of the local tobacco and railroad industries.

Community leaders responded aggressively to these economic shocks, and Danville is often recognized as a good example for how to recover from major plant shutdowns. A host of economic development responses were pursued, including:

- Active recruitment of new employers with a focus on advanced manufacturing
- Downtown revitalization, focused on the historic River District
- Creation of the Institute for Advanced Learning and Research (IALR), a facility tasked to serve as “a regional catalyst for economic transformation.”

The Danville Regional Ecosystem

Beginning in 2012, entrepreneurial development was added to this program mix. The Danville Regional Foundation (DRF) spearheaded (with a \$10 million investment) a major research undertaking that produced the first in-depth assessment of the regional entrepreneurial ecosystem, and a whole host of new local programming. The Foundation continues to play a catalytic role, and in September 2019, it provided additional funding to continue development of the Dan River Region (DRR) Entrepreneur Ecosystem, an initiative spearheaded by The Launch Place and the Danville Pittsylvania County Chamber of Commerce. In addition, an ongoing GO Virginia project is now underway to further develop the region’s Entrepreneur and Innovation Investment Strategy.²⁹

Thanks to this initial seed investment, and nearly a decade of accompanying work, the Danville region now hosts a robust ecosystem, with numerous resources and support programs available to entrepreneurs from all walks of life.³⁰ Many of the key partners and supporters of the regional ecosystem are based in state or local organizations that serve this function across Virginia. Examples include the local Small Business Development Center, the Chamber of Commerce, and the city and county economic development departments. But, the DRR ecosystem also includes some unique programs and attributes. Brief summaries of these efforts are found below:

The Launch Place: The Launch Place serves a central hub for much of the region’s ecosystem development work, and it is the fiscal agent for DRF funding. It began operations in 2004 as the Southside Business and Technology Center, with a focus on providing consulting services and other support to growth-oriented technology companies.

Over time, SBTC’s mission and name evolved. It continues to provide consulting services, but also operates several funds that are intended to back local high-growth entrepreneurs and to attract new

²⁹ See: <https://govirginia3.org/regional-entrepreneur-innovation-investment-strategy-project-awarded/>

³⁰ See the Dan River Region ecosystem guide at: <https://www.entrepreneurecosystem.org/about-us>

technology-focused firms to the Danville region. These funds include a Pre-Seed Fund (up to \$50,000 for market validation and business model refinement) and a Seed Fund that can provide up to \$500,000 to promising firms. The Launch Place also sponsors two major business plan competitions: Idea Fest, which targets new local startups and aspiring entrepreneurs, and the Big Launch Challenge, which seeks to engage more established firms from a wider regional footprint. Today, the Launch Place operates with a staff of seven and annual revenues of approximately \$2 million.

Youth Agriculture Entrepreneurship Program: YAEF is part of wider regional health collaborative funded by DRF and other partners. It teaches area youth about healthy eating, and also engages them in creating start-up companies focused on food, agriculture, and healthy living.

River District Association: This local downtown development entity works to beautify Danville and attract entrepreneurs as well. Via its Dream Launch program, RDA provides a boot camp and funding to entrepreneurs seeking to establish brick and mortar businesses in the River District.

Regional Centers: Danville and the surrounding region, part of GO Virginia Region 3, also tap into several locations that operate as hubs for activities related to entrepreneurship and innovation, STEM education, and economic development more generally. These facilities include the [IALR](#), the [New College Institute](#) in Martinsville, and the [SOVA Innovation Hub](#) now under construction in South Boston. While some of these facilities have faced growing pains, they represent an important asset for regional ecosystem development.

Lessons Learned

- **Tap Outside Expertise:** Danville benefits from its close proximity to the Piedmont Triad and Research Triangle regions of North Carolina. Local ecosystem partners actively seek to build on these links, and to tap investors, coaches, and mentors located in these NC-based tech hotspots. Key ecosystem players also benefited from early partnerships with Virginia Tech and its VT KnowledgeWorks program.
- **The Power of Philanthropy:** Danville benefits greatly from DRF, which has served as the primary funder of ecosystem building efforts. DRF also provides a long-term perspective that links entrepreneurship to other community goals, such as downtown revitalization, economic inclusion, and healthy lifestyles.
- **Build a Sense of Place:** Much of Danville's success can be attributed to the development of its downtown River District.³¹ This work has created an attractive and desirable location where young people and aspiring entrepreneurs want to be. Building an ecosystem is not just about capital and technology; it's about building a nice place to live and play as well.

³¹ Danville's "reinvention" has been touted in numerous national media outlets. See, for example, recent report from *The Atlantic's* James and Deborah Fallows on "Lessons from Danville" at: <https://www.theatlantic.com/notes/2019/09/lessons-from-danville/598432/>

Staunton, VA

Staunton, VA is an independent city with a population estimated at 24,922 (2018) centrally located in the Shenandoah Valley. With a historic Main Street, Staunton has an arts and culture focus, including the American Shakespeare Center and the Frontier Culture Museum. Staunton is also known for being the birthplace of Woodrow Wilson, the 28th president of the US, and home to Mary Baldwin University, historically a women's college.

Staunton has two distinct entrepreneurial resources that contribute to its local ecosystem: the Staunton Creative Community Fund and the Staunton Innovation Hub. These resources were created by two social entrepreneurs and the entrepreneurial community. While they are supported by the local and regional economic development organizations, these are grassroots efforts.

Staunton Creative Community Fund

Founded in 2008, the [Staunton Creative Community Fund](#) (SCCF) exists to “serve as the local hub for entrepreneurial innovation and bring together the talent, creativity, information, funding, and resources that grow a vibrant local economy.” SCCF offers business plan assistance, training, consulting, counseling, loan support, and networking support, serving entrepreneurs in the central Shenandoah Valley throughout Augusta, Rockingham, Rockbridge, Highland, Bath, Nelson and Albemarle counties.

The current offerings include:

- [Business Bootcamp](#): an 8-week program with weekly workshops and interactions with a cohort of other entrepreneurs. Topics include: Problem Definition; Developing your customer; Business Modeling; Understanding Pricing and Break-Even Analysis; Cash Flow Projections; Operations Plans; A Q & A with other Shen Valley Entrepreneurs; Legal Entities; Business Taxes; Setting up Your Business; Pitching Your Idea Effectively
- [Startup Experience](#): a 2-day workshop to transform ideas into a business. Attendees discover how to define their problem, analyze their users, innovate their business model, develop customers, prototype, web develop, fundraise and professionally pitch to a panel of judges
- [Microlending](#): Offering loans from \$1,000 to \$50,000; interest rates range from 7.25% to 8.5% with 1- to 6-year terms.
- [Virginia Individual Development Accounts](#) (VIDA): match savings program providing funding for education or businesses

SCCF reports helping 24 businesses get started and invested \$191,500 through the microloan program in 2018. That year, over 250 clients attended 1065 business planning and workshop hours of training.

SCCF operates on a budget of around \$270,000, with about \$200,000 coming from various government grants, \$40,000 from gifts and \$30,000 from program revenue (loan fees and training fees). As with many fledgling nonprofits, the operating budget is cobbled together from a variety of sources. For instance, SCCF received a \$125,000 grant from the US Treasury Community Development Financial Institutions Fund in 2015 to assist the organization in achieving CDFI status. In 2018, SunTrust Foundation awarded the organization \$75,000 for “Lighting the Way.” The City of Staunton has a \$20,000 line item for SCCF in its current budget.

Staunton Innovation Hub

SCCF Founder and Executive Director Christine Cain was instrumental in the move to open a co-working space in Staunton, and she served as the first Executive Director of the Innovation Hub. (She has since moved onto another community finance position in New York State.) The City of Staunton, the VA Dept of Housing and Community Development, Skyler Innovations, the Staunton Downtown Development Association, SCCF, Mary Baldwin University and the Staunton Makerspace all worked together to open the [Staunton Innovation Hub](#) in March 2018.

The Hub, housed in the historic district at 32 North Augusta Street (known as 32 N), is a co-working and meeting space offering approximately 100 members desk space, a conference room and event space. In addition to gig Wi-Fi, the Hub offers a number of events and training opportunities. In collaboration with SCCF (whose offices are also now at 32 N), members can attend Business Boot Camp sessions and receive technical help. Other ongoing events are a book club, professional development days, coffee meet-ups, and lunches for the Association of Young Professionals. Entrepreneurs Unite meets at the Hub every First Thursday.

The Hub purchased three properties back in December 2017 for a total of \$840,000 through the auspices of Skyler Innovations, a locally-owned entrepreneurial company in the gaming space (“Watch Ya Mouth”). Peter Denbigh and his wife Alison (of Skyler Innovations) have provided most of the financing for the project.

Phase 1, 32 N, opened three months later and was leased at capacity on opening day. Phase 2, currently under construction, is in an adjoining building that used to house the local newspaper, the News Leader. It is reported to be 80% pre-leased. Phase 3 is a park/open space, known as Innovation Hub Square, that links the two buildings. Peter is currently acting as the interim director, following Chris Cain’s departure. He plans to hire a full-time ED when Phase 2 opens.

The Phase 2 work has apparently run into some construction difficulties and is delayed from its original completion date. It is expected to open in March 2020 with a multi-tenant leasing model. A budget overrun of more than \$2 million was encountered in the rehabilitation of this historic building, despite successfully tapping into historic tax credits.

Late in 2018, the Hub won a \$23,000 grant from Go Virginia’s Region 8 Council to study the feasibility of a mobile technology lab and physical technology laboratory space (i.e. a makerspace). It has also been granted \$25,000 for Innovation Hub Square (Phase 3) from Virginia’s Main Street Program. This represents about 10% of the total \$250,000 budget to complete Phase 3.

Lessons Learned

- **For Entrepreneurs, By Entrepreneurs:** The Staunton Innovation Hub has been primarily driven by two social entrepreneurs, Chris Cain and Peter Denbigh. Without their vision, energy and funding, the Hub wouldn't have been possible. Its future, lacking Chris' participation, is less certain.
- **The Combination of a Fund and a Place is Powerful:** The Staunton Innovation Hub was made possible by the existence of the Staunton Creative Community Fund, whose training programs and microloans were and continue to support the entrepreneurs and small business owners in the community.
- **Make the Space Vibrant, Welcoming, and Aim to Build Community:** The Hub is following a widely accepted best practice model for co-working by combining small spaces available at affordable rates with lots of events and training that build entrepreneurial capacity and community.
- **Private Sector-led Efforts Can be Quite Successful:** While the local governments are supportive of both SCCF and the Hub, their financial contributions have been minor. The two organizations exist despite the lack of any strategic focus placed by any of the local governments on entrepreneurship.

Figure 8. 32N Coworking Space



Source: <http://www.stauntonhub.com>



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