

# Community-Based Entrepreneurship Development

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At first thought, the role that local leaders can play in generating entrepreneurship in the community and, ultimately, creating local economic development may seem unclear. Is community action integral to the local entrepreneurial environment? When the local economy starts to stagnate or dips into retrenchment, can governmental decisions help stabilize the downturn or, better yet, foster revitalization?

Focusing on community-based entrepreneurship is a change from the traditional economic development approach of wooing manufacturers and industries into a city. Global changes have forced both economic development practitioners and communities to re-think their approach. It is small enterprises that create most of the new jobs and innovations in the economy, both in urban and rural settings. But fostering an entrepreneurial-friendly environment within rural areas may be more challenging. Rural communities may not possess a “culture” that continually supports new business development; rural places are more isolated from markets, service providers, and other entrepreneurs. And rural communities often have limited opportunities for mentoring and networking and a lack of capital and support infrastructure.

That is not to say that rural and/or smaller communities are out of luck when it comes to growing business enterprises. In fact, of the seven most often cited business site location factors (listed below), at least four—access to markets; ready, affordable sites; high quality infrastructure and amenities; and quality of life—are within the realm of influence of local community leaders. Based on research conducted at the University of Missouri, there are both tangible and non-tangible resources that are necessary to grow business enterprises.

## Key Business Location Factors

1. Access to markets
2. An educated, skilled work force
3. Ready, affordable sites
4. High quality infrastructure and amenities
5. Access to capital
6. Cooperative/pro-business attitude
7. Quality of life

One of the most important business location factors is access to markets. City leaders and planners play a critical role in improving access to markets, particularly with respect to the city’s physical resources. At a basic level, a city must work with local, regional, and state planning resources to develop a transportation plan that addresses highway accessibility needs of businesses. A city should also inventory available buildings for various types of small businesses, identifying available space and rent for each available space. And increasingly important, the level of Internet access demanded by local businesses needs to be assessed and supplied. More advanced communities provide support to local entrepreneurs by establishing a method for those who wish to start a business to easily identify available building space. High performing cities are focused on fostering entrepreneurship through the support and development of business incubators or a multi-tenant space for new businesses, identifying what types of facilities could encourage new businesses.

## To Grow Business Enterprises, Focus On:

### Tangible Resources

- Physical, financial, and human resources
- Business services
- Community/design environment

### Non-Tangible Resources

- Government and institutions
- Market performance
- Networking
- Quality of life
- Community beliefs and attitudes

Cities committed to creating an entrepreneur-friendly environment also intentionally develop a set of business services necessary for business success. On a basic level, cities are connecting with other chambers within their region to develop a listing of available business services. More advanced cities are tapping into state and federal resources to provide a competitive edge to their entrepreneurs. The high performing cities have identified gaps in commercial and professional services, and they have developed plans to fill those gaps.

In addition to physical and business resources, the city and its overall environmental design is increasingly a key (and often overlooked) factor in entrepreneurial development. Simply put, entrepreneurs want to live and work in cities with an environment that capitalizes on their natural and

man-made assets—assets that make the city an enjoyable place to live.

Many of these assets are places in the city where people can informally meet, both socially and for business/networking purposes. Think about where you take relatives and friends when they visit you from out of town. These are the places that make the city attractive and unique. City leaders should intentionally focus on fostering these environments as places where people can gather and interact. Cities offering advanced support will take advantage of community design programs and charrettes, often offered through local universities. These initiatives and activities can be extremely helpful for cities searching for a vision for the future, and with small business representation on the planning commission and involvement from a wide range of individuals from the community, they can be a big step toward transformative community improvements.

Considering non-tangible resources, government and institutions also play a major role in growing business enterprises. Governments can use outside funding sources such as grant opportunities to improve the city as a place to live and work. Local planners should review zoning regulations to ensure that they consider small business needs, including home-based businesses. Local zoning restrictions should aid home-based businesses, not eliminate them. Yes, ordinances restricting home occupations are intended to prevent businesses from becoming nuisances. However, in today's well-connected world, more and more people are working from home. According to the American Association of Home-Based Businesses, almost 50 percent of people who operate from home move into larger facilities within three years. Allowing for the incubation of home-based businesses is one way to foster enterprise development.

According to researchers and authors such as Richard Florida (*The Rise of the Creative Class* and *The Flight of the Creative Class*), a city's quality of life is critical to its economic prosperity. Quality of life amenities, including safe and affordable housing, low crime rates, recreational opportunities, cultural opportunities, and quality health care, are sought by residents and business owners alike. At the basic level, cities must ensure there are places where community groups can meet to socialize and plan and carry out community improvement projects. The provision of adequate affordable housing is the responsibility of the local government, and it is important for diversity and quality of life, as well. Through the master planning process, recreational opportunities should be inventoried, including the populations those resources serve and the potential for gaps in serving those populations. Advanced cities are conducting housing assessments to determine needs in the community and

using the information to attract developers. And the high performing cities are engaging and empowering community betterment organizations to mobilize and coordinate efforts to improve the community, which will also go a long way toward enhancing local quality of life.

Economic development is no longer strictly about attracting big business to the community. Opportunities exist within the roles and responsibilities of city leaders and planning officials. Setting the stage to capitalize on the tangible and non-tangible resources described here can go a long way toward fostering local business enterprises and, ultimately, creating local economic prosperity.

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