

Entrepreneurial Ecosystems in Northwest Missouri: A Synthesis Review

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Dr. Sarah A. Low

Hannah McClure

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Regional
Economic &
Entrepreneurial
Development



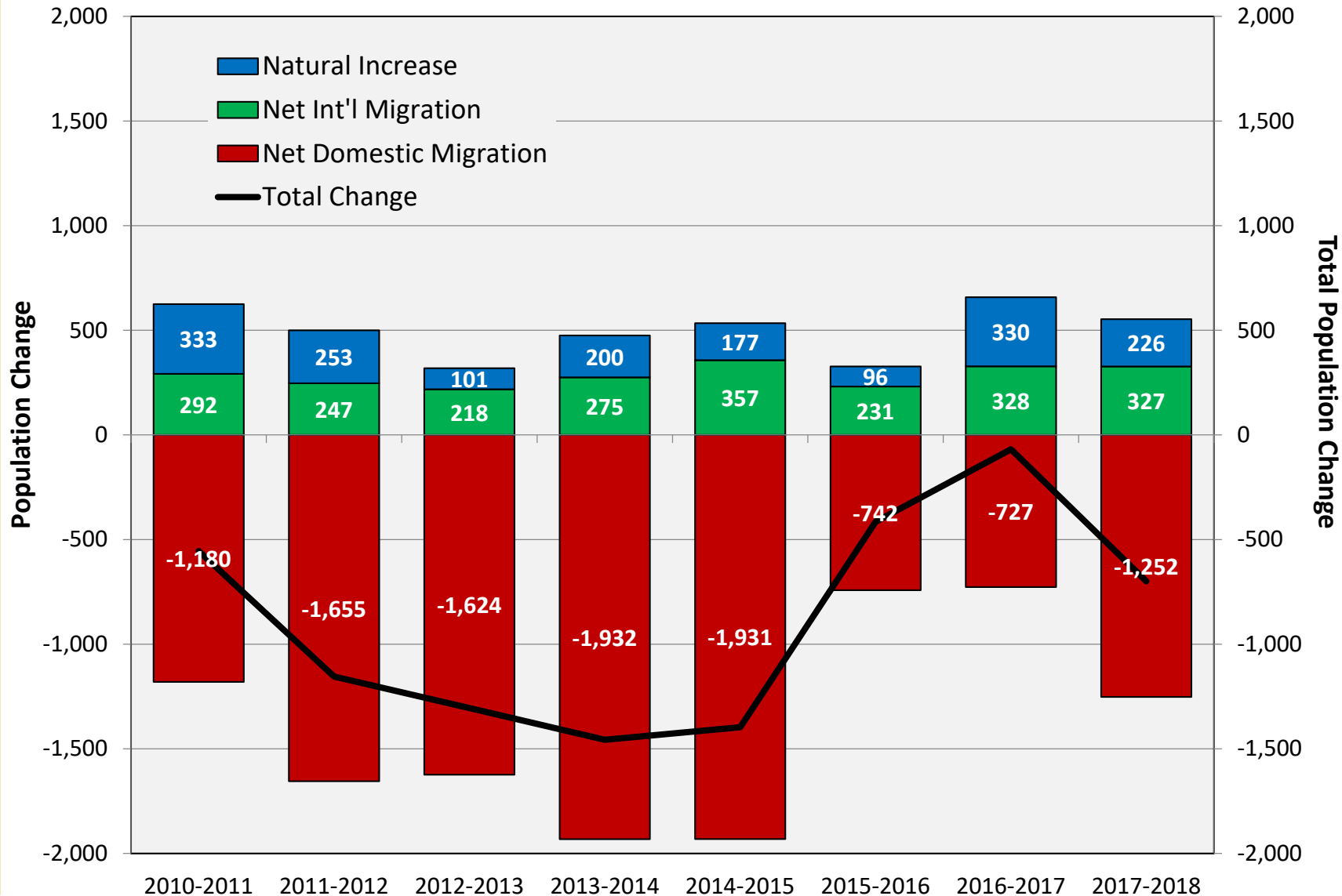
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Economic Development History

- NWMO region is rooted in agriculture
- Typical of many rural communities in America the region has participated in each 'wave' of economic development
 - Industrial development—recruitment/attraction (Post WWII)
 - Offshoring—business retention & expansion (late 1970s)
 - Comparative advantage—clusters, human capital (1990s)
 - 4th wave—quality of life, sustainability
- Today - depopulation resulting in the erosion of community and economic vitality



Components of Population Change: Northwest Missouri



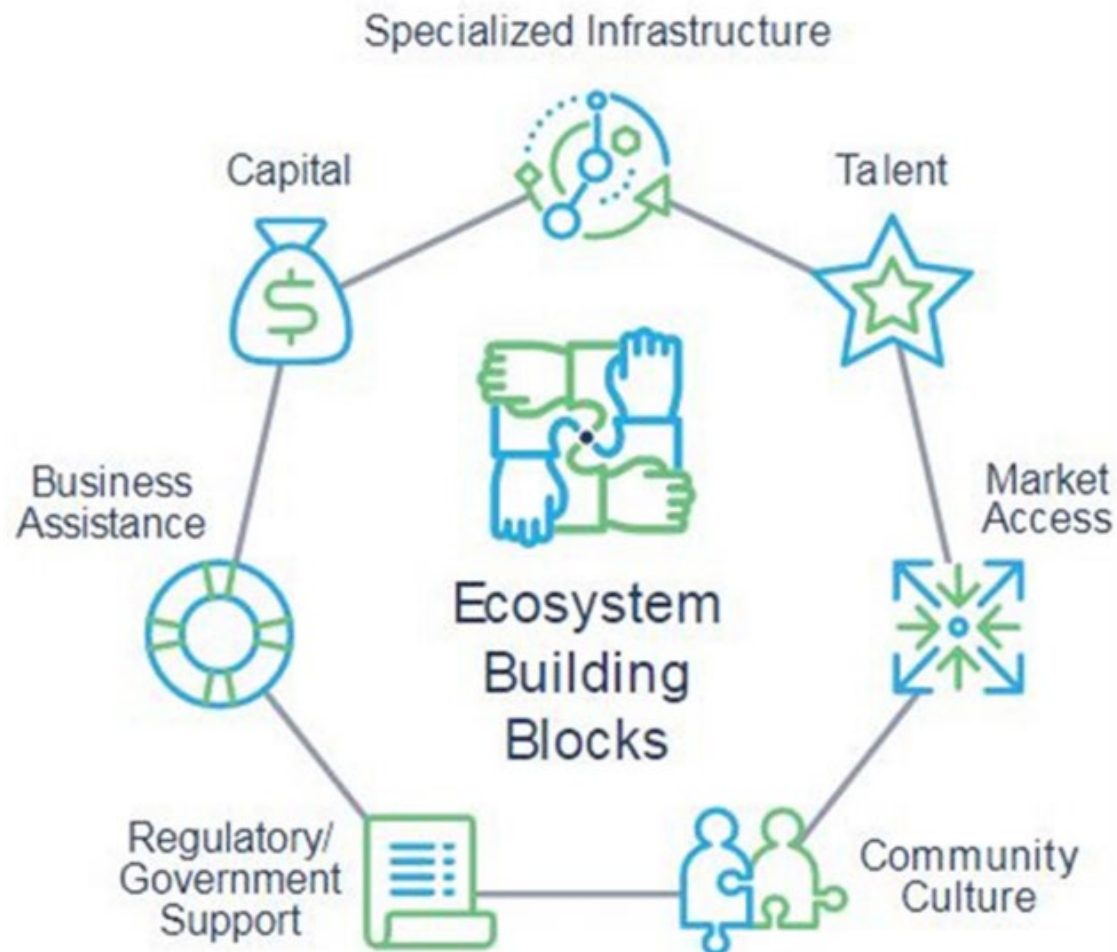
Source: US Census Bureau, Population Estimates Program, V2018

NWMO lost
population
annually during
the most recent
business cycle

Could
entrepreneurship
help?

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Entrepreneurial Ecosystems



- Entrepreneurial ecosystems increase:
 - Quantity & quality of entrepreneurial activity
 - Encourages competition & creative destruction
 - Creates a “buzz” around entrepreneurship
- Creating an entrepreneurial ecosystem requires a community to think about the environment in which firms operate and not about a specific business
- There is no recipe for entrepreneurial ecosystem development, each region has unique assets and entrepreneurial building blocks
- Focus of Maximize NWMO

Today's Agenda

- Maximize NWMO and the Community Foundation of NWMO asked us to conduct a synthesis and objective analysis of prior entrepreneurship studies and their recommendations
- ***Regional Entrepreneurship Assessment & Strategy***
Southeast Missouri State University, 2015
- ***Development Opportunity Profile and Strategic Development Considerations*** for three communities in NWMO, 2018
Don Macke – e² Entrepreneurial Ecosystems
- ***Comprehensive Economic Development Strategy*** (CEDs)
Green Hills RPC, 2017; NWMO RCOG, 2018; Mo-Kan RC, 2020 *draft*
- **Bonus: Additional Context Research**
- Past data products, those without recommendations, were reviewed



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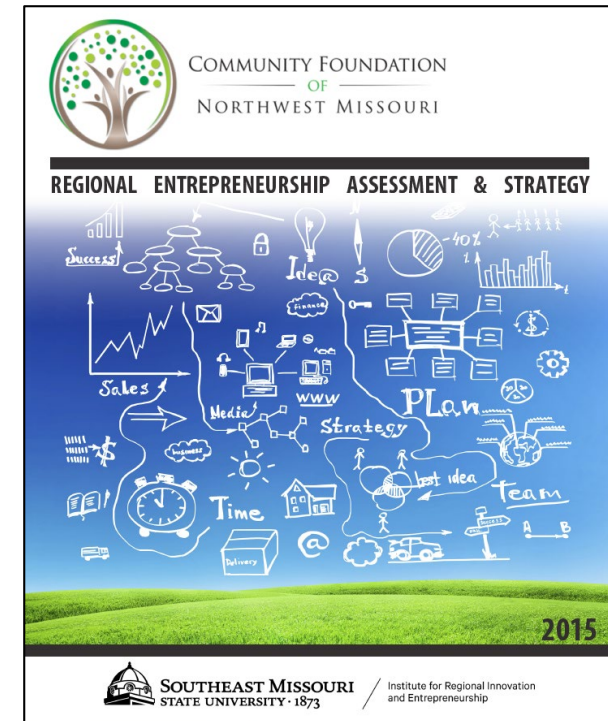


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Regional Entrepreneurship Assessment & Strategy

- Consolidation of three sub-regional entrepreneurship assessments
- Several good recommendations
- Prepared by: Southeast Missouri State University, 2015

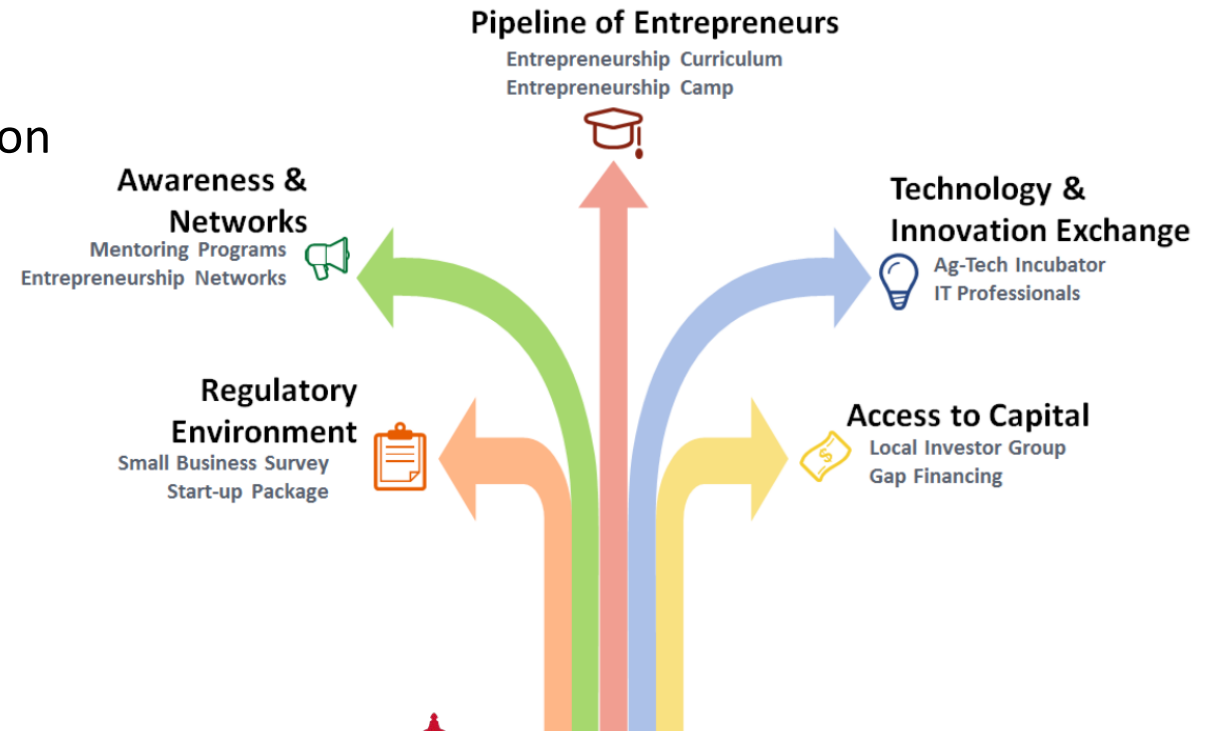


Research Methods

- **Focus groups and a survey:**
 - Business owners
 - Public officials
 - Community leaders
- Qualitative data collected suggested the need for:
 - Regional collaboration
 - Financial capital
 - Training and support for entrepreneurs
 - Mentioned declining population as a top concern
- **Secondary data analysis:**
 - Industry cluster analysis
 - “Innovation” index
- Quantitative data collected suggested existing clusters in:
 - Agribusiness
 - Biomedical/Biotechnical
 - Fab Metal
 - Education (although $LQ < 1$)

Recommendations From Report

- 1. Developing a Pipeline of Educated and Skilled Entrepreneurs
 - Entrepreneurship Curriculum
 - Entrepreneurship Camp
- 2. Cultivating Technology Exchange and Innovation
 - Maker-space/Ag-Tech Incubator
 - Train, Attract, and Retain IT Professionals
- 3. Improving Access to Capital
 - Formal, Local Investor Group
 - Continue Developing Gap Financing Tools
- 4. Promoting Awareness and Building Networks
 - Entrepreneurship Mentoring Program
 - Regional Entrepreneurship Network
- 5. Optimizing the Regulatory Environment
 - Small Business Friendliness Survey
 - Start-up Package

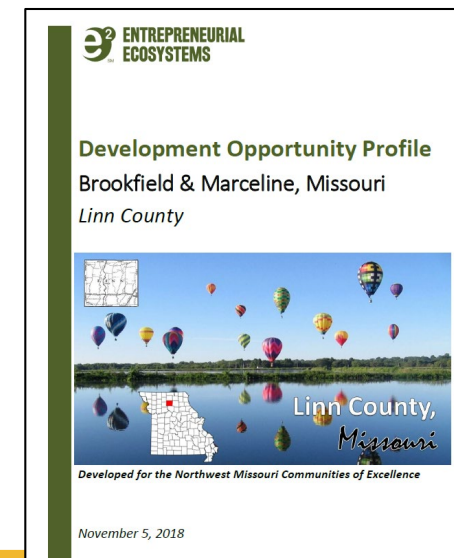
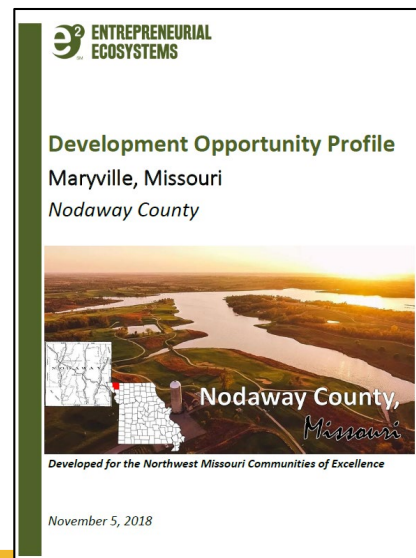
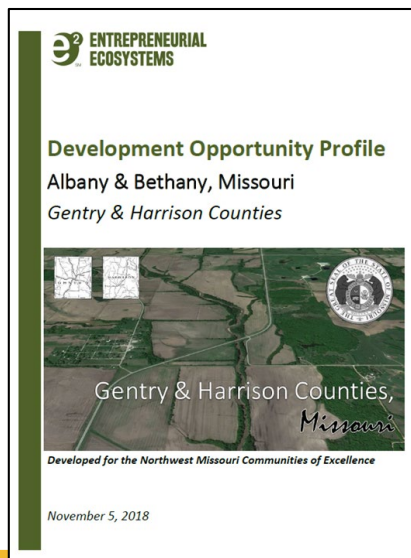


Our Analysis of SEMO Recommendations

- We recommend implementing (or, continuing to support):
 - Entrepreneurship training and curriculum and supporting a culture that fosters entrepreneurship and innovation
 - Supporting existing ag-tech related incubators
 - Developing strong entrepreneurship program collaboration and networks
 - Celebrating open-mindedness and cultural diversity, a culture of entrepreneurship
- We do not recommend pursuing at this time:
 - Attraction and retention of IT professionals
 - Developing new incubators or makerspaces
 - Establishing formal investors groups
 - **These are niche groups for public investment to focus on in the face of limited resources; further, we didn't perceive large demand for these in our interviews**

Development Opportunity Profile and Strategic Development Considerations

- Reports based on three communities in NWMO
 - Albany & Bethany, Missouri (Gentry & Harrison Counties)
 - Brookfield & Marceline, Missouri (Linn County)
 - Maryville, Missouri (Nodaway County)
- Prepared by: e² Entrepreneurial Ecosystems, Don Macke, 2018



e^2 : Keys to growing an entrepreneurial economy



People

1. Entrepreneurs with development needs



Resources

2. Resources to address these needs



Networks

3. Networks to connect entrepreneurs to the resources

e² on Developing a Local and Regional Strategy:

- **Local communities** are best at finding and engaging entrepreneurial talent
- **Regional curation** must connect communities and their entrepreneurs with the regional resources
 - **e.g., MoSourceLink** is better for curating resources, engaging resources, and testing resources

LOCALLY	REGIONALLY
Identify and engage entrepreneurs and nascent entrepreneurs	Connect entrepreneurs to MoSourceLink

e²: Best for Localities to Focus On

- Spaces to connect and create
- Broadband infrastructure

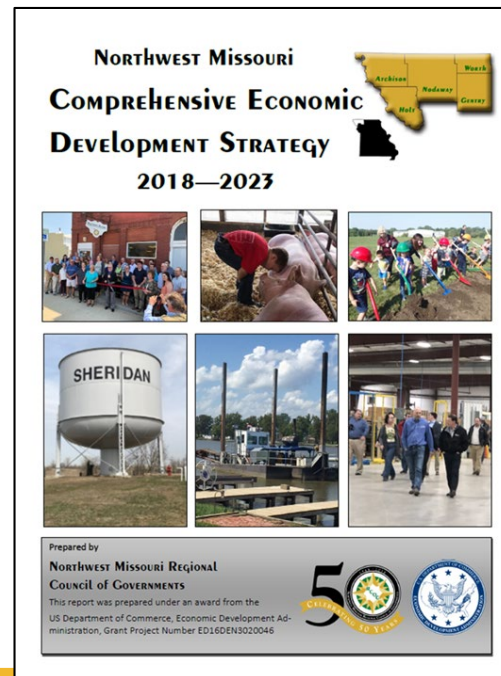
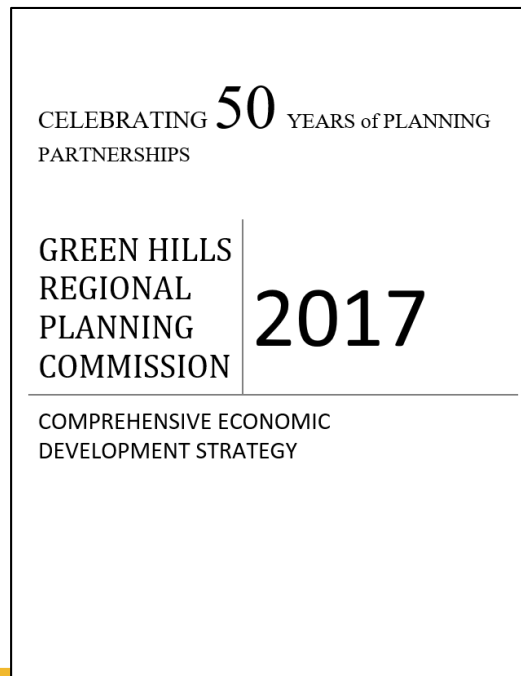
And to attract and retain human capital:

- Amenities/Placemaking
- Quality of Life
- Progressive culture



Comprehensive Economic Development Strategy (CEDS)

- Green Hills Regional Planning Commission, 2017
- Northwest Missouri Regional Council of Governments, 2018
- Mo-Kan Regional Council, 2020 *draft*



Green Hills CEDS

Relevant Goals and Objectives

- Objective 2.3 (Community and Economic Development)

Continue to provide support and assistance, including business assistance to entrepreneurial startups

- Object 4.3 (Rural Quality of Life – Sense of Place)

Develop an inventory and informal network of art organizations, individual artists, and craftsmen. Provide coordination for them to meet and network to expand their offerings and improve the economy of the region.



Northwest Missouri CEDS

Relevant Goals and Objectives

- Goal 1 – Grow and diversify the region’s economic base and workforce participation
 - Objectives: Develop a culture of entrepreneurial innovation and growth; Take steps to retain and attract an educated workforce; Strive to become a value-added agriculture innovator for the Midwest
- Goal 4 – Increase regional tourism by 10% in 5 years
 - Objective: Expand economic tourism via coordination and promotion of events throughout the region
- Goal 5 – Maintain and improve infrastructure to provide sustainable communities and quality of life
 - Objective: Broadband internet services for 100% of five-county region

Mo-Kan CEDS

Relevant Goals and Objectives

- Goal 2 – Create a better place by connecting neighborhoods with business services and amenities, cultivating entrepreneurship and providing financial services for small business development
 - Objectives: Provide financial assistance to small entrepreneurs, both start ups and continuing businesses; Provide technical assistance to small businesses; Partner with Mo-Kan Development, Inc. to provide support for small businesses and other entrepreneurial efforts

CEDS Goals and Objectives

- We support CEDS goals related to entrepreneurship
- We recommend CEDS and Maximize NWMO goals related to entrepreneurship continue to be aligned on a regional level
- We recognize common themes around quality of life as it contributes to entrepreneurship



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Additional Context Research Conducted

- Conversations with stakeholders and resource providers
 - Kim Mildward, *Northwest Missouri Regional Council of Governments*
 - Jackie Soptic, *Green Hills Regional Planning Commission*
 - Nic Hutchison, *Mo-Kan Regional Council*
 - Linda Laderoute, *Mo-Kan Regional Council*
 - Christel Gollnick, *Juper Communications (CFNWMO Liaison)*
 - Rebecca Lobina, *SBDC in St. Joseph*
 - Annette Weeks, *Center for Entrepreneurship, Missouri Western State University*
 - Maria Meyer, *MOSourceLink*
 - Dara Macan, *MOSourceLink*
 - Stephanie Williams, *North Central Missouri Business Facilitation*
 - Keli Morris, *Northwest Missouri Enterprise Facilitation*
 - Jackie Spainhower, *County Engagement Specialist, University of Missouri Extension*

Challenges Identified in Interviews

- Connections & Coordination
 - “It’s hard to find the right person...it’s hard for entrepreneurs to find resources and hard for the resource providers to find entrepreneurs.”
 - “There are online sources, but these are not capturing all the people out in rural areas there looking for help.”
 - “Coordination is hard. There are so many resources in our region, but also a duplication of resources.”
 - Chillicothe SBDC closed – loss of a key partner
- Employment barriers to entrepreneurship
 - “Losing health insurance is a big risk.”
 - “Existing barriers make the transition from part-time gig to a full-time job very difficult.”

Challenges Identified in Interviews

- People and Culture
 - “The biggest challenge is getting them to see the opportunity.”
 - “The risk of failure is a huge mental barrier.”
 - “Mindset is a challenge. Communities want to remain the way they are.”
 - “Each community is unique, so there’s no one size fits all solution.”
- Broadband access
 - “It’s especially important for business to have an online presence and have the option to ship outside their community, often even globally. In towns of 300, or counties of 2,000, you have to have an online customer base.”

Strengths Identified

- **NWMO has a lot of great resources for entrepreneurship already!**
- **Entrepreneurs**
 - “There’s lots of great ideas and trades occurring, but the individual is keeping their day job, and doing “entrepreneurial” activity as a side business.”
 - “There is an entrepreneurial spirit.”
 - “We’re focusing on youth in our region...we want them to return to the region.”
- **Facilitation**
 - “We have boots on the ground.”
 - “People like to have someone they can talk to in person.”

Strengths of NWMO

- Regional universities
 - “We have good support through the different universities in our region.”
- Political capital
- Social capital (networks)
 - “Our Cup of Joe program has been happening for five years.”
- Community connections
 - “Downtown Maryville is focused on supporting vibrancy in their downtown.”
 - “Really strong collaborations in my area. A lot of groups work together, rather than independently.”

Recommendations

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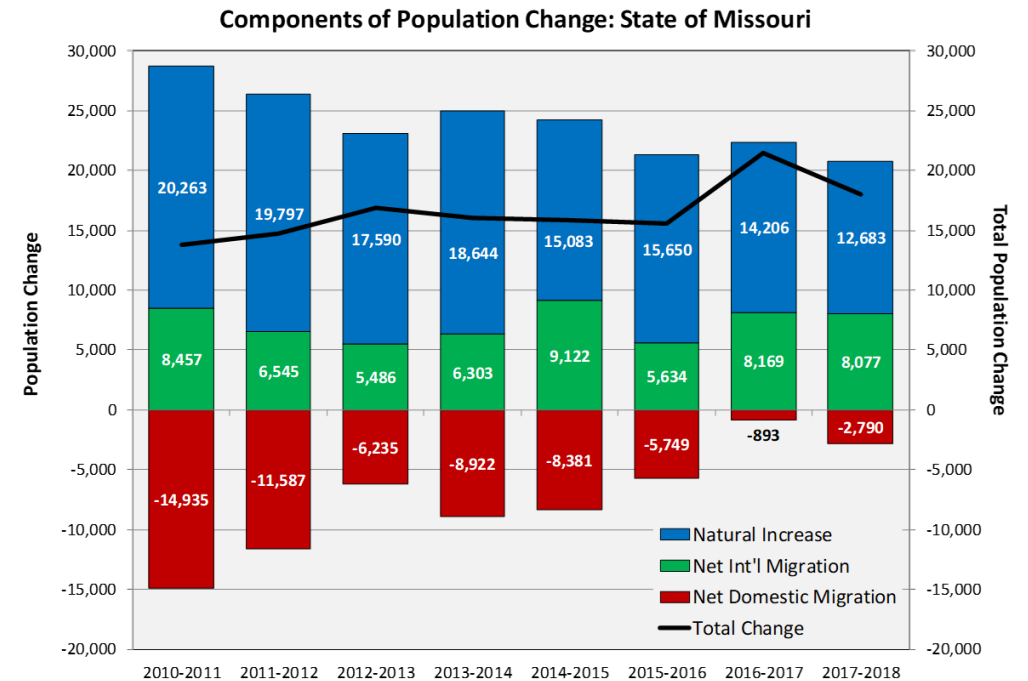
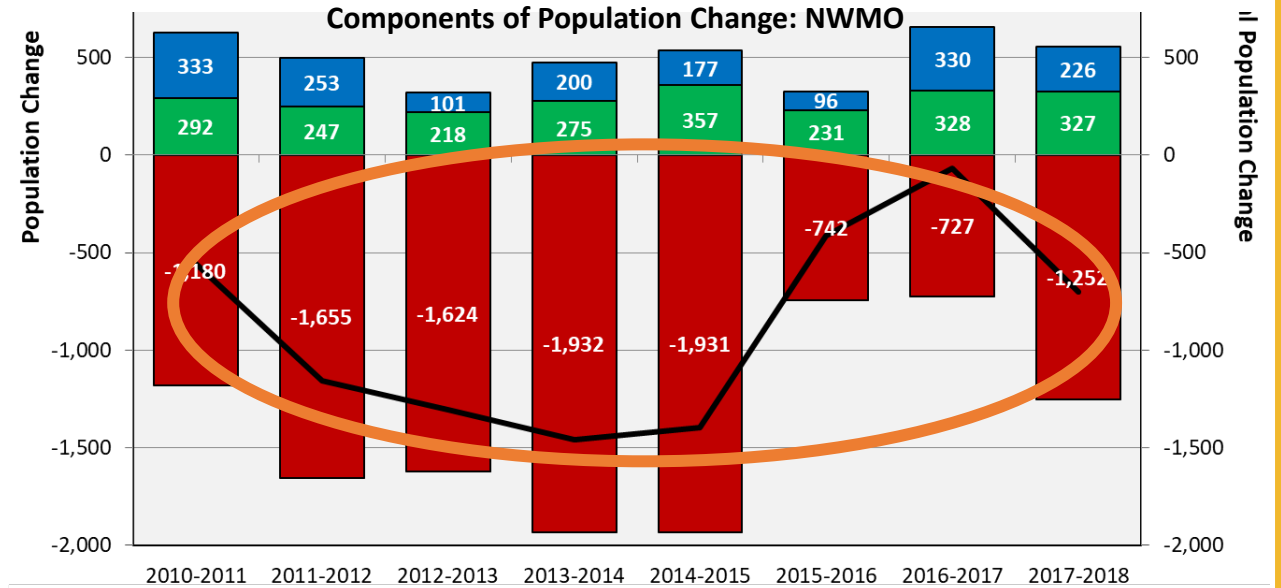
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Our Recommendations

- Focus on the region's *quality of life*—market your existing assets, work together on building other assets
- Celebrate open-mindedness and cultural diversity
- Placemaking—**make your region a place people want to live and do business**
- Tackling population loss will build your entrepreneurial pipeline directly and indirectly
 - Downtowns, networking and collaborations are strengths of the region
 - Fostering a culture that embraces change, diversity, innovation and *doing things differently*
 - Broadband infrastructure should help improve quality of life

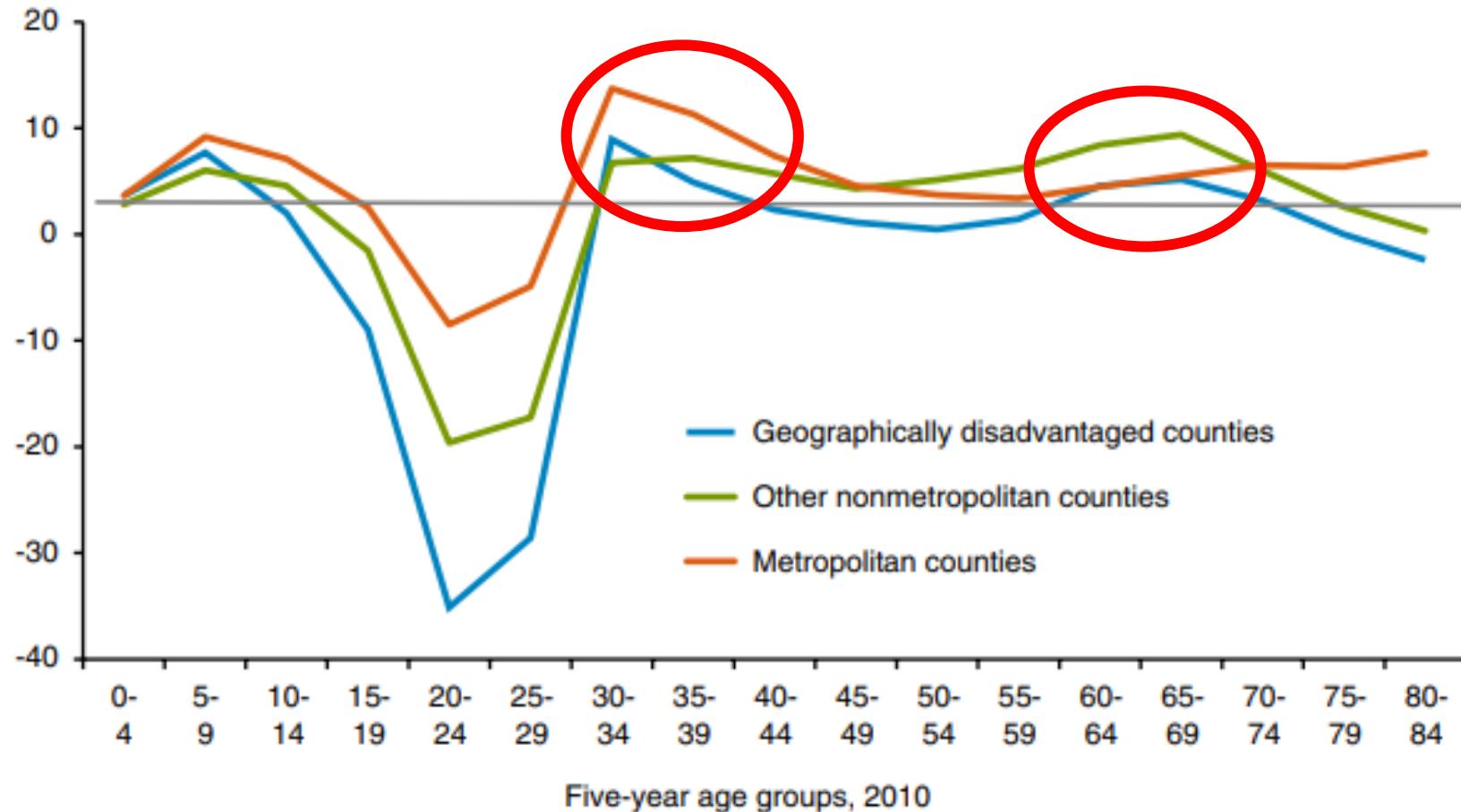
Turning Around Population Decline

- The region's population has been declining→
- In-migration is a reasonable economic development strategy
- **Return** migration is likely the most fruitful strategy according to top demographers and geographers



Net migration by age, 2000-10, relative to county population, 2010

Median percent county population change due to migration



Note: Geographically disadvantaged counties are geographically remote and relatively lacking in scenic amenities.

Source: USDA, Economic Research Service based on estimates from University of Wisconsin-Madison: <http://www.net-migration.wisc.edu/>

Rural Migration Targets

- If return migration is a goal, then research suggests targeting
 - Mid-career (30s)
 - Early retirement (60s)
- Households in these demographics are most likely to migrate back to NWMO

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Our Recommendations—Next steps

- Prioritize strategy *implementation*
- Use the information and resources you have, focus efforts and resources on implementation
- Implementation should be coordinated on a regional level to avoid duplicating existing resources and services
- We recommend regular evaluation of your
 - Entrepreneurial ecosystem
 - Plan/strategies

Our Recommendations—Next steps

- **A plan is necessary**
 - What does the group want to first pursue?
- Once a plan is in place, identify a person/team in the region who will commit to completing **each action step in the plan**
 - Continuous evaluation of your entrepreneurial ecosystem and selected strategies
 - Set milestones to keep people/teams on-track
 - Select metrics for evaluating each step
- These ideas are better fleshed-out in a larger slide deck we have provided to Maximize NWMO

Thank You

Sarah A. Low, PhD

LowSA@missouri.edu

Hannah McClure, MPA

McClureH@missouri.edu

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