

Entrepreneurial Rural Communities National Case Studies Series

Eight case studies of entrepreneurial rural communities and a summary report have been developed from presentations and discussions at a National Entrepreneurial Rural Communities Workshop held in Fairfield, Iowa, on June 3, 2005. The series includes:

Report 1: The Appalachian Center for Economic Networks (ACEnet) in Athens, Ohio

Report 2: Northern Initiatives in Michigan's Upper Peninsula

Report 3: *Tapetes de Lana* Weaving Center, Mora, New Mexico

Report 4: Douglas-Coffee County, Georgia: An Entrepreneur-Friendly Community

Report 5: The IDEA Center Incubator of Tupelo, Mississippi

Report 6: North Iowa Area Community College Entrepreneur and Capital Networks

Report 7: AgVentures Alliance: An Entrepreneurial Value-Added Agriculture Network

Report 8: Fairfield, Iowa: The Emergence of a Serial Entrepreneurial Community

Report 9: Reflections on Local, State and Federal Policies to Support Entrepreneurs

Supplement: *"Entrepreneurial Community Ecosystems..."* by Sohodojo

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The National Entrepreneurial Rural Communities Workshop and Case Study Project was sponsored by Farm Foundation. The case studies were edited by Sue Lambertz, Sandra Burke, Becky Johnson, and Mark Edelman of the Community Vitality Center, Iowa State University. The workshop was organized by Burt Chojnowski, past President of Fairfield Entrepreneurs Association. Companion PowerPoint presentations are available for download from the CVC web site: www.cvcia.org. Video excerpts recorded by Fairfield Public Access Community television (FPAC) and are being made available at <http://www.brainbelt.com>.

Report 5: The IDEA Center Incubator in Tupelo, Mississippi

by Wayne Averett, Vice President of Entrepreneurship and Small Business Development,
The IDEA Center

Tupelo, Mississippi is recognized around the world as the birthplace of Elvis Presley. The small, shotgun house where Elvis was born, and the adjacent Elvis Presley Museum and memorial chapel, draw nearly 100,000 visitors each year. They are centerpieces of Tupelo's \$46 million tourism and hospitality industry. With a population slightly under 40,000, Tupelo has a rich and colorful history which dates back to 1540, when the Chickasaw Indians forced Spanish explorer Hernando De Soto westward to his discovery of the Mississippi River.

The IDEA Center in Tupelo, Mississippi, is a business incubator in the final stages of construction. The incubator will serve new business entrepreneurs in manufacturing and professional services. The name "IDEA" stands for Innovation, Development, Entrepreneurship and Action.

"To tell the story behind Tupelo's IDEA Center," says Wayne Averett, the Center's Executive Director, "you need to know the inspiration behind the IDEA. The inspiration comes directly from one of Tupelo's most inspirational leaders from the past, by the name of George McLean."

George McLean was an entrepreneur who relocated to Tupelo in the early 1930s. Trained to be a college professor and minister, he became disenfranchised with academia and turned instead to newspaper publishing, purchasing a local newspaper and making it a regional voice for economic development. From June 1934 until his death in 1983, he used his newspaper, *The Daily Journal*, to promote the cultural development of the area. Long before his death, he was seen as one of the foremost community development figures in the United States. In 1937 when he was only 34 years old, George McLean was named "Man of the Year" by *Nation Magazine*. The same title was later bestowed on him by *Progressive Farmer*. In 1981, he became the Tennessee Valley Authority's first recipient of their Distinguished Citizen Award.

The "IDEA," says Averett, "came from the passion left behind by George McLean. He developed Community Enterprise Warehouses for people to start a new business, and he built the warehouses in underdeveloped areas." As a result of his seed capital in investments, large quantities of warehouse space were offered to entrepreneurs at very low lease rates. Because this initial effort grew, the City of Tupelo and Lee County became a center for manufacturing.

Currently, Tupelo is still seen as a hub for upholstered furniture manufactures, but it slowly is losing production to China. "We needed a place where we could insulate the incubator's position from the ebbs and flows of occupancy," Averett says. "People in impoverished areas, or who have worked in manufacturing all their lives, have a difficult time believing they could be the genesis of something big," says Averett, "so our early efforts focused on 'How to Teach an Old Dog New Tricks'."

Completion of a feasibility study determined the city of Tupelo was primed to develop a business incubator, but that the community lacked an appropriate facility to house it. On November 25, 2002, the Community Development Foundation's Board of Directors unanimously approved a location in the downtown redevelopment area of Tupelo known as the Fairpark District. The decision, which was the outcome of long deliberations between the Community Development Foundation (CDF) and the Tupelo Redevelopment Agency (TRA), reflects CDF's and TRA's

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willingness to support each other in the development of entrepreneurship and in creating progress for the downtown Tupelo area. The 2.8 acre site is located on the corner of Main Street and Elizabeth Street, across from the Convention and Visitors Bureau and the Automobile Museum, as well as the first TVA substation. It is a highly visible spot from Highway 45, and serves as a gateway to downtown Tupelo. The large site will enable future expansion of the incubator.

The following facts of the National Business Incubation Association (NBIA) highlight the various benefits of business incubation: For every \$1 of estimated annual public operating subsidy provided to the incubator, clients and graduates of NBIA member incubators generate approximately \$45 in local tax revenue alone. NBIA members report that 84 percent of incubator graduates stay in their communities and continue to provide a return to their investors. Publicly supported incubators create jobs at a cost of about \$1,100 each, whereas other publicly supported job creation mechanisms may commonly cost more than \$10,000 per job created. Every 50 jobs created by an incubator client generate another 25 jobs in the community. Today there are more than 800 business incubators in North America, up from 12 in 1980. Forty percent of incubators are technology-focused, 30 percent are mixed-use, focusing on a wide variety of clients, and the remainder focus on service, light industrial, niche markets, or assisting targeted populations.

The feasibility study recommended expending \$1,450,103 in construction costs, and a first year operating budget of \$138,401. Eleven different government agencies and Tupelo area entities collaborated to fund the incubator. Upon completion of the 28,089 square foot facility, 40 spaces will be offered for lease with high speed internet access, VOIP phone service, faxing and copy services, and customer parking. Most importantly, business counseling in a small business resource center will be offered, along with business training from experts in various fields of business.

“We wanted to offer a one stop business shop in one building location,” explains Averett. “There is no place in Tupelo that offers all of these business services. We won’t be able to be everything to everybody, but our focus will be on developing a bundle of services that can then be used by many different types of entrepreneurs to help successfully launch their businesses.”

“We know we have to offer opportunities for more diverse forms of businesses – not all high-tech businesses are going to locate in our incubator,” says Averett. The incubator will be able to accommodate businesses from professional services to manufacturing, providing technical assistance, training, education and shared clerical staff. “We have a strong board of advisors which has been critical to our success,” Averett adds. In the case of business incubators, it is the people, programs and networks that are brought to bear for the fledgling new entrepreneurs that are the most important elements for enhancing the odds for success for new startups.

Before his death in 1983, George McLean told the people of Tupelo: *“I believe that it is the responsibility of the educated people of Mississippi to help raise the level educationally, economically, and culturally of our own people. No one else will come in and do the job for us.”* These words still ring true for the Tupelo IDEA Center, today.

For more information on the Internet see:

www.cdfms.org/ed_businessdevelopment.cfm

www.cvcia.org/