

## **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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*A Report Prepared by the*

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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](http://www.cvcia.org). Video excerpts recorded by Fairfield Public Access Community television (FPAC) and are being made available at <http://www.brainbelt.com>.

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

by June Holley, President and Founder

The Appalachian Center for Economic Networks (ACENet) serves the Ohio Appalachian region, where the unemployment rate is close to 20 percent, and the majority of the residents are low income. ACENet was founded in 1985. The founder worked for a year without pay before receiving a state grant. Today, it has a staff of 12 and an annual budget of \$1.2 million. ACENet's 2004 track record includes facilitating 63 startups, assisting 301 entrepreneurs, increasing client sales 67 percent over 2003, and creating 140 jobs.

ACENet is a nonprofit entity--not a government agency. "We see ourselves as a 'free agent.' Every community needs a free agent who is not held back by the strings that tie government agencies," says June Holley, President of the ACENet Institute. "We can see opportunities and make things happen. Our story is not about ACENet, it's about partnerships and relationships."

"Local businesses often need access to professional services and training to identify new markets and products. Many businesses serve different needs for the same customers--specialty food products, artisans, bed and breakfasts, restaurants, and recreation businesses. Individually they can't always survive. Their chances can be improved if they work together or if they affiliate through a network. In the very rural and poor Appalachian region, there is a great need to come together and aggregate.

However, entrepreneurs need a reason to come together beyond altruistic discussions to benefit the community. ACENet's role as facilitator, combined with the availability of small grants, provided the catalyst that compelled the entrepreneurs to organize. Together, they became the regional flavor that represents the Appalachian community.

Through clustering, they became empowered to change their interaction with each other. Cluster businesses have shared knowledge. They collaborated on advertising and marketing expenses. They shared multi-skilled employees. Through "economies of scale" their purchasing power was increased. Collectively they developed new products by tracking emerging trends. "Building clusters from local assets enabled small businesses to access crucial services and education," says Holley.

The results have been impressive. They developed brand ID's for unique agricultural products. The new value-added products include specialty eggs, processing plants, organic products, ag-tourism, and specialty crops like mycelium mushrooms. These new products netted new revenue streams. "Rural entrepreneurs are encouraged to develop products to be as unique and valuable as possible to reach more markets," Holley says.

The 11,000 square-foot incubator churned out hundreds of new food products as a cluster-focused incubator. The facility is fully licensed and can rent equipment to develop new food products. Entrepreneurs can produce and sell products directly from their rented space. "Some were skeptical in the beginning. More farmers have recently shown interest in developing consumer-ready products from their crops and now lease space," says Holley.

"Now looking back, we see that awareness of local resources that many took for granted created an entire new industry. For example, a large number of several varieties of birds in the region were attracting the attention of many bird watchers. People would come in the early morning to

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watch the birds, spend 10-15 minutes in town and leave to go home,” Holley stated. To serve this market, ACEnet partners created bird paths, painted quilts on barns, assembled a map, identified local restaurants, gift shops, and bed and breakfast operations, and mailed a brochure to 30,000 people through the Audubon Society. The participating local businesses increased revenues by 40 percent in one year. Stores started carrying more quilts, wooden collectible items and other bird-related products. A gap analysis revealed a need for more restaurants to serve the increasing tourism traffic. Festivals began through efforts by food, retail, tourism, and artisan businesses.

ACEnet acts as ‘business marriage brokers’ – they listen to local business needs, and bring together potential or available partners who can assist them. They help create ‘serial entrepreneurs’ – successful business owners who open new businesses, sometimes related to their primary business, and sometimes not. They also encourage ‘catalyst entrepreneurs’ – business owners who help other businesses become more effective, innovative and improve business practices for optimum operations.

ACEnet works closely with special businesses that begin to spin off new businesses. For example, a local restaurant owner spun off 18 new businesses in 10 years. Casa Nueva Restaurant solicited 15 restaurants to join an independent association whose mission is to increase the number of local restaurants, encourage diversity in menus and ambience, and encourage the use of local products. Many restaurants are employee-owned and buy up to 90 percent of their inputs from local farmers, featuring these farmers in their advertising. “When businesses are innovative by developing new processes or products every year, their experiences and lessons learned help them to be more successful overall. They create more jobs with higher wages, become more resilient in bad times, and have a higher growth potential,” continues Holley.

Their efforts have not been without challenges – accessing seed funds, building the local teams, creating the “purpose” to bring them together. Government grants and loans don’t always work. Funding sources may need to be restructured with more flexibility and fewer “strings.” “There needs to be a readily available sophisticated information source on markets, targeted training to restructure consumer behavior, and technical skills for combining web pages and other computer processes,” Holley says.

“Communities need to support regional infrastructure and entrepreneurial support systems built through innovative and collaborative projects,” Holley said. “ACEnet tracks partnerships and networks created, not just jobs. We spend more time with catalyst and influential entrepreneurs. We have created communication enhancers, such as e-mail newsletters, listserv functions, web site hubs, and networking opportunities. Make your community exciting,” she says. “ACEnet’s success can be summed up in two words – partnerships and relationships.” ACEnet counts over 50 active partners and many more collaborators. “Remove territorial boundaries and become collaborators—not competitors. Nothing happens until you make it happen,” she concluded.

**For more information on the Internet see:**

[www.acenetworks.org](http://www.acenetworks.org)