

4-1-2008

## Strengthening Entrepreneurship and Building Leadership Capacity in Rural Communities

Louis V. Bassano

*University of Maine Cooperative Extension, lbassano@umext.maine.edu*

James C. McConnon Jr

*University of Maine, jimm@umext.maine.edu*



This work is licensed under a [Creative Commons Attribution-NonCommercial-Share Alike 4.0 License](https://creativecommons.org/licenses/by-nc-sa/4.0/).

---

### Recommended Citation

Bassano, L. V., & McConnon, J. C. (2008). Strengthening Entrepreneurship and Building Leadership Capacity in Rural Communities. *The Journal of Extension*, 46(2), Article 3. <https://tigerprints.clemson.edu/joe/vol46/iss2/3>

This Feature Article is brought to you for free and open access by the Conferences at TigerPrints. It has been accepted for inclusion in The Journal of Extension by an authorized editor of TigerPrints. For more information, please contact [kokeefe@clemson.edu](mailto:kokeefe@clemson.edu).



## Strengthening Entrepreneurship and Building Leadership Capacity in Rural Communities

### Abstract

This article describes a potential model for other Extension programs across the United States that are looking for effective strategies to support and enhance community-based entrepreneurship. The University of Maine Cooperative Extension, in collaboration with other business-assist organizations, business owners, and municipal officials, organized the annual Washington County Business Conference and Marketplace. The overall goal of the conference was to improve the chances of success for existing and aspiring small business owners. A post-conference survey revealed that conference participants improved their business management skills; started, expanded, or improved a business; increased sales and profits; and made better business decisions.

### Louis V. Bassano

Extension Professor  
University of Maine Cooperative Extension  
Machias, Maine  
[lbassano@umext.maine.edu](mailto:lbassano@umext.maine.edu)

### James C. McConnon, Jr.

Extension Business and Economics Specialist and Professor, School of Economics  
University of Maine  
Orono, Maine  
[jimm@umext.maine.edu](mailto:jimm@umext.maine.edu)

## Introduction

The Maine economy is highly dependent upon a thriving small business community to create and sustain jobs that pay livable wages. In 2003, there were 38,700 businesses in Maine, 94% of which had 15 or fewer employees. These businesses employed more than 50% of the Maine workforce (SBA, 2004). Since 1996, businesses with 15 or fewer employees have created 80% of Maine's new jobs (SBA, 2004). Microenterprises, businesses with five or fewer employees, are very important job creators in the rural areas of the state, accounting for 20% of total state employment. Maine's microenterprises contributed an estimated \$12.9 billion to the state's economy in 2000 (McConnon, 2006).

Maine Governor John E. Baldacci has identified economic growth through business retention, expansion, creation, and attraction as a key to improving Maine's economic health. An important strategy in achieving the governor's goal is equipping Maine's business owners with the tools necessary to grow and prosper. This is critical in light of research showing that approximately 60% of small businesses fail within 5 years because entrepreneurs lack sufficient business management skills (Muske & Stanforth, 2000). Participation in relevant and effective training has been shown to reduce the failure rate and help business owners avoid costly mistakes (Muske & Stanforth, 2000).

Cooperative Extension can play an important role in strengthening local economies through supporting and enhancing community-based entrepreneurship. In addition, by employing effective community development strategies, Extension can be a catalyst to build leadership capacity within the business community. The importance of supporting community entrepreneurship was recently underscored by the formation of the National Coalition for Rural Entrepreneurship and selection of the "entrepreneurship" theme for the 2006 National Association of Community Development Extension Professionals Conference held in San Antonio, Texas.

## Method

The University of Maine Cooperative Extension has a long history of assisting small business owners in Washington County, Maine. Located in a remote rural area of the state with a population of 30,000, Washington County's natural resource-based economy has traditionally had one of Maine's highest unemployment rates. Since 1990, a Washington County Extension educator and a state Extension Business and Economics Specialist have conducted free business consultations and an annual workshop series for aspiring and existing business owners to develop or improve their business management skills. These activities are part of Cooperative Extension's statewide program providing educational assistance to those who operate or are considering starting a small or home-based business.

In 2002, Cooperative Extension faculty organized a meeting with business and community leaders and representatives from business-assist organizations to identify ways to enhance entrepreneurship and small business development throughout Washington County. The need for a highly visible event that would bring together aspiring and existing business owners with a variety of business resources grew out of this discussion.

In 2003, the University of Maine Cooperative Extension, in cooperation with other business assist organizations, business owners, municipal government officials, and a local community college, organized the first Washington County Business Conference and Marketplace. The goals of the conference, now in its fifth year, are as follows:

- To highlight to the general public and community leaders the important contributions to the economy made by small businesses.
- To improve the business management skills of conference participants in a variety of topic areas considered crucial to business success.
- To generate new business start-ups and expansion of existing businesses.
- To address issues or concerns important to the local business community.
- To provide low-cost marketing and networking opportunities for Washington County businesses and business-assist organizations.

### Organizing and Funding the Conference

Extension faculty played a key leadership role in organizing the conference by selecting and recruiting potential planning team members and developing a subcommittee structure that incorporated key planning components. These key components included: identifying program content, conference promotion, fund raising, onsite logistics, Web site design, and marketplace development. Extension provided ongoing support to each of the subcommittees to ensure their success. In addition, Extension faculty created the evaluation instruments, and the county Extension educator served as chair of the planning team for the first 3 years.

A total of \$50,000 in cash and in-kind contributions was required to hold the conference. In-kind contributions accounted for approximately 30% of the cost. They included the planning committee's time and travel; donated items such as refreshments, postage, and community college facilities; and discounted rates on print and radio advertising.

Funds were secured by sponsorships that ranged in price from \$250 to \$5,000. Sponsors included financial institutions, state and federal agencies, business-assist organizations, local businesses, chambers of commerce, rotary, municipal government, and local development organizations.

About 50% of the budget was used for promoting the conference. Other costs included designing and printing the brochure and signage 15%, secretarial salary and office overhead 10%, presenter stipends 10%, Web design and maintenance 5%, postage 3%, and miscellaneous 7%.

### Conference Content

The annual conference took place each year over 2 days on the campus of Washington County Community College located in Calais, Maine. Extension and other business-assist agency professionals and small business owners offered 25 workshops divided into half-day and quarter-day sessions. The workshop topics fell into the broad categories of business planning, financing, marketing, employee relations, legal, insurance and tax issues, e-commerce, and using technology. A special track of workshops addressed local issues such as the Washington County economy or tourism initiatives that could affect entrepreneurs.

The conference marketplace featured more than 25 Washington County businesses with their products and services on display and offered for sale to the public. Representatives from over a dozen business-assist organizations were also included in the marketplace as a resource to conference attendees. Conference participants were urged to visit each booth to become more knowledgeable about programs available to help small businesses and gain an appreciation for the diversity of business activities in the county.

The importance of small business to the local economy was a theme that resonated throughout the conference. At the inaugural conference in 2003, Maine Governor John E. Baldacci delivered the keynote address in which he unveiled a state plan to support and enhance an entrepreneurial economy in Maine. The theme of last year's conference was "Celebrating Home-Grown Entrepreneurship in Maine."

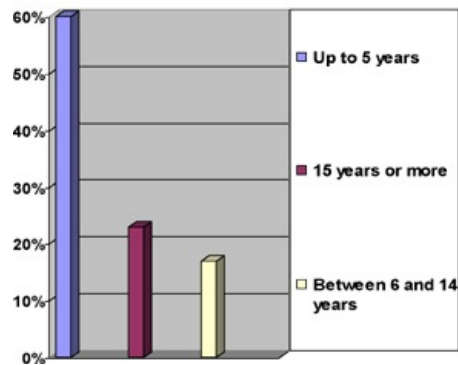
## Results

### Demographics

Approximately 350 people registered for workshops at the 2003, 2004, and 2005 conferences. In 2003, the first year of the conference, conference registrations revealed that 90% of the workshop participants were from Washington County. Each year the conference has drawn more participants from outside of the county. In 2005, 22% of the registrants were from Maine's other 15 counties and Canada.

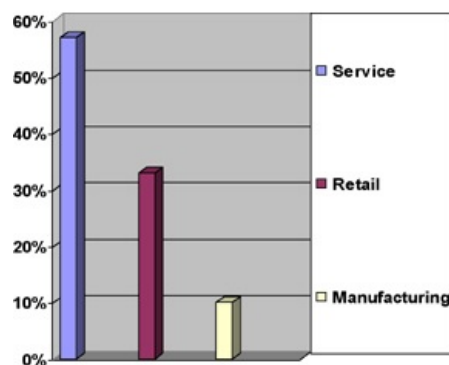
The conference planning team felt that it was important to present workshops that have broad appeal to potential and existing businesses, regardless of type of business or stage of development. Figure 1 shows that 60% of the conference registrants had been in business for up to 5 years. This category included prospective business owners still in the thinking stages. Twenty-three percent of the businesses had been in existence for 15 or more years. Seventeen percent of the businesses had been operating between 6 and 14 years.

**Figure 1.**  
Years in Business



Conference participants were asked to categorize their business as retail, manufacturing, or service. As indicated in Figure 2, service businesses were the largest category with 57%. Thirty-three percent were retail businesses, and the remaining 10% were manufacturing businesses.

**Figure 2.**  
Type of Business



### Conference Impacts

In the spring of 2006, a survey was mailed to individuals who registered for workshops at the 2003, 2004, or 2005 conference to determine the effectiveness of the conference in achieving its goals. The survey asked registrants how they used the information they acquired at the conference, what management changes they made, and more important, how those changes affected their business. In addition, registrants were asked to place a dollar amount on the value of the information they received at the conference. Fifty-four completed surveys were returned for a 22% response rate.

As indicated in Figure 3, the results of our post-conference evaluation survey indicated that 98% of workshop participants acquired new knowledge about starting or operating a business as a result of attending the conference. This was consistent with the evaluations completed by participants at the conclusion of each workshop showing participants had increased their knowledge of the workshop topic.

Ninety percent of the respondents reported they used their newly acquired knowledge to improve some aspect of their business. Approximately 70% made three or more practice changes in their business. This also was consistent with the after workshop evaluations showing a high percentage of the attendees *intended* to make specific changes within 6 months of attending the conference. Some of the changes survey respondents reported included: writing and/or revising a business plan, revising marketing materials, developing a new Web site, changing a booth or exhibit design, establishing a new pricing policy, and changing the form of business ownership. About 50% of the respondents started their first or second business or expanded a business since attending the conference.

**Figure 3.**  
Knowledge and Practice Changes Reported by Respondents

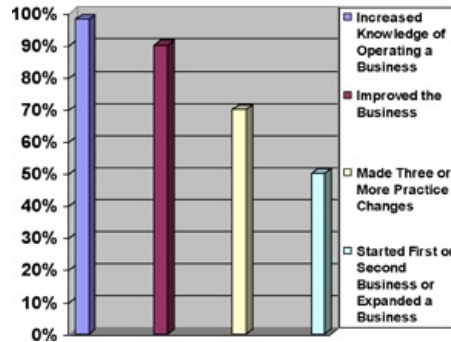
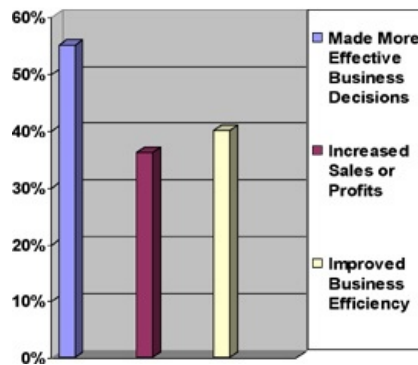


Figure 4 shows the impact of improved knowledge and practice changes on business performance. For example, 55% of the respondents indicated they made more effective business decisions, while 36% reported increased sales or profits. Forty percent reported improved efficiency by reducing business risk or costs. Approximately 70% of the respondents indicated that their improved business knowledge affected their business in two or more ways. Some of the impacts included: increased sales, improved profitability and efficiency, improved decision-making capabilities, reduced business management risks, and reduced costs.

**Figure 4.**  
How Improved Knowledge Affected Business



Finally, conference participants were asked to place a value on the knowledge and skills they acquired as a result of attending the Washington County Business Conference and Marketplace. The average value placed on attending the conference by those participating in the survey was an estimated \$1,295, a strong indication that attending the conference was a valuable experience.

## Discussion

The Washington County Business Conference and Marketplace has been successful in spurring business development in a rural Maine county. It has contributed to job creation; served as a focal point for the area's small and micro-business owners to gain information about starting, expanding, or improving a business; strengthened business support networks and partnerships; and enhanced leadership capacity within the business community.

Those attending the 2003, 2004, or 2005 conference and who responded to our survey reported starting or expanding over 25 businesses. In addition, respondents acquired new knowledge about starting or operating a business and reported making multiple changes in important business management areas such as planning, marketing, pricing, recordkeeping, and advertising. These changes improved business efficiency, reduced costs, increased profits and sales, and resulted in better business decision-making.

One of the things we learned while planning this conference was how important it was to have the active participation of local business owners on the planning team. Engaging business owners in planning the conference exposed them to resources available to help them with their own business. In addition, the planning team benefited from the valuable input provided by the business owners. This partnership has enhanced the planning team's effectiveness and leadership capacity, encouraged planning team members to start or expand their own businesses, and led to

further after-conference collaborations among business- assist organizations and businesses.

Organizing a successful business conference required team members to gain, strengthen, and/or use effective communication, team building, and other critical organizational and leadership skills readily transferable to other community endeavors in which they chose to become involved. For example, by applying the skills he gained organizing the conference, a former planning team member partnered with a local chamber of commerce director to spearhead the creation of a successful birding festival. In another instance, a conference planning team member gained the confidence needed to assume a leadership position as chair of the conference planning team the following year. Cooperative Extension will continue to be represented on the planning team in a much-reduced role, as business owners acquire the leadership skills and confidence necessary to assume more responsibility in organizing and leading future conferences.

Finally, we also learned that it is very important who you select to be on the conference planning team and to provide orientation and training to planning team members before conference planning begins. Having a local group of committed people with the appropriate mix of skills is essential for a successful conference.

## **Conclusion**

The success of the Washington County Business Conference and Marketplace, its high visibility, partnerships with the community college, business-assist organizations, and the business community has attracted the attention of policy makers and others in Maine state government. They recognize and appreciate the collaborative approach that characterizes the Washington County Business Conference and Marketplace because it fosters greater cooperation, builds and strengthens public and private partnerships, and results in more efficient use of limited state resources.

In 2005, the Maine District Office of the U.S. Small Business Administration recognized the outstanding contributions of the Washington County Business Conference and Marketplace in supporting and enhancing entrepreneurship in rural Maine by selecting the conference planning team to receive the "Home-Based Business Champions of the Year" award for the State of Maine. In a press release announcing the award, Charles E. Summers, New England Regional Administrator of the U.S. Small Business Administration said "this team has had an impact on small business in Washington County. They have developed a model which I hope will be replicated throughout Maine."

The Washington County Business Conference and Marketplace has recently become the model for developing regional small business conferences across Maine. This new statewide initiative is being rolled out across Maine as "The Governor's Regional Conferences for Small Business and Entrepreneurship." This effort is led by a statewide planning team including representatives from the U.S. Small Business Administration, Maine's Community College System, the Maine Department of Economic and Community Development, the Maine Small Business Development Centers, and the University of Maine Cooperative Extension. Extension is playing a key role in ensuring the success of these regional conferences by assisting local planning team members and by drawing on the lessons learned from organizing the Washington County Business Conference and Marketplace.

The 2006 Washington County Business Conference and Marketplace was designated the first "Governor's Regional Conference for Small Business & Entrepreneurship." The statewide planning team has identified locations in southern, central, and eastern Maine where future conferences will take place. In addition, the statewide planning team has secured private and state funds to provide a \$15,000 matching grant to each local planning team. At the conclusion of the final conference, the statewide planning team will formally evaluate the impact of the conferences on business development and make a recommendation to the Governor regarding implementation and funding of future conferences.

## **Implications for Extension**

According to Muske and Stanforth (2000), the economic boom of the 1990's was fueled by the growth of small business. These businesses employ about 56% of all workers in the United States today. They argued that future job creation and growth will rely on their continued success. Micro-businesses are especially important in rural communities (McConnon, 2006), and community leaders are becoming increasingly aware of entrepreneurship and its potential to improve local economies.

Cooperative Extension is a reliable source of research-based business management information for all small businesses. Main-street, home-based, natural resource-based, service, and other types of businesses could benefit from the information Extension provides through small business management fact sheets, Web-based educational materials, business workshops, and individual business clinics. Extension can also provide educational support to help entrepreneurs develop networking and leadership skills and assist small businesses in adopting new technologies and reaching new markets. In addition, a highly visible educational program like the Washington County Business Conference and Marketplace can be an effective tool for stimulating and strengthening entrepreneurship and community leadership in a rural region.

The Washington County Business Conference and Marketplace has generated strong support for Extension among county commissioners and municipal and business leaders, who increasingly view the conference as the most important annual economic development event in the region. These officials now recognize Cooperative Extension as a significant partner in creating and sustaining jobs in their communities. Their growing recognition of Extension's support for small business has helped to secure funding and generate support for the University of Maine Cooperative Extension.

Cooperative Extension, with locations in almost every county throughout the U.S., could play a significant role in supporting and enhancing economic growth and development through entrepreneurship education programming. The Cooperative Extension System employs many individuals with community development skills who could serve as catalysts for building successful coalitions similar to the Washington County Business Conference and Marketplace.

Extension staff wishing to replicate the Washington County Business Conference and Marketplace can use the template outlined in this paper as a guideline. The template is based on sound adult education and community development principles, and emphasizes the active participation of each member of the planning team in co-creating this learning event. By following this template, Extension staff can serve a vital role in working with citizens to develop a highly effective educational program to stimulate and enhance entrepreneurship in rural communities.

### **Acknowledgements**

The authors would like to thank Douglas Babkirk, Debra Eckart, and Louise Kirkland of the University of Maine Cooperative Extension and Carletta Bassano for reviewing an earlier draft of this paper. All remaining errors and omissions are the sole responsibility of the authors.

### **References**

Atasoy, S., McConnon, J. C., & Gabe, T. (2007). The economic importance and impact of microenterprises to the New England economy. Department of Resource Economics and Policy Staff Paper No. 560, The University of Maine, Orono, Maine.

Bassano, L. V. (2006). A report to the Washington County Cooperative Extension Executive Committee on the activities and accomplishments of the Down East Microenterprise Network. University of Maine Cooperative Extension, unpublished paper.

Ede, F. O., Calcich, S. E., & Panigrahi, B. (1998). African American students' attitudes towards entrepreneurship education." *Journal of Education for Business*, 73(2), 291-296.

Hatten, T. S. (1997). *Small business: Entrepreneurship and beyond*. Upper Saddle River, NJ: Prentice Hall.

McConnon, J. C. (2006). Maine microbusinesses and employment levels by county, 2004. Orono, Maine. University of Maine Cooperative Extension.

McConnon, J. C., Atasoy, S., & Gabe, T. (2006). Microbusiness is

big business in rural America. Selected economic development workshop presented at the National Association for Community Development Extension Professionals Conference, San Antonio, Texas.

Muske, G., & Stanforth N. (2000). The education needs of small business owners: A look into the future. *Journal of Extension* [On-line], (38)6. Available at: <http://www.joe.org/joe/2000december/a4.html>

U.S. Small Business Administration. (2004). Small business profile.

*Copyright © by Extension Journal, Inc.* ISSN 1077-5315. Articles appearing in the Journal become the property of the Journal. Single copies of articles may be reproduced in electronic or print form for use in educational or training activities. Inclusion of articles in other publications, electronic sources, or systematic large-scale distribution may be done only with prior electronic or written permission of the [Journal Editorial Office, joe-ed@joe.org](mailto:joe-ed@joe.org).

If you have difficulties viewing or printing this page, please contact [JOE Technical Support](#)