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**Christy Kallevig:** Welcome to Vital connections On Air, a podcast brought to you by University of Minnesota Extension Center for Community vitality that explores the trends and topics important to communities and leaders throughout Minnesota. My name is Christy Kallevig, and I am an Extension educator with the Center for Community Vitality. Today I am joined by Don Macke with E2, which is Entrepreneurial Ecosystems, and Pam Bishop who is the vice president of economic development with Southern Minnesota Initiative Foundation. Welcome to the podcast.

**Don Macke:** You bet. Good morning.

**Pam Bishop:** Good morning, Christy.

**Christy Kallevig:** Good morning to both of you. I'm very excited to have you both join us because of some of the interesting work that's been happening down in southern Minnesota around entrepreneurs. And so I guess to get started, Don, how about we start with you and please tell me a bit about yourself and your work in the area of entrepreneurship?

**Don Macke:** Well, delighted. I have been involved in community economic development, primarily in rural North America for 40 plus years. About 25 years ago, I became really interested in entrepreneurship as a development strategy for rural communities and regions. And in our work, we primarily work with regional intermediary organizations, helping them develop strategies to work with communities. So we've really enjoyed our partnership with REV (Rural Entrepreneurship Ventures) and the foundation and Pam and the work that we've been doing in Minnesota.

**Christy Kallevig:** Pam, why don't you introduce yourself as well, and tell us a bit about the Southern Minnesota Initiative Foundation and how you as an organization decided to get involved in the work of entrepreneurs?

**Pam Bishop:** So I've been fortunate to be in this world of economic development now for about 25 years. And over the course of my experience and working in communities and with communities, I've been able to help shape entrepreneurial processes and programs to leave long lasting, sustainable ways to think about how we build an economic community for prosperity. And over my time here at the Southern Minnesota Initiative Foundation over the last 13 years, when I was brought in, I was asked to build a team around community development. And for a long time and, and very appropriate, we've been focused on lending, and lending is our primary way of helping businesses start and grow. We invest about 1.2 million a year in financing companies. On the other side of financing, [the] primary focus of ours is technical assistance. I'm a big believer that while we give money to support starting or growing a company, without technical assistance, my fear is the effects would be short term. Two years ago our board said,

let's figure out how do we help communities, particularly communities that are 5,000 or less in population find resources to grow in economy. Our board was very excited and they were able, and they were willing, I guess, more than anything, to take a risk to try to understand the process of creating a system like E2, and to be committed for three years with six communities. And that's where this whole thing started.

**Christy Kallevig:** Pam brought up the concept of E2. Don, can you explain E2, the Energizing Entrepreneurial Communities framework and how you get communities excited about entrepreneurship?

**Don Macke:** It really started with a basic question that we were receiving from leaders in rural communities all over the United States and Canada. And that was, how do we build a better economy? Part of it was rooted in the idea that you had a lot of communities that were experiencing distress and decline because the underlying industries that had kind of brought them to the present were changing. And so either automation, if you think about how agriculture's automated and we don't need as many people in agriculture or industries like timber that in parts of the country have simply ceased to exist because there's no longer harvesting...folks who were looking for an answer. So as we traveled the country, we found places like coastal Maine and Northern Michigan and the Redwood Forests in California where folks had pursued entrepreneurship as a strategy and we began to capture what they were doing, how they were doing it, and what seemed to work. That really led to the development of the framework, which is really a kind of a structure that communities can customize to really discover the entrepreneurial talent they have, and figure out how to support it. And in doing so, grow a stronger economy and community. So E2 is the collection of learning from a lot of different places, testing this model and, and southern Minnesota is one of our later opportunities to continue that learning process.

**Christy Kallevig:** Can you highlight some of the key pieces of that? Do you like to refer to it as a model or as a framework?

**Don Macke:** A framework, because it obviously has to fit the realities and the aspirations of the local community, and so it really starts with helping the community think about how they organize themselves. Who are the people who care about this? Then that's followed with some assessment. We think that kind of shared discovery really focusing on what are the assets the community has. And so some of that is around the development environment. You know, we have some communities where tourism is becoming more important, or they're growing as a bedroom community. Maybe farm-to-table agriculture's important. But within the assessment, two things are just foundational. One is, you've got to go out and find the entrepreneurial talent that's there. And what are they doing and what are the needs they have? And then conversely, think about what are the resources that we have locally?

Maybe that's an attorney who will help with legal organization or resources like the foundation that can help with financing and technical assistance? And part of the role of the community in the framework is then to say, "Okay, we have these group of entrepreneurs that are trying to do these kinds of things. We have resources. How can we in real time begin to network those entrepreneurs to those resources?" And when you begin to do that, it creates energy and

excitement and hope people realize that there's a lot more here than we thought there was. There's ways we can help. And that really leads to hopefully a sustainable commitment to doing entrepreneurship this way. The irony is when most of these communities were founded, that's exactly what local chambers of commerce did. And so we're kind of coming full circle to say, we just need to keep doing that.

And if we'll do it, we'll build a stronger economy. And the kind of community we'd like to have.

**Christy Kallevig:** I love how you said it — that when these communities were built, that's what people were doing. People were creating businesses, they were trying new things. Is it hard to get a community to, to just pull back and go, let's go back to our roots and, and reach out to these entrepreneurs again?

**Don Macke:** I think there's some challenges that we have to overcome there. You know, these glass ceilings that we have to somehow break through. You know, one is some communities if they've been experiencing decline and distress, sometimes it's hard to believe the future can be better. So how do you motivate people to do the things that they need to do to put themselves in a position for success? I think another question, particularly when Pam talked about communities under 5,000. You know, these are largely volunteer-led communities. So the bandwidth — how do you mobilize enough people, enough volunteers to actually be able to take on the work? That can be a challenge.

**Don Macke:** Then I think the third challenge really comes back to communities are kind of project-oriented. They're really good at building a community center, improving the park. Rural communities are at their best when they have that kind of challenge. This is a little bit different. This is about figuring out how do I help my friends and neighbors who are trying to build ventures or grow ventures to connect to resources? And if you think about it, that kind of transaction has to happen every day forever. So helping the community get organized to be able to do that. That can be hard. What's neat, though, is we know that there's a lot of communities across North America who have done exactly that and it's been transformative in terms of their success.

**Christy Kallevig:** And Pam, as you think about the communities that have become involved with REV, (Rural Entrepreneurship Ventures) were they all ready to take that leap? Were they ready to have those conversations that Don just mentioned that were so important?

**Pam Bishop:** For some reason, I knew you were going to ask that question. It dawned on me when Don was talking, when we first went into this, our primary goal was community readiness. We wanted to make sure that these communities that we selected because they were going to be our first cohort. And Don has always told us from the very start, you're going to have some communities that do extremely well. You're going to have some that do you know, pretty good, and then you may have some that fall out or just don't simply rise to the occasion. And so Jennifer Hawkins, who's part of the University of Minnesota Extension is a coach and a part of our team and [she] along with a few others, when we reviewed the applications, we looked very hard at which of the communities are ready, who should we consider. Our goal was five and we had a few more outside of those applications for our first cohort.

We ended up picking six because we thought based on the nuances of each community that this could be a very interesting cohort of six people, six communities. They all have their own personalities. They all have their own assets. Some of them are doing things that are exceedingly allowing them to grow in this work. And what I think is interesting is that they're all learning from each other. They might all be at different stages, but they're all learning fro

m each other. They're all gaining ground, they're all gaining traction in this work, and they're all customizing this work. The framework, as you've alluded to, to fence the community, whether it's based on what they've been able to do successfully historically and more importantly, what is the future that they want to create? It's all about creating a future of prosperity for these communities based on the assets that we know exist in their town.

**Christy Kallevig:** You were using Ripple Effect Mapping to understand what's happening in the communities. Can you share some of the themes that you've gathered?

**Pam Bishop:** I guess just general themes because what's interesting too is that we'll do another round, I believe enough in about 12 months. So this was basically just to get kind of the landscape of what is actually happening and what's coming out of the ripple mapping is that we're noticing that there's a lot of strength in the relationships that are started being built among the businesses themselves. So we know that based on the survey work that is happening, the resources that are being targeted help support these businesses, these relationships are now starting to multiply them on among the businesses themselves. The community support is building. Don alluded to this related to the human capacity. While we know that volunteerism is strong in all these communities, they are starting to recognize that the work they're doing by volunteering in a multitude of ways actually connecting themselves together, it's helping them build a stronger ecosystem, because now they're all working collectively in ways that they didn't even recognize.

**Pam Bishop:** The ripple mapping is indicating that. We also notice more collaboration between the public and private partnerships. There's more of an intentional way that they are starting to build ways to incorporate a business development in the work they are doing. The attitudes are shifting. People are now saying this is something that we need to pay attention to, and they're recognizing that they need to be thinking about those resources and building the talent pool to support the business's needs. There's this whole new energized environment now that's happening because it's starting to elevate their work and we're starting to see more youth engagement, younger students, with some of the communities being very intentional about building youth entrepreneurship and incorporating that in a way that will allow younger people in the community to realize that the community does care about their future and if they want to be an entrepreneur, that they're building a culture to support and embrace that.

**Christy Kallevig:** I love what you just said, that youth are starting to see the community as caring about their future. Is there a shift in that narrative?

**Pam Bishop:** I think definitely a shift in the narrative. We are, in fact, I'm trying to find more ways to tell the story. We have developed a REV newsletter to build that out. But I will just tell you a quick story which I share often because I think it's a great example of how a community is

recognizing the importance of entrepreneurship and Blue Earth specifically. They decided to draw down the list from the Secretary of State and to their surprise they realized they have over 200 companies in their homes, their kitchens, [and] their garages. I had no idea that these folks existed. And so that the mere fact that now they have a better understanding of who's in their community and how they can start connecting with these folks is a dramatic shift and how they might even use their time and energy in the past. And so it's really becoming top of mind now. It's a priority that maybe hadn't existed just a year ago.

**Christy Kallevig:** And is this is something that you see then Don, that people, the narrative starts to change. They start to have a little more community pride or just community awareness.

**Don Macke:** Yeah, I think this is one of the exciting things because with any kind of rural development, change comes slowly. So you've got to really pay attention over a number of years whether or not there is that kind of desired transformative change. So one of the other projects we're working on, the Ewing Marion Kauffman Foundation is supporting us in going back and doing a 40 year case study of a community by the name of Ord, Nebraska. It's a community of about 2,000 in a county of 4,000, a classic farm and ranching community in the Great Plains. It's been really fascinating. This was one of the first communities we had the opportunity to work with about 25 years ago. And as that case study is beginning to come alive with testimonials and stories, it's clear that the culture has changed in the community.

Probably not everyone, but there is a critical mass of people who are thinking and behaving entrepreneurially. And what's really interesting is as we do pure community analysis, clearly ordinary Nebraska, by investing in entrepreneurship, investing in the assets that they have, the local people they have, the buildings they have built, a fundamentally better economy that's wealthier. Incomes are higher. Probably the most telling statistic is in the last decade they've saw seen a 56% increase in the number of 30-year-olds in their community. And for a lot of rural communities, when you see that kind of young adult and family attraction retention, that becomes really an indicator of success. It's attracting people. I'm convinced that Ord is not unique. We've got dozens of other communities that we've tracked over the years across the country that have gotten there. But taking on that culture, that way of thinking, let's look for opportunities. Let's root those in our assets. Let's do the hard work that it takes. I'm absolutely converted, convinced that any community willing to do the work and stay with it long enough can be successful with this strategy.

**Christy Kallevig:** How important is the leadership within the community to making the implementation of the framework possible and to see some of the successes that you've talked about today?

**Don Macke:** I think it's foundational. We always use the Margaret Mead quote, "Never doubt that a small group of people can change the world. It's the only thing that ever has." I never quite get that right, but it's close. I think that's absolutely true. Every place like Ord or Barry County, Michigan that we look at, a group of folks really take on the role of making this happen. And in doing so they use that kind of enabling leadership. They reach out and engage other people. They broaden that circle of folks committed to doing development this way. And consequently it's sustained and it's scale. And I think Pam can speak to this: Clearly, the communities in

Minnesota that are doing this, where we have that kind of deepening leadership, it's really helping them move forward with the strategy. I think it's the number one investment. If we can't find and grow a group of people to take on this work and in turn engage their community it's really hard, because this is something we just have to sustain if we're going to really get to impact. Pam?

**Pam Bishop:** Yeah. So if I could just jump in. I think to your point, community leadership is extremely important as this process begins in any community. What I've also noticed and tried to encourage is to not make it solely based on one or two people. I think in the past it's always been, well, you're the EDA person or you're the chamber director. That should be the role you play.

And there's been this dependency on key people to drive the economic opportunities in the community. I think what E2 is doing is emphasizing that it takes everyone in a community to build the economy that they want to see. And we try to stress that while leadership is important, it shouldn't be any one or two people that drive this work. It should be a collection of the human assets and talent of everyone in a community to help build this work. Any point in time an EDA person might exit from a community, the worst thing that can happen for our town is that knowledge leaves, the connections leave, the relationships leave. So it's important that the community takes ownership of this work over time, and that it becomes the responsibility of everyone in the community.

No matter if you're the business operator, no matter if you're running a restaurant, no matter if you're a volunteer, no matter if you're a young person still in high school, no matter if you're a senior just enjoying retirement, everyone has an opportunity to be engaged in this kind of work. And I think the more we can get more people engaged using their talents, the more passion you'll see behind this work, the more contributions people will make because they're using their talents and their skills. The more energy you all build in that community there's a higher likelihood that more people will want to come your community because they believe in how you're shaping and moving the economy forward.

And what I love about E2 is it places the responsibility and ownership on everyone involved. And we're starting to notice as more communities are doing that and everyone becomes, you know, that's why this collaboration is starting to build because people see it, not just the role of one or two people, but the role of everyone.

**Christy Kallevig:** I think that you have both touched on this, but sometimes it's really important to just blatantly ask the question and hear the response. But why is supporting entrepreneurs a good economic development strategy for rural communities?

**Don Macke:** Like Pam, I'd been on a journey to figure out how do we do this? I [have a] love of rural community, rural regions and, and how do you actually build a competitive, vibrant economy? And over the years, having started in the field of business attraction, I really became convinced that entrepreneurship represented a really preferred way to develop rural economies.

**Don Macke:** An early thought leader on this is Brian Dobson with the Corporation for Enterprise Development. Brian was talking about this stuff a generation ago. And a lot of folks

when entrepreneurship kind of popped up, even though it's been part of the American landscape forever, folks were kind of saying entrepreneurship is just one more leg on the economic development stool. You've got attraction, you've got business retention and expansion, tourism. We'll just put one more leg and we'll call it entrepreneurship. And Brian said, no, that's wrong. He created a concept that I really buy into, and that was the foundation of all community development is investment in the people who are in that community. And then investments in the community itself to quality of life, the genuineness of the community. And if you do that well, the community then it has an opportunity to engage in more effective economic development. And then Brian went on and said, entrepreneurship isn't just a leg on the stool. It is the foundation for all economic development. That if a community gets good at creating this environment where somebody with an idea can take that idea and move it forward, maybe create some jobs and tax base, or maybe that business has been there for 20 years and a son or daughter comes back in the business or a key employee and says, I can take this business to a regional or a national market.

**Don Macke:** That's foundational, because that environment then positions the community for more effective retention expansion, but also for attraction. And that's been our observation. So I see this as a strategy, particularly for smaller rural communities where maybe they don't have the workforce or the infrastructure to be in this very competitive attraction game. This is a way to grow a new economy by just helping people with dreams and ideas take those to fruition. That's really empowering for communities who sometimes feel like, gosh, agriculture is huge in our community, but it doesn't need a lot of people. And so how do we build an economy that diversifies that economy so that the community can continue to thrive?

**Pam Bishop:** Yeah. So I noticed [what] I'd like to call the stickiness factor. I think when we are able to help local individuals build upon their dreams and aspirations and help them with the resources, while it takes probably a lot of time and years, it's not like you're moving in and recruiting a large company with 500 jobs right away. I think long-term though, the benefits of the community are much greater in most cases than spending a lot of time recruiting large corporations into the community. There's a sense that the individual already wants to be in your town. You're choosing your town already, and when it's done well over time, they will give back. There's this wealth of prosperity that I always think — Don, you have this great chart that you show us that when community philanthropy has done well, it creates a prosperity of wealth that comes full circle.

**Pam Bishop:** So not only do you have a company over time, but you have people who believe in the community that they want to give back, and they start building resources, whether it's through community foundations, whether it's through just their generosity and helping the community build a better quality of life. Then the chances of the stickiness staying stuck in your town is much greater when you start with the person who's already there, who's already in their basement, who's already in their garage, who's in their kitchen. I've seen this over and over and over again where you can build an economy all based on growing your own, and over time have thousands of jobs in your town. It doesn't have the glamorous factor that a large company might have if you recruit.

**Pam Bishop:** So it does require a lot of patients. And so communities have to recognize that going in, that what they're building today might not transform itself tomorrow. But as Don has shown us over and over again, communities that stick with this philosophy and framework, we'll see transformational change sometimes as little as seven years, sometimes in 10 years. But over time and that change, we'll change the community for the better. I'm an advocate for growing your own, and I think communities that can recognize that and have the patience to do that will have long-term success.

**Don Macke:** This is kind of magical when you think about somebody who aspires to do something. And, and I do see entrepreneurs as part of this creative class. I think about a young man that I met in Brookfield, Missouri. He struggled through school. Some people kind of saw him as a misfit, but he had that entrepreneurial urge. And Becky Cleveland, who is the economic developer, saw promise in this young man and said, "I don't know if your ideas make sense or not, but we'll work with you." And he went on to repurpose a clothes factory and create a bunch of jobs and make a real difference in becoming an advocate for the community. It's really neat when entrepreneurship opens the door for people to find a better life for themselves. And in doing so, strengthen the community. He's now a leader in that community because somebody said, "Okay, well we'll take a chance, we'll work with you. We'll see where this goes." To me, that becomes really important to the quality of life of our communities. When we allow that to happen and we support it. Because sometimes we look at that person and go, "Hey, they've never succeeded in business. Why should we care?" And that's a missed opportunity.

**Christy Kallevig:** That's a lovely story, Don. And I think that it points to the fact that your framework is not just a way of developing an economy or the community.

**Don Macke:** Absolutely. And I think one thing that's really critical with this, and Pam touched on it, is when you engage in entrepreneurship-led development, this is really people development. Now we hope that the outcome is a successful business that maybe employs some people and generates some taxes for local schools and local government. But this is really helping people who have this creative urge to be in business, to really get better at it. And so if you think about it, that's a long-term journey. The typical breakout entrepreneur has been in business for 20 years before they have figured enough out to say, "I can take this great local business and maybe take it regionally or nationally where you get significant job and tax base impacts."

So for the community positioning itself to say, "Yeah, we're going to try to do this every day for every year forever," allows us to continue support that talent, not knowing when maybe mom and dad are going to retire from that business. And a couple of nephews come back and they take over that business and they've got ideas and vision and energy. Is the community prepared to work with them? I've just seen examples, after examples, where those opportunity moments come and that can create a remarkable business for the communities that contributes to success. So that's where the capacity, Pam's issue of avoiding burnout, how do you organize yourself so you can be ready to do this well into the future? Because it takes that because it never ends.

**Christy Kallevig:** Don, as you look into the future around work with entrepreneurs and entrepreneurial communities, what are some of the opportunities and challenges that you see?

**Don Macke:** Well, I think it's kind of an exciting time. The national movement around entrepreneurship is reaching kind of an exciting point. You think about the country coming out of the Great Recession, even successful communities were challenged. And so all over the country, large and small communities are saying not only how do we build a strong economy, but how do we build an economy where there's economic opportunity, that we have more people who are doing better, that they've got security, they have the opportunity to be creative. And so there's kind of this renewal and embrace of entrepreneurship as a pathway for both individual success. But as Pam spoke as these families are successful with their businesses because they're rooted in these communities, they become leaders, they become donors and they continue to reinvest into the community, making it better.

That's a pretty positive culture. So I think that's a huge opportunity, a bit of a wave we can capture. I think, of course as an entrepreneur. Every challenge, the flip side is an opportunity. We've got this massive baby boom generation of which I'm a part. As it retires, many of these folks are entrepreneurs. So we've been, within REV, talking a lot about how do we help with successful business transitions so that when these boomers exit their role as entrepreneurs in our communities, these businesses are not only transitioned to new owners, but hopefully, owners who are going to bring that energy to say, "Okay, how do I take this business to the next level?" For me, that's a huge opportunity set. But for communities that don't deal with that, they could wake up in 10 years and find that their business community has shrunk in half. And so that's both a challenge, but it's an opportunity to figure out how do we bring a new generation of folks into these businesses within this framework? I think we can do that, and then of course, within REV, we're now spending some time trying to figure out what are the models for that because I think there's a real energy on the part of community leaders to say we recognize this and we want to try to figure out how to do better at helping that happen.

**Christy Kallevig:** Don, as you work on that at a national level, and Pam, in southern Minnesota, I wish you both a great deal of luck with that and I hope that we can talk about it sometime in the future. Thank you both so much for taking time to visit with us today about REV and entrepreneurship. Thank you.

**Don Macke:** Yeah, thank you.

**Pam Bishop:** Thank you.

**Christy Kallevig:** Thank you to Don Macke with E2, Entrepreneurial Ecosystems, and Pam Bishop with the Southern Minnesota Initiative Foundation for joining me today. To learn more about E2, visit their website at [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org). To learn about the REV program and all that the Southern Minnesota Foundation is doing, please visit [www.smifoundation.org/rev](http://www.smifoundation.org/rev). Visit the University of Minnesota Extension Center for Community Vitality webpage at [www.extension.umn.edu/community-development](http://www.extension.umn.edu/community-development), where you will find more resources on supporting entrepreneurs in your community. Make sure to follow us on Facebook and Twitter to stay up-to-date on new research and resources for communities and those who lead them. We hope that you will join this for our next episode of Vital Connections On Air when we will learn about REV's use of Ripple Effect Mapping to track impacts in their communities.