

## Rural Entrepreneurial Ventures

### REV TOWNS

Building Strong, Sustainable Locally-Driven Economies in Southern Minnesota

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A REV Meeting Summer 2018 in Blue Earth, MN

September 16, 2019 – Mid Term Report

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Southern Minnesota Initiative Foundation

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Economic Development*



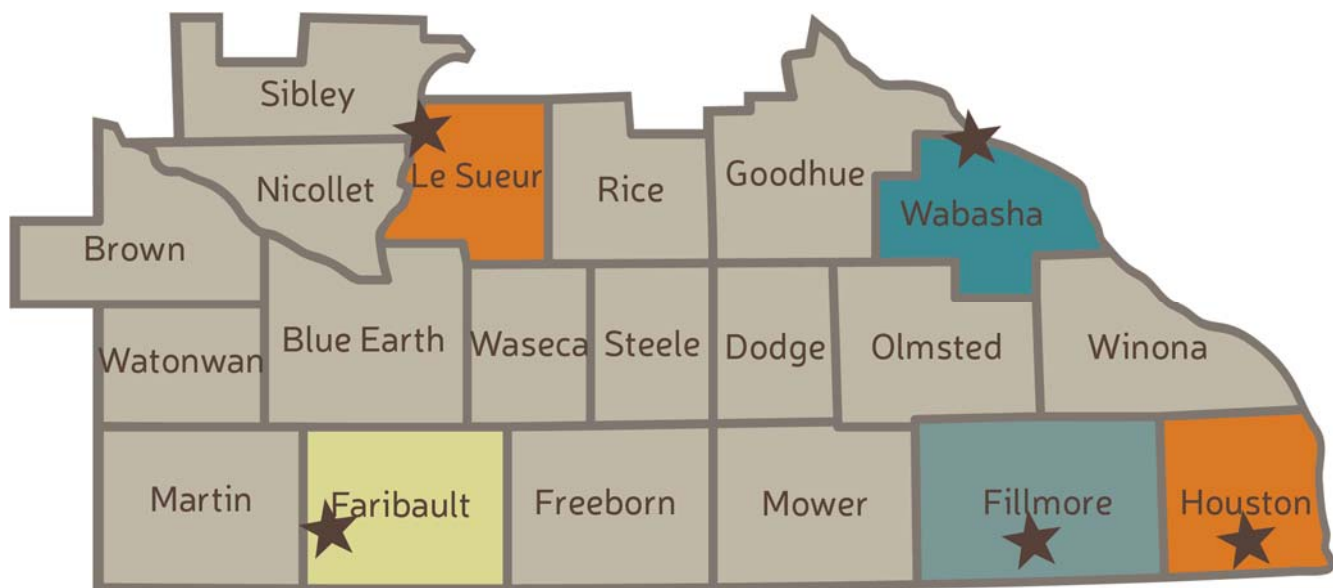
# Rural Entrepreneurial Ventures (REV)

Where have we been and where are we going?

## Assessment Methodology

Southern Minnesota Initiative Foundation performed in person interviews with all six communities (Le Sueur, Blue Earth, Spring Valley, Lanesboro, Spring Grove and Lake City) and all three coaches throughout the months of July and August 2019. The assessment objectives were:

- To understand how the REV framework has affected the mindset of economic strategy in the respective communities participating in the three-year pilot
- Evaluate the usefulness of the framework tools
- Address ongoing challenges
- Capture the direction of the sustainability plan
- Monitor overall progress in the community's learning and abilities to grow their own economy



***“People are passing the torch. The shift in philanthropy is starting to happen.” Lake City***

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# Program Background

Southern Minnesota Initiative Foundation (SMIF), a donor-supported public foundation since 1986, is a regional development and philanthropic organization that fosters economic and community vitality in the 20 counties of the region through a culture of collaboration and partnership. The Foundation's key interests include early childhood and entrepreneur development.

In early 2016, SMIF's Board of Trustees approved the implementation of Energizing Entrepreneurs Program, hosted by NetWork Kansas, formerly the National Center for Rural Entrepreneurship. Founded by Don Macke and Deborah Markley in 2001, the organization created this framework to better understand and develop a model to create prosperous small towns. SMIF believed this proven framework would enable us to help small towns create a resilient economy leveraging the assets of its people, infrastructure and funding. As a result of significant training of coaches, community identification and partnerships including Blandin Foundation, University of Minnesota Extension – Center for Vitality and Region Nine Development Commission, six towns joined a three-year piloted program in the fall of 2017 to build sustainable locally driven economies.

## ***Prior to REV***

### **NO FOCUS & NO PLAN**

All REV communities cited prior to the program there were no goals identified or targets to which economic development would be deemed successful in their communities. Leadership was being pulled in many directions and in most cases attracting business was the game plan. One individual commented their work was very “hap hazard” – whoever walked in the door was the approach for most towns. While there has been communication with business owners, how to support them, grow them and achieve a targeted goal was difficult.

**WE TRIED TO INCENTIVIZE PEOPLE TO COME HERE. THERE WAS LACK OF DIRECTION AND FOCUS. I WAS BEING PULLED IN VERY DIFFERENT WAYS. --- BLUE EARTH**

**“There wasn’t a coordinated effort. The EDA developed a website to welcome people. Completely separate from the Chamber, “ Lanesboro.**

# RATE YOUR ABILITY

Communities were asked to respond to the following question:

***“On a of 1-10 (1 being the lowest and 10 being the highest) where would you place your community on its ability to grow their own local economy now compared to November 2017?”***

Answers were across the board from a score of 4 to a score of 10. The community with a low score of 4 cited the following factors as ongoing concerns:

- Community engagement and commitment from leadership
- Lack of entrepreneurs represented

Communities with scores of (6-10) were able to identify turning points in the process which have created positive movement in activity and thinking. Communities could share specific stories and examples of a futuristic, energized economy, much different than 18 months prior.

- Full community involvement
- A new perspective with new faces at the table
- Reshuffle leadership
- Younger business owners involved in this work
- Processes and procedures are developed
- Businesses understand the importance of meeting with their EDA



## WHY THIS MATTERS

When I started in this community our county commissioner didn't believe in economic development and the so called "magic dust" which is thrown in the air and makes something happen. As a result of REV he is now a positive supporter of this work.

### Blue Earth

The first year I focused on business visits and in the second year I am taking the data where I can help my community best. We do not want to throw another program together...REV creates relationships and partnerships.

### Le Sueur

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## Our Tools

*How have they helped you build knowledge, processes and systems to do more?*

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*The most value – well we are talking about capacity building. It is the platform for which all is happening. We are stronger now – Lake City*

*Don Macke – the secret weapon. We are building out more storytelling, interviews to talk about entrepreneurship in our community. We're creating the narrative – Le Sueur*

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### The Key Tools\*

TOOLS	YES OR NO – if no why?
Development Opportunity Profile	100%
Core Team Structure	100%
Mapping your Entrepreneurs	100%
Pain and Passion Points	100%
Survey development and execution	100%
Source Link	100%
Ripple Effects Mapping	100%
Quarterly REV meeting	100%
Coaches	100%
Business Succession Training	100%
<b>Push Cycle Process</b>	<b>40%</b>
<b>REV Newsletter</b>	<b>80%</b>
<b>Entrepreneurial Bridge Event</b>	<b>20%</b>
Coordinator Stipend	100%
Other	See comments below and above

### The Tools in Detail

#### Development Opportunity Profile

Entrepreneurial Ecosystems or E2 believes in empowering research – making data-driven decisions about economic development to be more strategic and, ultimately, create the kinds of economic development outcomes and long-term community or regional prosperity you desire. We work hard to build tools and resources that communities can use to access and understand data and turn that raw information into knowledge you can apply in your community. This Development Opportunity Profile is one of our Getting Started Tools. A profile was prepared for for each community.



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## **Core Team Structure**

*Building leadership to support the capacity of creating a local economy is an important function, both short term and long term. The creation of a local team creates greater engagement, ownership and understanding of how to create rooted systems for sustainable growth. This includes identifying a community coordinator, entrepreneurs and key stakeholders.*

## **Mapping Your Entrepreneurs**

*To impact with an entrepreneur-focused development strategy, you need to work effectively with entrepreneurs. The keys to doing so are: (1) knowing your entrepreneurial talent, (2) having a good understanding of your assistance resources, and (3) focusing efforts where you have genuine development opportunities and preferences. This last key related to targeting, determining what types of entrepreneurs you will prioritize to achieve maximum impact.*

## **Pain and Passion Points**

*Every community has pain and passion points or community betterment opportunities. In the final analysis, these needs or opportunities are what motivate communities into action. Our final assessment helps identify each community's pain and passion points for community betterment.*

## **Survey development and execution**

*The Entrepreneur Survey was designed to gather information from entrepreneurs at the community level. The survey can be administered in a one-on-one interview or in a larger group of entrepreneurs. The purpose of the survey is to gain a better understanding of four primary questions: (1) who are these rural entrepreneurs? (2) what type of businesses do they operate? (3) what future plans do they have for the business, such as entering new markets or seeking new financial capital? (4) what are their attitudes towards entrepreneurship? The survey then can provide useful baseline information about a community's entrepreneurs. The data can be used to identify areas where future resource investments may be needed. For example, if entrepreneurs expect to seek professional or technical advice in the future, the community may want to identify existing service providers or invest in creating new sources of technical assistance.*

## **Source Link Pro**

*A new data system platform for REV introduced in 2018 and now used by all six communities. Previous to REV, no community was using a system to track information and to run reports. This new system has given communities a way to collect data and archive information no matter who is leading economic development. A partnership with the University of Missouri, Kansas City.*

## **Ripple Effects Mapping (Final report part of the addendum)**

- Purpose – to better understand intended and unintended results of a program, intervention or collaborative
- Was conducted one year into REV, and will be conducted again two years in
- Each community participated in this process and each received their own ripple map

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### **Quarterly REV Meeting**

*To celebrate great work, share best practices and to help each other solve challenges, all six community core teams are invited to attend a regular gathering to learn from each other and focus on topics such as business succession training to increase impact and business growth.*

### **Coaches**

*Each community will have a coach for the entire three-year commitment. Each coach has completed a training process and is part of a regular coaching call.*

### **Business Succession Training**

*Vision One provided a half day training session with REV communities. At this session communities had a better understanding of how to approach this topic with business leaders.*

### **Push Cycle Process**

*The use of our REV Scorecards tracks and celebrates progress both for ourselves and for sharing in the community. The process allows communities to measure both numerical indicators and qualitative stories and testimonials. At the end of each four months communities will be able to determine if goals have been reached.*

### **REV Newsletter**

*Capturing stories and increasing awareness of REV work is the focal point of this quarterly newsletter new in 2019.*

# Addressing the Challenges of REV

*Building a transformative rhythm to the work*

- Volunteer Burn Out
- Getting Volunteers to Group Meetings
- Community Commitment/Ownership
- Everyone's Responsibility

**The solution:**      **Money, Partnerships, Time**



COMMUNITIES HAVE TO BE COMMITTED TO IT.  
THEY HAVE TO BE OPEN MINDED AND BE WILLING  
TO HEAR HARD THINGS. YOU ONLY GET WHAT YOU  
PUT IN IT. I THINK IT HAS BEEN GREAT. CONNECTING  
WITH OTHER COMMUNITIES HAS BEEN  
WONDERFUL. TIED WITH SMIF AND DON'S WORK  
HAS ULTIMATELY LED TO A LOT OF GREAT  
OPPORTUNITIES  
Spring Grove



## Keep talking with our Entrepreneurs

*Getting more boots on the ground to help with business surveys and keep telling the stories.*

*We need to show appreciation for our business owners and recognize our volunteers.*

*We need to expand our local communication.*

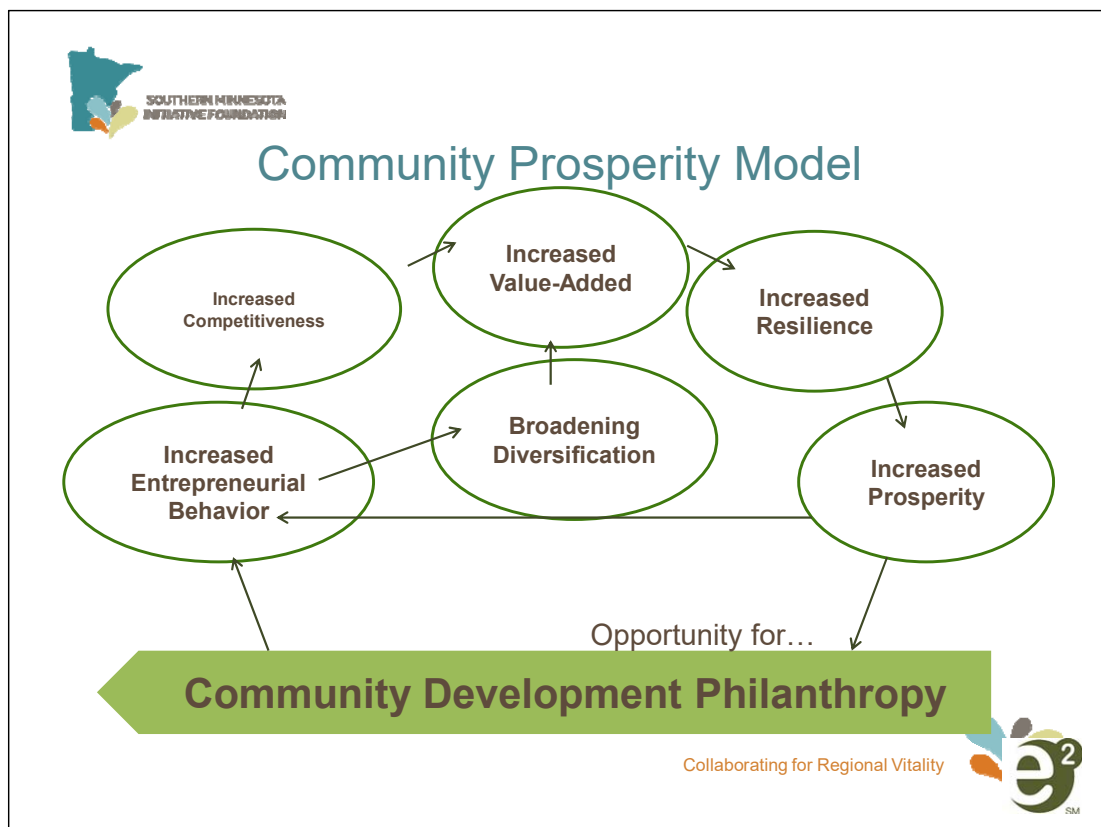
*We need to find meaningful ways to support business and personalities in the program over time. I don't know how to always respond.*

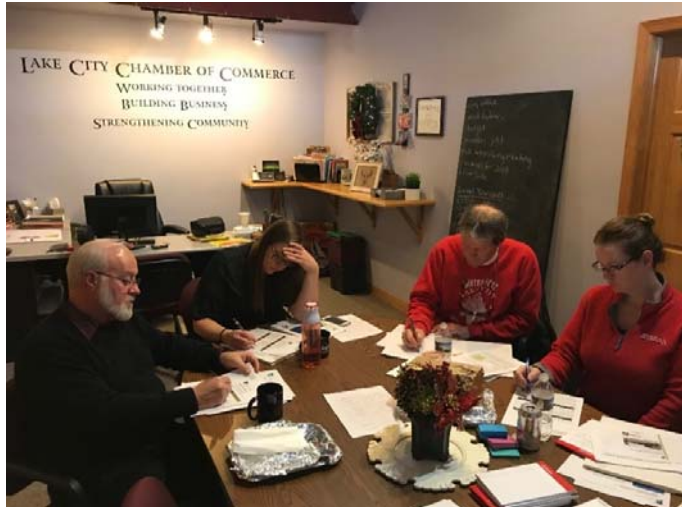


# Future Prosperity – Are we there yet?

*We have had 10 entrepreneur conversations this summer. Some have moved on and planted seeds. Supporting our entrepreneurs and their success has been a community effort and it has been really cool to see. – Blue Earth*

Creating pathways for transformational prosperity is the ultimate outcome of the REV program. Imagine a community where funding and business development go hand in glove and the culture for risk, diversity and sustainability become the fundamental ways decisions are made. While today – in most of the communities it is still too early to make a call on specific outcomes, movement is happening and new ground is being plowed. In October 2019 Don Macke will be introducing the “nuts and bolts” of a LLC program created over a decade ago in Ord, Nebraska. This program brought a number of local investors together to form an economic development LLC to create local investment opportunities to spur more local activity and create expanded wealth in the community.





**2018 – First Meeting  
at Lake City.**

**Thinking Hard. Lots  
to absorb!**

## Lake City

Given us permission to think proactively and start to look at and make visible people who might be candidates for entrepreneurship. REV has affected our conversation around built capital space. I think it makes us recognize opportunities and that we can actually do something about it.

## How has community philanthropy changed in your community?

More momentum towards that. In general people, have given us permission to think big and dream about the future. Local fundraisers, local businesses. The seeds have been planted and we are getting closer to creating a community foundation.

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The Foundation has gotten involved in REV. We gave scholarships to go to CEC (Connecting Entrepreneurial Conference). The school superintendent and Foundation are getting involved and we are trying to get more participation.

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This is a slow dial but starting to see movement. The Lake City Education Foundation is creating a new set of leadership. People are passing the torch. The shift in philanthropy is starting to happen.

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The REV Benchmarks - Collectively	Spring Valley, Spring Grove, Le Sueur and Blue Earth
Number of new enterprises engaged in REV	92
Number of new businesses connected to resources in REV	128
Number of assistance incidents (new and existing – multiple touch points)	151
Sectors which the business or employment increased?	Retail, audio services and local foods; agriculture
Impacts on participating firms (business decisions, new market developments, new programs or investments made that can be attributed to REV)	Heartland Retreat and Rental Hall – Loan through Huisman Fund; School Initiative – Several businesses and students surveyed; 2 business expansions, development of an online education module for businesses, formation of a Business Alliance Group; a new chamber and business incubator; new conversations on increasing community space for entrepreneurship, arts and culture
Changes in school enrollment since 2018	-4 (just one community reported) – Spring Grove +33 – 10% growth; Le Sueur, +10
Change in total dollars property tax capacity	\$97,630 + \$47,072; +\$170,000
Change in the number of households	Plus 2 Plus 4
Change in sales tax	?
Population in Brain Gain 30-39 years old	Spring Grove: 2017: 172 ( no 2019 numbers available)



**John Huisman, John  
Huisman Fund**



**Spring Grove Gathering of  
Entrepreneurs**

## HOW HAS REV CHANGED HOW WE IMPLEMENT OUR ECONOMIC DEVELOPMENT STRATEGY?

- *We are much more connected now than before. We spend more time answering e-mails from businesses and entrepreneurs. They are also more aware of the EDA and our programs.*
- *I am more comfortable talking with entrepreneurs and directing them to core members.*
- *I have a bigger team to work with. I don't feel like I am all by myself. We have shared terminology. I have more structure.*
- *We have focused the EDA to think REV.*
- *We celebrate achievements! My board is more entrepreneur focused. Their first question is how we can get small companies to grow!*

## The Future



**“We are very confident the momentum will continue.” – Courtney Bergey Swanson, Spring Grove**

*“Spring Grove has never had a formal Chamber of Commerce, but through REV we have identified areas for more capacity-building and resource management to serve businesses both within city limits and outside of city limits. A Chamber has become an answer to that challenge. A local committee has assembled and is currently developing bylaws, articles of incorporation, and an outline of activities to bring a new Chamber of Commerce to fruition. We hope to create a new model for a chamber that is strategically focused on community vitality through regional collaborations, local foods and agriculture and quality of life initiatives. We are working to secure about \$60,000 in seed money to launch in 2020.”*

**"I would encourage other communities to get involved. REV involves work but is very valuable to keep the structure going."**

**Deb Zimmer, Spring Valley.**



**"Why wouldn't you want more tools in your toolbox? A lot of rural communities need some help. Coaches add to your team and help you think outside of the box."**

**(Lanesboro entered into a CEDA contract as a result of REV)**

**Elaine Rasmussen, Lanesboro.**



**"Trust the process and go for it. I encourage REV completely."**

**Mary Kennedy, Blue Earth.**





**Kjelgren Alkire, Lake City –**

**“Identify your leader for three years. A Core Team leadership matters a lot.”**



**“It is a commitment if you stick with it. It will pay off. Do not be afraid to take a chance. You will find things you don’t know. Things have sparked here because of REV.”**

**Samantha DiMaggio, Le Sueur.**



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## Success, Recommendations and Opportunities Ahead

**When we entered our relationship with Blandin Foundation two specific goals were identified:**

- Build sustainable entrepreneurial ecosystems to boost business activity and community engagement
- Grow community development philanthropy

**We also committed to demonstrating the following over a three-year period:**

- Increase prosperity
- Increase entrepreneurial behavior
- Increase competitiveness
- Broaden diversification of leadership, community activity and business
- Increase resiliency
- Which when achieved will increase philanthropy

**We also strived for:**

- Strong community engagement
- New systems and processes to transform “how” a local economy will grow
- Understanding of a community’s assets and strengths to build strong strategies
- Implementing individualized community goals
- Sustaining the effort for the long-haul creating sustainable, growth-oriented companies and communities

**What have our communities achieved as noted through metrics and stories within this document:**

- Usage and ongoing implementation of a dozen new systems to activate a new culture of entrepreneurship momentum
- Connecting and talking with business owners to identify needs and opportunities
- Creating ways to increase knowledge through individualized support and group training
- Increasing funding opportunities through local foundations and regional lenders
- Developing new systems to build capacity to support the future growth needs of businesses and the community

**What more can we do in the next 18 months:**

- Build community capacity through new leadership
- Keep communication lines open with business owners
- Build resources base to support knowledge and financial needs
- Collect data to support reports and understand trends for future opportunities
- SMIF can prepare for its next cohort of communities focusing on towns which can demonstrate ethnic diversity and a desire to build out this business environment.
- Continue to find ways to increase minority business opportunities. Le Sueur has engaged with two restaurants and will pursue church congregations to bridge connections

**What have we learned and will move towards:**

**Inclusion and Equity:**

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- All of the REV communities have very small pockets if any population diversity. In 2018 a REV community discussion and trainings were introduced to address the inclusion of diverse population sectors. As a result:
  - Blue Earth will be surveying entrepreneurs of diverse background to make sure they feel included in the community, especially with the current political climate. They also will be checking to see if they are providing resources that are applicable to their unique challenges.
  - Lake City applied for and successfully recruited a AmeriCorp VISTA ( as a result of the REV program) to focus on
    - The VISTA will support the Lake City EDA and its community by engaging in the following tasks: 1) increase financial empowerment and financial literacy of Lake City residents through education, outreach and partnerships in both Spanish and English, 2) support entrepreneurship in Lake City through training and integration with existing programs 3) increase community resilience and economic vitality in Lake City with a specific focus on Spanish-speaking residents.

### **Financial Infrastructure:**

- Don Macke is developing a “Nuts and Bolts” description to building a Limited Liability Corporation for the purpose of investing in local activity. This model has been successfully achieved in Ord, Nebraska and will be introduced to all REV communities on October 2.

### **Our REV Newsletters**

[Summer 2019 Newsletter](#)

[Winter 2018 Newsletter](#)

[Fall 2018 Newsletter](#)

[Spring 2018 Newsletter](#)

**In April 2019 Southern Minnesota Initiative Foundation’s Board of Trustees heard first hand from communities and Don about the impact REV is having. Below is the link to Don’s message:**

[https://drive.google.com/open?id=1klsUBv-MuadcqEhAOXKTZM\\_ymNcjyUzZ](https://drive.google.com/open?id=1klsUBv-MuadcqEhAOXKTZM_ymNcjyUzZ)

Don Macke with e2 Entrepreneurial Ecosystems (formerly the national Center for Rural Entrepreneurship) has been a partner and resource with the REV Initiative hosted by Southern Minnesota Initiative Foundation from the very beginning. With nearly another year of progress and learning complete, the following provides my over-arching insights. These insights are shared in the interest of continuous learning and refinement of the REV initiative.

**Real Progress.** We have multiple projects across the county from Nebraska and Kansas to Central Appalachia. The REV initiative is well designed and its focus on community readiness has proven valuable to initiative progress and impact. This is a very promising Initiative worthy of continued support. Standing up model communities employing the e2 development framework and process evolved by REV has downstream value to this region of Minnesota, all of Minnesota and the nation.

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**Community Capacity.** Compared to other parts of the country, it is clear that Minnesota's investments into community capacity building and leadership are foundational to enabling the REV work. In other parts of the country we have often spent most of our time helping building community capacity so that they could embrace entrepreneur-led development. This community capacity building was essential but slowed entrepreneurship work and often results in communities moving too slowly and losing support undermining the commitment to entrepreneurship. The value of on-going community capacity building should be embraced by Minnesota as foundational to enabling smart and aggressive development in multiple arenas including entrepreneurship.

**Importance of Community Coaches.** Consistent with our experiences in other projects across the county, the commitment and capability of initiative community coaches is very important to community progress. It is clear that there is a range of commitment and capability among the four community coaches within the REV initiative. These differences are reflected in the performance of the communities within the portfolio. Selecting, training, supporting and sustaining (e.g., retention) the right community coaches is a foundational learning from REV and other projects. Turnover of coaches can be very disruptive.

**Importance of Community Champions and Host Organizations.** Just as community coaches are critically important to community progress, so are community champions, and the commitment and capacity of host organizations locally. Where there are strong and consistent champions with commitment and effective support from host organizations, community progress is stronger enabling greater impact.

**Focusing on the Basic Ecosystem Transaction.** Within the REV and e2 frameworks there is a basic transaction that we work to have communities complete. This begins with mapping and targeting entrepreneurial talent and relevant resources. The transaction involves reaching out to area entrepreneurs, identifying their development needs and networking them to resources. Communities that commit to doing this basic transaction at scale and over time generate business development impacts. The REV communities have made progress on this front, but moving forward with a deeper and on-going commitment to outreach, engagement and providing assistance is foundational. With robust engagement with entrepreneurs, communities can better understand the strengths and weaknesses in their entrepreneurial ecosystems. This process can enable communities to strategically focus investment on growing their ecosystem over time.

**Commitment to Deeper Community Investment.** All of the current REV communities are at a point where they should begin thinking about deeper commitments to their entrepreneurship efforts in the form of dedicated staffing and program resources. A recent call with Lake City illustrates the importance of exploring, based on the progress realized thus far, the community's ability to make deeper investments into their strategies. The sooner the communities can "staff up" with entrepreneur coaches, the sooner they can stimulate deal flow and development impact essential for long-term sustainability.

**Sustainability and Community Philanthropy.** The time may be right for the Foundation and its partner communities to consider "capital campaigns", donor development and endowment building in support of REV. In most communities, higher net worth families have deep hometown and entrepreneurship connections. Engaging successful entrepreneurial families to first provide operating funds for growing community entrepreneurship initiatives and then endowing them is an opportunity to capitalize this work both regionally and locally. Additionally, with philanthropic support other sources of funding can be leveraged and the possible employment of impact investing used to provide gap financing.

**Use of SourceLink Resource.** Indicators suggest that SourceLink is valuable and provides an important resource in support of community work. Time may be right to compare those communities using SourceLink with those that are not.

**Value of Ripple Effect Mapping.** Engaging Minnesota Extension and its Ripple Effect Mapping (REM) has been a great investment. This form of impact mapping and celebration is a strong initiative design element. It should be continued and possibly expanded.

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**Story and Impact Capture.** The Foundation and its partner communities have made a serious commitment to story and impact capture. This is foundational based on our work across the country. Continuing and expanding this commitment, and using these genuine resources to educate, motivate and sustain this work is paramount.

**Second Cohort of Communities.** The time is right to make a determination whether REV has demonstrated sufficient promise to seriously explore creating a second cohort of REV communities.

## **Meet the Coaches – Their REV Feedback**



**Pam Bishop and Alissa Oeltjenbruns, Southern Minnesota Initiative Foundation; Linda Wallace, Region Nine Development Commission and Jennifer Hawkins, University of Minnesota Extension Service, Center for Vitality.**

#### **Keys to Success:**

- Choose community-ready towns
- Identify individuals with coaching abilities and provide program training
- Hiring Don Macke and his team to support the three-year pilot of learning
- Partnerships with regional, state and national organizations for funding and program enhancements
- Ability to provide communication support – newsletters, storytelling and podcasts



**LIFE's (Le Sueur) event on March 21st was a great kick-off to the program. Guest speakers included: Tim Tupy, owner of the Mankato Brewery and LIV Aveda Salon & Spa in Mankato, and Jason Gerdes, a Loan Officer at Prairieland EDC.**

#### **Comments and observations:**

- Balancing time and capacity are an ongoing challenge for both community and coach
- Balancing the “coaching and doing”



- All coaches have seen significant culture shifts in conversation and behavior since start of program. There appears to be a new energy of to support local companies and a drive to create initiatives which support them.



**Happy Birthday REV Communities! One Year 2018**