

Key No. 9 – Real Regional Collaboration

Growing Entrepreneurial Communities

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Background & Introduction

This month's *Thought Paper* focuses on the importance of **real regional collaboration** in providing robust development resources for entrepreneurs in your community. This is part of our 2013 series addressing the **keys to local economic development success**. Each month, we will address one of these keys in a *Thought Paper*. As is always the case, we want to hear from you. Please send us your insights, questions and push back by emailing me at don@e2mail.org.

Top 10 Keys

1. [Local Responsibility](#)
2. [Smart Game Plan](#)
3. [Robust Investment](#)
4. [Entrepreneurial Development Systems](#)
5. [Sustained Effort](#)
6. [Growth Entrepreneurs](#)
7. [Attributes of an Entrepreneurial Community](#)
8. [Immigrants & New Residents](#)
9. Real Regional Collaboration
10. Civic and Social Entrepreneurs

For More Information

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Real Regional Collaboration

In this month's key for **growing entrepreneurial communities**, we are focused on regional collaboration. At first blush, you may be wondering what the connection between growing an entrepreneurial community and investing in real regional collaboration is. Our 9th key explores an under-appreciated, very challenging and extremely important long-term development topic. We will explore real regional collaboration through the following five themes:

1. Development in America – A Local Responsibility
2. Why REAL Regional Collaboration Matters
3. The State of Regional Organizations in America
4. Fast Track to Real Regional Collaboration
5. Some Regional Models Worth Exploring

Let's begin our journey by revisiting to a topic we addressed in our first key focused on [Local Responsibility](#).

Development in America – A Local Responsibility

In the United States and in Canada (to a certain degree), community economic development is largely a local responsibility. Yes there are federal, state/providential and private resources that can level local efforts. Access and use of these resources operationally depend upon the commitment and capacity of localities to know about them and use them. This reality becomes very important in that many communities – whether they are rural towns or urban neighborhoods – lack the size and scale to create and sustain robust development support systems (Entrepreneurial Development Systems – see [Key 4](#)). Where size and adequate scale are lacking, do these communities simply default to second class entrepreneurial development systems or are there alternatives? Real regional collaboration is a primary solution to this challenge. Through regional collaboration, smaller communities can turn the scale challenge into an opportunity and compete with the big guys like Montreal, Silicon Valley and the like.

Why REAL Regional Collaboration Matters?

There are two very important rationales for why real regional collaboration matters:

- Achieving Sufficient Scale
- Economies are Regional

Scale Has No Mercy

In economic development, size does matter and lack of scale does not procure mercy. Those lacking scale and weaker development support systems are simply less competitive and more likely to fall behind. Figuring out how to reach necessary scale even, if you are small, is a challenge that entrepreneurs must face and win, and the same is true for entrepreneurial communities.

Achieving Sufficient Scale. Stimulating and supporting entrepreneurs is complex. This is particularly true if your community is working with growth-oriented entrepreneurs. The marketplace is extremely competitive, and if your community is to have meaningful impact in supporting your entrepreneurs, sophisticated and robust resources are required. Such resources more organically occur in larger places like Toronto, Chicago or Dallas, but if you are a smaller metro area like Missoula, Montana or Fond du Lac, Wisconsin, let alone remote rural communities of 1,000 or even 50,000, creating and sustaining a sophisticated and robust entrepreneurial development system is difficult. Overcoming lack of scale or size is challenging. However, with smart regional collaboration, scale can be realized.

Successful entrepreneurs do this every day when they create strategic partners and grow outsourcing relationships.

Real Regional Collaboration

You may be thinking- what is going on with the use of REAL before regional collaboration? Fair question, and I am making an important point. There are lots of collaborative efforts to support community economic development. But most of these efforts eventually fail because they have no teeth. Real collaboration is more than dating... it is getting married with your partners. Real collaboration means shared authority, robust and predictable funding, a commitment to the long-term and staffing.

Economies are Regional. Another important consideration is that economies are regional in North America. While we do have a local economy, our ultimate success economically and socially is tied to how well our regional economy works. I grew up in Western Nebraska and attended high school in Ogallala, Nebraska. Ogallala is really a neighborhood in the larger Denver centered regional economy. For local entrepreneurs who want to grow, chances are good that their grow markets and resources are not local, but tied to the region in which they are located. When we create regional collaboration tied to regional economies, we are being smart, and the potential for economic development success increases based on our field observations and practices.

The State of Regional Organizations in America

Development interests in the United States, Canada and particularly in Europe and China have long recognized the importance of developing regional economies through regional collaboration. Focusing on the U.S., there is a long history of attempting to incent and support regional development organizations over the past 30 to 40 years. The inset on the next page provides a pretty good list of these efforts and organizational types. Unfortunately for most non-metropolitan areas, this critical infrastructure has fallen on bad times, atrophied and often lacks the capacity to generate meaningful development impacts. There are many reasons for this decline that we must- as a community of developers- address. Here are my top three reasons...

- Disinvestment by the Federal Government and the States.
- Political Push Back Over Concerns of Local Control.
- Community Competitiveness Tied to the Era of Business Recruitment Competition.

Given the current political environment it may be very challenging right now to realize meaningful increases in Federal and State support. Additionally, with Tea Party and States'/Communities' rights movements it is hard to image that much progress due to this push back and trends. Entrepreneur-focused economic development is different when compared to business attraction. In the business attraction game, communities are in competition with each other. States have strong motivations for moving economic activity from one geography to another. Even though this is a zero sum game nationally or even within state boundaries, the game drives competition not collaboration. The entrepreneurship development game is fundamentally different. Supporting local and area entrepreneurs does not inherently create competition between communities. Generally, the entrepreneur has already made a location decision and relocation is far less of a threat. Bottom line, there is more opportunity for communities to engage in regional collaboration when the development game is entrepreneurs.

Regional Development

Organizations

Development Districts
 RC&Ds (now defunded)
 Community Action Agencies
 Councils of Government
 Regional Community Foundations
 Economic Development Corporations
 Community Development Corporations
 Etc....

Fast Track to Real Regional Collaboration

At this point in U.S. history, with some important exceptions, regional collaboration for development has not taken root, and we are left with every community struggling to find their own solutions while under-resourced and lacking important scale. This formula accounts, in part, for weakening economic performance in many parts of the United States post-Great Recession.

So, how do we make real regional collaboration happen? After struggling with this issue for 40 years we believe that there are historical solutions and emerging new solutions worth exploring. First let's explore legacy solutions...

Legacy Solutions. Early in the Center's life, we visited and studied legacy entrepreneurship support systems. It is interesting to note that most of these 20 to 40 year old initiatives are regional. These regional collaborations employed a wide range of public and private mechanisms to achieve scale and impact. They were created and grew to maturity when there was stronger Federal and State support. The three legacy regional systems we found included the Kentucky Highlands Investment Corporation, Northern Initiatives and Coastal Enterprises. There are more with 10 to 20 years of experience including the West Central Initiative in Minnesota, alt Consulting in the Delta Region and the Northeast Entrepreneur Fund. The vast majority of these new initiatives are private, employ public funds and tools, and involve providing both technical assistance and capital to entrepreneurs.

Networked Solutions. Effective collaboration and entrepreneurial development system operation does require in-person connectivity. The rapid evolution of information technology has fundamentally enhanced opportunities for regional collaboration where distances can be expanded and in-person connectivity can be moderated. The rise of this technology and growing comfort in its use now enables **networked-based** regional collaboration. Entire entrepreneurial development systems are evolving employing new technologies and communication methods. Entrepreneurial success in places like Littleton, Colorado and Fairfield, Iowa effectively employ both high touch in-person and electronic communications based on a network approach. One of the most promising entrepreneurial networks is NetWork Kansas with a statewide portfolio of communities, entrepreneurs and resources.

Traditional collaboration required either a corporate or inter-local approach. The following chart highlights both avenues for regional collaboration in support of entrepreneurs:

Corporate Approach	Inter-Local Approach
<p>Corporate approaches to regional collaboration are best illustrated by economic development corporations or regional chambers of commerce like the Iowa Lakes Economic Development Corporation, Kentucky Highlands Investment Corporation or alt Consulting in the Delta. These are typically non-profit and public propose corporations either with or without members.</p>	<p>Most states provide a legal mechanism for formal collaboration among communities called inter-local agreements. These agreements can and do create all kinds of regional collaborations where governmental and even private entities join together pursue a mission like economic developments. Examples would include Economic Development Districts and Councils of Government.</p>

Network based regional collaboration typically requires and organizing hub with well-defined affiliates as illustrated below:



Using NetWork Kansas as an illustration, the State of Kansas charted NetWork Kansas as a quasi-public and private hub charged with evolving an entrepreneurial development system in Kansas. NetWork Kansas has grown a sophisticated, robust and effective system that connects over 400 resources directly to entrepreneurs or through strategic partnerships with over 39 communities (some countywide and now including both rural and urban places). This approach does not require resource providers, communities or entrepreneurs to become actively and legally engaged in a collaboration, but enables affiliation creating access to the EDS network. We believe model for regional collaboration in support of entrepreneur-focused development holds the greatest potential for both efficiency and effectiveness. Network based collaboration does have limitations. Networks coupled with what we call **super community development corporations** move us to the next level of potential performance.

Some Regional Models Worth Exploring

I referenced a number of models in this paper on regional collaboration. The following summarizes our recommendations for further exploration with hot links to either websites and/or stories.

Traditional Legacy Models

Kentucky Highlands Investment Corporation	Story	Website
Coastal Enterprises		Website
Northern Initiatives	Story	Website

Promising Traditional Models

alt Consulting in the Delta	Story	Website
Northeast Entrepreneur Fund	Story	Website
West Central Initiative	Story	Website

Community Networking Models

Littleton, Colorado	Story	Website
Fairfield, Iowa	Contact	Website
Boulder, Colorado	Book	Website

Regional or Statewide Models

GrowFlorida	Story	Website
Rural Enterprise Assistance Program REAP (NE)		Website
NetWork Kansas	Story	Website

We hope this paper inspires you and moves your community to pursue real regional collaboration on behalf of your dream of becoming an entrepreneurial community.

Our next Entrepreneurial Communities installment focuses on Civic and Social Entrepreneurs.