

# A CLOSER LOOK

A *Closer Look* takes topics from previous and current issues of *Bridges* and examines them from a local perspective.



...AT THE LITTLE ROCK REGION

## Race to the Top

### Creating a Competitive Advantage in Arkansas

Community leaders in the public and private sectors in Arkansas are constantly looking for ways to strengthen the state's economy in the face of regional, national and global competition. As early as 1976, with intense competition from other states recruiting similar industries, the Arkansas Economic Development Study Commission recommended that stimulating Arkansas-based industry should be a priority strategy for enhancing the state's economy.

Could an entrepreneurial development system—a tool to create this competitive advantage—work in Arkansas? Regional entrepreneurial development systems strategically bring together resources, services and opportunities that support successful entrepreneurs.

Many of the pieces are already in place in Arkansas. The Department of Economic Development lists 13 regional economic development partnerships. Some of these groups, and indeed many other communities and organizations in the state, are looking for ways to encourage entrepreneurship as a community and economic development strategy.

#### Assessing the Climate

Local leaders in Clark County are looking for ways to support entrepreneurs in the Arkadelphia area.

This partnership started with the idea that developing small business is critical for rural communities. The Arkansas Small Business Development Center, Southern Financial Partners, the Arkadelphia Chamber of Commerce, the Clark County Industrial Council and Henderson State University formed a collaborative to assess the business climate in Arkadelphia. The group wanted to see if business owners think their region—which includes Arkadelphia, Caddo Valley, Gurdon and Amity—is a supportive environment for entrepreneurs.

Using a survey tool (*Growing Entrepreneurs from the Ground Up*) developed by the University of Missouri-Columbia in partnership with the Federal Reserve Bank of St. Louis and several other agencies, the collaborative set out to identify the various assets and opportunities that exist in their region.

Students from Henderson conducted more than 60 face-to-face interviews with local business owners to get a picture of the factors affecting

entrepreneurial development. From these surveys, the collaborative hopes to gain a better understanding of local entrepreneurs' needs and identify opportunities for training, development and future collaboration.

A strong partnership is key to the success of the initiative, says Paul Shuffield, community development officer with Southern Financial Partners. "Each partner was motivated, excited and actively participated in every aspect of the survey project from the initial planning to the analysis," Shuffield says.

Lonnie Jackson, director of the Arkansas Small Business Development Center located at Henderson State University, says entrepreneurship is important for continued growth and vitality in this rural community.

"I hope the survey results will give our community insight into the perceptions and challenges of local entrepreneurs," he says. "I also hope our results can be a part of our planning and development... as we offer assistance and training to our businesses."

The results will be used to develop a regional community development plan

with entrepreneurship as a fundamental part of the area's strategy for economic growth.

For more information or to become involved in the collaborative, interested persons can contact Shuffield at (870) 246-9739.

#### Creating a Dialogue, Forming Partnerships

In Pine Bluff, the Southern Rural Development Center, in cooperation with Winrock International and the Southern Good Faith Fund, sponsored a roundtable discussion in an attempt to create new partnerships.

The roundtable was part of a national W.K. Kellogg Foundation initiative to promote discussion, planning and action among individuals and groups in regions that are interested in creating entrepreneurial development systems.

Angela Duran, president of the Southern Good Faith Fund, helped organize the event. "Economic development strategies need to be focused as much on developing our own resources as recruitment," she says. "Some of the strongest businesses in Arkansas were started in Arkansas."

*continued on Back Page*

## Race

*continued from Front Page*

This discussion opened the door for new and innovative partnerships. Local bankers, universities, economic developers and grassroots organizations were among the diverse group of participants from Arkansas, Louisiana and Mississippi. The discussions identified several common goals and interests among organizations that previously had little or no knowledge of each other.

“In just one session, new partnerships were formed,” Duran says. “A common desire emerged for a coalition to ensure that adequate resources for small business development are allocated to our region.”

Though she notes there must be substantial leadership to formalize these efforts, Duran says she is encouraged by these new-found partnerships and sees them as progress toward a regional collaborative.

### Encouraging Entrepreneurship across Arkansas

In addition to local and regional initiatives, there is a statewide attempt to make entrepreneurship a primary focus for economic development in Arkansas. Arkansas Capital Corporation Group, a business development finance group, formed a separate affiliate organization as a vehicle for entrepreneurial development across the state.

The organization, Arkansas Economic Acceleration Corporation, wants to create an economy based on innovation and entrepreneurship by developing what they call an “entrepreneurial ecosystem.”

As with other entrepreneurial development strategies, partnerships are critical for success. Sam Walls, chief executive officer of Arkansas

Capital Corporation Group, emphasizes that this is a collaborative initiative, and Arkansas Capital only hopes to be a catalyst in the process.

“People have been talking about the importance of entrepreneurship and small business development to our state’s economy for years, but no one has developed a plan of how we are going to make it happen,” he says.

Walls says the entrepreneurial ecosystem is a way to bring together previously fragmented resources and partnerships to strategically support entrepreneurs. Private and public sector partnerships are needed to maintain a results-driven attitude, and private sector leadership is essential to foster a culture that values innovation and results, he says.

Governed by a board of directors from both the private and public sectors, Arkansas Economic Acceleration Corporation uses a broad approach to entrepreneurial development. Upcoming plans include opening four enterprise development centers around the state. These centers will offer entrepreneurs streamlined access to capital, education, networking, mentorship and technical assistance.

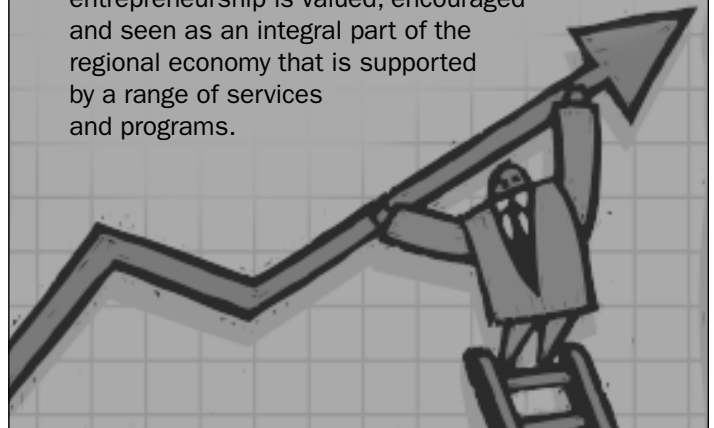
Rather than duplicating existing resources, the centers will harness expertise, eliminate gaps and barriers to service, and create an all-inclusive system for supporting entrepreneurs. This system could then be replicated at the regional level to ensure continuity of service and broad access.

The Arkansas Economic Acceleration Corporation receives its funding through a separate 501(c)(3) affiliate, the Arkansas Economic Acceleration Foundation. The foundation allows for grants by foundations and donations by companies and private citizens to flow through to appropriate initiatives and programs.

## A Primer on Entrepreneurial Development Systems

Every entrepreneurial development system is unique, based on the assets and opportunities of the area it serves. However, some central components are common to most. Entrepreneurial development systems:

- emphasize the importance of entrepreneurship education and skill-building;
- offer technical assistance and training opportunities to support entrepreneurs—not only startups, but established entrepreneurs interested in expanding their businesses;
- provide peer-to-peer learning opportunities—networking and mentorship are strategically planned as key components of the system;
- target capital to ensure business owners have adequate equity and debt financing, linking business owners to multiple funding streams; and
- focus on creating an environment where entrepreneurship is valued, encouraged and seen as an integral part of the regional economy that is supported by a range of services and programs.



Walls equates Arkansas’ struggle to become economically competitive to a race with other states across the nation. “Just like in a race, it will take something bold, with a sense of urgency, for us to make enough progress to win,”

he says. He hopes Arkansas Economic Acceleration Corporation will give Arkansas that extra competitive advantage it needs to succeed.

For more information, contact Walls or Leslie Lane at (501) 374-9247.



The author, Amy Simpkins, is a community affairs specialist for the Federal Reserve Bank of St. Louis at its Little Rock branch. To contact her, call (501) 324-8268 or send her an e-mail at [communityaffairs@stls.frb.org](mailto:communityaffairs@stls.frb.org).