

**ANALYSES on the
PROPOSED LEGISLATION for the
MINNESOTA COUNCIL ON ENTREPRENEURSHIP**

By Gustavus Adolphus College students for their final paper

**Imran Merchant
Adam Morgan
Josh Waylander
Stacey Johnson**

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EXECUTIVE SUMMARY

Minnesota Rural Partners, Inc. and over 100 other Working Group members participated in a July to September 2006 stakeholder review of proposed legislation to create a Minnesota Office or Council on Entrepreneurship. Their resulting report of recommendations – to create a Council on Entrepreneurship as a public-private-- is available at www.minnesotaruralpartners.org. The Council's mission will be to promote entrepreneurial development as a strategy to sustain and improve economic growth. They will do this by implementing a Catalyst Network, which will connect entrepreneurs to one another and to service providers, and encourage them to share ideas and best practices. In addition, the Council would:

1. Facilitate and accelerate connections between entrepreneurs and service providers.
2. Improve community capacity to create conditions supportive of entrepreneurs and entrepreneurship.
3. Advance a policy framework to sustain Minnesota investments in entrepreneurship as a key economic development strategy well in the next generation.

An external analysis was performed by business management students at Gustavus Adolphus College in St. Peter, MN, as the topic of their final paper. The external analysis evaluated the rural entrepreneurship environment in Minnesota. By examining the entrepreneurship development industry's driving forces and Michael Porter's five forces, the need for a centralized network focusing on rural entrepreneurship development was discovered. The Council proposal is perceived to be responding well to their opportunities and threats. An internal analysis was also conducted on the proposed Council on Entrepreneurship. Through an assessment of the Council's core competencies and value chain, we found that this proposed Council has the capacity to fulfill its goals. This analysis signifies that the Council's strengths are outweighing its weaknesses.

These two analyses were combined to make up the SWOT analysis, which provided in-depth information regarding the Council's opportunities, threats, strengths and weaknesses. The largest threat is the amount of capital necessary to fund and sustain the Council, while the biggest opportunity is that Minnesota has numerous beneficial resources that help rural entrepreneurs. The main weakness is rural communities' remoteness and limited access to service providers. The major strength is the proposed Catalyst Network, which will stimulate economic growth and build capacity of rural communities to support entrepreneurship.

Minnesota requires a better system to organize its existing and emerging entrepreneurial services, and the Council has the potential to meet these needs. It is recommended that the Council focuses on obtaining steady annual funding from outside organizations. Also, the Council will need a strong marketing strategy to communicate the existing and emerging services to entrepreneurs. An additional recommendation is that the proposal outlines more specifically what tools and resources the Catalyst Network will provide so that entrepreneurs are more informed of the available services. Implementing our recommendations into the proposed legislation will enhance the overall objectives of the Council.

Abstract

In rural Minnesota, there is a need for better connections among new and existing entrepreneurs so they can more efficiently and effectively utilize available resources. Due to the change in industry focus within rural communities, emerging entrepreneurs have the potential to boost local economies. Minnesota Rural Partners has worked over the last six months to gather stakeholder input on proposed legislation to create an Office or Council on Entrepreneurship that will link and build networks between these entrepreneurs and their service providers. Our strategic question involves analyzing the external and internal environment surrounding the proposed Council in order to determine whether or not it will strengthen entrepreneurship in rural communities. The implementation of the Council will take advantage of the resources needed to improve entrepreneurship and profitability of rural communities. These objectives will be accomplished through the use of a systems theory, which will organize the knowledge and resources of rural Minnesota. One of the Council's strengths is being able to connect the ideas of entrepreneurs while their major weakness would be the reluctance of entrepreneurs to share these ideas. An opportunity is the large number of entrepreneurs and resources available, and a potential threat would be entrepreneurs not using the Council. Through our assessment of these factors, we recommend that the Minnesota legislature approve the Council.

Introduction

Through the legislative initiative, a proposal for a Minnesota Office or Council on Entrepreneurship is being developed to be considered by the Minnesota State Legislature. For purposes of this report, the initiative will be referred to as the Council. The purpose of the Council is to identify and connect the resources to existing and emerging entrepreneurs in Minnesota. For purposes of this report, we will look more closely at the impact on rural Minnesota, as this is where the legislation originated. The Council's goals would be to link resources and build networks, increase community capacity and support, and monitor and advise on policy and funding. An extensive external and internal analysis of the proposed Council will determine the feasibility and likelihood of the Council's success. The Council's operational

strategy is best defined through the use of a systems theory, which fulfills objectives by organizing inputs in the most effective way for the betterment of rural entrepreneurs..

Theory

Minnesota currently has a number of independent organizations and agencies which attempt to connect entrepreneurs with existing resources. The mission of the Council is to better facilitate cross functional relationships between entrepreneurs at all levels with the service providers that correlate best with their needs. The feasibility of the Council on Entrepreneurship can be explained by a systems theory. A systems theory model looks at all of the inputs that are involved in something, analyzes the process that organizes them, and examines the outputs to see if the process reaches it's objectives. The inputs of this system are current and new entrepreneurs as well as these service providers. The process is the proposed Catalyst Network, which will "accelerate support for entrepreneurs" and their organizations through an online network. (Leonard, 2006, pg. 11). Finally, objectives of the Council include the attempt to "build linkages, improve community capacity, and advance a policy framework" (Leonard, 2006, pg. 5). Erik Pages from Economic Development America recommends that entrepreneurial development take on a reformed systems approach like this, which offers "an entry-level package of services that entrepreneurs receive no matter where they enter the system" (Pages, 2005, pg. 2). A true system, such as the proposed Council, will operate with common procedures, provide clear guidelines for entrepreneurs, and have regular collaboration between relevant service providers to "offer a customized and comprehensive set of public and private services for local entrepreneurs" (Pages, 2005, pg. 3).

Literature Review

Entrepreneurship refers to the “creation or expansion of new businesses and industries, often by individuals who perceive a new market niche or opportunity and assume the risk of the venture” (Foster, 2001, pg. 2). Minnesota’s economy is very dependent on small businesses. For example, 97% of Minnesota’s businesses employ less than 100 employees, which represent half of the state’s workforce (Ho-Kim, 2003, pg. 1). Thus, small businesses that are entrepreneurial in nature are crucial for rural Minnesota’s economy.

According to the Blandin Foundation, the median wage in rural Minnesota is 35% lower than in the Twin Cities, which reflects that rural communities in Minnesota are struggling economically. However, encouraging entrepreneurship would help boost them financially. Although 50% of new businesses in Minnesota fail within the first four years (Ho-Kim, 2001, pg. 1), they end up creating 77% of all start up jobs (Positively Minnesota, 2004, pg. 3). Approximately 64% of entrepreneurs in Minnesota have no previous experience in entrepreneurship, and less than half of them actually consult outside experts and professionals. Furthermore, only half of those entrepreneurs who consulted help found the available services to be useful (Ho-Kim, 2001, pg. 2).

Attempting to increase entrepreneurship in rural Minnesota creates many challenges. Due to the remoteness of rural communities, they have lower access to capital than metropolitan areas. They often have less access to “regular parcel services, high speed internet, specialty technical advice, suitable buildings, and lending institutions” (Dabson, ND, pg. 36).

Furthermore, the rural communities also lack adequate infrastructure, telecommunications, and transportation systems (Foster, 2001, pg. 5). With these limited resources, traditional rural workers are weary of starting their own businesses since they present many risks. It is difficult to achieve economies of scale because these communities have low population density and a poor business climate.

As previously stated, the limited availability of broadband internet also poses challenges for entrepreneurs in rural areas. One of the reasons for lack of broadband use in rural areas is that “High population density has a positive association with reports that high-speed subscribers are present, and low population density has an inverse association” (Pociask, 2005, pg. 11). Due to their remoteness, it is more expensive to provide broadband access in rural communities than it is in urban communities. Specifically, it costs \$11 more per month for rural consumers to receive broadband access (Pociask, 2005, pg. 24).

Typically, young and well educated people tend to leave for more urbanized areas in search of better opportunities, causing a drain in intellectually advanced people. The people who remain in rural areas are self sufficient and their “strong sense of independence, born of necessity and experience, lessens the likelihood of seeking assistance and reduces interaction” (Dabson, ND, pg. 37). Rural communities are resistant to entrepreneur development because it poses risk to their rural culture.

Despite these challenges, entrepreneurship in rural Minnesota has many opportunities and advantages. The creation of new businesses will increase the economic growth of rural communities and offer a higher standard of living. Additionally, small businesses in general create 3 out of every 4 new jobs (Leonard, 2006, pg. 9). By taking advantage of business opportunities in the area, entrepreneurs will have the opportunity strengthen and develop the

communities in rural areas. Entrepreneurship will provide a medium for people to work independently, which will help keep entrepreneurs more intrinsically motivated. They will have a more clear and focused vision which could eventually evolve into larger corporations such as happened with 3M and Medtronic (Leonard, 2006, pg 11).

Existing entrepreneurial development programs in other parts of the United States have been proven to show success. For example, the rural labor market generated the third highest share of high growth entrepreneurs in the United States during the 1990's. This was due to their partnership programs which allowed entrepreneurs to work together, "build economies of scale, access technology and other resources, and overcome political boundaries to generate entrepreneurial and economic growth" (Henderson, 2002, pg. 56-57).

To succeed, communities need to provide a supportive culture that is open to entrepreneurial advancement. In addition, entrepreneurs need to have the ability to recognize where there is potential in their community. They also require extensive amounts of capital and technology, which can be difficult to obtain due to their remoteness (Foster, 2001, pg. 3 and 4). The problem with many of the current programs is that entrepreneurs don't know how to access them because they are very complicated and not user friendly. Many of these programs appear to do the same thing and entrepreneurs "fail to access the type and depth of assistance they need" (Pages, 2005, pg. 2).

There have been numerous recommendations regarding the most effective way to respond to the concerns of entrepreneurship in rural Minnesota. An article written by the Vice President and Director of the Center for the Study of Rural America recommends that rural policy should provide entrepreneurship education and training, create business networks that link entrepreneurs to suppliers and capital sources, ensure access to capital, and provide infrastructure

and institutional support (Drabenstott, 2003, pg. 2). These would all overcome the difficulties presented to rural communities. Similarly, Jason Henderson recommends that entrepreneurial development policy focus on developing the skills of individuals, strengthen resources in the community, and create networks to “link entrepreneurs with the social, business, and strategic resources they need to grow” (Henderson, 2002, pg. 60).

Another suggestion would be to create a single location where service providers, government, and financiers can provide services to entrepreneurs (National Coalition for Rural Entrepreneurship, 2006, pg. 1). This would provide easy access and eliminate the current difficulty for entrepreneurs trying to find the most appropriate assistance. An effective way to network would be to provide less expensive broadband access so that rural entrepreneurs have the capability to connect and network with other entrepreneurs, service providers, and people in the community to enhance their business.

Question and Hypothesis

Minnesota Rural Partners, Inc. is a non-profit organization whose purpose is to identify and connect resources, creating partnerships to help Minnesota thrive. Recently, Minnesota Rural Partners, Inc. has been working with other rural and urban organizations to review proposed legislation for the creation of a Council on Entrepreneurship. The intention of the legislation is to generate start-up funding and an initial working structure for the Council, whose mission would be to identify and network existing resources, and advocate for emerging policies to better meet entrepreneurial needs. The strategic question is whether or not the Council on Entrepreneurship is necessary for reaching these goals. Minnesota’s large number of separated

resources and the lack of overall organization require this Council to be formed. If the legislation for the Council on Entrepreneurship is passed, the rural economy of Minnesota may be strengthened.

External Analysis- Driving Forces

Economic:

- Over 85% of all cities in Minnesota are under 5,000 people (Minnesota and the New Ruralism, 2004)
- Low skilled jobs are being outsourced to other countries
- Entrepreneurial and small business start ups continue to account for 3 of every 4 start up jobs in the state and more than half of all expansion jobs (Leonard, 2006)
- Rural areas have seen an increase in income growth from 2003-2004 (Minnesota State Demographic Center, 2005)
- In the 1990's, the majority of new jobs are from small and medium sized entrepreneurs (Henderson, 45)
- Entrepreneurs create new jobs, increase income and wealth, connect to larger economy (Henderson, 45)
- MN ranks 7th in income per person – money to start businesses
- 90% of rural workers have non-farm jobs (Economic Review, 2003)
- Median wage in rural MN is 35% lower than in Twin Cities (Blandin Foundation, 2004)

Social/Cultural/Demographic/Environmental:

- Society is beginning to realize the importance and benefits that small businesses can make instead of investing in large businesses
- MN ranks 10th in entrepreneurship (Center for Rural Entrepreneurship, 2005)
- MN ranks 16th in ideas and innovation (Center for Rural Entrepreneurship, 2005)
- Rural MN's are scared and risk averse so they need to feel welcome, culture impedes their development (Federal Reserve Bank of Minneapolis, 2004, p. 5)
- MN is well positioned with service providers and entrepreneurs eager to work better together (Leonard, 2006)
- MN has more resources than other states
- 64% of entrepreneurs in MN have no experience in entrepreneurship
- Half of those entrepreneurs who consulted help found their services to be useful

Governmental, political, legal:

- MN is 49th in loans and grants to small businesses (Leonard, 2006)
- Other states (Wisconsin, Illinois, Kansas, Washington, NC and Georgia) have invested money in similar programs to connect entrepreneurs with resources (Leonard, 2006)

Technology:

- Online, web accessible business assistance tools – underfunded in MN (Leonard, 2006)
- Individual technological assistance is needed to help entrepreneurs network (4)

- Much curriculum and programs available in MN to teach entrepreneurs skills – but not widely known (Federal Reserve Bank of Minneapolis, 2004, p. 5)
- MN legislature approved the \$250,000 to advance rural broadband development – Blandin Foundation has matched this so they now have \$510,000 (BusinessNorth.com, 2005)
- Goal is that by 2010, affordable gigabyte broadband will be available to all MN's
- It costs \$11 more per month for rural communities to access the internet (Pociask, 2005, p. 24)

Driving Forces Summary

The rural entrepreneurship industry has numerous driving forces that affect the nature of their survival. Demographically, Minnesota is well positioned with service providers and entrepreneurs eager to work better. Economically, entrepreneurs create new jobs, increase income and wealth, and connect to larger economies. Also, Minnesota ranks seventh among income per person, meaning that they have the money to start up new businesses. Socially, Minnesota ranks 10th in entrepreneurship and 16th in ideas and innovation. The technological infrastructure in rural Minnesota lacks overall coordination for generating savings and efficiency through aggregated demand strategies. For instance, it costs \$11 more per month for rural communities to access the internet. Minnesota is ranked 49th among states for giving loans and grants to small businesses. Overall, all of these factors influence whether or not the Council will be effective.

Porter's Five Force Analysis

Rivalry: (High)

-Number of Firms	High	-8 competitive organizations that offer entrepreneurial assistance
-Market Growth	High	-The smallest firms are the fastest growing industry in Minnesota
-Diversity of Rivals	Low	-All offer similar services

Barriers to Entry: (Low)

-Government	Low	-Low government funding/support Minn. Ranks 47th in loans to small businesses
-Access to Capital	Low	-Low donorship, Rural Minnesotan's don't have the same access to venture capital as Metropolitan entrepreneurs
-Access to Distribution	Low	-It costs \$11 more per month for rural communities to access the internet

Substitution: (High)

-Performance Substitution	High	-All offer similar services
-Access to substitutes	High	-All offer services online
-Buyer propensity to sub.	Low	-Entrepreneurs are loyal to certain organizations when they start up

Suppliers: (Low)

-Concentration of Suppliers	Low	-Many current entrepreneurs and service providers, donors, non-profits, 1 out of 14 workers are self-employed
-Importance of Volume	High	-Must have people to connect
-Threat of Forward Integration	Low	-Current entrepreneurs aren't likely to connect directly to new entrepreneurs without help

Buyers: (Low)

-Buyer Concentration	Low	-Many new entrepreneurs, smallest firms are the fastest growing segment in all of Minnesota's sectors
-Buyer Switching Costs	Low	-No costs
-Backward Integration	Low	-New entrepreneurs will not start their own service to assist other entrepreneurs

Porter's Five Forces Summary

Porter's Five Force analysis further divides the rural entrepreneurship industry into five categories in order to provide specific information about the industry. The rivalry facing this industry is a high threat because there are 8 other competitors who provide similar services. Rivalry is also affected by high market growth, supported by the fact that the smallest firms are the fastest growing industry in Minnesota. The industry faces a low threat towards barriers to entry because of low government funding and support. Substitution is a high threat due to the similar services provided by other competitors. There is low buyer and supplier threat because the existing entrepreneurs and service providers aren't likely to directly connect to new entrepreneurs without help, and new entrepreneurs will not likely start their own service to assist other entrepreneurs. Overall, ten out of fifteen forces are low threat to the entrepreneurial industry. Therefore, the potential for entrepreneurs to enter the industry is high because there is a low amount of existing threats.

External Factor Evaluation

	Weight	Rate	Weighted Score
Opportunities			
1. Market Growth is high	1	4	4
2. Buyer propensity to substitute is low	0.5	4	2
3. Concentration of Suppliers is low	1	4	4
4. Buyer Concentration is low	1	4	4
5. Backward Integration is low	0	3	0
6. Minnesota has a large number of resources for entrepreneurs	1	4	4
7. Entrepreneurs and small business start ups account for 3 out of every 4 start up jobs in the state and more than half of all expansion jobs	1	4	4
8. Entrepreneurs increase income and wealth, and connect to the larger community	1	4	4
9. Minnesota is well positioned with service providers and entrepreneurs eager to work better together	1	4	4
10. 64% of entrepreneurs in MN have no experience in entrepreneurship	1	4	4
11. Half of those entrepreneurs who consulted help in Minnesota found their services to be useful	1	4	4
Threats			
12. There are 8 competitive firms that do essentially the same thing that the Council is proposing to do	1	3	3
13. Government support is low	1	3	3
14. Access to Capital is low because it is hard to get funding	1	2	2
15. Performance Substitution between competitive firms is high	1	2	2
16. Buyer Switching Costs are low	0.5	4	2
17. People can be reluctant to share ideas because they are afraid others will steal them	1	4	4
18. Service providers already have well organized and marketed resources for current and potential entrepreneurs, such as Bizgate	1	4	4
19. Rural Minnesotans are risk averse	0.5	4	2
20. It costs \$11 more per month for rural communities to access the internet	1	3	3
21. Service providers often compete with each other rather than partner	0.5	3	1.5
Totals			64.5/84

External Factor Evaluation Summary

The External Factor Evaluation of the legislation for the Council received a score of 64.5 out of 84, which means that the legislation is responding very well to the external environment. The proposed legislation is responding in an outstanding way to existing opportunities in its industry. For example, an important opportunity is the fact that Minnesota has a large number of resources for entrepreneurs. The legislation would take advantage of these resources and connect them in a more efficient way. Minnesota is well positioned with service providers and entrepreneurs eager to work better together, and the Council would respond well to that opportunity by giving them a user friendly and easily accessible network.

The evaluation of industry threats shows the Council to be responding fairly well, but there is still room for improvement. They are responding poorly to the fact that service providers often compete with each other rather than partner, because they are assuming that everyone will support the Council and the Catalyst Network. Also, government support is low so they are having trouble securing funding from the government. Although service providers already have well organized and marketed resources for current and potential entrepreneurs, the Council is responding to this threat by creating an entirely new Catalyst network that would organize resources across local and regional borders, and so that entrepreneurs can use each other for help as well.

Internal Analysis- Core Competencies

Management:

- One of the authors of the proposed legislation was the legislative committee leader for economic development (at the time of its creation)
- The council is proposed to be run independently from the government
- The council is proposed to be staffed only by a director and an assistant, which will give them a clear focus and eliminate conflict of interest

Production/Operations:

- There are over 200 people and organizations who in general support the idea of a council
- The council builds linkages and connects service providers and entrepreneurs
- The council advances a policy framework
- The MN Entrepreneurship Catalyst Network consists of a large number of online tools and on the ground mechanisms
- The council eliminates the duplication of repetitive systems and resources

Research and Development:

- The council is attempting improve the quality of existing entrepreneur networks and link entrepreneurs in a more effective way
- The council brings another reason to support the use of high-speed Internet for economic and business development, supporting the policy advocacy in place already by the Blandin Foundation
- It reduces costs by eliminating duplication of processes and resources
- The Catalyst Network will improve the quality of interactions by providing face to face gatherings between entrepreneurs, service providers, and community leaders

Management Info Systems:

- The Catalyst Network organizes the resources of MN and links together existing resources into a seamless online network
- The website is password protected in order to increase security
- The Catalyst Network is user friendly because it provides a seamless and accessible pipeline which entrepreneurs can enter at any point of their development

Core Competencies Summary

While the Council has many advantages, two of their main core competencies include Production/Operations and Management Info Systems. For Production/Operations, they will be performing a new service that organizes Minnesota's entrepreneurial development strategy in one central location to connect, market and promote existing resources throughout the state. The Council will build linkages through its Catalyst Network system, advance a policy framework, and eliminate the duplication of existing resources. This will bring forward the best practices of experienced entrepreneurs and entrepreneur service providers to less experienced ones, which will ultimately accomplish their objectives. One of the major strengths of the Council is that it will create a common medium for communication among entrepreneurs across Minnesota. This will allow entrepreneurs to share ideas and receive appropriate assistance for their specific needs.

Value Chain

Supply Chain:

- The ideas, proposals, best practices, and experience of entrepreneurs

Operations:

- The maintenance of the online network to make sure it is running smoothly, is up-to-date, and cost sustainable
- The segmentation of the market to different regions and communities of Minnesota

Distribution:

- The network will spread ideas and build linkages between entrepreneurs through the internet and on-the-ground

Marketing:

- Annual and quarterly meetings, and networking meetings more frequently and locally available will bring together entrepreneurs and help them share ideas and get the word out

Customer Service:

- The Catalyst Network provides service to entrepreneurs

Research and Development:

- The council is attempting improve the quality of existing entrepreneur networks and link entrepreneurs in a more effective way
- The council will bring useful applications on the Internet to new communities
- It will reduce costs by eliminating duplication of processes and resources
- The Catalyst Network will improve the quality of interactions by providing face to face and on-line gatherings between entrepreneurs, service providers, and community leaders

General Administration:

- One of the authors of the legislation has been the committee leader for economic development
- The council will be run independently from the government, as a public-private partnership

Human Resources Management:

- The council will only be staffed by a director and an assistant, which will give them a clear focus and help eliminate conflict of interest

Value Chain Summary

The Council’s Value Chain is yet to be determined exactly, since it has not actually been approved by the state legislature. However, the Council does demonstrate strong research and development through their foresight and complete analysis of the existing and future entrepreneurial market. Through their Catalyst Network, the Council intends to improve the current entrepreneur network and eliminate duplication of resources. The Council does show potential for building relationships among entrepreneurs by providing new entrepreneurs with the best practices and experience of existing entrepreneurs through the Catalyst Network and regular meetings. This use of their supply chain allows them to offer a unique service to rural entrepreneurs. Other than proposed annual and locally more frequent meetings, the Council lacks in their marketing activities of the value chain because they do not propose a systematic marketing plan in order to reach entrepreneurs and encourage them to use their services.

Internal Factor Evaluation	Weight	Rate	Weighted Score
Strengths			
1. One of the authors of the legislation is the committee leader for economic development	1	4	4
2. There are over 200 people and organizations who support the council	0.5	4	2
3. The government will fund the council for 2 years	1	4	4
4. The council will be run independently from the government	0.5	3	1.5
5. The council will build linkages and connect service providers and entrepreneurs into a seamless online network	1	4	4
6. The council will advance a policy framework	1	4	4
7. The MN Entrepreneurship Catalyst Network consists of a large number of online tools and on the ground mechanisms	1	4	4
8. The council will eliminate repetitive systems and resources	0.5	3	1.5
9. The council's support system will encourage new entrepreneurs to start businesses	0.5	3	1.5
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10. The Minnesota legislature approved \$250,000 to advance rural broadband development and Blandin matched it so they now have over \$500,000.	1	4	4
11. The council will only be staffed by a director and an assistant, which will give them a clear focus and eliminate conflict of interest	0.5	4	2
12. Most council's services are free to entrepreneurs who already have the internet	1	4	4
13. The council will eliminate repetitive systems and resources	1	3	3
14. The council will improve the quality of existing entrepreneur networks and link entrepreneurs in a more effective way by providing face to face gatherings in addition to online communication	1	4	4
15. The council will bring useful applications on the internet to new communities	1	3	3
16. The website will be password protected in order to increase security	0.5	3	1.5
17. The Catalyst Network will be user friendly by providing a seamless and accessible pipeline which entrepreneurs can enter at any point of their career	1	4	4
Weaknesses			
18. Some local service providers already have well organized and marketed resources to current and potential entrepreneurs	0.5	2	1
19. There is little financial assistance and it can be unpredictable	1	1	2
20. The government is risk averse and reluctant to fund and support such a huge project	1	2	1
21. The council and Catalyst Network will require approximately 1 million of operating funding for the first 2 years to fund the council	0.5	2	2
22. They have an unsteady and unreliable flow of cash because they mainly rely on grants and loans	1	2	1
23. It is difficult to see their service or success, very ambiguous	0.5	2	1
24. There is no confidentiality or disclosure protection built into the system (this will emerge in a more detailed plan if the Council is approved)	1	1	2
25. Building entrepreneurs in rural areas is challenging because of their remoteness and limited access to skilled labor, technology, and capital	1	2	1
Total			54.5/84

Internal Factor Evaluation Summary

The internal factor evaluation received 55.5 out of 84. This shows that the Council's response is above average towards its weaknesses, and has the necessary strengths to achieve its objectives. For instance, the council has strong support from the government and some philanthropic organizations in terms of financial capabilities.

Furthermore, the Council will provide the emerging and existing entrepreneurs with a new and improved Catalyst Network, and help make communication more effective. Another strength of the Council is that it will be run independently and will only be staffed by a director and an assistant which will eliminate bureaucracy and provide the Council with a clear focus.

In contrast, the Council can improve itself by responding better toward some of their weaknesses. For example, building the entrepreneurial network in the rural community is challenging, because of their remoteness and lack of consistent, reliable technological infrastructure to the more remote areas. Entrepreneurs are reluctant to share ideas and best practices with others, because of confidentiality issues and disclosure of important information. Since there are numerous service providers in the industry the Council needs to do something above and beyond what the existing providers are already doing.

SWOT- Overall Summary

After examining the external and internal evaluations of the proposed legislation, the opportunities, threats, strengths, and weaknesses can be combined to analyze the feasibility of the Council. The rural entrepreneurship industry has many opportunities for improving the overall performance and success of their organizations. First of all, Minnesota is well positioned with numerous beneficial resources that entrepreneurs are eager to take advantage of. The largest threat to the industry is the fact that providing this type of service to entrepreneurs would require a substantial amount of capital. The

Council's purpose and most important strength is that they will connect existing and new entrepreneurs through the proposed Catalyst Network in order to stimulate economic growth and build rural communities. The main weakness of the Council is that it is challenging to build entrepreneurship in rural areas due to their remoteness and limited access to skilled labor, technology, and capital.

Discussion/ Recommendation

The Minnesota Council on Entrepreneurship promises to provide better connections between new and existing entrepreneurs through the proposed Catalyst Network. Minnesota requires a better system to organize its entrepreneurial services, and the Council has the potential to meet these needs and increase economic growth in rural communities. We believe if the Minnesota state legislature approves the proposed Council on Entrepreneurship, support for entrepreneurial needs will increase.

Since the biggest threat to the Council is the difficulty of obtaining capital for its creation, we recommend that the Council attempt to obtain consistent and guaranteed annual funding from outside organizations and agencies. Although the Council has proposed a good network system to connect entrepreneurs, the legislation lacks an adequate marketing strategy. Extensive marketing will be required in order to communicate to entrepreneurs the services the Council plans to provide. Due to the remoteness of rural communities, it is necessary that they implement alternative strategies to reach all potential clients. Some of these strategies could include newsletters, local newspaper advertisements, television advertisements, and emails.

We recommend the legislation outline exactly what the Catalyst Network will provide. Since this network is the core aspect of the Council, it would be helpful for it to

explain the specific tools and resources it plans to utilize. A few examples of specific tools could include a forum where people can post their questions or ideas, a place where existing entrepreneurs can encourage others by displaying their success stories, and an online training program for existing entrepreneurs that provides suggestions and ideas to help them work better with others.

Conclusion

Entrepreneurs in rural Minnesota require more extensive resources, services and connections than are currently available. The Minnesota Council on Entrepreneurship proposes to fill in these gaps by providing a way to link all the available resources as well as give existing entrepreneurs an opportunity to assist newcomers. Our question was whether the Council is necessary to improve the current organizing of resources for rural entrepreneurs to better meet entrepreneurs' needs. Implementing our recommendations into the proposed legislation will enhance the overall objectives. Ultimately, the Council on Entrepreneurship will stimulate economic growth in rural communities.

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