



The Critical Need for a Regional Entrepreneurial Strategy

By Don Kirkman

To many involved in economic development, the concept of “economic development” is still synonymous with marketing and business recruitment. The reality, however, is that recruitment is only one job creation strategy, and its effectiveness is diminishing as more competitors, domestic and international, compete for fewer new economic development projects. Often “new” projects actually represent a zero sum game, or even worse, as companies consolidate facilities and rationalize assets and personnel, often leaving behind more losing communities than winners.

For years many economic development policy makers have cited statistics showing empirically that job growth comes disproportionately from the expansion of existing enterprises rather than from the recruitment of “outside” investment and jobs. Over the last decade, many economic development organizations in the U.S. and abroad have shifted their emphasis from marketing and recruitment to existing business retention and expansion, or “aftercare” strategies. The term “gazelle” was coined to describe a high-growth company, often in a technology-related field, that experiences rapid job growth, and research confirmed that a high concentration of regional job growth was concentrated in a relatively small number of gazelle enterprises.

Now, the third leg of the job creation stool—new business formation—is gaining much-needed traction in the economic development community. Even before the current global recession, a new emphasis on entrepreneurship had emerged. This new focus on entrepreneurial development manifested itself in many ways—from the commercialization of intellectual property at research universities to lifestyle entrepreneurship in rural counties experiencing employment dislocations resulting from the closure of branch manufacturing plants. Policy leaders across the globe are now aligning entrepreneurial initiatives with target industry clusters, customized to reflect regional strengths and assets.

Successful entrepreneurial strategies must be tailored to opportunities and resources that are available regionally. For example, coastal and mountain areas often develop strategies that leverage their geographic and geologic assets, while others will leverage physical infrastructure such as highways and airports. Areas fortunate to have research universities will develop strategies for the creation of new enterprises that differ significantly from rural areas lacking university resources.

There are, however, some elements of a successful entrepreneurial strategy that are universal. These elements include leadership, capital, and scale. Leaders who equate economic development with business recruitment are used to public announcements, press releases, groundbreakings, and ribbon cuttings. Areas where entrepreneurship thrives focus on developing a culture that rewards risk-taking and failure, knowing that for every successful company there are numerous enterprises that fail, where investors lose their investments and make nothing. Therefore, leaders must embrace a long-term approach to success, rather than one

that is measured by monthly unemployment data, new industry announcements, and election cycles.

There are magnitudes of scale differences between the capital needs of an organic farmer and a start-up biotechnology company, but the bottom line is that both need money. The needs may vary dramatically, and the source of investment capital may be radically different, but without capital neither enterprise can reach its potential. Successful entrepreneurial communities overcome this obstacle by creating customized tactics to address their unique needs and challenges. Incubators offering below market lease rates, shared services and business mentoring are available in many communities, and others provide pools of investment and loan funds to foster entrepreneurial growth. Many communities have created novel approaches customized to their regional needs.

Size matters. In recent years much of the economic development policy literature has identified regions as the most important economic geography for innovation and economic competitiveness. While countries are often compared, the reality is that regions—Bangalore, Silicon Valley, Shanghai—are the competitive units, not the nation as a whole. Particularly in regions that lack a city with a population of over one million residents, it takes a region (not a village) to raise an entrepreneurial culture that can compete on a global stage.



Site location and economic development consultant Bob Ady of Ady International Company recently published an article entitled “*It Takes a Region for Entrepreneurship to be Successful*” (<http://www.ady-volteedge.com/blog3.php>). In his essay Mr. Ady states that “regionalism is a must for any successful entrepreneurship program.” The reason is that almost every entrepreneurial strategy can be enhanced by leveraging regional resources. Innovation drives competitiveness, and regions provide the scale required to network the individuals and institutions needed to identify opportunities and drive new ideas and solutions.

Entrepreneurship has a mixed track record in the Piedmont Triad. Since the late 1990’s the Piedmont Triad has fostered a number of regional entrepreneurial efforts—the Piedmont Entrepreneurial Network (PEN), the Triad Entrepreneurial Initiative (TEI), and the Piedmont Triad Entrepreneurial Network (PTEN), representing the merger of PEN and TEI. Regrettably, PTEN ceased operations at the end of 2008 when its board concluded that it would be unable to raise the necessary revenues to remain viable.

Economic development policy leaders almost universally agree that entrepreneurship must be part of a region’s economic development strategy if a region is to compete globally and sustain prosperity for the long term. A variety of resources are available throughout the Piedmont Triad to support entrepreneurship and small business development, including



networking opportunities, forums to connect entrepreneurs with capital, management and technical assistance, educational services, incubators, and platforms to connect entrepreneurs, potential clients and customers.

The Piedmont Triad Partnership (PTP) has been participating in a pilot program sponsored by the U.S. Department of Labor and the National Business Information Clearinghouse to cultivate business service delivery to entrepreneurs and small businesses throughout the Piedmont Triad. Over the past year the PTP has worked collaboratively with organizations and government agencies that support small businesses and entrepreneurial development throughout the Piedmont Triad. With this collective input, we have developed a web portal (www.piedmonttriadnc.natbic.org) that provides critical business information, including entrepreneurial resources, to support startup enterprises and small businesses in the Piedmont Triad. The Business Information Clearinghouse (BIC) gives entrepreneurs and small business owners a free online resource, featuring timely business information, video training, demographic data, and listings of local service providers.

Successful entrepreneurs are critical to the Piedmont Triad's region's long-term economic prosperity. The region must have an organizational infrastructure to nurture and support regional entrepreneurial growth. Regardless of where this supporting infrastructure is housed, the Piedmont Triad must develop a comprehensive plan to promote entrepreneurial and small business development. Such a strategy must be developed regionally and must receive the strong support of business, academic, and philanthropic leaders from the entire 12-county Piedmont Triad region. Every county in the Piedmont Triad is struggling to create new jobs and investment, and the old model of every community for itself is no longer a viable strategy in the global economy. The Piedmont Triad must unite behind a joint strategy that recognizes the diverse assets and needs of the region and seeks to develop a future of shared prosperity for all.

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