

**Impacting Wisconsin's Economic Development  
Through Entrepreneurship**

**Executive Summary  
And  
Lessons for Communities**

Prepared by  
Erica Kauten  
UW-Extension  
Small Business Development Center

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Business leaders, university heads, government officials, economic developers and other key community and regional leaders need to better understand the processes involved in developing a supportive environment for entrepreneurs. Wisconsin's future as an entrepreneurial state remains promising. Only a few years ago, the state's economic development discussion focused almost exclusively on attracting new firms and rarely included growing new firms. Today, the mounting interest in entrepreneurship as an economic development strategy has set the stage for future growth.

Although risk aversion and lack of capital are still strong in Wisconsin, the growth of new firms, the increased focus on innovation in existing firms, and industry diversification should make many regions more resistant to economic downturns than in the recent past. Moreover, the legacy of UW-Extension in creating a statewide business assistance network through the Small Business Development Center, and the overwhelming commitment of state and regional business, education and public leaders to building an entrepreneurial climate, should result in an expanded and vigorous environment for new growth firms.

To facilitate this process, we are pleased to publish the comments resulting from a statewide stakeholder conversation on developing an entrepreneurial approach to economic development. At the request of UW-System President Katherine Lyall, staff at the UW-Extension Small Business Development Center organized a series of eight web-based meetings during the first two weeks in September 2002 to talk to statewide leaders and to examine Wisconsin's entrepreneurial environment.

Over 100 people registered for WisLine Web meetings. Through a series of slides and discussion points, attendees analyzed the foundations (talent, capital, networks, infrastructure) needed to grow an entrepreneurial climate and discussed what might be done to create wealth for Wisconsin's communities and regions.

From these conversations, we have drafted our Executive Summary and Lessons for Communities. We hope this document will prove useful to participants at the [Wisconsin Economic Summit III](#) hosted by the University of Wisconsin System and the Board of Regents, October 14-16, 2002, at the Midwest Express Center in Milwaukee.

Results of on-line polling can be found at [www.wisconsinsbdc.org](http://www.wisconsinsbdc.org). Four “Goals” and “25 Lessons for Communities” were extracted from the statewide conversation.

## Goals

1. Make entrepreneurship an important part of the state and regional economic development toolkits. New business formation is one of the most important economic and social activities for any region expecting economic growth and innovation.
2. Develop an entrepreneurial strategy that demonstrates that entrepreneurs are valued as engines of local and regional economies.
3. Place a greater emphasis on increasing the supply of entrepreneurs.
4. Tap into the wide range of public, private and nonprofit resources to identify ways to connect and support entrepreneurs.

## **25 Lessons for Communities**

1. Local leaders can make a difference by creating an “entrepreneurial-friendly” environment. Entrepreneurial-friendly environments broadcast the message that the community welcomes entrepreneurs and is willing to accommodate their needs. Leadership from key community players is paramount in “setting the tone.”
2. A severe economic event can unite leaders, but it takes a common vision of the future and a local plan of action to sustain the momentum. In Wisconsin, the current budget deficit should bring us together to seek new solutions.

3. Innovation and entrepreneurial vitality are strongly correlated. A critical mass of entrepreneurship spawns greater and greater levels of innovation.
4. Networks and capital are the most critical factors for a strong entrepreneurial region.
5. Networking of entrepreneurial firms helps them exchange ideas, keep abreast of developments in their field, introduces them to potential partners and gets them more knowledgeable about available services. Luncheons, award events, after-hours get-togethers and other opportunities for firms to interact help link them with service providers that can give assistance. Likewise, such events provide an opportunity for service providers and local officials to learn about the needs of growing firms and develop relationships with those firms.
6. By promoting the recognition of network members, communities promote the “career legitimacy” of entrepreneurship.
7. We need to catalyze different types of networks in different areas of the state based on regional needs. While resources do not have to be regional in a physical sense, they do need to be regionally accessible and accountable.
8. As firms (in particular clusters) develop, they directly spawn other firms in that cluster. The new firms also indirectly spawn and expand suppliers that range from high-to-low tech businesses and create a wide range of employment.
9. New firms typically spin off in niche areas, often becoming suppliers to the original firm, or providing secondary or tertiary products,

processes and services. In Wisconsin, the clustering and spin-off process needs to be encouraged

10. Connecting existing programs and resources to entrepreneurial needs is a first step to creating an entrepreneurial climate. Communities and regions can provide a valuable service by: 1) inventorying regional programs and resources; 2) connecting programs and resources with entrepreneurial requirements; and 3) evaluating the services of entrepreneurial assistance resources.
11. Along with assessing current community entrepreneurial readiness, communities should establish benchmarks for measuring progress.
12. Metrics are needed to evaluate progress. Measures might include growth company start-ups, community retention of network-involved students, growth in sales and employees of entrepreneurial companies, number of women and minority-owned growth firms, technology licensing arrangements, and diversity of funding support to sustain network activities.
13. Small firms may not be able to afford business planning, market research, and other services needed for start-up and growth. Service providers need to be flexible and creative in their fee structures.
14. Local investing networks create value even if few investments are made. Local networks can target any industry or business type. In fact, the majority of angel investing is unreported and resides in the “traditional” small businesses.

15. The lack of new business formation leads to declining wealth, which in turn leads to a lack of investment capital needed to start new business ventures.
16. Create opportunities for faculty, students, entrepreneurs, large corporations, investors, and business service providers to interact on a regular and informal basis through structured informational and educational activities.
17. Universities and technical colleges can provide valuable services for entrepreneurial firms. Offices within these institutions can help in patenting and licensing technologies, organizing industrial sponsored or collaborative research, organizing training and identifying professors and students for consulting and assistance.
18. Organizations like the Small Business Development Center, which operates on campuses throughout the state, should expand their services in providing entrepreneurial assistance, venture capital matchmaking, business planning and marketing, information dissemination, access to faculty and students, networking, and advocacy.
19. Leadership from local entrepreneurs is most important in soliciting involvement from others entrepreneurs. Public sector leadership alone is rarely sufficient to stimulate widespread support.
20. Create and sustain awareness of entrepreneurial networks and their community contribution through local media coverage. Highlight start-up and growth of community entrepreneurial ventures and their contribution to community job growth.

21. In-depth analysis of data on business creation and expansion is essential to economic development planning.
22. The supply of technicians and technical support is as important as the availability of entrepreneurs. Technical colleges play a critical role in training a technology-ready workforce.
23. More needs to be done to increase the supply of budding entrepreneurs.
24. A very attractive physical environment and a diverse community help attract and retain entrepreneurs and continue to draw highly skilled workers to the region.
25. Many communities have already begun the process of refocusing their local business development efforts.

Contact: Erica Kauten  
Small Business Development Center (SBDC)  
University of Wisconsin – Extension  
432 N. Lake Street, Room 423  
Madison, WI 53706-1498  
Tel: 608 263-7794; Fax: 608 263-7830  
erica.kauten@uwex.edu