

**Entrepreneurship Development Systems:  
The W. K. Kellogg Foundation Demonstration**

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In 2005, the W. K. Kellogg Foundation awarded \$12 million to six collaborative efforts designed to stimulate entrepreneurship across rural America. These grantees received three-year grants – \$2 million each – in a special funding effort to celebrate the foundation’s 75<sup>th</sup> anniversary. The purpose of this initiative was, first, to demonstrate the Foundation’s historic commitment to “helping people help themselves,” And second, to demonstrate promising new ways to continue Kellogg’s legacy in rural development.

The grantees were selected for their innovative proposals to create entrepreneurship development systems. This concept of an “EDS” was a rural development strategy the foundation expected could have impact at the several levels:

- It could promote *entrepreneurial activity* in the regions where the EDSs work.
- It could *create successful models* that would be showcased in other rural communities.
- It could hopefully *leverage significant new investments* in rural entrepreneurship.
- And it could *stimulate state and national interest* in rural entrepreneurship.

More than 180 groups responded to the Request for Proposals issued by the Corporation for Enterprise Development (which managed this effort for the Kellogg Foundation). This demonstrated the broad interest in this strategy.

In addition to funding the six initiatives, the Foundation funded CFED to manage the grant process and support the grantees with peer learning and technical assistance. The Foundation also required each grantee to work with an external evaluator who could help

them assess and document progress, and advance their learning. And it contracted with us at the Aspen Institute to implement a national study documenting findings and learning across the six grantees.

This has been a very rich experience, and one that is not over. What I hope to do, in this presentation, is to give you a sense of what these entrepreneurship development systems were expected to be, and to paint a brief picture of the six initiatives. And in terms of our study, I'll share what we were asked to look at, some of the challenges we faced, and finally, our observations about the practice of creating an EDS, and the practice of EDS evaluation.

### **I. What are entrepreneurship development systems supposed to be about?**

First, I'd like to acknowledge that the concept of an entrepreneurship development system emerged from the work of a number of thought leaders and leading practitioners in rural development. In particular, I want to mention the work of the Center for Rural Entrepreneurship at RUPRI (the Rural Policy Research Institute), the work of Professor Tom Lyons of Baruch College and Gregg Lichtenstein of Collaborative Strategies, and the work of CFED. Collectively their work helped shape the vision of an EDS that the Kellogg Foundation wanted to foster.

The quote below from Brian Dabson (formerly of CFED, now with RUPRI) – from a review of the first round of results from the RFP – provides a definition of an EDS.

*“An effective entrepreneurship development system integrates a wide range of programs and tailors products and services to meet the diverse needs of entrepreneurs. It should be comprehensive, flexible, culturally sensitive, and integrated, and should require providers to collaborate rather than operate independently or in isolation.”<sup>1</sup>*

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<sup>1</sup> Brian Dabson, “Fostering Entrepreneurship Development Systems in Rural America: First Review of the Results of the Request for Proposals,” report to the W.K. Kellogg Foundation. CFED and the Rural Policy Research Institute (RUPRI), January 2005, 3.

The quote reflects “how” an EDS should work: bringing different actors together, meeting a wide range of entrepreneur needs, and doing so in a way that is flexible and reflective of local culture and history.

In terms of “what” an EDS would do, these Systems were envisioned to have five key components. They were expected to support:

- **Entrepreneurship education** – at a range of levels, from elementary school through post-secondary;
- **Adult entrepreneurship training and technical assistance** – hands-on services aimed at building the capacities of entrepreneurs to run their businesses;
- **Access to capital** – ensuring availability of appropriate debt and equity capital, for entrepreneurs at all stages;
- **Access to networks** – that bring entrepreneurs together to share, learn and connect to markets and resources in new ways;
- **Entrepreneurial culture** – working to engage leaders and community members in supporting entrepreneurship.<sup>2</sup>

These initiatives were to be regional in scope. They could include tribal and multitribal regions, multicounty sub-state regions, or even multicounty regions that crossed state lines.

Finally, a key underlying concept was that of collaboration – that the initiative would bring together different kinds of organizations: public, private, nonprofit and educational. And that these organizations together would create a system that made the most of the often limited resources in rural areas. This quote, from Caroline Carpenter, the Foundation program officer further illuminates the original thinking about EDS.

*“By requiring collaboration, we hope the process and the final awards will produce models that will show how a region’s often-limited resources can be brought together, through collaboration, to stimulate and encourage entrepreneurship.”*

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<sup>2</sup> Dabson, 3.

CFED's work on the concept of the EDS also defined the key goals and guiding principles that were to guide the initiatives. There were three core goals:

- To *create a pipeline of entrepreneurs*: Entrepreneurship education and networks were envisioned to play a key role here.
- To *create a system of technical and financial support* for entrepreneurs: Here the work on entrepreneurship training and technical assistance, and on access to capital, was seen as playing a key role, and
- To *foster policy and a supportive culture*: The key here was to work on building an entrepreneurial culture.

Finally, there were a set of nine key principles that were to guide the EDS. Many of these harken back to the original quote from Brian Dabson. Systems were expected to be:

- Entrepreneur-focused: driven by their needs;
- Inclusive: of all kinds of entrepreneurs, including those often left out;
- Asset-based: building on the region's assets;
- Again, collaborative;
- Comprehensive and integrated;
- Community-based but regionally focused;
- Linked to policy;
- Sustainable over time;
- Continuously improving.

So, as you can see, the concept of an entrepreneurial development system is complex and wide reaching. It brings together a set of practices and principles from research and a number of innovative initiatives, to create a comprehensive conceptual framework or theory for how to best support entrepreneurial development in rural communities. The opportunity – and the challenge – facing the six sites funded by Kellogg was to put these EDS concepts – or this theory – into practice.

## **II. What are the programs that were funded by the Kellogg Initiative?**

So what did these programs look like? Briefly, I'll introduce each one to give you a flavor of what these have been about.

**The Advantage Valley Entrepreneurship Development System** works in a 12-county region spanning part of West Virginia, Kentucky and Ohio. Led by Advantage Valley, Inc., a tri-state economic development organization, it brought together a large number of partners and offered:

- A *coaching and networking program* using the proprietary Entrepreneurial League System® developed by, and implemented in partnership with Collaborative Strategies, Inc.; linked to a network of service providers, and
- A *collaborative* of institutions concerned with entrepreneurship education, policy and the development of additional services.

**CORE (Connecting Oregon for Rural Entrepreneurship)** brought five distinct regional initiatives in Oregon together with newly created or expanded statewide services for rural entrepreneurs. Led by Rural Development Initiatives, a nonprofit leadership development organization with a rural focus, 29 partners are organized in five target area teams and in statewide support committees that offer resources to the sites and work on state policy issues.

**The Empowering Business Spirit Business Initiative (EBS)** operates in four counties in northern New Mexico. Led by the Regional Development Corporation, an economic development nonprofit, EBS focused primary on creating “a seamless, integrated partnership and continuum of service providers within the region.” More recently, it has broadened its partners, and is focusing on implementing “enterprise facilitation” programs in each of its four counties.

**HomeTown Competitiveness** is working not in one distinct region, but in a set of geographically dispersed rural counties and communities in Nebraska. HTC was formed prior to the Kellogg initiative by three nonprofits – the Nebraska Community Foundation, the Heartland Center for Leadership Development and the RUPRI Center for Rural

Entrepreneurship. Together they developed a comprehensive rural economic development strategy that focuses on:

- leadership development,
- youth engagement,
- entrepreneurship, and
- building community endowments.

And under the grant, they built a broader group of partners to achieve EDS goals.

**North Carolina Rural Outreach Collaborative** emerged from a statewide association of business resource providers in response to the Kellogg RFP. It was led by the North Carolina Rural Economic Development Center, with the intent to serve all 85 rural counties in the state. Twenty-five partners participated in the EDS on a management team and in working groups to develop statewide tools and activities. And they supported emerging regional activities in six areas of the state.

And finally, **The Oweesta (SAGE) Collaborative Entrepreneurship Development System** is a nine-member collaborative that is focused on three Indian reservations in the Great Plains: the Pine Ridge and Cheyenne River reservations in South Dakota, and the Wind River Reservation in Wyoming. The nine organizations adopted a bottom-up, client-centered approach built around the implementation of the Wawokiye Business Institute, a Native American coaching model. Oweesta has recently changed its name to SAGE – the Starting and Growing Entrepreneurs Collaborative.

### **III. What was our role? And what are the challenges?**

We were contracted to implement a study that looked across the six initiatives, and addressed a set of questions focused on experiences and effects at three levels: at the level of the entrepreneur, at the level of the EDS, and at the community level. You can see the specific questions on the slide with our summary translation of what they mean on the left side – what has been learned about the effects of this work, and what can others apply?

### **1. Entrepreneur Level Issues**

- *To what extent has the pipeline of aspiring entrepreneurs seeking services increased?*
- *To what extent has the number of entrepreneurs increased?*
- *What outcomes do assisted entrepreneurs (participants) experience?*
- *What changes do assisted entrepreneurs (any participant, including youth) express with respect to their attitudes about and capacity for entrepreneurship?*

### **2: Entrepreneurship Development Systems**

- *What are the core functions, components and drivers of a successful EDS?*
- *What are the key lessons with respect to developing and maintaining a successful EDS?*

### **3. Community and Policy Level Issues**

- *To what extent did the EDS initiatives contribute to poverty reduction, economic progress and policy change in the six target regions?)*

As you can see, just as the goals and expectations around the EDS were comprehensive and challenging, so were the questions we were asked to address. In fact, a number of them were actually unanswerable given some real constraints in the construction of the monitoring and evaluation systems at each site. The Kellogg demonstration did not mandate a uniform or consistent monitoring and evaluation process. So, each site developed its own evaluation approach, in conjunction with its local site evaluators. And these approaches were largely defined before we started our work.

To be more specific, in looking at the level of the entrepreneur, few of the sites even tried to develop data-collection systems that would answer the quantitative questions related to the numbers of entrepreneurs assisted and the outcomes they experienced, much less whether the number of entrepreneurs in the region had actually increased.

When it comes to determining whether these EDSs are successful, over the three-year period these demonstrations were just being created and taking hold, which makes it hard to say what the elements of a “successful” EDS are. If success means measuring up to all the components, principles and goals presented earlier, then none can be said to have achieved success. However, all have had success in some areas. They have all encountered challenges. And all are at different stages in their evolution. So, we are not near the end of this story.

Given those limitations, what have we been able to do? We've taken a comparative look at the six Systems and their experiences. We've done so drawing on site visits in which we interviewed all the types of stakeholders who are part of these Systems. We've also read their reports and those of their evaluators. We've consulted with those evaluators to get their perspectives on what's happened at the sites. We've reviewed the quantitative data that is available. Based on this input, we've worked to understand the qualitative changes that these Systems have effected in their partners, in their policy environments, and in the communities in which they work. From this, we've started to extract a set of findings that others interested in doing this kind of work might find interesting.

#### **IV. What have these EDSs accomplished?**

- They have advanced the work of youth entrepreneurship substantially in their states.
  - They have elevated its *profile* in their communities and states;
  - They have supported *curriculum development and teacher training*, with an emphasis on experiential learning;
  - They have helped create *new structures* at the community and state levels to promote youth entrepreneurship (these include a statewide youth entrepreneurship network in N.M., and a Consortium on Entrepreneurship Education in N.C. looking at curriculum and best practices at all educational levels); and
  - At least one state, West Virginia, has succeeded in getting entrepreneurship education *included in the state's mandatory financial literacy curriculum*.

In the process, they've reached about 17,000 young people with training, about 1,200 with business plan competitions, and several thousand teachers, and they've created useful materials that many others can use.

- In three sites, they've supported the integration of entrepreneurship education into the curriculum at the community college and college levels, providing opportunities for students to learn the elements of entrepreneurship as electives, and in some instances, gain certificates in the field.

- They have modeled entrepreneurial development strategies whose initial results demonstrate their potential for increasing enterprise formation and growth.
  - Their work has introduced *coaching* as a key tool in helping entrepreneurs to think strategically and move forward;
  - They have created *peer support systems* that range from community-level entrepreneurial task forces and advisory boards, to more intimate peer groups of entrepreneurs, and broader, local business networks;
  - They have fostered greater *community support for entrepreneurship* through educational and consciousness-raising events (like Energizing Entrepreneurs trainings and community surveys);
  - Some have worked to make entrepreneurship opportunity more *inclusive*. (Clearly Oweesta's work as a Native American EDS for Native Americans is the most innovative and exemplary in this respect. But others have also reached out to Native Americans, African American and other minority populations with services.)

As part of this, they've coached more than 1,000 individuals, supported networking events for them and others, and have started to document new businesses and jobs that number in the hundreds.

- They've made substantial investments *in infrastructure and in services* that strengthens their Systems' capacity to serve entrepreneurs and collaborate. These have included:
  - The development of Web sites, documents and other informational resources that increase the "*transparency*" of the system to potential clients;
  - The *creation* of new services, capital funds, marketing services and technical assistance services, and their *leveraging* from other places to fill critical gaps; and
  - The creation of new, demand-driven ways for entrepreneurs to interact with service providers.

- They've achieved some important *policy wins* in some states and laid the groundwork for future gains.
  - They've increased the *visibility* of entrepreneurship at the state level (through annual summits in N.C. and a governors' conference in N.M.; through youth events in others);
  - They've *educated policy makers* through formal and informal means; and
  - They've gained legislative *funding* for services, *tax credits* for microentrepreneurs and for community asset building; a *uniform commercial code* on the Pine Ridge Reservation. (And they have other proposals in the process).

Further, they've developed some partial solutions to the issue of sustaining Systems long term, which we'll talk about later.

#### **IV. What are we learning?**

So this is what they've accomplished. What are we learning? I'd like to spend most of my time commenting on what we've learned about constructing these Systems. I have five key lessons to share about Systems construction. Then, I'll make a few quick comments about other aspects of this work, and talk about what we're seeing with respect to the sustainability of these Systems. Finally, I have a comment or two for researchers.

##### *1. Developing an EDS is a long-term proposition.*

As you have imagined by my review, the vision of an entrepreneurship development system as articulated by Kellogg is a beautiful thing, and it's a comprehensive thing. Any group of practitioners interested in embarking on the EDS journey should recognize that they're in for a long haul, not just a three-year period. After the three years of the Kellogg demonstration, these six efforts are in varying stages of evolution. In no instance would we say that any are there yet, and in some instances, they may never be. Some may have found that only parts of this vision work for their institutions, capacities, resources and context.

##### *2. Each EDS is unique.*

Each EDS will be shaped by a set of givens. These include the local economic and social conditions that drive challenge and opportunity. The givens also include the institutional capacities that already exist to support entrepreneurial development, and the history, or lack of history, in working together. Each will also be shaped by a set of decisions that organizers make, including:

- What is the region that will be served? (In this group, we've seen relatively small, tightly defined regions. We've also seen very broad, statewide initiatives.)
- How many partners will be included? Who will they be? (We've seen very small collaboratives – one whose core is really three, and one that's nine; we've seen others that have brought together close to 30.)
- How will the partners structure themselves? In particular, how will decisions be made? What will be shared? And what will not?
- Perhaps, most importantly, what will be the theory of change that will guide the initiative?

(Simply put, a theory of change makes clear the logic underlying the initiative. It describes the pathway by which resources and activities will lead to desired results, and also the assumptions that support the choices made.)

Because of how they answered these questions, each of the EDSs we studied was unique, and if you start one, yours will be too.

*3. Key to your theory is how you define a system or a systems approach. The EDS demonstrations illustrate two ways to go about this.*

Just what does the term “system” mean? Here are two dictionary definitions:

*“A group of interacting, interrelated, or interdependent elements or parts that function together as a whole to accomplish a goal.”<sup>12</sup>*

*“A system is an assemblage of inter-related elements comprising a unified whole. From the Latin and Greek, the term “system” meant to combine, to set up, to place together.”<sup>13</sup>*

Within these definitions there are two key concepts. The first relates to bringing together a diverse or disparate set of components or actors. The second is the notion of a common goal, objective or a unified whole.

Among the six Kellogg-funded Systems, some have given primacy to bringing together the entire set of actors engaged in entrepreneurship development. They have then focused on creating a set of common goals, projects and practices among that group. We call this the “big tent approach.” or supply-side theory of change. It was represented, at least in the early stages of their work by the Empowering Business Spirit in New Mexico, Connecting Oregon for Rural Entrepreneurship, and the North Carolina EDS, to some degree.

In this approach, the expectation was that if you could fill gaps in services within the region, if you could market services more effectively, and if you could improve coordination among these services, entrepreneurs would get more, and more appropriate services. And they would get them when and where they needed them. And in the end, if entrepreneurs got more and better services, this would quicken the pace of entrepreneurial development and growth.

The other Systems – Advantage Valley EDS, HomeTown Competitiveness, Oweesta Collaborative – initially came together around a clear methodology for how entrepreneurs or communities can be *brought into and move through* a process of development or change. They then worked to bring together – not everyone engaged in supporting entrepreneurs – but rather the key actors required to implement that methodology. This might be called the demand-side, or “transformational” theory of change approach to System construction.

In this approach, the organizers had a model for entrepreneurial transformation which they attempted to apply systematically in their regions. The models they used had some common elements:

- they emphasized the *personal development and learning of entrepreneurs*, as well as empowering them to think strategically about their businesses;

- they valued sustained *relationships with coaches* as a means of helping entrepreneurs to achieve growth;
- And they sought to connect entrepreneurs to some larger *structures of support* – be they peer groups of like-minded entrepreneurs, or communities that have been awakened to the value of entrepreneurship.

To some degree, these approaches also included the expectation that entrepreneurs would be able to access more effectively the technical services they needed – either because their coaches would act as brokers, or because they would increase their own capacity to articulate their needs and seek out the appropriate services.

Practitioners using both of these approaches have accomplished many things. And both approaches have helped illuminate lessons about how to construct an EDS. By the same token, initiatives on either side have also struggled to find their way. And, in reality, all of the EDSs attempted to incorporate elements of both approaches as they worked to be true to the requirements of the RFP. For example, some sites that began with a transformational theory of entrepreneurial change used the EDS demonstration to add new partners and expand their policy activities. And some of the sites that focused initially on the “supply side” and a big tent approach have moved to incorporate explicit, more transformational methods for entrepreneur and/or community engagement.

But, trying to accomplish all of these things was exceedingly ambitious for a three-year period. So, our take on this is: if your goal is the creation and development of entrepreneurs, you’re more likely to make gains if you start with a process for entrepreneur and community engagement first.

There’s another point to be made about System construction.

*4. A System is about more than coordination on the supply side. It also has to be about improving how the supply side – the service providers, and the demand side – the entrepreneurs, connect to each other. Some of these demonstrations made changes in the supply side to make the connection work better. Some worked more on the demand side, and some worked on both sides. You probably need to do both as well.*

In these sites, work on the supply side involved increasing service providers' understanding of each other, so that they could refer clients to the right services if they could not assist them. And it meant identifying gaps in services and seeking to fill those gaps, either by creating new capacity or bringing it in from outside the region. As might be expected, the goal of developing a full continuum of services has been difficult to achieve, in large part due to the lack of resources in rural areas (even with \$2 million in grant funds!).

Work on the demand side involved creating tools and processes that put the entrepreneur more in the driver seat. In some sites, that involved increasing the transparency of the system through Web tools, directories and written materials aimed at helping potential clients better understand "where to go for what." It also involved providing educational materials, more refined needs assessments, and coaching services aimed at increasing the ability of entrepreneurs to make good choices about services.

*Some sites saw a referral process among providers as central to the creation of a "System." But creating referrals is a challenging and likely long-term process.*

For a few EDSs, the notion of "no wrong door" was embedded in the meaning of System. This concept suggested that regardless of how an entrepreneur came to the EDS, she would be referred to the institution that could best meet her needs. What this meant was that all service providers should have a strong, and somewhat similar, capacity to assess client needs, and would refer a client to the right service provider if their services weren't appropriate.

What we saw was that, in most cases, referrals did not happen in substantial numbers. The North Carolina evaluation has some limited data that suggested that client referrals there were increasing. However, other Systems had almost no success at tracking this. And anecdotal evidence suggested that in many of the Systems, referrals were not increasing. This was true for a variety of reasons:

- Providers sometimes doubted the quality and capacity of other service providers.
- Many providers faced institutional imperatives to serve clients directly – in other words, they needed to maximize their client count.
- And, sometimes providers simply lacked information about each other.

One EDS leader summed up the challenges well:

*“It will take a long time to realize the “no wrong door” ideal where we have an effective client management and referral system that is clear and consistent. None of the collaborative partners wants to be told what to do – each has an ego about what they do well and feels accountability pressure already; any lead agency cannot be heavy-handed. With better information tools that guide the entrepreneurs to us, the clients can help reinforce the value of having better insight on where to go for various expertise and encourage us each to stick to what we do best and to practice continuous improvement.”*

In other words, it may make more sense, especially at first, to use tools (including coaches or facilitators) that can help entrepreneurs better identify the appropriate resources, rather than to focus on getting providers to refer more to each other. It’s just not an easy road.

*5. Don’t assume that a System requires a large number of collaborators, especially at the start.*

People are people, and getting people to cooperate is no easy feat. Getting institutions to cooperate can be even harder given differences in institutional missions, competitive fears, differences in performance mandates and metrics, in stakeholders and lines of accountability. Even those EDSs with a smaller core group – like HTC and Oweesta – experienced some challenges building and maintaining a common approach. But their smaller size and the fact that they came in with a common approach and values made it much easier. Those with a previous history of collaboration, like North Carolina, were more able to move an ambitious agenda than those coming together for the first time. Especially if you feel the need to make substantial progress in the short term, it may be wiser to begin with a smaller, like-minded group and build out organically over time.

When thinking about collaboration, it's also important to recognize that different goals require different size groups, and that collaboration works better for some things than others. We saw that larger-scale collaboratives can:

- engage in joint professional development;
- brainstorm on how to help particular clients;
- come together to advocate for policy change;
- engage in marketing together;
- And they can work to make their services more transparent or visible to customers and each other.

What large-scale collaboratives can't easily do is make fundamental change in the way all of the partners work. HTC and Oweesta probably provide the two best examples of Systems where a set of organizations have come together to create a significantly different way of doing business. But these were relatively small-scale collaboratives.

*Perhaps one of the key lessons is that not all EDS tasks require collaboration – or at least full participation by all parties.*

For example, you don't need collaboration to introduce new services that fill gaps. Furthermore, in areas such as youth entrepreneurship, or policy development and advocacy, it's often best to have a clear lead organization that is supported by the broader group. Thus, Systems need to be clear-eyed in distinguishing when, or at what level, collaboration is necessary.

The lessons: EDSs are long-term propositions; there's more than one way to do them; your theory of change is important, and we recommend you look at transformational theories as your starting point; Systems are about improving the connections between supply and demand (and within that referral systems aren't the most important place to focus). And finally, collaboratives have their strengths and weaknesses, and the tool needs to be used judiciously.

Now, just some other things I want to point to as highlights in thinking about this work.

*First, EDS work requires changing the culture around entrepreneurship.*

This is central. In fact, the end of Kellogg-funded work neared, several of the Systems expressed strongly that culture change is at the heart of the EDS process. And the Systems offer a rich set of examples of how to promote change in entrepreneurial culture. In some instances, it has meant demonstrating that entrepreneurship is culturally appropriate and linked to traditional values. The Oweesta Collaborative and the work in the other EDSs addressing Native American peoples is an example of that. Similarly, in Northern New Mexico, the youth enterprise team emphasized how entrepreneurship could be consonant with traditional values and practices related to use of their land and water, and to farming practices that date back hundreds of years.

In other Systems, efforts to change the culture have been more about heightening awareness that economic progress can be driven internally rather than by external forces or trends.

To promote change in culture, the EDSs have used strategies such as:

- showcasing model entrepreneurs and marketing their success as a means to encourage others to follow in their footsteps, and to see the region's potential;
- using the Energizing Entrepreneurship curriculum and other tools to interest community stakeholders, and to provide them with the tools to organize for change;
- encouraging the formation of local entrepreneurial task forces and networks of service providers or entrepreneurs to serve as a seed bed for community change.

A few sites also have worked to enhance civic entrepreneurship, providing training to local policy makers and working to foster new, more inclusive community leadership.

*One of the lessons from these efforts is that it helps to have staff and money at the local level to amplify the voluntary participation of civic and business leaders. Where these resources were available, as they were often in HTC communities, the process moved much more quickly than where they did not exist. This is common sense, but worth remembering when you think about where resources need to be mobilized, and for what.*

*Second, Coaching has shown its value in entrepreneurial transformation.*

Three sites use coaching as a central part of its strategy and each has some documented evidence of its effectiveness. Each can speak directly to specific outcomes, such as increases in the number of businesses, or growth in the size of businesses, or capacity of owners. We don't know enough yet about the strengths and weaknesses of the approaches which varied in some key ways. We need to learn more.

*Third, Youth entrepreneurship can be the catalyst for change at the community and state levels.*

Most of the sites found that youth entrepreneurship was a rallying point. At the community level, it resonated with leaders concerned with youth flight. And it resonated with youth who found entrepreneurship training, youth businesses, and business plan competitions intriguing doors to a world that they knew little about. Youth entrepreneurship also resonated at the state policy level. Several sites created a spotlight on youth entrepreneurship, and it became a motivating factor to get people to work together on an entrepreneurship agenda. In some cases, it even engaged partners who were uninterested in collaborating on other issues.

While it is too early to tell the extent to which these youth initiatives increase the number of entrepreneurs in rural communities, it is clear that thousands of youth have been exposed to and engaged in entrepreneurship.

*Fourth, the speed at which you can make policy change depends on the institutional capacities you start with.*

The groups that have gained funding for EDS initiatives and tax – and other policies – that directly help entrepreneurs, are the ones that had a prior history of engagement in advocacy, and policy expertise embodied in one strong lead.

And my final point to practitioners,

*Sustainability takes many different forms. You may not be able to – or want to – do it all.*

After three years, the demonstration funding is over, although the initiatives themselves have not ended. As they move from demonstration to “life ever after,” we are seeing what

these sites have found worth sustaining, and what they're letting go. At one end of the spectrum is an EDS working to sustain and even grow the whole, and another very close to doing the same. At the other end, there are systems that may end substantial components of their initiatives. These choices depend on several factors:

- the capacity of the leads to raise additional resources;
- the expectations of the partners about the longevity of the program and their participation;
- the willingness of different institutions to continue or absorb (and find ways to finance) functions that were started under the demonstration; and
- Finally, the assessment of the success of different components.

As other practitioners think about implementing approaches like this, here are several cautionary thoughts:

- Remember that this is long term work, and try to gain the support of funding partners who understand that this is long term.
- Think about the high transaction costs involved in building and caring for large collaboratives. Think about where and when these efforts add value. And as I said before, it is probably much better to start smaller and build organically.
- Again, think about starting with a clear methodology for entrepreneurial development – at both the adult and youth levels. Once you start building the pipeline, then you can start thinking about where the gaps are, and exploring options for addressing supply.

Some of you in this room are researchers, like we are. I was asked to also share some thoughts for researchers interested in studying or evaluating these programs.

*As always, it's important to start with what you want to learn.* As I said earlier, the W.K. Kellogg Foundation required each EDS to contract with its own evaluator. As far as we can determine, there were no guidelines provided to the sites regarding the type or evaluator or evaluation they were to select. This freedom allowed them to pursue evaluation questions that were important to them operationally, as well as to get help in

designing and implementing common data-collection processes or information systems.

The evaluators played some extremely valuable roles:

- Helping to clarify program goals and objectives, logic models or theory of change;
- Implementing formative designs that provided feedback to the site teams;
- Selecting indicators and creating tools to collect data;
- Facilitating learning sessions among EDS members;
- Documenting qualitative changes at the community level.

Some of this work was more successful than others. Several sites found that their evaluators played important facilitative roles. Their work provided information and opportunities for reflection in the midst of these challenging efforts. On the other hand, from our cross-site perspective the lack of common approaches has made it more challenging to draw conclusions.

*Efforts to collect quantitative data were extremely challenging.* Several of the sites – but not all – attempted to collect quantitative data on service delivery and entrepreneurial outcomes. Although a few Systems attempted to create a common database, at this point they have very incomplete data – despite great investments of time and energy. The factors that most affected their progress were the number of organizations involved, and the quality of and their commitment to their existing internal systems, which clearly took precedence over any new, joint system.

This doesn't mean that these efforts have been failures. The Oweesta (now the SAGE) Collaborative, whose members had modest data capacity at the start of this process, have come a long way in developing measures and a system that will ultimately prove useful. North Carolina's efforts to collect common data were severely challenged over the course of the three years. Yet in the end, it appears that two of the state's major service providers will be using the same MIS going forward.

So, this is not to discourage collective efforts to collect data on EDS activities and accomplishments. Certainly such data will be essential to managing and sustaining

systems over time. Rather, it's to point out that common data collection needs to be approached with caution, and with the expectation that convergence will be slow. And it's to suggest the best place to start may be with getting partners to collect information on a set of common measures, rather than to use a common data-collection system. Researchers can play an important role in helping partners to think through and get commitment on a minimum number of key measures – and their definitions – to start.

I'll close here. In their wide variety, these demonstration sites have created ongoing capacity and benefits in their communities; in their struggles, they have illuminated the challenges and made the path easier for those who follow.