

Connecting Oregon for Rural Entrepreneurship (CORE), Rural Oregon

Connecting Oregon for Rural Entrepreneurship (CORE) was designed to assist five distressed regions (target areas) in rural Oregon through the development an entrepreneurial development system (EDS). CORE facilitated the work in these target areas with financial and technical resources, a framework for planning and implementing their strategies, and opportunities for sharing and learning across the sites. CORE also engaged and coordinated a set of statewide resources that supported work at the local level. The target areas were located in northeast Oregon, Lincoln County, southwest Oregon, Lake County, and the Warm Springs Indian Reservation. By design, CORE intends to expand the system developed in the five target areas statewide.

Context

Oregon is a study in contrasts. It has a relatively strong tradition of self-employment and small business activity, especially in some urban centers. The population in the state is growing, even in many of the rural areas. However, the growth in rural areas is much slower than the urban growth, and not all areas are growing. Rural areas have seen the number of good paying jobs decrease, primarily as a result of declines in extractive industries. Most of the jobs being created in rural areas are relatively low-paying jobs in the service, retail and tourism sectors.

The five target areas are located in very different parts of the state, and each has unique opportunities and challenges. All of the sites are in areas that are below state averages for population growth, education and income, and above state averages for the proportion of their population that are elderly or living in poverty. Oregon has some very beautiful and rugged country, with a wealth of natural resources and amenities. Some areas have been attractive to retirees and others looking at second/vacation homes. Other sites are extremely isolated and are among the most lightly populated in the United States. Distance, population density, infrastructure, and access all have a significant affect on both the level of economic activity and the provision of entrepreneurial services.

All of the sites traced their economic distress to the after-effects of the decline in the timber industry. Environmental concerns (including the habitat of the endangered Spotted Owl) and competition caused the timber industry in Oregon to collapse about 15 years ago. Tom Gallagher of the Ford Family Foundation said that if rural Oregon had been a foreign country the collapse of the economy and corresponding out-migration of working age population would have been seen as a global tragedy. His view was that at this point "the dust had settled" – the population and economy had settled into equilibrium. Many rural communities now see stewardship of natural resources, rather than extraction, as the path to their economic revival.

In 2008, rural communities in Oregon experienced a number of new challenges to their ability to restructure their economies. One of the most significant was the loss of Rural Timber Payments to rural counties. These payments were federal funds provided to local governments to limit the impact of the timber industry's decline. The government transfers were a large source of support to local rural governments, and these transfers stopped unexpectedly in 2008, forcing cutbacks in rural road construction and maintenance, and the closure or cutback of fire and police service, libraries and schools.⁴⁴

⁴⁴ In the federal financial bailout legislation that became law in October 2008, the Rural Timber Payments (formally part of the Secure Rural Schools and Community Self-Determination Act) were reinstated. At this time, few details are known about the effect this will have on rural counties in Oregon.

A number of important state departments and initiatives also are changing. Earlier in 2008 the state de-funded both the Governor's Office of Rural Policy and the regional Rural Investment Boards. The latter were a key source of flexible economic development funds. The state also is reorganizing the Oregon Economic and Community Development Department (OECDD), the principal department responsible for economic development policy and funding in the state.

Structure and Strategy

CORE emerged from five local community-based initiatives that expanded their scope through EDS resources, and were supported by statewide institutions and initiatives. When the Kellogg RFP was announced, Rural Development Initiatives (RDI), a nonprofit working in rural communities across Oregon, convened a meeting that brought together a number of community-based organizations from across the state. RDI had been supporting rural communities since the early 1990s, helping them develop strategies to weather the economic transition brought on because of the decline in the timber industry. Many of the community organizations also knew RDI through its role as the chief technical assistance provider for the Ford Family Foundation's Institute for Community Building. At the meeting participants developed target area selection criteria that would produce lessons applicable statewide. The five Target areas were chosen based upon these criteria, which included readiness and local commitment. Training was available in each target area through the Institute for Community Building's leadership program.

CORE works on both the state and local levels. At the local level, each target area has a lead, usually a community-based organization engaged in business or entrepreneurial support services. Additional local stakeholders are organized through Entrepreneurial Advisory Boards. These local collaboratives were required for participation in CORE, and they represented new institutions at the local level. They were envisioned as a forum for engaging entrepreneurs in the design and management of the target area strategies. CORE put few requirements on the membership of the Entrepreneurial Advisory Boards, other than they had to include entrepreneurs. The target areas were required to perform a needs assessment, and to develop local strategies and work plans. Target area leads also were responsible for implementing the work plans. In some target areas, the advisory boards continued to meet and provide guidance through the implementation process, while in others they became less active.

At the state level, the CORE collaborative is organized to get as many voices and perspectives as possible. In addition to representatives from each of the five target areas, the collaborative has more than 20 statewide partners, including: the Oregon Microenterprise Network (OMEN); ONABEN (a Native American Business Enterprise); the Oregon Economic and Community Development Department (OECDD); the Oregon Small Business Development Center Network; the Oregon Entrepreneur Network (OEN); and Lane MicroBusiness. They are proud of their "big tent" approach, which is consistent with the Rural Development Initiative's organizing philosophy. In general, only the target area leads, and not members of the local Entrepreneurial Advisory Boards, have gotten together for statewide activities.

The mission of CORE is "to build an entrepreneurship development system in select rural target areas, and from the experience and relationships developed, to promote programs and policies at a statewide level to replicate and sustain the system throughout rural Oregon."

The five major goals of CORE were:

1. To create and implement an action plan for strengthening the entrepreneurship development system in each target area, which integrates best practice and brings in regional and statewide capacity as needed.
2. To establish sustainable collaborative approaches at a statewide level to fill shared gaps in the entrepreneurship development systems of each target area.

3. To use program resources to leverage sustainable local investment in increasing the volume and success rate of entrepreneurs.
4. To increase support for rural entrepreneurship in statewide economic policies, planning and programming, in a way that represents a systems approach.
5. To use ongoing evaluation to track progress in establishing the entrepreneurship development system, track the impact on entrepreneurs, develop new best practice, and inform strategy for sustainability along the way.

Oregon did not have an organized entrepreneurship development initiative prior to the Kellogg grant, and early program descriptions focused largely on service provision. The original purpose of CORE was “to create a positive climate for entrepreneurs to ensure access to comprehensive, high quality, and well integrated services that meet the needs of all types of business owners and all aspects of an enterprise development system so that small businesses can grow and increase entrepreneurial behavior and success by individuals, businesses, and communities.” These services needed to be seen “through the eyes of entrepreneurs,” and there would be “no wrong door” to their entry into the service provision system.

CORE required each target area to form an Entrepreneurial Advisory Board and develop a plan to guide work during the grant period. Each site was given great flexibility in developing its work plan, within certain guidelines. CORE supported the local planning efforts with training in the Energizing Entrepreneurship (E2) curriculum, and technical assistance to develop the logic models for each strategy. CORE supported the implementation of these strategies directly with financial resources and a volunteer from RARE (Resource Assistance for Rural Environments, an AmeriCorps program run through the University of Oregon’s Community Service Learning Center).

The target areas tended to integrate entrepreneurship into community development strategies. For instance, in southwest Oregon, part of the strategy involved developing the market for the goods and services of local entrepreneurs, especially those involved in community Main Streets, food production, and local “green” products. Initiatives in Lincoln County included development of a local farmers market, the establishment of a museum for a famous classical music composer, and seed money to convert waste into bait for the local fishing industry. At the Warm Springs Indian Reservation initial efforts focused on developing a delicatessen and coffee shop to establish both a physical presence in the community and to provide a gathering place for the youth they wanted to engage. In Lake County, efforts included providing access for local entrepreneurs to develop renewable energy industries.

Local ownership, market development, and technical innovation were seen as the path to an economic restructuring that would be sustainable and in character with the goals of the community. Entrepreneurship was seen as a way to make local industries, especially those seen as central to the identity of the community, more robust and lucrative. In those industries dominated by low-paying jobs (such as tourism or retail), business ownership provided an opportunity for a higher rate of return to residents than would be achievable working for someone else. Local ownership also kept more money in the community, rather than being exported to nationally owned conglomerates. Community-based efforts were designed to improve the markets for these industries. “Regional Flavor” and “Buy Local” strategies were particularly popular across all of the sites.

The EDS required the target areas to deliver a comprehensive set of entrepreneurship development services in their communities. Each target area had strengths in some areas, such as youth entrepreneurship, financial literacy, business development training, or social enterprises. CORE facilitated the sharing of these skills across the target areas.

CORE also supported the target areas with access to statewide resources important to their strategies. CORE engaged more than 20 statewide partners, including service providers, regional foundations, and policy organizations. One of the statewide partners, OMEN, developed a market information service and a

microenterprise loan fund available to all of the target areas. Another expanded a Portland-based entrepreneur support network to rural areas of the state. Other partners worked to link local entrepreneurs with new technologies in areas such as food innovation and renewable energy. Collectively, all of the partners participated in efforts designed to increase the visibility of entrepreneurship in the state, and improve statewide policies in support of entrepreneurship.

For most target areas, work concentrated at the microenterprise level. Few connections were made with larger businesses or their sources of support, partly because this was the market that many of the target area leads served prior to the EDS. In addition, CORE members believe this niche of very small and pre-venture entrepreneurs often is ignored in traditional economic development strategies.

Accomplishments

Building the Pipeline

CORE generally has used the EDS definition of a pipeline, with its focus on youth and adult education, and entrepreneur networking. Some key accomplishments include:

- Incorporating nationally distributed training or curricula to local schools; 682 youth received training in entrepreneurship or financial literacy;
- Incorporating entrepreneurship into existing programs such as Job Corps, Boys and Girls Clubs, and 4H;
- Facilitating school-based enterprises;
- Securing scholarships for rural youth to attend Portland University's Young Entrepreneurs Business Week;
- Developed a two-year accredited entrepreneurship program that will utilize a distance-learning model with a Salem-based community college; this will be the first associate degree in Entrepreneurship offered in Oregon;
- Expansion of Pub Talks, a program of the Oregon Entrepreneurs Network, into rural Oregon; 939 rural entrepreneurs have participated in networking activities.

Building a System of Support

The Oregon EDS did not implement a "coordinated system of financial and technical support" at either the state or the target area level. Instead, it focused its efforts on improving service quality and availability, rather than coordination. The EDS realized early on that "there is a real silo mentality among the service providers that is hard to break down". It also discovered that "creation of a ladder of services to meet the needs of entrepreneurs at each business stage is not possible as there are not enough service delivery organizations in rural regions." Access to services, rather than coordination of services, was the biggest priority, and this became apparent in the implementation. With some progress made on that front, CORE believes that it has laid the groundwork for greater service coordination and system development. CORE now has a foundation of relationships with service providers and policy makers from which to work. Still, the partners estimate that it would take at least another three years to get a coordinated system of services at the state level off the ground.

Some accomplishments include:

- Creation of two new entrepreneur support services available statewide from OMEN. These are CapitalLink, a statewide microenterprise loan fund, and MarketLink, a centralized source of market data that can be accessed by entrepreneurs and programs across the state.
- Expansion of existing services, such as Oregon Entrepreneurs Network and Lane Microbusiness, to new rural areas of the state.
- Expanded use of existing curricula, such as Indianpreneurship and Made at the Kitchen Table, across the target areas.
- Speakers, technical assistance, and shared expertise in certain industries and initiatives of common interest including "Buy Local" campaigns, food and agriculture, tourism, and renewable energy.

- In total, the five target areas provided business training and technical assistance to 2,037 individuals and served 1,467 businesses. They documented 50 new businesses and 55 new jobs created, but this was considered only a portion of the total activities, many of which were undocumented.

Community and Policy Change

CORE set up a Policy Committee that included members with an interest in state policy. Key accomplishments include:

- Introduction of the Targeted Small Business Opportunity Act of 2007. This piece of legislation would have expanded state funding for microenterprise development in rural and distressed regions from \$1.6 million to \$2.6 million, building on legislation spearheaded by OMEN prior to the formation of CORE. The bill did not move forward and CORE will not have the opportunity to reintroduce the bill until the state legislature convenes again in 2009. However, CORE members believe the effort laid important groundwork for future policy work, as that they are now much better connected and more knowledgeable of the legislative process.
- Convened a meeting with the Oregon Economic and Community Development Department (OECDD), the Business Development Officers and Targeted Service Providers (including many CORE statewide partners) to discuss statewide economic development policy to support entrepreneurship and small business. As a result of the convening work by CORE, leaders from the Rural Development Initiative and OMEN have been formally invited to participate in the reorganization of OECDD.

CORE is now looking at a new institutional structure for policy work. At the June 2008 meeting, the CORE Policy Committee presented a potential model for its own reorganization. The model is designed to help build bridges between urban and rural areas, and to bring more cultural diversity to the mix of partners involved. The members believe that these larger connections will improve opportunities for rural entrepreneurs and create a broader political base that will expand opportunities for policy change.

In its efforts to promote community and culture change, CORE coordinated a major marketing campaign for entrepreneurship with the target area leads. Led by the Latimer group, a professional rural-based public relations firm, key achievements included:

- Latimer provided volunteer assistance to train community volunteers in marketing entrepreneurship development efforts and the contributions of small businesses in the community.
- Over 200 articles were published over the course of the EDS.
- Some of the volunteers trained are now doing public relations work professionally.
- Latimer assisted CORE to develop a two-part promotional and educational DVD: *Small Business is Big Business*, and *Entrepreneurs Find Success*.

In addition, CORE provided a vehicle for some unique social entrepreneurs. In Lincoln County, CORE resources were used as seed capital for a number of civic ventures, including a school-based enterprise, a “living museum” dedicated to a classical music composer, and the development of a process to turn fish waste into bait for the local fishing industry. In Warm Springs, CORE resources were used to start initial business planning for a tribal telecommunications company. If feasible, this company not only will provide needed services on the reservation, it also will provide jobs and additional entrepreneurial opportunities from spin-off businesses for members of the reservation. CORE’s ability to be flexible gave the target areas freedom to build on local assets and empower local skills. This, in turn, engaged a broad set of tools in support of entrepreneurs.

Sustainability

From the beginning CORE participants were clear that this was not a three-year project. In many ways they have only begun laying the foundation of relationships and institutions that will support future work.

CORE's initial sustainability strategy was to secure state support for local efforts, and then augment those funds with contributions from foundations and other public entities. Attempts to increase its state allocation in 2007 failed, and because the Oregon state legislature meets every other year, the bill cannot be reintroduced until 2009.

Fund-raising from other sources has been difficult. Most funders approached to date have wanted to expand services and create new programs rather than fund existing activities and efforts. For instance, CORE was successful in raising a USDA Rural Community Development Initiative grant to expand the EDS to new contiguous geographic areas. This has caused some concern among the target areas as they see their traditional funding drying up. Without sufficient funds to do the work on the ground and other funding stalled as the state economic development department reorganizes, expansion into new areas is seen as a transfer of support from the work already started.

The Rural Development Initiative has aggressively pursued funding opportunities, and the target areas and statewide partners have been working for solutions. Yet while CORE has turned out to be the right institution to begin these discussions, the timing has been extremely difficult.

Summary

CORE was one of the sites that implemented an EDS without a pre-existing EDS effort or methodology in place. The partners utilized a grassroots planning methodology that led to a distinctive approach to increasing entrepreneurship in each target area. In addition, while all of the target areas were working through an economic restructuring as a result of declines in the timber industry, many of the target areas were observing a growing interest in local amenities and natural resources among new and existing residents. As a result, CORE put considerable emphasis on sustainable development and stewardship of local assets, keeping money in the community and allocating it equitably, and developing the uniqueness and livability of places. Partners implemented these strategies with a broad set of tools such as market development, organizing, social entrepreneurship, and access to evolving technologies, along with financial literacy, teaching management skills, and access to business support services.

Most of the efforts to date have focused on pre-venture and early stage entrepreneurs. The target area leads have traditionally worked with this market, and believe this niche of entrepreneurs is often neglected by traditional economic development strategies. As the work of the target areas develops, the need for more advanced entrepreneurial skills will become of greater strategic importance. The infrastructure of service providers and methods of service provision will need to grow more sophisticated to meet the expanding needs of a larger group of entrepreneurs.

Some lessons for other practitioners include:

- Flexibility in the EDS approach provided an opportunity for the target areas to adapt entrepreneurship development concepts to the strengths and opportunities at the local level. Rather than implement a common methodology across all of the sites, CORE provided considerable flexibility for a ground-up strategy to emerge. CORE then focused on providing statewide supports, joint learning opportunities, and a collective policy and advocacy voice. While this flexibility has allowed CORE to opportunistically pursue a number of unique strategies, it has made describing its approach more difficult, and assuring a consistent level of quality across sites more challenging.
- Coordination of services is not always the best choice for a first step. In Oregon, the CORE participants found that expanding the services available in rural areas, and strengthening the voice of entrepreneurship advocates within the state, was a more appropriate priority in the early stages of their EDS. CORE also found that making urban-rural connections increased access to services and strengthened the EDS' voice in state politics.

- The collaborative organizing structure can be an effective tool in bringing together various entities working to promote entrepreneurship. Oregon laid the groundwork for an EDS initiative through the development of a number of institutions and initiatives, including the Ford Family Foundation's Institute for Community Building; intermediaries such as RDI, OMEN, and ONABEN; institutions such as OSU's Food Innovation Network; and an infrastructure of innovative community-based organizations. Some of these institutions were poised for growth. The CORE collaborative brought them together, provided some seed capital and a framework for thinking about entrepreneurship, and gave everyone the flexibility to respond in unique ways. As a result, local entrepreneurship development initiatives had access to a broader array of resources and ideas than they would have had otherwise. In many instances the relationships and access initiated by CORE will likely continue well past the grant period. This convening and organizing function also positioned CORE to take a leadership role in the reorganization of the Oregon Community and Economic Development Department.
- The three-year timeframe for the EDS was insufficient to establish a stable source of funding, especially for a new initiative. CORE has been very effective in leveraging the Kellogg investment, bringing nearly \$3 million in leveraged investments in support of rural entrepreneurs. However, the partners have been challenged to develop new funding for the initiative. Much of the early work of the EDS focused on organizing and developing the collaborative. With declining funding for rural areas overall, the task of finding sustainable funding for new programs and initiatives has become even more difficult. However the bonds created across the five CORE target areas remain strong, and these connections create a foundation for the systemic approach to planning and supporting a statewide EDS.