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## Southern Entrepreneurship Program

The Mid-South Region of Alabama, Arkansas, Louisiana, and Mississippi has a long history of pervasive poverty and educational underachievement. According to the U.S. Census Bureau (2008), the poverty level of residents in the Mid-South Region is higher than the national average (see Table 1).

**Table 1. Percent of Residents Below Poverty Level – 2004 Dollars**

United States	12.7%
Alabama	16.1%
Arkansas	15.6%
Louisiana	19.2%
Mississippi	19.3%

Consequently, many of the region's best and brightest students of all ages seek education as a way to leave their communities for perceived economic opportunities outside of the region. The resulting brain drain impacts the region's economic viability due to the less-skilled workforce that is left behind. Similarly, many of the most capable future business owners leave the region, reducing the viability of business development.

The region mirrors the rest of the United States with its significant declines in manufacturing since 1990. Bureau of Labor Statistics (2008) data show that 16 percent of the country's workforce was employed in manufacturing in 1990, but by 2007 that figure was only 10 percent. The declines in Mississippi were even greater, decreasing from 21 percent in 1990 to only 13 percent in 2007 (Mississippi Department of Employment Security 2008). This 8 percent decline was caused by numerous plant closings, shifts from manufacturing to knowledge economy-based jobs, and the globalization of manufacturing.

In 2007, the Trent Lott National Center for Excellence in Economic Development and Entrepreneurship (Lott Center) at the University of Southern Mississippi created the Southern Entrepreneurship Program (SEP). The SEP teaches program participants entrepreneurial skills, financial literacy, networking, and business plan development. This program was piloted in four high schools and at Pearl River Community College in Mississippi during 2007 and 2008. This report describes how the program works and the outcomes.

### Program Justification

Numerous regional organizations have a vital stake in the outcomes of any plan to stimulate economic development (Eberts and Erickcek 2002). The SEP will help participating high schools, community colleges, and partnering economic development organizations in this goal through training young adults and networking them with businesses and community partners. Furthermore, the program will provide invaluable educational and research opportunities to numerous students.

The vast majority of private business establishments in the target region have fewer than 50 employees. These smaller firms, many of which are family-owned, tend to face a common difficulty or shortcoming which this project seeks to remedy. In particular, a large percentage of these businesses are operated by individuals who, although quite knowledgeable regarding the specific requirements of their chosen endeavors, far too often lack basic cash flow, financial management, inventory management, and financial planning skills to ensure stability and growth.

The purpose of the SEP is to deliver these crucial financial management skills to representatives of small family-owned business enterprises in the region. This innovative project uses time-tested strategies and specific financial knowledge while taking advantage of advances in microcomputer technology and small business-oriented software. The program is intensive, with each cohort meeting with facilitators, each with specific training or skills in an area to be covered.

The SEP is based on seven core objectives that are assessed on a consistent basis. Specifically, the steps to accomplishing the objectives and expected benchmarks are assessed against the realized outcomes of the project. While programmatic successes are expected, lessons learned through the evaluation process provide critical feedback for program development. The following represents the SEP objectives, support for those objectives, and the outcomes of the objectives in the pilot year of the program.

**Objective 1.** Identify one or two classes of 15 students per high school district and up to 25 participants at the community colleges to engage in the nine-month training program.

Program participants are identified in collaboration with the partnering school districts. School districts receive the training in their existing coursework. Community college participants receive the training as an amendment to their coursework.

*Embedded Entrepreneurialism.* According to Granovetter (1985), successful applications of entrepreneurship occur within the context of the community and are based on the existing resources within a region. Similarly, Lauer (2005) noted the advantage of strong economic ties and the resources that flow through them among entrepreneurs.

The SEP will focus on creating entrepreneurial opportunities that enable participants to utilize their collective networks for development and growth. Similarly, the embedded nature of the program across three contiguous counties will offer participants a wider network than would be possible in a single-county network structure. Utilizing existing business and community networks and involving the county industrial development foundations, chambers of commerce, and

academic and government entities will provide program participants with access to additional resources heretofore untapped by the participants (Burt 2002).

In general, universities, industrial development corporations, chambers of commerce, and other economic development organizations have failed to adequately address embedded entrepreneurialism. Most efforts to spur entrepreneurialism in the region have emerged in a laissez faire format involving competition rather than through a dedicated collaborative effort (Hustedde 2007). Focusing on the development of embedded entrepreneurs will increase the likelihood of business success and growth (Lauer 2005).

*Outcomes from Objective 1.* In the pilot year of the program (2007-2008), 70 students from four high schools and seven community college students participated in the SEP. Seven high school students started successful businesses, including a uniform clothing store, a New Orleans shaved ice company, a flying service, a landscaping business, a cosmetology service, a music business, and a computer consulting/repair service.

An additional five to ten businesses are expected to start during the next year. Four of the seven community college participants started businesses, with the remaining three expecting to start businesses in the next two years. The delay in starting businesses for the remaining three participants was due to certifications requisite to starting their businesses. Of the high school students that started in the program, 64 completed (91.4%). Only two participants dropped out of school in a state where the dropout rate is 38 percent (Mississippi Department of Education 2008). The remaining four students left the program for various reasons but remained in school.

Currently, eight high schools are enrolled in SEP with approximately 130 students participating in the program. A second community college cohort started in September 2008. A train-the-trainer course for all 15 community colleges in Mississippi and four community colleges in Alabama is being developed. This course will enable participating community colleges to institute SEP in their districts.

Full participation and ownership from all partners will help ensure the viability of the project. An executive board consisting of representatives from each of the project partners works with the partnering school districts to identify program participants and to encourage participation from the wider community. Examples of these partnerships include the following

- Banks, law firms, and large industries sponsor the high school programs.
- Entrepreneurs serve as mentors to the students.

- Local business incubators provide space at reduced rates or at no cost for SEP participants to start businesses.
- Economic development professionals work with teachers to increase access to business development tools for student participants.

**Objective 2.** Provide participants with the basics of the National Foundation for Teaching Entrepreneurship (NFTE) training program to enable instruction for the program participants.

Program participants receive training and hands-on experience in accounting, marketing, and developing a business plan with continuous feedback on their progress. Other seminars are provided as the interests and strengths of program participants are identified using a participant resource assessment and in focus group discussions. Instructors are encouraged to have existing business owners and managers work with and engage program participants in building their social network capital (Flora and Flora 1993).

*Outcomes from Objective 2.* Participants in both of the SEPs during the pilot year received NFTE training thereby increasing their understanding of the basics of starting a business. The core curriculum and relevant business experience provided by guest lecturers enhanced student readiness for core testing in the high school program and for participation in business competitions. One high school team had not previously participated in the entrepreneurship category of the Future Business Leaders of America, but a team of SEP participants placed second in the Mississippi state competition in that category from the school. In addition, students from both programs noted perceived readiness to start businesses as a result of participation in the courses and from their increased network opportunities.

**Objective 3.** Provide students with QuickBooks™ training enabling them to be more effective in their fledgling business efforts.

*Outcomes from Objective 3.* Students in both programs received training in QuickBooks™. Students created accounts for their fictional and actual businesses, and case studies were developed enabling them to gain experience using the software. Two schools used student-run businesses created in the high schools to provide an enriched learning environment for their students. Students used QuickBooks™ to monitor sales, track inventory, and issue purchase orders.

**Objective 4.** Increase the likelihood of new entrepreneur success by engaging existing business leaders to serve as mentors for the program participants.

Mentors from existing businesses are recruited to work with participants during the program to increase participants' Entrepreneurial Social Infrastructure (ESI) (Flora and Flora 1993). Special attention is paid to recruiting mentors from similar fields to those of the program participants, thus increasing the likelihood for strong entrepreneurial ties. These ties increase levels of trust and reciprocity that facilitate successful business development (Lauer 2005) as well as increasing the ESI of both parties and the group as a whole.

Students in the high school and community college programs were encouraged to find mentors from the business community. Opportunities to identify mentors were also provided through direct contact with them through guest lectures, symposium participation, and field trips to entrepreneurial firms. Local economic development agencies, chambers of commerce, and business incubators were also heavily involved in the mentor identification process.

Three symposiums were held for high school participants so that they could learn about (1) the basics of entrepreneurship, (2) funding a business, and (3) business development. Participants interacted with other entrepreneurs, funders, and organizations specializing in business development.

A social networking platform was built to enable program participants from both programs to interact with each other, with potential mentors, and symposium participants (<http://smyeps.ning.com>). Best practices for teachers, discussion forums, and interest groups were also placed on the site. The resulting interaction enabled the sharing of information across school sites and the development of an entrepreneurial business network for program participants and partners.

**Objective 5.** Provide stimulants for new business development by providing program graduates with opportunities to obtain private funding options.

A major barrier to business development and especially for entrepreneurial or new business ventures is the acquisition of capital, termed by Aldrich and Fiol (1994) as the "liability of newness." To increase the likelihood for startup success, participants are provided with private funding options. Program participants construct and present business plans to panels of funders and incubator operators for consideration. Business plan competitions are held with monetary awards and support services provided to winners. Additional resources are sought through existing public and private lending entities for participants and alternates as needed. Responsibility for securing and repaying

development capital is on the borrower in accordance with established policies of the lending or granting institution.

*Outcomes from Objective 5.* Students from the high school and community college programs presented their business plans to panels of funders, state and federal agencies, and business incubators. All participants received feedback from the judges who participated in the program. This feedback was then used in critical evaluation of the business plans and provided several students with opportunities to refine their plans and represent them to funding agencies. As noted above, several students started businesses, and the feedback was essential to their obtaining funding for their ventures.

The local development agencies and business incubators coordinated with SEP to offer one year of free rent and services at the incubator to at least one business plan per high school. Of the business plan competition winners, only one company needed the physical space allocated by the incubators. However, all benefitted from the variety of services provided by the incubators.

**Objective 6.** Conduct ongoing evaluation efforts throughout the program development and implementation process to assure that all tasks in the effort are completed in an efficient and effective manner.

Two University of Southern Mississippi (USM) faculty members, Professors Hales and Hunt, are responsible for conducting continuous evaluation during all phases of this program. Along with several graduate students from the USM Master of Economic Development program, Hales and Hunt prepared formal evaluation instruments used by the evaluation team to collect data from program participants during and after each phase.

*Outcomes from Objective 6.* Post-tests were administered to program participants during the pilot phase of the project to assess their perceptions of business readiness, general knowledge of business, and satisfaction with program content. The results of these evaluations were used to plan for the current year. Midway through the pilot year, several

students noted the need for an online social networking program that would facilitate communication and the sharing of best practices among program participants. Due to the feedback received, the SEP website was created. The continuous feedback received throughout the pilot year directed the development of all aspects of the program.

**Objective 7.** Enhance and sustain the work of the University of Southern Mississippi and its local partners by enhancing their ability to maintain an ongoing entrepreneurial development program with local funds.

The program development activities described above significantly enhance the development of new businesses and increase the capacity of program participants in the region to remain in the area. As the project partners implement each action project, strategies are developed that enable each county to sustain the program with local funds. The counties are expected to identify avenues for entrepreneurial development for young adults after the project has ended. SEP project participants work with partners to seek external funding to help increase the sustainability of the program.

*Outcomes from Objective 7.* The SEP has successfully formed partnerships with local, regional, state, and national organizations interested in the development of entrepreneurial activities in the Mid-South Region. The SEP began with no external funding; instead, it built on existing resources in the community. Hence, any external funds identified were used to augment ongoing efforts of the program at the local level. Funds were raised from the business community primarily to support attendance at SEP symposiums and to purchase textbooks. Additional symposium sponsorships were garnered to support participation in the symposiums at no cost to the students.

Long-term, sustained financial support of the SEP will be generated by seeking line-item budget support from participating state governments. Additional support will continue to be sought at the local level from the business communities to enable participation in the symposiums and other extracurricular activities as designed by the schools.

### Future of the Southern Entrepreneurship Program

The Trent Lott National Center at USM has established partnerships with The Montgomery Institute to develop a train-the-trainer curriculum for community colleges to institute the SEP in each partnering community college. In fall 2009, more than 100 high schools in the Mid-South Region

are expected to adopt the SEP. While this scale will challenge existing resources, the massive growth expected will result in the potential for thousands of young adults in the region to gain valuable business skills, initiate business

development, and reduce dropout rates and the current brain drain.

Additional partnerships with the Mississippi Development Authority; the Mississippi Technology Alliance; the Foundation for the Mid South; Momentum Mississippi; the Mississippi Department of Education; Mississippi's WIN Job Centers; the Small Business Development Center; and regional entities such as Delta State University, Delta

Council, The Gulf Coast Economic Development Alliance, Mississippi Economic Development Council, and the Southern Economic Development Council will convene the first annual Mid-South Entrepreneurship Summit in early 2009. This summit will provide a roadmap for the development of a seamless program of entrepreneurial training for K-12, community college, and university students and also for displaced workers.

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