

## Enterprise Facilitation® in Rural Kansas, U.S.<sup>1</sup>

(by Brian Dabson, U.S.)

### Description of the approach (aims, delivery, budget etc)

A bottom-up approach to stimulating rural people to pursue entrepreneurship is provided by Enterprise Facilitation®. This “people centered approach to community and economic development” is the brainchild of Ernesto Sirolli developed and tested in Western Australia and has attracted much attention across rural America in the past five years. Sirolli’s view is that a successful business requires competency in three areas: technical ability to produce a product or service, ability to market the product or service, and ability to manage the finances of the venture, and that few individual entrepreneurs have competency across all three areas. Consequently, teams of competence have to be built around the entrepreneur to achieve success.

In practice, Enterprise Facilitation® comprises two elements. The first is an enterprise facilitator who serves as the initial point of contact for business owners and aspiring entrepreneurs, and who provides confidential, free services within his or her local community. The second element is a community board, composed of anywhere between 20 to 50 local residents, which supports the facilitator by providing introductions to community leaders and potential clients.

The enterprise facilitator is not an expert but someone who is a good listener, supportive, well-networked, and able to evaluate the skills and needs of entrepreneurs. The community board includes local business and civic leaders, economic development practitioners, and private sector professionals, and is responsible for hiring and supporting the facilitator. Board members are trained by the Sirolli Institute.

Kansas is an important large-scale commodity agriculture state that is facing significant challenges from outward population migration that is “emptying out” the US Heartland region. In 2001, the State of Kansas in an attempt to respond to rural decline embraced the Sirolli concept and committed to invest in three rural regions (two more were added in 2003). An evaluation conducted in mid-2005 showed that across the five regions, out of 956 clients assisted, 88 new businesses were created, 40 businesses retained, 30 businesses expanded, and 485 jobs were created or saved. The estimated cost per job ranged from USD 2 400 to USD 7 800. The State of Kansas invested nearly USD 500 000 in these projects over five years and an additional USD 750 000 to cover the costs of the Sirolli Institute’s assistance and training. Each regional site was expected to raise about USD 100 000 from local sources as its contribution.

### Why the approach is relevant to East Germany?

Enterprise Facilitation® was created to respond to the specific needs and challenges of rural communities. Its emphasis on self-reliance and making the fullest use of local resources has resonated well with rural communities in many countries. Working through the Sirolli Institute ensures that enterprise facilitators and the community boards receive appropriate training so it can be applied in areas where there has been little interest in entrepreneurship development. For rural areas in East Germany this approach may be helpful in encouraging communities and groups to explore entrepreneurship possibilities for themselves without waiting for a government pro-gram to initiate action. It may work particularly well as a complement to LEADER+ type efforts.

<sup>1</sup> Source: Discussion Paper “Entrepreneurship in the Districts Uckermark (Brandenburg) and Parchim (Mecklenburg-Western Pomerania)”, in: *OECD LEED Local Entrepreneurship Series*, October 2006.

### **Reasons for the success of the approach**

The Sirolli Institute is currently working with 21 rural communities across the central and western United States as well as five communities in Canada and one in England. From the Kansas evaluation, there is confirmation of the great power of the concept. It seems clear that communities do understand and value the model and do take ownership of the approach. The nature of the support provided by the Sirolli Institute during the start-up phase is regarded as effective and appropriate, and there are clear impacts being achieved in terms both of economic development and regional capacity to support entrepreneurship. It is also the case that the model stands or falls with the quality of the enterprise facilitator and the degree of support he/she is given by the community board.

### **The obstacles that were faced**

There are a number of challenges that will need to be addressed as the projects mature. The first is the need to continue to find the resources to sustain them as the initial funding and Sirolli Institute support diminishes. The Enterprise Facilitation® model is undoubtedly expensive and beyond the reach of many poorer communities, and this has prompted the emergence of lower cost (but not necessarily as effective) alternatives. Other challenges are a function of the design and focus of the model. Most of the clients are small, micro and lifestyle entrepreneurs with limited economic impacts in terms of job creation. To date there has been no apparent effort to expand beyond this niche market to support potential growth entrepreneurs. Moreover, the projects tend to rely on their own community resources, which obviously are a strength in terms of engaging community engagement, but they tend not to be connected to the wider array of entrepreneurship and business development support provided by public and other private and non-profit organizations and programs.

### **Considerations for adoption of this type of approach in East Germany**

There are both cultural and practical issues to be addressed. Enterprise Facilitation® has proven to be effective in Australia, Canada, and the U.S. and is being tried in the UK; whether it would work in a German context is a matter for careful consideration. If there is interest in proceeding, a choice would need to be made between working with the Sirolli Institute or developing a German model based on similar principles.

### **Contact details and website for further information**

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