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**U.S. Senate Committee on Small Business and Entrepreneurship
“Reauthorization of SCORE: Discussion and Recommendations for Volunteer-Based Small Business Assistance”**

March 8, 2011

Chair Landrieu, Ranking Member Snowe, and members of the Committee, thank you for the opportunity to appear before your Roundtable examining issues related to reauthorization of the SCORE program. My name is Erik R. Pages, and I am President of EntreWorks Consulting (www.entreworks.net), an economic development consulting firm based in Arlington, Virginia. Today, I am here on behalf of the Rural Policy Research Institute’s (RUPRI) Center for Rural Entrepreneurship (www.energizingentrepreneurs.org). In my role at the Center, and in my own firm’s consulting practice, I have worked to design, implement, and evaluate rural entrepreneurship initiatives across the US.

The State of Rural Entrepreneurship

As the Committee examines the reauthorization of both SCORE and the entire Small Business Administration, we encourage Senators to examine these programs with recognition of the unique challenges—and opportunities—facing rural entrepreneurs. Rural regions are among the nation’s most entrepreneurial. Many analyses note that the prevalence of self-employment and firm ownership is much higher in rural regions than in other parts of the country.

In many ways, rural entrepreneurs are no different from their urban or suburban counterparts. They face the same challenges with accessing capital, marketing, business planning, and the many other issues that SCORE and other technical assistance programs seek to address.

Rural entrepreneurs face these basic business development challenges, but their path to success is further complicated by several other factors. At the most basic level, rural entrepreneurs face longer distance to markets, and lack a sizable customer base close to home. Perhaps an even bigger challenge comes from the fact that rural regions often lack the size and capability to be home to large networks of local entrepreneurs or to a wide range of sophisticated business support services. These support mechanisms have been shown to be a critical ingredient to entrepreneurial success. While an entrepreneur can succeed anywhere, he or she is more likely to be successful when engaged in a network of peers, mentors, and sophisticated business service providers.

Our research on effective rural entrepreneurship development efforts across the US yields two important conclusions: 1) Comprehensive programs are essential and 2) Soft factors matter. Strengthening rural regions and nurturing rural entrepreneurs requires a whole mix of support tools. Traditional programs that support capital access or infrastructure development are important foundations, but they are insufficient. Rural communities must also nurture an entrepreneurial culture where local residents are encouraged and supported in their efforts to start and grow new ventures. They also need access to customized technical assistance, peer networks, and coaching/mentoring

resources. Examples of effective programs that promote this mix include Kentucky's Mountain Association for Economic Development, North Carolina's Rural Economic Development Center, South Dakota's Dakota Rising program, and Minnesota's Northeast Entrepreneur Fund.

The Importance of Federal Support Efforts

Developing this comprehensive mix of services can prove to be a major challenge in many rural regions. These communities lack the resources and the market (i.e., the number of actual or potential entrepreneurs) to develop all of needed services and programs that we see in programs such as those being promoted via the White House's new Start Up America Partnership initiative. Many of these programs, such as Ohio's Jumpstart Inc., have been developed thanks to large foundation and business investments. Rural regions do tap into these resources, but the scale of funding is often smaller. As such, Federal programs, such as those funded by SBA and other agencies, are a critical building blocks in rural entrepreneurial development systems.

SCORE and other SBA programs are particularly important for rural entrepreneurs as they are the primary local source of coaching, mentoring, and advisory services in many regions. Federal programs continue to provide a critical capacity-building function in rural communities. For many rural entrepreneurs, they are the first place to seek help and support. Moreover, SCORE and the SBDC programs are among the few resources for coaching and mentoring. Other business development needs, such as capital access assistance, can often be accessed from local economic development agencies. But, few of these agencies provide more hands-on technical assistance and mentoring support targeted to small businesses and entrepreneurs.

Where SCORE Fits In

Because these technical assistance services are so critical to rural entrepreneurs, we were pleased to see that the President's FY 2012 budget proposal contains \$7 million in funding for SCORE. This is an important recognition of SCORE's critical support for small business development. We also applaud SCORE and its leadership for many of their current initiatives that should be especially helpful for rural entrepreneurs who are often located at some distance from the service providers who could be of assistance. A prominent example is SCORE's ongoing efforts to put more materials on-line and to deliver programming and training tools via new social media.

As the Committee assesses the future of SCORE and of other SBA programs, we encourage you to work with the program leaders and managers as they seek to further expand the range of services and support they provide to entrepreneurs in rural America.

Thank you for the opportunity to share these insights. I look forward to further discussions.

Center for Rural Entrepreneurship

energizing entrepreneurial communities

The RUPRI Center for Rural Entrepreneurship is the focal point for energizing entrepreneurial communities where entrepreneurs can flourish. Created in 2001 with founding support from the Kauffman Foundation and the Rural Policy Research Institute (RUPRI), the Center is located jointly in Nebraska and North Carolina. The Center's work to date has been to develop the knowledge base of effective practices and to share that knowledge through training and strategic engagement across rural America. Working with economic development practitioners and researchers, the Center conducts practice-driven research and evaluation that serves as the basis for developing insights into model practices and other learning. The Center is committed to connecting economic development practitioners and policy makers to the resources needed to energize entrepreneurs and implement entrepreneurship as a core economic development strategy. To learn more about the Center, visit www.energizingentrepreneurs.org.



*The Rural Policy Research Institute (RUPRI) functions as a national scientific research center, identifying and mobilizing teams of researchers and practitioners across the nation and internationally to investigate complex and emerging issues in rural and regional development. Since its founding in 1990, RUPRI's mission has been to provide independent analysis and information on the challenges, needs, and opportunities facing rural places and people. Its activities include research, policy analysis, outreach, and the development of decision support tools. These are conducted through a small core team in Missouri and Washington DC, and through three centers, **including the Center for Rural Entrepreneurship**, and a number of joint initiatives and panels located across the United States. RUPRI was created as a joint program of Iowa State University, the University of Missouri, and the University of Nebraska, and is now housed at the Harry S. Truman School of Public Affairs at the University of Missouri. To learn more about RUPRI, visit www.rupri.org.*

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Based in Arlington, VA, EntreWorks Consulting is an economic development consulting and policy development firm focused on helping communities, businesses, and organizations achieve their entrepreneurial potential. EntreWorks works with a diverse base of clients including state and local governments, Chambers of Commerce, business leaders, educational institutions, and non-profits. Since its founding, EntreWorks has worked with customers in forty states and overseas. We help create and publicize the best of new thinking about community economic development. Our work is based on a belief that entrepreneurship in all its forms is the key to revitalizing our communities, ranging from the booming technology hot spots to distressed rural and urban communities. To learn more, visit www.entreworks.net.