The Rural Entrepreneurship Initiative

Survey Results for Elsberry, Missouri

Missouri Rural Development Partners

September 2004
The Rural Entrepreneurship Initiative: Survey Results for Elsberry, Missouri

September 2004

by

Vickie M. Rightmyre,
Darryl M. Chatman
and
Thomas G. Johnson, Ph.D.

Report R-2004-05
Community Policy Analysis Center
University of Missouri-Columbia

Vickie Rightmyre is the Outreach Coordinator with CPAC, UMC;
Darryl Chatman is a Graduate Research Assistant with CPAC, UMC;
Thomas G. Johnson, Ph.D. is the director of the Community Policy Analysis Center (CPAC), UMC.
# Table of Contents

<table>
<thead>
<tr>
<th>Acknowledgements</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missouri Rural Development Partners Board</td>
<td>1</td>
</tr>
<tr>
<td>Rural Entrepreneurship Initiative Advisory Panel</td>
<td>1</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Key Findings</td>
<td>2</td>
</tr>
<tr>
<td>Key Concepts</td>
<td>3</td>
</tr>
<tr>
<td>About the Rural Entrepreneurship Initiative</td>
<td>5</td>
</tr>
<tr>
<td>About the Missouri Rural Development Partners</td>
<td>5</td>
</tr>
<tr>
<td>Report Outline</td>
<td>6</td>
</tr>
<tr>
<td>Using this Report</td>
<td>6</td>
</tr>
</tbody>
</table>

**Rural Entrepreneurship Initiative Survey Analysis**

I. Summary Table | 7
II. Top Five Community Strengths and Weaknesses | 8
III. Tangible Factors | 9
IV. Less Tangible Factors | 11
V. Open-ended Questions and Responses | 14
Acknowledgements

A number of people made valuable contributions to the preparation of this report. The board members of the Missouri Rural Development Partners (MRDP) are thanked for their vision and dedication to improve the employment opportunities, incomes and well being of rural Missourians. USDA-Rural Development is thanked for providing their leadership and support for rural initiatives that enhance the quality of life for all rural residents. The members of the Elsberry business community are thanked for providing their time and thoughtful input which makes up the results of this survey. The leadership of Winston Bailey and Joe Shipman is particularly appreciated, for their enthusiasm for this project and their work in coordinating interviews with local business people. The Community Policy Analysis Center accepts full responsibility for the research findings and any errors in this report.

Missouri Rural Development Partners Board Members

John Bode - City of Shelbina
Carl Brown, DNR – Environmental Assistance Office
Gary Cook – Small Business Administration Office (SBA)
Janie Dunning – USDA – Rural Development
Michael French – AHEC – Kirksville College of Osteopathic Medicine
Terry Hackney – Missouri Department of Economic Development
Dennis Hardin – Creative Communities
Mike Haynes – Southwestern Bell Corporation
Glenn Lloyd – DNR
Vickie Rightmyre – Community Policy Analysis Center, UMC
Garry Taylor
Jim Tice – Southwest Missouri State University
Wayne Yokley – Dept. of Agriculture
Cheryl Zimny - MO Valley Human Resource Community Action Agency

Rural Entrepreneurship Initiative Advisory Panel

Matt Ashby – Federal Reserve Bank-St. Louis
Janie Dunning – USDA – Rural Development
Sharon Gulick – Missouri Department of Economic Development
Tom Henderson – UM-Extension
Tom Johnson – Community Policy Analysis Center, UMC
Gwen Richtermeyer – BRIDG, UMKC
Vickie Rightmyre – Community Policy Analysis Center, UMC
Frank Seibert – Small Business Development Center, Columbia
Ken Schneeberger, UMC
Cheryl Zimny – MO Valley Human Resource Community Action Agency
Executive Summary

Entrepreneurial development is gaining greater attention as its potential for generating new job growth is increasingly recognized. For rural areas who are experiencing a decrease of economic activity in traditional segments of their economy, such as agriculture, natural resources and manufacturing, entrepreneurship offers an economic development strategy that has great potential. For local leaders who are interested in supporting entrepreneurship, a better understanding of what entrepreneurs need to be successful is of value. Taken another step, local leaders need to know what they can do to foster entrepreneurial activity.

This report provides the results of a survey instrument developed to assess a community’s entrepreneurial environment. The instrument measures the perceptions of small business owners and entrepreneurs as to how they would rate ten factors that influence entrepreneurship. The survey instrument was tested in twelve communities throughout the state of Missouri, with Elsberry being one of the communities selected. Local leaders graciously worked with CPAC researchers in identifying business owners who had been in business for less than five years in the community. Face-to-face interviews with local business owners were conducted by CPAC researchers. A summary table provides an overview of the characteristics of businesses surveyed, as well as the mean scores for all ten factors. The results are reported in such a way as to avoid identifying individuals who responded to the survey. These results are to serve as input when making decisions regarding where to focus a community’s time and resources in strengthening the community’s entrepreneurial environment.

Key Findings

Top five community strengths:

1. Availability of building space
2. Availability of legal, accounting, printing and marketing services
3. Business networking opportunities
4. Quality of community natural and man-made assets
5. Affordable housing within the community

Top five community weaknesses:

1. Willingness of city government to use public funding to meet business needs
2. Availability of financial resources other than commercial lenders
3. Business networks expand beyond the community to other parts of the world
4. Opportunities to enjoy music, dance, theatre, painting, sculpture and other various forms of arts in the community
5. Availability of high speed Internet access
Key Concepts

*Entrepreneur:* For the purpose of this report, an entrepreneur as defined by the Global Entrepreneurship Monitor is the definition being used. This broad definition was chosen given that in the context of rural communities, what is considered innovative in less populated areas may differ from urban areas. The definition of entrepreneur is, “Any attempt to create a new business enterprise or to expand an existing business by an individual, a team of individuals, or an established business.”

*Tangible factors:* Based on a study of factors that influence economic performance of rural areas in Europe, called the “Dynamics of Rural Areas”, five factors of influence were identified as tangible, or more easily identified. These tangible factors include the following:

Financial Infrastructure
- knowledge of and willingness to use financial tools available to new businesses
- access to financing
- access to materials, education and other types of support in preparing for a business loan request

Physical Infrastructure
- availability of building space for new businesses
- availability of high speed Internet access

Commercial and Professional Infrastructure
- availability of assistance in business planning
- availability of business services, including accounting, printing, marketing and legal services

Community Environment and Design
- natural and man-made assets
- management of natural and man-made assets
- availability of public gathering places
- level of pedestrian activity

Human Resources
- availability of educational opportunities for youth and adults that support business ownership
**Less Tangible Factors:** Based on the same study, five additional factors that influence economic performance but were less identifiable due to their less visible nature were also identified. These five less tangible factors include the following:

**Government and Institutions**
- city government is responsive to small business needs
- city government is willing to work with small businesses on ordinances and planning requirements
- city government uses public funding and outside funding resources to enhance the community as a place to live

**Markets**
- unmet needs for products and services for the community are developed as business opportunities
- new products and services are being developed and marketed outside of the community

**Networking**
- business people network to exchange ideas
- business people network with various parts of the business community
- networks expand beyond the community
- networks are utilized for problem-solving
- existing networks are welcoming to new members

**Quality of Life**
- recreational opportunities exist for all members of the community
- arts and cultural opportunities exist for all members of the community
- access to health care
- affordable housing options

**Community Beliefs and Attitudes**
- locally owned businesses are patronized by community members
- business failure is not seen as a reason not to attempt another business venture
- diversity is tolerated
- regardless of gender, ethnic origin, sexual orientation or religion, people are treated fairly
- there is a can-do attitude to meet challenges
About the Rural Entrepreneurship Initiative

In 1999, the Rural Entrepreneurship Initiative (REI) was created by a partnership to support locally driven research on the topic of rural entrepreneurship. The idea was to support a growing learning community that would increase knowledge related to entrepreneurship in rural America. Partners of this effort include the Kauffman Foundation, Rural Policy Research Institute, Partners for Rural America, Inc., National Rural Development Partnership and the Nebraska Community Foundation, Inc.

REI has three desired outcomes:

1. Strengthen rural America through entrepreneurship;
2. Support learning that enables rural America to build a stronger and more supportive environment for entrepreneurship; and
3. Create and support a national learning community around rural entrepreneurship.

The Rural Entrepreneurial Initiative selected four states in 2000 – Maine, Minnesota, Missouri and West Virginia – to participate in its Discovery State Academy Program. The intent was to help these states better understand rural entrepreneurship opportunities and develop programs and policies to enhance a supportive entrepreneurial environment. In 2001, Discovery State work began in Colorado and Texas as well.

In April 2003 the Missouri Rural Development Partners, with funding from USDA-Rural Development partnered with the Community Policy Analysis Center to further the initial research by refining a survey instrument developed through the Discovery State grant and testing it in twelve rural communities in Missouri. A guidebook, entitled, "Growing Entrepreneurs from the Ground Up: A Community Based Approach to Growing Your Own Business" will be available in October 2004 for rural communities that wish to assess and enhance their entrepreneurial environment.

About the Missouri Rural Development Partners

The Missouri Rural Development Partners (MRDP) was formally organized in November 1992 and is one of nearly 40 state rural development councils comprising the National Rural Development Partnership (NRDP). MRDP recently received federal designation as Missouri’s official state rural development council.

The mission of MRDP is “to improve the quality of life, enhance opportunities, and help empower citizens and rural communities of Missouri by bringing together a coalition of public and private entities.” To fulfill its mission, MRDP brings together partners who represent the Federal, State, Local and Tribal governments, as well as private sector, for-profit and not-for-profit organizations, to identify and assess rural Missouri’s developmental needs, develop strategies, and facilitate actions for solutions. MRDP works on both programs and policies that remove barriers to rural development and bring about resources that assist citizens to help themselves in providing overall quality of life for all members of their communities.
Report Outline

Findings in this report are presented in five separate sections. The first section is the summary table and presents indicators of entrepreneurial activity, business characteristics of those business owners surveyed, and the mean scores of the community’s tangible and less tangible factors. The second, third and fourth sections report the survey results in a graphical format. The data are categorized as community strengths/weaknesses and as tangible/less tangible factors. The fifth section reports the survey responses to three open-ended questions.

Using this Report

The results of this report are intended to provide communities with information that will assist in identifying elements of their small business environment that are in need of strengthening. A guidebook entitled, “Growing Entrepreneurs from the Ground Up: A Community-based Approach to Growing Your Own Businesses” will be available in October 2004 to assist communities in developing an environment in which small businesses can thrive. For more information about the guidebook, contact the Missouri Rural Development Partners by calling 816-781-8631.
Survey Analysis

I. Summary Table

<table>
<thead>
<tr>
<th>Variables</th>
<th>Elsberry, Missouri</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators,</strong></td>
<td></td>
</tr>
<tr>
<td>Population, 2000</td>
<td>2,047</td>
</tr>
<tr>
<td>Per Capita Income, 2000</td>
<td>$14,615</td>
</tr>
<tr>
<td>Number of Business Licenses Granted, 2003</td>
<td>15</td>
</tr>
<tr>
<td>Number of Business Closings, 2003</td>
<td>4</td>
</tr>
<tr>
<td>Net Business Creations, 2003</td>
<td>11</td>
</tr>
<tr>
<td><strong>Business Characteristics,</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Businesses Surveyed¹</td>
<td>18</td>
</tr>
<tr>
<td>Retail</td>
<td>8</td>
</tr>
<tr>
<td>Services</td>
<td>8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
</tr>
<tr>
<td>Hospitality</td>
<td>2</td>
</tr>
<tr>
<td>Medical/Veterinary</td>
<td>1</td>
</tr>
<tr>
<td>Median Number of Years Living in Community</td>
<td>16.5</td>
</tr>
<tr>
<td>Median Number of Years in Business</td>
<td>2.8</td>
</tr>
<tr>
<td>Median Number of Employees (FTE)²</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Tangible Factors,</strong></td>
<td>Survey Mean ³</td>
</tr>
<tr>
<td>Physical Infrastructure</td>
<td>0.3</td>
</tr>
<tr>
<td>Commercial and Professional Infrastructure</td>
<td>1.0</td>
</tr>
<tr>
<td>Financial Support</td>
<td>-0.8</td>
</tr>
<tr>
<td>Community Environment and Design</td>
<td>0.0</td>
</tr>
<tr>
<td>Human Resources</td>
<td>-0.6</td>
</tr>
<tr>
<td><strong>Less Tangible Factors,</strong></td>
<td></td>
</tr>
<tr>
<td>Government and Institutions</td>
<td>-0.7</td>
</tr>
<tr>
<td>Markets</td>
<td>-0.9</td>
</tr>
<tr>
<td>Networking</td>
<td>0.1</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>-0.5</td>
</tr>
<tr>
<td>Community Beliefs and Attitudes</td>
<td>0.0</td>
</tr>
</tbody>
</table>

¹ Value represents total number of businesses surveyed. The sum of all business sectors is greater than the total because some businesses operate in multiple sectors.

² One full-time equivalent (FTE) equals one full-time employee or two part-time employees.

³ Survey response averages measured on a scale ranging from -3 to 3, with “-3” being strongly disagree, “0” being neutral and “3” being strongly agree.
II. Community Strengths and Weaknesses

The survey responses were measured on a scale ranging from 1 to 7, with “1” being strongly disagree, “4” being neutral and “7” being strongly agree. The mean survey responses were then converted to a scale ranging from -3 to 3, with -3.0 to -0.1 being a community weakness, “0” being neutral and 0.1 to 3.0 being a community strength.

Figure 1. Top Five Community Strengths

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.0</td>
<td>-2.0</td>
</tr>
</tbody>
</table>

1. Availability of building space
2. Availability of legal, accounting, printing and marketing services
3. Business networking opportunities
4. Quality of community natural and man-made assets
5. Affordable housing within the community

Figure 2. Top Five Community Weaknesses

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.0</td>
<td>-2.0</td>
</tr>
</tbody>
</table>

1. Willingness of city government to use public funding to meet business needs
2. Availability of financial resources other than commercial lenders
3. Business networks expand beyond the community to other parts of the world
4. There are opportunities to enjoy music, dance, theatre, painting, sculpture and other various forms of arts in the community
5. Availability of high speed Internet access
III. Tangible Factors

Figure 3. Physical Infrastructure

1. For a new business, a person can find available building space.
2. High speed Internet access in this community is adequate to meet business needs.

Figure 4. Commercial and Professional Infrastructure

1. Getting help in business planning is available within thirty miles to someone with an interest in starting a new business.
2. Accounting services, such as bookkeeping and payroll, are readily available within thirty miles for someone starting a new business.
3. Legal services are readily available within thirty miles for someone starting a new business.
4. Printing services are readily available within thirty miles for someone starting a new business.
5. Marketing services are readily available within thirty miles for someone starting a new business.
1. There are several state and federal programs, such as the Small Business Administration’s Guaranteed Loan program and USDA’s Business Opportunities program to reduce the risk to commercial lenders when making loans for new businesses. In your opinion, would you agree that local lenders use these programs when they have a credit-worthy business loan application?

2. There are financial resources available, other than commercial lenders, to invest in new and growing businesses.

3. Commercial lenders provide support, such as courses or materials, in preparing for a business loan request.

---

1. The community has natural and man-made assets that make this an enjoyable place to live.

2. The community manages its assets in such a way that those living here twenty years from now will find this community as enjoyable as current residents.

3. There are places in the community where people can meet together and socialize.

4. There is a great deal of pedestrian activity in the downtown during the day.
1. There are educational opportunities available for youth to develop their ability to be innovative.
2. There are educational opportunities available for youth to develop skills needed for self-employment.
3. There are educational opportunities available for adults to develop their ability to be innovative.
4. There are educational opportunities available for adults to develop skills needed for self-employment

IV. Less Tangible Factors

1. City government is responsive to the needs of those starting a new business.
2. City government is flexible to update ordinances and planning requirements to meet the needs of new types of businesses.
3. City government is willing to use public funding to encourage new business startups.
4. City government utilizes outside funding, such as Community Development Block Grants and USDA Community Facility grants to improve the community as a place to live and work.
1. Unmet needs for products and services in the community are seized upon as opportunities for new business development.
2. Local businesses are developing new products and services that are marketed outside of the community.

1. Whether it is a chamber of commerce meeting or getting together over coffee, people in the business community get together frequently (six times a year or more) to exchange information and ideas.
2. People from different parts of the business community get together to exchange information and ideas.
3. Business networks expand beyond the community to other parts of the world.
4. When in doubt about a business decision, there is someone that can be called upon for guidance.
5. Existing business networks are welcoming to new members.
1. There are recreational opportunities for all members of the community.
2. There are opportunities to enjoy music, dance, theatre, painting, sculpture and other various forms of arts in the community.
3. There is access to health care providers for all members of the community.
4. Business owners are able to provide employees with access to affordable health care.
5. There are affordable housing options available in the community.

Figure 12. Community Beliefs and Attitudes

1. People in this community support locally owned businesses by choosing to spend money with them whenever possible.
2. If someone fails at business the first time, people in this community will give a second business venture a chance for success.
3. Diversity comes in many forms. For example, a person can look different in some way than most others in the community. It may be that a person looks the same, but may have different religious beliefs, lifestyle choices, or interests than most others in the community. Would you agree that diversity among residents of this community is tolerated?
4. Anyone interested in starting a business is treated fairly.
5. People in this community have a can-do attitude to meet challenges.
V. Open-ended Survey Questions and Responses

*If you could identify one aspect of your community that is its greatest strength as a place to start a business in this community, what would it be?*

- Location to major development. Business expenses in our area are lower.
- Cost of living is the lowest I have ever seen.
- Potential for growth (population) Lincoln County is one of the fastest growing counties in the state.
- Not much competition, but fair market to deal with.
- Sell something the people need and they will support you.
- There aren’t too many businesses in this town except eating establishments and beauty shops. The fields are fairly open.
- There aren’t any strengths (3 responses).
- Small town atmosphere.
- Services orientated.
- Very reasonable land and building space.
- People all know each other. If an outsider needs directions they can ask anyone.
- We are far from major cities, so people do business here or drive 50 miles to shop.
- A good access to services in the city but doing business in a small town area.
- Proximity to St. Louis
- People who live in this community spend their money in the community.
If you could identify one aspect of your community that is its greatest weakness as a place to start a business in this community, what would it be?

- Major development with a variety of businesses is within reasonable distance.
- Most in community have attitude that it can wait until tomorrow.
- Geography – the Mississippi river bottoms directly to the east limit the town’s ability to expand and limits the number of people that can live there.
- No help or recognition from Chamber or City Hall to the new businesses. Not welcoming at all.
- Some business people don’t advertise, or have patience to wait for customers, and aren’t open when they say.
- Old people, young lazy people, dirty town, appearance. They need jobs to help the community to grow and a reason for young people to stay here and get off welfare.
- No location available, no place to set up big facility or plant for jobs.
- Run down and/or trashy areas.
- City Hall and the Mayor.
- Lack of communication with business owners.
- Does not have an interstate highway or river shipping facilities within 30 miles of our location.
- It’s a lower income area- thus you won’t make as much because you can’t charge as much.
- If a business does well, then other people think they can make a success at the same thing. People lack original ideas.
- If you have not lived here most of your life the community does not support you.
- Lack of high-speed Internet access.
- Community leaders work but don’t work together.
- Taxes too high.
- Lack of high speed internet access and it is also hard to have people stick with something that is new.
What activity would you most like to see happen that would enhance this community as a place to start a business?

- Area residents trying to do business with local suppliers first, and more recreational activities.
- 4-lane highway from HWY 40-61.
- Zoning in this county. Voters continue to vote against it.
- More help and acknowledgement from the community to include city officials and chambers. The residents of Elsberry are great. The government needs the most help in all aspects of starting a new business. By government I mean City of Elsberry.
- I would like to see the City cooperate and help businesses. Also encourage more businesses to come to Elsberry.
- Develop our main streets. Fix the pavements (streets, sidewalks, and alleys) and our parks; have some programs available to help people get started.
- Tax exemption for first year in business.
- Tax incentives and funding to encourage improvements to existing businesses or help established, new and different businesses.
- That City Hall and city officials be more cooperative.
- HWY 79 becomes a 4-lane road at least to HWY 47 if not all the way to Elsberry.
- Get rid of those going nowhere in the community. They hold us back; need to get a factory.
- I would like to see the school offer more technical classes.
- Make people clean up yards and improve their property. Remove junk cars, etc.
- Clean up the downtown areas.
- Population to grow.
- A centralized shopping district which cut down on time needed for this activity and would give more time to leisure activities.
**Extra Comments:**

- Lack of business initiative and education. Need more business people as decision makers.
- Mayor and city council lack education and knowledge of business needs. Lack of business cooperation amongst each other (negative attitudes hurt networking). Items are expensive in town, city lacks drive and foresight for change. Drugs.
- Community and businesses need more cooperation; better environment for youth, and more things for the youth to do. Decision makers unwilling/unable to change; not responsive to suggestions.
- How to attract businesses to a low-income area, where people don’t want to work. People that don’t want to make the town better. Because people here don’t want to work, businesses don’t want to be here. Really like Elsberry, but if I were not from here I would not want to start a business here. Lack of new people coming into town. Local school is inadequate. Drug problems in community. Stop taking care of and subsidizing people’s irresponsible activity.
- If I was not from Elsberry I would not come here to start a business. City officials are poor at their jobs. Don’t enforce ordinances. People maintain trashy yards. Need an improved enforcement system to ensure compliance.
- Gathering information about workforce etc before beginning a business. Within 30 miles you can get to almost anything. Internet access is limiting and it’s critical to my business.
- More local support from Elsberry. High sales tax (city) higher than surrounding communities-makes prices higher and people choose to shop elsewhere.
- Layout of the town, public road access to business, parking space for customers is a big problem.
The Community Policy Analysis Center provides objective analysis and policy decision support for Missouri communities. Located at the University of Missouri-Columbia, CPAC is part of the Social Sciences Unit of MU’s College of Agriculture, Food and Natural Resources. Major funding for the Center is provided by the University of Missouri Extension.

CPAC scientists work closely with state and local government leaders, local businesses and community groups to provide research and educational programs that will inform key decisions, and assist them in understanding how policy decisions at all levels of government affect their community’s quality of life.

For further information, please contact Professor Thomas G. Johnson, Ph.D. - Director, Community Policy Analysis Center - by phone (573/882-2157), fax (573/882-2504) or by mail:

Community Policy Analysis Center
215 Middlebush Hall
University of Missouri-Columbia
Columbia, Missouri  65211-6200

Community Policy Analysis Center
cpac@missouri.edu
http://www.cpac.missouri.edu

Copyright © 2004
Community Policy Analysis Center

Notice of Nondiscrimination: CPAC and the University of Missouri-Columbia does not discriminate on the basis of race, color, religion, national origin, ancestry, sex, age, disability, or status as a disabled veteran or veteran of the Vietnam era. For more information, call Human Resource Services at (573) 882-4256, or the U.S. Department of Education, Office of Civil Rights.