

CENTER FOR REGIONAL COMPETITIVENESS



New Elements in a RiverLands Innovation and Entrepreneurship Strategy

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Meeting Overview

Regional business and economic development leaders gathered on June 4 to review the state of innovation and entrepreneurship in RiverLands and explore ways to seize new opportunities. The starting point was to discuss the current state of entrepreneurship and innovation in RiverLands. All agreed that the region has strengths in this area, but more can be done to connect the dots. A critical achievement was creating a list of assets in both innovation and entrepreneurship that set the region apart from others. The next step was exploring how these assets could be connected to seize new economic opportunities in the region. Participants identified several groups that provide support services for entrepreneurs, but many felt these services are not coordinated in their delivery. Furthermore, many felt that the region has to find a way to generate more innovation given the lack of a significant institutional source of innovation, such as a tier-one research university or major private R&D facility. Despite these hurdles, leaders believe the region can benefit from a coordinated strategic focus on boosting innovation and entrepreneurship.



Strategic Assets

Participants described an array of valuable **entrepreneurial service providers** in the region. For example, the Rural Business Enhancement Center assists businesses and entrepreneurs with comprehensive business and technical analysis, concept development, project management, and general business management to further the comparative advantages of high-growth industries in Southwestern Wisconsin and the Tri-State area. Also mentioned was the Northeast Iowa Business Network.

The region overwhelmingly typifies the **Midwestern ethos** full of hardworking, creative individuals that invent out of necessity. Leaders mentioned many examples of local innovators coming up with novel and marketable “fixes” for problems they encounter with existing technologies and processes.

In terms of *centers of innovation*, the region does have some interesting new sources of potential innovation. For example, the University of Wisconsin system has recently made steps to foster more innovation in RiverLands. UW-Platteville will house a new joint initiative called the Nanotechnology Center for Collaborative Research and Development. The mission of this new center is “to foster collaboration among the comprehensive UW System campuses to result in innovation in the science and engineering of nanotechnology to serve the people of Wisconsin and the Midwest region through high-tech business development; education of students to participate fully in knowledge-economy careers and to develop entrepreneurial competencies, and creation of knowledge for the public good.”

Innovation and Entrepreneurship Strategic Options

1. Improve entrepreneurial service delivery

A principle take-away from the roundtable is that the region needs to improve the efficiency of its delivery system of support for entrepreneurs. This involves developing greater coordination among providers and across state lines as well as improving public awareness of available services. A possible action step could be for the region to implement a one-stop shop model where entrepreneurs would make their first contact. The shop could provide initial assessments of needs and then direct the individual to the right providers. Participants did not put forward any candidate organizations that might be able to put together such a one-stop shop. An alternative is to identify new catalysts for connecting existing providers into a more integrated network. But the catalyst for such integration is similarly lacking at present. These are key considerations in moving to a more active strategy for entrepreneurs in the region.

2. Entrepreneurial Finance

Leaders noted that many banks in the region are expert in agricultural lending, but often do not have the familiarity or willingness to finance other areas. Participants did identify a few lenders that understood the unique needs of start-up businesses, but they appear to be the exception. One strategic option is to develop a systematic dialogue with lenders throughout the region to improve their understanding of the specific needs of entrepreneurs and the new economic opportunities the region will actively pursue. An even bigger need is the region’s general lack of equity capital to fund new businesses. In many cases, these new businesses will be more dependent on equity funds than bank loans. Participants agreed that such equity capital is very scarce. Ironically, the region appears to have a lot of wealth, a legacy of the region’s successful farms and businesses. The key is finding a new mechanism to harness this indigenous wealth and “re-cycle” it into new businesses. Participants cited angel networks as one possible model, but others will also need to be considered.

3. Expand entrepreneurial seedbed

Meeting participants agreed that the region’s economic future will be founded on a strong seedbed of entrepreneurs, even more so than in the past. This will require a steady stream of talented individuals who are willing to take on the risk associated with starting new businesses. One way to boost this stream would be to redouble efforts to integrate entrepreneurship into K-12 curricula. The region should also employ other methods of educating youth about opportunities in entrepreneurship. North Dakota’s Marketplace for Kids is a good example. Another key will be finding ways to overcoming the inherently conservative culture of RiverLands. The underlying culture is risk-averse, and this runs counter to the need to grow more entrepreneurial businesses. Thus, another key option will be to lift up entrepreneurial successes in ways that can change the culture over time.