

Putting It Together

The Role of Entrepreneurship
in Economic Development

Conference Proceedings
March 7, 2005



U.S. Small Business Administration Office of Advocacy

The Ewing Marion Kauffman Foundation

The Council of State Governments

The National Lieutenant Governors Association

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Foreword

It is well known that entrepreneurial small businesses create most of the new jobs and innovations that fuel our nation's economy, and that half of American private sector workers work in small businesses. On a parallel track, policy makers are aware of the many public and private sector approaches to economic development at the federal, state, and local level.

But we seldom put the two worlds together in a straightforward way to look at exactly how entrepreneurs and small businesses create economic growth—and how this phenomenon can be encouraged by states looking to grow their economies. Moreover, many experts point to a New Economy that demands new approaches and tools.

So it made a great deal of sense for us to “put it together” in a conference that looks at how entrepreneurs are creating a fascinating variety of 21st century economies—and how entrepreneurial state programs are encouraging them. On March 7, 2005, the Office of Advocacy and the Ewing Marion Kauffman Foundation, with support from the Council of State Governments and the National Lieutenant Governors Association, convened the conference, “Putting It Together: The Role of Entrepreneurship in Economic Development,” in Washington, DC.

We want to thank the excellent panelists who came from all over the United States, bringing their time, talent, and passion for the solutions they have advanced to create economic growth and development through entrepreneurship. Since the conference was developed, we have recognized that there is more demand for this information than we could accommodate in the limited space for conference participants, so this proceedings document is one effort to meet that demand.

The following compilation summarizes the March 7th conference. In the development of this proceedings book, we would like to acknowledge the contributions of Chief Economist Chad Moutray and all the economists within the Office of Advocacy, the editorial work of Kathryn Tobias, the photography and design of Robert Kleinstaubert, and the publication design created by DesignFarm, a small business in Takoma Park, Maryland.



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Contents

03 Foreword

07 Putting it Together:
Summaries of the Presentations

07 Introduction

08 Opening Remarks

09 Economic Development and
Entrepreneurship at the State and
Regional Levels

10 Measuring Business Friendliness at the
State and Regional Levels

11 Nonprofit Efforts to Promote
Entrepreneurship and Economic
Development

13 Providing Regulatory Relief as a Source
of Economic Development

15 Cultivating Local Resources I

16 Luncheon Remarks

18 Cultivating Local Resources II

19 Using Technology and Innovation to
Generate Firm Formation I

21 Comprehensive Incentives to Spur
Entrepreneurship

22 Using Technology and Innovation to
Generate Firm Formation II

23 Best Practices Awards

25 Appendix A: Conference Program

29 Appendix B: Speaker Biographies

35 Appendix C: Conference Participants

41 Appendix D: Powerpoint Presentations

- | | |
|----|--|
| 1 | Entrepreneurship, Geography, and Economic Development <i>Zoltan Acs</i> |
| 2 | Economic Development and Entrepreneurship at the State and Regional Level <i>Thomas S. Lyons</i> |
| 3 | Enterprise Facilitation®: Passion, Entrepreneurship and the Regional Economy <i>Ned Webb</i> |
| 4 | Measuring Business Friendliness at the State and Regional Level <i>Rob Atkinson</i> |
| 5 | U.S. Economic Freedom Index <i>Lawrence J. McQuillan</i> |
| 6 | The Most Business Friendly States? Depends on Your Definition <i>Spencer Tracy, Jr.</i> |
| 7 | Promoting "Entrepreneurial" Economic Development at ICIC <i>Prabal Chakrabarti</i> |
| 8 | Small Business Project for Washington State <i>Daniel Mead Smith</i> |
| 9 | Size Does Matter <i>Andrew Goldberg</i> |
| 10 | Regulatory Streamlining: The Oregon Model <i>Eric Blackledge</i> |
| 11 | Wisconsin's Task Force on Small Business Regulatory Reform <i>Pam Christenson</i> |
| 12 | Rural Entrepreneurship and Economic Development <i>Richard Semenik</i> |
| 13 | Transforming an Economically Depressed Region into a National Model for Rural Economic Development <i>Timothy V. Franklin</i> |
| 14 | Enhancing Rural Prosperity at the Center for Enology and Viticulture, Walla Walla Community College <i>Steven L. VanAusdle</i> |
| 15 | Building Entrepreneurial Communities: The Kentucky Entrepreneurial Coaches Institute <i>Ronald Hustedde and Tammy Werner</i> |
| 16 | North Carolina's Institute for Rural Entrepreneurship <i>Leslie A. Scott</i> |
| 17 | Make it Happen! Community Progress Initiative <i>Connie Loden and Kelly Lucas</i> |
| 18 | ATDC: Helping Georgia Entrepreneurs Build Great Technology Companies <i>Tony Antoniadis</i> |
| 19 | Maryland Industrial Partnerships: Matching Awards for Collaborative R&D Projects between Industry and University System of Maryland Faculty <i>Martha Connolly</i> |
| 20 | The Role of the University in Catalyzing Entrepreneurship and Economic Development: Rutgers University Food Innovation Center <i>Margaret Brennan</i> |
| 21 | The Kansas Economic Growth Act of 2004 <i>John Moore</i> |
| 22 | Nurturing an Entrepreneurial Climate in Iowa: Putting it Together <i>Cali Beals</i> |
| 23 | Michigan SmartZone Program <i>Cindy Douglas</i> |
| 24 | Unleashing Idaho: The Power of Positive Partnerships <i>Norris Krueger</i> |
| 25 | Less Obvious Positive Impacts of Peer Review on State-Level Science and Technology Systems <i>Karl Koehler</i> |
| 26 | Maine's Technology Business Support Collaborative <i>Janet Yancey-Wrona and John Massaua</i> |

Putting it Together: Summaries of the Presentations

Introduction

“Whatever you can do or dream you can, begin it. Boldness has genius, power, and magic in it.” The words are attributed to German author and natural philosopher Johann Wolfgang von Goethe, but they seem to name the essence of the entrepreneurial spirit. And sometimes an enterprise starts with little more than that—a dream and the boldness to begin it.

In the real world, though, where industries rise and fall for reasons that challenge the best wisdom of economists, an entrepreneur alone is often an entrepreneur in peril. In this 21st century world, entrepreneurship starts with dreams, ideas, and a willingness to take a risk. From there, the entrepreneur builds on knowledge, resources, communities, and connections.

Entrepreneurs provide the genius, energy, and innovation—and they are the potential sources of new jobs and economic growth. But what else is needed for their success and any ensuing economic development? For example:

- the infrastructure in the forms of financing, transportation, communications, and education;
- the industry supports in the forms of research, know-how, suppliers, business connections, and a critical mass of entrepreneurs;
- the combination of factors such as educated employees; low regulatory, paperwork, and other costs; high quality of life; and paying customers;
- and the essential partnerships among businesses, governments, educational institutions, and other nonprofit organizations.

And how do these supports come to be?

In an effort to find the answers to these questions—and to learn how the states are supporting the growth of their economies through entrepreneurship, the U.S. Small Business Administration’s Office of Advocacy and the Ewing Marion Kauffman Foundation convened this conference, with the support of the Council of State Governments and the National Lieutenant Governors Association. The result, in addition to perspectives from the federal level, is a fascinating and broad array of state-level approaches, laid out in a series of workshops:

- Research that attempts to measure the environment for entrepreneurship is presented in *Measuring Business Friendliness at the State and Regional Level*.
- *Nonprofit Efforts to Promote Entrepreneurship and Economic Development* looks at an effort to provide legislators with policy information supporting small businesses and two approaches focusing on inner cities.
- States are adopting regulatory flexibility legislation, as examined in *Providing Regulatory Relief as a Source of Economic Development*.
- Two sessions on *Cultivating Local Resources* explore outreach to entrepreneurs through educational and rural programs.
- Two sessions on *Using Technology and Innovation to Generate Firm Formation* examine how states are encouraging ventures and connections in technology and innovation as a means of economic development.
- *Comprehensive Incentives to Spur Entrepreneurship* explores legislative solutions to encouraging entrepreneurship through tax incentives and other mechanisms.

- A luncheon address by Economic Development Administration Assistant Secretary David Sampson lays out President Bush's Strengthening America's Communities Initiative.
- Four of the state initiatives are singled out for special awards, detailed in the Awards for Best Practices session at the end of the conference.

Approaches to economic development that foster entrepreneurship could be summed up in a few of the words describing the trademarked approach of the Sirolli Institute: "it requires an attitudinal shift from a perspective of hopelessness which is thinking we need people from outside to help us create and sustain economic activity, to one of power and self reliance, which says let's help enough local people to do well and the community at large will also do well."



Advocacy Economist Ying Lowrey enjoys a moment before the conference begins with Henry J. Turner and Hope D. Lawery of Howard University's School of Business.

Opening Remarks

Chief Counsel for Advocacy Thomas M. Sullivan opened the conference, noting the importance of small businesses in creating new jobs, innovations, and economic development. Networks of people who understand the importance of small business are developing, and the Office of Advocacy felt it was important to highlight the best practices of those states that are focusing on entrepreneurship as a means of economic development.

Sullivan described the role of the Office of Advocacy, an independent voice for small business within the federal government. It is the Office of Advocacy's job to amplify the voice of small firms in Washington, DC and around the country. Advocacy does this by conducting research on the role of small business and by monitoring federal agency compliance with the Regulatory Flexibility Act (RFA). The RFA requires federal agencies to consider and if possible mitigate the disproportionate effects of their regulations on small firms. An important recent development in this respect has been the adoption by many states of similar policies governing state agencies, along the lines of a state model bill developed recently by the Office of Advocacy. Sullivan pointed to the Advocacy website at <http://www.sba.gov/advo> as a source of more information on the initiative and the office's role.

The Chief Counsel thanked the conference co-sponsors: the National Lieutenant Governors Association, the Council of State Governments, and the Ewing Marion Kauffman Foundation, which provided funding for the event. He introduced Dr. Robert Litan, who is vice president for research and policy at the Kauffman Foundation. Bob Litan is also a senior fellow in economic studies at the Brookings Institution, where he directs the American Enterprise Institute-Brookings Joint Center on Regulatory Studies.

Dr. Litan noted Mr. Kauffman's interest in promoting both entrepreneurship and K-12 education. The foundation's website at <http://www.kauffman.org/foundation.cfm/history> notes: "Dedicated to look beyond the status quo and embrace change, the Foundation takes a disciplined look at the substance of all of its funding to preserve the best and reinvent the rest...Building on its unique history of support for entrepreneurship, the Foundation sought ways to make a bigger difference in



The conference was attended by more than 200 members of the professional, governmental, and academic world devoted to entrepreneurship.

the field and help more qualified people recognize entrepreneurship as a dimension in their lives.” Litan said that being interested in policies that promote entrepreneurship today is a “no brainer”—but a lot of the action is going on outside Washington, DC. That is why the SBA’s Office of Advocacy and the Ewing Marion Kauffman Foundation joined in support of this conference as a way of showcasing and learning from some of the innovative ideas that are being developed in the states.

Economic Development and Entrepreneurship at the State and Regional Levels

MODERATOR

Chad Moutray, Chief Economist, Office of Advocacy, U.S. Small Business Administration, Washington, DC

PANELISTS

- Zoltan Acs, Professor, University of Baltimore, Baltimore, Maryland
- Thomas Lyons, Founding Director, Center for Research on Entrepreneurship and Enterprise Development, University of Louisville, Louisville, Kentucky
- Ned Webb, Community Implementation Manager, Sirrolli Institute, Sacramento, California

Zoltan Acs set the scene for the conference, pointing to research that examines regional variation in entrepreneurial activity in light of theoretical developments in the new growth theory—which finds that knowledge is key to growth—and the new economic geography—which finds that the agglomeration, rather than the dispersion, of knowledge is key. The easiest way to transform new knowledge into economic knowledge is to have many new firms, with each firm representing a new idea. Regional variations in entrepreneurship are related to industry specialization, human capital, and population and income growth. His research sup-

To view the slides shown in this presentation, see **Appendix D, sections 1–3** (pages 42–48).



Chief Economist Chad Moutray listens as Professor Zoltan Acs of the University of Baltimore takes a question. Seated next to him is Thomas Lyons of the University of Louisville.

ports the importance of entrepreneurship in economic development. For more information, see, for example, a study conducted by Acs and Catherine Armington for the Office of Advocacy, titled *Using Census BITS to Explore Entrepreneurship, Geography, and Economic Growth*, available at <http://www.sba.gov/advo/research/rs248tot.pdf>.

Entrepreneurial regions, said Thomas Lyons, have a critical mass of entrepreneurs actively engaged in capturing new market opportunities; have a distinct and recognizable community of entrepreneurs; and are entrepreneurial as a whole region, not just in some parts. To create an entrepreneurial region, it is necessary to build social capital, develop human capital, and build an “innovative infrastructure.” A five-point strategy to achieve this would take a systems approach; tailor the system to the region’s context; focus on developing entrepreneurs; create new roles, functions, and tools; and operate the system like a transformation business. The mission of such a “transformation business” might read as follows: “To develop a supply of highly skilled entrepreneurs capable of building successful companies in sufficient numbers to transform the economy of the region.”

Measuring Business Friendliness at the State and Regional Levels

MODERATOR

Karen Kerrigan, President and CEO, Small Business and Entrepreneurship Council, Washington, DC

PANELISTS

- Robert D. Atkinson, Vice President, Progressive Policy Institute, Washington, DC
- Lawrence J. McQuillan, Director of Business and Economic Studies, Pacific Research Institute, San Francisco, California
- Spencer Tracy, Jr., Executive Editor, National Policy Research Council, Washington, DC


Karen Kerrigan began the session by introducing the panelists, as well as the Small Business Survival Index (SBSI). The SBSI is an annual index that is in its ninth edition. The index monitors small business activity in the United States as it relates to entrepreneurship, with a focus on government policies. Government policies are included because of their impact on small business growth and survival. Some of the variables examined in the SBSI are: turnover rates; taxes—including personal taxes, estate taxes, income taxes and others; and costs—including health care, workers’ compensation, liability, employment, and retention costs. This has been a useful tool at the state and regional levels.

Robert Atkinson of the Progressive Policy Institute presented the New Economy Index (NEI), which uses innovation-based indexes to analyze innovation practices in the states. The theory of growth is driven by technology and innovation. Educated residents, research universities, and agglomeration economies are the main forces of innovation and entrepreneurship. The New Economy Index uses five major indicators (knowledge jobs, globalization, economic dynamism, the digital economy,

and technological innovation) to monitor how regions are adapting to the new economy. His analysis compares the “old economy” model to the new economy model. The old model focused on location, cost, and resources, while the new model focuses on innovation, skills, and quality of life. The strengths of the NEI are research and development, venture capital, engineers and scientists, which make up technology industries. On the down side, the lack of data on firm and establishment behavior as it relates to innovation, market competition, and knowledge capital are some of the weaknesses associated with this index. The index identifies and ranks states by gazelle jobs, venture capital, patents, R&D investments, and scientists and engineers. Used as a scorecard to rank states on their performance in technology and innovation, the NEI has helped change the public policy focus.

Lawrence J. McQuillan of the Pacific Research Institute discussed the U.S. Economic Freedom Index, which examines economic policy, rules, and regulations on the state level. In a nutshell, this index examines by state the right of entrepreneurs to keep what they earn, to produce what they want, and to compete in the product and labor market. Data for this index are from government and trade sources. This index ranks states on regulatory, fiscal, government, and judicial practices.

Spencer Tracy, Jr. of the National Policy Research Council discussed and identified states ranked by their business friendliness. The best and worst states for conducting business are identified. States that encourage entrepreneurship and the growth of firms are listed. His presentation notes that conceivably all states have some aspect that is business friendly. States that want to improve their business environment may want to focus on the rankings in which they perform poorly.



To view the slides shown in this presentation, see **Appendix D, sections 4–6** (pages 49–58).

Nonprofit Efforts to Promote Entrepreneurship and Economic Development

MODERATOR

Connie Marshall, Regional Advocate, Region X, Office of Advocacy, U.S. Small Business Administration, Seattle, Washington

PANELISTS

- Prabal Chakrabarti, Deputy Director of Research, Initiative for a Competitive Inner City (ICIC), Boston, Massachusetts
- Daniel Mead Smith, President, Washington Policy Center, Seattle, Washington
- Andrew Goldberg, Director of Programs and Development, Inner City Entrepreneurs, Boston University, Boston, Massachusetts

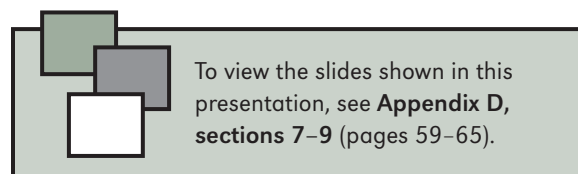
Nonprofit organizations play an important role in advancing entrepreneurship. The panelists represented three approaches. The Initiative for a Competitive Inner City has worked to document business activity in inner city regions around the country, to acknowledge local best practices and leading entrepreneurs, and to promote the inner city as a viable region for entrepreneurship and economic development. The Washington Policy Center serves as an advocate for small businesses and, using research as a tool, works with small businesses to provide a voice to legislators of both parties in Washington state in pursuing policies favorable to the small business owner. Inner City Entrepreneurs works to strengthen the ties between the ethnic and business communities by developing community leaders.

The Initiative for a Competitive Inner City (ICIC) is a national not-for-profit organization founded in 1994

by Harvard Business School Professor Michael E. Porter to promote a market-based approach and cutting-edge solutions for inner-city revitalization. ICIC believes that inner cities of low-income neighborhoods are viable markets having inherent competitive advantages that, when identified, can serve as the basis for the formulation of sustainable economic development. The core of ICIC's work is to identify those inherent competitive advantages. Therefore, ICIC's mission is to build healthy economies in America's inner cities that create jobs, income, and wealth for local residents. ICIC acts to transform thinking, provide cities with a new vision of economic development, and engage the resources of the private sector to accelerate inner-city business growth. Each year, ICIC identifies the top 100 fastest growing inner city businesses. Since the inception of this program five years ago, 364 companies have made the list (1999–2004). These companies have been responsible for the creation of approximately 40,000 new jobs and employ a total of about 52,000 people, of which approximately 24,000 are inner-city residents (46 percent).

The Washington Policy Center is a nonpartisan, free-market, state-based think tank in Seattle, Washington, that publishes studies, sponsors events and conferences, and educates citizens on public policy issues facing Washington state. The Center believes that the American ideals of life, liberty and the pursuit of happiness best flourish in a free society that liberates the energies of all its members to pursue their own peaceful goals. Ideas, supported by sound research and promoted through publications, conferences and the media, over time, create the environment in which sound public policy decisions are made. The Washington Policy Center publishes in-depth analyses and solutions to Washington state's most pressing public policy issues. Six main research themes that account for about 75 percent of its activity are competitive bidding for government services, government regulations, tax and budget policy, small business and entrepreneurial issues, free-market environmental solutions, and labor policy.

InnerCity Entrepreneurs (ICE) develops community leaders and creates better ties between ethnic communities and the broader business world by promoting wealth generation, job creation, and capacity and community building for existing inner-city small businesses and organizations interested in growth. ICE partners with community-based organizations and offers business education, networking, and research to facilitate access to new markets, capital, and knowledge. ICE is an initiative of Boston University's Entrepreneurial Management Institute and the Department of Sociology in conjunction with the Roxbury Community College Small Business Development Institute. It provides a certificate in small business entrepreneurship. This nine-month program includes peer-to-peer activities, coursework, private sector networking, and coaching. Fourteen businesses in the program created 18 new jobs, secured \$825,000 in financing, conducted \$100,000 in business among participants, and accessed \$300,000 through ICE networks. Eight press stories appeared about ICE participants and it was estimated that growth in revenue averaged 46 percent by year's end.



Providing Regulatory Relief as a Source of Economic Development

MODERATOR

Viktoria Ziebarth, Director of Regional Affairs, Office of Advocacy, U.S. Small Business Administration, Washington, DC

PANELISTS

- Honorable Mary Fallin, Lieutenant Governor, State of Oklahoma, presenting “Oklahoma Small Business Regulatory Flexibility Act and Small Business Regulatory Review Committee”
- Eric Blackledge, Past Chair, Governor’s Small Business Council, Corvallis, Oregon, presenting “Oregon Innovative Economy Development Initiative”
- Pam Christenson, Director, Bureau of Entrepreneurship, Wisconsin Department of Commerce, Madison, Wisconsin, presenting “Growing Wisconsin through Entrepreneurship”

Viktoria Ziebarth began the session by referring to research from the Office of Advocacy showing that small businesses with fewer than 20 employees spend nearly \$6,975 each year per employee to comply with federal regulations, \$2,500 more per employee than large firms with more than 500 employees. Small business owners also shoulder the costs of state and local regulations. Policymakers in many states now realize that overly burdensome regulations can create barriers to entrepreneurial growth. Alternative ways of implementing a regulation can often be less burdensome for small businesses while still achieving an agency’s public policy objectives. In December 2002, the Office of Advocacy released a report, *Small Business Friendly Regulation: Model Legislation for States* that included state regulatory flexibility model legislation based on the federal Regulatory Flexibility Act and on regulatory flexibility statutes already enacted in the states. The Office of



The Honorable Mary Fallin, Lieutenant Governor, State of Oklahoma, speaks on regulatory relief as Regional Director Viktoria Ziebarth looks on.

Advocacy’s regional advocates have been working with state officials and small business owners across the country since that time to make regulatory flexibility a legislative priority, and state officials are pursuing initiatives that provide small business owners regulatory relief.

Leaders from three states—Oklahoma, Oregon, and Wisconsin—presented best practices in regulatory relief as a source of economic development. Each state has recognized the importance of small business and entrepreneurship to the growth and vitality of the state’s economy and wants to remove regulatory barriers to entrepreneurial growth.

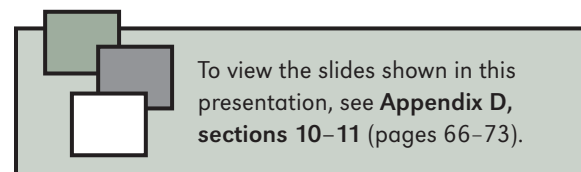
Lieutenant Governor Mary Fallin of Oklahoma presented Oklahoma’s Small Business Regulatory Flexibility Act and Small Business Regulatory Review Committee. Under legislation passed in 2002, Oklahoma established the Small Business Regulatory Review Committee in the Department of Commerce to review rules and regulations proposed by state agencies that may create disproportionate burdens for Oklahoma’s small businesses. Business organizations surveyed the small business community in Oklahoma to learn how those employers viewed regulations promulgated by state agencies. Respondents to the survey noted that rules and

regulations were frequently difficult to interpret and comply with, that the paperwork was overwhelming, and that inflexible rules did not allow state agencies to deal with small businesses in a fair manner. Senate Bill 948, the Small Business Regulatory Flexibility Act, created a Small Business Regulatory Review Committee made up of 13 members, mostly small business owners, to be staffed by a liaison from the Oklahoma Department of Commerce. Although the committee has no statutory power to repeal or modify a state regulation, it has been successful in examining rules and regulations for their effect on small business and in providing input to the state agencies. In addition, state agencies are required to do economic impact analyses on proposed rules and submit those rules that may adversely affect regulated businesses to the committee for public discussion and comment. The committee asks for input from the business community, not just in the form of objections to new regulations, but also through recommendations for ways to modify the proposed regulation that will be less burdensome for small businesses to implement but will still achieve the agency's goals. The committee then provides this information to the agency. In effect, the committee serves as an ombudsman to the small business community, a check in the regulatory process, and a counselor and adviser to state agencies.

Eric Blackledge, a small business owner himself, presented Oregon's Innovative Economy Development Initiative. Blackledge has been involved in numerous trade organizations and volunteered his time to work with state and federal officials on issues of importance to small business. The Innovative Economy Development Initiative is a series of interconnected programs under the Oregon Economic and Community Development Department (OECD). The Regulatory Streamlining program was established by an Executive Order (EO) of Governor Ted Kulongoski to coordinate the streamlining initiative and serve as a resource for state agencies. The EO established an Office of Regulatory Streamlining under the Department of Business and Consumer Services, along with an ongoing advisory committee of

business representatives to assist agencies in improving their practices. In the program's first year, 40 state agencies have completed more than 100 streamlining projects, and another 130 projects are currently planned or in process. Projects include eliminating overlap and duplication; using technological and other means to make it easier to do business with regulators; changing the focus to the real risks and the outcomes the state would like to achieve rather than technical requirements and paperwork; and improving customer service and friendliness.

Pam Christenson presented "Growing Wisconsin through Entrepreneurship" and focused on Wisconsin's Task Force on Small Business Regulatory Reform. In 2002, Wisconsin's Department of Commerce supported and staffed a task force on small business regulatory reform. The task force was made up of small business owners and trade association representatives charged with identifying issues, barriers, and concerns hampering Wisconsin's small businesses. The group came up with a number of recommendations to reduce the negative impact of regulations on small businesses while increasing the level of regulatory compliance. Subsequently, legislators in the Wisconsin State Senate and Assembly incorporated the recommendations into Senate Bill 100, which was passed in March 2004 with bipartisan support to become the 2003 Wisconsin Act 145. The law affects both state agencies and the small business community, changing the way regulations are written and implemented. Among other things, the law strengthened Wisconsin's Regulatory Flexibility Act, appointed small business regulatory coordinators in each agency, and created a Small Business Regulatory Review Board.



Cultivating Local Resources I

MODERATOR

Shawne McGibbon, Deputy Chief Counsel for Advocacy, Office of Advocacy, U.S. Business Administration, Washington, DC

PANELISTS

- Richard Semenik, Dean, College of Business, Montana State University and Executive Director, Center for Entrepreneurship for the New West, Bozeman, Montana, presenting “Rural Entrepreneurship and Economic Development”
- Timothy V. Franklin, Executive Director, Institute for Advanced Learning and Research, Danville, Virginia, presenting “Virginia’s Institute for Advanced Learning and Research”
- Steven VanAusdle, President, Walla Walla Community College and Founder, Center for Enology and Viticulture, Walla Walla, Washington, presenting “Enhancing Rural Prosperity through Wine, Food, and Art”

Innovation was the watchword for three entrepreneurial educational programs taking advantage of local resources in Montana, Virginia, and Washington. The presenters each spoke of the unique aspects of their programs.

Located as they are very near the geysers of Yellowstone, students, scientists, and entrepreneurs in Montana programs are taking advantage of the state’s unique features to develop the rural Montana economy. The Alderson Program in Entrepreneurship has a positive impact on both entrepreneurs and students, as students work side by side with entrepreneurial science and technology startups to provide research on key business issues. The program also has a positive effect on rural economic development, increasing the probability that the startups



Deputy Chief Counsel Shawne McGibbon introduces Steven VanAusdle before his presentation, “Enhancing Rural Prosperity through Wine, Food, and Art.”

will succeed. In the Center for Entrepreneurship for the New West TechRanch, students enrolled in a course on the entrepreneurial experience also collaborate with entrepreneurs developing their businesses and with Montana State University scientists who are assessing the commercial potential of their science. The result has been an emerging culture of entrepreneurship—and the growth in the area of firms taking advantage of scientific advances in biotechnology and genetics, thermal biology, physics, and bio-films engineering. To date, at least 32 companies with whom students have worked have added more than 220 jobs to the Montana economy.

“If you build it they will come,” is the driving energy behind the Institute for Advanced Learning and Research (IALR) in an area of Virginia that has been described as “in a downward spiral,” or at least lacking in the market conditions—research universities and infrastructure—that have propelled growth in other places. Timothy Franklin is among those working to change that, by constructing a “statement building” in Southside, Virginia, that will house four centers of unique research in advanced polymers, high-value horticulture and forestry, performance engineering, and unmanned systems.

An eDan fiber optic backbone is the information superhighway that will allow researchers to collaborate effectively across the region and beyond. Already, high tech companies are moving to the area, and the IALR is taking advantage of lessons learned—about the importance of research, a critical mass of scholars, local ownership and governance, a market funding model, assets rather than incentives, and a holistic approach.

Put science, climate, art, and entrepreneurship together, and you have a winning combination in the case of the Center for Enology and Viticulture at Walla Walla Community College in Washington State. It doesn't hurt that the vision for the center is to help graduates raise the best wine grapes and produce the best wine in the world—and that the program is led by an entrepreneurial college president, Steve VanAusdler. The program taps into the passion of its students for producing fine art, food, and wine, and features not only agriculture, but a culinary center and support for the fine arts. The benefits to the economy are substantial. Steve pointed out that while 300 acres of unprocessed wine grapes generate the same revenue as 8,000 acres of 100 bushel/acre wheat, the same 300 acres of wine grapes, processed, generate the same revenue as 20,000 acres of wheat. The number of Walla Walla wineries increased from 19 in 2000 to 63 in 2004. Wine production contributed more than \$500 million to Walla Walla County's economy in 2004, and industry-related tourism is anticipated to produce even more revenue. Through its enology and viticulture program, Walla Walla Community College has been a leading partner in fostering economic development in wine country.

To view the slides shown in this presentation, see **Appendix D, sections 12–14** (pages 74–82).

Luncheon Keynote Remarks

Chief Counsel for Advocacy Tom Sullivan introduced the Honorable David Sampson, Assistant Secretary for the Economic Development Administration (EDA) at the U.S. Department of Commerce. Assistant Secretary Sampson was nominated by President George Bush to that position in March 2001 and confirmed by the Senate in August 2001. He moved quickly to initiate the first comprehensive reorganization of the EDA in its 37-year history. The agency's market-driven economic development strategies have a special focus on the kinds of initiatives that should encourage small business—strengthening capacity for innovation, competitiveness, and sustained economic growth.

Assistant Secretary Sampson's economic development emphasis was on President Bush's Strengthening America's Communities Initiative. In his remarks, he noted that the President's 2006 budget proposes consolidating 18 of the 35 federal economic and community development grant programs into a single \$3.71 billion unified grant-making program that will target



The Honorable David A. Sampson, Assistant Secretary, Economic Development Administration, U.S. Department of Commerce, gives the luncheon address.

funding to those communities most in need of assistance by setting new eligibility criteria determined by job loss, unemployment levels, and poverty. The new initiative will simplify access to the federal system and establish strong accountability standards, all in exchange for flexible use of funds by communities most in need, he said.

The consolidated program will have 2 components, which will be administered by the Department of Commerce:

1. The “Strengthening America’s Communities Grant Program”—a formula-based unified economic and community development grant program, and
2. The Economic Development Challenge Fund, a bonus program modeled after the Millennium Challenge Account.

He added that the Strengthening America’s Communities Grant Program will require assisted communities to track progress toward certain goals, including increasing job creation, new business formation, and private sector investment from an economic development standpoint; and increasing homeownership—including first-time and minority homeownership—and commercial development from a community development standpoint.

The Economic Development Challenge Fund will provide a bonus to communities that have already taken steps to improve economic conditions and demonstrate a readiness for development, such as improving schools by meeting the No Child Left Behind adequate yearly progress goals, reducing regulatory barriers to business creation and housing development, and reducing violent crime rates within the community, Sampson said.

When implemented, the President’s Strengthening America’s Communities Initiative will ensure that the communities most in need will receive assistance to transition to a broad-based 21st century economy while at the same time ensuring federal accountability for the expenditure for taxpayer dollars, he added.



Robert Litan, Vice President for Research and Policy, Ewing Marion Kauffman Foundation, raises a question during the luncheon address.

“Finally, as far as how this will be implemented, obviously, we have a lot of work ahead of us,” the EDA administrator said. “The Administration has already begun close collaboration with Congress and stakeholder groups, and we look forward to continued collaboration with stakeholders to develop enabling legislation that will be proposed later this spring. To help us, the White House has asked Secretary of Commerce Gutierrez to form a Secretarial Advisory Committee that will provide advice and recommendations on the implementation of the initiative. Information on the committee, including a copy of the *Federal Register* notice requesting nominations, can be found on the initiative’s information webpage on the Department of Commerce website at www.doc.gov. In closing, entrepreneurs are engines of job creation because they are committed to growing as fast as the marketplace allows. We must increase the number of entrepreneurs, and spread the spirit of innovation and enterprise even further. To accomplish this, federal, state and local governments must be on the side of business in order to alleviate constraints holding back free enterprise, including obstacles to accessing federal economic and community development assistance.”

Cultivating Local Resources II

MODERATOR

Jason Henderson, Senior Economist, Center for the Study of Rural America, Federal Reserve Bank of Kansas City, Kansas City, Missouri

PANELISTS

- Ronald Hustedde, Director, and Tammy Werner, Program Coordinator, Department of Community and Leadership Development, University of Kentucky College of Agriculture, Lexington, Kentucky, presenting “Kentucky Entrepreneurial Coaches Institute”
- Leslie Scott, Director, Institute for Rural Entrepreneurship, North Carolina Rural Economic Development Center, Raleigh, North Carolina, presenting “Building Community Capacity for Entrepreneurship Development”
- Connie Loden, Executive Director, Heart of Wisconsin Community Incubator, Wisconsin Rapids, Wisconsin, and Kelly Lucas, President, Community Foundation of South Wood County; Community Progress Initiative, Wisconsin Rapids, Wisconsin, presenting “Rebuilding a Community in ‘Rapid’ Time”

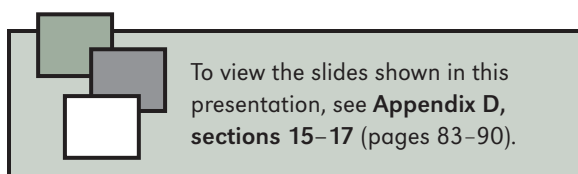
Jason Henderson opened the session by pointing out that a rural economy is not just farming. The panelists provided the proof.

Ronald Hustedde and Tammy Werner noted that Kentucky’s economy is evolving away from “old economy” industries and tobacco, but economic development is focusing on industrial and existing businesses, not new entrepreneurship. With tobacco fund monies, the first phase of the project was to conduct research through focus groups and quantitative labor data. The second phase was to develop entrepreneurship coaches

and establish an alumni network. The presenters noted that entrepreneurship flourishes in communities that include a critical mass of entrepreneurs, a distinct and recognizable entrepreneurial network, and a focus on entrepreneurship reflected in the actions of the community, such as youth entrepreneurship programs, training opportunities, and entrepreneurial facilitators. Kentucky’s Entrepreneurial Coaches program essentially creates entrepreneurship representation in the economic development process.

Leslie Scott presented the case of North Carolina, a state with a dwindling manufacturing base, rising unemployment, and economic development policy still in industrial “plant support” mode. Although entrepreneurship is a major component of rural North Carolina’s economies, entrepreneurs suffer from isolation and a feeling that their contributions are not fully appreciated by their communities. They need better access to capital and educational/training programs. The newly established Institute for Rural Entrepreneurship was begun to stimulate and support small rural companies. Workshops, grants, and demonstration programs help champion entrepreneurship. The institute aims to develop a reputation as the place for North Carolina’s rural communities to go for information resources, strategies, and models in support of entrepreneurship and to strengthen the existing network of business service providers so that there is no “wrong door” for would-be entrepreneurs.

Connie Loden and Kelly Lucas discussed efforts to create new economic growth in Wisconsin Rapids, a town suffering from a two-decade decline in the local paper industry and the subsequent loss of local leadership. The Community Progress Initiative is a joint initiative of the Heart of Wisconsin Business and Economic Alliance and the Community Foundation of South Wood County. The program is providing vision and hope. For leveraging existing resources and engaging local residents, the program is already being recognized in the local press as engineering a positive attitude for community building. Outcomes so far include 2,000+ residents engaged, 1,000+ jobs created or retained, visions established for six communities, 130+ participating in industry cluster networks, 100+ youth engaged, 27 “entrepreneurial boot camp” graduates, and grants leveraged from federal and state governments and foundations.



Using Technology and Innovation to Generate Firm Formation I

MODERATOR

Joseph Eshun, Jr., Assistant Professor, Pennsylvania State University, Fogelsville, Pennsylvania

PANELISTS


- Tony Antoniadis, General Manager, Advanced Technology Development Center, Georgia Institute of Technology, Atlanta, Georgia, presenting “Technology Business Incubators”
- Martha Connolly, Director, Maryland Industrial Partnerships, College Park, Maryland, presenting “A Model of Academic-Industrial Technology Commercialization”
- Margaret Brennan, Associate Director, New Jersey Agricultural Experiment Station, Rutgers, The State University of New Jersey, New Brunswick, New Jersey, presenting “Food Innovation Center”

The Advanced Technology Development Center at the Georgia Institute of Technology is a state-funded project with a long history that goes back to the early 1980s. Today it has, on average, about 30 to 40 companies in residence. The incubator provides services including incubator facilities, business advice, connections, and a learning community that houses a class of technology companies together for interactive learning. On average, about one of eight applications is accepted for admittance. The Center also offers assistance to nonresident innovative firms. Some 100 to 150 firms received assistance from 2002 to 2004 directly and through services offered on the website. Recently, the incubator has offered new services and programs including a venture lab to help university faculties develop and commercialize their research; seed capital funds, including telecom and bioscience funds, and new innovation centers in

other parts of the state of Georgia. Factors contributing to the success of the program include a patient investor—continued support from the state government; the ability of the center/incubator to “mobilize” local resources—knowledge, people, and facilities—to grow entrepreneurial firms; early success stories contributing to further successes; professional staff with entrepreneurial experience in technology sectors; a strong research and engineering university with entrepreneurial development as a mission; close connection with the industrial base in Georgia, and a strong application/evaluation program. From 1993 to 2003, 68 percent of those admitted to the incubator were successful. A success is defined as graduating from the incubator, continuing to survive and/or grow, and/or receiving private venture capital, among other factors. A star of the program is Mindspring, Inc.—a company that was bought out by Ethernet, which moved the company headquarters to Atlanta.

Maryland Industrial Partnerships (MIPS) is a successful program with an 18-year history. The center was created to mobilize research knowledge and researchers at the state and federal levels to create technology companies. The program opened at the university system of the State of Maryland in an effort to encourage joint projects with the business community and to respond to the demand from the community for joint research with universities. The program subsidizes technology commercialization by jointly funding innovative and collaborative R&D projects between companies and university faculties in Maryland. Both MIPS and company funds are used toward university projects. An effective evaluation process is a major factor contributing to the success of the program. The evaluation process emphasizes both technical merit and commercial relevance, asking both “Is it good science?” and “Is it good business?” The program has had 318 participating companies, 451 projects, \$24.6 million in MIPS funding, and \$104.9 million in company matching funds.

Rutgers University is bringing together industry, government, and community leadership to develop entrepreneurial activities for economic development. Because R&D expenditures by universities have been found to contribute significantly to economic growth in a community, Rutgers chose to invest in business incubators as a means to generate business formation and growth. The Rutgers Food Innovation Center came about as a result of a study on agricultural and food processing industries in 1997. The study found a number of needs: for small and mid-sized food processors to develop new products, for farmers to work up the food channels to increase value added, and for farmers and small firms to improve their business management skills while reducing their product development costs. The center was established to support the development of the food and agricultural industries of New Jersey. The center acts as an economic development outreach center rather than as purely a research institution. Comprehensive services are provided to the center’s clients—farmers, farm cooperatives; and food companies—including new startups and small and mid-sized companies. Services include the development of businesses, markets, products, and processes; quality assurance; regulatory compliance; work force development; resource networks; and incubator facilities that include shared-use processing areas, laboratories, and education facilities. The center’s contributions to the community include the creation of new businesses, creation and retention of jobs, growth of businesses, improvement in work force skills, attraction of private funding, and increases in income and wealth in the community. The center attributes much of its success to the best practices developed.



To view the slides shown in this presentation, see **Appendix D, sections 18–20** (pages 91–100).

Comprehensive Incentives to Spur Entrepreneurship

MODERATOR

Donald Bruce, Ph.D., Center for Business and Economic Research and Department of Economics of the University of Tennessee, Knoxville, Tennessee

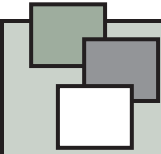
PANELISTS

- Honorable John E. Moore, Lieutenant Governor, State of Kansas, Topeka, Kansas, presenting “Kansas Economic Growth Act of 2004”
- Cali Beals, Development Specialist, Iowa Department of Economic Development, Des Moines, Iowa, presenting “Nurturing an Entrepreneurial Climate in Iowa”
- Cindy Douglas, Vice President for Technology Acceleration, Michigan Economic Development Corporation, Lansing, Michigan, presenting “Michigan SmartZones”

Lieutenant Governor John E. Moore opened the session by describing the Kansas Economic Growth Act of 2004, a legislative initiative designed to revitalize Kansas through entrepreneurship. The act authorized \$530 million in incentives over 10 years. The plan that emerged through regional stakeholder inputs is a development initiative template that includes rural and urban redevelopment initiatives, as well as a state bioscience technology authority that oversees eight programs designed to develop that field in the state. Interestingly, both the rural and urban programs rely heavily on tax incentives authorized by the act. Lieutenant Governor Moore highlighted program components that focus on property tax relief for investment and tax incentives for angel investors and venture capitalists.

Composed of five distinct economic development components, the Iowa Department of Economic Development initiative discussed by Cali Beals is truly comprehensive, focusing resources on a suite of incentives designed to increase the supply of investment funds and create networks for entrepreneurs and investors to come together. The program includes business accelerators in a growing number of locations throughout the state, with an associated assistance program for startups that makes up to \$250,000 available to entrepreneurs. Another facet of the initiative brings entrepreneurs together with angel investors and venture capitalists in a statewide network of regular events; investors also participate in an equity funds association to administer community-based seed funds across the state. Finally, investors receive up to a 20 percent tax credit for investing in approved companies through the program.

Michigan has a sophisticated and extensive network of technology clusters developed through the SmartZone Program. Cindy Douglas highlighted what makes the SmartZone program so successful at nurturing entrepreneurial success: targeted regional technology initiatives bring together private, government, and community resources. Each of the 11 current SmartZone clusters is tightly focused on a technology in which the region has a competitive advantage because of the expertise within a local university. One key component of the program allows for local tax capture that guarantees investment in physical infrastructure for the budding technology incubators and research parks. The success of the program is shown by the more than 100 firms created or relocated thanks to the program, and the more than 6,000 jobs created or saved.



To view the slides shown in this presentation, see **Appendix D, sections 21–23** (pages 101–108).

Using Technology and Innovation to Generate Firm Formation II

MODERATOR

Radwan Saade, Economist, Office of Advocacy, U.S. Small Business Administration

PANELISTS

- Norris Krueger, Program Manager, TEAMS, TechConnect, Boise, Idaho, presenting “Unleashing Idaho’s Technology Future: Science and Technology Partnerships”
- Karl Koehler, Deputy Director, Indiana 21st Century Research and Technology Fund, Indianapolis, Indiana, presenting “Less Obvious Positive Impacts of Peer Review on State-Level Science and Technology Systems”
- Janet Yancey-Wrona and John Massaua, Director, Maine Technology Institute, Gardiner, Maine, and State Director, Maine Small Business and Technology Development Centers, Portland, Maine, respectively, presenting “Maine’s Technology Business Support Collaborative”

This session builds on the previous presentations on the importance of technology and innovation to entrepreneurship. The initiatives presented here are designed to support the creation of new technology ventures in their respective communities.

Mr. Krueger energized the crowd by evoking a principle not usually associated with economics, or entrepreneurship in general: *passion*. He further suggested that in order to build entrepreneurial potential, a few characteristics were needed: building the right cognitive structure, identifying entrepreneurial potential, encouraging opportunity identification, and coming up with desirable, feasible and actionable steps. In short, bridging assets were needed to turn innovation assets into




Dr. Shanaveon E. Pious, chairman of Entrepreneurs University, poses a question for the panel.

entrepreneurial assets. Mr. Krueger mentioned work related to the Small Business Innovation Research (SBIR) program and went on to describe the TEAMS concept. The main idea is that students are their secret weapons. Quite logically, Mr. Krueger concluded with the following concepts: partnering needs to be done selflessly, professionalism is needed at all times, and most importantly, *passion* is needed if these efforts are to be successful.

Dr. Koehler presented the less obvious positive impacts of peer review. The Indiana 21st Century Research and Technology Fund was created in 1999 by the Indiana General Assembly to stimulate the process of diversifying the state’s economy by developing and commercializing advanced technologies. The enabling act created a board representing most of the academic and commercial sectors of the state, which establishes fund award and review policies and approves awards. The peer review mechanism was modeled after the National Institutes of Health (NIH) and the National Science Foundation (NSF), and Dr. Koehler’s group opted for state-run peer review, more commonly viewed as internal peer review. The motivations for this choice made sense at the state level: cost, speed, flexibility, conflicts/confidentiality, and the extent of feedback. All applicants get important

feedback on projects. The 21st Century Research and Technology Fund gives awardees state-level recognition. Such validation is a quite helpful signal to the venture community. Dr. Koehler pointed out a few useful outcome measures: company creation, expansion, and failure rate data; new or expanded research and development sector capacity; academic and commercial research and development jobs.

Dr. Yancey-Wrona and Mr. Massaua made a joint presentation that was emblematic of the collaboration that exists between the Maine Technology Institute (MTI) and Maine's Small Business Development Center (SBDC). The partnership has been extremely successful in Maine, supporting substantial innovation activity. For example, they acknowledge that many of the proposals brought on by MTI lacked balance (strong on technological development but lacking business skills necessary to bring technology to market.) The solution was to partner with the Maine SBDC and create the Small Business Technology and Development Center (SBTDC), thus providing business expertise to enable the commercialization of promising new technologies. More than one-quarter of MTI-funded projects have resulted in products on the market.

 To view the slides shown in this presentation, see **Appendix D, sections 24–26** (pages 109–114).

Award Ceremony for Best Practices in Promoting Entrepreneurship and Economic Development

At the commencement of the awards ceremony for best practices, Chief Counsel for Advocacy Tom Sullivan noted that there were many outstanding programs represented at the conference and that choosing just four for awards was very difficult. The awards presented were for:

- Best Practices in Regional Economic Incentives,
- Best Practices in Technology Transfer Programs,
- Best Practices in Regulatory Flexibility, and
- Best Practices in Educational Efforts to Promote Entrepreneurship.

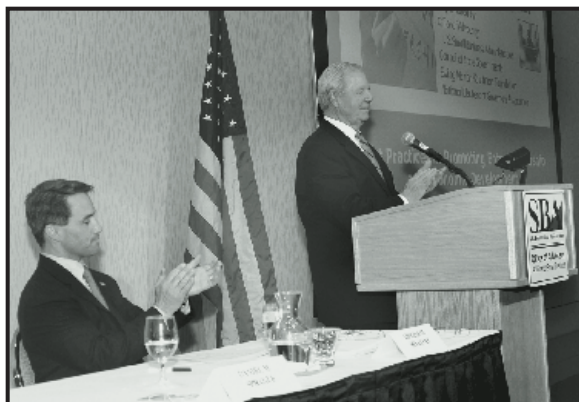
Sullivan was joined in the award presentation ceremony by Council of State Governments Executive Director Daniel M. Sprague and Advocacy Deputy Chief Counsel Shawne McGibbon.



Chief Counsel Thomas M. Sullivan with Best Practices award winners Cindy Douglas of Michigan SmartZones, Pam Christenson of Wisconsin's Growing Wisconsin Through Entrepreneurship initiative, Martha Connolly of Maryland Industrial Partnerships, and Norris Krueger of the Idaho TechConnect program.

The award for Best Practices in Regional Economic Incentives was presented to Michigan SmartZones, represented by Cindy Douglas, Vice President for Technology Acceleration, Michigan Economic Development Corporation. The award recognized the program's comprehensive plan with multiple university partnerships. Each of the "smart zones" specializes in a different technology cluster. Tax incentives are provided to spur new investment in these regions, and state funding has been made available to support the construction of incubators and to provide business development and technology commercialization services. The program has had success in a very short period of time.

The award for Best Practices in Technology Transfer Programs went to Maryland Industrial Partnerships (MIPS), represented by Martha Connolly, director of the MIPS program and former senior biotechnology specialist for the State of Maryland. The program was cited as a "classic case" of technology transfer and university/private sector collaboration. It has a long, well documented history, having funded a number of ventures that have been extremely successful. The program has clear, measurable results, and companies receiving support must provide matching funds.



Chief Counsel Thomas M. Sullivan and Daniel M. Sprague, Executive Director, The Council of State Governments, applaud the efforts of the conference participants.

The recipient of the award for Best Practices in Regulatory Flexibility was the program, Growing Wisconsin Through Entrepreneurship, represented by Pam Christenson, director of the Bureau of Entrepreneurship. Recommendations from Wisconsin's 2002 Task Force on Small Business prompted legislative action and passage of regulatory flexibility legislation similar to the model legislation put forward by the Office of Advocacy. This state has pursued regulatory protections for small businesses because of the law's enactment. It has established a Bureau of Entrepreneurship and a Small Business Regulatory Review Committee that includes representatives of government and small business in the review process.

The last award, for Best Practices in Educational Efforts to Promote Entrepreneurship, went to Unleashing Idaho's Technology Future, represented by Norris Krueger. Norris is the program manager of the TEAMS TechConnect program. The program has established a clear set of major strategies and scientific areas in an effort to develop technological innovation in the state. The plan combines education, networking, venture capital, and government/business collaboration to accomplish the goals. An innovative feature of the plan is the use of university students to support entrepreneurial development with a program called TEAMS.

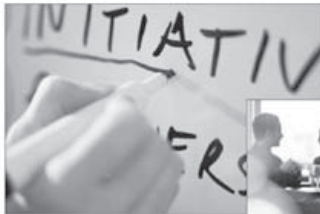
Daniel Sprague closed the program by congratulating the winners and providing some background on the work of the Council of State Governments (CSG). He noted that CSG is the nation's only organization serving every elected and appointed official in all branches of each state and territorial government through its national office, as well as regional offices based in the East, Midwest, South, and West. CSG has championed excellence in state government since 1933 by advocating multi-state shared problem solving and states' rights, by tracking national conditions, trends, and innovations, and through non-partisan leadership training and support.

Appendix A

Conference Program



Putting It Together: The Role of Entrepreneurship in Economic Development



Ronald Reagan Building and International Trade Center
1300 Pennsylvania Avenue, NW, Washington, DC
Monday, March 7, 2005



Conference Program

7:30 – 8:30 a.m.

Conference Registration and Continental Breakfast (Atrium Ballroom, Concourse Level)

8:30 – 8:45 a.m.

Opening Remarks (Atrium Ballroom)

- Honorable Thomas M. Sullivan, Chief Counsel for Advocacy, U.S. Small Business Administration
- Robert Litan, Vice President for Research and Policy, Ewing Marion Kauffman Foundation

8:45 – 9:45 a.m.

Economic Development and Entrepreneurship at the State and Regional Levels (Atrium Ballroom)

- **Moderator:** Chad Moutray, Chief Economist, Office of Advocacy, U.S. Small Business Administration
- Zoltan Acs, Professor, University of Baltimore
- Thomas Lyons, Founding Director, Center for Research on Entrepreneurship and Enterprise Development, University of Louisville
- Ned Webb, Community Implementation Manager, Sirolli Institute

This session will focus on the linkages between regional economic development and entrepreneurship. In particular, it will discuss why certain regions are more entrepreneurial than others, drawing some lessons for other regions to follow. The panelists offer both academic and practical perspectives.

9:45 – 10:00 a.m.

Break

10:00 – 11:00 a.m.

Perspectives on the Business Economic Climate *Concurrent Sessions*

Measuring Business Friendliness at the State and Regional Level (Hemisphere A)

- **Moderator:** Karen Kerrigan, President and CEO, Small Business and Entrepreneurship Council
- Robert D. Atkinson, Vice President, Progressive Policy Institute
- Lawrence J. McQuillan, Director of Business and Economic Studies, Pacific Research Institute
- Spencer Tracy, Jr., Executive Editor, National Policy Research Council

A number of rankings list states by their business friendliness or competitiveness. Their design varies: some place more emphasis on tax and regulatory structures, while others assess the extent to which a region's economy has made the transition to the "new economy." This panel will discuss the various state rankings and the conclusions that can be applied to economic development.

Nonprofit Efforts to Promote Entrepreneurship and Economic Development (Hemisphere B)

- **Moderator:** Honorable Connie Marshall, Regional Advocate, Region X, Office of Advocacy, U.S. Small Business Administration
- Prabal Chakrabarti, Deputy Director for Research, Initiative for a Competitive Inner City
- Daniel Mead Smith, President, Washington Policy Center
- Andrew Goldberg, Director of Programs and Development, InnerCity Entrepreneurs, Boston University

Nonprofit organizations play an important role in advancing entrepreneurship: the panelists represent three approaches. The Washington Policy Center serves as an advocate for small businesses and, using research as a tool, works with small businesses to provide a voice to legislators of both parties in Washington state in pursuing policies favorable to the small business owner. The Initiative for a Competitive Inner City has worked to document business activity in inner city regions around the country, to acknowledge local best practices and leading entrepreneurs, and to promote the inner city as a viable region for entrepreneurship and economic development. InnerCity Entrepreneurs works to strengthen the ties between the ethnic and business communities by developing community leaders.



11:00 a.m. – 12:00 p.m.

Best Practices I Concurrent Sessions

Providing Regulatory Relief as a Source of Economic Development (Hemisphere A)

- **Moderator:** Viktoria Ziebarth, Director for Regional Affairs, Office of Advocacy, U.S. Small Business Administration
- Honorable Mary Fallin, Lieutenant Governor, State of Oklahoma, presenting "Oklahoma Small Business Regulatory Flexibility Act and Small Business Regulatory Review Committee"
- Eric Blackledge, Past Chair, Governors Small Business Council, presenting "Oregon Innovative Economy Development Initiative"
- Pam Christenson, Director, Bureau of Entrepreneurship, Wisconsin Department of Commerce, presenting "Growing Wisconsin through Entrepreneurship"

Advocacy research shows that small businesses face a disproportionate burden of complying with regulations compared with their larger counterparts. Many states have pursued regulatory reform to "level the playing field" and acknowledge small businesses in the state rulemaking process. To the extent that this affects business conditions, regulatory relief is also an economic development tool. Two states in this panel, Oklahoma and Wisconsin, have passed regulatory flexibility legislation, providing entrepreneurs in these states with new advocates in state government. Oregon, meanwhile, has made regulatory streamlining a priority, and each Oregon state agency must now review its business regulations with a goal of reducing burdens while also not compromising standards and protections.

Cultivating Local Resources I (Hemisphere B)

- **Moderator:** Shawne McGibbon, Deputy Chief Counsel for Advocacy, U.S. Small Business Administration
- Richard Semenik, Dean, College of Business, Montana State University, and Executive Director, Center for Entrepreneurship for the New West, presenting "Rural Entrepreneurship and Economic Development"
- Timothy V. Franklin, Executive Director, Institute for Advanced Learning and Research, presenting "Virginia's Institute for Advanced Learning and Research"
- Steven VanAusdle, President, Walla Walla Community College, and Founder, Center for Enology and Viticulture, presenting "Enhancing Rural Prosperity through Wine, Food, and Art"

Educational institutions can serve as engines for growth in their regions when they embrace the innovative spirit of local entrepreneurs and the unique demands and resources of their region. This panel focuses on three education-based entrepreneurship initiatives. The Institute for Advanced Learning and Research builds on the strength of Virginia Tech's research and development and economic development activities and is working to create a vibrant source of innovation in south central Virginia, an area that is in desperate need of economic revival. Walla Walla Community College brings together leaders from the local winemaking industry with its on-campus winery and vineyard to help spur economic development. Finally, Montana State University business students interact with scientists and technology entrepreneurs to gain hands-on experience and, more important, to establish viable new ventures that will generate new jobs for the community.

12:00 – 1:30 p.m.

Luncheon Address (Pavilion)

Entrepreneurship and Economic Development from the State and Federal Perspectives

- Honorable David A. Sampson, Assistant Secretary, Economic Development Administration, U.S. Department of Commerce



1:30 – 2:30 p.m.

Best Practices II *Concurrent Sessions*

Cultivating Local Resources II (Hemisphere A)

- **Moderator:** Jason Henderson, Senior Economist, Center for the Study of Rural America, Federal Reserve Bank of Kansas City
- Ronald Hustedde, Director, and Tammy Werner, Program Coordinator, Department of Community and Leadership Development, University of Kentucky, College of Agriculture, presenting "Kentucky Entrepreneurial Coaches Institute"
- Leslie Scott, Director, Institute for Rural Entrepreneurship, North Carolina Rural Economic Development Center, presenting "Building Rural Community Capacity for Entrepreneurship Development"
- Connie Loden, Executive Director, Heart of Wisconsin Community Incubator and Kelly Lucas, President, Community Foundation of South Wood County; Community Progress Initiative, presenting "Rebuilding a Community in 'Rapid' Time"

With fewer individuals working in the agriculture and manufacturing sectors, rural communities must embrace entrepreneurship to infuse new economic vitality in their regions. This panel discusses three initiatives that seek to spur small business growth by building a new cultural foundation for entrepreneurship in their communities. The discussion will focus on the "entrepreneurial coaching" program from the University of Kentucky and the cultivation of important data and resource networks in both North Carolina's Institute for Rural Entrepreneurship and the Community Progress Initiative of Wisconsin. The panelists will also provide details on the evaluation of their progress with these efforts.

Using Technology and Innovation to Generate Firm Formation I (Hemisphere B)

- **Moderator:** Joseph Eshun, Jr., Assistant Professor, Pennsylvania State University
- Tony Antoniadis, General Manager, Advanced Technology Development Center, Georgia Institute of Technology, presenting "Technology Business Incubators"
- Martha Connolly, Director, Maryland Industrial Partnerships, presenting "A Model of Academic-Industrial Technology Commercialization"
- Margaret Brennan, Associate Director, New Jersey Agricultural Experiment Station, Rutgers, The State University of New Jersey, presenting "Food Innovation Center"

Research continues to document the importance of technology and innovation to firm formation and economic growth. Without successful technology transfer programs, however, many innovations generated by academics would never be commercialized and the promise of new ventures would not be realized. This panel presents three technology transfer programs cooperating with industry leaders in the surrounding communities to produce positive economic development in their regions.



2:30 – 2:45 p.m.

Break

2:45 – 3:45 p.m.

Best Practices III Concurrent Sessions

Comprehensive Incentives to Spur Entrepreneurship (Hemisphere A)

- **Moderator:** Donald Bruce, Assistant Professor, University of Tennessee
- Honorable John Moore, Lieutenant Governor, State of Kansas, presenting "Kansas Economic Growth Act of 2004"
- Cali Beals, Development Specialist, Iowa Department of Economic Development, presenting "Nurturing an Entrepreneurial Climate in Iowa"
- Cindy Douglas, Vice President for Technology Acceleration, Michigan Economic Development Corporation, presenting "Michigan SmartZones"

States are increasingly seeing the value of small business growth for economic development and have searched for legislative solutions to nurture the entrepreneurial spirit of their citizens. Much of the emphasis of these programs is on changing the culture and providing the incentives for new business opportunities to flourish. Presenters will highlight the array of programs and tax incentives in their states designed to nurture new firms and discuss the progress to date.

Using Technology and Innovation to Generate Firm Formation II (Hemisphere B)

- **Moderator:** Radwan Saade, Economist, Office of Advocacy, U.S. Small Business Administration
- Norris Krueger, Program Manager, TEAMS, TechConnect, presenting "Unleashing Idaho's Technology Future: Science and Technology Partnerships"
- Karl Koehler, Deputy Director, Indiana Twenty-first Century Research and Technology Fund, presenting "Less Obvious Positive Impacts of Peer Review on State-Level Science and Technology Systems"
- Janet Yancey-Wrona, Director, Maine Technology Institute, and John Massaua, State Director, Maine Small Business and Technology Development Centers, presenting "Maine's Technology Business Support Collaborative"

This session builds on the conversation from the earlier session on the importance of technology and innovation to entrepreneurship. The initiatives in this panel are designed to support the creation of new technology ventures in their communities. For example, the Indiana 21st Century Research and Technology Fund incubates new technology innovation with project-based grant money determined by a comprehensive peer review process with the clear goal of commercializing the research activity. The Maine Technology Institute provides grants and awards to foster high-tech research, but the success of Maine's initiative is its ability to provide business counseling services for its tech-savvy clients through its partnership with the Maine Small Business and Technology Development Centers. The TechConnect program in Idaho focuses on assisting new and existing technology-based firms with vital resources to start or grow their businesses; one facet of Idaho's strategy, for example, is the deployment of university students to provide indirect support for entrepreneurial development.

3:45 – 4:30 p.m.

Award Ceremony for Best Practices in Promoting Entrepreneurship and Economic Development (Atrium Ballroom)

- Honorable Thomas M. Sullivan, Chief Counsel for Advocacy, U.S. Small Business Administration

Closing Remarks

- Daniel M. Sprague, Executive Director, The Council of State Governments



Appendix B

Speaker Biographies

ZOLTAN J. ACS is professor of entrepreneurship and innovation at the Robert G. Merrick School of Business of the University of Baltimore, as well as the director of its entrepreneurship program. He has served as chief economic advisor in the Office of Advocacy of the U.S. Small Business Administration. His primary research interest is the relationship between entrepreneurship, technological change, and economic development.

TONY ANTONIADES is the general manager of the Advanced Technology Development Center, a technology incubator for Georgia entrepreneurs. He has assisted more than 100 Internet, software, and telecommunications startup companies with business planning, product strategy, and industry connections. He was a founding member of Fizzion, a university-corporate incubation partnership with the Coca-Cola Company, where he matched entrepreneurs with corporate needs.

ROBERT D. ATKINSON is vice president of the Progressive Policy Institute, a research institute based in Washington, D.C., and he directs the institute's Technology and New Economy Project. He is author of the New Economy Index series and a forthcoming book on cycles of innovation. He directed the institute's New Economy Task Force co-chaired by Senator Tom Daschle and Gateway CEO Ted Waitt and served on President Clinton's Commission on Workers, Communities, and Economic Change in the New Economy.

CALI BEALS is a development specialist in her 16th year with the Iowa Department of Economic Development. She is a former director of Small Business Development Centers in Nebraska and Minnesota. Cali works with local organizations to assist in the pursuit of economic development goals. Specifically, she helps establish community-based seed funds and is developing an Equity Fund Association in Iowa.

ERIC BLACKLEDGE is president of Blackledge Furniture in Corvallis, Oregon, and past chairman of the Governor's Small Business Council. In 1995, he was vice chairman of the Oregon delegation to the White House Conference on Small Business. From 1998 to 2003, he chaired the Governor's Small Business Council, and from 1998 to 2000, he was co-chair of the Tax and Public Policy Task Force of the Oregon Emerging Business Initiative.

MARGARET BRENNAN is associate dean of research for Cook College at Rutgers University and associate director of the New Jersey Agricultural Experiment Station. She played a key role in the development, organization, and strategic direction of the Rutgers Food Innovation Center, providing leadership as director for two years and currently providing administrative oversight for funding and facility development..

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HONORABLE MARY FALLIN, lieutenant governor of the State of Oklahoma, was elected Oklahoma's first woman and first Republican lieutenant governor in 1994. In 1998, voters returned her to office by a 3-to-1 margin, and she won re-election to a third term in 2002. Her aggressive agenda has focused on economic development, education, health care, and government reform. She is an advocate for women business owners and rural economic development, and she encourages communities to pursue jobs and growth.

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KELLY LUCAS is president of the Community Foundation of South Wood County, Wisconsin. Her major focus is supporting the Community Progress Initiative, a three-year program promoting responsible, collaborative, and visionary citizenship to transform community culture and invigorate the economy. Its programs engage residents from all walks of life in creating plans for their shared future.

THOMAS S. LYONS is professor of community development and founding director of the Center for Research on Entrepreneurship and Enterprise Development at the University of Louisville. He received a Coleman Foundation Entrepreneurship Awareness and Education Grant for work with microentrepreneurs in Louisville's inner city. He is co-creator of the Entrepreneurial League System currently being piloted in West Virginia, Kentucky, Ohio, and South Africa.

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LAWRENCE J. MCQUILLAN is director of business and economic studies and senior fellow in political economy at the Pacific Research Institute in San Francisco, where he specializes in tax, budget, and regulatory issues. He created the quarterly California Golden Fleece Awards to expose abuse in state government and helped reform California's workers' compensation system. He is coauthor of the *U.S. Economic Freedom Index: 2004 Report*, which ranks states by their friendliness to free enterprise and consumer choice.

JOHN MASSAUA is state director for the Maine Small Business Development Centers and its technology-focused group, Maine Small Business and Technology Development Centers, headquartered at the University of Southern Maine. He first served the Maine SBDC as a business management assistant. He spent 30 years in the retail/wholesale industry. He was senior vice president for purchasing, merchandising, and communications for Millbrook Distribution Services, Inc.

HONORABLE JOHN MOORE is lieutenant governor of the state of Kansas. Elected in 2003, he became the state's first full-time lieutenant governor in September 2004. As state secretary of commerce, he headed the Prosperity Summit process, involving 2,000 Kansans. This process was key to developing the Economic Revitalization Act and the Economic Growth Act, both enacted in 2004. He also chairs the Kansas Health Care Cost Containment Commission.

CHAD M. MOUTRAY is chief economist of the Office of Advocacy of the U.S. Small Business Administration, where he guides internal and external research. He has organized a series of regional focus groups on small business research, overseen a new annual publication, *The Small Business Economy* and organized two cosponsored conferences: "Entrepreneurship in the 21st Century," in 2004, and "Putting It Together: The Role of Entrepreneurship and Economic Development" in 2005.

RADWAN SAADE is an economist with the Office of Advocacy of the U.S. Small Business Administration. His responsibilities include regulatory analysis, contract research, and cost-savings analysis. He has reviewed external research proposals and reports, written for *The Small Business Advocate*, and provided economic analyses to Advocacy's Office of Interagency Affairs, especially in the area of telecommunication regulation. His research to date has primarily focused on fiscal policy.

HONORABLE DAVID A. SAMPSON is assistant secretary of the economic development for the U.S. Department of Commerce. He is the principal advisor to the secretary of commerce on domestic economic development policy and leads the Economic Development Administration (EDA). His primary responsibilities include policy development, establishing funding priorities, defining grant investment policy guidelines, and directing the operations of the EDA, which was recognized as a performance-driven agency by Harvard Business School.

LESLIE SCOTT is director of the North Carolina Rural Economic Development Center's Institute for Rural Entrepreneurship. The institute helps rural communities understand and pursue entrepreneurship as an economic development strategy. Previously, she was associate director of the University of North Carolina at Chapel Hill's Office of Economic Development, where she helped communities and regions around the state develop more competitive strategies for the new economy.

RICHARD SEMENIK is dean of Montana State University's College of Business and executive director of the Center for Entrepreneurship for the New West. His expertise is in marketing strategy, advertising and branding. His most recent book, *Advertising and Integrated Brand Promotion*, is a leading text in the field. A consultant to major corporations, advertising agencies, and early-stage startup companies, he has also co-founded two companies and currently sits on the boards of several startup companies.

DANIEL MEAD SMITH is president of Washington Policy Center, a nonpartisan public policy think tank based in Seattle. He has been with the organization since 1991. He has guided the center's reorganization and is leading a major expansion of its programs and activities, including a new legislative website, WashingtonVotes.org and the highly successful Small Business Project. He has also served on the advisory group of the Washington State Tax Structure Study Committee.

DANIEL SPRAGUE is executive director of the Council of State Governments, a position he has held since 1990. He directed the council's western office from 1980 to 1989. Previously he was a program director and a lecturer in intergovernmental relations at the University of Southern California School of Public Administration. He has worked in the federal government and served as a county director with the Bay Area Social Planning Council and as a volunteer leader in the Peace Corps in Colombia, South America.

HONORABLE THOMAS M. SULLIVAN is chief counsel for advocacy with the U.S. Small Business Administration. The chief counsel is charged with independently advancing the views, concerns and interests of small business before Congress, the White House, federal regulatory bodies, and state policy makers. In the past three years, the Office of Advocacy has helped save America's small businesses more than \$21 billion in money they would have spent attempting to comply with federal regulations.

SPENCER TRACY, JR., is executive editor of the National Policy Research Council, a young think tank that provides state and local policymakers with the information and tools needed to effectively carry out their public policy functions. He is also executive editor of *America's Best Cities and States*—a new, one-of-a-kind compendium of city and state rankings popularly referred to as the Gold Guide. He is also author of the forthcoming *State of America's Cities and States: An Economic Perspective*.

STEVEN VANAUSDLE is president of the Walla Walla (Washington) Community College and founder of the Center for Enology and Viticulture. He received the 2002 Award for Leadership from Washington Trustees Association of Community and Technical Colleges. He is dedicated to education and work force training, serving as president of the Washington Association of Community College Presidents. He is a member of the Council on Competitiveness and the Washington Wine Education Consortium.

EDWARD W. (NED) WEBB is community implementation manager for the Sirolli Institute, a global education and training organization. He served as community development director for the Kansas Department of Commerce and Housing and helped develop the agency's initial five enterprise facilitation clusters. He has been director of economic development for Russell County, Kansas, and his background has been key in assisting civic leaders making the transition to enterprise facilitation as a development component.

TAMMY WERNER is program coordinator of the Kentucky Entrepreneurial Coaches Institute, an interdisciplinary endeavor of the Departments of Community and Leadership Development and Agricultural Economics in the College of Agriculture at the University of Kentucky. She is a doctoral candidate in sociology at the University of Kentucky and has taught several courses in sociology and Appalachian studies there. Tammy worked for several years in the land title industry in North Dakota.

JANET YANCEY-WRONA is director of the Maine Technology Institute. She has developed a portfolio of funding programs that support research and development leading to commercialization of new Maine products and services. After overseeing investments of more than \$20 million, she became Maine's first director of the Office of Innovation, serving as the governor's science advisor. The office oversees programs receiving state funding for research and development and is developing a science and technology plan.

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Appendix C

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