

Kansas Center for Entrepreneurship

Entrepreneurship Resource Day

Wichita, KS
October 15, 2015

Presented By:
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NetWork Kansas

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Kansas Economic Growth Act

“ Manage the Kansas Community Entrepreneurship Fund and develop policies and procedures to assure that funds are distributed to qualified entrepreneurs.”

--KEGA: 74-99c04.a(4)

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StartUp Kansas - Statewide Loan Fund

- Launched August 2006
- Seed money plus Entrepreneurship Tax Credit (\$2M annually, 75%, allows us to raise \$2.67M)
- Statutory requirements (rural communities, 60/40 match with funding partner)



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StartUp Kansas - Statewide Loan Fund

- Example: Entrepreneur- Project Cost \$60K. Entrepreneur has \$10K, so still needs \$50K. Minimum of 40% [or \$20K] from funding partner, remainder can come from StartUp Kansas
- Decision making authority: NetWork Kansas Board of Directors

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Shift Toward Community Engagement and Empowerment

“We think that one thing that makes NetWork Kansas unique and more impactful is that in 2007 they committed to a ground game, or the E-Communities strategy. We feel that this was critical.”

- Don Macke, Co-Founder of the Center for Rural Entrepreneurship,
Lincoln, NE

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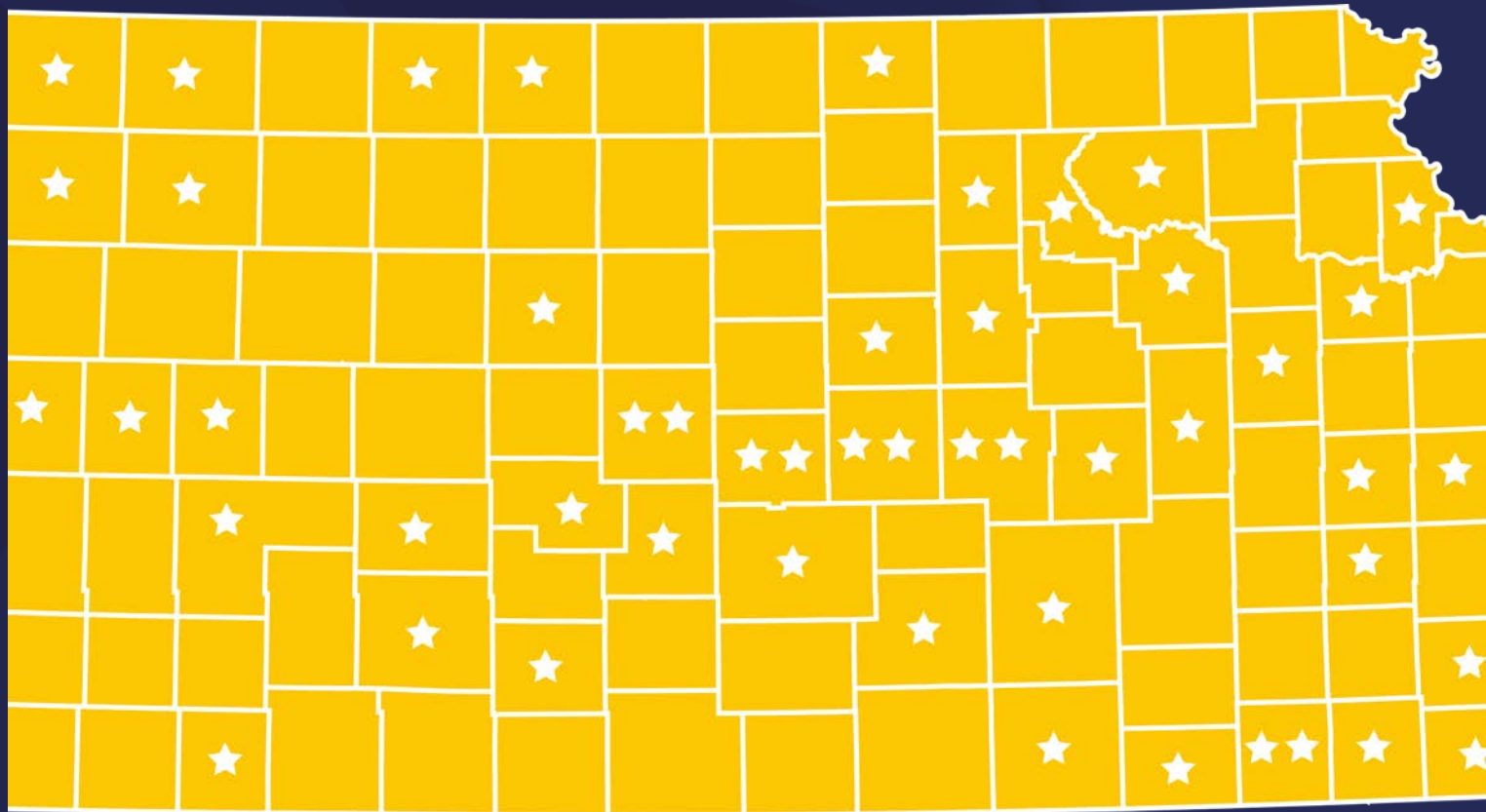
Entrepreneurship (E-) Communities

- E-Community Partnership launched Fall 2007
- Competitive process
- Access to resources
- Community definition (town, cluster of towns, or entire county)
 - Typically begins with city/county ED Director



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Entrepreneurship (E-) Communities: 48 in 2015



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Entrepreneurship (E-) Communities

- “Ask #1”: Create a local leadership team
 - Public (SBDC, Chamber, CDC, Rural Energy, Electric and Telco, Economic Development, etc.)
 - Private (Banks, entrepreneurs, accountant, etc.)
 - Commit to monthly/regular meetings to discuss entrepreneurial environment
 - Vision
 - Engage key stakeholder groups
 - Initiatives to support startups, existing businesses, 2nd stage businesses, succession planning and engaging youth
 - 500+ Leadership Team members statewide

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Entrepreneurship (E-) Communities

- “Ask #2”: Create a financial review board
 - Subset of Leadership Team
 - Local decision-making authority
 - If loan approved, also set terms
 - Interest rate
 - Length of note
 - Collateralization
- “Ask #3”: Partner with an administrative support organization
 - Prepare loan docs, close loans, UCC or mortgage filings, collecting loan repayments, chase late payments, etc.

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Entrepreneurship (E-) Communities

- “Ask #4”: Via Entrepreneurship Tax Credits, establish locally-controlled loan fund (NetWork Kansas-owned)
 - Engage with tax preparers and CPAs
 - Limited amount each year
 - High performers can apply for additional funds
 - Lifetime limit of 750K allocated in tax credits

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Entrepreneurship (E-) Communities

- 48 locally-controlled loan funds
- \$60K - \$225K in each
- \$6.6M loaned to 255 businesses (as of 8/2015)
 - 18% of total loan package
 - Leveraged \$30.8M other capital
 - 54% in towns with population <5K
 - 32% retail, 21% restaurant, 6% mfg
 - Created/retained 640+ f/t jobs, 740+ p/t jobs
 - 9-10% business failure rate

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Entrepreneurship (E-) Communities

- Loan funds are the “Trojan Horse”
 - Seat at table for leadership team meetings
 - Two-way relationship re: how to create an entrepreneurial environment (shared best practices) and incentives
- Low-level engagements
 - Ex. Lenders’ roundtables, business resource fairs
- Deeper engagements
 - Ex. E-Accelerator: Business inventory, economic assessment, shared discussion about priority areas, engage with resource partners

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Entrepreneurship (E-) Communities

- Board Certified Programs
 - Entrepreneurial Mindset: Ice House (Kauffman)



Entrepreneurship is a
MINDSET
that can empower
YOU
to accomplish the
extraordinary!

CHOOSE YOUR OWN PATH

**The Ice House
Entrepreneurship
Program**

8 WEEK CLASS MARCH 11 – April 29
5:30 – 8:00 PM
Wichita Workforce Center

APPLICATIONS ONLINE AT:
www.kansasicehouse.com

FOR MORE INFORMATION, CALL: 877-521-8600

Sponsored by NetWork Kansas
and the Wichita E-Community

APPLY NOW **SPACE IS LIMITED**

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Entrepreneurship (E-) Communities

- Board Certified Programs
 - Rural Businesses - Growing Rural Businesses (Wichita State University)



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Entrepreneurship (E-) Communities

- Board Certified Programs
 - Youth - Youth Entrepreneurship Challenge



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Entrepreneurship (E-) Communities

- Board Certified Programs cont.
 - 2nd Stage Businesses – Economic Gardening
 - Existing Businesses – Destination Boot Camp
 - More programs on the way...
 - Leadership Capacity
 - Succession Planning
 - Accounting and Financials

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Entrepreneurship (E-) Communities

What does an E-Community Look Like?

- Wichita County (SW KS)
 - Pop. 2234
 - County seat is Leoti (pop. 1,500)
 - High plains of western Kansas; nearest city with >20K pop is Garden City, 1+ hour away
 - Ag/Support industries employ 900+ people (40% pop.)
 - Challenges: declining population, housing, need for diverse economy
 - Became an E-Community in 2012
 - Leadership Team: bankers, entrepreneurs (car sales, farm wife, insurance, ethanol), accountant, school superintendent, teachers and economic development director.

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Entrepreneurship (E-) Communities

- Wichita County cont.
 - Initiatives and activities:
 - Regular meetings bimonthly
 - Wine, Cheese and Big Dreams
 - First youth entrepreneurship fair in 2014, repeated in 2015
 - E-Accelerator



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Entrepreneurship (E-) Communities

Wichita County cont.

- Focusing on entrepreneurship allowed the following:
 - Transition of only grocery store from aging, disengaged owners to young man with interest and connection to community
 - Start-ups of new restaurant and needed services – coffee shop, bakery
 - Collaboration on developing a crafters cooperative – retail store selling locally made products
 - Only two empty storefronts in downtown Leoti



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Entrepreneurship (E-) Communities

What does an E-Community look like?

- City of Sterling (Central KS)
 - Pop. 2,300 (Rice County pop. 10,059)
 - Primary employers - USDs, Sterling College, JACAM (oil and gas chemistry), Kansas Ethanol
 - Primary challenge: Workforce - many of the employees live outside the county
 - Became an E-Community in 2007
 - Leadership Team: two bankers, city manager, CEO-computer service company, accountant, Sterling College professor and economic development director

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Entrepreneurship (E-) Communities

- City of Sterling cont.
 - Initiatives and activities:
 - Ice House
 - “Rice Soup” with forum for entrepreneurs to showcase their business and receive feedback from other business colleagues
 - Focus on leveraging capital:
 - Bank loans, County RLF, County Micro Loan, Rural Business Development Loan Funds, CDC Micro Loans
 - 15 E-Community loans
 - \$278,400 total (\$18,560 average loan)
 - 0 business failures, 1 PIF



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