

RMJ

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Taking the Helm:
How rural Minnesota's next
generation sees the future

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“I Want to Own My Own Business When I Grow Up”: Encouraging Entrepreneurship at a Young Age Michael Nolan

*“In truth, it seems that entrepreneurs exist only in retrospect.
In the early days they are labeled crackpots, dreamers,
and unhirables. Only later do they earn the title
— and the respect.”*

*Jeffrey P. Sudikoff
Founder of IDB Communications Group*

Somewhere in our state is a high school student who will grow up to build a company that employs hundreds of people.

It may be your son or daughter...

This article will look at some of the ways our Minnesota communities are helping our youth think about starting and growing their own companies.

What started me thinking about this was a phone call I received a few weeks ago at 11 p.m.

A tired voice said: “Marketing people are noisy.” It was my son, Charlie, calling home from his third day at entrepreneurship camp.

I heard the budding businessman in his voice. It had a tone of desperation.

Charlie was at St. John’s in Collegeville at Minnesota Business Venture, a weeklong residential summer enrichment program that brings together high school students and business professionals from across the state to learn and teach about business and financial literacy.

“Dad, I only volunteered to be finance ‘cause no one else wanted to. Now the marketing people are driving me crazy.

“They want the moon and stars and unicorns and fairy dust and fireworks. Finance people have to tell them ‘no’ all the time.”

I laughed. I tried to help.

“Do you need help with anything? P&L, balance sheet?”

“No, I just need to vent.”

And so there was the lesson. Starting a business requires:

1. Working with people who sometimes drive you crazy.
2. Doing jobs you don’t like.
3. Periods of intense frustration.
4. All the other stuff. Marketing, operations, finance. Business plans, sales. Innovation. Human resources.
5. And a community to support your dreams.

I’m Mike Nolan, the director of Minnesota State University, Mankato’s Small Business Development Center. We are one of nine centers in Minnesota, part of a nationwide network of organizations funded through local contribution dollars matched by grants from the Small Business Administration.

Together with a nine-person group of experienced, motivated consultants, we serve a nine-county region in south central Minnesota, providing advice, information and education to small-business owners in our mission to support and develop our local economies.

I grew up in the broadcasting industry, watching my dad run a corporate radio station in Chicago. I always knew exactly what I wanted to be when I grew up. As a teenager I watched my dad buy his own radio station in Austin, Minnesota, build a fantastic staff and become a key figure in our community. I knew that someday I would own my own radio station.

By age 35 I had done just that. I purchased my own station in Mankato, ran it and sold it. I had accomplished my lifelong dream before my hair started to turn gray.

But my lessons in entrepreneurship had just begun.

Along the way, I'd decided the Internet might amount to something — a crazy idea in 1995. Together with a talented staff, I built a vehicle web site that eventually grew into MinnesotaCars.com, a software company and magazine publishing group.

I've since sold that company, yet I continue to help form companies and invest in them. I have traveled, studied and taught about business and business development around the world.

And now I'm back in rural Minnesota, running a non-profit organization concentrating on business development in our communities. This year our SBDC will meet with around 350 clients, all people who have or are trying to start their own businesses. They start small and hope to grow: many of them are starting out in small towns around southern Minnesota.

"Job creation" is the buzz word today, and we know from the Census data that half of the people who work in the United States — and more than half in rural parts of the country — work at small businesses.

The traditional model of a small town — where we're born, grow up, get a job, get married and raise a family, retire and die all in the same place — doesn't look too viable anymore. But does that have to be the case? Are we all doomed to watch our children leave their hometowns for life in a big city?

What if we could get our young people to come back home and create their chosen career by starting their own business? What if we raised entrepreneurial kids who grew into entrepreneurial adults?

Many great entrepreneurs have found new ways to start companies built on manufacturing and agriculture — the cornerstones of Minnesota's economy. We have the infrastructure in place to assist and grow jobs in these areas.

But are we doing as good a job helping companies create new jobs based on services, information and knowledge? Technology is making rural America more and more competitive in these areas — and we can help build the infrastructure needed for these jobs, too.

Starting up

Never has it been easier to start and grow a business in a small town. Small businesses today have gone global, competing with firms in China and India. Going global means businesses can operate from rural towns as long as they have good communications, access to transportation and workers with the right skills. With the proper resources and infrastructure, a person has every bit as good a chance of starting a successful business in a small town as they do in a big city.

Business development in rural communities isn't only about chasing the big employer anymore (smokestack chasing, as it's called). Yes, larger employers are a necessary, vital part of our rural economy. But with changing demographics and the changing economy in our state, we need a diversified economy, a local economy made up of a healthy mix of small, medium and large businesses. A community with a balanced combination of businesses can withstand the fluctuations of the global economy and can be a point of pride that keeps a community vital and active.

The key to creating this mix is entrepreneurship, bringing risk takers together with a community that's entrepreneur-ready. Entrepreneurial communities are welcoming to people who want to start their own businesses and are willing to assist in the possibilities and opportunities. The well-planned entrepreneurial endeavor — one that is carefully thought out and informed from the start — has a good chance of producing a successful small business.

Why small businesses? They only produce a couple of new jobs when they start. That's true, but consider this: small businesses play an important role in managing economic risk. When a town plays host to many small businesses, if one goes under, only a few jobs are lost. The rest of these small, tax-paying entities carry on. But it gets better: the magic of small businesses is that if they are properly planned and tended from the start, some small businesses grow into medium-size businesses, and some of those grow into large businesses.

Here's a real-world example: Doug Fahrforth is the founder and owner of Blue Star Power Systems in the city

of Lake Crystal, about 20 miles southwest of Mankato. Doug came to city leaders with an idea to build specialized generators. The city leaders could have said, no, we're trying to attract a large business, a "major employer." And if they had kept praying and waiting for a large business to come to town, they would still be waiting. Instead, the city helped Doug obtain \$200,000 in financing from the state to assist him in purchasing an under-utilized building close to town. Doug started out with a handful of employees. Today, he employs 20 people and the demand for his generators is growing all over the world. His employees live and shop close to home, and Doug does business with local suppliers and other members of the community's economy. That's what entrepreneurs do.

Five reasons why kids make great entrepreneurs, plus one more

There are lots of reasons why young people are well suited for entrepreneurship. Here are five reasons from an article by Dharmesh Shah at Bookwheelz.com¹ and my take on them:

The optimism of youth: Starting a company is scary. You need to be more than a "half-full" kind of person — you need to be a "half full, getting fuller — I need a bigger glass!" kind of person. Young people have this kind of optimism, generally more so than the average adult: they have the whole world in front of them. If they can unleash their potential, they can tackle any problem that comes their way.

Young people, especially kids, possess the ability to "suspend disbelief" long enough to see an idea through. How many times have you seen a group of grown-ups try to one-up each other by thinking of reasons why something won't work? Adults tend to need to have everything ready before they can start a project, and how many projects have we seen that couldn't even get started because the adults in charge couldn't get everything perfect at the outset? Adults tend to be *ready*, aim, fire, whereas kids are *fire*, aim – and they're never quite ready. Young people have the ability to dismiss pessimism and just go for it.

¹ Dharmesh Shah, "Why Students Make Good Entrepreneurs," <http://bookwheelz.com/news-detail.php?page=3>, November 2004.

Trusted peer network: One never has the kind of friends they have when they are young. Growing up together is a powerful bond, and the shared experiences of youth form tight teams. I firmly believe that the “solo entrepreneur” is a myth. One of the most powerful things an entrepreneur can have is a network of trusted friends and advisors to go to for advice and moral support. Young people have a strong network — and a wide network — of similar-minded friends around them.

Higher risk tolerance: No mortgage, no kids, no job — hey, what do you have to lose? It’s easier to start a business when you literally have nothing but time to invest, and when you’re young, it sure seems like you will live forever. Contrast this to us grown-up entrepreneurs: quitting a secure job, paying for college for our kids, and all the other reasons not to start a business.

Abstract thinking: Students spend their days moving between abstract concepts, every day! They are challenged with biology, economics, math, physics, art, literature. Is it any wonder that great new business ideas erupt from young minds?

Applied learning: And of course, all these concepts are fresh in their minds. Young people can start a business from scratch and apply all their learning from day one. Grown-ups starting a business are bringing with them experience, and a lot of that is valuable, but with it also comes experience built while they were in companies that have evolved over time to become bulky, bureaucratic and inefficient. Young people start fresh and apply their learning right the first time.

And my own addition to the list:

It’s easier at a young age: Let’s face it: 70-hour weeks are tough, physically and mentally, and that’s what it often takes when you’re starting your own business. Young people have the energy to do it.

So, how do we build on that optimism and energy and encourage entrepreneurship in our children? How do we provide them with the skills and resources they need to grow their own businesses?

And if we can, should we? Can we afford it? Does it work?

Of course we can. Of course we could. Not only can we afford it, we cannot afford to do anything else. Here's what we need to do:

First, show them they can. Fill their life with examples of people who did. Introduce them to successful business leaders, in your town and elsewhere. The importance of role models can't be overstated. Show them that these people did it, and that they can, too. Kids need to meet people who have created businesses, hired people and made a difference.

Nurture their natural anything-is-possible attitude. Before 1954, hardly anyone believed that a human being could run a mile in less than four minutes. It was thought to be physically impossible. Then along came Roger Bannister of Great Britain, who broke that barrier. Since then, many runners have broken that four-minute mile, and now it's the standard to be achieved by runners everywhere. We see the pattern all the time in sports: someone works hard and achieves something no one thought could be done. Then a younger person sets his or her mind to matching that goal and exceeding it. Our kids need to be able to imagine that not only is their business idea possible, it is possible to build it better than ever before!

Provide educational opportunities. Teach them how to run a business. They don't need to be CPAs, but they do need to understand the key drivers of a business. There are basic fundamentals that all business owners need to know to be able to keep their businesses alive and still sleep at night. The sooner kids understand this basic language of business, the better.

Make sure they know that if they want to start a business in their community, the community will be behind them. Too

many bureaucrats seem to focus on why something *can't* be done. Young entrepreneurs hear, "You can't, you can't, you can't." Instead, they need to hear, "You can, and we're going to help you get started. Let's figure out how to make this work." Young entrepreneurs, and entrepreneurs in general, need an advocate to help them work through problems. Not every idea is a good one at first, and even when the idea is a good one, there's still *a lot* of work to be done.

Surround them with mentors. Seasoned business people have experienced challenges that have given them a wealth of knowledge they can share. The right mentor can warn new entrepreneurs about dangers ahead, dangers that an inexperienced business person may not see or even know to look for. This kind of knowledge, combined with a willingness to help, is probably the most important key to the long-term success of a growing business.

What works

There are many programs aimed at introducing young people to entrepreneurship, showing them it can be done and teaching the basics of small business. Here are just a few that are available in and around Minnesota that I've been involved in.

• Junior Achievement

I've had the great pleasure to volunteer for Junior Achievement by teaching eighth-grade classes. As always, I seem to learn more than the students. It's amazing what a little bit of encouragement can accomplish. By the end of the semester, these students have a vision of what it is like to run a business, and the seeds of entrepreneurship take root.

Junior Achievement has been introducing business skills to children since 1919. In fact, it is the world's largest organization dedicated to providing students with business skills. Over 93 million students have learned financial literacy, workforce readiness, and entrepreneurship. In our area, Junior Achievement of the Upper Midwest helped teach over 122,000 K-12 students during the 2010-11 school year; 7,000+ business volunteers gave nearly one million hours of volunteer time to

provide students with the knowledge and skills they need to be successful in today's world.

In Mankato there is an excellent event called the JA Business Challenge: student teams compete using computer simulations to run their own companies. They make decisions on marketing, product, pricing, research and development, and more.

- **Local communities**

Some communities choose a more grass-roots approach to encourage students to learn about business.

Molly Westman, Economic Development Director and Community Development Director at the City of St. James, recently reached out to the Small Business Development Center to be a part of the city's "Education Connection." Together with local schools, the EDA connects with various organizations, including the Southern Minnesota Initiative Foundation, the Riverbend Center for Entrepreneurial Facilitation, and the SBDC to bring in guest speakers and deliver business curriculum within the schools. The goal is to get young people thinking entrepreneurially and to think of business ownership as a real option.

- **Lemonade Day**

This past June Greater Mankato Growth hosted Lemonade Day as part of a nationwide initiative to give kids experience as entrepreneurs. Lemonade Day is a nationwide program that introduces kids to the notion that they can start a business. Participants raise investment money from relatives and friends, build and decorate their lemonade stands, purchase supplies and advertise. Kids use the revenues raised to pay back investors and donate a portion to charity, besides getting to keep some of the profit, of course.

More than 500 kids with 200 stands participated in the event in our area. Awards were given for best stand and best tasting lemonade. These kids learned first hand the importance of marketing, sales, cost of goods and having a great product.

• **Minnesota Business Venture**

Instead of sending our high school son to regular summer camp, we gave Minnesota Business Venture by Best Prep a try. A great value, the camp proved a great experience for Charlie. The weeklong program at St. John's University brings high school students and business professionals together from across the state to spend a week learning about business, financial literacy, and career information. Even Famous Dave Anderson stopped by and shared his entrepreneurial wisdom.

Take action

Making kids ready to be entrepreneurs helps the community just as much as it helps our children. That same snowball effect that seems to be drawing population away from a town could work in reverse and bring people back.

To make it work, we need improvements in financing, permits and regulation, and Internet availability and reliability. The Small Business Development Center is proud to be a partner in those efforts.

Contact the Small Business Development Center in your area. Encourage partnerships that help encourage people of all ages to start and grow their own Minnesota-based business. Together, we can help develop the next generation of entrepreneurs.