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## **PABizHelp/USBizHelp: An Infrastructure for Building Entrepreneurial Networks**

by Karen Ostroskie <sup>1</sup>

### **Background**

In 1997, an application was submitted by the Northeastern Pennsylvania Alliance ([www.nepa-alliance.org](http://www.nepa-alliance.org)) to the Appalachian Regional Commission ([www.arc.gov](http://www.arc.gov)) on behalf of the Pennsylvania Department of Community and Economic Development Entrepreneurial Assistance Office (PA DCED) ([www.state.pa.us](http://www.state.pa.us)). The PA DCED then issued guidelines to the Local Development Districts throughout the Commonwealth for the formation of collaborative networks of economic development professionals who were striving to increase business formation through their programs and services targeted to entrepreneurs and small business owners.

A core group of providers worked together to develop the Business Plan and perform the research requirements for this project to build an entrepreneurial network. The newly formed network then developed its own business model and marketing plan. This innovative and sophisticated business model addressed current needs and gaps in services, leveraged assistance to form new competitive advantage, and included features that dealt with sustainability.

Initially, the Northern Tier Regional Planning and Development Commission and Team Northeastern Pennsylvania's Entrepreneurial Network were working independently in their five-county region to establish a similar collaborative effort. In year two, these organizations joined together to form one streamlined and cohesive initiative covering 12 counties. This partnership allowed the Northern Tier network to take advantage of the website/database infrastructure that was already being developed in the Northeast Region, and at the same time, this partnership afforded the opportunity for the Northeast Region to financially support the advancement of the website/database system. Additionally, provider organizations that were assisting clients in both regions experienced continuity in client tracking. Today, this partnership between two Local Development Districts has proven to be a win-win strategy for both the business community and the business service provider community.

### **Research Findings**

The Corporation for Enterprise Development (CFED) published *Appalachian Regional Commission: An Assessment of Entrepreneurship in Local Appalachian Economies 1989-1994* (Clones 1998). The measures in that report were derived from modifications of CFED's Regional Performance Benchmarks System (RPBS), a diagnostic tool allowing communities to assess their local economy's performance and capacity for growth versus similar sub-state economies. The report defined

entrepreneurship of necessity as the phenomenon that was observed in at least two-thirds of the 12 counties included in this study. Proprietorships were high in proportion to wage earners and were also growing very rapidly, while wage levels trailed other areas but matched wage earning levels.

As opposed to the U.S., and to Pennsylvania in general, the region's entrepreneurs or proprietors constituted

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22 percent of the employed population as opposed to 12 to 14 percent elsewhere—fully 70 percent greater than most other surveyed areas, including much of Appalachia. Proprietor earnings were nearly identical to regular wage and salary workers, whereas most U.S. and Pennsylvania proprietors/entrepreneurs experienced a 20 percent “wage penalty” for being self-employed (CFED 1998). While those data may appear to be positive, in fact, the data demonstrated seemingly conflicting results.

Coupled with a huge shortfall in regional job growth (2.8% here vs. Pennsylvania and the U.S. of 6-8%), proprietorship has grown almost 10 percent. When these data are combined with other trend information, the proprietorship expansion is significant. Analysis indicates that even though proprietorship may have appeared undesirable, in fact, proprietor efforts in working with the population have led to more and more proprietor self-employment, enabling a protection of their earnings and an opportunity to at least “break even” with other wage earners. This may become more important since it suggests not having to place one’s entire trust upon an economy which has been moving, in the view of some, to a lower-wage, service-based set of conditions.

Since this ARC report, Northeastern Pennsylvania counties have experienced improvement in small enterprise growth, shifting from entrepreneurship of necessity rankings (with the exception of two counties) to strong job growth and strong entrepreneurship ratings. This growth indicates that counties are relying on entrepreneurship for job creation and that a culture of entrepreneurship exists throughout the region. While there appears to be a positive growth in entrepreneurship, small business owners in the region earn on average \$8,000

to \$15,000 less than wage earners when compared to the state and nation. In fact, these trends appear to point out that even though entrepreneurship is on the rise, declining earnings indicate that the region’s working population has led to a category of survival entrepreneurs. Northeastern Pennsylvania’s small business income continues to plummet, in some rural counties by nearly 40 percent, while average small business incomes nationally are growing. Education, training, and a systematic approach to improving business planning and investment to encourage growth appears to be critical for increasing entrepreneurial success.

This Network Initiative has addressed a major need for the service provider community itself. In fact, for the first time in service provider history, the 12 counties of Northeastern and Northern Tier Pennsylvania will have had a single database and communications vehicle. This new innovation will centralize and organize all information pertaining to Network members as well as the business clients being served. This information will be made available through a reporting system, which will enable Network members to access individualized reports on their respective clients. The Network will encourage more precise teaming, and providers will be able to report client progress at all times. Not having access to streamlined client information in the past impacted both the service providers and business community. This information gap hindered the ability of service providers to follow up on their clients until after clients began being serviced by other provider organizations. Clients sometimes got lost in the shuffle and did not receive the service they deserved. This client service gap was the underlying reason for originally developing the required network system.

## Competitive Strategy

The Network’s competitive strategy includes (1) creation of a database of profiled organizations, (2) commitment to respond to a mass small business base, (3) service of key business development stages, (4) assurance that case categories are adequately served with no gaps in coverage, (5) provision of crucial service availability on a very large, fully regional scale, and (6) a leveraging of our region’s assistance capacity.

**Scope.** When starting this network project, there were nearly 22,000 business establishments and 315,000 employed persons in our region. About 13,000 to 14,000 of these establishments fell within the targeted definition of smaller firms in need of services. Each of these small businesses had an entrepreneur (or several) or a manager, and 90 percent had one to ten employees. Of the

employment base, there were about 70,000 self-employed proprietors, which included the 13,000-14,000 who headed smaller firms. The region was characterized as having proprietors who were in business as an “Entrepreneurship of Necessity,” and proprietorships were growing at over 10 percent annually! Thus, not only was entrepreneurship of critical importance, but the size of the problem required mass media methods to address the applicable population, and a vastly expanded network of assistance service providers to handle the generated volume. The only vehicle providing sufficient business automation to operate on a scale of such magnitude, and at very low cost per client, was a logic-driven database/website system with facilitation by a small number of skilled persons. Thus was born the concept of this digital community vehicle.

**Grant Requirements.** The main economic development objective of the Entrepreneurial Network focused on entrepreneurship and developing self-sustaining economies. This new initiative was included under Governor Tom Ridge's main program for economic development, Team Pennsylvania, since it already had an established structure for regional partnerships.

Because it already had established Enterprise Development Programs, the Commonwealth called on the Pennsylvania Local Development Districts (LDDs) to deliver the program. The LDDs were asked to submit a funding request in the form of a business plan for each region and appoint a fiscal agent and network coordinator for the project. Three outcomes were required in the first year:

1. Identification of capacity
2. Identification of barriers and problems
3. Identification of possible creative solutions (i.e., Action Plans)

Funding for this project included a one-time planning grant during the first year and an additional three-phase implementation grant period.

The Northeastern Pennsylvania Alliance (NEPA) received a planning grant and began work on the Team Northeastern Pennsylvania Entrepreneurial Network. The planning grant required that eight components be established for an effective network. These included (1) identify Network members; (2) identify how entrepreneurial resources and service were currently deployed throughout the region; (3) develop focus groups; (4) create a marketing plan; (5) complete research, including statistical data and demographics for the region; (6) establish a referral process to handle high demand within the Network; (7) develop a reporting mechanism; and (8) develop a vehicle to monitor and evaluate progress and results. Once all tasks were completed, the Team Northeastern Pennsylvania Entrepreneurial Network was born.

**Gathering the Troops.** Initially, a meeting was held with all of the entrepreneur service providers in the seven-county area of NEPA, including Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne Counties, to provide input into the project. The service providers who were willing to accept the challenge became the Core Team. This

core group of organizations included representatives from the Small Business Development Centers, Ben Franklin Technology Partnership–Northeast, Penn State Technical Assistance Program, Northeastern Pennsylvania Industrial Resource Center, Carbondale Technology Transfer Center (the first business incubator in the region), and Chambers of Commerce among others.

**Focus Group Sessions.** The project began with a series of focus group studies. Several focus group sessions were held throughout the region to obtain valuable feedback regarding the needs of entrepreneurs to start or expand their businesses. These sessions were held with individuals starting a business and with those in business for up to two years as well as with businesses in operation for three to seven years.

The sessions focused on ten important points to facilitate discussion: (1) identify impediments to entrepreneurship, (2) discuss the impact of technical assistance currently being offered, (3) review the accessibility to resources currently available, (4) assess the awareness and knowledge that business operators had with existing services and resources, (5) identify gaps in service provision based on experiences with the current system, (6) establish the impact that technology played in dissemination of services (especially in rural areas), (7) prioritize services needed by start-up firms and how these services were obtained, (8) describe the satisfaction with services provided, (9) identify activities and services that were not currently offered, and (10) identify best practices used in providing services.

**Focus Group Findings.** Wonderful and powerful insights were drawn from the data obtained and reviewed. Most importantly, the following points were made based on feedback by entrepreneurs during the focus group facilitation:

- Show what services exist and how to access them
- Create a single point of contact 24/7
- Provide clear financing options from start to growth stages
- Assign mentors who deal with case-by-case needs
- Energize a community that supports entrepreneurs

The above points formed the basis for the design of the **PABizHelp.com** business model.

## What Is PABizHelp.com?

**PABizHelp.com** is an electronic support mechanism for building an entrepreneurial community. Through a website/database system of virtual offices, referrals are made and progress is tracked. Because entrepreneurs have varied schedules and timing is important, service provision and referrals had to be available when entrepreneurs needed them and not when service providers could provide them, which was typically 8:00 AM to 5:00 PM. A referral system had to be an online service readily available 24/7.

Since the beginning, **PABizHelp.com** has been one of the first state-of-the-art digital communities providing a streamlined service to entrepreneurs and service providers throughout a 12-county area. The network also provided virtual offices to clients, assistance providers, and mentors. A virtual office allowed participants to define themselves and their needs, skills, and education. Participants also can list which counties and what business stage(s) they are in and request services or advice in starting and growing a business. The virtual office tracks the activity or

encounters that each service provider or mentor has with entrepreneurs.

The system's infrastructure for referrals, tracking, and reporting was designed to be spontaneous in responding to the needs of entrepreneurs. The system also solved the problem of a fragmented service delivery system because each client can now be tracked through a case management system.

**Three Key Components.** **PABizlielp.com** has three key components, and all three are necessary to have a viable system. The Network requires participation by (1) entrepreneurs needing help starting a business, (2) mentors willing to volunteer their business expertise, and (3) service providers (e.g., attorneys, accountants, business coaches, bankers or financing institutions, SBDCs, among others) willing to provide a set amount of *pro bono* assistance to start-up businesses.

## Case Categories

Case categories allow the entrepreneurs and the service providers the opportunity to identify very specific needs in the entrepreneur's situation and specific services offered by the service provider. Service providers and entrepreneurs can register in 12 assistance categories. These are (1) business plan, (2) general business assistance, (3) capital access, (4) equipment and engineering, (5) site selection, (6) financial operations, (7) legal, (8) information technology, (9) production and operations, (10) sales and marketing, (11) warehousing

and distribution, and (12) workforce management. Case categories are further broken down into more defined tasks for more exact matching. For example, workforce management would be more definitively broken down into compensation, administration, employee benefits, high performance work systems, labor law, management development, organizational design, personnel administration, temporary staffing, training, workforce communications, and general assistance.

## Receiving Technical Assistance

While technical assistance is not provided by the system per se, assistance requests are quickly generated by the entrepreneur through a simple online registration process. Professional service providers and mentors also register online using the same registration process. During the registration process, the system collects profiles for all participants, business challenges or cases for entrepreneurs, business knowledge, and areas of expertise or case categories. The system then matches the entrepreneurs' case(s) one at a time with the most appropriate service provider. Entrepreneurs are also encouraged to select a mentor, as necessary. The System

Administrator is notified by e-mail every time someone registers in the system. Service provider and mentor profiles must also be approved by the System Administrator prior to any interaction with an entrepreneur.

Once approved, the entrepreneurs are alerted by e-mail informing them that a mentor or service provider has expressed an interest in their case. The entrepreneurs then logs into their virtual office using their unique User ID and password. The menu button that requires an action will be highlighted in red. In this case, the Assigned Service Providers menu button will be highlighted. The

entrepreneurs will select this button and a list of service provider links will appear. The entrepreneurs can click on each link to see the skills, education, and résumé of the listed provider. The entrepreneurs then select the most appropriately matched provider, mentor, or both as deemed necessary. An e-mail notification is then sent by the system to the selected individual alerting them that an entrepreneur has expressed an interest in their respective service. Service providers can respond to the

entrepreneurs by e-mail or phone. Service providers are required to respond to the entrepreneurs within a 48-hour timeframe. If they do not respond in this given time, the System Administrator will receive notice through a report in the Administrative Reporting Site.

Entrepreneurs can request technical assistance in one or all of the 12 different case categories and subcategories at one time or on an as-needed basis.

## What Is a Virtual Office?

The virtual office is a password-protected personal website provided to each individual participant upon registering into the system. The virtual office acts as a case management system, filing, storing, and organizing information as it pertains to the individuals involved in a specific request for business assistance or case. An activity log is provided so that all interactions can be recorded.

Originally, the PABizHelp system began as a Microsoft-based product, but it has since been upgraded to an open source, Internet-based activity. In the past, the system required special software and hardware to operate and was very costly. Open source programming has eliminated those costs, plus it allows any organization with administrative rights to access the back-end.<sup>2</sup> Upgrading the system eliminated the need for a separate full-time organization to administer the website. These features make the system much more cost-efficient and user-friendly.

The delivery model used also enabled a sustainability component to be incorporated. This component, called USBizHelp, is a customizable, fee-based entry point for organizations wishing to develop an Entrepreneurial

Network program in their respective communities. A fee structure for a subscription to USBizHelp has been established and usually ranges from \$7,500 up to \$35,000 annually, based on the number of clients in your service population.

The process for obtaining a subscription is relatively simple, requiring only an annual licensing agreement. Once registered, any organization can have a ready-to-use Entrepreneurial Network infrastructure to assist with starting and growing businesses. USBizHelp also provides a centralized program management feature as well as a comprehensive administrative and statistical reporting tool to aid economic development professionals in their daily work with new and existing businesses.

USBizHelp also increases the awareness of entrepreneurial services, better organizes regional resources and assets; identifies entrepreneurial opportunities; strengthens teamwork and partnerships among members; and ensures integrated, responsive, and timely delivery of quality services to entrepreneurs.

## Steps in Getting Started

After deciding to purchase a subscription to USBizHelp, the next step is to begin to develop the database. In doing so, it is imperative for the purchasing organization to assign a Network Coordinator and/or System Administrator to the project. The purpose of the Network Coordinator's position is to act as the primary operational liaison between the customer and Entrepreneurial Network Program Services. The Network Coordinator provides technical support for clients registering in [www.pabizhelp.com](http://www.pabizhelp.com) and ensures that the day to day activities are accomplished for the organization. The Network Coordinator's primary

responsibilities, skills, and qualifications should include the following:

- Acting as the single point of contact for the Entrepreneurial Network
- Working hand-in-hand with the business community to ensure responsive and timely delivery of services
- Monitoring all website inquiries
- Expressing creative ability for designing programs and services from noted gaps in service provision
- Reporting progress, output, and outcomes

<sup>2</sup> The back-end is a special site whereby reports can be generated and functional areas of the system can be accessed.

- Experience and proven success with project coordination and customer service
- The ability and maturity to handle day-to-day customer requests relating to starting a business or new product inventions
- A solid knowledge of the business community and area to be serviced
- The ability to manage and report data
- Experience working with collaborative partnerships
- Ability to work independently in a fast-paced environment while managing multiple tasks

It is essential for the Network Coordinator to develop a support team. In forming a team, it is important to identify all partners—public, not for profit, and private—in the coverage area that have an interest in entrepreneurial and small business development. Team members should reflect a shared vision and commitment to this initiative. Members should include colleges and universities that teach an entrepreneur or business curriculum, Small Business Development Centers, Chambers of Commerce, Industrial Development Groups, Small Business or Technology Incubators, and other economic development organizations in the region.

Next, the Network Coordinator should organize a meeting of interested partners and preview the newly purchased Entrepreneurial Network subscription package. The main goal

will be to develop a support team that is committed and willing to lend its time and expertise in helping to build and nurture the Network. Attendees should register a profile. Additionally, it is vital that the private sector be included within the support team. Finally, successful entrepreneurs must be included since they symbolize the objective of this programmatic effort. Their experiences and journey are invaluable in helping to design and administer the Network effectively.

A Network Coordinator and/or System Administrator are necessary for the Network to function properly. This individual, or individuals, depending on the needs of an organization, is vital to the implementation and operation of the electronic system as well as the coordination of participants and the establishment and maintenance of activities required to keep the community motivated.

The Entrepreneurial Network requires a dedicated representative to oversee the project. This could be one individual who is trained on how to operate the system and who already works with the business community. Administering the system generally does not require more than an hour per day, if that.

Performing Network Coordinator and/or System Administrator responsibilities may require approximately one to two hours of time per day, depending on the type of Network activities being established and implemented.

### Expected Outcomes or Results

An Entrepreneurial Network can quickly respond to gaps in service provision and to the immediate needs of entrepreneurs. Having an established partnership with literally hundreds of service providers with years of experience in all aspects of business creation and expansion provides entrepreneurs help when they need it and at the level of sophistication needed. Mobilizing service providers and leveraging their expertise allows for expeditious targeted services.

One recent example shows how NEPA was able to identify such a gap. The Network Coordinator called on service providers and mentors in the system for assistance. These individuals responded by identifying needs for assistance with intellectual property rights, technology development, capital access, prototyping expertise, business plan assistance, and other items. The Network Coordinator realized that in addition to the needs in the areas above, the callers seemed to be very isolated in that they did not know the services available to them or even how to network beyond their daily circle of friends. That is when the Inventors Club was created.

**Inventors Club.** When the Inventors Club was being developed, various factors had to be taken into consideration—especially the fact that individuals might have trade secrets or products that have not been patented. In bringing the group of individuals together, a level of trust had to be established with respect to such sensitive needs. Participants must be introduced to individuals with similar interests, and they all, in turn, needed to share and begin to trust in each other.

After group trust had been established, it was comforting to see the interactions that began to take place. Participants began to rely on each other for help and services. Some members of the group had machine prototypes and others had experience in engineering, marketing, and operating other businesses. Just the fact that they now knew that another individual had the same interests and pride as they did in inventing products to make life just a little easier for the next person was very reassuring to them.

After bringing this extraordinary group of individuals together for several months, the Inventors Club was renamed Concepts to Creations. The group meets every

third Wednesday of the month, and there is always a guest speaker. This guest speaker can be a fellow inventor or a professional service provider such as a patent attorney.

Inventors love consistency. This fact was discovered when the group outgrew the NEPA board room after the fourth month. The meeting had to be moved to a more comfortable location, but the result was a dramatic drop in attendance. The first meeting had had approximately 22 attendees and by the third meeting, the number had grown to 50 participants. In an effort to recapture the larger audiences, the meetings have been moved back to the NEPA board room.

The Concepts to Creations Inventors Club continues to build momentum and energize the private sector. The private sector, seeing the potential in the room, wants to become involved after they have attended a meeting. They realize how much assistance is required by these individuals when bringing their ideas to the marketplace. The whole idea of starting a business or marketing a product is reminisced as they re-live the challenges that they experienced years earlier as professional business owners and managers. Involvement by the private sector has now led to the creation of a Sounding Board.

**The NEPA Sounding Board.** Several successful business persons came together to form a panel called the NEPA Sounding Board. The Sounding Board was established to provide inventors and individuals who have business ideas with a place to discuss their ideas with a team of champions. This team gives participants an honest and objective review of their idea or invention and offers them “next step” tips and guidance based on a face-to-face presentation of their idea, patented or patent-pending product and/or prototype, drawing, or model. The team is comprised of professional business persons, including Presidents, CEOs, and Vice Presidents skilled in marketing, manufacturing, law, engineering, financing, and commercialization. Individuals attending the Concepts to Creations Inventors Club meetings can schedule a presentation time with the Sounding Board.

Participants requesting this private time before the team must first complete a Confidential Information Request Form and sign a Hold Harmless and Disclosure Agreement.

The team also prepared a brief questionnaire called an Information Request Form. This form must be completed by participants. Questions are asked about their plans for developing the idea into a business or into a licensed product, the types of materials used to develop the item, and much more to help provide more targeted assistance.

**Entrepreneur of the Year Award.** In addition to these groups, an Entrepreneur of the Year Award was started. This is another activity resulting from having an Entrepreneurial Network with an energized group of service providers. The award recognizes entrepreneurs who have registered in PABizHelp and received services for starting a successful business. Once again, the service providers came together to develop a committee. The committee developed the guidelines, selection criteria, and the design of the award and the award program. Sponsors purchase the award and provide in-kind services as the prize. The winning entrepreneur receives a prize award that provides professional business management and/or copyright, patent, trademark, or engineering assistance services valued at more than \$5,000.

**Results.** The Entrepreneurial Network has assisted 351 entrepreneurs since the launch of the upgraded site in October. The Network also has 221 service providers and 46 mentors ready to assist entrepreneurs in every stage of the process. Forty-one entrepreneurs started businesses, creating close to 50 new jobs with more than \$1 million in sales, while 20 of these businesses experienced expansions. These entrepreneurs received nearly \$500,000 in private investments from private investors, Ben Franklin Technology Partners, or from micro-loans supported by the NEPA Finance Division. Sales and private investment data began being captured by entrepreneurs receiving assistance through PABizHelp beginning in July of 2005.

## Conclusions

New businesses are the key to a strong economy and they create new ideas and develop innovative strategies for entering into niche markets. Without a business support infrastructure or Entrepreneurial Network in place, entrepreneurs are left floundering and often knock on the wrong door at the wrong time making it difficult to start or expand. In the process, they can also waste the valuable time of service providers.

Entrepreneurial Networks and Inventors Clubs are ways to increase economic growth by facilitating critical early stage business assistance to individuals interested in starting or expanding a business. Networks create new value-added services, new market opportunities, and market-driven services and activities. Entrepreneurs with specific needs in any of the stages of business development can have their needs addressed by a Network. Networks are synergistic enhancers for creating awareness of entrepreneurship in rural and urban areas.

## Reference

Clones, D. 1998, March. *Appalachian Regional Commission: An assessment of entrepreneurship in local Appalachian economies 1984-1994*. Washington, DC: Corporation for Enterprise Development.

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