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How Do You Become a Rural Entrepreneur?

John Grace - Research Fellow, Centre for the Study of Rural Australia

Introduction

Entrepreneurship is not a new concept, however it has gained prominence post WWII as innovation in science and technology and the rise of new economic powerhouses has contributed to new global economic realities. As part of this new reality, entrepreneurship is being viewed as essential to a vital economy - innovation creates demand for new products, for new ways of doing things and for providing services we need. New businesses also contribute significantly to growth in employment.

Entrepreneurship is not for everybody. In their latest global report on entrepreneurship, the Global Economic Monitor [GEM] (Amway and Technische Universitat Munchen School of Management 2013) interviewed 26,009 people aged 14 or older across 24 countries. GEM found that Australian survey respondents had a very positive attitude towards entrepreneurship at 84% (the 3rd highest ranking). However when the researchers compared the number of survey respondents who showed potential to become entrepreneurs in Australia as compared to those that had taken up self-employment they found a gap of 44% (the average result for all countries surveyed was 31%). This result would suggest that the actual and perceived barriers to entrepreneurship in Australia are deterring more would-be entrepreneurs here than the average across the 23 other countries surveyed.

What do we know about entrepreneurs as individuals?

The field of entrepreneurship research has evolved over the last five decades from one that was primarily interested in the personality traits that entrepreneurs possessed and in prescribing recipes for success, to more interest being devoted into what entrepreneurs do, how they use resources, how they interact with institutions and with society and how entrepreneurialism can be developed. The argument over whether an entrepreneur is born or developed seems to have been resolved in favour of development. This is shown by the number of educational institutions who offer courses in entrepreneurship.

The field of entrepreneurship research is not short of definitions as to what an entrepreneur does. Most definitions place prominence on recognising opportunities and then responding in innovative ways to produce a product or service that 'pays off' for the entrepreneur. For example, the Centre for the Study of Rural Australia (CSRA) project called 'Developing Entrepreneurship in Rural Businesses and Communities in Victoria (EntruBIZ)' uses the definition put forward by Raymond Kao in 1993 – 'entrepreneurship is the process of doing something new and something different for the purpose of creating wealth for the individual and adding value to society' (Kao cited in Marcus Oldham College 2012, p.7)

While definitions like this help us to recognise entrepreneurial business people once they have established their business, developed and marketed their product or service and started to reap the rewards, it

does raise the question – ‘Can I be an entrepreneur without following this trajectory?’

As part of my role with the CSRA I have had the privilege to speak to a number of successful rural entrepreneurs across a range of industries and I would like to approach this question by using their stories to provide an answer.

Not all successful entrepreneurs start out with their business future mapped out. Recognising an opportunity might involve being in the right place at the right time, and seeing a need that is not currently being met. Successful rural entrepreneurs aren’t always at the forefront of innovation, sometimes it comes down to building relationships with suppliers and customers better than others, gaining and keeping trust, investing wisely, or modifying existing machinery to a new purpose. Sometimes being successful is about being ahead of the pack; being first to market or analysing what the competition is doing and doing something different. For some successful rural entrepreneurs failure is always an option: failure provides an opportunity to learn, to regroup and try new approaches, new techniques, call on other experts and to discover new and better solutions.

Entrepreneurship is not a linear, step by step process. Entrepreneurs are people who start their entrepreneurial adventure where they are at. By this I mean that they could be a teenager with an idea to sell a product to their friends. They could be a skilled worker laid off and now looking for a new start doing what they have done previously but working for themselves. For another business owner it could be a completely new venture in a community that is far from home (e.g. a middle age professional couple set up a bed and breakfast in a rural community as part of a ‘tree-change’). For a social entrepreneur it could come out of a desire to address a social need in an innovative way that benefits the community ahead of the entrepreneur.

What do we know about entrepreneurs as members of society?

Entrepreneurs do not develop in isolation, they do not trade in isolation and they do not grow their businesses in isolation. The term ‘nascent’ entrepreneur is used to describe those people who are engaged in serious activities that they intend to culminate in a viable business start-up (Reynolds cited in Aldrich & Martinez 2001). In considering whether or not to start a business the nascent entrepreneur may well be assessing their chances of succeeding with their entrepreneurial idea and weighing this up with the financial risks and the cultural risks of being seen as a failure if it doesn’t work out. Interestingly, these two risks are consistently identified by GEM reports as carrying a lot of weight in a nascent entrepreneurs’ decision not to start up a new business.

To realise their ideas and start up a new business, the entrepreneur will typically need access to resources – monetary resources, material resources, information, and human resources (as workers, advisors, mentors, experts,

customers and advocates for the new business). Recent research in the field of entrepreneurship is asking ‘why do some regions have more entrepreneurs than other regions which are very similar in other respects?’ Perhaps unsurprisingly, the answer to this question appears to be that regions that are more entrepreneurial in themselves contain more entrepreneurs. These entrepreneurial communities have some special characteristics; they tend to be more accepting of people trying and failing in business, they are more likely to be able to support the start-up of new businesses and they have an entrepreneurial outlook (i.e. opportunity seeking, innovative, and accepting of manageable levels of risk). For example, some rural American communities have raised funding to support business start-ups, worked together to establish business incubators which are low rent business premises shared by a few start-ups to minimise their costs when resources are scarce. The communities have worked hard to establish buy-local campaigns, to promote their local businesses more widely and to support regional branding initiatives that local businesses can promote their products under.

Another interesting way of thinking about communities has emerged in the last few years (Arikan 2010). This involves looking at a community as many interconnected sub groups. The system that this creates is complex in its operation and tends to work to avoid being knocked off its normal course by small shocks. Like one or two people wanting to set up a new business, or introducing new ways of doing things or rallying the wider community to operate in a new way. Big shocks however, such as a major local employer shutting down or a local industry becoming unviable can be enough to trigger a reaction in the sub groups that shifts the equilibrium to a new stable state. When this involves a community shifting from a low entrepreneur content to encouraging the growth of entrepreneurial businesses then outside organisations, like the CSRA, that work with the rural community to develop a system to support and develop entrepreneurs can have an impact. This can create a positive feedback loop where success is recognised and talked about thereby encouraging more successful entrepreneurial efforts and justifying the community’s belief that change can happen.

Steps to becoming an entrepreneur

Rural entrepreneurs, like every other entrepreneur start out with their own set of skills, life experiences, preferences and life circumstances. On the latest figures for Australia (Steffens et al, 2012), for everyone who thinks about entrepreneurship, slightly less than 11% of the adult population will see their idea through to the start-up stage. Statistically we know that the majority of new small businesses close within 5 years of start-up. So entrepreneurship is not for everyone.

If you are considering starting up your own business to exploit a new idea or a need that you have identified,

consider these suggestions against your own experience and circumstances:

Plan to succeed – there are some great resources¹ to help you clarify what it is that you are aiming to achieve. So invest some time in working on your ideas before you invest your money.

Identify your resources – examine your ability to source the physical resources you will need. How much can you afford to invest personally? Can you make a compelling case to raise extra funds? Look to your personal networks- do you have people whose business advice you trust? Would they act as an advisory board to your business? Do you have access to someone who has successfully started their own business that could be your mentor?

Right place – right time? Where you start your business can have an impact on whether or not it succeeds. Is the community likely to be supportive of your new business and will it be a good fit in the community culture? Have other entrepreneurial businesses already been established in the area? Is there an active network of business owners you can gain access to? Will you be able to source employees with the right skills for your new business here? Do you buy in skills or train in-house? How is the timing of your business idea? Are you replicating what other businesses are already doing or do you have something new to offer? Is this the right time to bring your idea to market? Does it rely on other technology that is going out of date or is so new that it hasn't been accepted as the standard as yet?

Don't be paralysed by planning – If you have done your research, realistically assessed your capabilities, sought advice and are ready to proceed - then act on your idea. Introduce new phases progressively and continuously evaluate how well your idea is developing. Be realistic: if it is not working out as planned, re-examine what needs to be done and close it down if that is what is required.

Looking out for your prime asset: YOU – Entrepreneurs require a whole raft of skills and abilities. Also entrepreneurs develop new skills and ways of thinking about their business as they become more experienced (Steffens et al 2012). So not only will you learn new skills as your business develops, you will learn new ways of thinking and acting along the way as well. The CSRA is using the Readiness Indicators for Successful Entrepreneurship (RISE) assessment tool, developed by Prof. T.S. Lyons, with entrepreneurs in Bairnsdale who are participating in the EntruBIZ project to help them assess what level of entrepreneurial development they have achieved overall and to identify areas where improvements can be made, through a personalised development program.

Conclusion

People aren't born entrepreneurs. There are skills that can be learnt and activities that can be used to develop novice entrepreneurs so that they grow in step with their business. There are many attractions for those people with the confidence and passion to back their business

idea in the face of obstacles, the drive to risk moving out of their comfort zone, and the willingness to take on a leadership role. The attractions are;

- Being your own boss
- Contributing to your community through employment
- Developing or creating new products or services from the initial idea to a market-ready offering
- Learning new skills and abilities
- Developing as a business and/or community leader
- Improving your wealth and lifestyle and that of your family
- Acting as a mentor and trail blazer for the next generation of entrepreneurs who come through

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Notes

1. James Greene's Opportunity Analysis Canvas and free online course through Coursera: (<https://www.coursera.org>), see also the *Business Model Canvas at the Business Model Generation website:* (www.businessmodelgeneration.com/canvas)



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Contact

Dr Yasmin Chalmers (Director, CSRA): chalmers@marcusoldham.vic.edu.au; ph: 03 5247 2904
