

# Rural Conversations

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**More than half of these current business owners are seeking to retire and leave their place of business in the next five years.**

## Business Transitions

### *Exit Strategies—*

With over eighty percent of current business owners being of the baby boomer generation, it is imperative to focus on business transitions to the new potential younger generations. More than half of these current business owners are seeking to retire and leave their place of business in the next five years. So, what does this mean for your community? Can your community afford to have businesses shut their doors?

Communities need sustainable business. Without successful business transitions, a large majority of the businesses in rural communities could shut their doors, which decreases jobs and wealth in the community. Each job in rural areas equals at least \$112,705 in total economic impact. Existing businesses (six years or older), generally sustain and create higher quality and higher paying jobs, which in turn leads to a higher quality of life in communities. How will your community keep these businesses open?

There are three major options most business owners consider for exiting a business: sell the business, family succession, or sell inventory and assets and close the doors.

The most popular option typically is to sell the business, and this process generally takes at minimum three years. Why you ask? Think financials. Lenders and other private investment firms request at minimum three years of financial from the current business owner to prove the company's health and worth.

Family succession is the second most popular option. This process can take up to seven years. First the business owner has to have a successor that is willing to take over the business, and more importantly, is interested in taking over the business. Then the process of training that successor can be lengthy due to involvement and length of experience. Sadly, most family successions fail within three years of transition.

The third option, and the least popular option, is selling the inventory and shutting the doors. Most often, this option is a result of a death or illness

to the owner or a close loved one of the business. In other words, an unforeseen circumstance.

Without a proper exit strategy or plan, businesses end up leaving our communities with little to no warning, creating higher unemployment and higher leakage into other surrounding communities; neither of which is desirable.

Seeking assistance from local organizations, such as the SBDC, can greatly improve the survivability of businesses in your community. By offering counseling and training services, mostly at no cost, these business owners gain the knowledge they need to successfully transition their business, whether they are selling or purchasing. Understanding every aspect of the business is critical to surviving in today's competitive environment.

*Kacey Lindemann Butler  
UHV-SBDC Certified  
Business Advisor, III*





# PIONEERS

**“Rural Texas  
must develop  
community  
leaders in order  
to stay strong.”**

## Pioneers Youth Leadership

### *Update on the Program—*

In the previous issue of *Rural Conversations*, Garry Merritt, Real County Judge, provided a feature on the Pioneers Youth Leadership Program. The program’s mission is to help high school students realize their potential to make a positive change in their communities and to sharpen their ability to be effective leaders. Judge Merritt recently provided an update on the program.



Nineteen Real County high school students graduated from the Pioneers Youth Leadership program on May 19 in Leakey. The year-long Pioneers program focuses on leadership, communication skills, and making positive changes in the community.

The graduating Pioneers class was made up of selected students from Leakey ISD, Nueces Canyon ISD, and Ed & Trudy Brune School at Big Springs Youth Ranch. During the year, the students participated in a summer leadership camp, college and financial aid advising, a community project, a Texas leadership forum in Austin, and a career and professional development retreat. For their community project, the Pioneers class led leadership and character development training for junior high students.

“We are incredibly pleased with the progress these students made in their Pioneers year,” said Real County Judge Garry Merritt, one of the directors of the program. “I know first hand that rural Texas must develop community leaders in order to stay strong. To meet this need, we created the Pioneers program. Our mission is to develop today’s student leaders and tomorrow’s community leaders.”

“Pioneers has taught me that no matter where you



start, you can go wherever you want to go,” said Hayley Bates, one of the graduates.

Five members of this Pioneers class will be counselors for the next Pioneers class and all of the seniors in this class will be attending college in the fall.

Building on this success, new Pioneers classes have been developed for both Real and Uvalde County. Three more counties will be added to the program by the end of the summer.

A short video about the program can be found by clicking [here](#).

More information about the Pioneers program is at:

[www.pioneersyouthleadership.org](http://www.pioneersyouthleadership.org).

*Garry Merritt,  
Real County Judge  
(830) 232-6750*

# Entrepreneurship in Rural Communities

## ***Entrepreneurial Expectations—***

Dr. David Summers of the University of Houston in Victoria, Texas shares his expertise about entrepreneurship in rural communities in the following article.



“For those of us who live in rural communities, we wouldn’t have it any other way. I love the close-knit culture of my

rural community. I enjoy the late night visits to the bird feeders from the deer, raccoon, fox, and skunk (in that order) and daily visits with friends at the post office.

I’m also concerned, however, about the economic health of my community. Much of rural Texas has struggled economically in recent years. Many politicians and policymakers point to entrepreneurs as potential saviors of their community’s economy. Is that a reasonable expectation? As an academic teaching in the University of Houston – Victoria’s Master of Science in Economic Development and Entrepreneurship program, I have to look at the reality of the numbers as to what to expect from my community’s entrepreneurs. Combining data from the Kauffman Foundation, Small Business

Administration, Internal Revenue Service, and the Edward Lowe Foundation, the following profile is developed for the typical rural community in Texas.

If you live in the typical rural Texas community, the current businesses are mostly either self-employed people or businesses with less than ten employees. Over half (52%) are home-based and 73% are sole proprietorships which make on average of \$14,000 per year. For every 1,000 adults in your community, you can expect about 43 businesses to be started each year. As stated before, most will be home-based and sole proprietorships. Of these 43, only nine will ever employ anyone other than the owner. Of those nine, only five will employ between two and ten people. In fact, for every 1,000 adults, only about every two years will an entrepreneur start a business that will employ more than ten people. In reality, about 1% of all firms drive most of the job creation. Of the 43 annual starts, about 21 will be around after five years and 14 after ten years. Only three of the nine employer firms will still exist after ten years. The sad fact is that, nationwide, firm deaths have exceeded firm births in recent years. The facts don’t paint a very rosy picture for entrepreneurship to save rural Texas.

But all is not lost. There are resources and actions that can greatly improve the odds. If the 43 startup firms had gotten Small

Business Development Center (SBDC) help before starting, about 35 instead of 21 would be around after five years. Those that needed help to grow would have often gotten that help from the SBDC without additional cost. Remember, most SBDC services are pre-paid by taxpayers and don’t require additional cost to the firm. Therefore, the local SBDC is the primary resource for small businesses in rural Texas.

The most critical need for most small businesses is customers. Therefore, shopping at home is how everyone can help.

Finally, it’s good to remember that on the individual family level, entrepreneurship can be a significant help. The \$14,000 income earned by the average entrepreneur can make a real financial difference for rural families. In fact, it would be worth \$122,529 (at 2.6% 10 year treasury rate) today to receive that kind of annual income for the next 10 years. What better way can a rural family add \$122,529 in additional wealth than by starting a business?”

*David Summers, Ph.D.  
Associate Professor of Economic  
Development & Entrepreneurship,  
University of Houston, Victoria*

# Texas Rural Challenge Brief

## *Texas' Premier Rural-Focused Conference—*

By far the 2013 Texas Rural Challenge was one of best in the conference's short four year history.

The theme of this year's conference was Innovation, Entrepreneurship, and Energy: A Catalyst for Rural Prosperity. The Texas Rural Challenge provides the platform for rural Texans and communities to engage in innovative and interactive sessions, gain valuable knowledge and insight into multi-county collaboration best practices, and discuss how to actively pursue and participate in the booming shale and energy plays around the state. Our hope was that participants were able to take the information and relationships established at the TRC back to their rural areas and help improve the local economy, quality of life, and the sustainability of their region.

The TRC is offered in partnership with the Office of the Governor and the Texas Economic Development Council. The conference's central focus is to assess challenges facing rural Texans and spur small business and economic growth in rural communities by providing attendees with practical and proven approaches to rural development.

The keynote addresses and breakout sessions spoke on relevant issues pertaining to

rural communities ranging from innovation, entrepreneurship, energy, jobs, and preserving the quality of life of rural Texas; and were phenomenal.

Keynote speakers included:

- **Andres Alcantar**, Chairman Commissioner representing the Public, Texas Workforce Commission
- **Candace Klein**, Founder and CEO, BG Ventures and SoMoLend
- **Vaughn L. Grisham**, Director Emeritus, McLean Institute for Community Development/Professor Emeritus of Sociology, University of Mississippi
- **Javier Moreno**, Assistant Manager of Corporate and Product Communications, Toyota Motors North America Inc.

Additionally, the conference offered breakout sessions in three tracks: Business and Economic Development, Community Development, and Statewide Rural Issues. Breakout session topics included, but were not limited to, municipal training, best practices for growth, innovation and funding, healthcare, housing, and rural success stories.

"Henry Ford said it best: 'Coming together is a beginning; staying together is progress, and working together is success.' That is what the Texas Rural Challenge is all about. Bringing people together, making progress, and achieving success," said **Gilbert Gonzalez**, Director

of the UTSA Rural Business Program. "We are proud to host the conference and know that the discussions and relationships established here at the TRC will improve rural communities."

The UTSA Institute for Economic Development is dedicated to creating jobs, growing businesses and fostering economic development. Its 12 centers and programs provide professional business advising, technical training, research and strategic planning for entrepreneurs, business owners, and community leaders. The IED serves San Antonio, the Texas-Mexico border area, and regional, national and international stakeholders supporting UTSA's community engagement mission with federal, state and local governments, and private businesses.

The Institute's Rural Business Program provides customized technical assistance, training, advisory services, research, strategic planning, and business and resource development to rural, small, and medium-sized businesses, economic development corporations, communities, and local governments.

You don't want to miss the 2014 Texas Rural Challenge in June! For more information on the Texas Rural Challenge go to: [texasruralchallenge.org](http://texasruralchallenge.org) or contact Gil Gonzalez at [gilbert.gonzalez@utsa.edu](mailto:gilbert.gonzalez@utsa.edu) or at 210-458-2877.

# Rural Events

Who	What	When	Where
Texas Organization of Rural & Community Hospitals	<a href="#">THHHA Education Conference</a>	Aug. 15-16	Austin
Texas Association of Nonprofit Organizations	<a href="#">Certificate in Nonprofit Leadership and Management (CNLM)</a>	Aug. 23	Cedar Park
Texas Organization of Rural & Community Hospitals	<a href="#">TLMI Annual Conference &amp; Retreat</a>	Sept. 4-5	Houston
Texas Association of Nonprofit Organizations	<a href="#">All That's Sacred: The Erosion of Employment at Will, the Regular Workday and Other HR ICONS</a>	Sept. 4	Online
AgriLIFE Extension	<a href="#">Texas Citizen Planner Program</a>	Sept. 10- Nov. 12	Houston
AgriLIFE Extension	<a href="#">Texas Citizen Planner Program</a>	Sept. 10- Nov. 12	Port Aransas
Texas Economic Development Council	<a href="#">Economic Development Sales Tax Workshop</a>	Sept. 20	Waco
Texas Association of Nonprofit Organizations	<a href="#">Fostering Successful Volunteer Programs: What Every Manager Needs to Know</a>	Sept. 26	Online
Texas Association of Nonprofit Organizations	<a href="#">Certificate in Fund Raising Excellence (CiFRE)</a>	Sept. 27	Cedar Park
Texas Organization of Rural & Community Hospitals	<a href="#">Rural Health Clinic and Critical Access Hospital Conferences</a>	Oct. 1-4	Austin
Texas Association of Nonprofit Organizations	<a href="#">Tending the Garden of Complaints: Transforming How You Approach Stakeholder Discontent</a>	Oct. 2	Online
Heartland Center for Leadership Development	<a href="#">Strategies to Recruit Alumni and Young Families: Tying Assets to Targets</a>	Oct. 2	Online
Texas Association of Nonprofit Organizations	<a href="#">Preparing for Next-Generation Volunteers</a>	Oct. 3	Online
Texas Association of Nonprofit Organizations	<a href="#">Focus on Good: Project Based Workshop - Create Your Own Film with Lights. Camera. Help.</a>	Oct. 4- Nov.15	Austin
Texas Association of Nonprofit Organizations	<a href="#">Volunteer Recruitment</a>	Oct. 15	Online
Texas Association of Nonprofit Organizations	<a href="#">Certificate in Volunteer Management</a>	Oct. 22-24	Austin
Heartland Center for Leadership Development	<a href="#">Strategies to Recruit Alumni and Young Families: Crafting Your Message</a>	Oct. 23	Online
Texas Association of Nonprofit Organizations	<a href="#">Google for Nonprofits</a>	Oct. 30	Austin

For a calendar of events visit the Texas Rural Innovators events page at [www.ruraltx.org](http://www.ruraltx.org)



# YourEconomy.org

## Add it to your toolbox—

Today, more regions are eyeing entrepreneurship as a means to stimulate their local economies. But deciding where to focus programs and support is challenging, with timely, in-depth information about business communities hard to find. Even when data is available in studies or research papers, it's often difficult to apply at the local level.

YourEconomy.org (YE) is a large time-series establishment data set designed to be a practical tool for researchers, business and community leaders, and economic-growth professionals. It provides, detailed - yet quick and easy-to-access - information about businesses, agencies and organizations, and jobs at the national, state, MSA, and county levels. The site also gives policymakers and journalists the benefit of being

able to look at regional economies and their business and industry activities in a new way.

YourEconomy.org (YE) is a free business census containing 27 million active establishments (over 52 million total) providing unique aggregate information about the performance of businesses through time from

a local to a national perspective.

YE lets you view the breakdown (composition) of establishments in your community, see which ones are growing and how this activity compares to other regions.

Visit [www.youreconomy.org](http://www.youreconomy.org).

**YE is a practical tool for researchers, business and community leaders, and economic growth professionals.**



## Texas Rural Poll

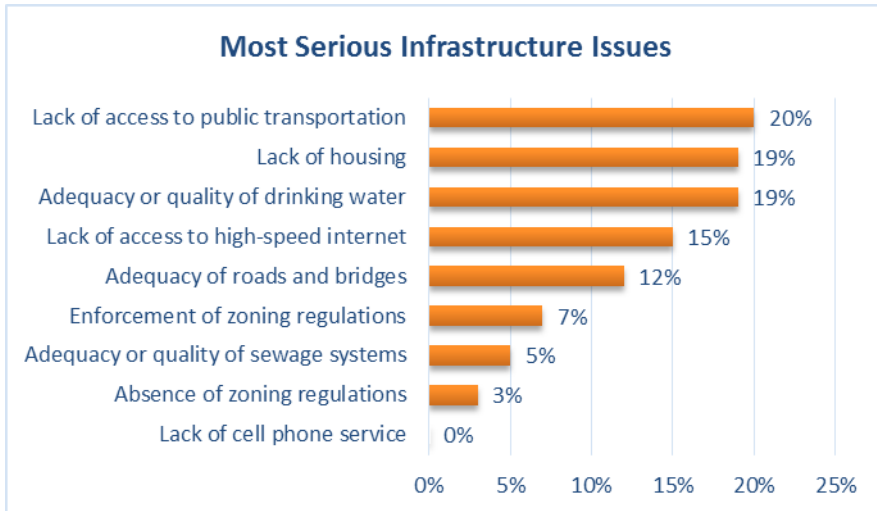
### *A Brief from the Texas Rural Challenge*

Local level leaders, concerned citizens, and state agency representatives participated in a rural-focused roundtable discussion at the 2013 Texas Rural Challenge in June. The session was hosted by Cheryl Hudec of the Center for Rural Studies at Sam Houston State

University. The session included a discussion and a series of questions posed to the audience regarding rural issues including rural community and economic development at the local and state level. The audience was able to vote live on the questions posed to them and the results were immediately presented to the room. A

discussion around each of the issues was then facilitated by Mrs. Hudec. This article provides a brief synopsis of the responses received through the polling session.

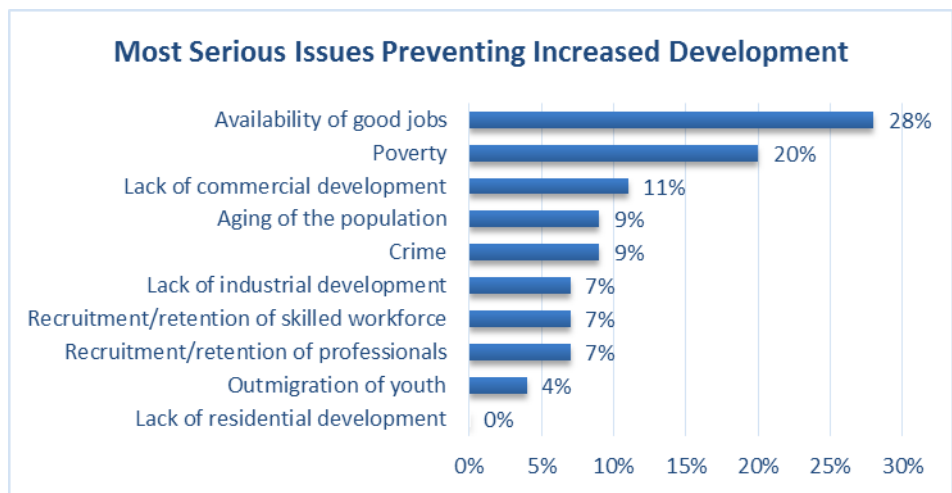
Respondents were asked to indicate the two most serious infrastructure-related issues impacting their communities. Lack of public transportation was deemed the most serious



infrastructure-related issue by 20% of the polled respondents. This was followed by lack of housing (19%), adequacy or quality of drinking water (19%), and lack of access to high speed internet (15%).

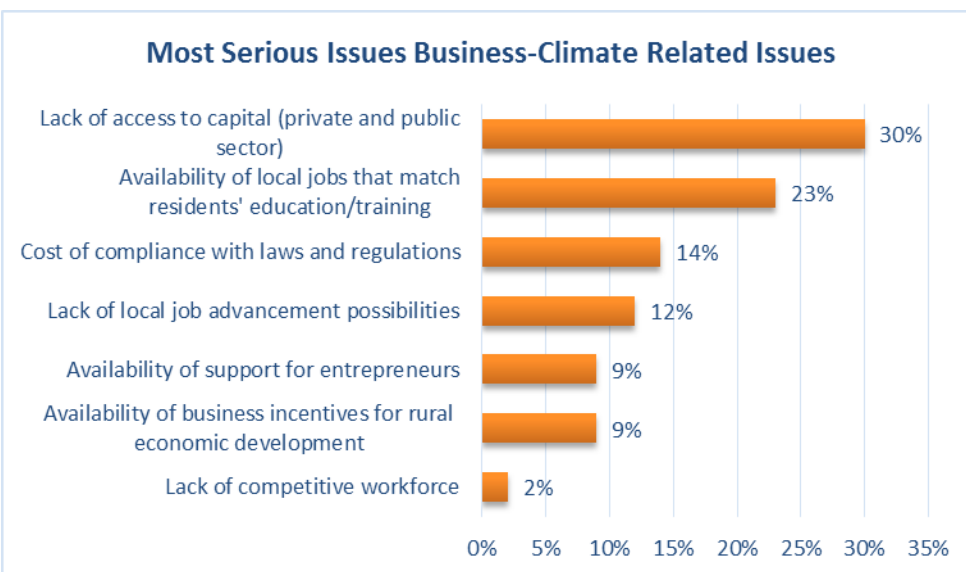
These findings are similar to those of the 2012 Texas Rural Survey. Respondents of the 2012 survey reported public transportation and affordable housing as some of the most serious issues for rural communities across the state. See the report [here](#).

When asked about the most serious issues related to increased development of their communities, 28% of respondents selected the availability of good jobs and 20% selected poverty.



According to the results from the 2012 Texas Rural Survey, availability of good jobs was ranked number two among the most serious issues for rural communities whereas poverty

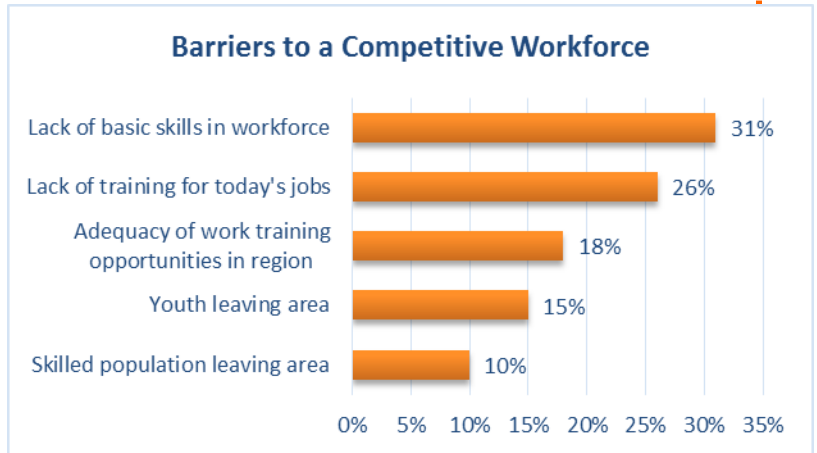
was ranked at number six. Lack of commercial development was ranked at number four, and increased aging of the population at number ten. See the report [here](#).



According to the poll, the most serious business climate-related issues impacting respondents' communities included lack of access to capital and availability of good jobs that match residents' education and training. Lack of access to capital was selected by 30% of the polled audience to be the most serious issue for creating a good business-climate.

# Texas Rural Poll Continued

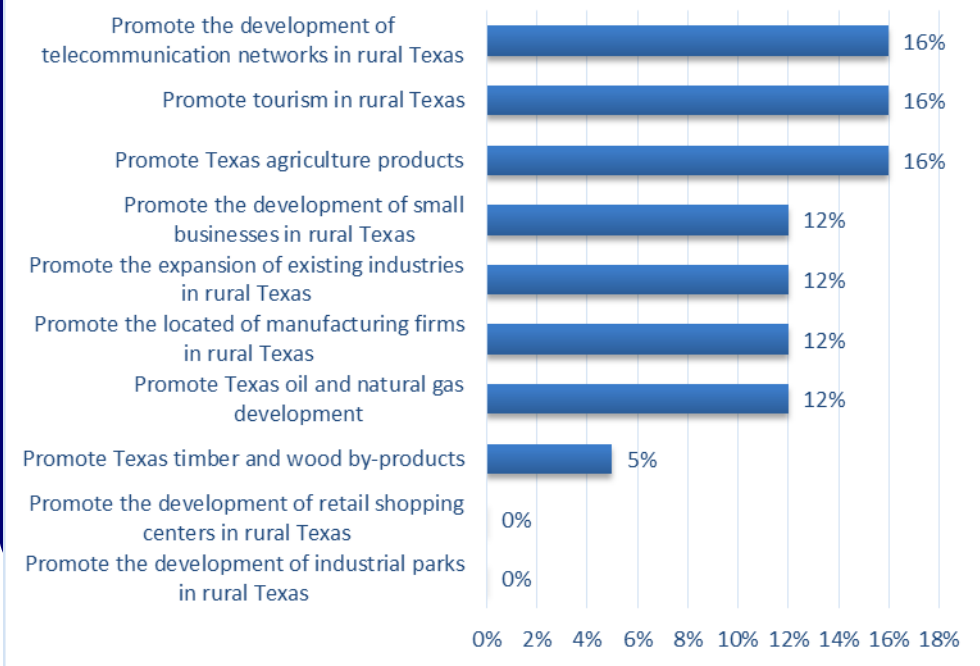
The most significant barriers to having a competitive workforce, as reported by polled respondents, were lack of basic skills in the workforce and lack of training for today's jobs. Thirty-one percent said that the lack of basic skills in workforce was the most significant barrier to a competitive workforce in their communities, followed by 26% who said that the most significant barrier was a lack of training for today's jobs.



In terms of local economic development strategies, 25% of polled respondents reported that providing loans to small business and entrepreneurs would have the most positive effect on their communities. This strategy was followed by: providing technical or training assistance to small business and entrepreneurs

(selected by 22% of the audience). On the other hand, those strategies perceived to have the least positive effect included providing tax incentives to companies to locate (selected by 21%) and providing land and other incentives to bring in new residents (selected by 19%).

## Percent of Respondents Indicating High Priority for Specific Economic Development Strategies



Results from the polling session were especially similar to results of the Texas Rural Survey when it came to state-level priorities for economic development. Sixteen percent of polled respondents said that the state should give priority to the promotion/development of telecommunication networks, promotion of tourism, and the promotion of Texas agriculture, respectively. Polled respondents also agreed with leaders and residents surveyed through the Texas Rural Survey on the lowest economic development priorities for the state: promotion/development of retail shopping centers and promotion/development of industrial parks. See the report [here](#).



# Recruiting Alumni and Young Families

## **Strategies Webinar—**

Beginning in October, the Center for Rural Entrepreneurship and the Heartland Center for Leadership Development will co-host a three-part webinar series to help rural leaders address youth out-migration through attracting alumni and young families.

This webinar series will incorporate the extensive experience of both organizations in working with young people and community leaders to revitalize rural communities. It also builds upon input gathered

from over 40,000 young people across rural America about what motivates them to want to return to rural communities.

In three one-hour sessions, co-hosts Milan Wall of the Heartland Center and Craig Schroeder of the Center for Rural Entrepreneurship will guide you through the process of identifying your target audience in relation to your community's strongest assets, crafting a compelling message and brand to attract new residents and building a game plan for recruiting alumni and young families to your

community. Upon completion of this series, you will have the knowledge and tools needed to move forward with implementing your action plan.

The cost for the webinar series is \$189 and you can register by clicking on the link below. If you have questions about these webinars, please contact Craig Schroeder at [craig@e2mail.org](mailto:craig@e2mail.org).

Get more information

**Register Now!**

*The webinar builds upon input gathered from over 40,000 young people across rural America about what motivates them to want to return to rural communities.*



## Webinar Dates

### **October 2, 2013: Tying Assets to Targets**

- What returnees and newcomers are seeking
- How to analyze your community's strongest assets
- Segmenting your target audiences key elements
- Learning to tie strategic assets to priority targets

### **October 23, 2013: Crafting Your Message**

- The 4 P's of community branding
- What branding is and isn't
- What great branding looks and feels like
- How a community's image communicates to newcomers

### **November 13, 2013: Building a Winning Game Plan**

- Connecting with newcomers and returnees
- The medium is (still) the message
- How to seal the deal
- Why people stay or leave



**CENTER FOR RURAL STUDIES:  
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*The mission of the Center for Rural  
Studies is to assist in the building,  
strengthening, and maintaining of rural  
Texas communities.*

Thank you for taking the time to explore this issue of *Rural Conversations*. Our hope is that *Rural Conversations* will encourage all of us who hold a passion for rurality to work together toward the goal of allowing rural Texas to flourish.

**[www.shsu.edu/ruralcenter](http://www.shsu.edu/ruralcenter)**

If you would like to submit something to be published in *Rural Conversations*, please contact Cheryl L. Hudec, Associate Director of the Center for Rural Studies at [ruralcenter@shsu.edu](mailto:ruralcenter@shsu.edu).

If you wish to be removed from the mailing list for *Rural Conversations*, please email Cheryl L. Hudec at [ruralcenter@shsu.edu](mailto:ruralcenter@shsu.edu).