

# The Rural Entrepreneurial Ecosystem

Leveraging Resources to Help Grow Businesses

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## The Critical Role of Entrepreneurship in Rural Places

Entrepreneurship is a cornerstone of community and economic development. Entrepreneurs start businesses, create jobs, and launch products and services that serve their communities and create dynamic and innovative economies. The fact is, businesses that are less than five years old create the majority of [new jobs](#) throughout the country. This reality has led to a shift in economic development from a focus on business recruitment to a recognition that entrepreneurs should be at center stage when the focus is growing economies and creating vibrant communities.

Despite the important role that entrepreneurs play in economic development, New Hampshire falls behind other states on key entrepreneurship metrics. The Kauffman Foundation's [Indicators of Entrepreneurship](#) ranks New Hampshire 42nd in the percent of the population becoming entrepreneurs, 44th in the number of jobs created by early stage companies, and 45th in the first year survival rate of new entrepreneurs. These shortcomings present an important opportunity to recognize the challenges the state faces and also opportunities to implement new approaches that leverage the entrepreneurial talent of New Hampshire's residents.

## Rural Entrepreneurship Challenges

For a number of key reasons, Entrepreneurs in rural states like New Hampshire face challenges getting their ideas off the ground and growing small businesses. Rural entrepreneurs have limited access to markets compared to their urban and suburban peers. Some of this is due to the fact that rural areas have smaller populations, but also due to limited access to broadband internet, interstate highways, airports, and railways that increase market access. Rural areas with limited access to broadband have both [fewer firms](#) and [lower rates of business growth](#).

Rural entrepreneurs also access capital in different ways than urban and suburban entrepreneurs: they depend predominantly on [debt financing at higher rates](#). Debt financing presents a unique challenge to

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many rural entrepreneurs, as rural banks tend to have more conservative lending practices, they don't offer many of the financial packages of urban and suburban banks, and they depend more on relationships and connections with businesses when making lending decisions. Additionally, rural entrepreneurs don't have access to many of the seed funding and equity financing options that are used in more metro or metro-adjacent areas to get ideas off the ground and finance risky, but promising, endeavors.

Lastly, rural entrepreneurs face barriers to connecting and collaborating with other entrepreneurs and accessing the support systems they need to succeed. Social networks are where entrepreneurs go to access capital, get coaching and mentorship, and receive education and training. However, rural areas don't typically have the critical mass to support the types of programs and physical spaces that are invaluable to fostering interactions and connections. Rural entrepreneurs tend to have a [small number of strong relationships and connections](#), as opposed to a large number of weak connections found in urban areas. Research shows that multiple weak connections play a key role to emerging entrepreneurial initiatives receiving support, critical input, and the resources needed to succeed.

### Leveraging Entrepreneurship in Rural Areas

There is an opportunity to leverage the incredible benefits that rural areas present and to address the challenges that rural entrepreneurs face. For instance, communities throughout the country are enhancing their access to nature and outdoor recreation, working to create vibrant downtowns, and instilling a sense of community in order to retain and attract entrepreneurs and innovators.

New Hampshire can overcome the barriers that rural entrepreneurs face by creating an entrepreneurial ecosystem. With help of diverse partners, the state can provide supports to entrepreneurs and innovators in their communities and break down the barriers that they face to succeeding. To do so, the state will need to implement programming that makes it easier for individuals to get their ideas off the ground and launch and grow small businesses. Cooperative Extension's role in this ecosystem is to help connect entrepreneurs to each other and to the resources, financial capital, support systems, and mentorship that they need to reach their goals.

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