

**Year Two Evaluation Report
Kansas Sirolli Institute Project**

ABSTRACT

This report is part of a series of reports prepared by the Center for Rural Entrepreneurship in partnership with EntreWorks focusing on the ***Sirolli Institute Initiative in Kansas***. This is the year two report documenting progress within this initiative.

Background & Introduction

The following document is the year two evaluation of the ***Kansas/Sirolli Institute Project***. This evaluation covers roughly the period from the summer of 2002 through the summer of 2003. This evaluation is being done by the Center for Rural Entrepreneurship and EntreWorks. The goal of the evaluation is to document learning from this innovative rural entrepreneurship development approach. The State of Kansas, through its Community Development Block Grant Program, has seeded five projects in rural Kansas employing the Sirolli Institute's ***Enterprise Facilitation***™ approach. For additional background information on this Project refer the to Attachments following this report.

The focus of this report is on the three initial projects (i.e., Western, Sunflower & Quad Counties). Baseline information on the two newer projects (i.e., Northeast & Midwest) will be available later this calendar year. It is critically important to understand two contextual points. First, economic development is a longer-term process. Great care must be taken to reach conclusions early in this process. At any give point in time early in the project, concluding failure or success is premature. Clearly this Kansas initiative is early in its life. Second, this is a work in progress. Actual deployment of the strategy in the first three sites can still be measured in months – not years.

A WORD OF CAUTION

Throughout this report we will emphasize the importance of reaching conclusions early in the life of an economic development initiative. The process of economic development is long-term – often generational in duration. We are in year two of this initiative and great care must be exercised in drawing permanent or sweeping conclusions from our findings.

2003 Kansas Sirolli Institute Evaluation Report

Summary Findings

The following summary findings are based on our observations through year two of this initiative:

- Startup of the projects has progressed at an anticipated pace with all three of the initial projects up and running with facilitators, working committees and programs in place.
- The State of Kansas, despite fiscal challenges and a change in Governors, has stayed with the Initiative and last year authorized funding for two additional sites.
- Progress among the three original sites is mixed.
 - The Quad Counties Project is moving fast and generating early economic development outcomes. Additionally Quad Counties is building economic development capacity and positive culture it has not historically had.
 - Progress within the Western Kansas and Sunflower Projects is slower with significant startup challenges. Again, it is too soon to judge failure or success. Progress is being made in both these sites and next year will shed more light on the ultimate success or failure of this approach in all the sites.
- There are generally high marks for the Sirolli Institute. The basic model continues to make sense to the projects. There is a feeling that the organizing and training assistance was strong. However, there are concerns that the Institute, given the size of the overall initiative, has not based staff in Kansas to afford a higher level of field engagement. The distance of Sirolli staff from Kansas is a concern. This past year the key Sirolli Institute staff person assigned to Kansas has left to pursue other interests. The impact of this staffing change is not yet clear.
- There are also good marks for the State of Kansas. The projects are thankful that the State initiated this program and made it possible for their participation. Overall, the relationships between the projects and the State are very good. However, the State, while interested in the projects, historically appears to have taken a hands off approach. Their engagement in monitoring progress and supporting this initiative appears to be relatively weak. There appears to be a significant shift in interest with the new leadership in the Department of Commerce coinciding with the change in Governors over the past year. This leadership is more pro-active and engaged. They are actively working to ensure the success of this initiative. *See Attachment E for more details.*

Note – There has been a cycle of engagement within the Department of Commerce associated with the Sirolli Initiative. Clearly there was strong, positive and active engagement in the formation of this Initiative. Leadership within Commerce championed this Initiative. As often occurs, there was a period of lesser engagement during the transition from the immediate past Administration and the new Administration. Interim

2003 Kansas Sirolli Institute Evaluation Report

leadership in Commerce was not in a position to be pro-active as they managed the affairs of the Department waiting for the new leadership to be appointed.

- There appears to be considerable policymaker interest and support for the initiative. From the Legislature to the Governor's Office, there is keen interest. Again, however, efforts to document outcomes to judge the value of Kansas' investment are unclear and less than robust. As the initiative moves to the out years, the ability of the State to objectively judge the performance of this economic development investment may be difficult at best without active tracking throughout the life of the initiative.
- Given the number of sites within the Kansas initiative, there is a clear opportunity to create a learning community among the sites and with external groups interested in this work. Serious consideration should be given by the State of Kansas and the Sirolli Institute to create both of these learning communities.
- Early in the year two evaluation period, one clear emergent red flag relates to how the projects link with existing regional service providers. The Sirolli Institute philosophy tends to downplay, sometimes being critical, of existing economic development efforts and resources. This attitude has clearly rooted to some extent in the projects. There is both a threat and opportunity to better integrate this local development strategy with the broader system of economic development. However, the pro-active leadership from the Department of Commerce and the Kansas Small Business Development Center coupled with strong cooperation from the Sirolli Institute has greatly improved this situation at an institutional level. Our year three documentation will explore how this leadership is reflected at the field level.

Bottomline – This is a Promising Initiative

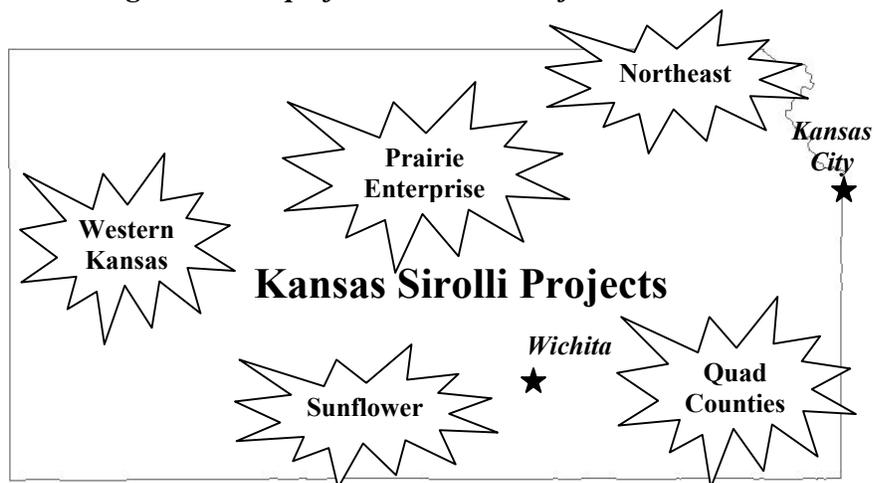
The Kansas/Sirolli Institute Initiative continues to be one of the more innovative and promising investments in rural entrepreneurship. It is critical that this effort be supported and documented so that a deeper appreciation of how this approach can impact the future of rural communities is evolved.

2003 Kansas Sirolli Institute Evaluation Report

About the Regions

The five project sites are located in rural Kansas, which is located in the heart of America's Plains Region. Historically dominated by production agriculture, these regions are facing most of the challenges confronting many remote rural areas. Characterized by declining economies, heavy outmigration, rising poverty, an aging demographic and a growing need for economic development. Each of the three original project sites (i.e., Western, Sunflower & Quad Counties) is profiled in our 2002 Baseline Report. Information on the two new project sites (i.e., Northeast & Prairie) is being collected and will be amended into the *Baseline Report* yet this year. The *Baseline Report* can be found in Attachment B with this Report.

Figure 1 – Map of Kansas with Project Locations.



The Kansas Regions

There are now five regions in rural Kansas participating in the Sirolli Institute's *Kansas Initiative*. The geography for these five areas is as follows: Western - Sherman, Greeley, Wichita, Lane, Kearny & Scott Counties; Sunflower - Kiowa, Pratt, Harper & Barber Counties. There is a possibility that Comanche & Kingman Counties may join this project; Quad Counties - Greenwood, Elk, Chautauqua & Woodson counties; Northeast - Nemaha, Doniphan, Brown, Atchison & Jackson Counties; and Prairie - Barton, Ellsworth, Russell, Rice & Edwards Counties.

Year Two in Review

In economic development two years is not a long time. But year two of an initiative is a critical time for review. During the initial year of an initiative there is a bit of a honeymoon. The talk is more of what can happen versus what is happening. This is time of organizing, fundraising, training, hiring staff and getting ready to start the work of economic development. In year two (at least with the three initial projects) we have actual program operation time. The initial indications of how the program might work in an area are emerging. This year two review covers the roughly the second 12 months for the initial three projects.

2003 Kansas Sirolli Institute Evaluation Report

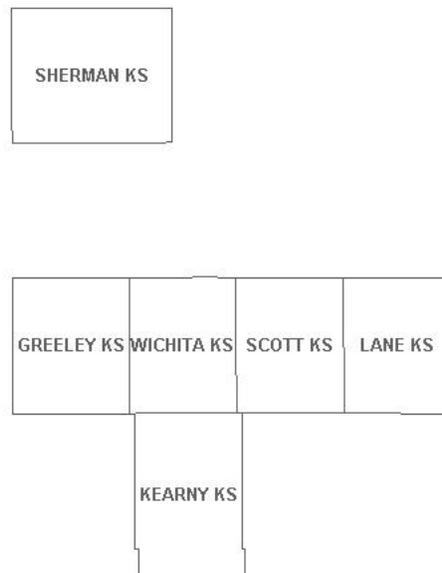
Western Kansas Project

The Western Kansas Project covers a vast and someone disconnected geography. Population and resources are more sparse and economic development challenges and distances greater compared to the other project sites. Relative to the other two initial sites, Western Kansas is off to a somewhat slower and more challenging start. Nevertheless its program is up and running. By Summer 2003, 417 introductions have been made. For the last reporting quarter (ending June 30, 2003) 71 clients have received services. According to the Western Kansas Project, the outcome of this work is four business creations and nine business retentions business retentions resulting 30 jobs.

The current (& historical) challenges of drought and depopulation are undermining the region and making the Project more difficult. There is some perception that the pool of entrepreneurs is limited in this region as one interviewee put it "...the overall quality of the candidates is poor." Another observation reflects on the raw nature of the development opportunity "...most business ideas are not well developed and many people want the program to do all the work."

One possible untapped opportunity is the diverse and growing Hispanic population moving into the region. Efforts to connect with this community are being considered and may represent a great talent pool.

Figure 2 – Map of the Western Kansas Project Geography.



2003 Kansas Sirolli Institute Evaluation Report

Major challenges to date include:

- Getting all the community partners fully engaged.
- Board member participation and support.
- Managing the large geography covered by one facilitator.
- Strained relations with the area's outside resource providers.

In October a significant event occurred with the Western Kansas Project. The Project's leadership terminated the contract of the current facilitator. Given the key role of a facilitator this action represents a short-term set back, but creates the opportunity for longer-term progress. One of the key elements in the Sirolli Model is the facilitator. Projects with strong facilitators that work well with the project's leadership and communities, tend to significantly better than those with weaker facilitators. The ability of a project's leadership to make hard decisions (such as terminating a facilitator's contract) is a key test in the longer-term viability of a project.

Figure 3 – Key Progress Indicators for Western Kansas

Program Start – 10/01	Introductions – 417
Months of Operation -- 25	Clients – 71
Facilitator Hired – 9/02	Startups – 4
Committee Size – 50s	Expansions – NA
Active Committee Members – Teens	Retentions – 9
Counties Engaged – 4 of 6	Job Creation -- 30

As of the June 30, 2003 Report to the Department of Commerce.

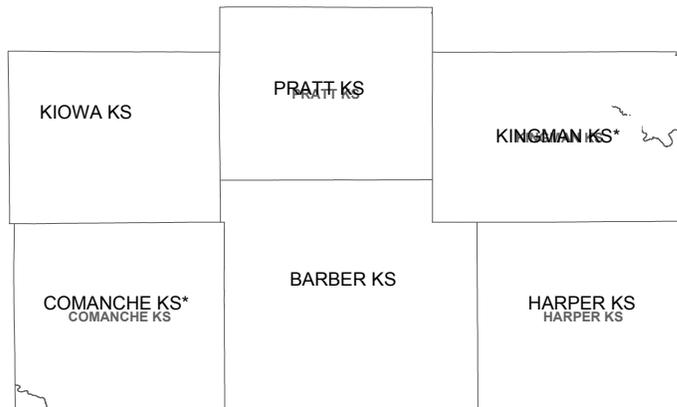
Sunflower Project

Located an easy drive west of Wichita, the Sunflower Region is typical of what many non-residents think of when they consider Kansas. Four counties compose this region (i.e., Pratt, Kiowa, Barber and Harper) with two other counties considering joining the project (i.e., Comanche & Kingman). The region is in Wichita's outer shadow. There are commuters, but the region has a strong rural feel about it. Its economy is rooted in farming and ranching with Kiowa, Barber and Harper counties very rural dotted with relatively small communities. Pratt County is somewhat different with the city of Pratt. Pratt is larger and serves as a regional trade center. It has some industry rooted in health care, the railroad and manufacturing.

This project was greatly helped by the Sunflower RC&D. It provided early organizing assistance and continues to play a critical role in supporting the initiative here in south central Kansas. Early organizing for the project progressed largely on schedule with the other two projects. But the process began to slow down as this project moved into year two. There were some challenges in hiring the facilitator, introductions have been somewhat slow and the board has struggled. There is mixed engagement among the four counties and communities within them. Most interviewed felt these problems rest with strengthen the board. As one respondent put it – "...we need to rebuild the board!"

2003 Kansas Sirolli Institute Evaluation Report

Figure 4 – Map of the Sunflower Project Geography.



While there have been challenges and perceptions of progress range from slow to very disappointing, there was also a sense that steam was building and that progress would be coming. At the mid-point of three-year local and state funding commitments, there are emerging concerns, even fears, that sustainability might be an issue without greater success. Ensuring continued funding and support for the project is a critical issue. Strengthening regional engagement, building a more active and stronger board and picking up the pace of progress appear to be year three challenges and opportunities for the Sunflower Project.

Figure 5 – Key Progress Indicators for Sunflower

Program Start – 10/01 Months of Operation -- 25 Facilitator Hired – 9/02 Committee Size – 50s Active Committee Members – Teens Counties Engaged – 4	Introductions – 453 Clients – 41 Startups – 8 Expansions – NA Retentions – 2 Job Creation -- 5
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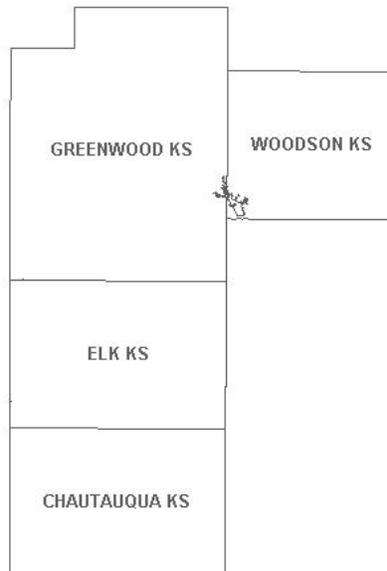
Quad Counties Project

Of all the areas, possibly the Quad Counties coalition has the farthest to come. No history of collaboration, or for that matter, tradition of strong economic development. A region partly rooted as a bedroom community to Wichita and trapped in chronic decline and poverty. Despite these challenges, and possibly because of them, this coalition has progressed and is realizing some very impressive early results.

The Sirolli system appears to be working, and working well for Quad Counties. A strong and active committee, deep community understanding and support (rooted in the early need for broad-based organizing to raise the necessary local funds), and what appears to be a great fit in their facilitator hire. About a 1,000 introductions, a growing client list and actual economic development outcomes – business startups and job creation.

2003 Kansas Sirolli Institute Evaluation Report

Figure 6 – Map of the Quad Counties Project Geography.



In February of 2002 when we made our initial site visits, one could sense a high energy level in the Quad Counties area. There was hope in the air and confidence that the Sirolli game plan made sense and that this new coalition could make it happen. That same energy and optimism was recorded in our 2003 interviews. Those interviewed were consistently positive about their strong board, their facilitator and their progress. Challenges were just that –things that needed to be addressed and would be addressed allowing the project to move forward. A year later, the hope for progress appears to be evolving into actual progress.

Two critical capacity building outcomes are emerging. First, there is a sense that the psychology of the area is moving from negative to positive. The success of this project has energized folks and as one interviewee put it “...we are moving the negatives to positives.” Second, the coalition is not resting on its success. Again its initial success seems to fueling a deeper commitment to work harder and do better. Efforts to be more strategic, reach out to more of the community, build linkages with resource providers, improve communications and other efforts are new efforts coming in year two of this project.

Note – Indicator data is available for most projects through June 30, 2003. The Quad Counties Project has provides us indicator data through October 31, 2003. As more current data is available for the other sites we will update this report to reflect this more current information.

2003 Kansas Sirolli Institute Evaluation Report

Figure 7 – Key Progress Indicators for Quad Counties

Program Start – 9/01 Months of Operation -- 26 Facilitator Hired – 9/02 Committee Size – 50s Active Committee Members – 20s Counties Engaged – 3 of 4	Introductions – 1,003* Clients – 119 Startups – 14 Expansions – 4 Retentions – 7 Job Creation -- 56
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As of the October 31, 2003 Report to the Department of Commerce.

** The Quad Counties Project has discontinued tracking the number of introductions.*

Critical Insight...

One of the strengths of the Sirolli Institute program is its metrics. They make sense and are reasonable. As a result of these attributes it is feasible that they will be collected and used to guide both improvement in the projects and support evaluation. However, we have observed a mixed case regarding the use of this metrics system. We recommend that the projects renew their commitment to gathering and using the metrics to guide and build their projects. We also recommend that the State of Kansas become more active in collecting and processing the metrics. This is critically important information for those providing external support for the program.

Program Expansion

In 2002 two additional areas were authorized under the State of Kansas/Sirolli Institute initiative – Northeast Kansas and Prairie Enterprise. Baseline assessments for these two areas are now underway and will be completed during the first quarter of 2004. The following information offers a preliminary view of these two new sites.

Northeast Kansas Project

The Northeast Project covers a landscape tucked up in the extreme northeast corner of Kansas bordering Nebraska, Iowa and Missouri. Atchison is the largest community in the region. But adjacent to the region is St. Joseph Missouri to the east. The southern edge of the region is the Kansas City to Manhattan I-70 corridor including Topeka and Lawrence. This is a region of rolling hills populated with smaller diversified farms, relatively small villages and trade center communities. Some light manufacturing diversifies this region's economy. In the southern reaches of the region, suburban acreage development is occurring associated with the larger communities of the I-70 corridor. Northeast Kansas is home to two Indian Reservations – the Kickapoo and the Potawatomi Indian Reservations. Additional information on Northeast Kansas will become available through our baseline research that is pending early in 2004.

2003 Kansas Sirolli Institute Evaluation Report

Figure 8 – Map of the Northeast Project Geography.

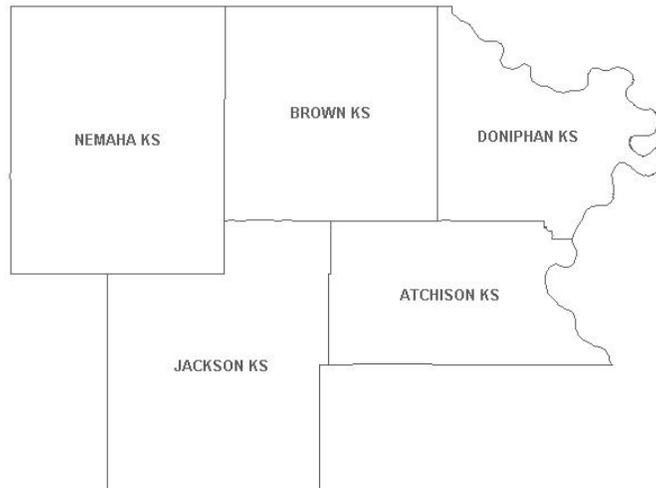


Figure 9 – Key Progress Indicators for Northeast Kansas

Program Start – 2002	Introductions – 200
Months of Operation – 6 (12/03)	Clients – 10
Facilitator Hired – 5/03	Startups – 0
Committee Size – 20s	Expansions – 0
Active Committee Members – Mid 20s	Retentions –
Counties Engaged – 6	Job Creation -- 0

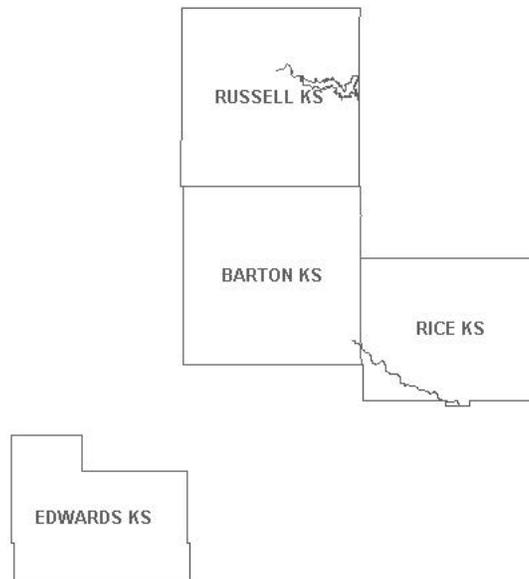
As of the June 30, 2003 Report to the Department of Commerce.

2003 Kansas Sirolli Institute Evaluation Report

Prairie Enterprise Project

The Prairie Enterprise region comprises the counties of Russell, Barton, Rice and Edwards located in central Kansas (just west of Salina). Great Bend is the largest community, but Russell is possibly the most widely know – being home to Senator Bob Dole. This is a region dominated by agriculture, light manufacturing, some energy production and numerous small villages and trade center communities. More background on this region and project will be forthcoming with our baseline report early in 2004.

Figure 10 – Map of the Prairie Enterprise Geography.



The Prairie Enterprise Project is up and running and based on preliminary indicators through June 30, 2003 – it is off to solid and fast start. Significant introductions have been made creating in a substantial client base resulting in some impressive early outcomes.

Figure 11 – Key Progress Indicators for Prairie Enterprise

Program Start – 2002	Introductions – 410
Months of Operation – 9 (12/03)	Clients – 72
Facilitator Hired – 2/03	Startups – 5
Committee Size – 20s	Expansions – NA
Active Committee Members – High Teens	Retentions – 7
Counties Engaged – 4	Job Creation -- 18

As of the June 30, 2003 Report to the Department of Commerce.

2003 Kansas Sirolli Institute Evaluation Report

Other Evaluation Projects

The Center for Rural Entrepreneurship is conducting a number of other evaluation projects throughout the United States. The purpose of these evaluation projects is to document innovative entrepreneurial initiatives in rural America.

Appalachian Ohio. *One of the more remarkable grass roots entrepreneurial initiatives is evolving in Appalachian Ohio through the AORIC Project. The Center has been tracking this project and will begin active documenting later this year. This is one of the premiere strategic initiatives supported by the National Rural Funders Collaborative.*

Nebraska. *Through our partner, the Heartland Center for Leadership Development, the Center is documenting the Home Town Competitiveness Initiative in Nebraska. This project, funded in part by the National Rural Funders Collaborative represents an innovative and comprehensive development approach focused on rural communities of 5,000 and less in population in the Plains Region of the United States.*

West Virginia/North Carolina. *The first rural applications of the Entrepreneurial League System is taking shape in West Virginia and western North Carolina. The Center has agreed to document this work. Work is just commencing in both site and a baseline report is due early in 2004.*

Minnesota. *Minnesota is known for its innovation. A recent innovative is VEN or the Virtual Entrepreneurs Network. The Center is in year two of a three-year evaluation of this innovative project. VEN is employing a web-based approach to rationale services for rural entrepreneurs in Minnesota.*

North Carolina. *The Center is advising the North Carolina Rural Economic Development Center and their aggressive new entrepreneurship initiative regarding evaluation. This project is just underway and preliminary results are due in late 2004.*

Kentucky. *The Center has been approached by Kentucky to develop and conduct the evaluation for their new and substantial rural entrepreneurship initiative. Work will begin later this year with year one results due late in 2004.*

Attachments Reports

There is a separate report that contains the following attachments:

- A. About the Kansas Sirolli Initiative
- B. Methodology.
- C. Baseline Report.
- D. Year One Evaluation Report.

END

NE:Center:Research:KS-2003 Report