





## An Invitation to Practitioners

Many of you are searching for a very different kind of economic development – one that makes your rural communities and regions more economically competitive, preserves the environment that is the foundation of your rural flavor, and draws more people into the social and civic life of your community. But this different kind of economic development isn't happening in many places. Why is that? One reason is that rural practitioners are often put off by words like “sustainable development” or “Triple Bottom Line development,” the terms used by “experts” to describe this different approach to rural development. Another reason is that practitioners and community leaders find it enormously difficult just to make their communities more economically competitive. They can't imagine making progress on two additional challenges, environmental preservation and civic engagement.

At the same time, many of you are experimenting with entrepreneurship as a core rural economic development strategy. Communities and regions across the country are figuring out ways to provide more support for existing entrepreneurs and to encourage the business creation dreams of community residents, young and old. These strategies are generating positive results, rebuilding economies and hope in communities that have lost factories, people and even community institutions like schools.

There is growing acceptance of entrepreneurship as an economic development strategy, but questions remains – can entrepreneurship make rural communities more economically competitive, help to preserve the natural environment and draw more people into community decision-making? In other words, is entrepreneurship a strategy for crossing the Triple Bottom Line – achieving positive outcomes in the community's economy, environment and civic livelihood?

This white paper begins to address this question, sharing insights gleaned from discussions with entrepreneurship development practitioners across the country. Our most important conclusion is that ***entrepreneurship development can be a Triple Bottom Line development strategy***. By helping entrepreneurs, private and public, to recognize opportunities and build new ventures, communities can experience improvements in the economy, the environment, and the diversity of residents actively participating in civic life. But, these broad outcomes will not occur without being very intentional about designing entrepreneurship to achieve Triple Bottom Line outcomes.

We invite you to participate in this ongoing discussion. This paper shares what we have learned so far and suggests what we need to do going forward to provide better guidance and insights for practitioners throughout rural America. This paper does not offer all the answers but we hope it serves as a stimulus for discussion about entrepreneurship as a Triple Bottom Line development strategy

for rural America. Please share your comments, questions and stories by emailing [dmarkley@nc.rr.com](mailto:dmarkley@nc.rr.com) or [nstark@cfed.org](mailto:nstark@cfed.org).

## Background

Beginning in April 2008, a group of individuals representing diverse non-profit organizations committed to rural economic development engaged in a discovery process supported by The Ford Foundation and facilitated by Yellow Wood Associates.<sup>1</sup> The group explored economic development practices, specifically those associated with cluster strategies, value chains, entrepreneurship development, and community development finance that offer hope for rural communities and regions through the achievement of Triple Bottom Line (TBL) outcomes. TBL practices, for this exploration, were defined as those that generate positive economic, environmental, and social outcomes for rural places and create wealth that “sticks” – wealth that is retained by and for the benefit of rural communities. Examining the Triple Bottom Line within the context of our own organizations and fields of interest helped the group to articulate questions that need to be addressed and to identify work that needs to be done so that rural places participate in meaningful economic development – development that helps rural regions become more resilient and generate wealth that contributes to better lives for rural people.

The team focused on entrepreneurship development (staffed by CFED and the RUPRI Center for Rural Entrepreneurship) began the discovery process with an assumption – ***when effectively implemented, entrepreneurship is a Triple Bottom Line economic development strategy focused on supporting individual entrepreneurs, public and private, as they identify opportunities and bring together resources to create and grow their ventures.*** In essence, rural entrepreneurship is, or can be, part of a process for rural America that yields economic, environmental and social benefits and creates wealth in rural places. The team also assumed that an entrepreneurship strategy is most effective when it is proactive and transformational – when it pushes a community or region away from dependence on external decision-makers and toward a commitment to develop local assets into a sustainable economic future.

While the overall discovery process is ongoing, the rural entrepreneurship team is using this white paper as an outlet for our learning to date. This paper outlines the process used to explore entrepreneurship as a TBL development practice, describes what we have learned so far, and outlines what issues still remain. The views shared in this paper reflect the contribution of the many practitioners who aided in this process, but remain the responsibility of the authors. On behalf of

---

<sup>1</sup> The organizations represented in the group included CFED, Coastal Enterprises, Four Directions Development Corporation, MACED, Regional Technology Strategies, RUPRI Center for Rural Entrepreneurship, Shore Bank Enterprise Pacific, and Sustainability Institute/Food Lab, along with Yellow Wood Associates and the Ford Foundation.

the TBL Working Group, we thank the Ford Foundation for its generous support of this entrepreneurial work.

### Defining the Elements of the Triple Bottom Line

As part of this discovery process, the elements of the triple bottom line were defined as:

- Economic – outcomes that impact the financial bottom line for individuals (e.g., increased sales for business owners) and communities (e.g., increased sales tax revenues).
- Environmental – outcomes that reduce negative impacts on the natural environment (e.g., reduction in pollution) or create positive impacts (e.g., restoration of natural or heritage resources).
- Social – outcomes that impact positively the ability of diverse groups of people to play a positive role in determining their future (social inclusion). While others often use “equity” as one of the triple bottom lines, the TBL Working Group prefers “social inclusion” as a more actionable step toward equity.

## The Discovery Process

The Rural Entrepreneurship Team set out to test the assumption that entrepreneurship development can, and indeed does, contribute to TBL development by tapping the experience of entrepreneurship development practitioners to help us understand how **effective entrepreneurship development** can be **TBL economic development**. Both the RUPRI Center and CFED have a depth of knowledge and understanding about entrepreneurship development as practiced in rural communities and regions across the country that informed our definition of **effective** entrepreneurship development. Effective practice is:

- **Entrepreneur focused** – responsive to the needs of entrepreneurs; inclusive of entrepreneurs in leadership positions.
- **Asset driven** – built on existing assets; designed to preserve and augment community and regional assets.
- **Community based but regionally focused** – impetus and ownership rooted in communities; drawing on resources and assets in a broader region.
- **Supportive of partnerships and collaboration** – recognition that collaborative action benefits the community; creating intentional mechanisms to support collaboration.
- **Inclusive** – recognizing all types of entrepreneurial talent; inviting diverse groups to the leadership table; engaging youth.

Drawing on input from a group of practitioners who had experience with specific effective entrepreneurship practices,<sup>2</sup> the team gained insights at two levels – general insights about how entrepreneurship can be a framework to get communities to sustainability and more specific insights about the impacts of effective entrepreneurship development practices on elements of the Triple Bottom Line and wealth creation in rural places. These insights are shared in the Learning to Date section below.

To develop a deeper understanding of how practitioners were measuring their economic, environmental, and social impacts, the team identified six effective entrepreneurship practices for further study.<sup>3</sup> Through interviews with project leaders, the team began to identify in what ways entrepreneurship was contributing to TBL outcomes and how these outcomes were being measured. Insights from these deeper investigations are also included in the section below. (See Appendix 1 for questions used to guide these discussions.)

A more difficult element of this discovery process was gaining insight into how entrepreneurship development contributes to the creation of rooted wealth in rural communities and regions. The entrepreneurship team explored with practitioners the ways in which their work helped to create wealth in six dimensions – financial capital, individual capital, intellectual capital, social capital, natural capital and built capital. (See Appendix 2 for explanations of the six dimensions of capital.) This exploration proved to be more difficult than considering TBL outcomes.

## **Learning To Date**

We began our exploration by asking practitioners to consider whether entrepreneurship can get rural communities to TBL development, i.e., was our assumption that entrepreneurship is or can be a TBL development strategy correct. Practitioners suggested that entrepreneurship can help push rural regions toward sustainability when it:

---

<sup>2</sup> Practitioners who provided input to a discussion about sustainable entrepreneurship development in May 2008 included Brian Dabson (RUPRI), Karen Dabson (RUPRI Center), Joyce Klein (Aspen Institute's FIELD program), Don Macke (RUPRI Center and HomeTown Competitiveness), Mary Mathews (Northeast Entrepreneur Fund), John Parker (Good Work), Mikki Sager (The Conservation Fund's Resourceful Communities program), and Natalie Woodroffe (formerly AEO, now Rural Strategies Consulting). Follow up discussions were held with Kim Tilsen Brave-Heart (OWEESTA), Janell Anderson Ehrke (GROW Nebraska), Larry Fisher (Appalachian Center for Economic Networks), Anthony Flaccavento (Appalachian Sustainable Development), Marten Jenkins (Natural Capital Investment Fund), Connie Loden (Community Progress Initiative), Thomas Lyons (Baruch College, CUNY), Shanna Ratner (Yellow Wood Associates), Craig Schroeder (RUPRI Center), and Beth Wiedower (Arkansas Delta Rural Heritage Development Initiative).

<sup>3</sup> The six included Appalachian Center for Economic Networks (ACEnet), Appalachian Sustainable Development, Arkansas Delta Rural Heritage Development Initiative, Central Louisiana Entrepreneurial League System®, Wawokiye Business Institute, and 4H ESI.

- Identifies and demonstrates clear gains for entrepreneurs and other “benefactors” (e.g., community leaders including local elected officials); makes a case for the Triple Bottom Line in a way that appeals to a person’s self-interest (especially his/her **economic** self-interest). People “do what they know,” but may change direction or perspective if they see a clear benefit from doing so. Otherwise, TBL development is seen as a “nice thing to do” or as a luxury.
- Uses language that connects with the people **where they are** and is sufficiently broad that people see themselves and their self-interest in it. Words like “stewardship” may be more effective than “sustainability” and “environmental preservation.”
- Helps the community to take an **appreciative** approach to its past, present and future and to explore its rural roots or heritage as a self-reliant, entrepreneurial community or region. For a rural community or region to be resilient, it must connect with its heritage, but embrace the present (e.g., newcomers) and future with a clear understanding of the challenges and opportunities ahead.
- Engages a diverse group that is reflective of the community or region (e.g., young people, immigrants, retirees).
- Incorporates peer learning because communities learn best from each other. Peer learning has become the way to learn most effectively, especially for adults.

Based on some consensus about the potential for entrepreneurship to be a path toward sustainability, we dug deeper to explore entrepreneurship and its relationship to the Triple Bottom Line and wealth creation.

**Entrepreneurship and the Triple Bottom Line.** Since entrepreneurship development is often implemented in response to some economic challenge, impacts on the **economic** component of the Triple Bottom Line are both well articulated and measured. These impacts can be generalized as:

- More entrepreneurs – e.g., increased numbers starting businesses
- Stronger entrepreneurs – e.g., entrepreneurs with increased skills
- More business growth – e.g., businesses increasing sales and adding jobs
- Economic impact on the community – e.g., increased sales tax revenues

Many entrepreneurship development strategies are also designed to address the social isolation that many rural entrepreneurs experience – isolation from their peers, isolation from their markets and suppliers, isolation from community leaders. In addition, effective rural entrepreneurship efforts are intentionally broad including women, minorities, immigrants, youth, seniors, and self-employed entrepreneurs. As a result, positive impacts on the **social** component of the Triple Bottom Line were often identified.

Few entrepreneurship development initiatives had an explicit focus on **environmental** outcomes, with Appalachian Sustainable Development being a notable exception. However, through discussions with practitioners, it became clear that there are potential impacts on the **environmental** component of the Triple Bottom Line that are not being captured by these programs or that could be incorporated into program design. For example, “green” business practices could be incorporated into the coaching component of the Entrepreneurial League System<sup>®</sup> and the Wawokiye Business Institute as a way of building the knowledge base about sustainability among these entrepreneurs.

From these interviews we concluded that:

***Entrepreneurship development as presently designed is not generating impacts across the three components of the Triple Bottom Line. Without intentional focus on environmental and social outcomes, the impacts of entrepreneurship development on these aspects of the Triple Bottom Line will not be identified and measured. At the same time, there is nothing about entrepreneurship development that, inherently, is in conflict with the Triple Bottom Line.***

The challenge to moving individuals and communities toward TBL development practices is to build a knowledge base about the Triple Bottom Line among entrepreneurs and articulate the economic benefit of considering the TBL in their decision making. To explore this idea further, the team asked a number of practitioners about the persuasive arguments they might use to help community residents take a TBL approach to development. The tactics being used generally related to making the **economic** argument for diversity or environmentally sustainable practices – how you can “do well by doing good”. Specific examples include demonstrating the potential impact on an entrepreneur’s bottom line of adopting energy efficient production processes or using local suppliers, showing loggers the economic benefit of adopting sustainable practices that yield higher prices for their logs, and providing access to regional markets and higher product prices for organic food processors. ***As the drivers for entrepreneurship development are primarily economic, the persuasive arguments for sustainable development were articulated in terms of economic benefits.***

**Some Thoughts on Measurement.** Through our conversations with practitioners about entrepreneurship and the Triple Bottom Line, it was clear that practitioners saw value in considering economic, environmental, and social impacts associated with entrepreneurship programs but that they were less clear about how to measure impacts beyond traditional economic outcomes. Identifying appropriate measures across the Triple Bottom Line would be a valuable tool for practitioners to use in creating a new framework for TBL entrepreneurship development in rural communities.

To begin discussion around this process, the entrepreneurship team sought to identify common indicators and measures associated with the six entrepreneurship strategies we explored in greater depth. We discovered the following:

- It was difficult to identify changes over time since baseline data were often not collected.
- Indicators and measures related to economic impacts were better articulated than those related to environmental or social impacts.
- Often, the environmental measures were suggested or proposed and did not represent actual data being collected.

One of the first steps in developing any initiative needs to be an articulation of program goals – what are you trying to achieve – followed by identification of how success or performance will be measured. These inputs form a measurement system that can be used by practitioners to report on success, broaden support, and attract additional resources and partners to the effort. Measurement should be a tool for practitioners rather than a reporting burden. ***The measures shared here are provided as a starting point for practitioners engaged in the design of entrepreneurship initiatives whose goals include TBL development.*** We offer them as input for a measurement system designed by practitioners and used to adapt programs to changing circumstances as well as to report on project performance.

There is great diversity in indicators and measures across strategies since measurement systems are appropriately designed to address initiative-specific goals and outcomes. However, we identified some common indicators and measures that are presented in the boxes below to stimulate discussion about the value and challenge of measuring TBL outcomes.

### **Economic Impacts – Indicators and Measures**

#### **More people considering entrepreneurship**

- Increase in interest in entrepreneurship programs
- Increase in participation in entrepreneurship programs
- Number of coaching clients
- Number of entrepreneurs with potential for value added products

#### **More entrepreneurs building skills**

- Number of entrepreneurs receiving coaching
- Number of entrepreneurs receiving technical assistance
- Number of entrepreneurs using incubator facility
- Improved financial literacy – e.g., increased credit scores

#### **More entrepreneurs growing their businesses**

- Increase in sales
- Increase in employment
- Number of new markets entered
- Increase in business assets
- Increase in revenue per employee
- Increase in sales outside the region
- \$ of capital raised by business

#### **Community benefits generated**

- Increase in sales tax revenues
- Investment in new infrastructure
- \$ raised for new entrepreneurial initiatives
- Number of new businesses started by family members

### **Environmental Impacts – Indicators and Measures**

#### **Preservation/restoration of the natural environment and heritage**

- Number of acres transitioned to sustainable management
- Number of acres transitioned to organic farming
- Number of iconic properties preserved or rehabilitated
- Slower population loss
- Increased retention in the community college

#### **Change in attitudes toward sustainable development**

- Increased participation in community outreach events
- Number of farmers adopting eco-tourism value-added opportunities
- Increased sales of organic produce

## **Social Impacts – Indicators and Measures**

### **More networking**

- Number of entrepreneurs participating in a network
- Number of mentors
- Number of referrals made among service providers
- Number of partners working on the intervention

### **Greater participation of previously excluded groups**

- Number of youth participating in entrepreneurship development
- Number and percent of women participating
- Number and percent of minorities participating
- Number and percent of low income entrepreneurs participating
- Number of limited resource entrepreneurs participating

### **Increased sense of pride or hope in the community** (measured only by Arkansas Delta Rural Heritage Development Initiative)

- Number of businesses using the new regional brand (Arkansas Delta Soil and Soul) on their websites
- Number of businesses using the Soil and Soul logo in their businesses
- Number of festivals using the brand
- Number of new businesses using the brand as part of their name
- Number of references to the brand in media reports

**Entrepreneurship and Wealth Creation.** Gaining insights into wealth creation associated with entrepreneurship was challenging. Examples of how practitioners articulated the impacts of entrepreneurship on at least some of the six components of wealth are presented in Table 1. It was also clear that, in general:

- They could readily identify ways in which entrepreneurship was creating intellectual, individual and social capital (although the line between intellectual and individual capital was not clear to most).
- They were less aware of ways in which natural capital was being created or when they did identify impacts, they were not measuring ways that this was being created.
- They could not identify, and were thus not tracking, impacts on built or financial capital.

These observations suggest that while entrepreneurship can be a strategy for building all forms of capital, a key challenge is getting practitioners to **value** and **measure** changes across all types of capital.

Another issue related to wealth creation arises from how one defines community wealth. Most rural entrepreneurship development strategies focus on helping entrepreneurs build businesses and, in turn, grow their own assets – a process that is distinct from the concept of community wealth adopted for this discovery

process. However, many of the practitioners we talked with assume that an increase in individual assets, rooted in rural communities, will have an ultimate benefit for the community as a whole – through expanded job opportunities that help others build assets, expansion of community infrastructure in response to business growth, increased public sector revenues that can be used to support community asset building, and, in some cases, capture of individual assets for an explicit public purpose such as through a community foundation. In addition, the concept of “giving back” is prevalent among entrepreneurs in many rural communities – the challenge is to provide a vehicle for welcoming that give back and putting it to use in the community.

To develop more insight into this question, practitioners were asked to describe what “creating or maintaining community wealth” means within the context of their work. Responses included:

- Finding new sustainable ways to manage the natural resource base that generate value for individuals – the foundation for wealth creation in rural places is the natural resource base.
- Transferring businesses to the next generation so the assets remain in the community.
- Stewardship of agricultural resources from one generation to the next as a result of young people returning to the farm.
- Sustaining community institutions, like schools, by reversing youth out-migration.
- Helping individual entrepreneurs move from the informal to the formal economy so that they are paying taxes and benefitting the larger community.
- Helping families make a better future in rural America which in turn helps sustain the rural community.
- Increasing wealth through the shared use kitchen which is an asset available to all in the region.
- Creating wealth by helping individuals build business assets – assets are the building blocks of wealth and owning and growing a business is one form of asset building.
- Growing and sustaining a business or harvesting the assets in one business to start another creates wealth in the community.

These responses suggest that the language used to describe both wealth creation and the Triple Bottom Line is extremely important in terms of changing behavior on the ground. Our group of practitioners took a pragmatic approach, considering what incentives or arguments would be most persuasive to individuals and bring about the change in behavior that is desired, as illustrated by Appalachian Sustainable Development (see box below). ***Their insights suggest the need for a flexible and place-based definition of community wealth if the goal is to have communities embrace TBL development practices.*** The challenge is to create a system that values all elements of the

## Appalachian Sustainable Development

Appalachian Sustainable Development (ASD) is an entrepreneurship development organization that has an explicit focus on the Triple Bottom Line. A key question they raised at the start, and answered in the negative, was whether people managing the natural resource base had the skills, capital, and access to markets needed to restore and add value to this base. It takes real knowledge and skills to do this – it takes a comprehensive system to sell locally and manage sustainably. What ASD has done is create this system by:

- Developing the knowledge base about sustainable forestry or sustainable agriculture (increasing intellectual capital).
- Providing training and long term technical assistance to help producers adopt and implement new sustainable methods (increasing individual/intellectual capital).
- Providing access to markets by creating the infrastructure needed, e.g., farmers' markets structures and organizations, packing facility, sustainable wood kiln, networks, and Appalachian Harvest brand and developing relationships with major markets, e.g., grocery stores and now college food services (increasing built capital, increasing social capital).

This system has drawn many loggers and farmers into sustainable forestry and farming practices because they built the knowledge base about these sustainable practices and worked hard to sit down face to face with farmers/loggers and share that knowledge so that it might translate into behavior change. As they changed behavior, e.g., logging practices, the loggers began to build wealth both through the enrichment and preservation of their natural assets as well as by building their financial or economic assets.

Triple Bottom Line in such a way that individual behavior is expanded to embrace public benefit in individual decision making.

## Issues that Remain

Our discovery process to date confirms our assumption that ***when effectively implemented, entrepreneurship is a Triple Bottom Line economic development strategy focused on supporting individual entrepreneurs, public and private, as they identify opportunities and bring together resources to create and grow their ventures.*** However, in practice, entrepreneurship development is not yet being designed with explicit attention to all components of the Triple Bottom Line. Based on our discussions with a wide range of practitioners, we have identified a number of issues that must be addressed in order to move practitioners and rural community leaders toward consideration and measurement of a broader set of outcomes.

***Developing language that is persuasive and resonates with rural community leaders.*** “Sustainable development” and the “Triple Bottom Line” do not necessarily resonate with rural community leaders. For practitioners, the notion of sustainability can be interpreted in at least three ways – the sustainability of their program or initiative, the sustainability of the community, and the sustainability of the natural resource base. The TBL concept has become more common within the funding and practitioner communities, but is not every day language for community leaders. A concept that came up again and again in our discussions was the concept of **stewardship** – the careful and responsible management of something entrusted to one’s care. In some ways, this is a **rural** concept – beginning with the stewardship inherent in the Homestead Act and continuing today as rural communities in the Delta and Appalachia try to preserve their natural and cultural heritage. It is a concept that can be applied to the people, environment, and governance of rural places. “It’s a word that people can be proud of” (John Berdes, Shore Bank Enterprise Pacific). What we have learned through this discovery process suggests that **how** sustainable development is communicated to community leaders is as important as **what** is communicated.

***Tying TBL considerations to community needs and challenges.*** At least in terms of entrepreneurship development, finding the **economic** leverage points appears to be a key to moving entrepreneurship development toward the Triple Bottom Line. For example, what makes Appalachian Sustainable Development effective in achieving TBL impacts is their ability to communicate the direct connection between adopting a sustainable practice and the logger’s bottom line. They recognize an overriding concern among limited resource loggers is earning a living and ASD makes the argument for sustainable forestry in economic terms – if you produce in a sustainable way, you will sell your logs and earn 20-30% more than you are getting now.

***Developing more effective measurement systems to make the case for TBL strategies in entrepreneurship.*** Over time, the field of entrepreneurship development has gotten better at articulating and capturing economic outcomes in a way that helps to tell the story about the importance of this strategy for rural communities. This discovery process has demonstrated that there is more work to be done on articulating measures to get at environmental and social outcomes. It is not clear, however, that a single measurement system can capture the diverse range of outcomes associated with the unique and place-based approaches to entrepreneurship being implemented across rural America. A measurement guide, drawing on the unique experiences of some of the exemplary development approaches that use the Triple Bottom Line, may be more useful to community leaders – in essence, sharing with them **why** they should measure, **how** to measure and providing examples of **what** to measure.

***Value of case studies in testing these insights.*** This assessment has shown the importance of using case studies to “road test” the language around TBL

development. Case studies also provide an opportunity to identify the leverage points and the persuasive arguments that might move entrepreneurs and communities toward TBL development practices. Finally, the development of a measurement system or guide that works in communities requires some field testing of the concepts and the tools on the ground. The careful selection of case study sites – where there are practitioners open to understanding the Triple Bottom Line and its implications for their work **and** interested in adapting their practice to become more focused on TBL – will yield insights that should improve the outcomes of this work.

## Concluding Thoughts

The concepts that underlie TBL development are not new to rural people and rural entrepreneurship practitioners. The notion of **stewardship** resonates in rural places – stewardship of natural resources, heritage, and institutions. Rural communities may be ideally positioned as laboratories for TBL development because, in many places, the needs are glaring – whether embodied in the need to preserve the natural environment or the need to maintain local school infrastructure or the need to reverse out-migration of youth. What is lacking is a roadmap – a set of tools that can help practitioners align their entrepreneurship efforts with principles of TBL development.

This white paper does not pretend to provide such a set of tools. What it does offer is an invitation to rural entrepreneurship practitioners to begin to consider how **entrepreneurship development** can be **TBL economic development**. The insights shared with us so far have been helpful as we begin to make more concrete our learning and develop the tools that can guide the field.

The entrepreneurship team plans to address some of the open issues described above in the next phase of our work – a more in-depth, practitioner-focused examination of the connection between entrepreneurship development and the TBL. Specifically, we need a clearer understanding of:

- **Why** some practitioners have become intentional about the TBL
- **How** entrepreneurship development practitioners are achieving TBL outcomes
- **What** information practitioners need to move their practice toward TBL outcomes

We have two goals for this work. Our first goal is to become very concrete – to translate our initial learning from the conceptual to the practical, and to generate tools that will guide practitioners as they advance entrepreneurship development toward the TBL.

Our second goal is to demonstrate the fundamental connection between place-based enterprise development and individual asset-building. For example,

through our past work (particularly a regional learning project in rural Kentucky), we identified the need for more definition around the concept of social outcomes. We believe that by connecting place-based enterprise development (entrepreneurship) to individual asset building, we can provide a path for practitioners who are striving to achieve social/equity outcomes through their entrepreneurship practices.

We invite you to join this discovery process and welcome comments or input from the field ([dmarkley@nc.rr.com](mailto:dmarkley@nc.rr.com) and [nstark@cfed.org](mailto:nstark@cfed.org)).

**Table 1. Impacts of Entrepreneurship on Wealth –  
Intellectual, Social, Individual, Natural, Built, and Financial Capital**

<b>INTELLECTUAL</b>	<b>SOCIAL</b>	<b>INDIVIDUAL</b>
<p>Increased creativity and innovation among entrepreneurs            Creation of knowledge networks within the kitchen incubator            Building local knowledge of sustainable development practices            Creation of learning laboratories for preservation-based development in the region            Enhanced pool of leadership capacity            Built pool of knowledge about innovative practices in community development            Transforming individual farmer knowledge into “community property” through sharing strategy for standards’ compliance            Strengthening knowledge and innovation through coaches and mentors network</p>	<p>Creation of networks – E to E, E to coach, E and coach to service provider            Increased trust among players new to sustainable development            Facilitation of new partnerships            Creation of a broader, more diverse leadership pool            Collaboration of people, businesses, non-profits, and government, many of whom were once competitors            Intentional service provider network created            Creation of cooperative with both bridging and bonding social capital.            Forging new relationships on the reservation            Building coaching relationships based on trust            Building relationships between youth and community elders            More youth considered important community members</p>	<p>Increased skills for entrepreneurs            Increased skills for community members in collaboration, leadership, preservation, etc.            Enhanced opportunity for community gatherings and celebrations            Increased pride of craft associated with selling to an expanded market            Increased pride of place associated with regional branding            Increased individual empowerment associated with building financial and business skills            Increased hope for the future being developed in and passed on by youth</p>
<b>NATURAL</b>	<b>BUILT</b>	<b>FINANCIAL</b>
<p>Increased use of local produce            Expanded use of organic or sustainable processes            Increased stewardship of the natural environment            Preservation of the natural environment through nature tourism            Preservation of unique regional assets through regional branding</p>	<p>Creation of a 12,000 sq. ft. kitchen incubator            Restoration, rehabilitation and reuse of historic properties            Expansion of water treatment facility to keep up with demand associated with business expansion            Expanded infrastructure at community college</p>	<p>Increased financial investments by entrepreneurs            Increased value of entrepreneurial ventures            Creation of grant and loan pools to assist business clients            Capturing wealth transfer through community foundations            Enhancing the performance of existing CDFIs through entrepreneur education and coaching</p>

## Appendix 1

### Indicators and Measures Related to Rural Entrepreneurship Sustainable Development

*You have graciously agreed to provide input to CFED and the RUPRI Center for Rural Entrepreneurship (CRE) as we consider rural entrepreneurship as part of a sustainable economic development process for rural America, i.e., one that creates outcomes that benefit the economy, the environment and social inclusion in rural places – the triple bottom line.*

*We are defining a **rural entrepreneurship intervention** as an intentional activity that leads to some change on the ground in a rural community. This change does not have to impact all elements of the triple bottom line. An example of an entrepreneurship intervention might be the creation and funding of a microenterprise development organization that serves a rural region.*

1. Please describe the rural entrepreneurship intervention with which you have been involved.
2. What is the goal of this intervention?
3. What specific behavioral changes was this intervention designed to achieve, e.g., was it designed to improve decision making skills of entrepreneurs, was it designed to influence policy and budgetary decisions of local elected officials?
4. How has/is this intervention impacting the environment?
5. How has/is this intervention impacting the economy?
6. How has/is this intervention impacting social inclusion?
7. Are negative impacts, particularly unintended negative consequences, occurring as a result of this intervention? In what area(s) are these occurring (e.g., environment, economy, social inclusion)?
8. The desired outcome from using a sustainable, i.e., triple bottom line, framework to guide rural development is to more effectively create and maintain wealth in rural America. In what ways is this intervention creating or maintaining (or perhaps destroying) the following types of wealth (or capital) in the community?
  - a. Intellectual capital – stock of knowledge, innovation, creativity, imagination in a region
  - b. Social capital – stock of trust, relationships, networks that support civil society
  - c. Individual capital – stock of skills and physical/mental happiness of people in a region

- d. Natural capital – stock of unimpaired environmental assets
  - e. Built capital – stock of fully functioning constructed infrastructure
  - f. Financial capital – stock of unencumbered monetary assets invested in other forms of capital or financial instruments
9. What do you consider to be the key indicators of progress toward achieving the goals of your entrepreneurship intervention? In other words, what changes are you looking for to indicate that this intervention is successful? In this context, we're defining an indicator to be something that needs to change in your community or region in order for you to feel that you're making progress toward achieving your goals.
10. What, if any, baseline measurements did you take before you started the intervention or early on? What asset mapping did you do? What particular measures did you collect?
11. What, if anything, have you measured or re-measured since? In this context, we're defining measures as the way that you count or value your indicators.
12. To what extent have your measurement activities addressed the triple bottom line? In other words, have you measured impacts on the community's or region's environment, economy and/or social inclusion? If so, what specific measures are you using?
13. What evidence do you have, or wish you had, to support your response to assertions about creating or maintaining the six kinds of wealth/capital in the community or region?
- a. Intellectual capital
  - b. Social capital
  - c. Individual capital
  - d. Natural capital
  - e. Built capital
  - f. Financial capital
14. Many of the entrepreneurship interventions we have considered have demonstrable economic impacts and some also perform well in terms of impacts on social inclusion. Few have impacts on the environment that are being tracked and measured. What information would be most persuasive to community leaders and entrepreneurship development practitioners to get them to consider Triple Bottom Line outcomes as pertinent goals for entrepreneurship interventions?

## Appendix 2

### Six Dimensions of Capital that Increase Ownership of Wealth by Residents of Rural Communities

**Intellectual capital** is the stock of knowledge, innovation, and creativity or imagination in a region. Imagination is what allows us to create new knowledge and discover new ways of relating. Investment in intellectual capital is through research and development and support for activities that engage the imagination, as well as diffusion of new knowledge and applications. Earnings from intellectual capital include inventions, new discoveries, new knowledge, and new ways of seeing.

**Social capital** is the stock of trust, relationships, and networks that support civil society. Investments in bridging social capital are those that lead to unprecedented conversations, shared experiences, and connections between otherwise unconnected individuals and groups. Investments in bonding social capital are those that strengthen relationships within groups. For example, sponsoring a town-wide festival could be seen as an investment in bonding social capital for town residents. Earnings from investment in social capital include improved health outcomes, educational outcomes, and reduced transaction costs, among others.

**Individual capital** is the stock of skills and physical and mental healthiness of people in a region. Investments in human capital include spending on skill development (e.g. literacy, numeracy, computer literacy, technical skills, etc.) and health maintenance and improvement. Earnings from investments in human capital include psychic and physical energy for productive engagement and capacity to use and apply existing knowledge and internalize new knowledge to increase productivity.

**Natural capital** is the stock of unimpaired environmental assets (e.g. air, water, land, flora, fauna, etc.) in a region. Natural capital is defined by Fikret Berkes and Carl Folke as having three major components: 1) non-renewable resources such as oil and minerals that are extracted from ecosystems, 2) renewable resources such as fish, wood, and drinking water that are produced and maintained by the processes and functions of ecosystems, 3) environmental services such as maintenance of the quality of the atmosphere, climate, operation of the hydrological cycle including flood controls and drinking water supply, waste assimilation, recycling of nutrients, generation of soils, pollination of crops, and the maintenance of a vast genetic library. Investments in natural capital include restoration and maintenance. Earnings or income includes a sustainable supply of raw materials and environmental services. Natural capital and its systems are essential for life. People can destroy, degrade, impair and/or restore natural capital but cannot create it.

**Built capital** is the stock of fully functioning constructed infrastructure. Built capital includes buildings, sewer treatment plants, manufacturing and processing plants, energy, transportation, communications infrastructure, technology and other built assets. Investment in physical capital is in construction, renovation, and maintenance. Physical capital depreciates with use and requires ongoing investment to maintain its value. The income or earnings generated by physical capital exist only in relation to its use. For example, sewer and water treatment plants contribute to human capital (health). Schools contribute to human capital (skill development) and social capital (if they are used as community gathering places) and may contribute to natural capital (if they include natural areas that are maintained or protected by the school).

**Financial capital** is the stock of unencumbered monetary assets invested in other forms of capital or financial instruments. Financial capital, if well-managed, generates monetary returns that can be used for further investment or consumption. For example, financial capital can be invested in land protection through outright purchase or purchase of easements. Public financial capital can be accumulated in a variety of ways including building budget surpluses by collecting more in tax revenues than is spent on services, borrowing through bonding, and charging fees for public services over and above the real cost of services. “Rainy day funds” are an example of public stewardship of financial capital, designed to help society weather risks and uncertainties. In addition, through the growth of the non profit sector, private philanthropic capital is often tapped for investment in other forms of capital that yield public goods, for example, preventive health care programs to increase individual capital. Stewardship of financial capital implies responsible investment to generate added income as well as elimination of unnecessary cost or waste in providing public goods and services.

(Explanations provided by Yellow Wood Associates.)