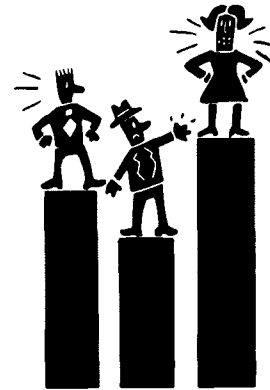


## BACKGROUND AND INTRODUCTION

Successful initiatives are strategic and intentional. A key to continuous progress is rooted in an appropriate and functional outcome measurement system. The Center for Rural Entrepreneurship is crafting *Tools for Energizing Entrepreneurship*. This tool – *Outcome Measurement* – reflects our current thinking with respect to the criteria for deciding on appropriate outcome measures and the indicators useful for outcome measurement.

Specific metrics are being explored that can be employed to make this system operational. This tool should be viewed as a starting point or framework. Users are encouraged to craft their own outcome measurement systems based on their unique needs, informatics capacity and intervention focus. The focus of this tool is with respect to economic development with an entrepreneurship slant.



## POSSIBLE OUTCOME METRICS

Economic development is a long-term process. Measuring cause and effect can be difficult because of the lengthy periods of time required for investments to result in outcomes. It is even more difficult to measure the impact, reach and capacity building outcomes of economic development efforts (Table 1). Unintentional (both good and bad) as well as non-associated outcomes can further distort outcome measurement. While the outcome measurement approach presented here relies primarily on quantitative information, we strongly recommend an active qualitative evaluation approach along with outcome measurement to ensure a deeper understanding of outcomes.

Outcome measurement requires some common terminology. Criteria and indicators, defined in Table 1, are the focus of Tables 2-4. Here we suggest possible criteria

and indicators that are appropriate for outcome measurement over the short, medium, and long term. We have not identified data sources for these indicators. In some cases, indicators can be obtained by using secondary data sources available through state and federal sources, such as household income data. In many cases, however, local data collection may be needed to develop these indicators, such as when identifying the extent of community philanthropy. We have, however, alluded to the cause and effect relationship involved. For example, enterprise activity is a criteria used to measure short-term outcomes of an entrepreneurship development strategy (Table 2). Enhanced enterprise activity, in turn, can be demonstrated by showing an increase in the number of entrepreneurs assisted by area support programs and/or an increase in the engagement of support providers with their

client entrepreneurs.

These tables should be used to stimulate a community-based dialogue about what the expected outcomes of entrepreneurship development activities are and how successful implementation of these programs will be measured. This information should be used as a first step in identifying what criteria are important to your community's entrepreneurial development efforts and what type of indicators might be useful in helping to measure outcomes.

**Table 1 - Terms**

**Criteria.** Measures employed to support decision making or selection among various choices.  
**Indicators.** Measures employed to track performance associated with specific actions or a program of work.  
**Reach.** Relates to the scale of impact associated with an intervention.  
**Impact.** Relates to the depth of outcome associated with an intervention.  
**Capacity Building.** Relates to the ability of an initiative to engage in development activity.

**Table 2 – Short-Term Outcomes (6 to 12 months)**

<b>Criteria</b>	<b>Indicators</b>	<b>Discussion</b>
Enterprise Activity	<ul style="list-style-type: none"> <li>▪ More Entrepreneurs Assisted</li> <li>▪ Increased Client Engagement</li> <li>▪ Increased Deal Flow</li> <li>▪ Better Deal Flow</li> </ul>	<p>Economic development is a long-term activity. Bottomline outcomes only happen over time. Measuring success shorter-term is problematic. However, there are short-term indicators that can track progress toward ultimate outcomes. An entrepreneurial focused approach centers on specific entrepreneurs and their ventures. Indicators of enterprise activity such as the number of entrepreneurs being assisted, the level of engagement with the entrepreneur, expanding deal flow (private investment into ventures), and the quality of the deal flow are all sound short-term indicators to track progress.</p>
Capacity Building	<ul style="list-style-type: none"> <li>▪ Focused &amp; Strategic</li> <li>▪ Move From Reactive to Proactive</li> <li>▪ Adequate Capitalization</li> <li>▪ Community Engagement Resources</li> <li>▪ Articulation into More Rational Assistance System</li> <li>▪ Expanded Program Team</li> </ul>	<p>Chances are that any community, area or state seeking to build an entrepreneurial focused development program must start with what they have and evolve the program to greater sophistication, impact and reach – capacity building. We believe indicators within this evolutionary process include whether the program is focused on entrepreneurial needs and strategic targeting resources to entrepreneurship. Many development programs are reactive (e.g., responding to a new business lead or closing). Another measure of program success is when these programs move from being reactive to being proactive, thereby focusing resources on building a stronger E environment and meeting entrepreneur needs. Adequate funding of the program is essential and represents another measure. Expanding community engagement, understanding and ultimately support are essential for building a better program over time. One clear step is the articulation of available resources into a more rationale, accessible, affordable and real time assistance system for entrepreneurs. Finally, another measure is the development of a program team that is passionate and effective.</p>

**Table 3 – Medium-Term Outcomes (1 to 3 years)**

<b>Criteria</b>	<b>Indicators</b>	<b>Discussion</b>
Enterprise Success	<ul style="list-style-type: none"> <li>▪ Increased Competitiveness</li> <li>▪ Increased Profitability</li> <li>▪ Successful Transfers to New Owners</li> <li>▪ Higher Survival Rates</li> <li>▪ Increased Startups</li> <li>▪ More Breakouts to New Markets and Growth</li> </ul>	<p><i>A big part of economic development is helping firms become more successful - enterprise success - so that job creation, tax base expansion and other outcomes can be realized. In rural areas the keys to success begin with creating more competitive venture models that result in higher profitability, growth and reduced failure rates. Other indicators of enterprise success include higher rates of business transfer as aging owners are seeking exit strategies from their businesses. We also measure success with higher new business startups and entrepreneurial breakouts. Breakouts are successful businesses that create a more competitive model enabling them to reach new markets and sustain growth.</i></p>
Community Success	<ul style="list-style-type: none"> <li>▪ Broader Career Options</li> <li>▪ Expanded Employment</li> <li>▪ Rise in Living Wage Jobs</li> <li>▪ Expanded Tax Base</li> <li>▪ Increased Give Back to Communities</li> </ul>	<p><i>Economies exist to serve the needs of people within communities. Community success is a second tier of medium-term outcomes we are seeking. For example we typically are seeking job creation from our economic development efforts. But increasingly we are also seeking jobs with attractive career tracks. Educated and motivated rural youth will move if good career options are not offered by their rural community. The term quality jobs has also emerged as a refined ED goal. We want more than job number – we also want jobs that provide living wage incomes. Two other community outcomes include expanded tax base (thereby increasing the ability of a community to meet public needs) and increased give back (the giving of time, talent and treasure to charitable causes).</i></p>
Organizational Success	<ul style="list-style-type: none"> <li>▪ Stronger Development Organization</li> <li>▪ More Sophisticated Development Agenda</li> <li>▪ Increased Volunteer Engagement</li> <li>▪ Larger Budget</li> <li>▪ Sharper Strategic Focus</li> </ul>	<p><i>In years 1 through 3 we are still creating capacity to engage in entrepreneurial focused economic development. A number of mid-term measures of organizational success include building a stronger development organization that can evolve a more sophisticated agenda. Such organizations inherently require more volunteer human talent, larger budgets for staff and programs, and ever sharper strategic game plan.</i></p>

**Table 4 – Long-Term Outcomes (3 years or larger)**

<b>Criteria</b>	<b>Indicators</b>	<b>Discussion</b>
Creation of Rooted Wealth	<ul style="list-style-type: none"> <li>▪ Increased Assets Per Household</li> <li>▪ More Equitable Distribution of Assets</li> <li>▪ Presence of Community Endowments and Philanthropic Giving</li> </ul>	<p>The long-term outcome of economic development investments should be the creation of rooted wealth. Measuring wealth is challenging as appropriate and readily available secondary data are scarce. However some information is generally available including assets property values (often by type such as residential, commercial, etc.) from state property tax databases. Information on assets per household can only be estimated using an indicator such as residential assessed value of property per household for example. Income is also a limited indicator as wealth per household is typically higher when higher income levels that are sustained over time. Finally, with a little work, community endowments and philanthropic giving can be measured locally.</p>
Sustainability	<ul style="list-style-type: none"> <li>▪ Increased Diversity of Businesses in Economy</li> <li>▪ Increased Competitiveness of Businesses</li> <li>▪ Increased Local Ownership</li> </ul>	<p>Sustainability is an ecological concept suggesting environmental systems are robust and stable with a capacity to handle shocks (such as droughts). Sustainability can also be employed with economic and social systems. For example, an area economy with a wide range of business types is generally more sustainable when compared to a single industry town. Other indicators can include the competitiveness of the economy based on industry type and firm competitiveness as well as the level of local ownership of firms.</p>
Smart Growth	<ul style="list-style-type: none"> <li>▪ Sustainable Development</li> <li>▪ Fits Scale of the Community</li> <li>▪ Minimized Disruptions</li> </ul>	<p>Smart growth suggests a bias. Actually smart growth refers to an emerging development approach that ensures growth is managed, intentional and beneficial to a broad segment of the community. Rapid or unplanned growth can be damaging to the social fabric of communities and fundamental quality of life.</p>
Constituency	<ul style="list-style-type: none"> <li>▪ Informed of Economic Development Strategies</li> <li>▪ Engaged in Developing and Implementing Strategies</li> <li>▪ Supportive with Time and Resources</li> </ul>	<p>Our democratic system, as well as market economic system, are based on an informed, engaged and supportive constituency. Active engagement of the residents of a community in economic development and community affairs is fundamental to the achievement of other long-term outcomes.</p>

## **FOUNDING PARTNERS**

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The Ewing Marion Kauffman Foundation and its partners look beyond need to identify and develop pivotal opportunities to help create successful businesses and improve the education of children in Kansas City and nationwide. Established in the mid-1960s by the late entrepreneur and philanthropist Ewing Marion Kauffman, the Kauffman Foundation works to advance entrepreneurship by reaching individuals of all ages through the delivery of entrepreneurship education and development, and the promotion of an entrepreneurial environment. For more information about the Kauffman Foundation, visit [www.emkf.org](http://www.emkf.org).

The Rural Policy Research Institute (RUPRI) is the only national policy institute in the U.S. focusing solely upon the rural implications of public policy. This comprehensive approach to rural policy analysis involves scientists from universities, research institutions, governments, and non-governmental organizations. To date, more than 200 scientists representing 16 different disciplines in 80 universities, 40 states, and three countries have participated in RUPRI projects. Additional information on RUPRI can be found at [www.rupri.org](http://www.rupri.org).

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## **RESOURCES**

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- Entrepreneur Self-Test - A tool to help community residents identify and understand their entrepreneurial potential.
- Entrepreneur and Community Support Test - A tool to help community residents assess their own entrepreneurial potential and to help assess the level of community support for entrepreneurs.
- Readiness Factors - A tool to help rank your community in terms of "readiness factors" to build a successful entrepreneurship-based economic development strategy.
- Rural Community Entrepreneurship Survey - A tool to gather baseline information about your community's support for entrepreneurs.
- Rural Entrepreneur Survey - A tool to gather baseline information about your community's entrepreneurs.
- Outcome Measurement - A tool to help you begin the process of measuring outcomes of entrepreneurial development programs by suggesting criteria and indicators of short, medium, and long-term outcomes.
- Understanding Entrepreneurial Talent - A tool to help you identify and understand the support needs of different types of entrepreneurs in your community.

## **ABOUT THE CENTER**

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The *Center for Rural Entrepreneurship* is new. It is an outgrowth of the *Rural Entrepreneurship Initiative*. The Center is a RUPRI National Research and Policy Center with founding support from the Ewing Marion Kauffman Foundation of Kansas City, Missouri.

Our mission is to enable every rural resident to achieve his or her full entrepreneurial potential. This mission will be achieved by collaborating with individuals and organizations engaged in the study, practice and policy of rural entrepreneurship.

The Center supports research, field work, and policy development through collaborations with national, state, and local interests. For more information on the *Center for Rural Entrepreneurship*, check out our web site at [www.ruraleship.org](http://www.ruraleship.org) or call Taina Radenslaben at 402-323-7336.