Wilhoit Honored at Center Conference in Somerset

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The Kentucky Long-Term Policy Research Center took its 1997 conference out into the state for a timely exploration of the topics of citizen engagement and benchmarking for progress. An estimated 275 people were on hand for the one-day conference on citizen participation, which was held at the new state-of-the-art Center for Rural Development in Somerset on November 20, 1997.

Research continues to show clear links between broad citizen engagement and a number of positive outcomes, including good government, prosperous economies, and quality schools, said Michael Childress, Executive Director of the Kentucky Long-Term Policy Research Center. With this conference, we hoped to raise awareness of this link and provide communities with some of the tools, including ways of measuring progress, they will need to build citizen involvement at every level. Citizen participation may be the single most important factor in our efforts to improve quality of life throughout the Commonwealth.

The conference featured a series of panel discussions that included some of the state s leading proponents and practitioners of broad citizen engagement, as well as members of the news media. Topics included:

- How true community visions of progress can be shaped and advanced
- How successful state, county, municipal and citizen-based visioning efforts were designed and launched
- How and to what extent the media should become involved in community development initiatives
- Why measuring progress is key and how to choose indicators
- How much citizen participation is enough and how it can be effectively marshaled
- How to invest community initiatives with staying power

Keynote speakers at the conference were Gov. Paul E. Patton and Dr. Carolyn Lukensmeyer, the founder and director of America Speaks, a nonprofit organization dedicated to participatory governance. Dr.

Lukensmeyer is a former White House advisor and a Project Director for Vice President Al Gore s National Performance Review, which has sought to improve the efficiency and effectiveness of public service at the federal level.

Dr. Lukensmeyer told those on hand for a large assembly at lunch that they were evidence of remarkable efforts to engage citizens in the public process in Kentucky. She commended them and urged them to continue their efforts to involve citizens and improve their communities.

The all-day conference began with welcoming remarks from Gov. Patton, who presented the first annual Vic Hellard, Jr., Award, honoring the memory of the former director of the Legislative Research Commission who died in 1996. Hellard, who served on the Center s Board of Directors at the time of his death, is credited with advancing the concept of this futures-oriented research center. Over his long and distinguished career, Hellard championed the cause of legislative independence and played an instrumental role in the modernization of the legislative process in Kentucky.

The annual award recognizes an individual for his or her work in the interest of the future of the Commonwealth. Criteria for the award in Hellard's memory include the demonstration of long-term vision and innovation, championship of the equality and dignity of every person, efforts to enhance the processes of a democratic society, and an approach to work distinguished by commitment, caring, generosity, and humor. Hellard was beloved for his playful wit, often complete with theatrical flourishes. He frequently acted in community theatre.

Wilhoit Is Honored

The 1997 recipient of the Hellard Award is Judge Anthony M. Wilhoit, who recently retired from the post of Chief Judge of the Kentucky Court of Appeals and who now serves as Executive Director of the Kentucky Legislative Ethics Commission. Judge Wilhoit was selected by the Center s board from among nominations submitted by the public.

Judge Wilhoit served for 21 years on the Court of Appeals of Kentucky, the state s second highest court, and, beginning in 1996, as its Chief Judge. Court of Appeals opinions often exert profound influence on interpretation of the law. Judge Wilhoit, 62, is the last of the original 14 judges appointed to the Appeals Court in 1976 after Kentucky voters approved a judicial article that restructured the state s court system. All 14 of the original appointees were required to run for eight-year terms in the same year of their appointment. Judge Wilhoit was elected to his judicial post for three consecutive terms.

Judge Wilhoit began his career as a police judge and as city attorney for Versailles. In 1967, he became County Attorney for Woodford County and served until 1972 when he became a state public defender. He also served on the Kentucky Crime Commission and as Deputy Secretary of the Kentucky Department of Justice. He holds an A.B. from Thomas More College, a graduate degree and a law degree from the University of Kentucky, and a degree in Judicial Process from the University of Virginia Law School.

Figure 1: Governor Paul Patton presents the first Vic Hellard, Jr. Award to 1997 winner Judge Anthony M. Wilhoit

An Ongoing Effort

This year s conference marked the continuation of efforts by the Kentucky Long-Term Policy Research Center to engage citizens at the local level in thinking long term about the state s future. In addition to its publications, which are free to the public, the Center has held public meetings around the state to gather citizen input and frequently makes presentations about future trends to local groups. Further, the Center plans to hold future conferences outside of the state s urban triangle in alternating years in an effort to involve citizens from throughout the state.

Those on hand for this year s conference were given an opportunity to complete a statewide survey on the progress Kentucky is making toward realization of 26 key long-term goals. The goals and a vision for the state s future emerged from a series of 1994 public meetings around the state. The survey is being mailed to more than 6,000 randomly selected Kentucky households and another 4,000 individuals who routinely receive Center publications. The survey not only seeks to gauge public opinion about progress toward these goals, but to weigh their relative importance as well. All interested citizens are urged to express their opinions by completing this survey. In early 1998, the Center will release its first biennial benchmarking report. It will include survey results.

State Health Care Leaders: Issue of Access Will Not Go Away

By Dana J. Patton and F. Douglas Scutchfield, M.D.

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Access to care, Kentucky health care leaders conclude, will remain at the top of the health care agenda for the foreseeable future. Respondents to a leadership opinion survey conducted by the Kentucky Long-Term Policy Research Center and the University of Kentucky's Center for Health Services Management and Research identified access to care as the most significant health policy issue the state will confront over the coming years. It will be further complicated, many conclude, by impending limitations to health care services for medically needy Kentuckians, who will be affected by welfare reform, Medicaid managed care, reductions in Medicare coverage, and other regulatory changes.

Health care opinion leaders also anticipate that access to care will figure prominently among the issues their own organizations will confront. Only managed care, which is predicated on the notion that access can be broadened by controlling health care costs, figures more prominently in the issues these leaders believe their organizations will reckon with on the immediate horizon.

These opinions emerged from a study conducted jointly by the Kentucky Long-Term Policy Research Center and the University of Kentucky's Center for Health Services Management and Research in an effort to lend a future-oriented perspective to health care decisionmaking in the Commonwealth. For this delphi study, which involves the collection and analysis of opinions from recognized leaders in a field, state health care leaders were identified and surveyed about the future of health and health policy issues in Kentucky. Specifically, 75 senior leaders in health care were asked to identify the health care issues they think will be most important to their organizations and to the state over the next five to seven years.

For the study, 25 state health care leaders were identified from a broad base, including legislators, doctors and nurses, citizen advocates, insurance companies, health agencies (both state and local), hospitals, and educators. These 25 leaders were then asked to name five additional health care leaders. From 19 responses, 75 health care leaders were identified and mailed a short survey which asked them to cite the three most significant health policy issues their organizations would face and the single most important issue the Commonwealth would face over the next five to seven years. A total of 51 responses were received.

Survey Results

When asked to identify the single most important health policy issue the Commonwealth will face, these opinion leaders overwhelmingly cited issues of access to care. Included in their responses were declining coverage for the medically indigent, anticipated increases in costs for health care, limited public resources, and the health consequences of limited access to preventive care. Specifically, 52.9 percent of respondents and more than half of the responses (27 out of 51) cited access to care as the issue that will dominate state concerns in the immediate future. As one respondent suggested, the state will continue to confront the policy dilemma of how to provide health insurance coverage for the current uninsured while keeping insurance premiums affordable to the majority of Kentucky's insured population.

Figure 1: Top Issues Confronting Kentucky, as Identified by State Health Care Leaders

In related responses, several health policy leaders referred to the need for state-level policies or a strategic state health care plan. One respondent observed:

Kentucky is not a wealthy state and it is imperative to have responsible health planning in order to assure optimum resource allocation and access to the appropriate level of health care for the 3.5 million residents [3.9 million in 1996, per the State Data Center] of the Commonwealth. For example, Kentucky has 18 open-heart surgery programs with only six meeting minimum criteria outlined in the State Health Plan. That circumstance is contrary to our goal of providing quality, cost-effective health care.

Another health policy leader echoed similar sentiments:
The single most important health policy issue the Commonwealth will face is the commitment to have a comprehensive state health policy . . . As the state focuses on balancing its health budget, it is either unwilling, unable or both to address the question of who will pay for the indigent patient. This is not a problem that will go away.

Another respondent saw the issue which policymakers confront as a moral dilemma that has been complicated by an expanding for-profit context.

Kentucky policymakers will . . . continue to grapple with the issue of whether access to medical services is a right, and to decide how society will choose to ration access to care and distribute its costs. The emergence of for-profit hospitals and insurance carriers in the last 10-15 years has dramatically changed these dynamics, as has the strong growth in demand for medical serviceslargely driven by improvements in medical science and increases in the share of the population over age 50.

An insurance industry representative observed that the health policy challenge to a state is particularly difficult, given federal mandates that preclude autonomy, the lack of funds and staff to manage health care outside of Medicaid, and the inability of any state to regulate beyond its borders.

The single greatest challenge for Kentucky is to understand that health care is interstate commerce that is applied on a very personal basis by highly trained individual professionals. Remove the social programs and give providers the opportunity to serve our patients.

In contrast, some respondents suggested that the current delivery model needed to be replaced with a single-payer system. Others observed that the central challenge is that of extending health insurance coverage to those who are presently uninsured while containing the cost of insurance premiums. One respondent suggested that affordable basic health services for all citizens could best be met by expanding both the role and the level of public support for local health departments. Several respondents noted that supporting multiple and duplicative medical, dental, and other health service provider schools is a drain on public resources and further evidence of the absence of an overriding health policy or plan designed to contain costs and allocate resources wisely.

After access, responses dropped sharply to 10 percent or just 5 respondents who cited the aging of the population as the single most important health policy issue that will confront the state. These respondents saw diminishing Medicare coverage, rising needs for and costs of long-term care, and an inadequate number of long-term care beds as important future issues. Another 8 percent or 4 respondents cited managed care as the leading health policy issue the Commonwealth must wrangle with in coming years. In a response clearly related to managed care, one leader suggested that returning power to providers will make its way onto the public policy agenda.

Other issues these leaders believe the Commonwealth will face include the declining ranks of qualified providers, escalating Medicaid costs and insurance premiums for the healthy and for small employers, and the need to integrate our public and private health care delivery systems.

Issues Before Health Organizations

Significantly, leaders in the field of health care see the organizations they represent grappling with essentially the same issues they believe the Commonwealth of Kentucky must reckon with over the next five to seven years. Given the opportunity to cite three issues before their organizations, these opinion leaders see a future complicated by a range of cost and access issues. The impact of managed care was cited most often (56 percent of respondents and 19 percent of responses) as an issue organizations will confront. It was followed by access to care and health insurance reform (38 percent of respondents and 13 percent of responses for each), both of which reflected high levels of concern about care of the indigent and uninsured. Other access-related issues cited included health care financing, health care for children, primary care, and welfare reform.

Figure 2: Top Issues Confronting Health Organizations, as Identified by State Health Care Leaders

Because these opinion leaders anticipate an organizational future that will demand attention to a family of cost, access and quality-of-care issues, the pressure for attention to the larger health care forest, rather than the trees of isolated issues such as high-risk individuals, could mount in the coming years. As

organizations are forced to reckon with declining public support for health care, as well as a range of public and private cost-reduction strategies and federal and state mandates, institutional pressure for structural change is likely to increase. As one respondent observed, Even though many traditionalists may not want to do so, (we) must take a hard look at the potential that a single-payer, truly managed care system might have.

Many of these opinion leaders anticipate rising levels of institutional stress due to changes in reimbursement and payment mechanisms which are eroding profitability and threatening the viability of health care organizations. One respondent noted, Managed care does not pay the cost of providing service. In almost every case, home health agencies lose money on services.

While there were overlaps in concern about managed care and managed Medicaid, the issue of managed Medicaid was particularly salient among these opinion leaders, as the implementation process is beginning in two of the state s service regions. Many expressed concerns about future funding for the program at the state and federal level, as well as the impact of welfare reform. Additionally, several respondents raised concerns about how Kentucky will organize to provide managed Medicaid in rural areas.

Others cited concerns about ethical issues surrounding managed care as it relates to the provision of quality care at reduced costs. One respondent observed that an appropriate level of managed care (is needed) to meet conflicting demands of society for contained costs while maintaining flexibility of choice and high quality. Another respondent countered, The excessive profits made by many, in the name of cost-effective care, must be addressed.

In the near future, 38 percent of these respondents see access to care as a significant issue their organizations will face. One respondent expressed the concern and frustration apparently felt by many by simply asking, Will the poor get health care? Other respondents noted that many working poor and near poor are uninsured and questioned if access would be expanded to meet their health care needs. As with Medicaid managed care, an issue many respondents believe will affect their organization is welfare reform and its impact on the health care coverage of the poor. One respondent stated the most significant health policy issue in the future will be providing/securing health care coverage for adults who leave welfare and take low-wage, no-benefit jobs.

An additional related concern was raised concerning core public health functions. One respondent asked, How will (public health departments) functioning in the Medicaid/managed care arena affect our ability to provide clinical services to those with no insurance, no money, no medical card, and nowhere else to go? Several respondents noted that particularly vulnerable populations in Kentucky the indigent, the elderly, and children need better access to health care. A respondent who identified himself as affiliated with a rural health center told us that his main concern is the lack of financial resources to pay for primary health care services for increasing numbers of medically indigent patients. He stated that more than 35 percent of all their new patient encounters are with indigent patients who have no health care

coverage of any kind.

Most of the 38 percent of respondents who cited health insurance reform as one of their three most significant health policy issues related it to cost-shifting and high-risk groups. One respondent explored a series of questions around cost shifting, With resources stretched to the limit, policy issues center around who and how will health care costs be paid? Who will be subsidized? Should persons of low-to-average risk subsidize unhealthy or high-risk populations? Should the young, healthy person pay more to subsidize the unhealthy, older citizen? Is the private insurance system going to support the needs of the future? A suggestion was made that Kentucky may need to go through an open discussion of equality of payment versus cost shifting to those whose behavior (smoking, alcohol abuse, not using seat belts) affects costs.

Most of the concerns stated about the aging of the population centered around long-term care for the elderly; 22 percent of respondents cited the aging of the population as the most significant health policy issue their organization will face in the coming years. With an increasing elderly population, most noted, comes a rising demand for long-term care, for which funding may not be available. One respondent suggests that we should look for lower cost alternatives to long-term care such as home health and assisted living.

One respondent noted that the number of Kentuckians over age 75 is expanding as available federal health care dollars are contracting (at least relatively). Nearly 80 percent of the cost of nursing homes is paid by Medicaid, and nursing homes consume 25 percent of the Medicaid dollar. Of particular concern is the impact of managed Medicaid in this area. This respondent goes on to say, Kentucky might provide incentives for citizens to secure health insurance to underwrite the cost of long-term care, or perhaps change the system of chronic care. If, however, no action is taken, demands on the Medicaid program will continue to escalate over the next 5 to 7 years and beyond until they overwhelm all other budget priorities in the coming decades. Another respondent notes that as Baby Boomers age, simply meeting their personal care needs will become a challenge. Finding competent staff at current wages, this respondent fears, will become increasingly difficult. Along these same lines, another respondent answered that a potential issue for the future is de-skilling the health care workforce, particularly in the areas of acute and long-term care institutions.

Conclusions

Respondents identified two issues of concern that are likely to be addressed on the immediate horizon. Managed care, which now comprises around 20 percent of total health insurance written, is expected to grow rapidly. This will likely be the result of three forces: the growth of managed Medicaid in Kentucky; changes in Medicare reimbursement rates to managed care that are expected to spur rapid growth in Medicare managed care; and the conversion of the small amount of commercial indemnity care to managed care plans.

Similarly, some of the most immediate problems of health insurance reform are likely to be addressed by

the next General Assembly. It remains to be seen whether this effort will focus on immediate problems or take a more global, long-term approach to health insurance reform. Over the short run, the effort to accomplish health care reform could focus on such issues as high-risk pools, health insurers that have left the Kentucky market, the purchasing alliance, or the association exemption from modified community rating. However, these senior health leaders have identified deeper issues that will require more long-term and more holistic solutions.

Access to care, these leaders assert, is not only an increasing problem for the indigent, the uninsured, and the elderly, it is one that will affect the financial viability of organizations throughout the state. And it is likely to get worse. Today, 14 percent of Kentucky's population is without health insurance, and large pockets of uninsured remain in Appalachian Kentucky. However, the impact of welfare reform on Medicaid eligibility and the uninsured status of many emerging workers and their children could be significant. State plans to deploy savings from managed Medicaid to coverage of the uninsured and new federal allocations for uninsured children could help close a widening gap, but an economic downturn could undermine even the best-laid plans.

While some of these issues will be addressed in the short run, it is unlikely that a definitive solution will soon be reached. Indeed, these issues have plagued the U.S. health care system for years. However, the concerns of these health care leaders illustrate the importance of a systemic, long-term approach to health policy reform, rather than short-term fixes. The recognition that these issues will vex the state and its health care institutions for years to come underscores the need for more thorough and complete solutions to problems with our current health care system.

A full report on these and other findings from this study will be released in the summer of 1998.

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Promoting Entrepreneurship in Central Appalachia

By Melissa A. Taylor

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Entrepreneurship is commonly defined as the pursuit of opportunity, whether a for-profit or nonprofit venture, without relying exclusively on resources currently in one s control. That is, entrepreneurs see opportunities, often where others only see obstacles, and they pursue these opportunities by finding ways to mobilize needed resources. Entrepreneurship has become the driving force in our economy. Today, entrepreneurial small businesses are responsible for the majority of innovations as well as new job growth in the national economy.

Cognetics, a research firm specializing in entrepreneurship, estimates that small businesses were responsible for almost 84 percent of the new jobs created between 1992 and 1996 and were responsible for 87 percent of the new high wage jobs, those that pay $29,191 or more (McNamee). Not only is entrepreneurship the major job creator in the economy, it can be a cost-effective strategy for economic development. According to Inc. magazine, recent research shows that local business incubators are more effective on a cost-per-job-created basis than are industrial recruitment efforts (Useem). For these obvious reasons, entrepreneurship should be a vital component of any economic development strategy.

In recognition of the role of entrepreneurship in our economy, MACED launched an initiative in August 1996 to find ways to promote and stimulate entrepreneurship in the Appalachian regions of Kentucky, Ohio, Tennessee and West Virginia. We spent a year conducting a market study of entrepreneurs in a variety of businesses and at different stages of development. Our objective was to determine how we might help Appalachian entrepreneurs build their businesses and create more employment opportunities in this region. We also interviewed individuals who are knowledgeable about business development, including government officials, educators and civic leaders, in six counties in an effort to determine how we can create a more entrepreneurial climate in central Appalachian communities.

Obstacles to Entrepreneurship

From our interviews of entrepreneurs, we learned about some of the most common obstacles to starting and growing a business in this region. We found that geography, learning styles of entrepreneurs, workforce quality, a perceived negative attitude toward success, regional insularity, and information

about capital are barriers to entrepreneurship in the central Appalachian region.

Geography and learning styles hinder access to business support. The rugged terrain of the region often makes travel difficult, and entrepreneurs do not want to take time away from their workplaces to participate in learning opportunities outside of the region. Alternatively, entrepreneurs often learn by doing and prefer hands-on training to attending seminars.

One of our most controversial findings is that workforce quality hinders business growth. Many of the entrepreneurs we interviewed complained about both the skill level and the attitudes of their employees. Entrepreneurs in several different industries, including those that pay fairly high wages, complained about the lack of a good work ethic and what they termed a welfare mentality. However, it is difficult to determine from these interviews if the situation is a problem with management styles, work ethic, workforce skills, or a combination of these elements.

In some parts of the region, a negative attitude toward success is perceived. Entrepreneurs explained that some people in Appalachia do not want others to succeed. One business owner we interviewed dubbed this phenomenon the crab theory, referring to a crab that climbs to the top of a boiling pot only to have the other crabs pull it back down. Even employers with a hire from within policy expressed difficulty getting people to climb the ladder and make room for other people in entry-level positions. The egalitarian culture of many Appalachian communities may discourage people from trying to excel in business ventures.

Regional insularity also limits exposure to new ideas. Though its impact is not as extensive as might be expected, regional insularity is a problem when identifying business opportunities. For example, according to entrepreneurs we interviewed, an Appalachian location does not impair supplier or customer relations. Several entrepreneurs reported that they had overcome insularity by spending time outside of the region where they were exposed to new ideas and new ways of doing things. Seeing what was going on in other areas helped them realize that there were business opportunities awaiting them in Appalachia.

Information about capital, we found, is more problematic than access to capital. Entrepreneurs often complained about access to capital although they had relatively little difficulty financing their ventures. When we delved further, we learned that the problem is more that entrepreneurs do not know what capital sources are available, rather than a capital shortage in the region. One entrepreneur-turned-banker observed that he has never seen a capital shortage in Appalachia. He added that competition in financial services makes it possible for any committed and resourceful entrepreneur with a viable investment opportunity to raise money. Other sources of small business finance have complained about the lack of adequate deal flow for the funding available, rather than too many attractive business propositions chasing too little money. This perception on the part of entrepreneurs could be an information problem. We observed that many were simply unaware of financing options available to them.

Opportunities to Promote Entrepreneurship

Despite these obstacles, we learned that entrepreneurship is alive and well in central Appalachia. Nevertheless, with more attention to entrepreneurs and their needs, it could be a far more vibrant economic force. As mentioned earlier, we spoke to business people in a variety of industries and at different stages of business. While it is difficult to generalize based on the interviews we conducted, several key lessons emerged.

First and foremost, entrepreneurs want a readily accessible clearinghouse or one-stop shop for business information, training, and support services. Entrepreneurs expressed considerable desire for a centralized business information service that would permit them to make only one phone call or go to one Internet site to find the information they need. What s more, they want just-in-time delivery of support services. The entrepreneurs explained that they did not have the time to go to class once a week for a semester and that seminars were given during the workday instead of on weekends when it would be most convenient for them.

Both successful and emerging entrepreneurs understand the importance of technology and are not afraid to embrace it. The entrepreneurs we interviewed were technologically sophisticated. Those in businesses ranging from retail to high-tech manufacturing understood that technology, including the Internet, could help them stay ahead of the competition.

Many entrepreneurs have entrepreneurial role models who have inspired and/or mentored them. Often, a relative or friend who started a business served as inspiration and role model. In addition, many of these entrepreneurs worked for larger companies where they learned key aspects of the business, often from supervisors who played the role of mentor when the entrepreneurs started their own businesses. These mentors and peers have been a key source of information, contacts, and moral support.

We also found that Appalachian entrepreneurs focus little on marketing their products or services, preferring instead to rely on word-of-mouth advertising. In fact, entrepreneurs we interviewed rely almost exclusively on word-of-mouth advertising. This suggests that Appalachian firms are missing market opportunities regionally, nationally, and internationally. Many of our entrepreneurs have done quite well without aggressively marketing their products and services, and, chances are, they could do even better if they developed a more proactive marketing plan.

Community Case Studies

From our community studies, we identified environmental obstacles to entrepreneurial development. First, for many years the economic development practitioners have focused heavily on recruiting firms from outside the region, and it is difficult to change attitudes about the importance of entrepreneurship overnight. In addition, many people equate entrepreneurship with retail although most entrepreneurial ventures are in other sectors, including business services and light manufacturing. Furthermore, outward migration of the best and brightest in Appalachian communities and resistance to outsiders can hinder people s exposure to new ideas and thus new business opportunities.

Our community research not only made us aware of obstacles, it also suggested opportunities and paths for developing an effective community-level program. Contrary to public opinion, there is an entrepreneurial foundation to build upon in Appalachia. We must take advantage of the physical and human resources available to us, publicize the success stories, and help communities understand the economic and symbolic importance of homegrown entrepreneurship to the future of development in this region.

Local leaders need to be persuaded and equipped for action. Although people realize that small businesses create the majority of jobs in the United States, communities tend to focus on industrial recruitment as a development strategy, partly because they do not know how to promote entrepreneurship. The first tasks in developing any community entrepreneurship program are marketing and education. Ultimately, we need to offer community leaders a toolkit and more specific guidance for promoting entrepreneurship.

Strategies need to be tailored to local conditions. Just as entrepreneurs will benefit from a diagnostic tool that helps them identify needs and opportunities, communities also will benefit from tools that allow them to assess local entrepreneurial potential, identify local assets and competitive advantages, determine gaps or weaknesses in existing entrepreneurial support services, and develop appropriate cost-effective strategies for moving forward.

Strong leadership and widespread support are crucial. No one party can be responsible for creating a supportive entrepreneurial climate in a community. Widespread involvement is crucial. Leaders from local government, civic organizations, community development groups, schools, and the media, along with county extension agents, bankers, business owners, lawyers, and accountants, all have key roles to play. Creating an entrepreneurial climate is a complex task that will require an individual or a group to spearhead it. Like business entrepreneurs, community entrepreneurs must see an opportunity to better the community and then muster the human and financial resources to turn the opportunity into a reality. If we want to significantly improve the entrepreneurial climate in Appalachian communities, we need to begin working in communities with strong, supportive public leaders, and we need to help the visionaries move into leadership positions.

Internal and external networks must be strengthened. Social and business networks provide entrepreneurs with critical information about potential customers, suppliers, employees, and knowledge of business opportunities. Interactions within and among groups can help build the levels of trust needed for a community to work together towards common goals. In addition to networks internal to the community, ties to other regions are also important for expanding the range of potential business opportunities.

Conclusion

We have concluded from our study of both individual entrepreneurs and communities that MACED s

efforts will best be spent on two main areas. First, we will help address the needs of existing entrepreneurs who want to grow their businesses and thus create more jobs in the region. We are in the process of designing a virtual entrepreneurship center that uses Internet-based technology to provide a one-stop shop for business information. It will provide electronic forums for business-to-business communications and an on-line diagnostic that will help entrepreneurs assess their strengths and weaknesses, then point them to sources of information that will assist with their business problems. We plan to couple this technology-based project with the development of a human resource network that will facilitate the creation of peer networks as well as mentoring relationships between entrepreneurs.

Given the magnitude of workforce problems and the potential increase in these problems as current welfare reform efforts move more people into the workplace, we need to place special emphasis on human resource services. We need to build the management skills of local entrepreneurs to help them deal with the Appalachian workforce. We can achieve this in part by documenting the success stories in this region, passing the lessons on to others, and making other general management information conveniently available to them. In the short term, we need to search for innovative, cost-effective, market-sensitive ways to build workforce quality. For long term impact, we need to find ways to create a culture that celebrates the success of others and values individual responsibility in order to improve the skills and attitudes of the workforce in this region.

In addition, we are working on the even more complex issue of how to make communities more entrepreneurial. We plan to create a toolkit of information about the needs of entrepreneurs and how to address these needs and stimulate more entrepreneurship by creating an entrepreneur-friendly climate. This toolkit will be available to government, business, citizens and nonprofit leaders to assess the entrepreneurial climate in their communities and develop strategies for improvement. The ultimate goal of this toolkit is to persuade community leaders of the importance of local business development and provide them with the information and tools necessary to create a more entrepreneurial mindset in their communities.

Appalachia and other regions need resourceful entrepreneurs who not only create value through their pursuit of opportunity, but also capture that value for the region. Ideally, we need more locally-owned, high value-added, sustainable ventures that improve a region s "balance of payments," increase local wealth, improve human and social capital, and reduce the need for outside government and philanthropic subsidies. Of course, entrepreneurship is no development panacea, but a concerted effort to promote entrepreneurial behavior is an essential component in any regional development plan. Our research shows that a development plan must go beyond the common emphasis on access to capital to address the many other needs of entrepreneurs in their efforts to start and grow businesses in any region.

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