

## **Small-business Savvy: Building the Local Small-business Community**

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Small communities often are looking for ways to enhance and expand their local economies. A commonly used tool in this effort is encouraging the building and expansion of local businesses.

Communities want jobs and dollars, and they usually want them relatively quickly. Often development plans look towards high-fliers and/or large firms. Yet, the local business core consists of small businesses, often comprising more than 95 percent of all businesses that exist.

Four common categories of businesses often are often defined as existing within a community:

- \* Family businesses
- \* Small businesses
- \* Large businesses
- \* Entrepreneurial businesses

Family businesses are simply a measure of who owns controlling interest in the business. Although not consistently defined in the industry literature, entrepreneurs generally are viewed as being innovative, planners, achievement-motivated and risk takers, which are perceived as factors in building high-growth firms.

Small-business owners show innovation and planning but are identified more by a focus on lifestyle and quality of life. The U.S. Small Business Administration defines them as a business having fewer than 500 employees.

These terms, however, are used inconsistently and are not mutually exclusive. Plus, firms move between categories. Today, a small business can be a family business and an entrepreneurial business, but tomorrow that all can change. Gearing a strategy towards one segment can miss its strongest members. It may leave out those entering their fast growth stage while keeping those just exiting that stage.

I, along with a colleague, recently examined a mix of family businesses. We could identify, at any single point, firms that had more employees and higher revenues.

The interesting finding, which may be the most useful for community developers, is what happened to those firms as we entered the last recessionary period. The entrepreneurial firms showed significant drops in employees and income, while small businesses did not.

Small businesses then become crucial not only for the products and services they offer, but for keeping a community going. The latter is a role that is incredibly important by itself in building strong communities, but small businesses also offer economic balance.

As you think about the goals and the hurdles outlined, a suggested strategy might be to focus on a holistic business development effort that includes all business owners. It can help avoid the issues of definition, identification and time.

Building your community? Bring all your businesses to the table.

For more help, visit our website, <https://www.ag.ndsu.edu/smallbusiness>, and sign up for the monthly newsletter.

More information is available at your local Extension office, as well as at <http://powerofbusiness.net> and [www.eXtension.org/entrepreneurship](http://www.eXtension.org/entrepreneurship).

The Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, along with many other state agencies, also can be valuable resources.

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