Economist: Focus on mom-and-pop businesses to help the rural economy

By WisPolitics.com  
  
An economist with UW-Madison argues the state should focus more on developing “homegrown” businesses rather than recruiting companies to move to Wisconsin.  
  
“Going out and trying to recruit that business is not a good use of their time,” Prof. Steven Deller said during a recent rural innovation event held in Beloit. “Much better off working with the businesses that are already in your backyard and the entrepreneurs that are thinking of starting a business.”  
  
Deller pointed to research he and colleagues conducted showing that 97 percent of all businesses in the state “are in the same place as they were last year.” What’s more, the “vast majority” of companies remain in the same location where they started, he said.  
  
Panelists during yesterday’s event — held at the Irontek co-working space — discussed ways to support innovation and business growth in rural areas. Sam Rikkers, deputy secretary and COO of the Wisconsin Economic Development Corp., said rural innovation in the state “is not in a happy place.”  
  
“I think that’s why we’re all here,” he said. “There’s a lot of things we can do. … At WEDC we’re doing pretty well, we tell ourselves, but still … 8.2 percent of our entrepreneurial investments are going to  
rural counties and communities.”  
  
Deller described innovation as the “engine of economic growth,” but said efforts to stimulate it are often focused on industry disruption rather than the “mom and pop” end of the spectrum. That’s despite the fact that these local, often rural, businesses are far more common in Wisconsin than those that redefine an entire industry or market niche, he said.  
  
“It could be in rural Wisconsin when they now have reliable, affordable broadband, they set up a social media marketing campaign,” he said. “For these businesses, that’s new, that’s innovative … I  
think maybe we need to spend a little more time with these ‘mom and pop’ businesses, in terms of them being more profitable and more efficient.”  
  
Phil Fonfara, president of Beloit-based Blue Line Battery, highlighted the city as an “incredible example” of local investment leading to innovation and success.  
  
“You’ve got a million-square-foot building here at the old Beloit Corporation headquarters,” he said. “This space was abandoned for a very long time. It’s taken a tremendous amount of capital to build  
what you see here today, but there is an incredible amount of startups that are headquartered here and have found funding here and other resources.”  
  
He applauded Hendricks Commercial Properties and billionaire founder Diane Hendricks for their impact on the city, pointing to investments in apartment buildings, sports facilities and restaurants.  
  
“Without that capital and commitment to a community and this city … you’d drive right by it and not stop unless you needed gas,” he said. “Now it’s becoming a destination, not only for tourism, but also for startups. It’s a great place to grow a business.”

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