In this edition of ENGAGE, we explore public and private support for Arkansas entrepreneurs. You'll find information on public/nonprofit partnerships that are helping incubate entrepreneurship in our state on Page 1.

On Page 4 find the story of a Conway-based restaurant's fight to end global hunger. Read about how your community can invest in entrepreneurs on Page 6. Several competitions are helping students grow into entrepreneurship — find out more on Page 7.

Mike Preston, Executive Director of AEDC, and entrepreneur Veronica Davis provide their ideas on what kinds of help entrepreneurs need to be successful in our state on Page 9.

Home Grown Economic Engines: The State of Entrepreneurship in Arkansas

Part of a series exploring issues from The Community Foundation’s Aspire Arkansas report.


My First Entrepreneurs

I am a strong believer in the value of entrepreneurship in building Arkansas communities. In 1964, my dad, the hospital pharmacist at St. Edward’s Hospital in Fort Smith, and my mom, a recent RN graduate of St. Edward’s School of Nursing, married. Durance Damron asked them to open Laws Drugs in Charleston, at the time a town of under 1,000 folks.

After they moved to Charleston and had my brother Joe, Dad was offered a job with the corporate giant Eli Lily. He and Mom seriously discussed going that route because of the pay, but they knew that path would eventually put them in Indianapolis or another big city. They liked Charleston, and decided they did not want to raise their family in a large city.

The Larkins made Charleston their hometown and took the leap as small-town entrepreneurs. Mom and Dad purchased the store in 1966, and they jumped right in as active members of their children’s school system.

It was touch and go at times and so much hard work. Running a small business is fraught with risk, but small businesses are the backbone of a small community. For my family’s entrepreneurial investment, we received:

- A community that supported the local businesses
- A safe and stable community where kids walked to school
- Time, talent and treasure for the school — dad served on the board for years
- Support of community efforts like the fair, the Chamber and most recently a start-up nonprofit called Maggie House
- The first independent pharmacy in the state to computerize
- Local access to a small pharmacy

So when I think about the Community Foundation working to build stronger communities, I often reflect on my first — and best — experience with entrepreneurs in Arkansas: we must support local entrepreneurship.

Heather Larkin, J.D.
President and CEO

New Energy for Entrepreneurship

It’s a new day for entrepreneurs in Arkansas.

We’ll take a look at why in a minute, but first, we must note that entrepreneurs have succeeded in Arkansas for years. Think Sam Walton. Witt Stephens. Don Tyson. William Dillard.

“Arkansas is a very entrepreneurial state with a rich entrepreneurial history,” said Warwick Sabin, director of the Arkansas Regional Innovation Hub, adding that Arkansans have been “surrounded by entrepreneurs for many decades. It’s part of our culture.”

But there’s a new energy today, fueled in part by partnerships between private and public players joining forces to more effectively support Arkansans with promising business ideas.

“My experiences recently are people are more aware of the need to intentionally support entrepreneurship as part of the overall strategy for economic growth,” Sabin explained.

Connecting the Dots for Entrepreneurs

The Innovation Hub in North Little Rock is a case in point. Supported by both private and public funding, the Innovation Hub opened its doors two years ago and has been igniting the local economy ever since with unique opportunities and programming for innovators and entrepreneurs.

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“There are a lot of resources that are available that if you just connect the dots and make them accessible to people, they can take advantage of all that’s out there,” Sabin said. Connecting

Cover photo: Wendi Weber and Brian Rogers use the Delta Cuisine Commercial Kitchen and Food Incubator in West Memphis to prepare protein bars for their Boxer Chef line of healthy snacks.

The additional production capacity Boxer Chef partners Brian Rogers and Wendi Weber found at the Delta Cuisine Commercial Kitchen and Food Incubators “could literally mean the difference between growing and not growing” for their young business, Rogers says.

Start-up Restaurant is in the Business of Fighting Global Hunger

Competition Fuels Entrepreneurial Spirit

Arkansas Viewpoints: “How Can We Create Communities Where Entrepreneurship Thrives?”

Growing the Economy

One Entrepreneur at a Time
Supporting Food Start-ups
One of the newest organizations “connecting the dots” for people who have promising business ideas is the nonprofit Delta Cuisine Commercial Kitchen and Food Business Incubator in West Memphis, which opened in mid-summer. It partners with ASU-Mid South Community College and shares a new state-of-the-art facility with the school on its campus.

“In addition to kitchen rental for food entrepreneurs, we also provide business coaching” for people who have already taken the first steps of planning or opening a food-related business, Delta Cuisine director John Auker explained.

The incubator — “it’s like a regular restaurant kitchen on steroids” — already signed up four clients in its first six weeks, and others are touring all the time, Auker said.

Delta Cuisine clients must have already developed a business model that has a chance of success, he said, adding, “You can’t just have a recipe you want to try out” in a professional kitchen.

Auker then will work with those clients to refine their business models as well as to pursue the regulatory steps necessary to opening a food-related business.

Clients at Delta Cuisine include local farmers who bring in produce and add value to it before taking it to market. For instance, a blueberry farmer could bring in berries and make jams, or a vegetable farmer could use the facility to chop tomatoes and peppers and then create a salsa.

“You also could just take salad greens, sort and grade, rinse and sanitize” and then package them for sale, Auker said. “It’s true farm to table.”

Delta Cuisine meets a specific need in eastern Arkansas, Auker believes. “What it’s doing is making possible some people’s dreams of starting a food business. In the bigger picture, we’re starting the platform for almost any business… I’ll try to help them however I can,” he said.

It’s that kind of support that is reenergizing the culture for entrepreneurs in the state.

Investing in Women Business Owners
Entrepreneur Michelle Deininger is a perfect illustration of the change.

In 2000, she decided to make a huge career change, from being a nurse and pharmacist to becoming an entrepreneur. Her passion was helping patients, especially elderly ones, live more fulfilling lives despite their health issues. After hours in local libraries researching “activities of daily living,” she purchased a medical supply business and made it her own — Arkansas Medical Supply in Little Rock.

In addition to learning on her own all she could about medical supplies and how they can best assist patients, she realized she was also on her own when it came to the business and regulatory side of things. She was able to hire a friend who was an accountant, which helped. But with some of the evolving regulatory issues, she learned the hard way.

Fast-forward to the year 2012. Unlike many small businesses, Arkansas Medical Supply still opened its doors each week day. Yet Deininger knew that her staff needed recharging and her business needed a boost. While attending a state procurement workshop, she was impressed by presenter Sherry Howard, then the new director of the equally new Arkansas Women’s Business Center, a co-venture of the Small Business Administration and Winrock International headquartered in El Dorado.

“She gave me her card and told me her services were free. When I heard ‘free,’ I immediately thought ‘red flag!’ Not really, but I wasn’t sure either,” Deininger remembered. “But I liked her and contacted her.”

During the next two years, the Arkansas Women’s Business Center was instrumental in helping Deininger resolve some issues with her staff as well as put a renewed effort into marketing her business.

The Arkansas Women’s Business Center gave my business that extra spark,” Deininger said, crediting the organization’s help for “getting my staff excited about the business in general and about how we can be better at what we do.”

Since its start five years ago, Young says that the Arkansas Women’s Business Center has hosted 176 training classes, during which it has trained 560 individuals. In addition, “we have helped 35 businesses start and create over 50 jobs.”

Deininger points to the Arkansas Women’s Business Center and other organizations designed to help businesses get off the ground, such as angel fund organizations, incubators and accelerators, and knows she would have had a much easier time working through the stresses of starting a business had they been available in 2000.

But she’s grateful they are here now.

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Start-up Restaurant is in the Business of Fighting Global Hunger

A meal for me, a meal for you.

It’s the simplicity of the concept that is fueling growth for Conway-based fast casual restaurant Tacos 4 Life. For each taco a customer purchases, the company donates a meal to a hungry child.

Proprietors Ashton and Austin Samuelson were already volunteering for various hunger relief programs when they heard a presentation that changed their lives — a speaker at a church event explained that 18,000 children worldwide die of starvation every day. It was a figure they couldn’t ignore. Eighteen thousand children. “We heard about those hunger statistics, and it wrecked our world,” Austin said.

The Samuelsons began to dream big. What if there were a way to do more than donate a few dollars here and there? What if there were an entire business dedicated supporting hunger relief — fighting hunger with food?

“They thought, ‘That’s an awesome idea! Someone should do that,’” explained Kristen Young, the company’s marketing manager. Eventually, they realized they were just the “someones” to do it.

In 2011, the Samuelsons opened their first restaurant, Pitza 42, with a meal-for-mission model. For each pizza purchased, they donated 22 cents to Feed My Starving Children, a Minneapolis-based nonprofit organization that distributes nutrition packs to hungry people in more than 70 countries. “For us, opening a restaurant was a means to get to participate in what we’re hungry people in more than 70 countries. “For us, opening a restaurant was a means to get to participate in what we’re passionate about — world hunger. By opening a business, we get to play offense a little bit,” explained Austin Samuelson.

“Feed My Starving Children has developed scientifically formulated Manna Packs that change their lives — a speaker at a workshop/training course — foster the relationships and learning opportunities that create momentum in the small business community,” said Ines Polonius, CEO of Communities Unlimited, a nonprofit organization and community development financial institution (CDFI) working to create economic environments where communities and small businesses can flourish. “Previously we’ve focused our mayor’s and economic developers on recruiting the next big auto manufacturer, but now we need to appreciate the fact that our small businesses are the ones creating the jobs and quality of life.”

Polonius proposed a few ways Arkansas communities can invest in the needs of small businesses and local entrepreneurs.

Create capital infrastructure.

Local entrepreneurs need local funding. It’s not just the funding that matters, though (although money is certainly vital!). When entrepreneurs work with local investors, they benefit from the relationships with mentors and community leaders who are truly invested in seeing their businesses succeed. Communities Unlimited and other banks and CDFIs can work with communities to create loan funds specifically for emerging small businesses in need of start-up capital to launch.

Builder a resilient ecosystem.

Entrepreneurs need places to come together to share ideas, inspire and learn from one another. They also need technical training and advice about revenue models, legal issues, marketing techniques and personnel management. Programs that bring entrepreneurs together — either in a shared space like a business incubator or a workshop/training course — foster the relationships and learning opportunities that create momentum in the small business community.

How to Invest in Arkansas Entrepreneurs

Four essentials for communities where local businesses take root and grow.

“We’ve pursued corporate recruiting for decades at the expense of our small business community,” said Ines Polonius, CEO of Communities Unlimited, a nonprofit organization and community development financial institution (CDFI) working to create economic environments where communities and small businesses can flourish. “Previously we’ve focused our mayor’s and economic developers on recruiting the next big auto manufacturer, but now we need to appreciate the fact that our small businesses are the ones creating the jobs and quality of life.”

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In March 2015, the original Pitza 42 location became a second Tacos 4 Life, and earlier this summer a third Tacos 4 Life opened in Fayetteville. It’s significant growth for a four-year-old company.

“You often say, ‘How are you guys doing this?’ We just have to be that much more efficient as operators. There might be a little less profit that comes down,” Samuelson explained. “We get some incredible managers in our stores — highly capable people who are drawn to us because of the mission. The first thing we tell them is that we’ve got to run our restaurants better than anyone else does or we can’t continue to do the mission.”

Young also attributes much of Tacos 4 Life’s success to its double bottom line. “We bring people in through great customer service and good quality food, but we keep them coming back because of the mission. Most of our customers really care about the meal-for-meal aspect,” she said.

Customers even have the chance to have a hands-on impact through annual meal-packing events. Over the course of three or four days, thousands of volunteers come together to pack and vacuum seal Manna Packs to be shipped overseas. “Feed My Starving Children ships all of the raw ingredients for the meals we’ve raised to us,” Young said. “They’re not packed by a machine. It’s not automatic; it’s actual customers packing their own meals with the money they’ve raised.”

Samuelson is optimistic about the future for businesses looking to build a social mission into their operating model. As he sees it, “It’s easy for start-ups to think about incorporating a cause from the get-go. We add an extra line item into our income statement, and it’s one extra check we write a month. It doesn’t have to be that overwhelming in the beginning. It can be fun. It makes the hard and long days really worth it.”

The average and median age of company founders when they started their current companies was 40. Less than 1 percent came from extremely rich or extremely poor backgrounds.

“Only 99.9 percent of the people who start businesses and fail do so because they don’t have enough money,” Samuelson said. “It’s the willingness to try and to fail. It can be fun. It makes the hard and long days really worth it.”

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Competition Fuels Entrepreneurial Spirit

The Donald W. Reynolds Governor’s Cup Business Plan Competition is a laboratory where student teams are challenged to apply real-world principles to entrepreneurial goals. Competitors call the experience transformational.

“I was able to learn a lot of skills, and that helps me a lot, going into job interviews and speaking with people,” said Payton Finch, Hendrix College student and 2014 Undergraduate finalist. “The Governor’s Cup helps me develop the skills but also credential myself to where other people will believe that I have the talent and the ability to do what I think I can do.”

The Governor’s Cup for teams of two-year and four-year college students is one of four competitions from the Arkansas Economic Acceleration Foundation, an affiliate of The Arkansas Capital Corporation Group. They also sponsor a tri-state competition for winners in the Arkansas, Nevada and Oklahoma business plan competitions and two Youth Entrepreneur Showcases for middle school and high school students.

The competition is also an opportunity for potential investors to see first-hand the entrepreneurial talent coming from Arkansas colleges and universities. The competition culminates with an awards luncheon, during which all finalists pitch their ideas to the audience in 90 seconds or less.

“Through the Governor’s Cup, we made a lot of connections within the Arkansas entrepreneurial ecosystem. Arkansas doesn’t have the density of funders and entrepreneurs that some other regions have. I think participation in things like the Governor’s Cup is critical to start developing those relationships, and those relationships are what ultimately allowed us to secure funding, grow our headcount and execute on the opportunity,” said Douglas Hutchings, 2010 Graduate winner who is now CEO of Picasolar.

More than 2,200 students from 24 higher education institutions have participated since 2001. The Governor’s Cup competition, judged by Arkansas business leaders, has awarded $1.75 million in cash prizes to winners from throughout the state.

“It keeps us and our students thinking about innovation and thinking about business concepts that could bring jobs to our state, improving our communities. And I really believe that it puts us on the forefront of how we think about job creation and business innovation across the country,” said Michael Newcity, 2002 First-Place Graduate winner who is now chief innovation officer and president of ArchBest Technologies.

Marie Bruno, executive director of the Arkansas Economic Acceleration Foundation, said a number of competitors discovered things they didn’t know about themselves prior to their Governor’s Cup experiences. “Some thought they weren’t capable of putting together a business plan. But when they tried it they found they could do it. They surprised themselves,” she said.

While it is the largest competition in Arkansas, there are other entrepreneurship competitions in the state. InnovateHER is a U.S. Small Business Administration prize competition to unearth innovative products and services that impact and empower the lives of women and families. Startup Junkie Consulting facilitated an initial InnovateHER competition in Northwest Arkansas last April. Another InnovateHER competition is set for Nov. 19 in downtown Fayetteville. Finalists from regional competitions will compete for a total of $70,000 in prize money in Washington, D.C. in March of 2016.

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“The competition helped my team of seniors from John Brown University go at our business plan from a different angle. It gave us a sense of how to think about how our product could help customers,” said Dr. Erick Chang of Arkansas State University, faculty advisor for Agricultural Innovations, who won the 2015 Governor’s Cup Graduate Division award.

Fifteen high-growth startups have been formed by graduate entrepreneurship students since 2009.

— University of Arkansas Office of Entrepreneurship and Innovation.
Entrepreneurship isn’t an easy journey. There are always misconceptions about small businesses, but we work hard to provide the same level of professionalism as a big business. Small construction businesses are often overlooked for all the wrong reasons. Our company is made up of only five individuals, but I guarantee we can get the job done. Ridgeline Construction LLC provides services such as asphalt paving, dirt hauling, demolition, decorative concrete, concrete stamping, excavation, seal coating, striping and exceptional customer service. Ridgeline has a lot to offer Arkansas communities.

As a whole, we have to create a culture where innovation can flourish, and that begins with tools and support. Supporting small local businesses creates jobs, generates sales tax revenue and enhances the community’s quality of life. I believe Arkansas communities could attract more entrepreneurial activity if we could offer a robust portfolio of programs and resources supporting small growing businesses to thrive, such as information on legal structure; obtaining business licenses, permits and tax identification numbers; registering a business name and choosing a business location. The energy in our community should be more motivating, inspiring and exciting, with no shortage of opportunity for growth.

I’m really appreciative for the start-up program offered by Thrive, which is located in Helena-West Helena. Thrive is a nonprofit organization that offers affordable strategic planning and marketing services to local small businesses and nonprofits. They provided me with business plan classes and one-on-one consulting as well as marketing, branding and design services. I was able to acquire knowledge on marketing tools, sales, information technology, and research and development, which became very useful once our business got off the ground. Thrive planted our business like a seed and they’re continuously watering us into success!

24.5 percent of Arkansas firms were owned by women in 2007. In five years, the Arkansas Women’s Business Center has helped 35 businesses start and create over 50 jobs. One of the biggest challenges AWBC clients remains access to capital.

— Arkansas Women’s Business Center
Growing the Economy
One Entrepreneur at a Time

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