

Accomplishments and Lessons Learned from the Advantage Valley Entrepreneurial League System®

Background

- Implemented as a joint venture between Advantage Valley, Inc. (a regional economic development non-profit) and Collaborative Strategies, LLC.
- Advantage Valley is a multi-state region: 8 counties in West Virginia (centered around the cities of Charleston and Huntington), 3 in Kentucky and 1 in Ohio: Boone, Cabell, Clay, Kanawha, Lincoln, Mason, Putnam, Wayne; Boyd, Greenup, Carter (in KY); Lawrence (Ohio).
- Total population: roughly 700,000
- \$2.35 million in funding provided by the Claude Worthington Benedum Foundation in Pittsburgh, PA and W.K. Kellogg Foundation (In 2005, Advantage Valley, Inc. was one of six organizations out of a total of 183 applicants to win a \$2 million grant from the foundation).
- Coaching program was launched on November 1, 2004 and operated for 44 months. Ceased operations on June 30, 2008 at the conclusion of the funding.
- For impacts, see below.
- Post-Project Outcomes: Assistant General Manager became Statewide Director for the West Virginia Small Business Development Center. Several small coaching efforts were launched and an estimated 33% of former ELS clients are receiving coaching of some kind.

Activity Measures for the Advantage Valley Entrepreneurial League System®
As of March 31, 2008 (41 months)

Activity Measures	Number	% of Total
Total Clients:	124	100%
Active Clients / Participants	66	53%
Inactive Clients	58	47%
• Stands (temporarily inactive)	• 26	• 21%
• Exits	• 31	• 25%
○ Unresponsive (dropped)	○ 6	○ 5%
○ Business closures	○ 3	○ 3%
○ Health and personal issues	○ 6	○ 5%
○ Moved	○ 1	○ 1%
○ Retired	○ 1	○ 1%
○ Unknown	○ 4	○ 3%
○ Other	○ 10	○ 9%
• Graduation	• 1	1%

**Economic Characteristics of Clients
in Advantage Valley Entrepreneurial League System®**
As of 12/31/07

Performance Measures	Figures
69 Clients Reporting	
Total Annualized Sales Revenue	\$25.9 million
• Average Sales per Client	• \$375,070
Total Number of Employees	304
• Average Number of Employees per Client	• 4.39
Annualized Revenue per Employee	\$85,131

Composition of Participants in Advantage Valley Entrepreneurial League System®
As of March 31, 2008

Variable	Number	Percentage
Number of Participants	66	
Number of Success Teams	9	
Skill Level Distribution:		
• Rookies	6	9%
• Single A's	49	74%
• Double A's	11	17%
• Triple A's	0	0%
Gender Distribution:		
• Males	43	65%
• Females	23	35%
Ethnicity:		
• Caucasian	62	93%
• African-American	3	5%
• Asian	1	2%
• Other	0	0%
Industry Mix: (see NAICS analysis)		
• Retail, services, sales, telecom, financial, real estate, franchisees		

Outcomes for Advantage Valley Entrepreneurial League System®:

- For every dollar invested in the Advantage Valley Entrepreneurial League System® by the Benedum and Kellogg Foundations, our clients generated \$33.00 in sales revenue over a 38 month period.

Return on Investment Calculation: In order to calculate a return on investment figure, we are using \$1,682,880 as the denominator. This number represents the \$1,332,880 the Advantage Valley Entrepreneurial League System® received out of the \$2 million W.K. Kellogg Foundation grant to operate the coaching activities (66.6%), plus the \$350,000 startup funding received from the Benedum Foundation. For the numerator, we are using the Total Sales Revenue Generated by Clients while in the ELS over a 6 to 38 month period, or \$55,445,274.

The Return on the Investment (ROI) made by both Foundations in the Advantage Valley Entrepreneurial League System® is 33 times the amount invested: $\$55,445,274 / \$1,682,880 = 33X$. **That is, for every dollar invested in the Advantage Valley Entrepreneurial League System® by the Benedum and Kellogg Foundations, our clients generated \$33.00 in sales revenue over a 38 month period.**

- Thirteen percent (13%) of these increased revenues were from sales outside of the region. Sales outside of the U.S. were insignificant.
- 49 new jobs were created.
- Fifteen (15) entrepreneurs, out of 66 participating clients or 22.7%, have moved up to a higher skill level. Nine (9) Rookies have moved up to the Single A level and six (6) Single A's have moved up to the Double A level.
- One Single A entrepreneur “graduated” and became a Rookie coach.

Lessons Learned

- Coaching is extremely valuable to entrepreneurs and the approach developed by the Entrepreneurial League System[®] works.
- We distinguish between the functions of developing entrepreneurial skills and meeting the needs entrepreneurs have for technical and financial assistance (service provision). Public sector and non-profit organizations do not have the necessary capability to develop entrepreneurial skills. They can and should focus on service provision.
- Leadership needs to be provided by an entrepreneurial, rather than a bureaucratic organization or the project will run be run into the ground. ***It is absolutely essential that entrepreneurs run an effort like this!*** Most individuals involved in economic development DO NOT UNDERSTAND entrepreneurship. Individuals like Kristina Oliver, etc. are rare exceptions which must become more common.
- Creating an integrated system of service provision cannot be done by facilitating meetings among service providers. It must be done by having demand from entrepreneurs discipline the supply and by an having an independent, neutral third part broker the engagements between service providers and entrepreneurs.
- Entrepreneurs in the lower left hand corner of the Pipeline (lower skills, early stage in the life cycle of their business) cannot afford to pay the total costs of skill development. Partial investment funding should be provided by foundations and governments to support their development, but as their skill builds and success grows, the amount of support should be reduced accordingly.

Data on the Entrepreneurial League System® of Central Louisiana

Background

- Sponsor and investor: The Rapides Foundation, a health care foundation created as the result of the sale of a regional hospital system.
- Territory: Nine parishes located in central Louisiana
- Population: 344,952
- Investment made in the program: as of 6/30/10, approximately \$2.9 million over 5 years (including pre-launch activities)
- Project Lifecycle: July 1, 2006 - December 31, 2010

Activity Measures for the Entrepreneurial League System® of Central Louisiana

For 39 Month Period: July 1, 2006 – December 31, 2009

As of 12/31/09

Activity Measures	Number	% of Total
Total Clients	122	100%
Active Clients / Participants	74	61%
Inactive Clients	48	39%
• Stands (temporarily inactive)	0	0%
• Exits	48	100%
○ Unresponsive (dropped)	29	60%
○ Business closures	5	11%
○ Health and personal issues	0	
○ Merged with another business	2	4%
○ Moved	1	2%
○ Retired	0	
○ Unknown	4	9%
○ Other, left company, etc.	7	14%
• Graduation	0	0%

**Composition of Participants in the Entrepreneurial League System[®]
of Central Louisiana
As of December 31, 2009**

Variable	Number	Percentage
Number of Participants (assigned to teams)	74	100%
Number of Success Teams	6	
Skill Level Distribution:		
• Rookies	24	33%
• Single A's	38	51%
• Double A's	12	16%
• Triple A's		0%
Geographic Distribution:		
• From Alexandria, Rapides Parish	32	43%
• From Rapides Parish, outside of Alexandria	17	23%
• Located outside of Rapides Parish	25	34%
Gender Distribution:		
• Males	53	72%
• Females	21	28%
Ethnicity:		
• Caucasian	66	89%
• African-American	6	8%
• Hispanic	2	3%
Industry Mix:		
• Retail, services, sales, telecom, financial, real estate, franchisees		

**Performance Outcomes Entrepreneurial League System® of Central
Louisiana Over 48 Month Period
July 1, 2006 – June 30, 2010**

- The Dollar *Growth* in Sales Revenue for all entrepreneurs (110) who have participated in the Entrepreneurial League System® of Central Louisiana (for at least two quarters) during its first 48 months of operation is: \$60,549,683.
- The Percentage Increase in Sales Revenue for all participating ELS Clients is: 30%.
- The Growth in number of Employees for ELS Clients over the two year period has been: 318, representing a percentage increase in employment of 37%.
- The cost per new job created is \$9,085.
- The Revenue per Employee for the increased sales revenue is \$190,408 (increase sales revenue divided by the number of increased employees).
- The Increase in Sales Outside of the Region for ELS Clients is: \$46,178,497 representing an increase of 296%. Thirty-one percent (31%) of the total sales revenue for all clients during this period was earned from sales outside of the region.
- Twenty (20) or 28% of all active clients have moved up a skill level.
 - Nine (9) Single A's have moved to the Double A team
 - Nine (9) Rookies have moved to the Single A team
 - Two clients (2) moved 2 skill levels over 2 years – from the Rookie to the AA team

Methodological Note

We evaluate our clients' change on four measures (sales, employees, % of sales outside the region and % of sales outside of the U.S.) during their participation in the Entrepreneurial League System® of Central Louisiana. The statistical methods used for this analysis were approved by a statistician.

- Participation over 4 year time period varied (123 entrepreneurs had participated for at least one quarter).
- This analysis includes only those clients who participated in the ELS for at least 2 quarters, since this was the minimum time period data for which we could calculate a change rate. Data from 110 clients have been included in this analysis.
- First quarter data provided by client while they were already participating in the ELS was used as baseline (data about their financial situation prior to their participation was not consistently available); credit was given to ELS only for increases above that baseline.
- Change was calculated on a quarter by quarter basis.
- This method is sensitive to the starting point and can bias the results for that reason in either direction, if revenue is not even throughout the year.