

Challenge 2: Addressing rural business transfer opportunities by providing education on models of shared business ownership, including business cooperatives.

Summary

Population aging, rural depopulation and lack of concentrated capital are driving a critical mass of conversations around business transition in rural areas. Successfully completing a transition not only ensures economic vitality in a community, it may create more opportunities for business expansion¹. Cooperative ownership models are emerging as promising alternative modes of business transition in rural areas that build broad community wealth, keep businesses (and jobs) alive, and foster new generations of rural entrepreneurs, without ownership moving outside of local communities.

To address this, the Foundation is interested in piloting or developing education programs focused on cooperative ownership models to facilitate business transfer and build community wealth in the Heartland.

Examples of this could include:

- An education program focused on teaching existing or prospective entrepreneurs on how to start a business that utilizes a cooperative business model.
- An entrepreneurship education program focused on educating existing business owners on the viability of cooperative business structures for transferring the business to new ownership in order to retain the asset in the community.
- An ongoing education program to support entrepreneurs operating cooperative businesses as they grow the business.

Activities Eligible for Funding

Grants made under this challenge will fund activities to educate a wide range of current and future business owners about innovative cooperative ownership modes in rural areas of the Heartland and the first steps of implementation of cooperative models in order to facilitate business transfer and community wealth creation.

Fundable expenses can include development or curriculum use fees, staff to deliver curriculum, and supplies associated with training and outreach activities. We will also fund educational activities designed to support entrepreneurs that launch cooperative businesses.

All funds must be used for charitable purposes. We cannot fund expenses related to the operation of a business.

Preference will be given to organizations that:

- Have a track record of effectively serving entrepreneurs in rural areas and have existing relationships that reflect the demographics of the area they propose to serve.
- Demonstrate detailed plans to engage a broad group of community members in the proposed project.
- Show a reasonable degree of potential to scale, if assumptions around the model are proven during the grant period.
- Demonstrate “customer validation” for the model—e.g. that there are others who want to use it, not just who might use it.

Required Evaluation Metrics

Grants made under this Challenge will be required to report on the following output and outcome metrics at six months after award date, and the end of the grant (12 months after award date). During the application process, grantees will work with their program officers to define specific outputs and outcomes. They may include the following:

Outputs: The number of educational activities, the number of participants served by Grantees, the percentage of participants served from systemically left-behind communities and the number of geographically- separated communities reached in educational activities.

Outcomes: A measurement of increased understanding of model after the end of training, a measurement of increased willingness to consider co-op as a model for entrepreneurship as a result of the training, a

¹ <https://www.tandfonline.com/doi/full/10.1080/15575330.2017.1287110?scroll=top&needAccess=true>

measurement of trainees taking a meaningful action towards starting cooperative model after the completion of the grant (partnership agreement, approaching existing business for conversation about transfer, etc.), the number new business plans created with a cooperative element, the number of businesses that have created cooperative business transition plans, the number participants reporting increased skills and knowledge, the number of participants reporting a business start/launch, the number of participants reporting capital raised, the number of participants reporting adding a team member/full-time job, the program Net Promoter Score.