

APPENDIX II-B

Examples of Successful Resource and Risk Sharing Arrangements Between Businesses in Networks

Appalachian Center for Economic Networks (ACEnet)

One of the best examples of successful resource sharing is the Appalachian Center for Economic Networks (ACEnet). ACEnet, founded in 1985, has engaged in numerous resource sharing ventures including: providing basic service that businesses need to start, expand, and create quality jobs; encouraging entrepreneurs to network with each other to share information and generate joint ventures (such as buying supplies together); and creating facilities such as business incubators and shared community kitchens for small and new businesses to use. The group's philosophy sums up their devotion to resource sharing in that they strive to "develop a cooperative business mentality to benefit the businesses and the community (job opportunities, markets of scale, increased technological capabilities, and higher quality products)." This commitment to cooperative resource sharing is one of the main reasons for the group's success.

Examples of ACEnet's resource sharing can be seen under four different facets of the organization. The first example falls under the specialty food sector facet of ACEnet. As a result of the group's decision to invest more energy and resources into the specialty food sector, the group raised funds for a new community resource (a licensed facility where entrepreneurs rent the use of ovens, stoves, and food-processing equipment to develop and produce their product lines) rather than making risky initial investment in expensive equipment. In addition, in 1996, ACEnet opened the Food Ventures Center. This center has provided technical assistance on, for example, distribution and more efficient production. It has been utilized by more than 70 entrepreneurs to process their products.

The second example of resource sharing falls under the technology facet of ACEnet. When the group began to focus on issues involving technology they created TechVentures. This program assists businesses with technological related issues (such as providing information on computer business software, Internet marketing, and basic computer skills). From the success of this venture, the

group was able to set up a community technology center where local residents have access to computers, the Internet, and training. In the fall of 2000, ACEnet created the Computer Opportunities Program where ACEnet staff began training teachers in seven local schools to offer an entrepreneurship class. This example of resource sharing not only helped small businesses with issues of technology but also allowed the group to invest in the future of the community.

The third example of successful resource sharing falls under the financial facet of ACEnet. Perceiving a lack of high-risk and “patient” capital – loans or investments that do not need to be repaid immediately – ACEnet created ACEnet Ventures. This entity provides patient capital, which enables area food and technology companies to expand rapidly and has allowed for the creation of many high quality jobs.

The final example of collaborative efforts for successful resource sharing falls under the educational facet of ACEnet. In addition to its regional efforts, ACEnet has shared its innovations with other similarly focused organizations, organizing many collaborations to build national capacity for sectoral economic development. To encourage the spread of this knowledge, ACEnet created the ACEnet Institute where the research and publications are collected and formally organized in 1999. The ACEnet Institute publishes books and creates marketing reports.

In conclusion, ACEnet has been able to utilize resource sharing to successfully create benefits for both its members and for the community at large. Through pooling resources, this network has enabled the members of the network to obtain access to supplies, technology, capital, and even knowledge that may have been too costly for entrepreneurs to obtain on their own.

Honey Producers Association*

Founded during the early part of the 20th century (roughly 1912), the Honey Producers Association (HPA) is a network that provides education, engages in legislative change, and initiates the promotion of the beekeeping industry. HPA has successfully encouraged resource sharing over the last century. One of the group’s main lines of income comes from an annual collaborative effort at the State Fair. Each year, HPA sets up a booth and sells a variety of products from honey and wax items to lemonade. The products are donated by the members of the group and the money raised is reinvested into the organization to help with general organizational functions, the distribution costs of their monthly newsletter, and the financing of legislative efforts to promote the beekeeping

industry.

Another example of resource sharing comes in the form of the group's monthly newsletter publication. This newsletter has acted as a tool for keeping members informed about the industry, other businesses, legislative changes, and cutting edge beekeeping practices. In addition, the newsletter offers an opportunity for members to advertise their products.

A further example is the legislative efforts of the network. HPA has engaged in lobbying efforts to promote the beekeeping industry in the state and has worked collaboratively with the national organization to promote the industry nationally. These legislative efforts have helped the beekeeping industry in the state by controlling diseases that can destroy bee colonies and by maintaining the funding of state apiarist (a state funded position that inspects and assists beekeepers within the state maintaining high standards in beekeeping).

The final way the group shares resources is through the sharing of information by its members. The sharing of valuable beekeeping information has acted as an educational opportunity for network members. Examples of information sharing include the sharing of a wide variety of methods for keeping bees, methods for fighting diseases, methods for increasing survival rates of colonies during winters, methods for pollinations, and suggestions for diversifying bee-related products.

County Family Farms*

County Family Farms (CFF) started as a meat producers' outlet in the mid-1990s. Overtime, the network began to adopt a greater variety of products. Today, CFF markets pork, poultry, apiary products (honey and beeswax candles), orchard products (frozen and fresh tart cherries, cherry preserves and apples), herbs, and dried floral products. The purpose of the organization is to offer "direct market wholesome products through 'relationship marketing'" and to "promote education regarding benefits of participating in a local sustainable food system." CFF's overall goal is to increase member-producer profits, and thereby improve the viability of family farming.

CFF's primary examples of resource sharing is the network's collaborative selling and marketing campaigns. These initiatives allow local family farmers and producers to market and sell their products to a broader consumer base and to get more for their dollar. One of two outlets that CFF has used to market and sell its

members' products is the local farmers' market. This farmers' market allows for members to transport and sell their products to a larger customer base at a reduced cost if they were to sell at the market by themselves. The members get a reduced rate because they share market space and can attract a wider variety of customers by having a wider variety of products at their stand. Another important marketing initiative comes in the form of a network pamphlet. The pamphlet displays information on each farmer, producer, and member as well as their respective products. The pamphlet also has order forms for consumers to buy products from CFF members.

Association of Personnel Services*

The Association of Personnel Services (APS) was founded in 1991. The organization is a trade association comprised of various sectors of the personnel services industry including: accounting services, advertisement, agriculture, computers, engineering, entry-level college graduates, financial services, food processing, industrial sales, hospitality, hotel, restaurant, insurance, legal, manufacturing, marketing, medical, office administration, and retail. The purpose of the organization is to "promote the growth, protect the vitality, and provide a legislative initiative" for recruiting firms throughout the state. APS is devoted to offering primary resources for industry education and certification, increasing communication and networking opportunities for members, engaging in legislative affairs, distributing important information on industry trends and analyses, and promoting high standards of ethical practices.

The first example of resource sharing is through APS's newsletter. The quarterly newsletter is written and distributed by association members. It features articles from a staffing professional regarding industry news, upcoming seminars, events, other educational opportunities, featured membership stories, and the promotion of new products and services from member industry vendors.

In addition to the newsletter, APS manages and updates an organizational website. The website offers resources for members to access topics such as ethical practices, legislative issues, employment and law questions and answers, membership benefits, relocation tools for in- or out-state members, lending library (literature and other various resources about the industry), and certification training. Through the pooling of financial and informational resources, APS has been able to offer a wide variety of information and an array of resources to its members, which an individual business would not be able to access (at least, not with limited funds).

ongoing education of its membership. Each year the organization provides multiple seminars and workshops for the members to attend, which focus on pressing issues and topics facing the service industry. As part of these seminars, the group will bring in nationally known speakers to discuss some of the most important subjects facing the industry. Again, these seminars and the keynote speakers they bring in would not be possible if it were not for resource sharing.

*Names of these networks have been changed to protect confidentiality.

