

ACEnet: Facilitating Economic Development Through Small Business Electronic Commerce

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With the advent of Web-based electronic commerce (e-commerce), businesses of all sizes rushed to take advantage of the potential of e-commerce technologies. While large organizations often have ready access to the resources necessary to implement e-commerce strategies, smaller organizations may lack some or all of these resources. Conversely, the increased reach facilitated by e-commerce may allow some small businesses to be viable in areas where limited access to customers might otherwise prevent success. This increased reach may be particularly beneficial in economically depressed rural areas, which may stand to gain greatly from the economic development potential of small businesses.

Small businesses in general, and rural small businesses in particular, face a number of hurdles that must be overcome if they are to benefit from e-commerce. This case describes how a not-for-profit agency, the Appalachian Center for Economic Networks (ACEnet), facilitates the use of e-commerce by rural small businesses as a part of an overall strategy for spurring economic development through small businesses. ACEnet provides a number of resources that help small businesses take advantage of e-commerce; including computer labs, Web site hosting, consultative services, and technical and business training. This case illustrates how these services help rural small businesses overcome many of the barriers to successful implementation of e-commerce.

BACKGROUND

In 1985, a group of community members concerned with the revitalization of the economy of Southeast Ohio joined forces and received funding to form the Appalachian

Center for Economic Networks (ACENet). A basic operating premise of ACENet is that the formation of networks of small businesses can lead to sustainable economic development. Under-employed or unemployed individuals often have the capability to create and operate small businesses, given some initial assistance. These small businesses not only provide employment for the owner, but as they grow, also provide employment opportunities for others, thus improving the overall economy of the area.

ACENet has a number of related goals. First, they seek to develop and put into practice innovative economic development models. ACENet also strives to enable individuals and organizations to develop continual learning-based strategies that will empower communities and their members. Another ACENet goal is to facilitate and foster relationships among private and public sector organizations. These relationships should be 1) cooperative, 2) collaborative, and 3) inclusive. Finally, ACENet works to initiate networks among groups committed to economic development; such as businesses, policy, and economic development groups.

ACENet sees the formation of networks of small businesses as an emerging paradigm for economic development. Focusing on developing and implementing new processes and systems for facilitating economic growth through small business development allows participants in the resulting economic networks to better respond to the dynamic, global business environment.

In the early part of its existence, ACENet concentrated on helping low-income residents form small businesses that are worker owned and operated. While ACENet experienced success using the worker cooperative model, it became clear that there was a need for an additional strategy that would allow the continuous creation of a greater number of well-paying jobs. The goal was to supplement, not to abandon, the worker cooperative model. The search for new strategies led to the discovery of European communities of micro businesses (fewer than 20 employees) in the manufacturing sector. These communities use the concept of flexible manufacturing (also known as agile manufacturing) to allow various members of the network to temporarily cooperate in the making of products in emerging market niches. By cooperating, the firms are able to manufacture products that require resources or expertise that exceed those of any single firm. By collaborating, rather than competing, the firms are able to reach markets that otherwise might be closed to them.

To support the network concept, ACENet established the Cooperative Business Center (CBC), an incubator for small businesses. The CBC provides a number of shared resources including equipment such as computers, laser printers, fax machines, and reception services. All of these are provided at lower prices than those normally available from the local market.

The establishment of the Center was ACENet's first activity aimed at promoting collaboration among small business owners. This tradition of promoting networking among small business proprietors now extends into other areas, including e-commerce.

A more recent effort is the Kitchen Incubator, a fully licensed kitchen facility that small businesses can use to develop food-oriented product lines without having to invest in their own kitchen equipment and licensing fees. The latest effort directed towards helping small business owners gain access to resources is the establishment of the Computer Opportunities Program (COP), which provides computer training to local high school juniors and seniors who, in turn, provide computer consulting services to local small businesses.

The COP illustrates the power of ACENet's community networking concept. The COP

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