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- People
- Flotsam & Jetsam
- Off The Clock
- Meetings & Events

VIEWPOINTS

- Columnists
- Letters
- Editorials

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- Book of Lists
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Growing Your Business: Building your business in a rural community

By Michael Gurau

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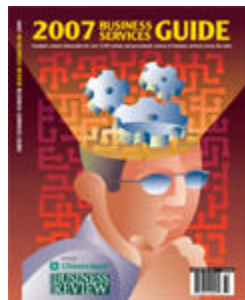
If you are considering starting a business, one of your earliest decisions is where to locate. Location will either create opportunities or impose constraints on such concerns as availability of capital, local resources and employees — all potential enablers or barriers to growth.

Let's assume you've made a lifestyle choice to build a business and create your living in a rural market, such as northern New England. Doubtless, you've done so for the high quality of life, lower cost of living and positive environment for building a company and raising a family. As these elements were catalysts for you, so too may they be for those you may wish to attract to your business.

You may, however, find that living in a rural environment presents as many challenges as opportunities. For starters, you may find it difficult to find employees in your local markets that have requisite experience and skills to add value to your business. While the region has (or had, in the case of paper mills) many large employers providing human resources, the skill sets of those employees may not match your needs. Certainly, you can recruit "from away." You may find, however, prospective employees are ambivalent about making the commitment to a more rural location; often, they worry about what happens if things don't work out — are there sufficiently plentiful employers that they won't have to uproot their family again to find comparable work?

To address this constraint, you might wish to consider several possibilities:

- **Outsource:** If you are building a software business and cannot attract developers and coders to your rural community, consider using outsourced services from overseas. Quality of development is often exceptionally high for the money. Not all outsourcers are the same, so you do need to do your homework, particularly when it relates to core intellectual property that will be the basis of your business' competitive advantage.
- **Consultants:** In our venture capital portfolio, most of our entrepreneurs leverage talent not available for full-time hire with consultants. Consultants tend to charge a greater cost for given unit of time, but this is offset by: getting the



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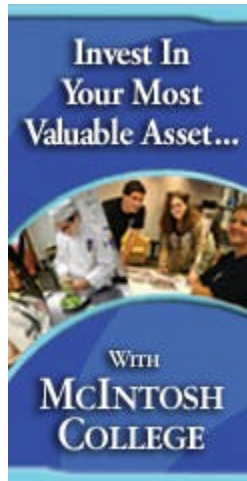

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work you need and not having to pay for down time; not having to cover benefits related to full-time employment; and obtaining (often) better quality services from a specialist consultant than if you were to hire locally. Shifting your cost structure from fixed (full time) to variable (consultant) also allows you better control over your costs.

- **Tele-workers:** Allowing full- or part-time employees to work from a home office or inexpensive remote location is a cost-effective way to get the talent you need even if they won't move near you. Doubtless, there are challenges in working with and overseeing individuals who are not in the office to observe. However, with certain company functions that create "deliverable" products or services (financial statements, marketing design, etc.), one can develop an employee relationship that delivers what you need for a given pay scale.

Next, you need to consider availability of external capital to support you in your growth plans. If you intend to grow only as fast as your own resources (whether friends and family and/or cash flow from operations) allow, then this may not be a concern for you. If, however, you find the need and/or the desire to accelerate your growth, capital availability may become an issue for you.

As noted in previous articles, New Hampshire does have its share of capital providers and local resources. On the equity/grant side, each of the providers has its own unique focus (geography, technology, size) so you'll want to do your homework to manage your own expectations about how realistic financing from these groups might appear.

Finally, you might face fewer service resources in rural markets than your competitors might find in urban markets. Fortunately, the Internet has created opportunities that give you resources far beyond the borders of your town or city. From companies that make logos for clothing and stationery to virtual executive services, businesses (often themselves located in rural or remote locations) seem to exist for every imaginable business need. You'd be surprised with what Google will turn up for you.

As my business focuses on funding growth businesses in under-served communities, I have a particular interest in helping you find the resource that helps you grow your business in New Hampshire. So, drop me an e-mail if you're looking for a business service that either the Internet or your local phone book fails to deliver for you. You also can e-mail me if you know of a terrific and unique service that you've found. I'll be happy to post what I learn in a future article.

Michael Gurau is president of CEI Community Ventures Fund, an early-stage venture capital fund targeting opportunities in New Hampshire, Maine and Vermont. His column is meant to provide New Hampshire Business Review readers with insight into the myriad issues facing small, growing businesses. If you have specific questions or topic suggestions, send your request to mhg@ceicommunityventures.com.

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