Innovation For All

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Innovation for All
Rural Startup Leaders Roundtable: What we Heard

In November of 2023, Engine hosted Rural leaders from across the U.S. startup ecosystem as part of our Innovation for All project. The one-hour roundtable was a free-flowing conversation where participants had a chance to highlight barriers they've faced as Rural founders & leaders. This document highlights some of the key quotes from that conversation. Quotes have been lightly edited for grammar and clarity. Participants included Andrew Prystai - [Event Vesta](), Cesar Torres - [DapIt](), Charisse Smith - [Captvr3D](), Trevor McKeeman - [HitchPin,]() Sue Gehling - [Classroom Clinic](), Susan Spencer - [Seamly](), Taylor Peake - [Motion Mobs]()

On accessing capital:

- Sue Gehling: "One of the issues that I see is that there is still some gender bias. As a woman, I have been looked down upon, discriminated against, and taken advantage of - some male investors, or even school districts, decided they just didn't need to pay me. And so I see there is still a lot of work to be done for women founders. And particularly, given that we are considering raising some funds, the fact that women only have access to two percent of all capital raised is a gut punch."

- Cesar Torres: "I am in Woodland, which is close to San Francisco, Sacramento, and other big cities. But nobody, none of the big investors are coming to Woodland or Yolo County. There are no big investors in our area…we have a lot of wealthy farmers in our area, but a farmer doesn't know about apps, our community, and technology. So they'll wonder, "why should I give money to Cesar?""

- Andrew Prystai: "Getting capital in the Midwest, especiallyNebraska, and some of the less populated Midwestern states is challenging. There's just different a culture, thats more old school and very traditional. They'd rather get a guaranteed three to five percent return year over year on their investment versus that 3,000x or more return if you invest in a company like Uber or a 3 to 5x return from investing in a company that sells for $100 million, but has high potential for it to be worth nothing in just a couple of years. And so that makes it hard to get that initial capital to get off the ground."

- Susan Spencer: "When the VCs are all male, they don't recognize leadership qualities in women founders the way they do in male founders. Even the age demographics are different ever. Most of the female founders that I know are post-children. There is no training out there for VCs, to learn what the qualities of female leadership are, what those demographics are, because it's very, very different from what you see for male founders."

- Andrew Prystai: "Most of that early capital goes towards hiring a developer or convincing that potential technial co-founder that you brought on board to work full time. And so it's kind of a chicken and the egg issue. Investors, especially in the Midwest, want to see a product before they invest, but you need the money so that you can build the product. And so it's really hard to ever get your startup off of the ground unless you have connections or you have other people that are essentially willing to make a personal bet on you. Funds that are in a lot of ways closer to a personal loan than a true investment."

- Andrew Prystai: "Changing something around the accredited investor standard is a great and free option. I understand why we need to set a national standard, but it just doesn't make sense that someone in Carroll, Iowa or Omaha, Nebraska, that's making $200,000 a year doesn't qualify as an accredited investor. But I guarantee that they probably have more free cash flow than someone making 250k in New York or San Francisco, who now all of a sudden is able to make an investment into a company like mine, even though they're probably in a worse position to make that type of financial decision."
- Cesar Torres: "You need to hire developers. You need to prove your product, you need to prove your users, you need to prove your market. But all of that takes money. And so you need a lot of investors or a lot of money to get that going."
- Susan Spencer: "SBA programs that I've followed up with, tend to be very basic. They don't really offer a lot of valuable information for me as a startup that doesn't have a lifestyle business."
- Sue Gehling: "I can't even get a business credit card through my bank. I'm in rural Iowa, and a lot of these banks are hometown banks… I can open a checking account, but I can't get a credit card, because my company doesn't have any credit, and my business is completely remote…So then we have to look at more of a national bank. We'd want to move into a national bank that really works more with startup companies with additional perks that are specific to our industry. And guess what, there's not any national banks here. There's not any branches where we live."

On accessing talent/building a network:
- Andrew Prystai: "In terms of issues as a tech founder…getting that early technical co-founder that can actually help you get your platform off the ground is difficult. That traditional technical co-founder is hard to find—some are very risk averse and others are already very well paid, there's very few people to choose from. it's hard enough for startups to attract someone to work for them, it's even harder to convince someone to convince their significant other or their family that they should go without a salary for three months or six months to get off the ground…and there's just not enough people that have that mentality that see the end game."
- Cesar Torres: "I think as a founder, it's always hard to kind of reach San Francisco and the other bigger cities, just because of money and funds and connections and knowing people and having opportunities available for you is more challenging for rural founders."

On access to the internet and broadband:
- Charisse Smith: "My biggest problem often is access to internet broadband. What I create takes a lot of bandwidth and sometimes with my clients when I show up to their location, and it doesn't work, it's kind of hard to make a sale."
- Charisse Smith: "I'm focusing on colleges right now, they're my core client. They don't even have enough internet to run video sometimes, let alone my products. And it's hard being stuck in the Midwest and knowing how badly they need our products."

On contractors and taxes:
- Sue Gehling: "I am actually able to recruit a lot of women into the workforce, who want work-life balance, who maybe have kids at home, and want to work a couple of days a week or half days a week, providing mental health services. And so all of our providers are hired as independent contractors, and we pay them $80 an hour if they're a therapist, $100 an hour if they're a nurse practitioner. So we're paying them a significant hourly rate, but it's flexible."