

Building Locally Rooted Wealth: Achieving Results by Leveraging Community Assets, Leadership Development and Collaboration

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In too many places across this country, the ZIP code where you were born dictates your ability to thrive. Nowhere does this play out more severely than in America's rural communities. For decades, rural communities have been the backbone of the United States' economy. Rural communities provide the raw materials to build the country and the sustenance to feed ourselves, but today, they are falling behind. In fact, 85% of persistent-poverty counties in the United States—those that have experienced high levels of poverty for three or more decades—are rural.

The uneven nature of the economic recoveries in our nation has resulted in vastly different outcomes for individuals and families based merely on where they live. This is in part due to rapid changes in the industrial and employment structure of the economy, the rise of new technologies and the consolidation of the financial sector, each of which has created unique challenges for rural communities.

These challenges necessitate new and novel approaches to address them, especially in rural and tribal areas of the country. In the past, state or local governments have used incentives as a central economic development approach. More than \$45 billion is spent annually by states on business incentives. As business incentives provided by states have come under greater scrutiny, research is finding little connection between incentives and economic growth. This approach serves only to widen the disparity among communities. Instead of investing in communities, this approach promotes investing in companies. For rural regions of the country to thrive, we must tailor our approaches and investments to communities and focus on building capacity, better utilizing existing assets, coordinating limited resources, and working collaboratively and inclusively with communities. Collaboration, rather than competition, is vital.

A tailored approach is necessary, one that builds from within. This approach is driven by building upon and understanding local and regional assets, capacity, resources, challenges and opportunities that require community collaboration, and is largely about building regional economies and about

new locally owned businesses' leveraging those assets and opportunities. We must prioritize small businesses and entrepreneurs, and create the quality of life, talent and infrastructure necessary to drive prosperity regardless of place.

Local and Regional Leadership

The first, and potentially most essential, components of building strong, inclusive rural economies are strategic, confident, collaborative local leadership and local institutions that can develop the innovative approaches required to renew economic prosperity based on the strengths of each rural community. The divergence in the prosperity of place between large and small communities cuts across racial, cultural and demographic lines. This brings a set of leadership challenges to rural communities that requires innovative approaches. The unique nature of rural communities and small towns amplifies the importance of strengthening leadership and organizational infrastructure—demanding integrated planning, policies, infrastructure and investments in a new, locally led, sustainable direction—rather than just funding projects. By building leadership capacity in a community, you create the conditions that allow for economic growth, powered and strengthened by the unique needs and assets of each community. Those local and regional leaders know what makes their community special and therefore what represents its best chance for success.

Without local and regional leadership, communities cannot be proactive and intentional about directing economic development and entrepreneurial activities. Yet too few opportunities exist for leadership training. Community leaders are often unaware of best practices that can help support, advance and accelerate their plans.

This lack of leadership development in rural communities became apparent when a group of rural community leaders formed a new vision for rural prosperity called RuralRISE—a grassroots, locally driven community of leaders focused on creating supportive environments for rural entrepreneurship (often called “entrepreneurial ecosystems”) that brings together hundreds of local and regional leaders in a national network to create and share best practices. Meeting every month via Zoom and annually at in-person gatherings, RuralRISE provides opportunities for leaders focused on supporting entrepreneurship in their communities to share ideas, successes and challenges that can help other communities learn how to drive new industry and business creation.

Leadership capacity is a foundational aspect to creating a tailored, locally led economic development approach that builds capacity and expertise for communities. Leadership capacity can be built locally, regionally or through national networks like RuralRISE, connecting leaders with data, guidance and other tools, along with connections to build effective approaches that can be tailored to your community. There are many publicly available resources for rural community and economic development, but without local and regional leadership to marshal them, there is no one to tap into those resources.

Each community is different, as is every group of local leaders. It is important to tailor the approach based on the leaders in each region. Focus on building not just the leadership capacity of one individual, but that of a cohort of local leaders: building individual leadership, organizational leadership and community leadership. That may mean you are engaging the economic developer, the grocery store manager, the librarian and the small-business owner in one community, while involving the mayor, the head of a farmers market and a community college leader in another. Understand which individuals and organizations are not just critical but have the opportunity to be dynamic based on the needs of the community and the leaders that are willing to step forward. Connections, funding and leaders throughout the region together will set the table for the next steps in a tailored approach to economic development. You cannot just throw funding at a problem without building connections, and you cannot build connections without funding the work to build capacity and beyond. You must take a comprehensive approach to ensure you are building leadership capacity successfully.

Asset-Based Approaches

Once the process of building the leadership capacity of a community and region happens, it is then time to start thinking about the strengths of the region and building an approach that will embed and expand the wealth generated by local economic growth.

This “wealth-creation” approach to community development has communities build wealth from the resources and natural assets that they already possess. Rather than solely focusing on job creation as the primary measure of success, this approach focuses on generating and retaining community wealth, reinvesting that wealth for future productivity and improving quality

of life. As a result, quality-of-life measures, especially for those on the economic margins, are as important as the number of jobs created. These measures can include things like how much individuals are earning and saving, the productivity of the region, and the number of individuals who have undergone leadership training and had their before-and-after retention scores improve. Alternate measures could also include the number of stakeholders involved, whether there are consistent increases in the number of participants engaging in decision-making activities and, more broadly, increases in social media engagement numbers.

Leveraging the assets of each community, whether institutions, infrastructure or culture, leads to an effective, tailored economic development approach that not only builds wealth, but keeps that wealth local. This is exactly what we mean by tailoring your approach. You cannot put together a plan based on the assets of a community that was successful in the state next to you; you have to build upon the assets and opportunities that exist in your region and community. This approach invests in local and regional people, institutions, resources and systems as essential foundations.

Small-Business Growth

As communities develop asset-based approaches that are tailored to their regions, many will find that the heart of any rural strategy is a focus on small-business growth. In an era of fragmentation, isolation and divisiveness, it is easy to discount rural communities and the people who live in them, especially the innovation that exists in rural areas. However, innovation is in the DNA of all rural communities—it has to be. Innovation and entrepreneurship are embedded into everything they do. In fact, rural communities often lead the way in creating new businesses to meet local needs. From agricultural advances to Main Street stores, rural communities have always demonstrated an entrepreneurial spirit. Successful rural entrepreneurs have the ability to grow and transform towns and local communities in ways that urban entrepreneurs simply cannot. Once again, it is important to build on the small-business opportunities that exist locally. That could mean that tourism businesses are ripe opportunities, or that textiles or manufacturing businesses have the chance to thrive. It is important to understand that a tailored, community-driven approach to small-business growth is imperative.

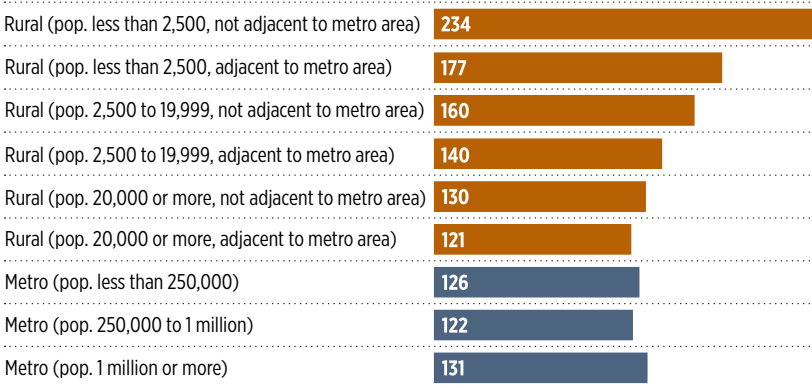
What Makes Rural Communities Unique

With a new, tailored approach to economic development, rural areas have significant assets working in their favor. Rural places often have similar attributes, but it is important to recognize that every rural community is unique and has unique assets from which to build. Rural areas offer a pace of life and greater sense of community that many people find desirable. In addition, rural areas and small towns in the U.S. have higher rates of self-employment than their urban and suburban counterparts. The more rural the county, the higher the rate of entrepreneurship. Business generation, small-business growth and innovation are necessary for creating the employment opportunities needed to ensure a bright future for rural areas. The approach taken by each community, however, needs to be unique, and tailored to the assets, capacity and opportunities present locally. By building from the ground up, communities maximize opportunity while building regional resilience. No longer are communities at the mercy of a single employer or one main industry, because there are other businesses in the community to help keep it forging ahead.

FIGURE 1

Entrepreneurship per 1,000 Residents

Most people mistakenly believe that startups occur overwhelmingly in metropolitan areas. Yet it is in fact rural counties that have higher rates of self-employed business proprietors.



Entrepreneurship is measured here by proprietorship, a tax status indicative of at least one self-employed individual, who may also employ others. One proprietor may own multiple businesses.

SOURCE: PBS NewsHour analysis of Bureau of Economic Analysis data¹.

Each rural community needs to take a holistic approach to building and embedding wealth locally. Access to health care and education, infrastructure investments, reliable transportation networks and broadband, safe drinking water, investments in community leadership skills, and funding for child care are all important pieces to this puzzle. The days of providing good health care but no transportation to get there, or safe drinking water but no economic development plan to support it, are over. All of these factors lead to a higher quality of life. These may not be considered aspects of “traditional economic development”; however, communities cannot flourish or prosper if people do not want to live there.

Collaboration and Connectivity

Thriving communities are finding benefits by considering assets holistically and looking for growth regionally, especially as technology fosters more interconnectivity among communities than ever before. That interconnectivity has the potential to lift communities together, promoting collaboration instead of competition. Tailoring your approach based on the infrastructure that exists regionally ensures that you will work collaboratively and build opportunities that could not exist in just one community. Most rural areas need to be willing to understand that connectivity is not just about internet access, but the interconnectedness that exists among communities.

For example, at a state level, in 2019 a small group of people from around the state of West Virginia coalesced to identify ways to collaborate on entrepreneurship activities. Guided by the National Center for Resource Development and driven by institutions like the Robert C. Byrd Institute (West Virginia’s Manufacturing Technology Center), West Virginia University, and Eastern West Virginia Community and Technical College (EWVCTC), the group created a statewide entrepreneurship ecosystem community that meets regularly to share information and resources.

While seeking to work with all state agencies, the group began working with the West Virginia secretary of state’s office. Often overlooked as a partner in entrepreneurship and economic development, the secretary of state can be a critical player in new business development since most new businesses must file corporate paperwork and annual reports with that state office. As a result, the agency has its proverbial finger on the most up-to-date

information and data about business formation.

The innovative West Virginia secretary of state was eager to be an integral part of the entrepreneurial ecosystem and help drive business development. The office, in partnership with the West Virginia Department of Commerce, has served as a catalyst in helping bring additional agencies and stakeholders to the table.

At no time was this more important than during the onset of the COVID-19 pandemic, when myriad West Virginia businesses needed to quickly transform their operations to become virtual. Many of these businesses, especially agricultural businesses, did not have the expertise to move to online platforms. The entrepreneurial ecosystem responded quickly by putting together a series of training and webinars to help educate entrepreneurs and businesses on how to migrate to digital platforms.

Over time the group has grown and now also includes representatives from the West Virginia Small Business Development Center and other federal, state and local agencies.

Collaborative

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Some of the benefits of this group—which have been especially useful during the pandemic—have been:

- faster distribution and awareness of emergency resources for small businesses;
- development of joint and shared training and webinars to ensure there are not redundancies across the region;
- the bringing together of state government agencies with resource providers on a regular basis so they are more familiar with the current and changing needs of small businesses; and
- acceleration of resources to small businesses.

Interconnectivity is about connecting communities through technology and improving accessibility to services and resources. Part of this interconnectivity centers around physical infrastructure. Rural communities with stronger roads, internet access, health care, and other key infrastructure and services attract people, talent and opportunities. COVID-19 has further divided communities. Those with strong internet capabilities were able to move their citizens to online platforms to reduce disruptions in economic activity, education, health care and other services. Those without broadband have fallen further behind and have been hit harder by the devastating economic impacts of the pandemic. Technological change is exponential. Twenty years ago, parents would tell you not to get in a car with a stranger or meet someone on the internet. Today, we literally summon strangers to drive us. As technology evolves, rural communities will have a chance to use its benefits to their advantage. The key is facilitating both physical connections and less-tangible cultural connections, ensuring communities view one another as vital to their shared economic viability.

A New, Tailored Approach

As communities build local leadership, focus on asset-based approaches, build out opportunities for small-business growth, and consider the infrastructure and connectivity needs that build quality of life, a tailored, holistic approach to economic growth develops. It is a lot to consider and might sound overwhelming to communities that are just starting this approach. Communities should start small, then build incrementally. They should understand that they are not in this alone and can build partnerships that will help them build community wealth that will embed opportunities throughout their regions. It is hard work but, when done right, shows incredible results.

For example, EWVCTC, one of West Virginia's smallest community colleges, took on the leadership role of serving as a community catalyst to help drive the development of new economic opportunities for the agricultural community. Historically, agriculture producers, farmers and growers have largely operated independently, focused primarily on day-to-day agrarian activities without taking advantage of the array of entrepreneurial resources available at the community, region, state and national levels. EWVCTC

partnered with a few farmers who met to identify challenges and what they saw as potential opportunities. As more farmers learned about the meetings and of their value, more agricultural professionals began to attend, expanding the group to include more farmers, producers and potential buyers, along with local, state and federal government agencies, including the West Virginia Department of Agriculture. Thus, the Ag Action Council (AAC) was born.

As the group continued to grow, members began to re-imagine the value of local and regional assets, and how they might reconsider existing markets as opportunities to build out new approaches and adopt an entrepreneurial mindset. The AAC exposed regional farmers and growers to new technologies by holding an agricultural tech summit. It also created a network of regional agricultural stakeholders, working collaboratively to increase knowledge of new and emerging advances in agricultural technology, like the use of drones for surveying crops and livestock, and the use of high-tunnel greenhouses to extend growing seasons.

Another outcome of the AAC is that EWVCTC has been able to hire a director of agriculture to help support the group. This hiring allows for greater ongoing support and project sustainability. The AAC was also instrumental in obtaining additional grant-funding to help with pilot projects and implementation. To create even more lasting benefit, the AAC has worked with local and regional schools to inspire the next generation of farmers and producers by exposing students to the entrepreneurial opportunities and career pathways that exist in agricultural technology.

Resilient

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All of these activities helped to cultivate a culture of collaboration among local, regional and statewide partners, expanded access to coaching and mentoring for farmers and growers, and increased exposure to agricultural

innovations and technology. This led participants to consider other ways to engage the region, including helping connect with diverse markets and new sales opportunities in metropolitan markets, restaurants, schools, county convention and visitors bureaus, and with students.

Finally, another outcome of the AAC has been the identification of a fledgling industry called biochar. Made from carbon-based waste, biochar has many benefits including addressing climate change, reducing waste and generating energy. Biochar can also be used as a soil enhancement to help retain water and increase soil health. After further research, the AAC, with the help of the National Center for Resource Development, established the Eastern Biochar initiative to host events and in-person training to help local farmers learn more about the opportunity. As word has spread of the Eastern Biochar initiative, the number of participants and interested parties has grown significantly. In 2020, the first National Biochar Week was held, bringing together an array of stakeholders to identify markets, share best practices and help continue to develop the biochar sales and manufacturing pipeline. Since the region has a high concentration of chicken farms, this asset-based approach has helped the community re-imagine waste products as value-added business opportunities benefiting the region. It is an example of how rural communities can think creatively about driving economic growth and prosperity. Driven by volunteers, modest grant-funding and free meeting space at the community college, this collaboration shows the benefits of taking an asset-based, tailored approach to rural economic development.

Tailored

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By taking a tailored, community-focused approach that builds leadership capacity, focusing on local and regional assets, intentionally applying funding and thinking regionally, rural communities can lead the charge in developing a new approach to driving economic prosperity. There is no silver bullet, but by engaging a broad set of partners, by supporting those partners through capacity and leadership development, and by building a strategy that fits the particular nuances, culture and assets of a specific community, leaders and entrepreneurs can create new opportunities to build local, long-term wealth and opportunity, regardless of geographic location. In doing so, they also create a more vibrant and robust ecosystem of rural entrepreneurs and innovators, connecting the institutions, infrastructure and culture needed to drive prosperity. Just as rural areas drove economic growth as this country began, they once again have an opportunity to lead and redefine what a successful economic development approach is for communities of all sizes.

References

Weiler, Stephan; Conroy, Tessa; and Deller, Steve. "6 Charts that Illustrate the Divide between Rural and Urban America." PBS NewsHour, March 17, 2017. See [pbs.org/newshour/nation/six-charts-illustrate-divide-rural-urban-america](https://www.pbs.org/newshour/nation/six-charts-illustrate-divide-rural-urban-america).

Endnotes

¹ See Weiler et al.

