

# **Rural Wealth Creation**



***Panel Presentation***  
***NADO Annual Training Conference***  
**Las Vegas, Nevada**

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**October 15, 2012**

# *Wealth Works*



**Connecting Community Assets  
with Market Demand  
for Lasting Livelihoods**

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**An Overview**

# ***Wealth Works***

## An Emerging Approach



The ***Wealth Works*** approach intends to improve the livelihoods of low-wealth people, firms and places by creating wealth that is owned, controlled and reinvested locally, so that low-wealth areas become valued partners in resilient regions.

# *Wealth Works:* Basic Assumptions



- Wealth, broadly defined, is the foundation for prosperity.
- Poor people and places will stay poor unless they are connected to larger economies.
- Poor people and places have assets which, if properly developed, can contribute to larger regional economies.
- Those assets can be developed and linked to markets in ways that create multiple forms of wealth.
- Structures exist and can be created that will cause that wealth to stick in low-wealth areas instead of being extracted.
- Wealth that sticks in place leads to sustainable livelihoods.

# *Wealth Works*



## It takes Practice(s).

1. Understand wealth
2. Understand demand
3. Collect and connect stakeholders that can help meet demand
4. Construct a *Wealth Works* value chain to meet demand and build multiple wealths.
5. Increase local ownership and control

# 1. Understand Wealth(s)



We define wealth broadly as the stock of **all assets** that can contribute to the well-being of an individual or group.

- **As a stock of assets, wealth can be accumulated or depleted through investment and consumption decisions.**
- **Wealth stocks generate flows of goods and services (“income” or “earnings”) that contribute to well-being, though not all of these flows can be monetized (counted as money).**

# Wealth: The Eight Forms of Capital /Assets

**Intellectual**

- Knowledge and innovation

**Individual**

- Skills , education, and health

**Social**

- Trust and relationships

**Natural**

- Natural resources

**Built**

- Infrastructure

**Political**

- Political influence

**Financial**

- Investment and savings

**Cultural**

- Traditions, customs and ways of doing

All are required to grow and sustain a healthy economy!

## 2. Understand Demand



- What are your people, businesses and places doing or making? What else could they do or make?
- What is the nature of current or potential market demand for these things?
- Which of these markets has/have the most potential for benefitting your low-wealth people and places?



# 3. Collect and Connect to Meet Demand



- Who in your region can help you meet or build demand?
- How can low-wealth people, businesses and/or places fit into the circle of connections?
- Who else do you need in your circle to meet or build demand?

## 4. Construct a *Wealth Works* Value Chain



- What can you do together to meet demand that provides **sufficient** value for each? *Win-Win*
- How can you do this and add to as many stocks of wealth as possible (and not destroy/degrade others in the process)?
- How can you do this so that it improves livelihoods for low-wealth people, firms and places?

# What is a *Wealth Works* Value Chain?

A *Wealth Works* value chain is a business model in which a network of buyers, processors, producers and a supporting infrastructure both advance their individual self-interest and create economic, social and environmental value through meeting market demand for specific products or services.

# But *WHO BUILDS* a Value Chain?

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- **Intermediaries** build relationships among and between partners in the chain.
- **Intermediaries** hold the vision of the value chain and guide activities and partnerships in such a way that they build multiple forms of wealth at the same time.
- **Intermediaries** help create new flows of information among and between value chain participants for mutual benefit.

## 5. Own and Control



- How can you retain as much local ownership of the resulting wealth as possible?
- How can you ensure that local people have influence on decision-making about the wealth?
- How can you structure ownership or control so that low-wealth people and places can establish and maintain a fair share – or more?

# *Wealth Works*



**Principles Guide It.**

# *Wealth Works*. Guiding Principles



- #1 **Wealth Works** is demand driven.
- #2 **Wealth Works** is intentionally inclusive.
- #3 It starts where you are at – and builds from there.
- #4 Wealth is tied to place by **Wealth Works** value chains.
- #5 Measurement is integrated into the entire process as a tool for planning and adaptive management.
- #6 Wealth sticks in low-wealth areas through attention to structures of ownership and control.
- #7 The **Wealth Works** approach is strategically flexible while minimizing harm.

# **Our Panel**



**Putting Elements of this  
Approach to the Test**



# *Wealth Works* and NADO



- Four NADO members/partners have been learning about **Wealth Works** and applying it – whole or parts – to their work.
- One goal was to learn how the principles resonate with the work economic developers are doing already.
- Another goal was to see how the application of these principles would add more value to your work.
- This panel gives you a chance to explore lessons learned.

# Panel Presentations



- **Armando Garza, Jr.** Mayor Pro-Tem, City of San Juan; Co-Chair, Rio South Texas Regional Planning Consortium
  - *Building stronger social capital in the region*
- **Misty Casto** Executive Director, Buckeye Hills-HVRDD & Area Agency on Aging
  - *Using the BR&E Survey to Identify Potential Value Chain Participants*
- **Kent Spellman** Executive Director, West Virginia Community Development Hub
  - *Understanding the Role of Intermediaries in Wealth Creation*
- **Sulynn Creswell** Director, BlackBelt Treasures (Alabama)
  - *Moving Toward a Tourism Value Chain in the BlackBelt*

## Question # 1



**What did you do?**

**How did you use the wealth  
creation framework and tools?**



Appalachia Ohio Animates Rural Wealth Creation



# Value Chain Pilot

*Sector Target: Local & Regional Food Systems*

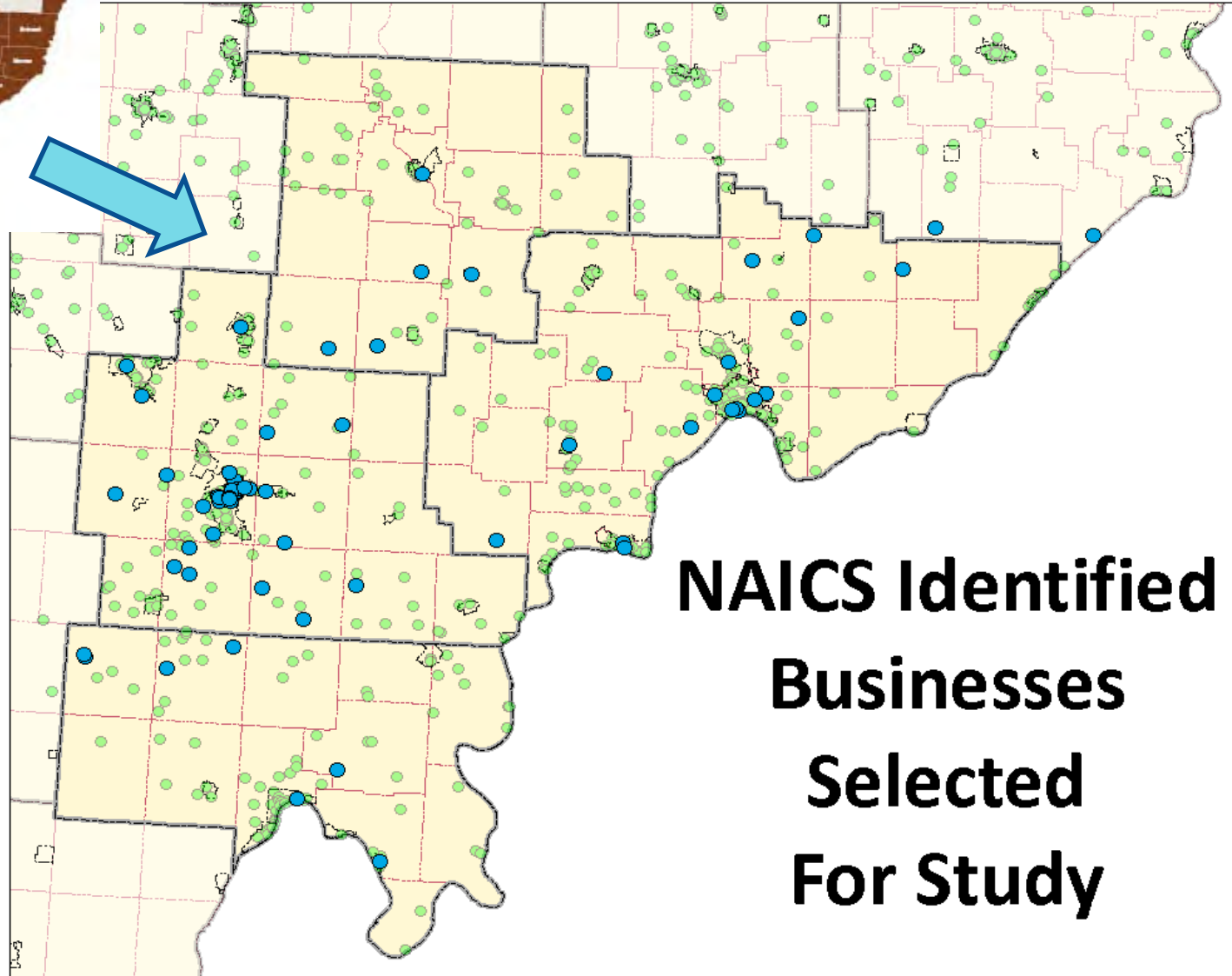
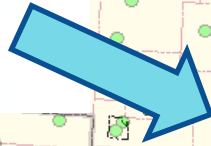
- Test the Wealth Creation in Rural America Framework within 4 counties of the region – specifically targeting companies in the food sector



# Ohio Wealth Creation Project

- Used Current 12-County BizNet Business Retention & Expansion Framework
- Data Gathering at the Regional Food Systems Level
- Added Value Chain Wealth Creation ?s to Business Interviews
- Focused on 4 Southeast Ohio Counties active in Food Sector





**NAICS Identified  
Businesses  
Selected  
For Study**

# Black Belt Treasures

## **Mission**

To foster, develop, and promote economic development initiatives aimed at creating jobs and increasing the income of local residents through the marketing of arts, crafts, literature, food products, and other items unique to Alabama's Black Belt.

# Black Belt Treasures

## Goal 1

An enhanced regional economy with arts-related jobs and tourism stimulated through Black Belt Treasures' emphases on showcasing the creative spirit and marketing the heritage arts and culture of Alabama's Black Belt region.

### *Short Term Goals:*

- (1) BBT has satellite artist incubator/studios and on-going business development programming opportunities for artists across the region.
- (2) BBT's physical campus includes a gallery-store, large multi-use education center, artist studios, art support industry space, and exhibit and festival space.



# Black Belt Treasures

## Goal 2

A region-wide venue for arts education revolving around the preservation of the region's heritage arts and culture, with area residents and visiting artists active in a flourishing arts environment incorporating exhibits, workshops, demonstrations, and celebrations.

### *Short Term Goals:*

- (1) BBT is partnering with individuals and organizations to provide arts education opportunities in all nineteen counties.
- (2) BBT hosts cultural exchange activities in celebration of the arts, heritage, and multi-culturalism of Alabama's contemporary Black Belt region.

# Black Belt Treasures

## Value Chain Map



## Question #2



**What happened?**

**Were there unexpected outcomes  
from this work?**



# Pilot Results

- EDs conducted 34 visits with key leaders in the identified **Food Ventures business sector** (*manufacturers, farms & retail*)

## OUTCOMES:

- **82%** of respondents have an interest in using more local or regional suppliers
- **88%** of respondents sell only within the local or Ohio trading areas
- Food Ventures leaders know where the demand is and have a **strong interest in sourcing from regional suppliers**

## Question #3



**What did you learn?**

**Are there ways you expect your work to be different going forward because of what you learned?**

# What We Learned

- **Continue to Build Peer Networks & Build Infrastructure**
  - 40% of respondents need additional production capacity to sell more
- **Need education on shared branding opportunities**
  - Nearly 70% of respondents do not market product or service offerings under a shared brand while 40% also said to sell more they need additional marketing capacity
- **Need additional Succession Planning Education**
  - Over half of respondents (59%) do not have a formal business succession plan

## Question #4



**What do you want to learn more about or test further on the ground?**

**What about this framework strikes you as being very valuable to your work as a regional economic development intermediary?**

**What strikes you as being very difficult to put into practice on the ground?**

# What We Want to Do Next...

- Design additional education
- Design opportunities for leaders to meet with policy makers
- Design interventions to move the Food value chain forward
- Seek capacity building funding to both explore the work together and to build any needed new tools that bridge conventional Economic Development work and Value Chain efforts



# What's Difficult

- Lack of existing ED Resources
- Sense of wanting to hold business details “close to the vest”

## To Learn More



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