Strengthening Rural-Urban Connections to Support Competitive Regions
Increasing Complexity...

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<tr>
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<th>SIMPLE</th>
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<tbody>
<tr>
<td>Agreed problem statement</td>
<td>YES</td>
<td>NOT AT START</td>
<td>NO</td>
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<tr>
<td>Agreed solution</td>
<td>YES</td>
<td>NOT AT START</td>
<td>NO</td>
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<tr>
<td>Knowledge &amp; experience to act</td>
<td>YES</td>
<td>SOME</td>
<td>NO</td>
</tr>
<tr>
<td>Known variables</td>
<td>YES</td>
<td>MOSTLY</td>
<td>NO</td>
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<tr>
<td>Predictable outcomes</td>
<td>YES</td>
<td>MOSTLY</td>
<td>NO</td>
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Demands collaboration+

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<tbody>
<tr>
<td>Structure</td>
<td>Predetermined and fixed</td>
<td>Adapted</td>
<td>Organic and variable</td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>Limited</td>
<td>Extensive but managed</td>
<td>Volatile</td>
</tr>
<tr>
<td>Boundary crossing</td>
<td>Predetermined</td>
<td>Extended</td>
<td>Multiple and continuous</td>
</tr>
<tr>
<td>Timeline</td>
<td>Predetermined and fixed</td>
<td>Extended</td>
<td>As long as it takes</td>
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Source: USDA, Economic Research Service using data from the U.S. Census Bureau.
If a region’s ability to create wealth is dependent upon generating a trade surplus with the outside economy and attracting investors, then the economic competitiveness of the urban core is the key.
However, if the rural periphery is experiencing substantial trade deficits, this will have a substantial negative impact on the whole region including the urban core.
Shared Purpose...

• If metropolitan America is to drive national prosperity, metropolitan areas will need a healthy and sustainable rural economy and culture

• If rural America is to flourish, it will depend upon vibrant, well-functioning cities and suburbs
Rural to Urban

Food
Energy
Workforce
Stewardship
Waste management
Experiences

Markets
Jobs
Specialized Services
Resources

Urban to Rural
The Regional Economy

Size of Regional Economies in Central Appalachia

Total Value of Production ($million)

- Income created by rural peripheries does not stick and flows to urban core or outside region.
- Benefits from investments in urban core not likely to spill over to periphery.
A simple rural-urban distinction is meaningless...
It’s All About Linkages

Policy and development decisions are best taken within a regional framework to embrace rural-urban interdependence.
Two economic analytical approaches with traction:

– **Clusters** – geographic concentrations of interconnected companies and support institutions

– **Supply/value chains** – flow through a development process regardless of location of participating companies
Connecting to clusters

• Rural businesses located within or close to metropolitan centers plug directly into clusters as suppliers and sub-contactors

• Those located further away build upon their regional and community assets, creating entrepreneurial opportunities through broadband, and developing networks to perform cluster-type functions

• Those that need space rather than proximity link into regional, national and global supply chains as “non-proximate” clusters
Connecting to Supply Chains

• **Face-to-face interactions** – consumers buy directly from producer or processor (farm shops, farmers markets, roadside sales, etc.

• **Proximate relations** – strong regional or place-based associations and identities (regional hallmarks, consumer cooperatives, tourism themes, specialty retailers, local restaurant and institutional purchasing)

• **Extended relations** – products sold outside region to customers with no personal experience of the area, connections made to culture, practices through branding, certification, reputation – values, provenance, quality
Influencing Supply/Value Chains

**Transactions**
Improving the efficiency of supply chain transaction – price stabilization, matching suppliers and buyers, holding inventory, reserving capacity, aggregating supply and/or demand

**Information**
Reducing costs associated with incomplete information, brokering between participants, mediating disputes, collecting and disseminating data and analysis

**Policy**
Ensuring social and environmental impacts are considered alongside profitability, monitoring government policies and regulations
• **Regional markets** – creating demand in urban areas (outlets, partnerships, distribution systems)
• **Regional branding** – bringing together multiple product lines into an umbrella brand
• **Product positioning** – selling lifestyle not individual products
• **Forging connections** – step-up services for businesses
• **Scaling-up** – helping businesses enhance productivity
• **Creating buzz** – generate enthusiasm among media, leaders, consumers

• **Intermediary role** – aggregating and distributing products, training, brokering, connecting, technical assistance
• **Consumer awareness** – helping urban customers appreciate value of regional products
• **Enterprise hub** – retail marketing incubator in urban center – connecting, aggregating, branding
1. Expand intermediation

- Expand upon existing intermediation experience recognizing social, cultural, culinary, and resource differences

- Reduce business transaction costs and improve efficiency within supply chains – matching, aggregation

- Improve information flows between businesses in supply chains – use data and analysis as a value-adding tool

- Safeguard triple-bottom-line values within the chain

RDO could focus on intermediation roles and how best to support supply chains in the region
2. Capture regional markets

- Explore main urban centers as potential markets for regional products
- Build infrastructure – build retail and supply chain connections, distribution systems, and umbrella branding for multiple products
3. Connect to urban procurers

- Connect with procurement offices in urban-based businesses and institutions

- Work with rural-based businesses to engage with existing supply chains
4. Broaden regional branding efforts

RDO could support fledgling supply chain efforts with TA and small grants

- Convene regional business-to-business gatherings to explore:
  - How regional brands might play in regional markets
  - Where branding efforts need to be upgraded
  - How brand development might be broadened among multiple stakeholders
5. Focus on exports and import substitution

• Convene business-to-business gatherings by sector (e.g. health, energy, food, etc.) to identify market and supply chain opportunities for replacing imports or for accessing export markets

RDO could work with businesses to inventory supply chain opportunities to which rural firms can respond
6. Capitalize on provenance and quality

RDO could partner with public and private economic developers, financing intermediaries to identify candidates for short supply chain development

• Explore short supply chain opportunities based on provenance and quality
7. Track impact and tell the story

- Identify and apply metrics to track development and impacts of sustainable supply chains

- Use metrics and stories to forge connections across the rural-urban continuum

RDO could work with supply chain participants to create and apply meaningful measures
Regional businesses
Sector businesses
Business schools
Urban-based economic developers
ED/financing intermediaries
Procurers
Consumers