



A WEALTH CREATION APPROACH TO SUPPORT ECONOMIC DEVELOPMENT IN RURAL COMMUNITIES

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As the United States continues to recover from the COVID-19 pandemic, communities around the country are considering new ways to improve their resilience to shocks and disruptions. The impacts of the pandemic have fallen unevenly along lines of race, class, gender, and disability. Rural communities in particular are uniquely vulnerable to the pandemic’s physical and economic impacts. Many suffer from higher levels of poverty and fewer job opportunities, with less access to healthcare and broadband and require approaches to recovery that look different from those developed for urban areas.

Despite these challenges, rural areas also have many strong assets to build on in the pursuit of economic prosperity. Practicing a wealth creation approach can help rural areas to be more resilient in the face of adversity. This brief will explore a wealth creation approach to rural economic development. First, the concept of community capitals will be discussed. Then a case study featuring a recreation and tourism value chain in New York’s Genesee Valley will be introduced. The case study will also help to illustrate various concepts, including wealth creation principles, value chains, and how the wealth creation approach works on the ground.

ASSETS AND COMMUNITY CAPITALS

At the foundation of the wealth creation framework is the recognition that all communities and regions have assets on which to build. This approach expands on the legacy of asset-based community development, introduced by John L. McKnight and John P. Kretzmann. The wealth creation framework begins with understanding and inventorying assets. Cornelia and Jan Flora popularized the community capitals framework, which established seven capitals that relate to aspects of a community ecosystem.

The wealth creation framework, as introduced by WealthWorks and its network of national and regional partners, uses eight capitals, building from Flora’s capitals, but splits human capital into individual capital (health, well-being, and skills of people) and intellectual capital (knowledge, creativity, and innovativeness of a region).

The Eight Capitals

Individual	Health, well-being, and skills of a population
Intellectual	Knowledge, creativity, and innovativeness in a region
Social	Trust, relationships, and networks between people and organizations
Natural	Land, plants, animals, water, and air
Built	Buildings, roads, telecommunications
Financial	Cash and financial investments
Political	Connections and influence of individuals and organizations
Cultural	Values, traditions, and identity

Communities can use these capitals in a variety of ways, including:

1. Inventorying assets: What assets/capitals do we have to build on?
2. Designing strategies: Based on the assets we have, what strategies make the most sense? Are there economic sectors that build on the assets we have?
3. Measuring impacts: How have our strategies built our stocks of wealth?

□ CASE STUDY: GENESEE VALLEY, NEW YORK

This brief uses the case study of New York’s **Genesee Valley** to highlight how a region can successfully use a wealth creation approach by building an outdoor recreation economy based on existing assets. Every year over 700,000 visitors pass through the Genesee Valley region to visit one of New York’s top destinations – **Letchworth State Park**, often called the “Grand Canyon of the East.” As “gateways” to the park, communities in the Genesee Valley have an important role to play in defining a quality visitor experience. Ultimately this leads to improving everyday life for local residents and fueling economic growth by making these communities more attractive to potential employees and businesses.

The five counties that make up the Genesee Valley region - Monroe, Genesee, Wyoming, Livingston, and Allegany - have a variety of assets. The area’s location is a significant asset given that it is within a 30 minute to 2 hour drive of the major urban centers of **Rochester** and **Buffalo**, two cities with some of the fastest growing Millennial populations in the country. The Genesee Valley is also a gateway to Niagara Falls and Toronto to the north, the Finger Lakes Wine Country Region to the east, Ellicottville’s Holiday Valley Ski Resort to the west, and the Pennsylvania Wilds to the south.

Every year, nearly one million visitors pass through the small, rural communities of the Genesee Valley region to visit Letchworth State Park. Surrounding Letchworth are over 70,000 acres of state forest, county park land, and wildlife management areas. These include the Genesee Valley Greenway, Finger Lakes, and WAG Trails located within Wyoming, Livingston, and Allegany counties. Linked together by Letchworth State Park and the Genesee River, the surrounding area features rivers, lakes, forests, waterfalls, wetlands, and rolling hills – significant natural capital. Opportunities for nature and adventure-based recreation are ample. So, too, are opportunities to discover the area’s rich culture and heritage (built and cultural capital) through the many historic villages and towns throughout the Valley, each with its own distinct flavor and unique offerings.

Letchworth Gateway Villages is the main organization behind the wealth creation work underway in the Genesee Valley. However, they are not doing it alone. Partners include regional planning and development organizations, county governments, municipal governments, small businesses, land managers, and others. Assets identified by these various partners are listed in the accompanying table.

The presence of COVID-19 led to **increased market demand** for **off-the-beaten-path experiences** to rural places, away

from large cities. Rural areas like the Genesee Valley are poised to capitalize on their assets, including agricultural economies, abundant nature, historic districts, innovative arts and culture, and the burgeoning artisan food and craft beverage scene. These strengths, alongside the proliferation of new digital platforms like Airbnb, HipCamp.com, and Etsy, make this an incredible moment for rural communities in the Genesee Valley to reinvent their local economies through sustainable tourism and outdoor recreation industries.

Genesee Valley Assets

Forms of Wealth	Asset
Natural	Outdoor recreation, natural beauty, topography/landscape, access to water
Built	Letchworth State Park, the autism-focused trail at the park, the National Warplane Museum, Main Streets, rehabbing derelict properties, downtowns, proximity to cities, breweries/wineries, local foods, accessibility, history
Financial	Affordability for landowners, diverse economy
Social	Quality of life, people, retirees, people willing to engage, creative owners, security, low population density
Political	Local governments interested in maintaining a sense of place
Individual	Topnotch workforce, schools, potential for impact
Intellectual	Schools, open space preservation, potential for impact, diversity of activities, local small businesses uniqueness, proximity to health care and education
Cultural	Arts/culture, quality of life, welcoming nature, openness, pride of place, creativity, diversity of activities, history, weather, character/sense of place, balance, safety

□ THE VALUE CHAIN AND IDENTIFYING DEMAND

One key tool used in the wealth creation approach is the **value chain**. A typical supply chain pushes product to market, which is a supply-driven approach. On the other hand, a wealth creation value chain is a network of people, businesses, organizations, and agencies addressing a market opportunity to meet demand for specific products or services—advancing self-interest while building rooted local and regional wealth. The major difference



between a supply chain and a wealth creation value chain is that the value chain is producing products or services in response to market demand, taking a demand-driven approach. Value chains are also intentionally inclusive and create multiple forms of capital that stay in the region.

There are three primary types of partners in a value chain, each playing different but important roles. The demand partners are those partners that represent the demand side of the equation (the buyers). Transactional partners are those partners that actually touch the product or service – they may source, develop, produce, and distribute the product or service. Support partners provide the transactional partners with technical assistance, finance, training and/or support. The Genesee Valley **mapped their value chain** in 2018 with a variety of key partners.

The demand for outdoor recreation and tourism, as identified by project partners, is coming from Millennials and young families, baby boomers, antiquers and history buffs, runners, outdoor enthusiasts, water recreationists, naturalists, and photographers. The key to understanding the market demand for a particular product/service is identifying “aggregators of demand.” Rather than reaching out to each possible individual recreation user of the Genesee Valley, it is a better use of time and effort to reach out to aggregators of those different demand groups. For example, to reach cyclists, it might make sense to connect with a group like the Genesee Valley Cycling Club to understand what they’re looking for in a cycling outing. To reach hikers, connect with the Genesee Valley Hiking Club or the Adirondack Mountain Club (Genesee Valley Chapter).

Transactional partners are those that connect with actual recreationists/tourists, including the obvious ones we think about when we travel, such as lodging, dining, and attractions. Then there are the less obvious ones that directly relate to the activities in the area. Many of the gaps identified in the value chain were in support functions, including support for small businesses (technical assistance, resources, business coaching, entrepreneurship, etc.). In the Genesee Valley, there are partnerships with local colleges and universities that can provide those types of support and resources to the small business community.

The wealth creation planning process is an ongoing process, wherein we map a value chain, identify the immediate gaps, and develop strategies with focused working groups that have a direct self-interest in addressing those priorities. The Genesee Valley group mapped their value chain and identified key gaps, including trail connectivity, lodging, cross-cultural awareness/inclusive access, hospitality training, and many more. Together the group of partners developed priorities to begin addressing these gaps, focusing on trail connectivity, marketing/information, interpretive services/wayfinding/storytelling, transportation, business support, networking, and entrepreneurship.

WEALTH CREATION PRINCIPLES

There is no one way to undertake wealth-based economic development, though key principles have been established to guide the process. Wealth creation is essentially about **doing economic development differently**. Key principles in the wealth creation approach to economic development include the following:

- 1. Consider multiple forms of capital.** The wealth creation approach focuses on identifying and building eight forms of community capital. A community or region will want to inventory these assets to better understand what it has to build on and leverage. This can be done using a **wealth-based SWOT analysis** (Strengths, Weaknesses, Opportunities, and Threats).
- 2. Create local ownership and control.** Structures of local ownership and control help keep wealth local, ensuring that people, firms, organizations, and communities in a region can make decisions about how assets are used and invested in the future. As a result, wealth can stay local and be reinvested to benefit the community now and into the future.
- 3. Improve livelihoods for everyone.** All of this work is in the pursuit of creating improved livelihoods for everyone, especially those on the economic margins. People, places, or companies can achieve this through increasing upward mobility, resilience, and future opportunities.

SELECTING A SECTOR TO GROW

Once a community or region inventories its assets, it may make sense to consider sectors on which to focus wealth creation strategies. Strengths, opportunities, and capitals that were identified can lead communities to pursue economic development in particular sectors. When considering economic sectors for communities, these are some of the criteria to consider:

- **Inclusivity & Benefits.** What is the potential for including and benefitting economically marginalized people and places in roles as producers, consumers (through reduced costs), or laborers? What are the benefits from the perspective of the intended beneficiaries?
- **Demand.** What is the opportunity on the demand side? Is this a growing sector? Is there an opportunity to create demand? Are there obvious potential demand partners?
- **Potential for Scale.** What is the likelihood of bringing this value chain to a meaningful scale? How many livelihoods could it impact if it were built out? What are the various pathways to scale that you can imagine?
- **Systems Change Potential.** What is the potential to achieve significant scale over time and, ultimately, to institutionalize the value chain and make it the “new



normal?” What is the potential to transform an entire system? How are you defining “scale”?

- **Multiple Forms of Wealth.** What is the potential of this value chain for positively impacting multiple forms of wealth while doing no harm?
- **Ownership and Control.** What is the potential for creating/strengthening structures of ownership and control that will keep wealth local and benefit economically marginalized people and places?
- **Production Potential.** Realistically, what is the potential to develop production capacity at an appropriate scale for this value chain? What types of investment might be required?
- **Competitiveness.** Can this value chain be created in a way that makes it competitive with other alternatives? What is the comparative advantage of the value chain? How is the value chain tied to place-based resources and characteristics?

For many communities, it is clear what sectors make sense, as there is already a nascent sector in development. For others, these criteria may help narrow down the discussion to a couple of strong sector ideas.

WEALTH CREATION: STEP-BY-STEP

Though the wealth creation process may look different and move at a different pace across communities and regions, there are fundamental steps that should be followed, outlined below:

Inventory:

- What assets and capitals do you have to work with?
- Strengths, weaknesses, opportunities, and threats (SWOT) analysis

Understand market demand:

- Based on the assets, what sectors make sense to explore?
- What is the demand for the product/service in that sector?
- Choose market opportunities with the greatest “wealth-building” potential

Connect community assets to real market demand:

- Start by considering local demand
- Find regional customers/demand partners to bring the initiative to scale

Map the process and partners from input to end customer:

- Demand partners
- Transactional partners
- Support partners

Identify the gaps:

- Filling these are your priority strategies
- Gaps present great opportunities for entrepreneurs looking to start new businesses where there is clear demand

MAKING PROGRESS IN GENESEE VALLEY

Once priorities were identified in the Genesee Valley, several working groups began to strategize around them. The outcomes have been impressive. Letchworth Gateway Villages (LGV) built a network of 70 partners across the region. Together the network secured nearly \$1.2 million in federal resources for rural communities in the Genesee Valley, including from the [Northern Border Regional Commission](#) and through a [USDA RBDG \(Rural Business Development Grant\)](#). LGV is working with municipalities in Southern Monroe, Livingston, Wyoming, and Allegany counties to establish a network of Trail Town hubs along the Genesee Valley Greenway and Genesee River corridor. The project aims to boost outdoor tourism, create more resilient communities, and support the region’s post-COVID recovery. There is also an associated digital trail-mapping project. It will grow the region’s outdoor recreation economy by connecting cyclists, paddlers, equestrians, hikers, and other outdoor enthusiasts with rural communities along the 200+ miles of trails, blueways, and cycling routes within the Valley.

To help businesses improve their online visibility, LGV has partnered with Toronto-based [Digital Main Street \(DMS\)](#), an innovative online learning platform specifically designed for small businesses and start-ups aspiring to go digital. As Digital Main Street’s first US partner, LGV will be able to scale one-on-one coaching support to more businesses in the Genesee Valley region. LGV will utilize the platform’s built-in tools and resources, including a personalized digital assessment that evaluates the business’ current state of digital readiness and creates a step-by-step roadmap with recommendations on how to grow and manage their operations through technology.

Letchworth Gateway Villages and its partners are also working with local organizations, businesses, and residents to [map the best travel experiences, stories, and sites in the Genesee Valley region](#). Through this project, LGV aims to promote travel that celebrates and sustains what is most distinctive about the Genesee Valley through the voices of the people who live here. Considering the area’s workforce, LGV is helping to establish a Rural Innovation Institute at the nearby State University of New York at Geneseo. The institute will create new, high-skilled jobs to support emerging market opportunities in historic preservation, agro-tourism, downtown revitalization, and the digital economy.

Another result of LGV’s engagement with the wealth creation process is that the [Landmark Society](#), whose work is focused on protecting the unique architectural heritage of the region, recently decided to focus its efforts on the rural Genesee Valley. It is through the Genesee Valley network that LGV’s partners are leveraging their resources to support the broader shared goals of the initiative. Landmark and the NYS Parks’ efforts to implement the [Genesee Valley Rural Revitalization Grant Program](#), an initiative to advance historic preservation for rural communities in the Genesee-Finger Lakes Region, is a



critical piece of making the Genesee Valley a heritage tourism destination.

MEASURING ECONOMIC DEVELOPMENT IMPACTS

Measurement is traditionally used as a way of understanding the impacts of different strategies and, hopefully, adapting strategies to create more impact. In traditional economic development, income, jobs, and revenues are measured and tracked. However, these metrics do not typically identify the kinds of jobs created. How much do the jobs pay and is the compensation a living wage? Has the quality of life improved? Most monetary measures are imperfect.

In the wealth creation approach, the outcomes are broader and longer-lasting, requiring a variety of additional measures. Wealth measures treat economic development as more than just jobs and income. By thinking about multiple forms of wealth and the impacts on those forms of wealth, communities and organizations can have a more comprehensive way to consider and measure progress.

Questions to consider when measuring the impacts of wealth creation include:

1. How has the quality and quantity of each capital changed?
2. How have conditions improved for low-income people, firms, and communities in the region?
3. How has local control and ownership of wealth increased?

The [National Association of Development Organizations \(NADO\) Research Foundation](#) has identified ways to [measure wealth creation](#) for Economic Development Districts and other regional development organizations. Some measures can be fairly straightforward, such as measures of financial capital, natural capital, and built capital. Others may need to be a bit more creative. The [Central Appalachian Network \(CAN\)](#), which focused on an agriculture and food systems initiative throughout Central Appalachia, measured intellectual capital by tracking the number of buyers engaged in the value chains and the value of their purchases of local and organic

food. Measures of individual capital typically quantify individual skills gained through training and education. Cultural capital may be measured by counting the number of businesses or jobs in industries important to regional identity, such as agriculture, fishing, arts, recreation; or by counting the opportunities to learn or share regional customs. Social capital, which is about trust and relationships, is typically measured by counting the quantity, quality, and diversity of the partners in a value chain and what they're able to accomplish together.

The key is measuring the capitals that are not depleted and that are owned or controlled locally. In the end, the most important reason to measure outcomes is to see if programs are having the desired impacts. If they are not, mid-course corrections may be needed. Without the pause necessary to measure change or progress, organizations and communities may continue their work without clearly understanding the effectiveness of their initiatives.

LOOKING FORWARD

The Genesee Valley has many government entities, nonprofits, and businesses all seeking the same kinds of outcomes connected to their recreation economy – recreationists and tourists spending more money in the region, new businesses serving the recreation economy, visitors deciding to become residents, and better quality of life and economic opportunities for residents. The value for the region in using a wealth creation approach was to better understand the assets available to them, connect those assets to market demand, and develop relationships among a wide variety of partners. This newly built social capital in the region was then used to consider ways of jointly building on the region's assets in a way that benefits the partners and the region as a whole. These partnerships will continue to serve the region in other ways over time. Overall, this wealth creation framework embraced by the Genesee Valley and other communities has the potential to guide rural places through an approach to economic development that builds long-term resilience by connecting assets to market opportunities in the pursuit of regional economic prosperity.



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