

Wealth Creation



Looking through the Lens of Wealth
Creation: Doing Economic
Development
Differently

November 7, 2023



Objectives



Get to know each other.



Understand the wealth creation principles



Learn how to use wealth creation in the CEDS process



Consider ways of supporting sectors in your region.

Wealth creation...



is an approach to economic development that connects a region's **assets** to market **demand** in ways that build **rooted wealth** for local people, places and firms.

brings together a range of public, private and non-profit sector partners who have **self-interest** in the outcomes and an openness to discovering **shared or common interests**.

focuses on building a **sector** rather than individual and unrelated businesses.

Principles of Wealth Creation



#1 – **Create wealth**, broadly defined, and aspire to do no harm.

#2 – Root wealth in local people, places and firms through **local ownership, control and influence**.



#3 – Build **lasting livelihoods** by intentionally including people and firms on the economic margins.

#1: Investing in and Building 8 Capitals



Wealth is **not just money.**

Wealth is the reservoir of all assets that can contribute to the well-being of people, places or economies.

Every place has wealth.

Key Concept

Wealth Components: Eight Capitals

Intellectual

- Knowledge and innovation

Individual

- Skills, education, health

Social

- Trust and relationships

Natural

- Natural resources

Built

- Infrastructure

Political

- Influence on decision makers and shapers

Financial

- Savings and investment

Cultural

- Traditions, customs and ways of doing

Assessment
Design
Measurement

#2: Wealth without Ownership isn't Rooted

Capitals that are “owned” locally build wealth.

- Ownership means you capture and control the flow of benefits from the capitals over time. It creates enduring, stable benefits.
- Benefits – e.g., income, know-how, better technology – flowing from local ownership of capitals can be re-invested and re-circulated locally, enriching many.
- Preserving local ownership or control over your capitals can increase the chances of preserving local jobs.
- **Local ownership is an anchor** that helps wealth and change to stick.



Making Wealth Stick: Local Ownership and Control



Buy Local Campaigns



Regional branding



Cooperatives



Resident Owned Communities

#3: Build Lasting Livelihoods

“Lasting livelihoods” means...

- Ability to overcome vulnerability, maintain dignity and control, take risks to seize opportunities.
- People at the margins are **earning (and saving!) more.**
- They have **improved skills** to qualify for **higher-paying jobs** and to **build their careers.**
- They are putting something aside for the future, e.g., **building assets**, so they are more resilient.



Inclusion – What Does it Mean?



11/14/2023

Exercise:

What Makes a Community Great?

What are the positive assets in your community? What would land your place on a “Top 10 Places to Live” list?

These are the assets you can build upon.

- Take a few minutes to ponder this.
- Write your two strongest ideas on post its – one per post it.
- Place your post-its on the form of community capital it most closely represents.

Key Concept

Remember Our Goal: Rooted wealth

Intellectual

- Knowledge and innovation

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Natural

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Built

- Infrastructure

Political

- Influence on decision makers and shapers

Financial

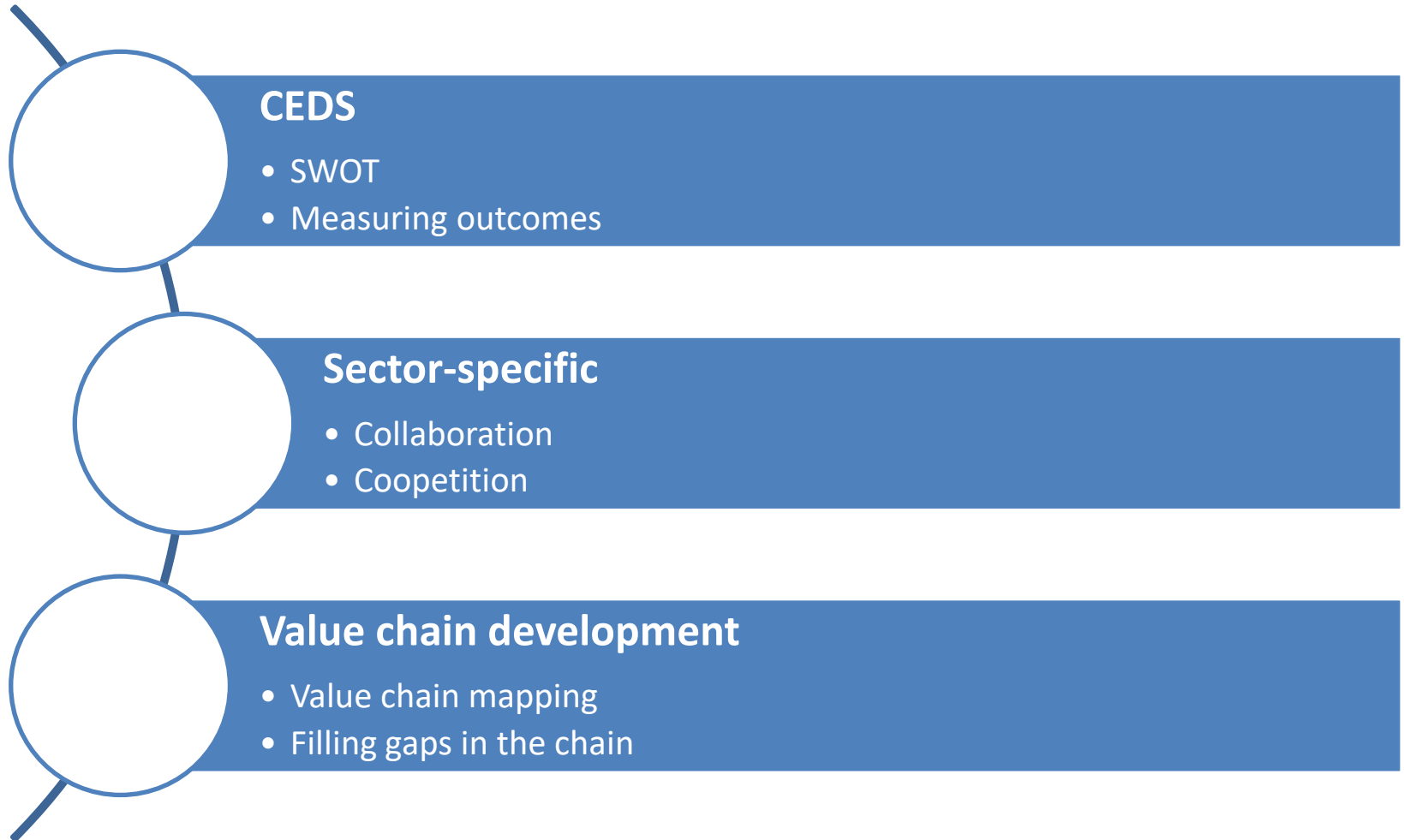
- Savings and investment

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- Traditions, customs and ways of doing

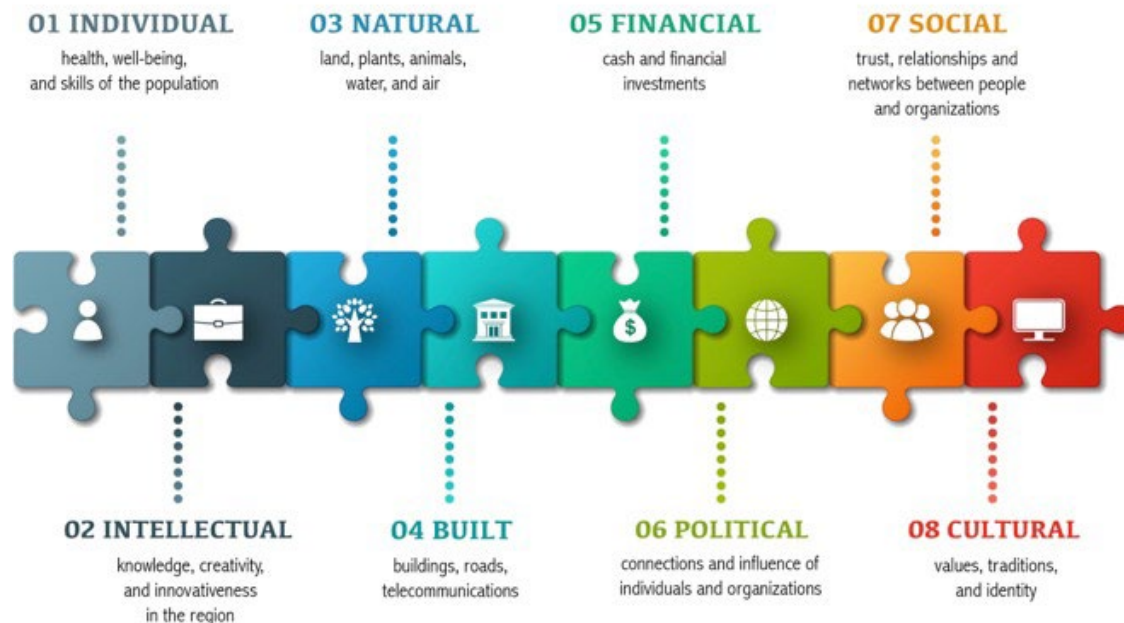
Assessment
Design
Measurement

A Continuum for EDDs



Focus on Assets – 4 ways

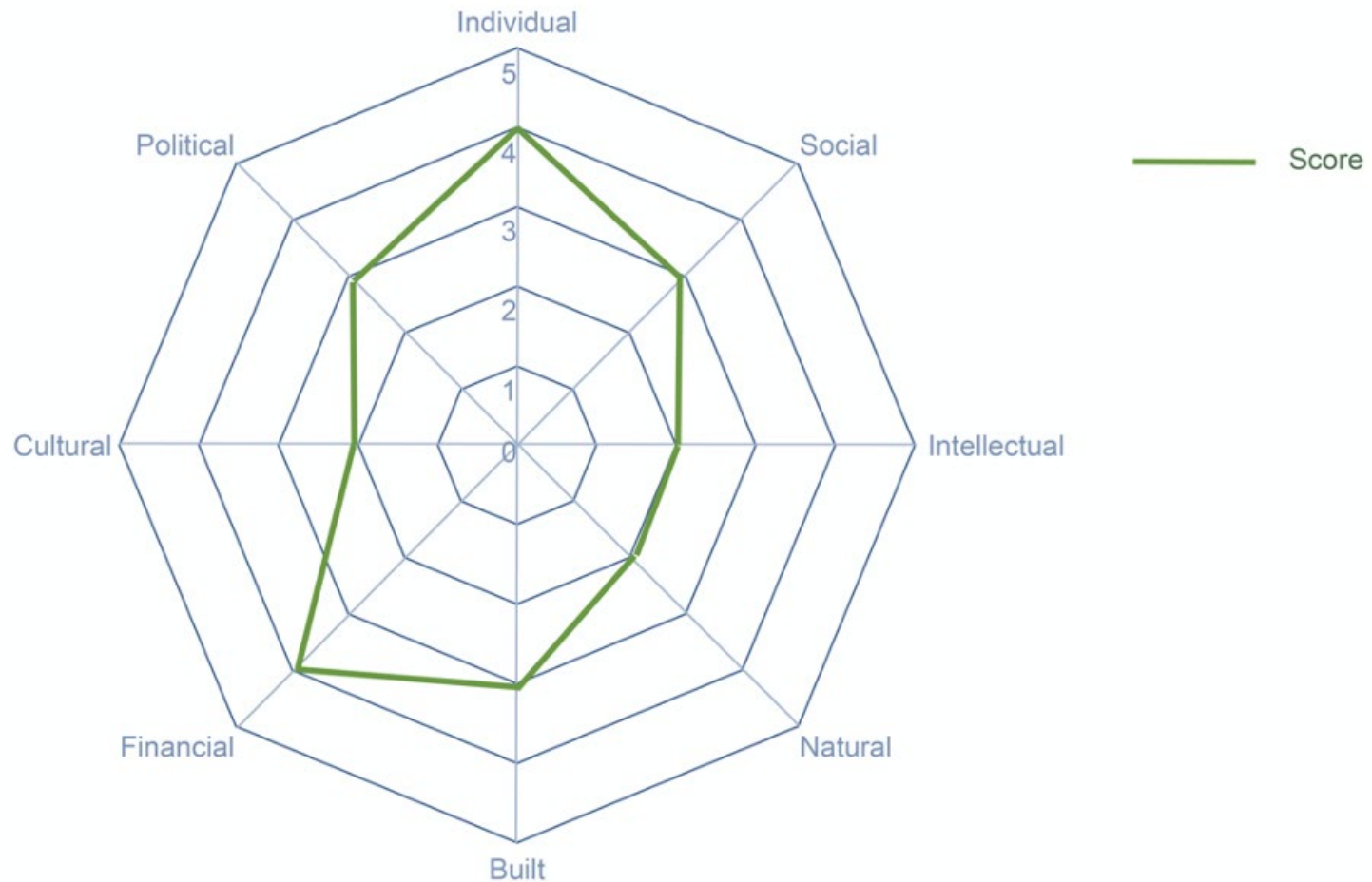
- Asset inventory and mapping
- Consider capitals in the CEDS through the SWOT/SOAR analysis
- Evaluate progress in the CEDS
- Area marketing and promotion.



The background of the slide is a photograph of a clear blue sky framed by the dark green foliage of trees. A large, semi-transparent white rectangle is centered on the slide, containing the title text.

Wealth Creation in Action

Asset Mapping Using the Spider Diagram



SWOT ANALYSIS - INTERNAL FACTORS

Strengths

Individual - Skilled labor for oil and gas extraction, manufacturing, and ancillary support services.

Intellectual - Presence and output of Acadiana's Univeristy and Technical Colleges including the research capacity of higher educational institutions.

Social - Availability of job opportunities.

Cultural - Acadiana's food, traditions, sporting culture and heritage are highly valued among natives.

Natural - Large amount of natural resources and natural environment for recreational opportunity.

Built - Capacity of electric and natural gas service. Non-traded economic drivers to include medical facilities, restaurant and retail, air service, and ports.

Political - Strong support and systems for community planning efforts.

Financial - Low cost of doing business and tax-friendly business climate. Entrepreneural development.

Weaknesses

Individual - need something here

Intellectual - Quality of workforce and retention of trained employees.

Social - Inability to retain young professional and management level talent. Duplication of community organizations versus leveraging existing capacity.

Cultural - Lack of regional investment in the creative economy. Lack of national connectivity with Acadiana's cultural norms.

Natural - Lack of investment and education among residents concerning coastal impacts and flood protection.

Built - Basic infrastructure to include multimodal transportation, flood and coastal resiliency, and lack of affordable housing stock.

Political - Lack of implementation for community planning. Low building standards that contribute to vulnerable development.

Financial - Low workforce wage level, lack of financial literacy, high local sales tax rates, and lack of economic diversification

Land of Sky Regional Commission (NC) – Evaluating progress

CEDS IMPLEMENTATION CREATES REGIONAL WEALTH

INDIVIDUAL CAPITAL

Knowledge of business opportunities in target sectors. Awareness of capital sources, business training, workforce development and sector services.

INTELLECTUAL CAPITAL

Certificate programs and degrees offered for value-chain careers in target sectors.

SOCIAL CAPITAL

Collaborative networks. Stronger relationships among organizations, businesses, and government entities. Regional collaboration through industry member groups, Carolina West, economic and tourism development, educational institutions, and agencies.

NATURAL CAPITAL

Sustainable practices implemented for processing, sourcing, and manufacturing. Opportunities for Land kept or returned to agricultural production and forestry. Conservation based business growth.

BUILT CAPITAL

Reclaiming vacant buildings for manufacturing, commercial, or housing. Shared infrastructure for product delivery to lower individual costs. Increase opportunities for public transportation, bicycle and pedestrian travel, vehicles, and regional connections. New understanding of supply and demands on water/wastewater, broadband, and other regional infrastructure.

POLITICAL CAPITAL

New understanding of the regulatory framework and policies that help or hinder growth of target sectors in WNC. Partnership with elected officials, local government, businesses, and agencies to foster target sector growth.

FINANCIAL CAPITAL

New business opportunities for target sector and value-added products. New capital investment and training available for entrepreneurs. Increased knowledge of opportunities for capital in urban and rural areas.

LOCAL OWNERSHIP AND CONTROL

Shared sourcing of inputs and value-chains. Increase in ancillary businesses and value-added product development. Locally owned and operated businesses with support from local entities. Workforce development partnerships with businesses for program and certification support.

BETTER LIVELIHOODS

New job opportunities and product development. Expansion of training and certification programs for workforce growth. Increase in childcare services, housing options, and aging services. Greater understanding of the demand for services and gaps in current support services.

Acadiana Planning Commission - Marketing the Community

- Acadiana Planning Commission in Louisiana markets its communities using prospectuses that are organized around the eight capitals.



BUILT CAPITAL

LA OCD STANDING STRUCTURES AND DISTRICTS

Historic buildings and structures play a special role in creating the distinctive character of each and every community. Their essential legacy of cultural, educational, recreational, aesthetic, social, and environmental benefits must be preserved and/or documented for present and future generations. The Louisiana Division of Historic Preservation's professionally trained staff work in the public's interest to recognize, revitalize, rehabilitate, and record the historic built environment in the state through the important programs and technical assistance offered.



NATIONAL REGISTER PROPERTIES DISTRICTS

LA OFFICE OF CULTURAL DEVELOPMENT | LAOCD.MAPS.LANGGS.COM

HISTORIC & CULTURAL DISTRICTS

Within this map are the nationally registered East Main Street Historic District, the New Iberia West End Historic Cultural District, the New Iberia Residential Historic District, and the nationally registered Downtown New Iberia Commercial Historic District. The points on the map represent local and nationally registered structures that are recognized for their age, architecture, engineering, commerce, community planning and development, industry, or transportation significance.

Southeast Ohio: Capitalizing on Assets



Cultural Capital - Rich culture



Natural Capital - Amazing natural resources



Cultural/Built/Natural Capitals - Rich history of agricultural production.



Social/Political Capital - Multiple organizations in southern Ohio and Central Appalachia – leaders in supporting agricultural sector growth.

ACEnet

Rural Action

SWOT using community capitals

Strengths:

- Capitals we have, use, could use more
- Energy and enthusiasm
- Partnerships between business, government, and organizations

Weaknesses:

- Capitals we are missing, or are weak
- People, firms, and organizations on the economic margins
- Lack of partnerships between business, government, and organizations

Opportunities:

- Underutilized capitals we can invest in
- Upward mobility for all
- Emerging Markets/Demand
- Gaps in activities needed to meet demand for products and/or services in specific emerging markets where investment will have the greatest impact (leverage)
- Repurposed by-products or residuals
- Local, broad ownership
- Potential to go to scale

Threats:

- Policy barriers
- Ownership by those outside of the region
- Negative opinion shapers and parties unwilling to collaborate

CHAD's SLIDES

Exercise: Opportunities

- Underutilized capitals we can invest in
- Upward mobility for all
- Emerging Markets/Demand
- Gaps in activities needed to meet demand for products and/or services in specific emerging markets where investment will have the greatest impact (leverage)
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#4: Tie wealth to place and connect regionally

Wealth Creation Value Chains connect local production to regional demand to bring fresh money into rural communities, defined as:

A network of people, businesses, institutions, and non-profits who collaborate to meet market demand for specific products or services – each advancing individual self-interest while together creating greater local wealth.

Relationships...Relationships... Relationships

- Build relationships **with other community partners** to focus on a sector
- Build relationships **with demand**
- Build relationships **with other producers, suppliers, etc.**
- Build relationships **with support partners** (e.g., educational institutions, financial institutions, Cooperative Extension)
- And many, many others!

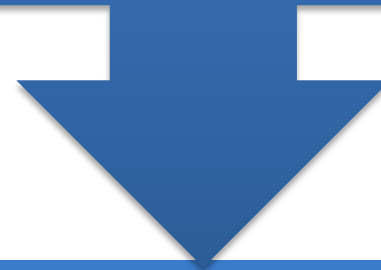
Coordination role is central and critical!

Strategies to Sustain Wealth Building

- Start with **market demand!**
- Choose market opportunities with the greatest “wealth-building” **potential**
- Connecting community assets to real **market demand**
 - Start by serving local demand – it may be more flexible
 - Find regional customers / demand partners to bring initiative to scale
- Map process and partners from input to end customer (**value chain** is a great tool)
- Identify the **gaps** – create opportunities for new entrepreneurs

Defining a Market Opportunity

Sector – A grouping of businesses in the economy that share related products/services.



Market Opportunity - Great potential to generate multiple forms of wealth locally

Tourism –
rural bicycle
tourism

Grains –
malting barley
for beer

Biofuels –
camelina
based fuels

Textiles – high
end “green”
Clothing
production.

Select market opportunity

Define target groups and goals



Compare market opportunities –
criteria



Preliminary demand research



Stakeholder decision making process.

Compare Market Opportunities

		Rating		
	Criteria	High	Medium	Low
Relevance to target market	# of people form target group with potential to be active in the sector/value chain			
	Potential for target group to own businesses			
Wealth building potential	Market demand with potential for growth			
	# of new jobs or businesses that can be created.			
	Potential to increase ownership & control over local assets			
	Potential to build multiple forms of community wealth.			
Feasibility	Demand partners identified			
	Willingness of market players to adopt new practices			
	Prospects for attracting investment			

Exploring Value Chains

Wealth Creation Value Chains connect local production to regional demand to bring fresh money into rural communities, defined as:

A network of people, businesses, institutions, and non-profits who collaborate to meet market demand for specific products or services – each advancing individual self-interest while together creating **greater local wealth.**

Connecting a Value Chain



Demand: Final consumers/end market - Buyers



Functions: Those things that have to happen to deliver the product or service



Transactional partners: Those people, businesses, or organizations that play a direct role in sourcing, aggregating, distributing, processing, purchasing the product, etc.

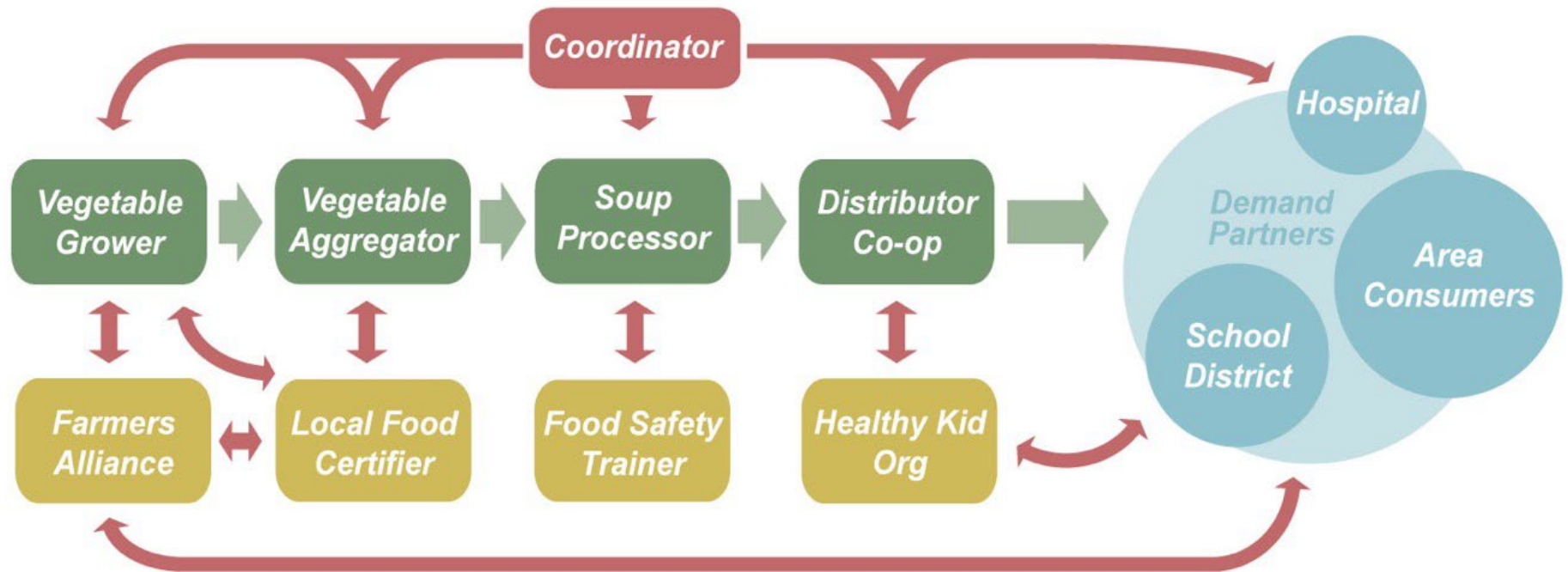


Support partners: People, businesses, or organizations that provide the infrastructure, technical assistance and support that helps the transactional partners to produce



We are really talking about a Value Chain System!

Value Chain Example



Value chain mapping

Shared Goals & Values



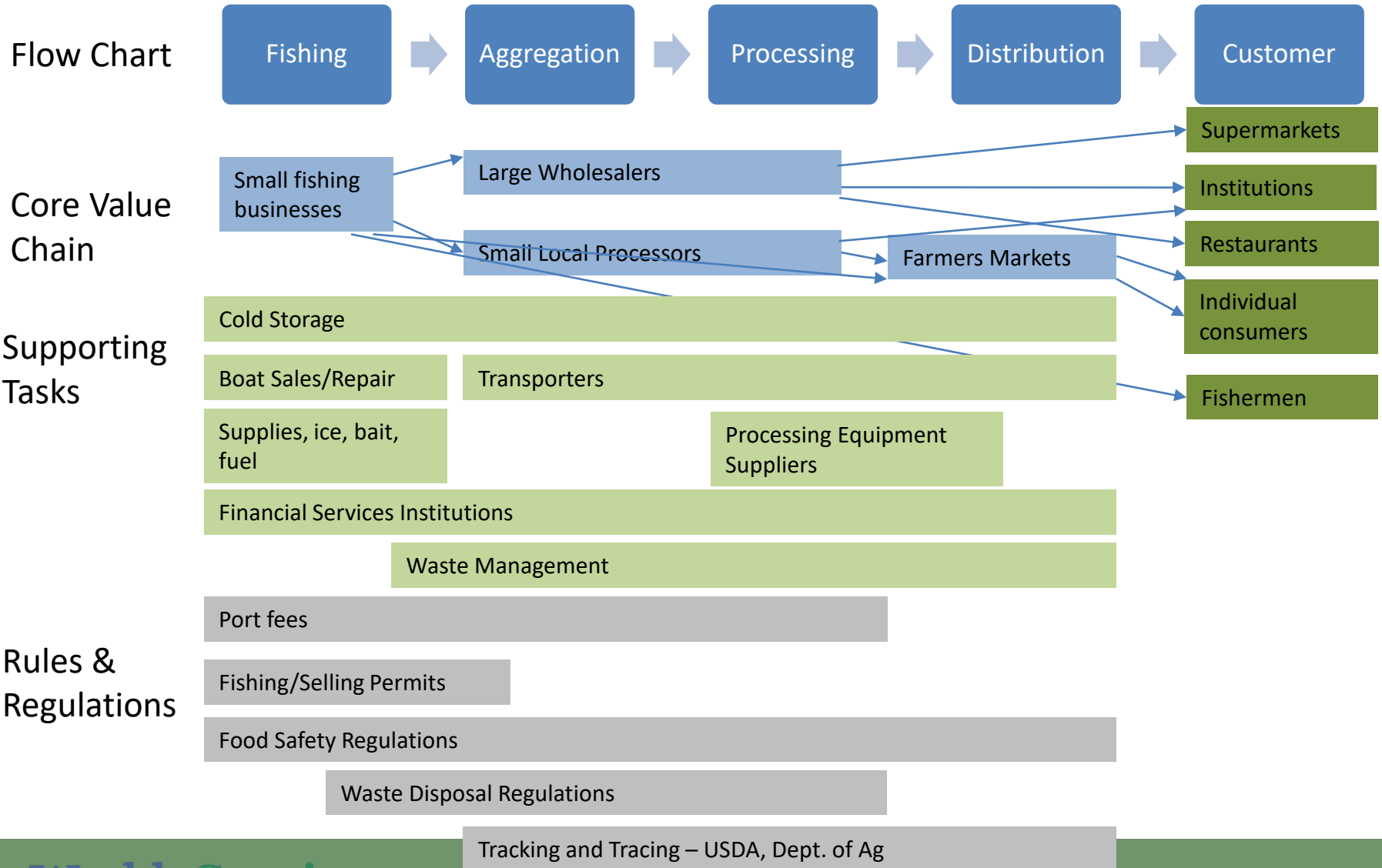
Supporting Functions

Rules and Regulations

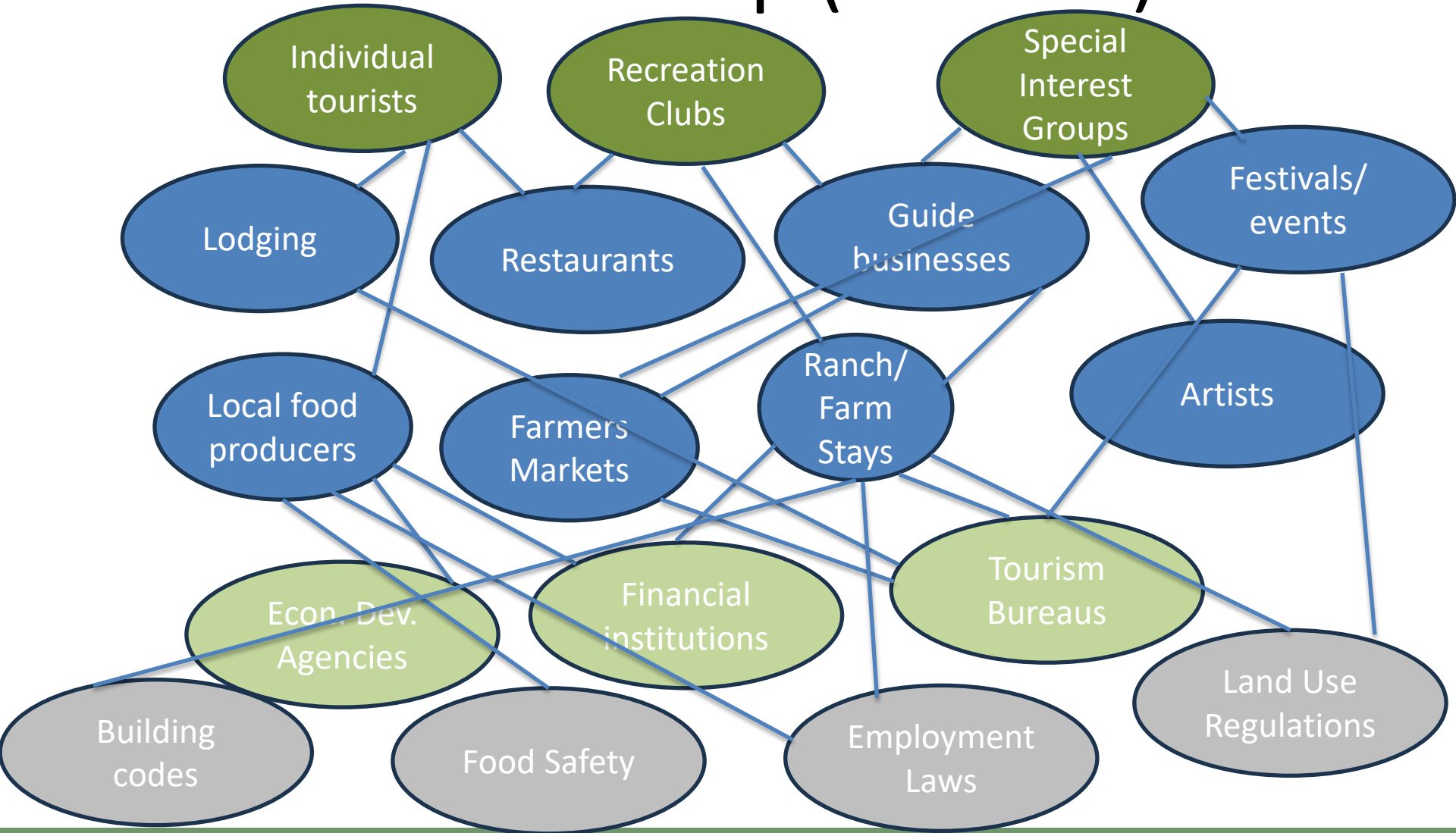
Coordinator

Shared Goals & Values

- Increase incomes for small fishing businesses
- Improve livelihoods opportunities for crew members



Network Map (Tourism)



Uncovering Motivation for Engaging

**What is their self-interest in engaging further?
What benefits can we/the product offer that they value?
This is their “value proposition.”**

Three levels of Interests:

Self: What's in it for me?

Shared: What's in it for us?

Common: What's in it for other
people/the region?



Build Collaborative Networks That Flex

Forging and nurturing relationships between business, organizations, government, and people based on self-interests

- **Find your voice** and talk to folks you've never talked to before, using language you've never used before.
- Identify people you **think might “value”** the product, service, or associated benefits created by your efforts.
- Explore their **value propositions**.



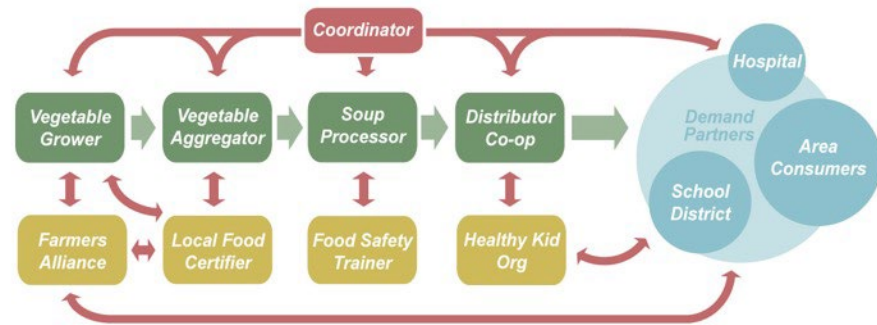
Opportunities to Build Partnerships

Community Capital	Current committee members (or other leadership)	Potential partners working to build these assets	Why would they be interested in participating in your work? How would you engage them?
Individual capital (health, wellness, workforce, education, other skills)			
Intellectual capital (innovation partners)			
Natural capital (businesses, organizations, or agencies focused on land, water, air, etc.)			
Built capital (owners and operators of infrastructure, including private sector)			

Exercise: Map a Value Chain

Take the cards for the given value chain.

Place them in order from supply to demand; include transactional partners and support partners.





The Coordinator

Value chains do not self-organize.

Coordinators often already have assets to support the goals of their value chains, but may need to deploy them in a different way.

- Hold and steward the **vision** of the value chain
- Build **relationships** among and between partners in the value chain
- Guide activities and partnerships to build **multiple forms of capital**
- Ensure **low-income people, firms, and places** participate and benefit
- Help create and deploy structures to **manage risk**
- Maintain **flows of information** to keep mutual benefit going and growing

Mapping YOUR Value Chain

- Focus on a specific product or service
- Identify demand, functions, transactional partners, and support partners on colored cards
- Arrange your map
- Where are the gaps, barriers, bottlenecks – **Opportunities for Change?**
- Strategies for addressing these?

Keep your eye on the wealth building prize – where are there opportunities to build more capitals, more local ownership, more inclusion for people on the margins.

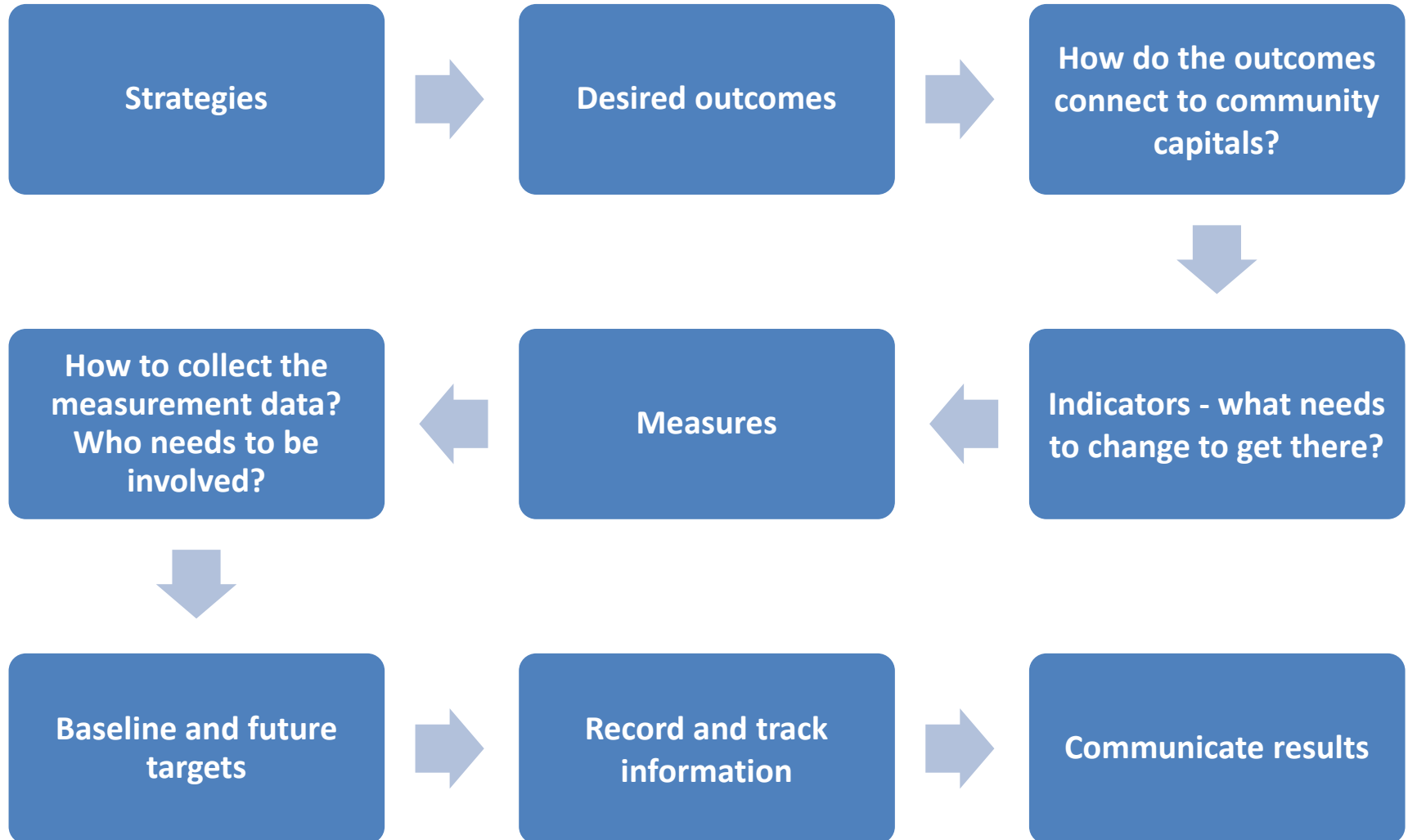
Remember our Goal

**Build rooted wealth, community prosperity,
lasting livelihoods.**

Look for ways to build wealth by...

- **Filling a gap** in the value chain (e.g., creating a waste oil recycling business)
- **Removing a barrier** (e.g., providing GAP certification to minority farmers)
- Building multiple capitals that are **rooted in place** (e.g., creating a green building program at the community college)
- Finding ways to **include residents on the economic margins** in the activity (e.g., providing entrepreneurial training to self-employed, low income contractors to build green houses)

Measuring Wealth Creation



Region Five Development Commission

Human Capital

- Per capita income
- Educational attainment
- Growth in salary/wages per worker

Economic Competitiveness

- Proprietorship income to total wages and salaries
- Renewable energy use

Community Resources

- Reduction of greenhouse gas emissions via changes in energy consumption
- Percentage of youth and retirees participating in the tourism workforce
- Number of artists working in the field of arts and culture (Creative MN)
- Economic wellbeing index from Innovation 2.0 – includes unemployment, migration, growth in income, proprietorship, etc.

Foundational Assets

- Cluster strengths from Innovation 2.0 – the strength of the local economy can serve as a proxy for the resources that exist within the community or county.
- Transit Ridership Changes

Summary of Sprout's Impact on Regional Forms of Wealth:

- 1 BUILT**
Processing facility, Marketplace addition, building utilization, and the mobile market [page 5]
- 2 FINANCIAL**
Microlending program, job retention and creation, food hub and vendor sales, grants and loans [page 14]
- 3 INTELLECTUAL**
New partners, networks engaged, and technical assistance through workshops and trainings [page 17]
- 4 INDIVIDUAL**
Nutrition education and demonstrations, number of meals, community supported agriculture program, Choose Health [page 21]
- 5 NATURAL**
Farmland preserved, high tunnel expansion [page 26]
- 6 POLITICAL**
Engagement of low income minorities in decision making processes, multi-language applications at MDA [page 28]
- 7 SOCIAL**
New markets, reinvestment in local foods [page 31]
- 8 CULTURAL**
Culturally diverse interactions and engagement, placemaking investment, storytelling [page 34]

Sprout MN Metrics



Individual Capital

MEASUREMENTS OF SUCCESS:

- Change in behavior due to new skills
- Increased engagement in local food value chain activities
- Number of jobs (seasonal or year-round)
- Sales revenue to producers
- Sprout – Regional Rx CSA programs - Number people/families participating, & Number meals – that close the missing meal gap to those families

■ 2017 ■ 2018 ■ 2019

Financial Capital

Built Capital

MEASUREMENTS OF SUCCESS:

- Amount of new/improved infrastructure that supports the local food value chain.
- Amount of locally owned infrastructure.
 - Processing Facility - Number square feet and hours utilized
 - Equipment Investment - \$\$ invested in facility
 - Sprout Marketplace - Number hours used, Number people attended, Number of users/renters/vendors
 - Marketplace booth discounts - \$\$ discounted to vendors
 - EBT and Credit Card (alternative currency) - \$\$ in sales
 - MarketBucks reimbursement - \$\$ doubled for EBT sales
 - Co-packing – hours of Sprout staff time (new measure 2019)
 - Mobile Market - Number of vehicles, number of points of sale, \$ reinvested into local food value chain with local growers
 - Gleaning Program -pounds of food gleaned for low income/low access, \$\$ of input into local food value chain
 - Local contractors - Number hired for build-out and continued build out

Wealth Measurement Matrix

Name of Organization:			Date:			
Type	Strategy (What actions will you take?)	Indicator (What is the change you're seeking?)	Measure (How would you measure that change?)	Baseline (This is the first time you measure.) and Target (What are you working toward?)	Methodology (How will you measure and use the data?)	Partners (Are there any key partners needed?)
Individual						
Social						
Intellectual						
Natural						

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EDD CoP

Economic Development District
Community of Practice