

Rural Community and Economic Development Case Study Review: A Summary Report

Prepared for the Claude Worthington Benedum Foundation

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INTRODUCTION

In 2003, the North Central Regional Center for Rural Development was contacted by the Claude Worthington Benedum Foundation to conduct a review of community and economic development (CED) in rural communities. Together with the NCRCRD, the Benedum Foundation wanted to look at rural communities both domestically and abroad to see how external financial investments impact community and economic development (CED). The purpose was to learn how the Foundation could make better use of limited funds to elicit positive outcomes for rural communities in West Virginia. Since rural communities in general have different kinds of assets—not all of which are financial—the Benedum Foundation and NCRCRD agreed the study should focus on ways these rural communities can use external financial investments to build social, cultural, human, political, economic and environmental assets to improve their overall well-being. Ultimately, the Benedum Foundation wanted to know how financial investments in rural communities could be maximized to bring about the greatest outcomes. Thus, all of the communities reviewed in this study used external funding to engage in successful CED.

Methodology and the Research Model

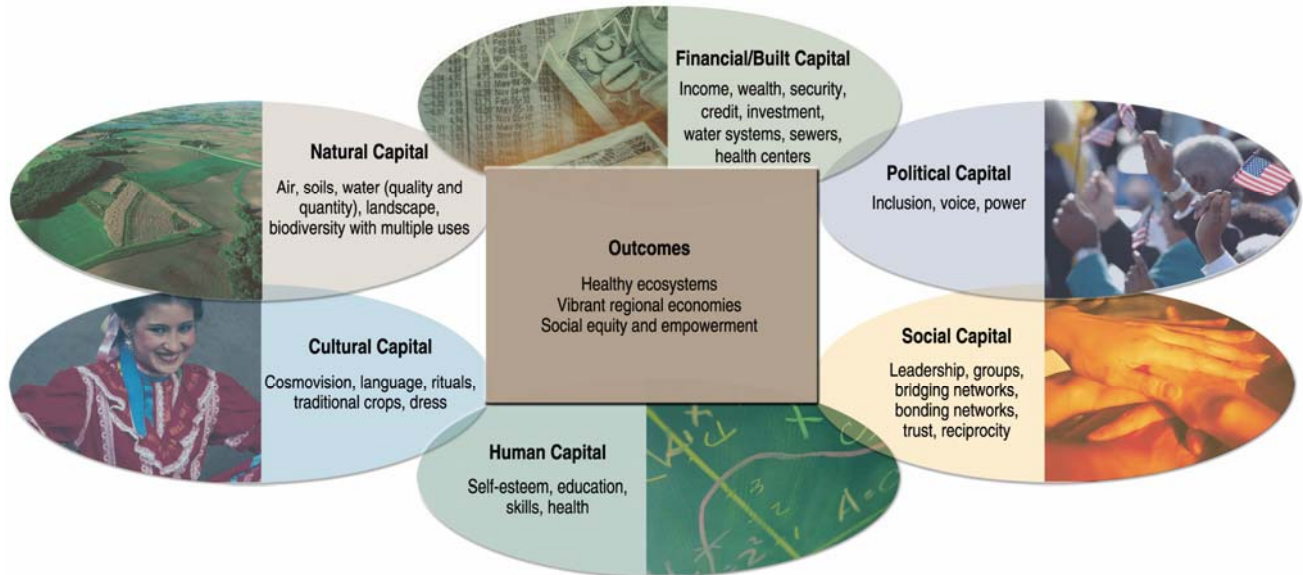
NCRCRD reviewed exemplary case studies in four countries to learn from their successes. In the process, we also learned about the challenges they face. The United States (excluding West Virginia), Canada, Australia, and New Zealand were chosen based on relatively comparable cultures and similar rural conditions: All of them have very remote rural communities, expansive territories, are former English colonies, and share a common official language. Once the countries were selected, communities were required to meet three criteria: They needed to 1) be rural as defined by having a population less than 10,000, 2) be currently or recently engaged in CED efforts, and 3) have received and used outside funding for part of their development efforts.

Communities in the study comprise a convenience sample in that all of them were featured in publicly accessible media outlets such as the Internet, print or television news reports, and academic literature. Those without such exposure could not be included in our study based on our sampling methods. For the most part, we engaged in unobtrusive data collection procedures by gathering secondary data. However, sometimes we needed to supplement this information with primary data by interviewing community contacts. These methods therefore rely on information community contacts and media authors thought was important. In sum, 57 communities were selected for the case review. This report summarizes the lessons learned from these communities.

To help us evaluate CED in the communities we studied, we developed a conceptual framework based on the measurement of six kinds of capital investments. This framework accounts for the fact that a variety of investments are made in the course of CED efforts. These are not limited to financial investments, but also include time, energy, action, and cooperation. As rural people know, it takes more than just a bankroll to help projects succeed—it also takes vision, dedication, and hard work to bring projects to fruition. The framework we use therefore regards all forms of investment as types of capital, not just traditional monetary sources. All of these capital inputs

are invested to improve community assets. The types of investments we distinguish for the purpose of analysis include financial/built capital, political capital, social capital, human capital, cultural capital, and natural capital (Figure 1).

Figure 1. The Six Capital Investments and Their Link to Community Outcomes



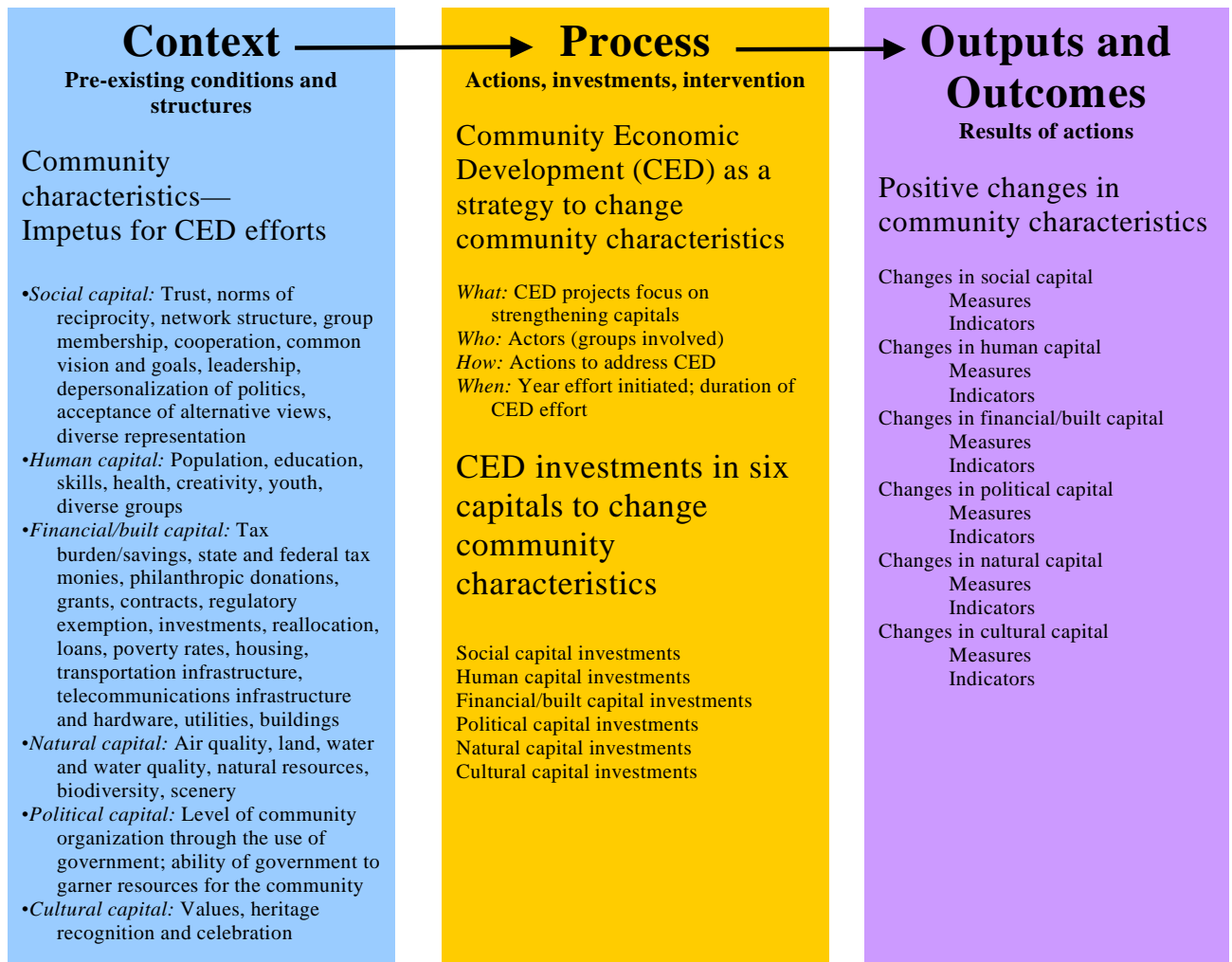
In Figure 1, each oval represents one type of investment, all of which are tied to community outcomes. Outcomes constitute a broad community vision used to guide specific investments in CED. Outcomes, like investments, can also be categorized according to the six different capitals.

In addition to introducing a conceptual framework based on six kinds of capital investments, this study also analyzed CED in terms of different temporal stages. The research model guiding our measurement of the six capitals was based on a three-stage process that can best be described as the before-, during-, and after-CED efforts (see Figure 2). For this study, we combed information about each community and the six capitals at each of the three stages. First we made an attempt to find some of the “before CED” data such as population, median age, median household income, etc. However, much of what we wanted to know about communities prior to CED efforts could only come from an exhaustive, time-consuming review. Therefore, we were unable to focus our research efforts on these “original community status” conditions and instead redirected our efforts toward investments or interventions in each capital and outcomes. The benefit of this approach is that any statistically significant results communities experienced can be attributed to action rather than a natural endowment of resources or a specific socioeconomic status—community “conditions” that are more difficult to change. This approach lends itself well to making claims that human agency does make a difference despite (sometimes discouraging) original community circumstances.

By collecting information about the six capital investments in each community, we were able to compare results across all 57 and perform statistical tests to determine whether there is evidence to show that actions or investments are related to outcomes. Ultimately, we expected to find that

investments in some of the “softer” capitals such as social and human capital are related to a community’s capacity to engage in successful community and economic development. Successful development, as defined in Figure 1, contributes to healthy ecosystems, social equity and empowerment, and vibrant regional economies.

Figure 2. The Research Model



What Is CED in General?

What is community and economic development and why is it so important? First we will address what CED is. The term often is used interchangeably with economic development (or ED) and sometimes CD (community development). ED focuses on one sector (the financial sector) of community life but does not set out to directly address other sectors such as housing, health care, education, recreation, cooperation, politics, or civic life. (If these aspects *are* considered in ED, attention is usually paid to them because of their impact on community economics.)

Rural communities can approach economic development in different ways. Some communities wine and dine industry officials and offer them attractive financial packages to bring in new corporate divisions or branch locations. Part of the package may include tax incentives or reduced utility rates to offset the costs of industrial relocation that is expected to bring much-needed jobs and economic growth to the community. This approach has not always proven beneficial for rural communities. Unfortunately in many cases, more desirable and higher-paying management positions are filled by outsiders while local labor fills the lower-wage, less skilled jobs. While new jobs are created, they may not be *quality* jobs that pay a livable wage. Ultimately, some industrial recruitment approaches actually depress the local economy by driving down wages in other sectors. Sometimes, environmental risks accompany relocation of new industries in rural towns.

Alternatives to industrial recruitment as a strategy for economic development include the development of home-grown businesses. In this case, economic development occurs as a locally initiated phenomenon that encourages local residents to become entrepreneurs and business owners, thereby creating their own economic opportunities for themselves and their neighbors. Such efforts are often described as self-development. Self-development can be a central goal of CED as positive impacts often can be measured in other sectors of the community, such as workforce development, population retention, environmental protection, and cultural revitalization¹.

In contrast to ED, community development looks beyond economics and job creation to improve all sectors of the community. Community development approaches regard rural development as a complex system and focus on strengthening all aspects of community life. CD is therefore multi-sectoral. CD strategies aim to improve the public good of everyone in the community by focusing on a variety of sectors such as education, recreation, child care, culture, health care, etc. While some CD efforts may include the economy within its scope and purpose, others do not. Indeed, some argue that ED is antithetical to CD because ED often occurs at the expense of most community members where economic ventures benefit only a few people—perhaps absentee coal company owners—while at the same time disadvantaging others by depressing local wages or harming the environment.

In and of itself, a healthy economy is a necessary but insufficient part of a healthy community. The term community and economic development is therefore used in this report. It is meant to be inclusive, encompassing concepts associated with community (collective and public good oriented) development as well as economic development (including enterprise that is funded or controlled either from within or outside the community). While jobs may play a prominent role in where people decide to live, people also measure quality of life in terms of the education their

¹ For more information on local self-development, see 1) Green, G.P., J. Flora, C.B. Flora, and F.E. Schmidt. 1993. *From the Grassroots: Results of a National Study of Rural Self-Development Projects*. Agricultural and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture. Staff Report No. AGES 9324. 2) Flora, J.L., G.P. Green, C.B. Flora, F.E. Schmidt and E. Gale. 1992. "Self-Development: A Viable Rural Development Option?" *Policy Studies Journal*. 20 (2): 276-288. 3) Flora, C.B., J. Flora, G.P. Green, and F.E. Schmidt. Summer, 1991. "Rural Economic Development Through Local Self-Development Strategies." *Agriculture and Human Values*. 8 (3): 19-24. 4) Green, G., J. Flora, C.B. Flora, and F.E. Schmidt. 1990. "Local Self-Development Strategies: National Survey Results." *Journal of the Community Development Society*. 21 (2): 56-73.

children receive, the availability of health care, the proximity of friends and family, how well they identify with the landscape and their neighbors, and so forth. All of these factors play a role in who decides to live where, for what reasons, and whether they choose to make return investments in their communities.

What Does CED Mean in This Study?

For the purposes of this study, CED in the 57 communities means anything from restoring the town courthouse to forming a task force for implementing a downtown revitalization effort (Dayton, Washington, USA). In Moerewa, Northland, New Zealand, CED means mobilizing a local effort to build a public toilet for community members and travelers. In Beaac, Victoria, Australia, it means establishing a Rural Transaction Centre in town, a “one-stop-shop” that provides a variety of services from banking to health care to Internet access. In Springhill, Ontario, Canada, CED means creating the first eco-industrial park in Canada that offers businesses access to cheap, clean, and efficient renewable energy. As these examples show, each community in our review is different in terms of needs and community identity; as a result, CED efforts vary. The reason for each community’s CED effort differs as well. When a community loses a service, like a grocery store or a bank, this creates a disturbance in the general flow of day-to-day living. This interruption can sometimes lead to population loss, anger, and frustration within the community. As job loss and financial strain are experienced, dysfunction becomes evident and the community capitals break down. Sometimes towns do not respond to difficulties, which means CED is nonexistent; these towns may “die” as a result. However, the towns that we used for this study *did* respond to their given challenges, and CED efforts were pursued.

How CED efforts begin in communities varies greatly. In the communities we included in our study, many interventions started with a community member noticing negative press about their “dying” town, or an existing CED group may have taken the reins on a revitalization project because the downtown was failing. In general, CED began internally as community members discussed and identified issues and created a CED group. CED then moved externally as leaders sought outside funding and/or input from consultants to help them implement ideas.

Community and economic development is traditionally thought of in terms of attracting a manufacturer or increasing tourism (strategies that may work for a while but often bring low quality service jobs to the area), but CED is much more. CED in the communities we studied involved bettering the quality of life for all community members through building or renovating recreation areas, improving employment opportunities, identifying strategies for a sustainable future, and including community members in making the decisions that affect them.

SUMMARY AND DISCUSSION OF RESULTS

Successful community and economic development has already been defined as contributing to healthy ecosystems; social equity and empowerment; and vibrant, diverse, and robust economies. Information we collected about the 57 communities was measured according to these standards. This section summarizes what we learned from the review based on community similarities and differences.

Comparing Common Features

Communities included in this study engaged in many kinds of interventions, some of which consistently appeared in all or nearly all of them. These common interventions are key to recognizing critical elements necessary for successful CED, efforts that could be duplicated in communities experiencing decline. Common interventions carried out by the study communities included the following:

1. Almost all of the communities (except one) included **public participation** as part of community and economic development efforts. Only one did not—Canada’s Springhill in Nova Scotia—focusing instead on partnering with industry to develop a geothermally based heating and cooling system.
2. Almost all of the communities (except one) had a **local organization involved² in the CED efforts**, indicating the presence of organized, collective local input. In fact, 95% of the communities had *multiple* (two or more) local organizations involved in the effort, ensuring diverse participation from a variety of community groups indicating the presence of bridging social capital. Bridging social capital is indicated in one way by the development of connections across different community groups as opposed to within similar groups. Of those communities with a local organization involved in the CED effort, the average number of local organizations involved was five (4.7). Not only were these local organizations involved in CED, but they also had the power to make decisions about its direction. In all but one community, local organizations had at least one member serve on the CED board, with an average of three.
3. Almost all of the communities (except one) had an **external organization involved in the CED efforts**, revealing connections outside the community and another form of bridging social capital. Sixteen percent of communities with an external organization involved in the CED effort had only one such organization involved, whereas 84 percent had two or more, showing diversification in the use of outside contributions. Of communities with an outside organization involved in CED, the average number of outside organizations involved was nearly four (3.9). However, for the most part, while outside organizations could make important contributions to local CED, they did not have formal power to make decisions about CED. Indeed, in 81 percent of the communities, outside organizations did *not* have a member serve on the CED board, suggesting that outside influence is important to local rural CED, while outside control is not.

² “Involved” for the purpose of this study is loosely defined as playing a decision making role, making financial or in-kind contributions, providing training, dispensing advice, facilitating relationships, and so forth.

4. It therefore follows that almost all of the communities (96 percent) involved both local and external organizations in their CED efforts, indicating the **presence of multiple dimensions of bridging social capital** (as indicated by connections across different groups within the community and connections to groups outside the community) as a key feature in successful community and economic development efforts. Bridging social capital, when combined with bonding social capital (that is, trust and ties within similar groups), is essential for mobilizing resources, creating inclusive and diverse social networks, and considering and accepting alternative viewpoints in development efforts³.
5. All but one community had **organizations serve as a primary source of human capital given that all contributed some kind of human expertise to the CED effort**. Contributions of human expertise included grant writing skills, skilled labor, unskilled labor, consulting services, bookkeeping, legal services, specialized local knowledge, training, event planning, or leadership skills. Collectively organized human capital inputs are therefore critical to successful CED efforts. By far, **the most common form of expertise contributed by organizations in the communities we studied was leadership** (96 percent of communities had organizations take on a leadership role). Of those communities who did have organizations contribute leadership expertise, an average of 3.5 organizations contributed leadership skills—indicating widespread participation in decision making. Importantly, **organizations did not serve as a primary source of raw materials for projects—in other words, financial capital**—given that only 14 percent of communities had organizations which donated materials to projects.
6. In almost all of the communities (95%), **organizations had a member serve on the CED board or steering committee**. Those communities had an average of nearly three (2.8) organizations serving on the CED board, again indicating the importance of multiple representation of collective interests in the CED decision making process.
7. In 86 percent of the communities, **new leaders emerged** who had previously not taken leadership roles before. Communities successful in their CED efforts are therefore open to considering and accepting alternative viewpoints.
8. In 95 percent of the communities, **new connections were made between the community and various levels of government** as a result of the CED effort, illustrating the need for political leaders to play an active role in strengthening the communities they serve. Developing political capital should therefore be a focus of any community striving to get results.
9. **Outside investments resulted in improvements to infrastructure, the business community, and workforce development** in 91 percent of the communities, all of which are tangible outcomes for communities. Tangible outcomes may be important in helping rural communities and funders celebrate measurable success in their CED efforts.
10. A **local strategic plan resulted from the CED efforts** in 86 percent of the communities. On a related note, broad outcome-based goals were integrated into CED efforts in 91 percent of the communities, indicating the **presence of long-range planning as a precursor to success in rural CED**.

³ See Flora, Jan L., Jeff Sharp, Cornelia Flora, and Bonnie Newlon. 1997. "Entrepreneurial Social Infrastructure and Locally-Initiated Economic Development." *Sociological Quarterly*. 38(4):623-645.

Ranking the Communities According to Successful Outcomes

Although the communities we studied share many common features, communities also differed in significant ways, proving the adage: Once you've seen one rural community...you've seen one rural community. Simply put, among those communities experiencing CED success, some communities were more successful compared to others. In other words, some communities experienced successful outcomes building all six capitals, whereas others experienced success with perhaps one or two. Using a three-tiered ranking system, we developed a way to systematically examine the differences. The purpose of this exercise was to discover ways we can overcome challenges these and other communities face in their CED efforts to improve the range of outcomes they experience. Questions we set out to answer include: Which communities experienced the greatest range of successful outcomes? What makes those communities different from communities experiencing success in only one area? What kinds of actions did more successful communities engage in that less successful communities did not?

In order to answer these questions, we divided them into three groups *relative to each other*. The three groups that emerged are categorized as those experiencing “high” or a broader range of CED successes, those experiencing “medium” levels of success, and those experiencing “low” degrees or a smaller range of success relative to the others. These categories were calculated by adding up or aggregating all of the outcome variables for each community into a single index score for each of the six capitals. We started with six different scores for each community capital (one community score for natural capital outcomes, one for social capital outcomes, and so on) and ended with one composite capital outcome score derived from the six capital outcomes scores.

Each of the six capital outcome scores was calculated from a different number of variables. The composite built/financial outcome variable was based on all of the variables in that category. This category contained more variables than cultural capital, for example, which had fewer. Simply because we had more indicators available to measure financial/built capital does not mean that those outcomes are more important than the cultural capital outcomes. To overcome the inherent bias on the financial/built capital outcomes and the capitals that had more indicators, we ranked communities in three groups relative to each other—high, medium, and low—for each of the six capital outcomes. That way, “softer” variables more difficult to measure such as cultural capital receive as much weight as the “hard” variables. In this way, one-third of communities were ranked as having high social capital outcomes, one-third were ranked as having medium social capital outcomes, and one-third were ranked as having low social capital outcomes. These rankings were developed for each of the six capitals. Then, we assigned a number to high (3), medium (2), and low (1) levels for each variable so that one community could score a total outcome score maximum of 18 (3 for the highest score possible times 6 for each of the six capitals) or a minimum of 6 (1 for the lowest score possible times 6 for each of the six capitals). With the total composite scores ranging from 7 (low) to 16 (high), we then proceeded to divide these into thirds—high, medium, and low overall capital outcomes. One-third were assigned to the “high” category, 1/3 to the medium, and 1/3 to the low.⁴

⁴ Note that the proportion of communities in each of the three outcome categories of “high,” “medium,” and “low” will not necessarily equal exactly one-third since a number of communities had the same score but straddled the 33.3% or 67.3% cutoff. All of the communities with the same score therefore had to be assigned to the same

If we do *not* adjust for this bias, several (five) communities with a “medium” level of total outcomes would have been rated as having a “high” level because of a strong showing in the financial/built capital outcome variable. Giving all of the capital outcomes equal weight puts these communities in the middle category instead.

Ranking the communities according to high, medium, and low outcome categories helps us distinguish the communities with successes that address all six capitals as opposed to communities experiencing successful outcomes in only one capital category. Since CED is inherently focused on the community as a system rather than a single sector, we were more concerned with measuring successful outcomes in all of the capitals—i.e., strengthening all aspects of community—rather than just one.

Differences Between “Higher” and “Lower” Outcome Communities

In this section, we compare the differences in the nature and progression of interventions between the higher outcome communities and the lower outcome communities. We have eliminated the “medium outcome” communities for the sake of highlighting differences. Again, we emphasize that these findings show results *relative to the other communities* in the study. If a community is labeled as having a “lower” level of outcomes, it does not necessarily mean that their CED effort was poorly organized. A “lower” score simply shows that the community’s outcomes were lower than the other successful communities across all of the capitals. For example, a community may have several natural capital outcomes, but few financial and built capital outcomes or vice versa. A community could have successfully built an outdoor walking trail, but no new businesses were formed. This type of CED effort, although important to community progress and vitality, may not have scored high across *all* of the capitals. Hence, one of the “lower” communities may very well have a great deal of outcomes if compared to a random community plucked from the US, Canada, Australia, or New Zealand. Figure 3 describes the characteristics of higher outcome communities compared to lower outcome communities and lists the communities by name.

category. This resulted in 28% of communities falling into the higher total capital outcome category, 30% in the medium, and 42% in the lower tier.

Figure 3. Differences Between “Higher” and “Lower” Outcome Communities

“Higher” Outcome Communities	“Lower” Outcome Communities
<ul style="list-style-type: none"> • Articulate a long-term, unifying vision; • Are interested in projects that meet long-term community outcomes; • Write a strategic plan to begin CED efforts; 	<ul style="list-style-type: none"> • Lack a long-term, unifying vision; • Are interested in projects that meet short-term project goals; • Write a strategic plan during or after CED efforts, instead of at the beginning;
<ul style="list-style-type: none"> • Pursue projects leading to collective gains; • Have completed projects showing the ability to get things done that can bring new funding opportunities; 	<ul style="list-style-type: none"> • Pursue projects leading to individual gains; • Are often in the process of completing projects;
<ul style="list-style-type: none"> • Often target CED actions to extend beyond the economic sector; 	<ul style="list-style-type: none"> • Often limit CED actions to address the economic sector;
<ul style="list-style-type: none"> • Rely on catalysts other than the economy to galvanize CED efforts; 	<ul style="list-style-type: none"> • Rely on loss of businesses or economic downturns to catalyze CED efforts;
<ul style="list-style-type: none"> • Primarily form new groups for the CED effort, showing an innovative spirit; 	<ul style="list-style-type: none"> • Primarily form new groups for the CED effort, showing an innovative spirit;
<ul style="list-style-type: none"> • Sometimes use pre-existing groups to promote the CED effort, showing use of existing organizational assets; 	<ul style="list-style-type: none"> • Sometimes use pre-existing groups to promote the CED effort, showing use of existing organizational assets;
<ul style="list-style-type: none"> • Never rely on individual interests to lead CED efforts; 	<ul style="list-style-type: none"> • Frequently rely on one or two individuals (often entrepreneurs) to lead CED efforts;
<ul style="list-style-type: none"> • Often solicit new ideas for CED; 	<ul style="list-style-type: none"> • Rarely solicit new ideas for CED;
<ul style="list-style-type: none"> • Often encourage outsiders to play an active role in the CED effort; 	<ul style="list-style-type: none"> • Are less willing to encourage outsiders to play an active role in the CED effort;
<ul style="list-style-type: none"> • Sometimes hire a part- or full-time coordinator to promote CED; 	<ul style="list-style-type: none"> • Rarely hire a part- or full-time CED coordinator to promote CED;
<ul style="list-style-type: none"> • Typically fill newly created jobs with local people. 	<ul style="list-style-type: none"> • Do not always fill newly created jobs with local people.
<p>Balingup, Western Australia, Australia Boonah, Queensland, Australia Collah, New South Wales, Australia Donald, Victoria, Australia Hyden, Western Australia, Australia Kulin, Western Australia, Australia Tumby Bay, South Australia, Australia Chimney Rock, North Carolina, USA Cut Bank, Montana, USA Dayton, Washington, USA Manning, Iowa, USA Moerewa, Northland, New Zealand Ranui, Auckland, New Zealand South Hokianga, Northland, New Zealand Wolfe Island, Ontario, Canada Kaslo, British Columbia, Canada</p>	<p>Beechworth, Victoria, Australia Cummins, South Australia, Australia Crookwell, South Australia, Australia Harrow, Victoria, Australia Iluka, New South Wales, Australia Nymagee, New South Wales, Australia Arthur, Nebraska, USA Bottineau, North Dakota, USA Broadway, Virginia, USA Dermott, Arkansas, USA Kenmare, North Dakota, USA Raton, New Mexico, USA Shelbina, Missouri, USA Viroqua, Wisconsin, USA Watford City, North Dakota, USA Gitanyow, British Columbia, Canada Greenwood, British Columbia, Canada Nakusp, British Columbia, Canada Revelstoke, British Columbia, Canada Fort McKay, Alberta, Canada Inuvik, Northwest Territories, Canada Upper Skeena Region, British Columbia, Canada Springhill, Nova Scotia, Canada Chelsey, Ontario, Canada</p>

Higher outcome communities (those with a greater overall composite score of outcomes in the six capital categories) engaged in different interventions than lower outcome communities, or they carried out the *sequence* of interventions in a different order than lower outcome communities. First, higher outcome communities outline a formal or informal unifying *community* vision as opposed to a business development plan characterizing many of the lower income communities. Higher outcome communities are interested in CED for its long-term benefits achieved through short-term projects; they begin their CED efforts with broad community goals in mind and situate interventions within those goals. These communities are focusing on the lasting effects of their CED efforts. In contrast, lower outcome communities often lack a broad community vision, and tend to focus their energy and planning efforts on project-based outputs rather than community change. They often formulate a strategic plan *after* they initiate their CED efforts instead of before. Without a shared framework or by initiating a framework after projects are set up, their efforts may be less apt to achieve common community outcomes (explaining their lower aggregate score). Lacking a consistent community vision means that lower outcome communities are more likely to have more freedom to engage in activities that serve the individual rather than the collective good.

We also found that higher outcome communities had completed projects, whereas many of the lower outcome communities were still “in progress.” We thought this might be explained by the length of time communities had engaged in CED efforts, hypothesizing that perhaps the lower communities were not as far along in their CED efforts because they had not been engaged in the CED process very long. However, we found this was not true when we compared the duration of the CED effort to the community’s status as a “high,” “medium,” or “low” outcome community. Using Pearson’s one-tailed correlation coefficient ($p < .05$), we learned that the more time spent on CED does not predict higher outcomes for a community.

Another difference between the high and low outcome communities was the catalyst for the CED effort. For lower outcome communities, the catalyst often centered on financial issues such as a downturn in the economy, job loss, or loss of businesses. In higher outcome communities, the catalyst for change involved the perceived need for improvements not only in the community’s economy, but also available services, the environment, strength of the social fabric, and human resources. Not surprisingly then, CED interventions in higher outcome communities addressed multiple sectors, whereas lower outcome communities limited most of their CED efforts to economic issues.

Once the community does decide to respond to a catalyst, new CED groups are formed by community members who are interested in community improvement. Both higher and lower outcome communities form new groups to fill roles associated with CED efforts, although higher outcome communities are more likely to do so. New CED groups created in higher outcome communities often chose inclusive names that project a broad mission such as the Progress Association or Revitalization Group, making it known that they are looking to improve the future of the entire community as opposed to promoting narrow project or sectoral interests. The fact that communities are willing to form new groups is notable because they signify the appearance of new relationships and an innovative spirit in the town to institute fresh organizational structures. New CED groups, at least in high outcome communities, are usually the vehicle for

seeking outside or internal funding or both. Most of them attain funding, training, or other kinds of support such as guidance or technical assistance from a foundation, non-profit organization, or, most likely, a governmental agency.

Both high and low communities also rely on pre-existing groups to carry out new roles associated with CED, making use of ties that already exist in the community. Where they differ however, is the tendency for lower outcome communities to rely on individuals to lead CED efforts. In these communities, one or two motivated individuals take charge. These leaders are usually entrepreneurs occupied with promoting economic development such as opening a business or launching a town festival to revive the economy. Oftentimes, however, these individuals do not represent a range of interests within the community. As such, while they may seek some public input, they may be less likely to solicit new ideas through *widespread* community input or outside participation.

We found higher outcome communities also are more likely to some degree to hire a part- or full-time coordinator to promote CED compared to lower outcome communities ($p = .183$). While hiring someone to fill this role can place a financial burden on communities, the rewards may outweigh the costs and should be carefully considered by each community. A paid CED position could be filled by a local person with community interests in mind, a strategy that would likely be employed by a higher outcome community.

One of the final lessons learned from the case studies is that higher outcome communities appear to fill newly created positions with local residents rather than outsiders when compared to lower outcome communities. While the number of jobs created may seem negligible, we should not underestimate the impact even a handful of newly created quality jobs can have on small economies of scale that exist in rural communities.

Highlights and Lessons from Higher Outcome Communities

Higher outcome communities, as the two cases in Box 1 illustrate, recognize their challenges or problems, whether it is crime, a lack of jobs, a loss of youth, or an overall loss of enthusiasm about the community. Once problems are identified, a strong community group emerges to form a strategic plan and enact change. These communities mobilize their community members to take part in revitalization efforts, offering them a renewed feeling of excitement and pride about the community. Youth are involved and looked upon as future leaders; in general, the future of the community is considered in all decisions, so that sustainable changes are made. Higher outcome communities assess their present state, from water quality to job creation, and base decisions off of these assessments. Sometimes this means bringing in outside consultants to help identify assets and needs, which helps community leaders take a critical look at what is going well in the community as well as what needs to improve. Identification of assets is often helpful in providing motivation to move forward.

Box 1: Two Examples of Higher Outcome Communities

Cut Bank, Montana, USA

In the 1970s, the town of Cut Bank, Montana (2000 population 3,105), positioned in Glacier County, relied on the oil industry and agriculture to provide residents with jobs and economic security. After the establishment of the Organization of Petroleum Exporting Countries (OPEC) in the 1970s, the oil industry died in Cut Bank as the result of the loss of the oil severance tax base, causing a population decrease as people left town in search of work. By 1990, the county recognized that they had to begin planning for the future, so the Glacier Action and Involvement Now (GAIN) group was founded. One of GAIN's first projects was building a shade park in town for people to sit and rest, a modern version of an old bench on a general store porch. This beautification effort led to more projects, even in the face of what the initial director called CAVE—Citizens Against Virtually Everything. CAVE represents people who oppose change in general, even for the betterment of the community.

Despite the opposition, GAIN realized they had to forge ahead in the face of increased vandalism, the lack of youth retention, and the lack of jobs. When the initial director of GAIN moved on, the group invested in a new director, Joni Stewart, who tried to build on the work of her predecessor. GAIN is a county-wide, non-profit group with a governing board made up of hospital workers, school employees, bankers, local government officials, electric cooperative employees, and other citizens of the community. Each member buys a seat on the board for \$1,000 and works directly with the Cut Bank Revitalization Society in revitalization efforts. One of GAIN's projects includes the completion of seven painted murals in the town of Cut Bank. As a strategy for community involvement, youth were involved in painting the murals. Involving youth, according to Stewart, was a way to give them some ownership in the community; likely as a result, the murals have not been vandalized. Additionally, GAIN allows youth to have a voice at meetings, and in 2003, a skateboard park was designed and built with help from the Youth Coalition. Cut Bank also opened a Boys and Girls Club in 2003. All of these activities are geared to retain youth in the community.

GAIN is proactive, as the organization seeks partnerships for the future. In 2003, GAIN hosted a resource assessment and completed a community wide plan that was sponsored by the Montana Rural Development Partnership. A business expansion and retention survey was conducted to learn about the needs of small businesses within Glacier County. These surveys help GAIN and the Cut Bank Revitalization Society envision where they are going and the improvements they need to make in the future. They can then make decisions about their funding needs. GAIN has secured several grants from outside entities for community projects, and has relied on its own board for financial support. Some of the external grants have included funding from the Federal Home Loan Bank and the Community Reinvestment Act for a housing needs assessment. State funding was also secured so the new water committee could conduct a feasibility study on the quality and availability of the future water supply. However, Stewart says that winning these grants is not always easy as she is usually the only grant writer; not many people in the community want to write grants. Additionally, Stewart notes that while involvement seems widespread, the same 20 people always seem to volunteer for activities. She wishes there was more participation by a greater share of community members. These are challenges the community has to work through, as youth retention and job creation are still low in the community, but GAIN is working to turn this around in the future.

Despite the challenges, GAIN has succeeded in completing some large community projects. Capitalizing on their history with the oil industry, Cut Bank has a museum that displays information about their connection with oil, as well as a working oil rig. GAIN has also benefited from the county's connection with the Lewis and Clark expedition, winning grants to support one of the murals in town and a highway pullout sign; both celebrate the Lewis Clark bicentennial. Through partnerships internally and externally, efforts to display their cultural history, and general motivation to retain their youth, GAIN has improved Cut Bank's infrastructure and quality of life.

Sources:

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Coolah, New South Wales, Australia

When Coolah (population 880) was left off of the tourism and national park maps published in the 1990s, residents knew they had to take action. Using public forums, they took a community planning approach and partnered with their local government. The Coolah District Development Group was created in 1994, and through the support of the Department of State and Regional Development, a comprehensive community planning process was developed. This planning process involved several elements: the redevelopment of main street, tourism growth, garden festivals, youth involvement, marketing of the town, health care, agriculture, Coolah Tops National Park, signage for the town, cellular phone coverage, and technological improvements. The group also formed a mission statement: "To foster safe, healthy, cultural and heritage environment for our community; preserve our town services [and] character; and continue to encourage growth and development of the district with productive and sustainable industries." Along with their mission statement, the group came up with an eight-step strategy:

1. "Put Coolah Back on the Map." This first strategy involved 600 community members who came together to show that they were still there. A picture of the community members was taken with a caption that read "Coolah Survives." This picture gained widespread media attention.
2. "Clean up Coolah's Act." A major Spring event, where townspeople literally cleaned up the town together.
3. "You don't get a second chance at a first impression." This step involved employing landscape architects to prepare plans to beautify Coolah's main street.
4. "Raise money for the streetscaping." A garden event was held to show eight local gardens, raising \$22,000.
5. "Create attractive town entrances." Entrance signs and slogans were prepared and erected.
6. "Lobby government." Funding was sought for an all weather road to access the national park from Coolah and enhance tourism numbers within the town.
- 7- 8. "Promote the district." A colorful brochure and tourism video about Coolah were both produced.

In four years, the residents of Coolah pulled together internally, first to recognize that they had poor town spirit and needed to revitalize not only the town, but also their attitudes about their town. They also recognized that things would not return to the way they used to be, but that a future was ahead for them if they worked hard to secure it. Then, the residents pitched in their time and energy to clean up the town and raise money to do more projects. Once this internal energy was sparked, external help was sought and won. The town also used marketing strategies to create events that would attract local media. From the realization that the town was perceived as nonexistent, Coolah's residents were able to recognize their strengths and capitalize upon them.

Source:

Kenyon, Peter and Alan Black (eds). June 2001. *Small Town Renewal: Overview and Case Studies*. Rural Industries Research and Development Corporation. <http://www.rirdc.gov.au/reports/HCC/01-043.pdf> Accessed 26 July 2004.

Highlights and Lessons from Lower Outcome Communities

Lower outcome communities still make impressive strides in terms of CED. As shown in Box 2, they often have one or two projects that create success for the community. However, in relation to higher outcome communities, they tend not have a strategy in place for the future past the completion of one or two projects. Many community members, ranging in age and socio-economic level, may not be involved in the decision-making process. Surveys or needs assessments are not often tools used in CED efforts and were absent in the two cases featured below. This can be problematic, in that only a few changes are made, instead of working toward the fulfillment of strategic goals in future years. These communities have achieved success, and are only rated lower in relation to the higher communities we studied; however, their success may be short-lived and unsustainable in the long-term.

Box 2: Two Examples of Lower Outcome Communities

Beechworth, Victoria, Australia

Since the 1920s, Beechworth (population 4,000) had been dependent upon governmental institutions to provide jobs in the town for many years, which resulted in a lack of local economic development. In 1984, Tom O'Toole came to town and purchased a struggling bakery, which has since become a national business icon. O'Toole worked hard to provide excellent customer service and be "above average" so that people would keep coming back. Given that the business is three hours away from a big city, and not on a highway, its success is amazing. The Beechworth Bakery has an annual turnover of \$3 million dollars—the largest of any bakery in Australia. It employs 65 people, and had 670,000 customers in the year 2000. The success of the bakery has meant success for the town of Beechworth, as all of the businesses benefit from the stream of bakery customers coming to town. The bakery has also stimulated the growth of other community attractions and marketing events, including:

- * A jazz band that plays on the balcony every Sunday
- * Beechworth dollars, an incentive program to visit the town
- * Construction of pipes from the bakery that connect to fans that pump hot bread smells up and down the street
- * An international and national exchange program
- * Bread wrappers reminding customers what to see in Beechworth
- * 260 product lines
- * Place mats advertising other businesses
- * Regular feedback—200 forms a month are returned
- * Inspirational posters throughout the bakery

Tourism has picked up greatly in the town because of the bakery, in combination with regional tourism initiatives. There are 32 national trust buildings in town, making it one of the country's best preserved towns. A council was established for heritage and tourism to ensure that measures were taken to preserve and enhance historical buildings.

The betterment of this town came from the leadership and best practices of one individual. He saw a way to help the town prosper and gave the town a new sense of identity and pride. However, the town's success is dependent on O'Toole's successful business, and many of the new activities in town are taking place at the bakery. If something should happen to the bakery, forcing it to close, the town would struggle without O'Toole's leadership and business sense. The creation of a community economy wholly dependent on the success of a single business makes everyone in town especially vulnerable. Residents appear to be awestruck by the phenomenal success of the bakery, so much so that they are not engaging in other CED activities that capitalize on the other strengths of the town to ensure it has a more stable future.

Source:

Peter Kenyon and Alan Black (eds). June 2001. *Small Town Renewal: Overview and Case Studies*. Rural Industries Research and Development Corporation. <http://www.rirdc.gov.au/reports/HCC/01-043.pdf> Accessed 26 July 2004.

Arthur, Nebraska, USA

Arthur, Nebraska (population 145) lost its only grocery store in 1995, forcing residents to travel 40 miles away to buy groceries. This meant revenue was leaving town, and the inconvenience was causing a population loss. In 1998, two residents of the community who had taken a class in entrepreneurship at the University of Nebraska in Broken Bow, decided to take action. They worked with the local high school business class to involve students in the project, and through hard work and a grant won from the State of Nebraska, the Wolf Den Market opened in Arthur.

Students and project leaders acquired a small house in town, renting it for \$200 a month. They were able to work with the telephone company to get phone lines installed for no charge, and the power company provided 1,000 free kilowatt hours a month for six months. The county provided gravel for the driveway, and a nearby grocery store sold them goods for only 3% above cost. Students painted and set up the store; students drove to a Wal-Mart in the area that was closing and asked if they had anything they were willing to give to the Market. The students were able to secure enough shelves and carts for the Market, all for free.

Stocking the basics, the store opened in November of 2000, and was run by students as a co-op. Citizens could buy a Wolf Den card for \$25 to become a member of the co-op. For every \$100 spent at the co-op, they received \$5 back. The store created a new sense of energy in the town. In addition, it increased stocks of local financial and built capital, human capital through educational programming, increased social capital since people would use the market as a meeting place, and it also energized others to open their own businesses. The Market was named one of Nebraska Rural Development Commission's Top 10 Rural Development Initiatives in 2000.

By December of 2003, however, things had changed dramatically. Once the initial leaders withdrew from their leadership positions and turned the store over to a board made up of community members, there were drastic changes regarding the mission of the market. The vision for the market changed with the change in leadership, and soon no students were working at the market. The partnership with the school had been severed, and the business teacher was no longer involved. Both the school and board claimed students were no longer interested in the market; they had other ventures they were working on in their high school business class. Most of the students who initially started the market were now graduating, and the younger students did not have as much ownership or interest in its success. The board decided it would do away with the student involvement, and focus more on generating revenue. The Market was \$8,000 behind in sales in the previous year, and one of the ideas suggested at the board meeting in December was the sale of tobacco products. The initial leaders were very upset with this idea, since the market's original mission was to involve youth; selling tobacco products was not appropriate given this mission. However, the board voted to sell the tobacco products anyway, even after the initial leaders expressed their concern. The board also began discussions about building a larger building for the market and selling more goods and providing more services. The initial leaders found this idea worrisome because none of the board members were educated in business management.

The Market, which was once pushing the community's energy forward, was now creating friction in the town. Social capital plummeted, with the initial leaders angry and frustrated by the new leadership's position on the future of the market, which to them looked hazy and uncertain. As recent follow up showed, the community aspect of the project unraveled and the project became simply a venture in economic development that served a limited number of people. The failure to maintain support for the project within a broad community vision meant the life of the project was cut short. Ultimately, the lack of a common community vision and dependence on one project for community and economic development was unsustainable and resulted negatively for the town of Arthur.

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RECOMMENDATIONS

Many rural communities are facing a whole host of challenges, from depopulation to economic decline to loss of services to environmental degradation (to name but a few). Within small rural systems, each challenge is tied to the next. Some communities recognize this and have therefore taken the initiative to rebuild their communities by addressing all aspects of community life. These communities are engaging in activities to strengthen the economy and education, health care, the environment, recreation and entertainment, community, youth, child care, housing, services, and so on. This is what sets some rural communities apart from others.

In *Good to Great: Why Some Companies Make the Leap...and Others Don't* (2001)⁵, Jim Collins describes key factors that set apart for-profit corporations. The content he and his research team present for companies can also be applied to CED. One key factor important in making the leap from good to great is the need for companies to discover their core values and purpose beyond just making money. As he points out, “Indeed, in a truly great company, profits and cash flow become like blood and water to a healthy body: They are absolutely essential for life, but they are not the very *point* of life” (2001:194). The same is true for communities—a notion that appears to define the difference between communities experiencing a wider range of successful community outcomes and those experiencing lower outcomes.

So what actions and investments make for great communities? Based on our research, we found that successful communities and their partners:

- Involve a broad cross-section of the public in CED efforts. This will ensure that the CED effort is accountable to the people it purportedly serves and will encourage consideration of new ideas.
- Recognize the role of community organizations as a rich source of human capital as opposed to financial capital. A wealth of talent and skills resides in members of community organizations.
- Involve interests from a variety of local organizations to actively participate in CED. Encourage these representative leaders to serve on the CED board or steering committee. Multiple civic representation on the CED board will build cross-cutting relationships within the community.
- Involve a variety of outside organizations in CED efforts. These organizations have a fresh perspective to contribute and can offer new information to which locals may not have access. Including outside organizations in the effort serves to link the community to outside interests that can prove beneficial for mobilizing external resources for the community. A key to success for involving outside organizations in CED is to treat them not as powerful CED leaders, but uniquely positioned influential advisors.
- Capitalize on the skills, talents, and expertise of both local and external organizations involved in the CED effort. Ask a variety of organizational representatives to take leadership roles in CED efforts, and ask members of participating organizations to

⁵ Collins, Jim. 2001. *Good to Great: Why Some Companies Make the Leap...and Others Don't*. New York: HarperCollins Publishers, Inc.

contribute human resources and services to the effort. Human resources and commitment are a great strength in rural communities.

- Encourage the emergence of new community leadership. This could involve either newcomers to the community, or long-time residents who have never taken leadership roles before. The addition of new leaders to the decision-making process can often draw new groups into the CED effort.
- Initiate strong and frequent connections between political structures and CED. Political leaders at all levels (local, county, regional, state, federal, and tribal) can use their connections to play a critical role in mobilizing local and external resources and galvanize popular support for CED.
- Use outside investments to make visible improvements in community infrastructure, the business sector, and workforce development. Often, visible and/or economic improvements are needed to satisfy outside funding requirements and to celebrate community success.
- Promote development of a local strategic plan to guide CED efforts prior to initiating projects. This ensures that CED efforts are coordinated and unified within collectively set goals and also encourages project implementers to think about the relationship between short-term efforts and the long-term vision.
- Think about proposed CED projects in terms of who benefits. Implement projects which positively impact the greatest number of people rather than a select few, even if the individual impact is lessened the more people share in the benefits.
- Consider proposed CED projects in terms of the impacts it will have on various sectors in the community. Implement projects that target outcomes across all six capitals rather than concentrating resources in one.
- Allow non-economic concerns to drive CED efforts. Making room in CED for non-economic concerns can encourage more people to take ownership in the process and may encourage new leaders and groups to participate.
- Form completely new groups to lead CED efforts. New structures allow for the creation of new relationships that can overcome older, entrenched structures.
- Do not dismiss the value of pre-existing groups. In many successful communities, CED efforts are carried out by expanding or changing the role of pre-existing organizations to meet the needs of CED, making use of social investments already made in community relationships.
- Avoid CED efforts led by individual business interests as broad impacts will be limited and the public will be largely excluded from partaking in the benefits.
- Consider hiring a part- or full-time coordinator to promote CED. This should be a local person who provides continuity of oversight and encouragement for CED to ensure that ideas are transformed into action.
- Focus on ways newly created jobs in the community can be filled by local residents to ensure more participation in the local economy. Participation in the economy often grows other kinds of community attachment that increases the stock of all six capitals.

Some communities resign themselves to decline because their citizens are poor or they see no marketable assets. Yet results described in this report, along with analyses contained in the companion reports *Rural Community and Economic Development Case Study Review: A Quantitative Analysis* and *Rural Community Economic Development Case Study Review*, show

that communities are not helpless when it comes to shaping their future. Community action and interventions do matter in communities that may be “disadvantaged” in terms of geography or financial resources. Frequently, communities find it difficult to measure (or fail to recognize) all of the resources people pour into building community, like time spent on a town festival or social connections that help them access valuable resources. Difficulties measuring intangible investments like time and social connections should not cause us to underestimate their importance. As we discovered, communities have much to offer in the way of human assets that can translate into increases in other kinds of resources. We need to be aware of the value of these assets, just like financial assets, and link them to outcomes—a critical step in tracking the ability of a community to build its own capacity. This report suggests ways to do this, and how to create success based on lessons learned in 57 communities that have already achieved many of their goals. Those processes involve setting common community goals, working to achieve them, and frequent pause to evaluate their effectiveness.