

# Wealth Creation in **Rural** Communities:

Building Rural Wealth Based on Regional and  
Local Assets

Presented by

**Melissa Levy**

Yellow Wood Associates

**Euneika Rogers-Sipp**

Sustainable Rural Regenerative Enterprises for Families (SURREF)



**YELLOW WOOD**  
associates, inc.

# Introductions

## Melissa Levy



**YELLOW WOOD**  
associates, inc.

- Senior Associate, Yellow Wood Associates, Inc., consultants in rural community economic development since 1985
- Managing grantee for Wealth Creation in Rural Communities – Building Sustainable Livelihoods

## Euneika Rogers-Sipp



- Founder and Chief Regenerative Officer (CRO), SURREF, Inc., non profit social enterprise development initiative in sustainable rural economic development -2008
- Invests in for-profit ventures
- Intermediary Organization for Community Based Tourism (CBT) Value Chain Construction Alabama and the Black Belt Region

# Objectives of this Workshop

- Define the fundamental elements of the approach including wealth creation value chains and the use of the wealth matrix as a tool for planning and evaluation.
- Think about strengths around creating different forms of wealth and learn from others how they build wealth.
- Appreciate the role of value chain intermediaries in the wealth creation approach.
- Learn about the wealth creation approach to rural development through story and discussion.

# Where are we working on the ground?

- ☀ Value chain construction with partners in  
**Central Appalachia**

*Energy efficient housing, energy efficiency, food, forestry*

- ☀ Value chain exploration and selected construction grants with partners in the  
**Alabama Black Belt and Mid-South**

*Renewable energy, investment, forestry, food,  
**Community Based Tourism (CBT)***

- ☀ Value chain exploration grants in the  
**Lower Rio Grande Valley region in Texas**

*Green housing/neighborhoods, literacy*

## Why a Wealth Creation Approach to Livelihood Development?

- Wealth, broadly defined, is the foundation for prosperity.
- Poor places and people will stay poor unless they are connected to larger economies.
- Poor rural places have assets which, if properly developed, can contribute to larger regional economies.



## Why a Wealth Creation Approach to Livelihood Development?

- Those assets can be developed and linked to markets in ways that create multiple forms of wealth.
- Structures exist and can be created that will cause that wealth to stick in rural areas instead of being extracted.
- Wealth that sticks leads to improved livelihoods.



- Pop 11,670
- Strong agricultural history
- Long slow decline
- State cultural assets
- Preservation focus

## Traditional Counties of the Alabama Black Belt



# SURREF: Why Community Based Tourism (CBT)?

The Report



Center for Rural Entrepreneurship

... a comprehensive, well-established Sustainable Management System that could be used by other entrepreneurs throughout the Kuluwara Block. In addition, better management can be used and management systems can be developed that will...

- Improving local infrastructure and other local services
- Reducing government bureaucracy and corruption
- Creating markets and demand for products
- Attracting better people to work, including local and international, female, and youth
- Strengthening village organizations

... identified the need for strengthening the CBT value chain...


... identified the need for strengthening the CBT value chain...

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For more information go directly to:

<http://tinyurl.com/cyxss6b>

[www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org)





# Guiding Principles

- #1 Wealth creation is demand driven.
- #2 Wealth creation is intentionally inclusive.
- #3 Wealth is tied to place by wealth creation value chains.
- #4 Measurement is integrated into the entire process as a tool for planning and adaptive management.
- #5 Wealth sticks in rural areas through attention to structures of ownership and control.
- #6 The wealth creation approach is strategically flexible while doing no harm.

# Guiding Principle

## **Principle #1:**

Wealth creation is demand driven.

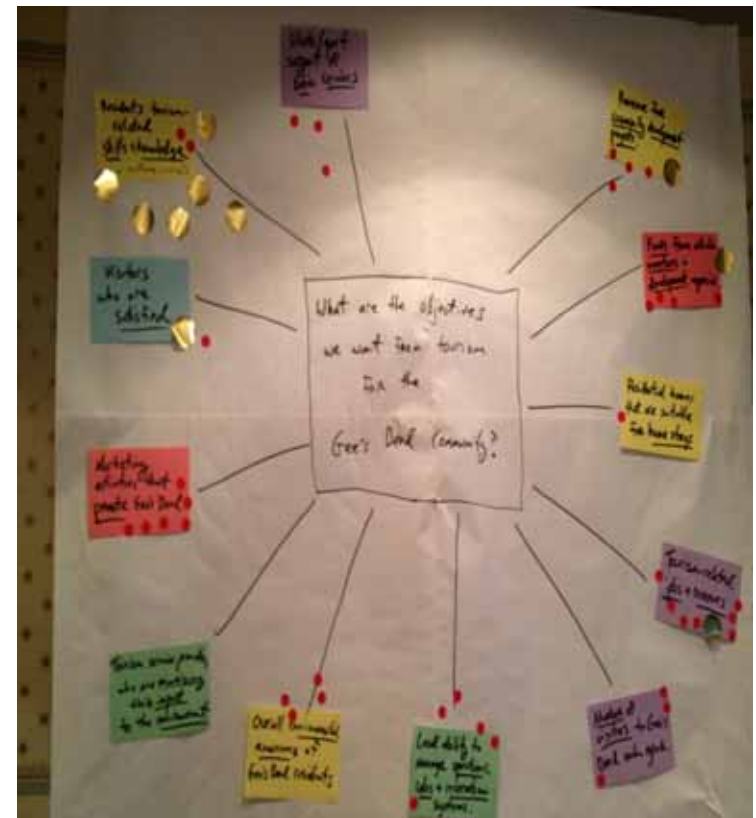
# SURREF: Demand Driven

## Regional Stakeholders/ Demand

- Starts with the local community.
- Regional stakeholders and local residents – working together to create value.
- Locals are leading discussions.

## Local Demand

- Participatory Development Processes
- Hidden Assets (knowledge & supply)
- Investors near and far.



# Guiding Principle

## **Principle #2:**

Wealth creation is intentionally inclusive.

# SURREF: Intentionally Inclusive

## Wealth Creation Opportunities

- Community Based Tourism Enterprises for rural families/homesteads
  - ✓ Focus: Marginalized Communities w/wealth in Agro-cultural heritage
- New Wealth Creation Opportunities
  - ✓ Artisans
  - ✓ Tour Guides
  - ✓ Food Service
  - ✓ Transportation Providers
  - ✓ Homestay Providers
  - ✓ Management of Enterprises



**Example:** Starting with the community and intentionally focusing on their assets and potential for Community Based Tourism (CBT) success.

# Guiding Principle

## Principle #3:

Wealth is tied to place by wealth creation value chains developed within sectors.

# Wealth Creation Value Chains vs. Supply Chains

## Traditional Supply Chain

- Chain starts with producer supply
- Measured by net income produced
- Everyone is in it for him/herself
- Power determines who gets paid how much for their role
- Participants try to pass on costs to others within or outside of chain
- Tries to influence policy to create advantage and maximize short-term income

## Wealth Creation Value Chain

- ➔ ● Chain starts with consumer demand
- ➔ ● Measured by wealth created/retained
- ➔ ● Everyone is in it together
- ➔ ● Intentionally balances mutual benefit of all in chain
- ➔ ● All known costs are considered and addressed
- ➔ ● Tries to influence policy to level the playing field and maximize long-term and widely shared wealth

## SURREF: Incentivizes Collaboration

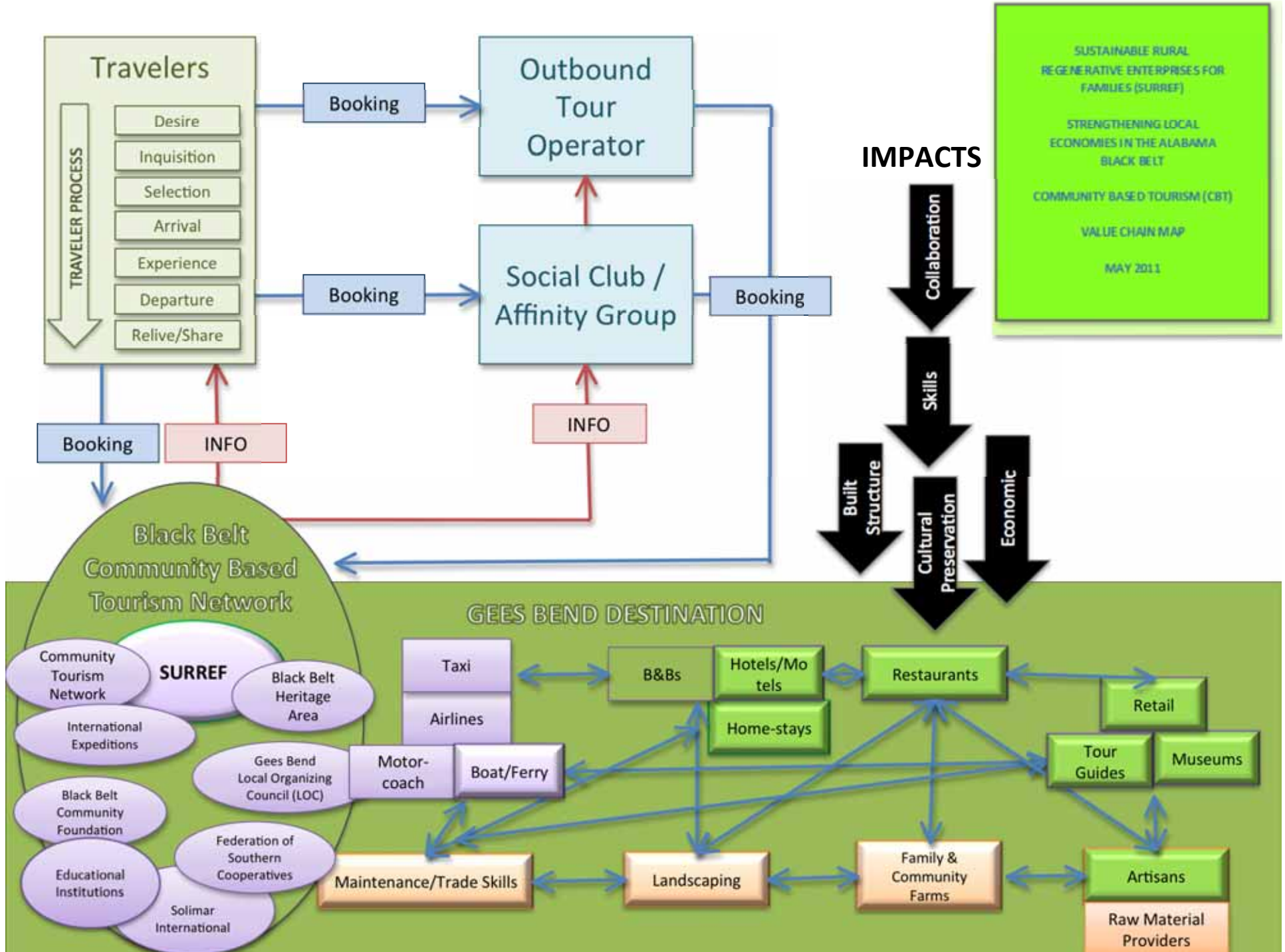
- **Social Change** work: addressing root causes of systemic poverty
- **Value centered** approach to partnerships



**Example:** Initial conversations with stakeholders identified...

***What are the objectives we want from tourism for the Gees Bend community?***





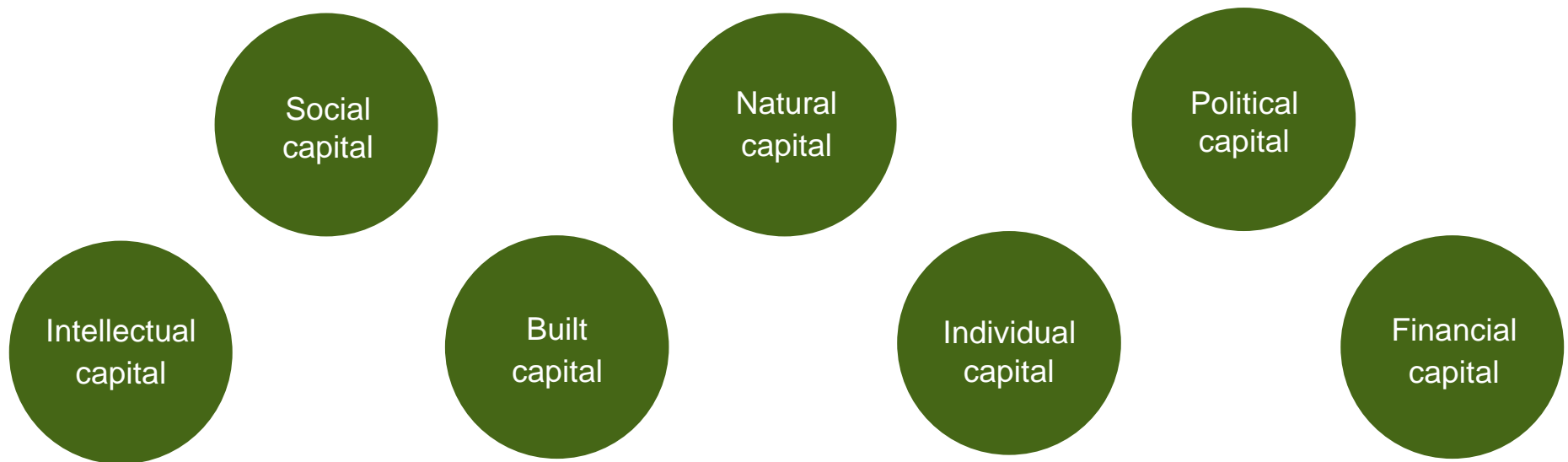
# Guiding Principle

## Principle #4

Measurement is integrated into the entire process as a tool for planning and adaptive management.

# How do we define Wealth?

## Seven Forms of Wealth



Creating wealth that sticks is rarely an intentional goal even when we define wealth broadly. Intention matters.

# A wealth matrix

for planning and  
evaluation



Type of Wealth	Interventions (Activities) in Value Chains
Individual	How will your activities impact the stock of skills and physical and mental healthiness of people in a region?
Social	How will your activities impact the stock of trust, relationships, and networks that support civil society?
Intellectual	How will your activities impact the stock of knowledge, innovation and creativity?
Natural	How will your activities impact the stock of unimpaired environmental assets in a region?
Built	How will your activities impact the stock of fully functioning constructed infrastructure?
Political	How will your activities impact the stock of power and goodwill held by individuals, groups, and/or organizations?
Financial	How will your activities impact the stock of unencumbered monetary assets at the individual and community level?

# SURREF: Example of Measures



Types of Wealth	Interventions (Activities) in Community Based Tourism (CBT) Value Chains
Individual	<p><i>Local service providers' improved capacity for delivery of products and services</i></p> <p><i>Baseline: 50% customer satisfaction-target 80%; Today: 0% service provider satisfaction, Today: 05 (training not begun).</i></p>
Social	<p><i># Number of joint projects and new groups formed that create local ownership or influence over wealth. Baseline:1; Today: 6</i></p>
Intellectual	<p><i>New curriculum created and used that reflects the specific competencies required relevant to target learner profiles.</i></p> <p><i>Baseline: 0; Today: Comprehensive Hospitality Services &amp; Management in CBT (Core: Environmental Literacy for Social Entrepreneurs)</i></p>
Natural	<p><i>Retain current acreage designated as protected areas within the Boykin CDP.</i></p>

# SURREF: Example of Measures



Types of Wealth	Interventions (Activities) in Community Based Tourism (CBT) Value Chains
Built	<i>Increase in tourism-related infrastructure meeting the needs of the target community and its ability to access and manage emerging and regional potential markets.</i>
Political	<i>A policy exists that redirects funds to community based tourism. Baseline: 0; Today: Coalition established.</i>
Financial	<i>% of local tourism revenue and profits reinvested into the community for destination product/infrastructure development. Baseline: 0; Today: Reinvestment fund established with Regional Foundation.</i>

# Guiding Principles

## Principle #5:

Wealth sticks in rural areas through attention to structures of ownership and control.

# SURREF: Ownership Models

Wealth Retention Strategy Sessions held from March 2012-to present focused on ownership structures:

1. CBT Regional Network (made up of regional & LOC's) majority owned destination management organization.
2. Local Organizing Councils (made up of individual/local investors) to develop, service, and supply local and regional markets.
3. Cooperative and Social Enterprise Models with multi-stakeholder principles.





# Guiding Principles

## Principle #6:

The wealth creation approach is strategically flexible while **doing no harm**.

# SURREF: Flexibility and Freedom

## Transformational Benefits of a Wealth Creation Community Based Tourism (CBT) Value Chain

1. Members introduce new opportunities

✓ Sustainability → Tourism → CBT

2. Problem solving together

✓ Isolation of community and uniqueness of the region led to specific approach

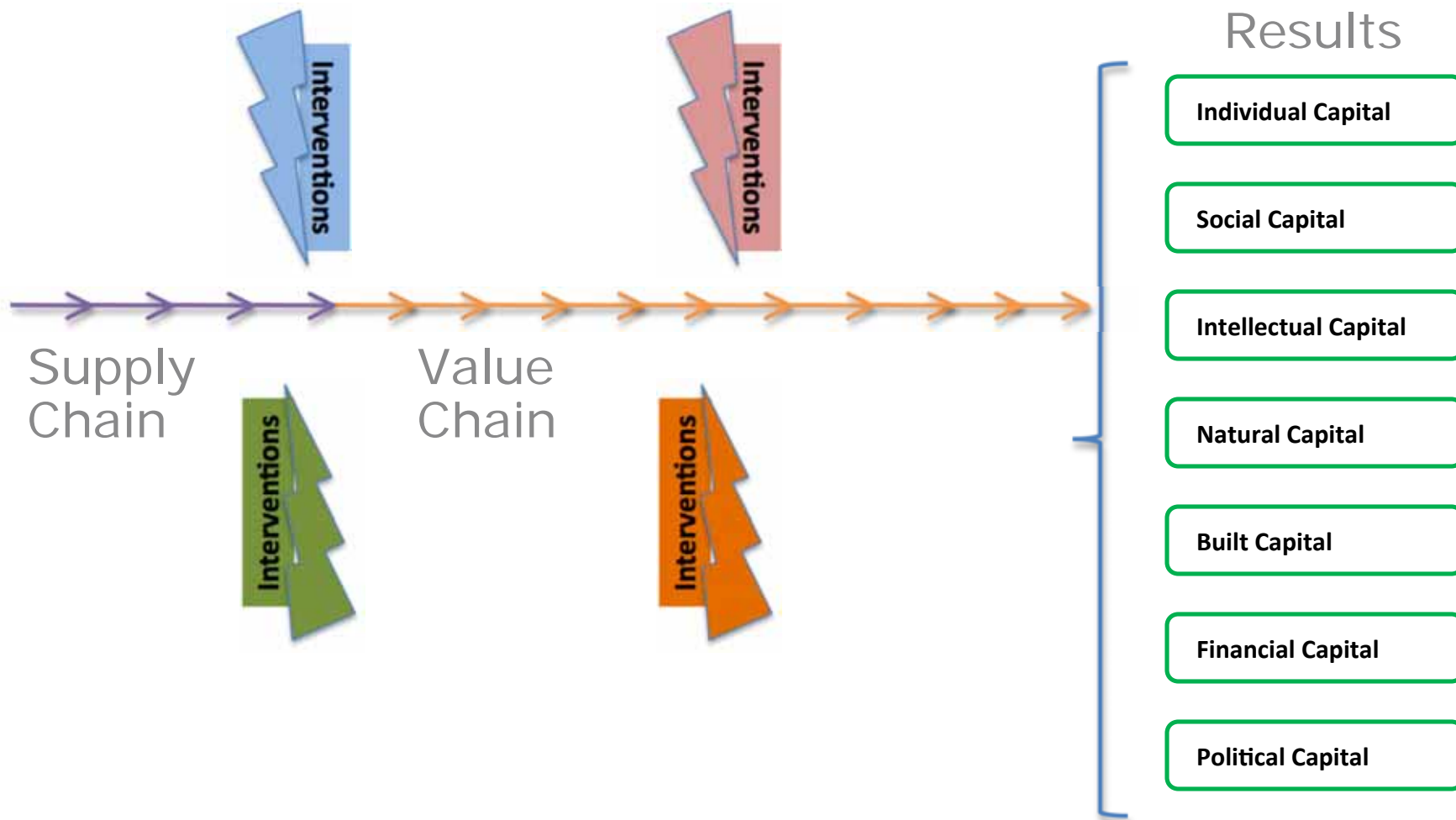
3. Connectedness

- ✓ Needs of Community
- ✓ Community Leaders
- ✓ Market Investments
- ✓ Political Influence



Intermediary's role: Maintain values, do no harm

# The Wealth Creation Approach



Based on a diagram created by Justin Maxson of MACED

## Exercise – Prep

1. Review the page at your table defining the seven forms of wealth.
2. Using the colored stickers on the table, choose two stickers that correspond with the forms of wealth you feel you are best at creating or impacting.
3. For each form of wealth, write a question you have about how to create that form of wealth.

# Exercise 1

1. Take your questions with you.
2. Find someone who has the same color sticker (same form of wealth) as you do.
3. Share one story that illustrates how you each create or impact that particular form of wealth.

## Exercise 2

1. Find someone (other than the person you spoke with in Exercise 1) with a sticker corresponding to a form of wealth you want to learn more about.
2. Listen to that person's story of how they create or impact that form of wealth.
3. Ask whatever question you had about creating that form of wealth.

## For More Information

*Please visit:*

[www.creatingruralwealth.org](http://www.creatingruralwealth.org)

*and*

[www.yellowwood.org/wealthcreation.aspx](http://www.yellowwood.org/wealthcreation.aspx)

[www.SURREFinnovates.com](http://www.SURREFinnovates.com)

<http://www.facebook.com/SustainableRuralRegenerativeEnterprisesforFamilies?ref=hl>

*Or join the Community of Practice at [www.ruralwealth.org](http://www.ruralwealth.org)*

*Or contact:*

*Euneika Rogers-Sipp*

*SURREF*

*334-526-0819*

[ers@SURREFinnovates.com](mailto:ers@SURREFinnovates.com)

*Melissa Levy*

*Yellow Wood Associates*

*802-524-6141*

[melissa@yellowwood.org](mailto:melissa@yellowwood.org)