The WealthWorks Toolkit
Value Chains in Small Towns and Rural Communities

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Overview

• Introductions
• A Story
• What is wealth?
• Understanding assets
• What is a Value Chain?
• How might you use this in your community?
• Key take-aways
• The Network
A story – Michigan’s UP

• Stranded assets – 16,000 square miles of natural assets.
• Stakeholder circle – Small firms, local tourism bureaus, chambers of commerce, cultural organizations, food concerns, artists, local governments and land managers.
• Regional development group – build a more diverse and resilient economy across the UP.
The Great Waters

**Demand:** tourists are seeking recommendations, route guides, convenience, quirk and quality.

**Challenges:** Too few tourists knew what the eastern UP had to offer. And the region was further from the target markets than competing destinations.

**Solution:** Meet rising tourist expectations and get tourists to go the extra mile.

- Trails for tourists to follow over several days.
- Website
- Partnership with Pure Michigan campaign.
- Social media.
- Business planning and operations know-how.
- Increased access to natural and cultural sites.
The Great Waters - Impacts

- Tourism revenues have stabilized or grown.
- Jobs have been retained and created.
- Local businesses are succeeding.
- Community is being revived.
- Firms are sharing marketing and outreach efforts.
- New lodging and tourism attractions.
What Makes a Community Great?

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

These are the assets you have to build upon.

• Take a few minutes to ponder this.
• What are your two strongest ideas?
How is wealth usually defined?

Wealth is *not just money*

Wealth is the *reservoir* of *all assets* that can contribute to the well-being of people, places or economies.
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<tr>
<th>Intellectual</th>
<th>Knowledge and innovation</th>
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<td>Individual</td>
<td>Skills, education, health</td>
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<td>Social</td>
<td>Trust and relationships</td>
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<td>Cultural</td>
<td>Traditions, customs &amp; ways of doing</td>
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Evaluating Your Region: Spider Diagram

What kinds of wealth and how much of each does that region have?

Remember, it is only wealth if it is healthy and fully functional and if the region owns or controls it and can make decisions about how to maintain it and use it.
Instructions
Using the spider diagram and the scale of 0 to 5 (where 0 is the weakest and 5 is the strongest), map out the strengths of each of the capitals for your region.

Then share with someone else. Explain what you came up with and why.

Where are your strengths?
Weaknesses?
Thinking about Assets
Eight Capitals

- Intellectual: Knowledge and innovation
- Individual: Skills, education, health
- Social: Trust and relationships
- Natural: Natural resources
- Built: Infrastructure
- Political: Influence on decision makers & shapers
- Financial: Savings and investment
- Cultural: Traditions, customs & ways of doing

Assessment
Design
Measurement
Assessing Your Infrastructure

What have you got?

– Natural
– Built
– Financial
– Social
– Political
– Individual
– Intellectual
– Cultural
A WealthWorks value chain is:

• a network of people, businesses, organizations & agencies
• addressing a market opportunity to meet demand for specific products or services
• advancing individual interests, while finding mutual interests and shared benefits
• building rooted local and regional wealth that sticks
• and intentionally including people and firms on the economic margins
• with open and transparent communications
Demand: Buying side of the market – Intermediate buyers/Final consumers… you will need to talk to them to find out what they need!

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: Those people, businesses, or organizations that provide the infrastructure that helps the transactional partners to produce

We are really talking about a Value Chain System!
Value Chain Mapping

Coordinator

Vegetable Grower → Vegetable Aggregator → Soup Processor → Distributor Co-op

Farmers Alliance → Local Food Certifier → Food Safety Trainer → Healthy Kid Org

Hospital

Demand Partners

School District

Area Consumers

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Principles of Value Chain Construction

#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.
Value Chain Partners
“Stakeholders”

Supply

Provide Infrastructure
Support Transactional

Demand

Buyers, Consumers

Suppliers, Distributers, Wholebuyers

Transactional

Support


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
Value Chain Exercise

Step 1: Take a card
✓ The cards represent the stakeholders in the Value Chain
✓ Some cards are blank - represent “Gaps” in the Value Chain

Step 2: Network with each other
✓ Find the link in the value chain: who can help you? Add value..

Step 3: Assemble the Value Chain
✓ Line up in a row
✓ Left: start with “Demand”, the market or customers
✓ Right: Moving right, in order of function, “Transactional Partners”
✓ “Support Partners” stand outside of the line near the function you support
Reflections

What surprised you about this process?

Did you identify “Gaps or opportunities” in the chain?

What challenges did you find in building the chain?

List the key elements needed to build a Value Chain?

*Hint… Communication, Relationship, Self Interest, Shared Interest….*
1. Choose a sector to work on.
2. Think about what the product is.
3. Who has demand for the product?
4. Who are the partners who touch the product in one way or another? These are your core partners.
5. Who are the support partners who support your core partners?
6. Where are the gaps?
Take this with you...

- Eight forms of capital are a great tool to:
  - Assess assets in your community
  - Define the strategy
  - Measure your impact

- Value chains connect assets in a community to real market demand to create sustainable economic development

- There are practitioners around the country ready to help you explore a value chain
WealthWorks National Hubs

http://www.wealthworks.org/connect/hubs
For More Information

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