

wealthworks



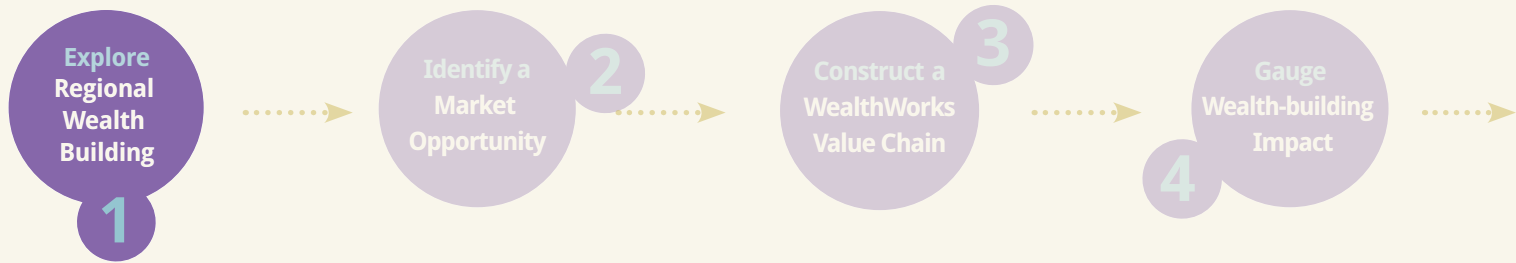
for your region

AN INTRODUCTION



Explore
Regional
Wealth
Building

MODULE **1**



About WealthWorks for Your Region

WealthWorks is a regional approach to economic development that connects a community’s assets to market demand in ways that build livelihoods that last. WealthWorks aims to advance a region’s overall prosperity and self-reliance, strengthen existing and emerging sectors, and increase upward mobility for many—always including people, places and firms on the economic margins.

WealthWorks for Your Region: An Introduction provides an overview of four primary components of the WealthWorks approach:

Module 1: Explore Regional Wealth Building. Defines wealth building as a goal that reaches beyond standard community and economic development objectives, and why that difference is critical to advancing and sustaining regional economies.

Module 2: Identify a Market Opportunity. Offers a series of useful screens for spotting a market opportunity that has good potential to generate wealth-building results for a region.

Module 3: Construct a WealthWorks Value Chain. Profiles the elements and design objectives of a WealthWorks value chain—and how to use them to build wealth that lasts.

Module 4: Gauge Wealth-Building Impact. Outlines how practitioners can use measurement to guide value chain construction toward achieving and sustaining more wealth-building results.

For more on WealthWorks, visit wealthworks.org.

Module 1: Explore Regional Wealth Building



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Wealth building: The goal of regional development

Wealth is a word that can mean different things to different people. For many, wealth simply means money—and it's something that only a select few have in abundance. But wealth can mean much more than money.

For example, if you live in the Rocky Mountains or along the upper shores of Lake Michigan, you and your neighbors share a wealth of natural beauty and amenities—this wealth may be the reason you choose to live where you do. Men and women with long experience working in local industries have a wealth of skills and creativity. People who have attended college or specialized training have a wealth of knowledge. Towns that have a range of community-wide activities and active civic groups have a wealth of connections. Young children with access to affordable, preventive pediatric care might count good health as a type of wealth.

Wealth means different things in different contexts. And what it takes to build wealth includes other critical factors. That's why, in WealthWorks, the goal of economic and community development is not just wealth, it is wealth building for lasting livelihoods. So, to start, here is a common understanding of the term wealth building and what it means for WealthWorks.

Wealth building in a region means taking action to increase all three of these:

1. The quality and quantity of **wealth**—embodied in eight different types of capital.
2. The local **ownership and control** of that wealth by a region's people, places or firms.
3. The **livelihoods** of people, places and firms in the region, including moving those on the economic margins toward the mainstream.

WealthWorks' definition of wealth building starts with the core belief that **every place has wealth**. Even if it is not currently in use, that wealth can be identified, deployed and increased to improve the lives of residents. Here are just a few examples:

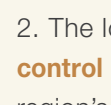
- Parts of the Pacific Northwest have a wealth of timber, maintained by private and public landowners, providing employment in many small communities.
- Tribal communities have a wealth of tradition, practices and artistry, shared and maintained by tribal members to provide a sense of belonging, a home, a history—and in some cases, non-profit or for-profit tourism or craft enterprises.
- The Black Belt regions of Alabama and Mississippi have a wealth of agricultural knowledge maintained by African American

Wealth building defined

Wealth building in a region means taking action to increase all three of these:



1. The quality and quantity of **wealth**—embodied in eight different types of capital.



2. The local **ownership and control** of that wealth by a region's people, places or firms.



3. The **livelihoods** of people, places and firms in the region, including moving those on the economic margins toward the mainstream.

residents that helps keep family, friends, communities—and some commercial customers—fed.

Notice again, in these examples, wealth is not just about money, but instead represents different types of capital—like natural resources, culture and know-how. When owned or influenced, either individually or collectively, by residents of a region, this capital can be deployed by residents to shape, sustain and improve livelihoods.

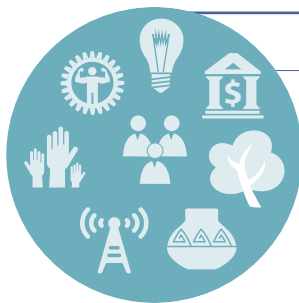
WealthWorks helps communities do this by identifying, deploying and investing in existing regional wealth, strengthening local or regional ownership and control of it, and ensuring that many in the region—always including low-income people, places and firms—participate in and reap benefits from economic and community development action. In short, WealthWorks seeks to **build regional wealth**.

Why WealthWorks? Its focus on regional wealth building creates new possibilities for economic and community development. It helps widen the development focus beyond the core of profit, income and job creation today—the typically stated targets for development—to include the essential factors that will sustain profit, jobs and income into the future. WealthWorks’ wealth-building strategy produces **wealth that sticks** because it shows how to invest in and increase influence over local assets to produce benefits for the region both today and tomorrow.

To introduce and explore WealthWorks’ potential, this module defines the core concepts and goals of wealth building: **wealth, ownership and livelihoods**. Then, we explore how you can begin to think about wealth-building in your region.

The wealth-building breakdown: **Wealth, ownership and livelihoods**

1. Wealth



Defining wealth

To build a region’s wealth, WealthWorks considers not just financial assets, but includes the **stock of all capitals**

in a region. This approach

takes into account all the features of a city, town, countryside or region that make it a good place to live, work and visit. These might include:

- Strong sense of community
- Good infrastructure (e.g., affordable broadband, good roads, health care)

- Well-trained workers with the right skills to be productive in local businesses
- Unspoiled natural beauty (e.g., lakes, streams, hiking trails, parks) or natural assets like wetlands that control flood waters
- Inclusive, open government
- A few strong sectors with well-paying jobs and career possibilities

Each of these represents a component of a type of capital. Some components of capital—like the ones listed above—are more immediately recognizable than others. Some are less visible because they are in disrepair, not used, or taken for granted. Such “underutilized resources,” if identified and invested in, could contribute more to the region’s wealth. For









example, a vacant lot considered an eyesore today could, with imagination and investment, become a productive community garden or recreational space tomorrow. Underskilled but willing workers could, with investment in training programs for skills that local firms need, become the region's strongest asset.

WealthWorks simplifies things by organizing these local features into eight discrete **capitals**, which are defined in the table below and share the following characteristics:

- Each capital is a collection of one category of related resources.

- Every region has a **stock** of each type of capital—meaning the combined quantity and quality of the many components of that capital in the region.
- Taken together, the existing stocks of these eight capitals constitute a region's current wealth.

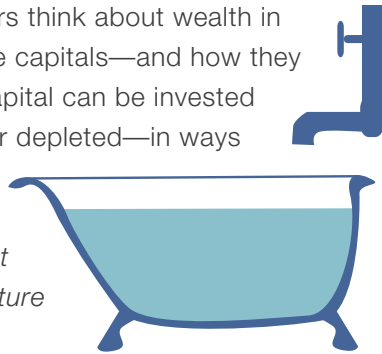
In WealthWorks, to get started, you must first get a handle on the eight capitals. As the concept of wealth-building becomes more familiar, you will see how qualities of a community or region can be captured within the eight capitals. For example, having a college

The eight capitals	
The capital	The definition
 Individual	The existing stock of skills, understanding, physical health and mental wellness in a region's people.
 Intellectual	The existing stock of knowledge, resourcefulness, creativity and innovation in a region's people, institutions, organizations and sectors.
 Social	The existing stock of trust, relationships and networks in a region's population.
 Cultural	The existing stock of traditions, customs, ways of doing, and world views in a region's population.
 Natural	The existing stock of natural resources—for example, water, land, air, plants and animals—in a region's places.
 Built	The existing stock of constructed infrastructure—for example, buildings, sewer systems, broadband, roads—in a region's places.
 Political	The existing stock of goodwill, influence and power that people, organizations and institutions in the region can exercise in decision-making.
 Financial	The existing stock of monetary resources available in the region for investment in the region.

or university with a specialized technology center that relates to an important local industry ramps up your region's intellectual capital. Well-publicized and understood government processes that invite resident participation contribute to a region's political capital. High levels of volunteerism can be counted as part of your region's social capital. Readily accessible and affordable excellent early childhood programs for low-income residents can build individual capital in your region's future workers and entrepreneurs.

Wealth building opportunity: Grow the region's stocks of capital

Wealth is the collection—or stock—of all eight capitals a region has available at a given point in time. Every time economic and community developers make decisions in their work, they likely help grow or deplete the stock of one or more of these capitals. That's why WealthWorks is designed to help economic and community developers think about wealth in terms of *all* these capitals—and how they interact. Each capital can be invested in and grown—or depleted—in ways that increase or decrease both a region's *current* wealth and its *future* prospects.



It can help to picture the stock of any one of these eight capitals in your community as the water in a bathtub—and then to think about anything that might happen to change the level or qualities of that stock of water. To build that stock of water, you must pay attention to five things:

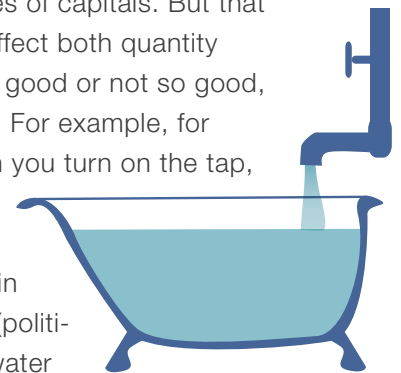
- The **quantity** of the water in the tub
- The **quality** of the water in the tub
- The rates and types of **flow into** the tub

- The rates and types of **flow out of** the tub
- The results of **stagnation**—in other words, what happens when there is **no flow**?

Quantity of stock. This is simple. How much water do you have right now that you might use for some purpose?

Quality of stock. But what is that water like? Is it dirty, clean, hot, cold, hard or soft? Stocks of capital that are not in good shape, or that are not in the shape needed to use them for development, can create lots of problems and even undermine other forms of capital. For example, even if you have a lot of water in your tub, if it's polluted, it has limited use for development and can even deplete components of other capitals—like human health. In short, a stock of capital that lacks needed quality likely cannot contribute to wealth building without more investment.

Flows into stock: Investments. If you turn on the faucet, you can change the water in the tub. The water entering the tub represents a flow of investment. Keeping any stock of capital healthy and growing requires ongoing investment—and the investment typically comes from your stocks of other types of capitals. But that flow of investment can affect both quantity and quality—and can be good or not so good, depending on its source. For example, for clean water to flow when you turn on the tap, someone had to invest in pumps and pipes and filters (built capital), and in water-quality protection (political capital) to keep the water clean enough to use.

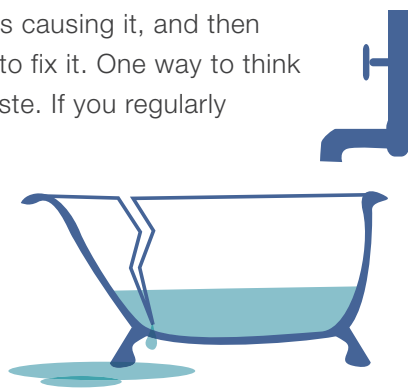


Flows out of stock: Uses. Even as you add water to the tub, water can also flow out. The water leaving the tub is water you can use for other things. In some cases, you intentionally

pull the plug and redirect some amount of water for use elsewhere. You might use some to irrigate crops, or to supply drinking water. Those represent re-investment in other categories of local capital. Ideally, using your stock of water to reinvest in another one of your capitals increases the quantity or quality of that capital's stock—producing a return on your investment. For example, you might produce better crops that demand higher prices, or better health for those who drink your clean water. Of course, you have to be careful about how you use any water. If you used it to over-irrigate that crop and the crop failed, then you diminished your stock of water (and your crop) with no return.



And sometimes water flows out not because you redirected it, but because there is a crack in the tub that has sprung a leak. This kind of flow out of your tub is depleting your stock of capital. In this case, to preserve your stock of water and stop it from draining, you first have to realize there is a leak, then find it, then discover what is causing it, and then figure out how to fix it. One way to think of this is as waste. If you regularly use a gallon of water to make something happen, and you discover that a half-gallon would do, you have found a crack you can fix to preserve your stock of water.



No flow: Stagnation. If you fill a tub with water and just let it sit there, what happens? Over time, the water level goes down as it evaporates. It may even change quality, get cold or hot, or start to grow scum on the surface that you simply don't want. Just like that water, the stock of any underutilized capital, left alone and untended, will tend to evaporate—or depreciate—over time.

To increase the stock of any capital—that is, to increase its wealth-building potential—it makes sense to pay attention to all these things. If you consume too much and forget to reinvest, the bathtub runs dry. If you consume too little, the water may stagnate and lose value. If you allow flows into the tub that pollute the water, your stock of water depreciates and has fewer productive uses.

But if you thoughtfully use a portion of your stock to “water” or invest in other types of capital, you can create a win-win situation that produces multiple benefit flows. These flows then raise the reservoir stock of other capitals so that they are available for current and future generations. Controlling the water that enters from the tap and exits through the drain or leaks from any cracks—all while maintaining the quality of water that’s in the tub—illustrates one critical practice of regional wealth-building. It is the key to building resiliency.

**Wealth in action:
The bottom (guide)lines**

By using the WealthWorks framework, economic and community development practitioners can better identify, assess and deploy their existing wealth—their eight capitals—over time. And they can gauge how their development efforts help the useful stocks of each capital either grow or diminish in the region.

Investing to train local workers for existing jobs not only builds skills but leads to better jobs, larger incomes, and greater stability for families.



For example, when you invest in training that builds the skills of local workers to match existing local jobs, you expect workers to gain improved skills *and* a better job, along with a larger income, more stability for their families, and the ability to invest in their children’s education down the line. When communities invest in restoring farmland or clam flats, they expect more productive farms and flats *as well as* greater incomes for farmers or shell-fishers, more regional job security, more stable families and resilient communities—now and in the future. In both cases, identifying and making the most of an existing stock of capital—while recognizing its relation to other types of capital—is a necessary step toward regional wealth-building.

A few simple guidelines, if regularly considered and practiced, can help economic and community development practitioners work with and across the capitals for better wealth-building results:

- **Know your inventory.** The starting point in any development effort is knowing what you have available to work with right now. Scanning where your region stands in relation to your stocks of all eight capitals—in effect, an inventory of their quality, quantity and flows—will surface a fuller set of opportunities to consider and may help you realize you have more tools at hand than you thought.
- **Look for underutilized resources.** Taking such an inventory can also help you identify

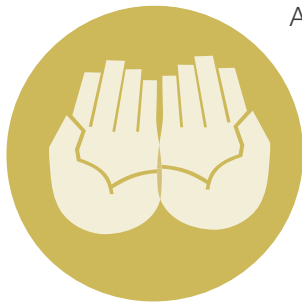
resources that are lying idle or depreciating due to stagnation. These underutilized resources might be put to more productive use—and present ripe opportunities for investment and wealth building. For example, you might uncover a cohort of hard-working young people in minimum-wage jobs who are looking for better jobs elsewhere. They might offer an investment opportunity—if you can help them acquire the skills needed for work in an emerging short-staffed sector in your region.

- **Think and act across all eight capitals.** Considering all eight capitals systematically while trying to develop a particular product or sector or opportunity can lead to creative and resourceful thinking. You can see the capitals and their connections and flows as a “system” of critical elements in your region that have an impact on each other—for good or for ill. Being aware of this interdependence and the potential impact that your development decisions about one capital have on the other seven can make a great difference in your wealth-building results. In fact, the willingness to undertake this creative thinking can itself signal an increase in your region’s social and intellectual capital!
- **Make decisions that strengthen the useful stock of capital.** Once you begin to “think capitals” in your development process, you can better see the capital quantity, quality and flow effects of your development decisions. Doing so can get you into the habit of making better decisions about keeping all your stocks of capital healthy, up and growing.
- **Avoid doing any harm.** WealthWorks strives to **do no harm**. What does this mean? It means no capital should be built at the expense of or detriment to any of the other seven. Low wages or risky environmental regulations might attract development that yields temporary benefits, but they can actually undermine the region’s capacity to build

wealth over time. Certainly, doing no harm can make decision-making more complex and difficult, forcing regions to carefully consider relationships and unintended consequences. But keeping it as an objective helps keep more stocks of capital healthy and growing.

When you systematically strike a good balance for all eight capitals, it not only increases the healthy stock of each capital, it leads to a more **sustainable economy** that both meets current needs *and* offers more potential to build wealth in the future.

2. Regional ownership and control



A growing number of economic and community development practitioners are concerned with how to “**make wealth stick.**”

Classic examples of wealth not “sticking” surface all the time in the hallway conversations about development. In one common case, rural communities lament when they create and offer their high school graduates college scholarships to far-away universities; this builds the youth’s individual capital, but if the young people never return, that capital leaves the region. In another, regions complain when generous public incentives are awarded to large firms to locate there, but the firm is not locally owned, participates little in community life, only offers its lowest-wage jobs to locals, or moves away when a better location deal lures them to a different region.

In short, wealth-building is not just about increasing wealth—that is, the quantity and quality of your stocks of eight capitals. It must



Communities that offer scholarships for youth to attend far-away universities are building individual capital, but if the youth don’t return to the region, that wealth doesn’t “stick.”

include making sure those stocks of capital stay in place and that people, firms, organizations and communities in the region can make decisions about how they are used and invested in the future. In WealthWorks, we call this essential ingredient of wealth building **regional ownership and control.**

The more that people, firms or agencies outside the region own or have decision-making control over the capitals in your region, the less you can marshal those capitals to do what makes sense for you. By increasing your local ownership and control of the region’s wealth, you can capture more return on your investments. More benefits will flow to people, places and firms in the region, and can be reinvested to generate more local benefits in the future.

Defining regional ownership and control

In WealthWorks, regional ownership and control can take many forms. No one type of ownership or control is best. Instead, it is the local or regional aspect of ownership and control that marks it as a true wealth-building strategy.

Let’s define what regional ownership and control mean:

- **Regional ownership** means that people, a firm, an organization or a jurisdiction in your

region either legally has title to a particular asset, or “owns” it because it has become part of them (like a new skill, better health or a network connection).

In the first case, a town might own a community forest, a local entrepreneur might own her firm’s machines rather than renting them from outside the region, a group of cooperative members might own a food market. In the second case, when two people in your town are trained as emergency medical technicians, it reduces the need to call for emergency help from two counties over, and that individual capital is now locally owned. Or when someone in your town is elected to the state board of education, that person essentially “owns” more political capital because of their position.

- **Regional control** means that, even without full ownership, people, a firm, an organization or a jurisdiction in your region have influence over making decisions about how to invest in and use assets or components of capital in your region.

Examples of regional control are many and diverse. It might mean having a seat on a board of directors. It could include winning priority status for the use of state workforce development funds, gaining first right of refusal in the event of the sale of a local medical clinic owned by a corporation outside the region, or using participatory budgeting processes. Or it could mean having a new state Emerging Technology Center sited

at your local community college—the state might still own it, but because it is at a local college with local residents staffing it, you likely can influence the Center to do work that benefits your region.

There are many examples of how to structure ownership and control, but there is also the question of: Exactly who or what in the region is the local owner or has some level of control or influence? Generally the ownership or control “belongs” to one of four types of local actors.

- **Individuals or families.** Ownership and control of a great deal of wealth in a community belongs to people and families. Families might own homes (built capital) or land (natural capital) or businesses. People also control or influence decision making when they serve on regional boards or in elected office (political capital) or are active members of local or regional organizations (social capital). When a local individual acquires a new skill or expertise and stays in the community to use it in a local company, it increases local ownership of both his individual capital and the region’s intellectual capital.

- **Private business.** Companies, like people, own buildings and land and equipment. They also increase ownership of regional intellectual capital when they become expert at doing or making certain things—which can attract other firms in the same sector to work near them. Or they can form trade associations in that sector, and use the new political capital

Local ownership and control of wealth could refer to families, private business, a collective, or the community as a whole.



that association now owns to influence critical state policy for the benefit of the sector.

- **Collective.** Sometimes groups of people join together to share ownership or influence decisions. Groups of residents in many communities turn to cooperative ownership—of, for example, food markets, grain elevators, mobile home parks or credit unions, to name just a few—in order to keep local economic activity going and growing. Likewise, residents in a defined area might create their own non-profit organization to develop more voice in and influence over regional decisions that affect them.
- **Public or community.** Tangible assets like buildings, land and infrastructure belong to the public at large when a legal government jurisdiction or agency owns them. Control of local resources can also be increased through changes in public laws and regulations and fee decisions. Likewise, a community-wide organization that is open to anyone's participation can help organize or increase ownership and control. For example, setting up a United Way or community foundation can help capture local "ownership" and decision-making control over charitable gifts so that they can then be invested in the region—gifts that might otherwise have gone to causes and organizations several states away.

Both private and public, and both individual and collective, ownership are critical to a healthy regional economy. Encouraging a mix of local ownership types and structures in the region allows more stakeholders to participate in making decisions about local assets. The point in WealthWorks is simply to think systematically about how you might increase local ownership and control of wealth—whether public or private, shared or individual—in any and every economic or community development activity you undertake.

Making the case for regional ownership and control

Local ownership and control makes for healthier, more resilient regional economies. And it's a great opportunity to be creative, or as some in the Black Belt of Alabama say, to "take what we have to make what we need." Innovative strategies for expanding ownership and control are advancing every day. Consider these two cases:

- A visitor's bureau in the Southwest is developing an adventure bicycling trail network that crosses private, state and tribal land. To be viable, the system will require coordination among the multiple landowners. Working together, they can build infrastructure that will make the area a prime destination for cyclists. How might they structure their partnership so everyone stays at the table and benefits, while maintaining or increasing local ownership and control of the trail network?

One solution: The partners agree to a recreation easement, a binding contract stipulating that the visitor's bureau will hold long-term development rights along the bike trail, while property ownership remains in the hands of individual partners. The bike trail is developed, tourist dollars are attracted, local residents start cycling, and benefits are captured and reinvested locally.

- Several municipal governments within a region are interested in conducting energy retrofits on municipal and county buildings. This would include improvements to affordable housing units. Having searched locally, the governments were unable to find a local contractor to advise them on green building practices. While prepared to go outside the region to acquire the intellectual know-how, they know green building could be a new

economic engine for the region. How might they help this outside knowledge become “owned” locally and stick in the region?

One solution: The governments bring green building experts into the region to work intentionally with the local community college to design an immediate training opportunity and a longer term career pathway in energy retrofiting. Over time, local residents are able to develop green building skills and businesses. The government can rely on local knowledge in the future, and residents increase their income through new local employment and business opportunities.

Even better, increasing local ownership and control of wealth typically appeals to common sense. This makes it easier to talk about it as a goal. And it makes it easier to get people to work together to devise creative ways to go about it. People almost intuitively understand these things about ownership and control:

- **It circulates more benefits locally.** When local residents own or control wealth, the benefits that flow from it tend to be reinvested and circulate more within and throughout the region than to far-flung places elsewhere. For example, a locally owned manufacturing firm might see clear benefit in using local caterers serving local foods in its employee cafeteria, whereas an absentee owner might instead serve pre-packaged or bulk food purchased from a national supplier.
- **It gets people to the table.** When people own assets or have some control over how they are used, they are more likely to show up at—or be invited to—decision-making tables because they have more at stake. One simple example to illustrate the point: It’s well known that homeowners are more likely than renters to vote, and to show up and

participate in town meetings and development hearings.

- **It gives people a stronger voice at the table.** And once at the table, owners tend to have more voice or influence in decisions. For example, a community development organization becomes a more important and influential player in municipal meetings after it has purchased local land parcels.
- **It can help align strategies, self-interest and investments.** Owning or having a say in decision-making about assets helps people see how they are connected, and how what they do affects their individual and shared economic destiny in the region. So they are more likely to communicate and collaborate. An external owner can make sudden or risky decisions that affect a community, but stakeholders in the region who have ownership and control are more likely to work together around shared interests, or to find strategies that do no harm. Likewise, when a region builds a community-wide endowment or charitable fund, it creates a structure where people from the region must come together to weigh local options and align strategies.
- **It can lay the foundation for future investment.** How ownership and control is structured can also play an important role in the type of capital that can be attracted in the future. For example, shared ownership can provide a form of risk management for communities, because the pooled ownership of resources can lessen risk and offer a more stable platform for future investment.

Wealth building opportunity: Expand local ownership and control

Expanding local ownership and control of assets is a significant wealth-building opportunity. So, in WealthWorks, when striving to

make more wealth stick through ownership and control, you start with the wealth you have in your stocks of the eight capitals.

Then, as you work together to explore and act on market opportunities, you start thinking about how to develop strategies, investments and connections so that more of the wealth you produce becomes owned or controlled in the region.

Ownership and control strategies range from clear legal mechanisms of ownership—for assets like land or buildings or patents—to more abstract strategies that build intellectual and social capital. As mentioned before, by consistently thinking “ownership and control of wealth,” economic and community developers get creative and stretch beyond their typical approaches. The table below provides some illustrations.

Thinking ownership and control: Types and examples

Look for the **highlighted** ownership and control aspect in each of these examples. Can you think of another example that would fit each category?

Type	Example: Ownership strategy	Example: Control strategy
Individual/family	Strengthen or start local entrepreneurship programs to develop practical skills and networks “owned” by individuals that could lead them to jobs or start-ups in the future.	Institute a leadership program that trains people to run for and serve in elected office .
Private business	Provide technical and legal assistance from local college to local firms to apply for and receive patents on new products and processes.	Form a business-led tourism group in the region that develops a regional “brand” (with locally set restrictions on use), a set of historic trails, and a “buy local” strategy that attracts more tourists who stay longer and purchase more local products.
Collective	Convene a group of local land-owners to set up a wind farm cooperative —rather than simply individually leasing their land to outside wind energy companies.	Organize local stakeholders into a new residents’ association that negotiates a community benefits agreement with the major players in a large development deal in the region.
Public/community	Establish a community foundation that attracts local donors to create pooled funds that focus on local causes. Set up a community land trust that ensures affordable housing availability over the long term.	Create a participatory budget process that invites all residents to contribute ideas and vote for priorities in the use of jurisdiction’s resources.

The examples in this section show that there are lots of options for increasing regional ownership and control—some well-known, and some less so. But all of them illustrate that more wealth can “stick.” And when it does, people in the region benefit—and investments continue to flow, accrue and generate future benefits.

In short, WealthWorks makes expanding local ownership and control an essential component of wealth building because it makes for healthier, more resilient regional economies.

3. Lasting livelihoods



The allure of wealth building is its capacity to improve lives. For that reason, the last essential component of wealth building is **lasting livelihoods**.

You might well work hard to increase stocks of capital, along with local ownership and control, in your region. But if low-income people, places and firms in the region are not doing better or are not well poised to do better, you have not met the WealthWorks test for wealth building.

Why is this so important? It's because improving livelihoods for low-income people, places and firms is simply good economic strategy. If they stay low-income or fall further down the economic ladder, they have less to spend in your region, fewer family resources—like ready transportation, good health, time or network connections—that enable them to participate in and contribute to the community, and they may create strains on scarce public resources. If they do better, they spend more in the region, their children do better, and they contribute more time, resources and ability to community

activities. As low-income people move toward and enter the economic mainstream, everyone does better.

Defining lasting livelihoods

In WealthWorks, people, places or firms achieve **lasting livelihoods** when they:

- **Increase upward mobility.** This means that the person, community or business is doing better economically than in the past. They have more income, revenue, profit and can more easily “make ends meet” and move further up the economic ladder.
- **Increase resilience.** This means that when a crisis hits, they don't go into a tailspin. They are able—through their know-how, networks and available resources—to marshal what it takes to make it through the crisis and bounce back in a reasonable amount of time.
- **Increase future prospects.** This means that the person, firm or community has acquired more of the kind of capital that will help them do even better in the future. They have gained know-how, health, savings, connections, energy and influence that position them to move even further into the economic and social mainstream.



When low-income people do better, they spend more in the region, their children do better, and they contribute more time, resources, and ability to community activities.

Strategies for lasting livelihoods: An example

A Midwestern city is home to a large low-income population with high unemployment and large educational disparities across its neighborhoods. In one low-income neighborhood, a new employer is fixing up an abandoned warehouse to serve as an advanced manufacturing facility. The company plans to hire 200 well-trained professionals to oversee and conduct the manufacturing process. The city is enthusiastic about the facility—and helped the company with zoning and some funding for the rehab, in hopes of stimulating even more development in this neighborhood. Having mobilized one underutilized asset (abandoned building), how might this project truly build wealth by also improving livelihoods?

Some solutions: The economic development strategy detailed above is quite common. In its current configuration, however, it is not creating the most wealth-building benefits for the region. The project could be modified to include low-income stakeholders in key roles in the planning. By engaging neighborhood leaders and a local nonprofit that coordinates the conversations, the private and government partners in this development begin to identify latent, but powerful assets in the low-income neighborhood.

- They discover several local carry-out food shops and home-based caterers in the neighborhood. Working together with licensing help from local government and nonprofits, they could supply food for the rehab crew, and possibly for the facility when it opens.
- They find enough out-of-work people with solid basic skills who, with a tailored training program, might be trained for some of the lower-level professional jobs

on the career ladder in the new firm—and that training cost might be offset by not having to provide moving and housing stipends to employees brought in from elsewhere.

- They find neighborhood and parents groups that are eager to improve the several-block area surrounding the factory—and a high school that is looking for a community improvement project. Working together, using funds the company and city had already set aside for some community beautification, these groups could partner with the company to make the area more walkable, safe and attractive (a new park!) for more than just the company.
- The company has additional needs for basic goods and services, such as maintenance and security, and could work with a local entrepreneurship assistance center to help local firms or start-ups apply for and meet standards to qualify for these contracts.

Using these strategies, this economic development effort could produce benefits that flow directly to low-income people, places or firms—in this case, primarily in the forms of more individual capital (skills and jobs), social capital (stronger, larger neighborhood group, now with youth participation), natural capital (park), built capital (the facility and improved streetscape), political capital (new connections with city officials) and financial capital (new or stronger local firms).

But you can easily imagine this whole project happening without any of these. The WealthWorks difference is asking the livelihood question—and acting on it.

Making the case for lasting livelihoods

How many times have you heard a story about an economic development effort in which jobs were created or new businesses opened but local residents—particularly those working hard but struggling to get ahead—were left out? Or a story where a boom in a region’s economic activity has boosted income and housing values for the well-to-do, but had the effect of pushing low-income people down and out?

Why does this happen? It’s partly because economic development strategies typically are not designed to specifically include low-income people, places and firms in the action and the benefits. So they rarely do. Without intentional design, low-income individuals are left out of the idea generation, the planning and the decision-making—and as a result, they miss out on any positive results.

Of course, WealthWorks strives to help any and many people, places and businesses in a region attain lasting livelihoods. But it places special and intentional focus on moving those on the economic margins up the rungs of the livelihood ladder.



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One way to think about this is to recall the five guidelines for thinking about the eight capitals: One guideline encourages you to always be on the lookout for underutilized resources. Low-income communities, people and firms often are exactly that—sorely underutilized resources in a region. If they are drawn into more participation in new ways, they will become more productive as a result, and the entire region and economy will benefit. That’s why intentionally and always including a focus on improving low-income livelihoods is critical to the WealthWorks notion of wealth building.

By thinking about, consulting and partnering with low-income stakeholders, economic and community development doers can identify the strategic investments that are most likely to improve livelihoods. The scenario in *Strategies for lasting livelihoods* on page 15 helps to illustrate this.

Wealth building opportunity: Improve livelihoods

Only by constantly asking the **livelihood design question** will you consistently produce better livelihoods. That question is:

How can we choose, organize or adjust this economic or community development strategy so that those on the margins can participate in its design, and so that they will benefit from it?

In answer to that question, low-income people, places and firms can play many roles in economic and community development efforts:

- **Explorers and planners.** Most every economic or community development activity will—or could—have some impact on low-income people, places or firms. One thing those on the margins can always do is offer

their ideas about what those impacts will be, and how to either diminish them if they are negative, or leverage the activity to actually produce some benefits instead. In fact, they may be the experts on this!

- **Producers or suppliers.** Economic and community development efforts can be intentionally structured to incorporate lower-income producers and suppliers. For example, a regional tourism consortium might intentionally work with local mom and pop restaurants or motels to improve their look, fare and service—producing benefits for both those firms and the regional effort as a whole. Or an effort to get farmers to grow a new biofuel crop might conduct special outreach and training for small-plot farmers that might not have had the resources to get in the game.
- **Employees.** Low-income people can move into new or better jobs. Regional partnerships that are tasked with attracting and growing businesses can provide incentives that have low-income-benefit strings attached—like local hiring, livable wages and opportunities for advancement for local residents. Partnerships can be structured with local agencies or community colleges to help train and build career ladders that can move low-income workers and the unemployed into jobs in key sectors.
- **Consumers.** Economic development projects can benefit low-income people, places and firms by asking how new businesses or developments can provide cost savings or provide new services for low-income people. For example, project partners might choose to produce or protect quality affordable housing for low-income consumers. Or a collaborative could figure out how to help low-income residents afford energy retrofits that save energy costs over the long-term through affordable short-term payments on their monthly bills.



Incorporating low-income stakeholders in key roles ensures that investments are made in ways that will build their wealth, connections and prospects.

- **Owners of assets.** Low-income people, places and firms sometimes own assets that, if integrated or better utilized, could save costs or generate income. For example, families might have small forest plots that could generate some income through sustainable harvesting. Or community members can pool their tools to create a Tool Lending Library that they can all use to help with home and Main Street improvements. Low-income mobile home renters can band together to become joint owners of a mobile home park.
- **Beneficiaries of products or services.** Economic development projects can produce indirect benefits for low-income people, even if they are not the primary customers. For example, a “local food system” effort might share excess produce with schools and a regional food bank, providing low-income people with greater access to fresh food. Or a regional tourism effort that includes gaming might intentionally set aside 2% of the gaming profits for investment in a tribal community fund—and assign tribal youth decision-making power over its use.

In WealthWorks, the goal is not to build wealth for a small handful of residents, but to build wealth for many, and especially for those who need it the most. Incorporating low-income stakeholders in key roles ensures that investments are made in ways that will build their wealth, connections and prospects.

Conclusion: Building wealthy regions

WealthWorks offers a new way of thinking about and then achieving regional community and economic development goals. By taking the deeper and the longer view, WealthWorks looks beyond jobs and income toward investing in all types of capital, expanding regional ownership or control, and improving livelihoods for many, always including low-income people, places and firms.

Regional wealth building creates widespread opportunity, improves well-being and offers shared and enduring prosperity. The next two modules will delve more deeply into the market opportunities and WealthWorks value chains that will take your region from these wealth-building ideas to sustained wealth-building success.



Acknowledgments

The WealthWorks approach draws its elements from decades of innovation and practice happening in regions around the country and around the world. This endeavor to pinpoint and organize these ideas and practices into the WealthWorks action framework started in 2008, when teams of local and national partner organizations, with Ford Foundation support, began to synthesize the best of these economic development innovations into a practical framework that can be applied in any region.

WealthWorks for Your Region: An Introduction is one result of this effort. Everyone below contributed to its development—and is owed a great debt of thanks.

Aspen Institute Community Strategies Group (CSG). Primary authors and editors included Travis Green, Kristin Feierabend and Janet Topolsky, with support from Amber Richardson and Elsa Noterman.

WealthWorks Tools Working Group. Ongoing constructive review, writing and editing were contributed by Deb Markley (Center for Rural Entrepreneurship), Shanna Ratner and Melissa Levy (Yellow Wood Associates), and consultants Robert Donnan, Marjorie Kelly, Elizabeth Myrick and Barbara Wyckoff.

Product Design Advisory Group. Advice and critique in the early stages of development were provided by this group, which was convened three times by Aspen CSG in 2012 and 2013: Keith Bisson, Kelly Cain, Rosalie Cates, Mario Gutierrez, David Harris, Marilyn Hoke, Deb Markley, Justin Maxson, Robbie McGhee, John Molinaro, Rich Pirog, Shanna Ratner, Mikki Sager, Connie Stewart, Thomas Watson and Dennis West.

Ford Foundation. Challenge, support and guidance were generously provided by Wayne Fawbush and Frank DeGiovanni.

InForm Communications. Betsy Rubinstein devoted long hours to graphic design and patient editing.

WealthWorks Practitioners. We owe the most to the people and organizations on the ground that have been intentionally testing, revising and strengthening the practices that underlie the WealthWorks framework.:

- Alabama Sustainable Agriculture Network
- alt.Consulting
- Appalachian Center for Economic Networks
- Appalachian Sustainable Development
- Center for Economic Options
- Central Appalachian Network
- Community Development Corporation of Brownsville
- Community Resource Group
- Deep South Wealth Creation Network
- Emerging ChangeMakers Network
- Federation of Appalachian Housing Enterprises
- McIntosh SEED
- MileSton Cooperative
- Mountain Association for Community Economic Development
- National Wildlife Federation
- Natural Capital Investment Fund
- Perry County Center for Economic Development
- Rural Action
- Rural Support Partners
- Southern Rural Black Women's Initiative
- The Cottage House
- The Greater Kanawha Valley Foundation
- The United Christian Community Association
- Winston County Cooperative
- WoodRight Forest Products



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