



e2's Rural Community Prosperity Development Framework

By Don Macke

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Introduction

From the very beginning of e2's history, we embraced the idea of **place-based development**. We believe that community economic development should enhance the vitality and quality of life where all residents can thrive and achieve wellbeing. This was a central value within the Rural Policy Research Institute's (RUPRI) work. Chuck Fluharty, founder of RUPRI, was known to say....

Communities matter!

This emphasis on communities embraces a more holistic view of community economic development and is a counter point to traditional American development policy that was at best indifferent to communities. The logic is clear...

Healthy Families Grow Healthy Family Members. Vibrant Communities Enable Greater Resident Wellbeing.

Central to our early values and theory was that community economic development should be undertaken with the idea that it creates opportunities and an environment where a community's residents – all of its residents – can thrive and achieve sustainable wellbeing. America, because of its vast size and abundance of resources, for generations had a “throw away” mindset. Destroy the farm ground in Virginia, move to Kentucky and start over. If the core city declines, move to the suburbs. America can no longer employ the throw-away approach to development just as older societies in Europe and Japan have learned.

Defining Rural

While e2 has worked in communities of all sizes, our work has largely focused on rural communities and regions in North America. There is a counterproductive, ongoing debate about “what is rural?” If you are a mayor of a community in eastern Montana, you may chaff at being called rural as you believe you are a city. If you live in Los Angeles, you probably view Missoula (one of Montana's largest cities) as rural. There are many technical definitions. We generally follow the U.S. Census Bureau's definitions for metropolitan, micropolitan and rural areas. For purposes our prosperity work, rural is any place that lies outside of mid-sized and large metro areas, including smaller metros like Missoula or my hometown of Lincoln, Nebraska.

In our search for rural community solutions over the years, we have curated our **Rural Community Prosperity Development Framework** (hereinafter “Framework”). Our learning is a journey with many experiences and contributors. This paper provides our first attempt at summarizing this Framework and documenting a chronology of its formation.

Join the Discovery Journey

e2 did not create the Rural Community Prosperity Development Framework in a vacuum. It is co-created by hundreds, if not thousands of practitioners, leaders, residents and researchers. Consistent with e2's mission, we have listened, learned, experimented and captured the results over decades of work. We invite you to become part of this journey. Help us, and help this field continue this creation process. Share your thoughts, insights, research and perspectives by emailing Don Macke at don@e2mail.org.

The Rural Community Prosperity Development Framework

As we did in our earlier work with HomeTown Competitiveness® (see page 7 for program details), we challenged ourselves to create a prosperity development framework that is sophisticated but usable by communities across the globe. This Framework begins with the question, ***“What are we trying to realize through community economic development?”***

Community Prosperity End Game

Within this Framework **community prosperity** is the end game of this work. We have chosen this term very intentionally. First, let’s share some of the ideas we are not necessarily promoting by pursuing community prosperity.

- While growing domestic product is important, it is not the primary way to prosperity.
- Prosperity means more wealth, but not necessarily a rich society.
- Job creation is important, but enriching careers is more important.

Concept of Wellbeing

Economies, including free enterprise and market-based economies, should exist to serve the needs of residents and their communities, not the other way around. America, like Europe, Japan, and Australia, is a social democracy with strong free-market capitalist values and economies. Free enterprise drives economic innovation and growth. Social democracies provide balance and ensure economies exist to serve the wishes and needs of citizens. In this Framework we use the term resident **wellbeing** intentionally. A central metric for all community economic development within the Prosperity Framework is resident wellbeing. Communities that appear to be thriving but have high levels of child food insecurity, substance abuse issues or have 20-year differentials in life expectancies from wealthy to poor neighborhoods are coming up short in achieving true community prosperity and resident wellbeing.

Second, let’s review what we mean by community prosperity.

- Widely shared and held by all residents within a community.
- There are genuine opportunities for all residents to grow and achieve wellbeing.
- Prosperity is sustainable because communities are resilient.
- Prosperous communities are also sustainable environmentally.
- Diversity is embraced as a primary asset and not a threat to community culture.

Figure 1 on the next page provides an overview of the four essentials we believe are foundational for envisioning and growing prosperity communities.

Figure 1 - The Four Essentials of the RCP Framework

<p style="text-align: center;">Economy</p> <p style="text-align: center;">Diversification through Entrepreneurship</p> <p>Every community must grow a vibrant, competitive and resilient economy. For rural America, where so many communities are depending upon one or two economic sectors or industries, economic diversification through entrepreneurship is key.</p>	<p style="text-align: center;">Place</p> <p style="text-align: center;">Quality of Life Placemaking - Community Building</p> <p>Quality of place matters. There are the physical (e.g., vibrant downtowns) and cultural aspects (e.g., welcome to diversity) elements of quality of life placemaking. Thriving communities in the 21st century must invest in asset and opportunity-based placemaking.</p>
<p style="text-align: center;">People</p> <p style="text-align: center;">Demographic Health - Diversity People Attraction, Retention & Development</p> <p>People are the reasons we have communities and need economies. People or human talent is the magic essential for smart and impactful community economic development.</p>	<p style="text-align: center;">Community Capacity Building</p> <p style="text-align: center;">Leadership & Organizational Development Visioning – Strategic Planning, etc.</p> <p>Community leadership is the cornerstone of all successful community economic development. Community capacity building is foundational.</p>

Let’s explore each of these four essentials next.

Community Capacity Building. Capacity is the ability to do work. Community capacity is the ability of a community to take on its own development. Community capacity building is the process whereby a community becomes better able to envision, engage in and sustain smart and robust community economic development that enables a more prosperous community to evolve. Central to community capacity building is community leadership. Empowering and effective community leadership can help a community optimize its potential, stretch its vision and mobilize resources necessary for investing in itself. Our field work supports the view that there is massive potential to increase the capacity of communities to undertake and sustain development.

Economy – Volume or Value?

As the world population stresses our global environment, we all face an important question regarding our goals for economic development. Traditionally, America has prospered through absolute economic growth as measured in more of everything... consumers, cars, infrastructure and the like. Maturing economies like Japan and Europe have moved from a “high volume” approach to economic prosperity to a “high-value” approach. Higher-value economic development creates an economy where ventures are more competitive and profitable. Such ventures are able to create and support higher paying jobs with benefits and greater job security. In this kind of economic there is more capacity to support both local taxes and philanthropy. As we consider pathways to community prosperity, it is time for America to consider moving from the high volume to the high value economic development approaches.



Economy. A vibrant and thriving economy is foundational to community prosperity. Within this Framework we believe that economic development is so much more than growing a community's gross domestic product (GDP). Economic development must also drive economic diversification and opportunities for all residents. We believe that entrepreneur-led development is foundational to stimulating, growing and sustaining a high value economy.

Place. Place is where we live, work and play. Place is central to the wellbeing of residents and the ability of entrepreneurs to help grow both economies and communities. Overtime, quality of life placemaking (or community development) has increased in importance within the Framework. We now understand the equal importance of placemaking with economic development. Check out our paper on [Quality of Life Placemaking](#). This paper will give you a better picture of what we mean by placemaking.

Brain Drain Myth

The “Brain Drain” myth implies the “best and brightest” are deserting rural America and leaving behind those with less ability. Our extensive field work across America challenges this myth. Yes, there has been and continues to be rural to urban migration. For distressed rural communities, out-migration is one of the outcomes of failing economies and societies. What we observe is those who leave are the “risk takers.” They have the capacity to leave what they know to take a chance on something they do not know in order to improve their opportunities. This is common with the waves of emigrants that have moved to America and across America in the Westward Expansion. The loss of risk takers is a greater threat to rural communities than the brain drain and is likely one reason why some rural communities have become ultra-conservative, more insular and challenged by change.

People. Ultimately this is all about people and particularly the residents within each community. People attraction, development and retention is the fourth essential for community prosperity. We are not necessarily talking about absolute population growth as the goal. Rather, we are focused on **demographic health** or the ability of a community to reach a desired population with balanced age cohort populations. With climate change and intense stress on Mother Earth, we need to rebalance demographic health from yearly population growth.

Defining Community

Defining community can be a perceptual challenge. For some, a community is what is included in the municipal boundaries even though there are residents outside of these political lines that are very much part of our community (e.g., workers, church goers, etc.). In rural America, communities are much larger spatially than town or even county boundaries. Our extensive study of commuting patterns confirms area communities where a resident lives in one place, works in another place, obtains health care in a third place and may patronize their favorite café in yet another place. Within this Framework it is important to help communities realize a more sophisticated view of what constitutes their community.

Diversity

Before we move on to the **Origins of the Framework**, we want to spend a bit of time with an important design consideration within this Framework – **diversity**. At e2 we have come to believe that diversity is a powerful ingredient in community economic development. Embracing diversity as an asset is paramount in achieving sustainable and robust community prosperity and higher levels of resident wellbeing. Consider the following:

- Biodiversity is foundational to environmental health.
- Cultural diversity is enriching and a source for new thinking and innovation.
- Economic diversity is foundational to economic growth, resiliency and sustainability.

In the Prosperity Framework, embracing diversity as a development asset and goal is foundational. In our community engagement work we are particularly interested in fostering two forms of diversity:

1. Economic Diversification
2. Resident Diversity

Let's explore each of these a bit more to understand why they are so important.

Economic Diversification. Too many rural regions and communities are overly dependent on a narrow group of economic sectors, industries and/or employers. A coal town thrives as long as coal production continues but crashes when production is reduced or automated. A farm region thrives for a time but as automation eliminates farm related jobs, rural communities overly dependent upon agriculture depopulates and erodes.

Conversely, diversified economies tend to be higher value, more resilient and can sustain prosperity better over time. Just as in nature when serious stresses occur (e.g., a natural disaster or the loss of a major industry), diverse communities can weather these stresses better and have a far greater capacity to regain full community health over time. e2's work in the field of entrepreneur-led development has convinced us that entrepreneurship is the **primary** strategy for increasing economic diversification.

Resident Diversity. Many communities in rural America remain relatively homogenous. But this is changing, not just in communities becoming more racially or culturally diverse, but in less dramatic ways. In our work with communities we often have conversations about attracting home our own children and grandchildren. They look like us and they grew up in the same environment we created for them. But when they matured and found their own ways, they changed. They may no longer vote like us; they may embrace gender identity or have left the church they were raised in. There has always been tensions between the values, norms and ways of different generations. The question is if you want your own offspring to come home, are you prepared to move beyond hostility to tolerance and welcome them and their differences? This same test can be extended to the full diversity within America today. It is increasingly challenging for any community to thrive if it cannot fully embrace diversity as an asset and not a threat.

Diversity and American Success

America seems to be in a type of civil war right now with a divide over how we view social diversity (e.g., based on race, religion, gender, gender orientation, etc.). For some, diversity is wonderful and embraced as an asset. For other Americans, increasing racial diversity is viewed as a threat to cultural values and norms. America has long been diverse and struggled with each wave of immigration. Our history is full of challenges as we have struggled with the idea that diversity is "good" or "bad." An honest and objective view of America history clearly shows that waves of immigrants with their diversity of color, religions, origins and customs was instrumental to American success. Like renewable energy, immigration and diversity are a primary driving force in the USA.

Origins of the Framework

At e2 we have been on a learning journey for over 40 years. This learning journey has been informed by communities, practitioners and researchers from across North America. In our search for solutions to rural community vitality, we have continuously explored the potential ingredients for growing more dynamic and prosperous communities. The origins of the Framework include the following major shaping events and activities. Along the way thousands of individuals and communities have, through their innovation and insight, contributed to this Framework.

1970s through the 1990s

My journey in community economic development began in the late 1970s as a high school student in Ogallala (western Nebraska). As a child I experienced what it means to live in a community where economic opportunity was limited and living was hard for my family. In high school, as part of a journalism project, I participated in a community organizing effort among student councils with schools throughout the Panhandle of Nebraska. During the 1980s and 1990s my various employment opportunities (e.g., staff to the Nebraska Unicameral's Special Economic Development, eight years as Nebraska Governor Ben Nelson's Rural Development Commission director, a founder of the Nebraska Community Foundation and consulting work from the Caribbean to the forests of the Pacific Northwest) provided me growing insights into what really matters with community economic development. Over these 20 years, a growing network of rural community economic developers collaborated to learn, test and refine strategies.

Community Capitals Framework

The [Community Capitals Framework](#) initially developed by Neal and Jana Flora, and then others, also shaped our Framework thinking. The "capitals" are very useful in terms of exploring a community's development assets. While the capitals have influenced our thinking greatly, we have struggled to find meaningful ways to employ the Capitals Framework in actual community work. Nevertheless, it is worth exploring the capitals literature and we hope over time to take another look at how the capitals can be incorporated into the Prosperity Framework.

HomeTown Competitiveness® (HTC)

HTC is one of our most robust and long-lasting learning experiences. HomeTown Competitiveness® is a robust, 4-pillar program that is built upon a framework integrating entrepreneur-focused economic development, youth engagement, leadership development and philanthropy to endow sustained funding streams for community priorities. HTC is unique because it brings entrepreneurs, youth, leaders and donors together to leverage passions and strengths to create a more prosperous future for their hometown. HTC was widely deployed in rural communities throughout Nebraska. Many of these HTC communities are now among a class of thriving rural communities within the Cornhusker state.

While this program originated in Nebraska in 2002, it has since been employed in more than 14 other states. Indiana and Purdue University adopted and innovated off of HTC to create its rural community development framework. In Kansas, HomeTown Competitiveness® was renamed to HomeTown Prosperity and provided the basis for subsequent initiatives like [NetWork Kansas](#).

HTC was supported by the W.K. Kellogg Foundation and received one of six 75th Anniversary multi-million grant awards. Because of the scale and duration of this work, HTC allowed us to deepen our understanding of the foundations for theory of change in rural community economic development and to fine-tune community and resident engagement tactics. Finally, HTC embedded the lesson of using a

development framework. By using a framework, we can strike a balance between complexity and the ability of a community to act.

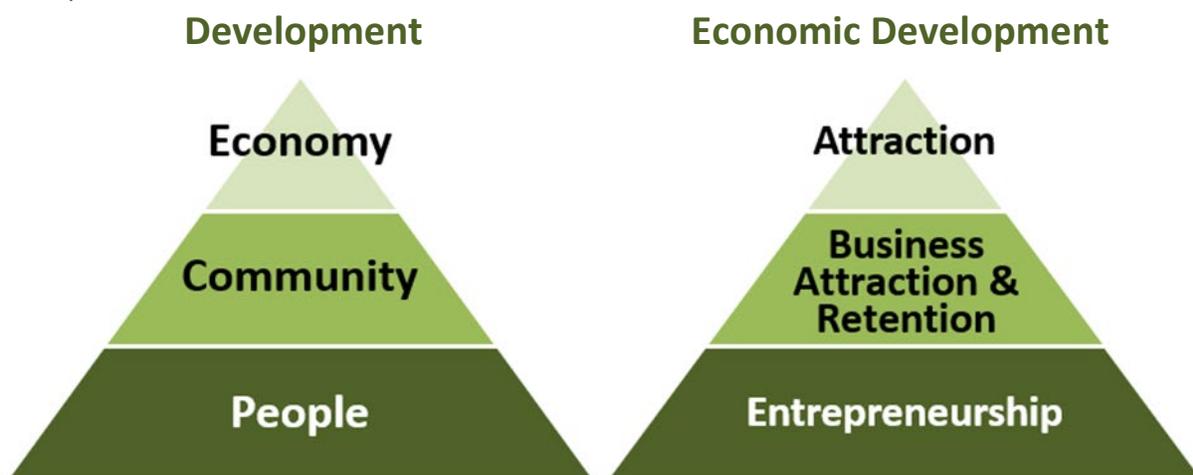
Asset-Based Development

Core to this Framework is asset-based development initially created by John McKnight and others at Northwestern University. The resulting ABCD – [Asset Based Community Development](#) framework has become common practice today in both urban and rural community economic development. In the 1990s when we first discovered ABCD, we connected with it as a foundational development approach. Instead of focusing on community deficiencies and threats, the focus on assets and “what we can do” made great sense. Even though ABCD origins are urban (Chicago and other cities), it works for distressed rural communities and regions. Traditional visioning and strategic planning using SWOT analysis (strengths, weaknesses, opportunities and threats) tended to focus these communities on their threats and weaknesses and not on their opportunities and strengths. Some of these distressed communities have been challenged for years. Negative attitudes and even a culture of “hopelessness” may be rooted. By focusing first on opportunities and the assets to act on them, is empowering. In time, a community will get back to addressing the threats and weaknesses.

Brian Dabson’s Framework

Brian Dabson is one of America’s leading community economic development thought leaders. His pioneering work first with the Corporation for Enterprise Development and later with the Rural Policy Research Institute stimulated our thinking and informed our evolving development frameworks. Over the decades we have had significant opportunities to field test and innovate on Brian’s development framework ideas.

Central to our Prosperity Framework are Brian’s ideas where people development is foundational to community development, and community development is foundational to economic development. After years of economic, human and community development as disconnected fields, Brian’s simple image created a systems approach where they are interwoven strategies involving all three forms of investment. Brian went on to suggest that these are foundational. Communities must first invest in their residents such as leadership, volunteer and workforce development. He then made a strong connection between placemaking (e.g., community development) and economic development. Investing in quality of place for living, working and growing ventures was foundational to desired and impactful economic development.



Brian's pyramid on the right focuses on economic development where he argues that entrepreneurship is not just one possible economic development strategy – it is the foundation for all meaningful economic development as valued through a community wellbeing lens. When communities foster entrepreneurship, they grow an environment and culture where opportunities for venture retention and expansion increase and possibilities for economic activity attraction increase in both volume and quality.

We have embedded Brian's early thinking into the heart of the Prosperity Framework.

Complexity and Systems Thinking

Achieving and sustaining community prosperity is a complex challenge. Rooted in complexity theory the concept of “systems” solutions becomes very important. Part of our learning journey includes appreciating the complexity of community economic development, particularly in the rural space. Impacting complex environments requires systems approaches. Simply put, one action or strategy alone is insufficient to realize desired transformative change. The emergence of HTC's four development pillars and then the Rural Prosperity Community Framework's four essentials reflects practical systems thinking.

e2's Entrepreneurship Work

Our twenty-five years of work within the national Center for Rural Entrepreneurship focused on two interrelated areas: community entrepreneurship and philanthropy. At the beginning we did not see the deep interconnections between community philanthropy and entrepreneurship. We were focused on community-centered entrepreneurship. We discovered we had experience and resources relevant to place-based foundation and community philanthropy. Over time, through multiple projects we began to see the connections. Place-based foundations can be, and many are, community building institutions. These foundations are focused on overall community wellbeing including those living on the margins of our communities. Historically, foundations have not engaged in economic development. But with the Great Recession and the overwhelming effects of failing economies, many foundations began to engage in not only people development and placemaking, but also economic development.

The Center for Rural Entrepreneurship was not in the business of community capacity building or community development. However, as we worked in communities and regions experiencing distress, we discovered that building community and regional development capacity was essential if we were to get to the work of growing better and more diverse economies through entrepreneurs. This “means to an end” work greatly informed our evolving thinking on the Prosperity Framework.

Nebraska... 2017 Forward

We have a growing relationship with the University of Nebraska and its Extension-based [Community Vitality Initiative \(CVI\)](#). CVI is actively engaged in rural community economic development across the Cornhusker State. In 2017 Extension and CVI received funding from the Rural Futures Initiative within the University to field test the Rural Community Prosperity Development Framework. A portfolio of a diverse collection of rural community partners committed to this work. Over three years (2017-2019), a team of CVI educators worked with these communities employing advanced community coaching within the Framework. This field work greatly contributed to our learning and has enhanced the Framework. Early on we discussed the essential elements of people, place and economy. As part of the Nebraska work, a fourth essential was added--**community capacity building**--with a strong emphasis on “strategic community leadership” and community “champions.” For more information on this prosperity project, check out the [final report](#).



Strategic Community Leadership – Champions

Nothing is more important than strategic community leadership. Extensive decades of work by the [Heartland Center for Leadership Development](#), along with others, document this conclusion. By strategic we are differentiating between community building work that contributes to “betterment” (e.g., a community center, new playground or walking trail) and development this is transformative (e.g., a more vibrant economy or welcoming culture) enabling a more prosperous community. Based on this learning we believe that **leadership development** is the leading edge for all community economic development work and progress. Champions are an important type of community leadership particularly as relates to transformative community economic development work. Check out our short paper on community champions titled [Leaders are Key](#).

Indiana... 2019 Forward

In 2019 the [Indiana Philanthropy Alliance](#) invited e2 to be a recommended community economic development resource to community foundations and their communities as part of the [Lilly Endowment GIFT VII initiative](#). As part of the GIFT VII initiative, the Lilly Endowment provided an opportunity for every community foundation in Indiana to receive funding to undertake planning in support of community foundation leadership in support of strategic community development. Additionally, GIFT VII provides community foundations implementation and “big opportunity” grant funding opportunities.

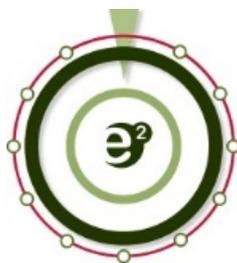
e2 was retained by multiple (primarily rural) Indiana community foundations to provide analytic and strategic advising support. As part of this work we employed our Rural Community Prosperity Development Framework. An innovation within the Indiana work was an intensive 24-hour **Community Prosperity Institute**. Sixteen county-level communities utilized our institutes. The work in Indiana has been very rich, and we have learned a lot given the diversity of communities engaged. We have found that communities, their leaders and residents are finding the Prosperity Community Framework very useful. This work is informing our evolution of the Framework.

We have curated a [paper](#) based on our Indiana learning for the Indiana Philanthropy Alliance, the Lilly Endowment and community foundations throughout Indiana.

Conclusion

The development goals communities set tend to define how we measure success. If our goals are unclear, we tend to drift in our economic development work. If our goals are modest, we tend to achieve modest change. Work by the Heartland Center for Leadership Development has demonstrated that when communities set goals, they tend to achieve them.

It is for these reasons that embracing an aggressive but achievable set of community economic development goals is so important. Employing a clear development framework enables us to move from goals to actions that realize goals. In setting prosperity (operationally defined by the community through indicators) as our ultimate goal or end game and embracing the four essentials, communities have a greater opportunity to make meaningful and even transformative change over time.



How e2 Can Help

e2 Entrepreneurial Ecosystems can help communities increase prosperity through entrepreneur-focused economic development and ecosystem building through:

- **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building entrepreneurial ecosystem strategies that work.
- **Analytics Support.** E2 helps communities and regions understand their entrepreneurial potential through research. Please view a sampling of our research tools at: <https://www.energizingentrepreneurs.org/solutions/start.html>
- **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City, SourceLink, Edward Lowe Foundation, Kauffman Foundation, and NetWork Kansas.** We are a founding member of [Start Us Up: America's New Business Plan](#), a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

e2 Entrepreneurial Ecosystems is led by Don Macke, who has more than 40 years of community economic development and policy experience. We have a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

The mission of **e2 Entrepreneurial Ecosystems** is to help communities and regions connect, learn, and share best practices for building sustainable entrepreneurial ecosystems across North America. With more than 25 years of field experience, particularly in rural America, e2 is the preferred resource for communities of all sizes wanting to pursue prosperity.

For tools and resources:

www.energizingentrepreneurs.org

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