

The Main Street Economist

Commentary on the rural economy



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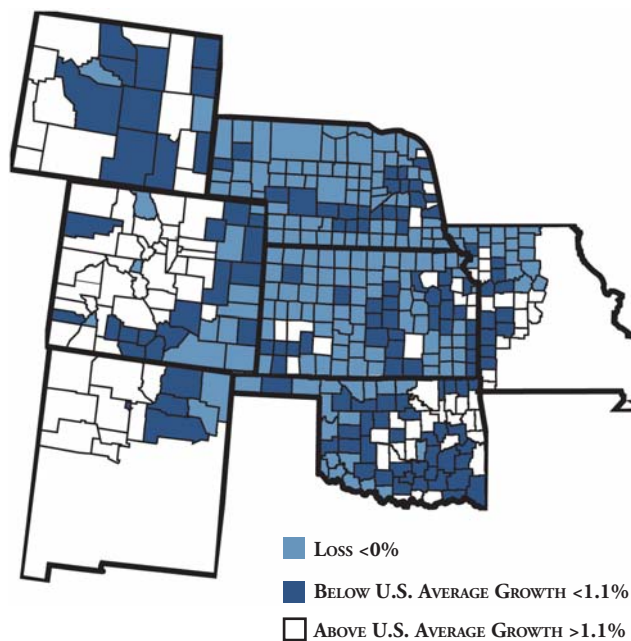
A CATALOG OF INNOVATIVE REGIONAL PARTNERSHIPS, PART TWO

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Regional partnerships are springing up across the rural countryside, taking a variety of forms and crossing many boundaries. The Tenth Federal Reserve District comprises a broad range of rural regions, from traditional agricultural areas in the Plains to high-growth high-amenity rural areas in the Rocky Mountain West.¹ The range of issues confronting these regions is as varied as the district's topography. Some of its counties have enjoyed strong population gains, while others have suffered staggering losses (Map 1).

A growing number of the district's regional partnerships owe their success to the effective and innovative approaches that characterize partnerships in today's global economy. Some rural partnerships create new networks across institutions or across space to foster local economic development. Some cross at least one county line. Some are launched with the active participation of at least two of the arrowhead institutions—public, private, and nonprofit. And some are created to address commonly shared issues, which include meeting the marketing challenges of rural entrepreneurs, addressing a new regulatory mandate, optimizing a new fiscal opportunity, and fostering a natural resource amenity.

Map 1
Tenth Federal Reserve District Annual Population Growth, 1970 to 2000



Source: Bureau of Economic Analysis

Editor's note: This article is the second in a series designed to examine a range of innovative regional partnerships in the Federal Reserve System's Tenth District. The first article in the series appeared in the Main Street Economist, 2006, Issue no. 5

This issue of the *Main Street Economist* sketches the development of two innovative regional partnerships in the district—GROW Nebraska and the Prairie States Center for Entrepreneurial Leadership. Descriptions of other such partnerships will round out the catalog in forthcoming issues. (The selection process for partnerships in the catalog is described in the appendix.)

GROW NEBRASKA

In the 1990s, rural entrepreneurs in Nebraska faced tough marketing and training challenges due to their broad geographic dispersion. In response, Grassroots Resources and Opportunities for Winners (GROW) Nebraska developed as a unique marketing and training association, which focused on home-based entrepreneurs and artisan businesses in the state. In 1995, Janell Anderson Ehrke, founder and executive director of the 501(c)(3) nonprofit organization, met with the Lieutenant Governor and the codirector of the Center for Rural Entrepreneurship to assess the feasibility of creating a craft cooperative that would provide marketing and training channels for dispersed entrepreneurs in Nebraska. Nine years later, gross sales of GROW Nebraska business members exceeded \$9 million.

To provide the best chances for its members' entrepreneurial success, GROW Nebraska needed to be especially innovative in crossing *institutional* boundaries and creating new interinstitutional networks. In particular, this partnership connected private sector initiatives to a variety of public funding and nonprofit management resources. Current financial support flows from all sectors, including federal and state government, nonprofit foundations, and private individuals, creating an unusually broad set of resource conduits for otherwise-isolated rural entrepreneurs. In 2004, the project was 43 to 47 percent self-sustaining, based on receipts from services and membership fees.

These new interinstitutional networks support a similarly fresh internal network of previously disparate artisans and entrepreneurs. Members can now tap newly opened marketing and distribution channels that were previously beyond the reach of isolated proprietors. The sum of their individual parts created a whole that is considerably more attractive to suppliers and distributors.

Common ties between participants are leveraged whenever possible. For example, farm and ranch families account for 38 percent of participants, while 65 percent of products incorporate Nebraskan agricultural goods.

The key lessons from GROW Nebraska center on the value in crossing traditional institutional boundaries. Crossing those boundaries allows participants to maximize resources and network opportunities, particularly when faced with the twin rural difficulties of isolation and small scale.

In 2004, GROW Nebraska membership was 173 deep and provided 19 services to market, connect, educate, and expand small-scale manufacturers. GROW Nebraska plans to broaden its scope by marketing services, in addition to products, and by creating a scholarship program to finance selected members' dues, given that 57 percent of the entrepreneurs qualify as low-to-moderate-income households.

The organization analyzes its work often to continue improving its quality of service, capture new markets, and promote regional competitiveness. This forward-looking approach drives GROW Nebraska to continuously generate fresh approaches to grassroots economic development.

PRAIRIE STATES CENTER FOR ENTREPRENEURIAL LEADERSHIP

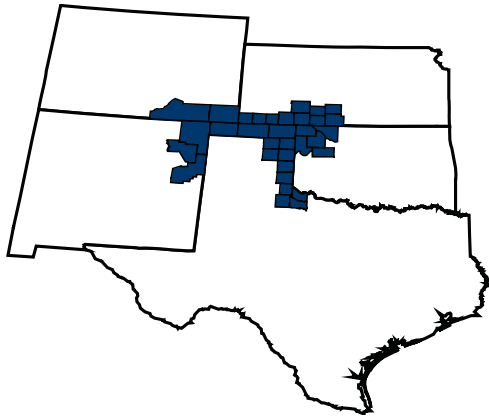
Environmental issues naturally cross a variety of spatial boundaries and often create unique regional challenges to those affected by new regulatory structures. The need for a regional vision to most effectively tackle new wildlife regulations led to the new regional economic development partnership: the Prairie States Center for Entrepreneurial Leadership.

In 1999, the lesser prairie chicken was designated an endangered species in parts of Colorado. Farmers and ranchers in rural Oklahoma, Texas, New Mexico, Kansas, and Colorado were determined to preserve the bird in their region in ways that would not impede agricultural operations. As residents coalesced around this narrower goal, they recognized the potential value of partnership. The Prairie States Center for Entrepreneurial Leadership emerged to pursue a regional approach—not only to prairie chicken conservation, but also to joint rural development challenges and opportunities (Map 2).

The need to manage the wide-ranging fowl immediately required previously independent private

Map 2

Prairie States Center for Entrepreneurial Leadership



landowners and public officials to view themselves in a new regional way. In other words, they were inevitably bound *spatially* by the new regulations. The Center quickly evolved to foster the necessary partnerships, linking 33 counties across a five-state region covering an unusually wide geographic span. These unique characteristics frame the Center's mission, established in 2002, to both tackle the joint decisions involved in prairie chicken management and address the broader common issue of regional economic recovery.

Recognizing the value of combining their efforts, three existing organizations merged to address the spatially linked challenges. The Comanche Pool Prairie Resource Foundation, High Plains Resource Conservation and Development Council, and Texas Prairie Rivers Region, Inc., joined forces to become the Prairie States Center. Since joining forces, the coalition has added over \$149.1 million to the region in new jobs, investment, and grants.

The Prairie States Center exemplifies the value of a broad spatial planning horizon. The Center is currently implementing a long-term plan to diversify and stabilize the region's economy, while preserving its heritage and natural resources—a perspective that began quietly to maintain a single natural resource, the lesser prairie chicken. The Center currently provides services and programs in the areas of leadership development, entrepreneurial support, and small business support; research, development, and marketing; experiential

tourism; housing; transportation; communication; education; and healthcare. By operating on a regional scale, the marginal cost for each locality to implement these programs falls considerably—just as it does for common facilities in a large urban area (Rappaport). The Center clearly focuses on the progress and needs of remote areas, sites often located 100 miles from fuel or groceries. At the same time, it stays in contact with economic advisors and financial donors to best leverage a wide private, public, and nonprofit network.

CONCLUSION

Regional cooperation plays a crucial role in creating new regional visions. Partnerships like those described in this article innovate across traditional spatial, institutional, and networking boundaries, along the way creating a broader sense of shared interests among formerly disparate actors. Such partnerships demonstrate the challenges inherent in developing a shared vision.

The challenges of developing regional partnerships create a new view of reality in rural America. Regional partnerships are needed to tackle new problems, and such efforts cannot end neatly at current administrative borders. Finding solutions often calls for greater agglomerations of dispersed resources. GROW Nebraska responded to the specific business development needs of a broader region. It leveraged the scale of regional partnerships to provide mutual support to a range of rural entrepreneurs that faced marketing and training difficulties. It networked across traditional institutional boundaries between private and public sectors to the benefit of regional businesses and the regional economy as a whole.

The Prairie States Center also created an innovative regional partnership, but for different reasons. The areas the Center represented needed to address specific spatial networking challenges. Given the reality of a new environmental regulation which covered a wide area, the communities involved in the Prairie States Center took advantage of positive spillovers and synergies through regional programs, rather than piecemeal local efforts.

ENDNOTE

¹ The Tenth Federal Reserve District includes the states of Colorado, Kansas, Nebraska, Oklahoma, Wyoming, the western part of Missouri, and the northern part of New Mexico.

APPENDIX

Partnership Selection Process

All partnerships flow from a perceived need to coordinate action around shared interests; otherwise, communities and businesses would simply continue to act alone. These shared interests tend to revolve around a focal challenge or opportunity, which in turn helps define the geography, composition, and constituency of the eventual partnership. Each of the partnerships described in this catalog was created in response to such an issue, ranging from the marketing challenges of rural entrepreneurs to addressing a new regulatory mandate to optimizing a new fiscal opportunity to the caretaking of a natural resource amenity. The range of issues was diverse. Nevertheless, each of the focal partnerships created innovative new networks across space or institutions.

In this catalog, the first step in identifying regional partnerships in the rural Tenth District was to use an electronic search engine. Restricting the search to the Tenth District allowed for a manageable search process, while maintaining a broad spectrum of regional partnerships in rural places. The Tenth District typifies the range of rural regions, from the most traditional agricultural areas in the Plains to the newest high-growth high-amenity rural areas in the Rocky Mountain West. Of the 414 counties in the district, 336 are nonmetropolitan. Among these, 80 are micropolitan—that is, a county based on at least one small city of 10,000 to 50,000 residents. Another 256 are town counties—that is, a county based on towns of less than 10,000 residents.

This initial search revealed over 100 regional economic development organizations in rural areas of the Tenth District. Many have their roles imposed on them by supra-regional entities, such as state and federal governments. This group was trimmed to 68 partnerships that emerged locally and grew organically from recognized local needs. Some took advantage of recognized structures and incentives, such as councils of governments and grant-oriented institutions, respectively, but even these were created from local impetus, not external imposition. Each of the 68 partnerships was surveyed by telephone following the broad guidelines described in the box.

Based on the findings of these phone surveys, the organizations were grouped according to the three core criteria: spatial, institutional, and networking. Follow-up phone and email inquiries conducted over a several-week period collected further details on the partnerships' background, evolution, and experiences. Innovative spatial partnerships were defined as those which crossed at least one county line. Organizations that were identified as institutionally innovative required the active participation of at least two of the arrowhead institutions—public, private and nonprofit. The networking category included only those entities that formed new relational networks to foster local economic development. The partnerships in this catalog were innovative in all three areas, most notably in terms of creating fresh networks across institutions or across space.

SURVEY GUIDELINES

The Emergence of Innovative Regional Institutions in the Rural Tenth District

1. Region, resources, participants, governance
 - a. Geographic region and reach
 - b. Resources and funding
 - c. Number of participants or region, expanding?
 - d. Type of participants/sector: public, private, nonprofit
 - e. Governance and Administration
(e.g., make-up of Board)
2. Activities and mission
 - a. Information activities: gathering and dissemination
 - b. Development activities
 - c. Targeting particular industry or sector?
3. Development, life cycle, challenges, future goals
 - a. Initial steps of development
 - b. Driving force: what, who, how
 - c. Define region: include, exclude; how defined
 - d. Developing consensus on constituency
 - e. Challenges in forming or sustaining group
 - f. Goals for the future