





Foundations of Practice

*Community Development
Core Competencies for
Extension Professionals in
the North Central Region*




Foundations of Practice

SLIDE 2

The Foundations of Practice: Community Development Core Competencies for Extension Professionals is composed of three major components:

- Understanding Communities and their Dynamics
- Developing Successful Community Initiatives
- Areas of Specialization and Emphasis



Understanding Communities and their Dynamics

SLIDE 3

Basic Understanding of Community

Community Demographics


Community Economics

Community Power Structure

Natural Resources and Sustainability

Community Situational Analysis



Community Development Process



Foundations of Practice


Community Development
Core Competencies for
Extension Professionals in
the North Central region

Community Economics

© 2005 NCRCRD

Bill Pinkovitz




SLIDE 5

Bill Pinkovitz
2005 Award
Center for Community Economic Development
330 Lowell Center
610 University St.
Madison, WI 53706
608.263.8225, 608.263.4999 fax
Bill.pinkovitz@ces.uwex.edu

Bill has worked for the University of Wisconsin Extension (UWEX) for over twenty years. He has held positions in both Cooperative Extension and Continuing Education Extension. Bill is a professor at the UWEX Center for Community Economic Development, ECCED, in Madison. He has worked as the associate director of the UWEX Division of Continuing Education Extension and as state director of UWEX Small Business Development Center. Bill began his teaching career in 1979 as a faculty member at a private university in Wisconsin. The focus of Bill's work in business and community economic development current projects include:

- **Community Indicators:** A series of online templates that provide easy access to online data into a user-friendly, user-friendly format.
- **Building Community Education at Scale:** He works with you to build web-based educational courses to reach a national audience of community and economic development professionals.
- **Economic Snapshots:** A weekly series in the Wisconsin State Journal that includes a variety of local economic and business data.
- **Highways and Other Connections:** A newsletter that provides new findings to help you reach out to your audience and teaches people how to reach their own goals and intelligence.
- **Entrepreneurship:** A regional program emphasis that has again been the top thought leadership in the Wisconsin Agricultural Extension Center and the UWEX Entrepreneurship Network.




Learning Objectives

SLIDE 6

Foundations of Practice
Community Development
Core Competencies for
Extension Professionals in the
North Central Region
© 2005 NCRCRD

- Define **local economy**
- Learn how money and resources
 - flow into and out of a community
 - circulates within a community.
- Learn the meaning, and importance of a community's **basic** industries
- Learn how to use **traditional** economic analysis tools to gain insights into local economies.
- Learn how to access and use new powerful **web based tool** to analyze local economies




Learning Objectives

SLIDE 7

- Awareness
- Understanding
- Confidence
- Readiness

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Things to Remember

SLIDE 8

- There is NO SINGLE NUMBER
- Compare Communities
- Trend Analysis
- Reality Check
 - For the community
 - From the community
- Seldom Provides Answers

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Community Economics

SLIDE 9

- **Defining a Community's Economy**
- How money and resources flow into and out of the local economy
- How money circulates in the local economy
- Basic industries and economic growth
- Traditional Community Economic Analysis
- Cool NEW Tools

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD




SLIDE 10

A Few Definitions

com-mu-ni-ty a group of people in a physical setting with geographic, political, social, and economic boundaries, and with discernable communication linkages.

Shaffer, et al

e-con-o-my a system of human activity directed toward meeting human needs and wants by the deliberate allocation of scarce resources (land, labor, raw materials, and capital).



SLIDE 11

A Few Definitions

e-con-o-mic growth more jobs, more income, more sales, more customers.

e-con-o-mic devel-op-ment social, environmental, and economic change to enhance quality of life

Shaffer, et al



SLIDE 12

Community Economics

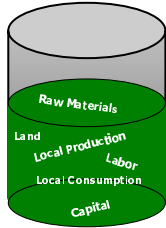
- Defining a Community's Economy
- **How money and resources flow into and out of the local economy**
- **How money circulates in the local economy**
- Basic industries and economic growth
- Traditional Community Economic Analysis
- Cool NEW Tools



The Local Economy

SLIDE 13

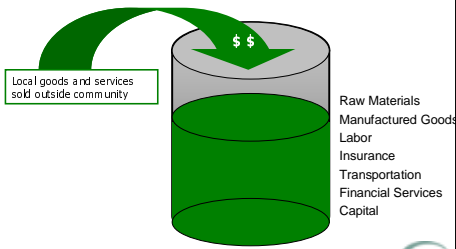
Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Dollars flow into the local economy in several ways:

SLIDE 14

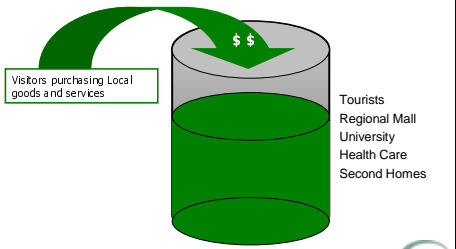
Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Dollars flow into the local economy in several ways:

SLIDE 15

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Dollars flow into the local economy in several ways:

SLIDE 16

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Public dollars flowing into to community AND other "non-earned income"

- Social Security
- Gov. Purchases
- Federal Grants
- Government Offices
- Military Bases
- Dividends
- Interest
- Capital gains
- Rent

Dollars leak out of the local economy in several ways:

SLIDE 17

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Local businesses purchasing goods and services outside the community

- Raw Materials
- Inventory
- Equipment
- Labor
- Capital
- Professional Services
- Financing
- Investments

Dollars leak out of the local economy in several ways:

SLIDE 18

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Local consumers purchasing goods and services outside the community

- Regional Malls
- Internet Sales
- Travel
- Transportation
- Financial Services
- Investments/Savings

Dollars leak out of the local economy in several ways:

SLIDE 19

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Taxes and Social Security Payments

Federal/State Taxes
Social Security Taxes

SCCD

Dollars leak out of the local economy in several ways:

SLIDE 20

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Waste/inefficiencies

Natural Resources
Inefficiencies
Opportunity Costs

SCCD

Dollars/Goods/Services Flows

SLIDE 21

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

BUSINESS	IN/OUT FLOWS
· Dairy Farm	· Raw Materials
· Local Window Manufacturer	· Sales/Customers
· Regional non-Profit Hospital	· Manufactured Goods
· Wal-Mart	· Labor
· Local Flower Shop	· Insurance
· Local Grocery Store	· Transportation
	· Financial Services
	· Capital

SCCD

Dollars also circulate in the local economy:

SLIDE 22

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Community Economics

SLIDE 23

- Defining a Community's Economy
- How money and resources flow into and out of the local economy
- How money circulates in the local economy
- **Basic industries and economic growth**
- Traditional Community Economic Analysis
- Cool NEW Tools

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

How Does the Local Economy Grow?

SLIDE 24

- Increase **INFLOWS**
- Decrease **OUTFLOWS**
- Increase the **TRADE AREA**

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Strategies to Grow the Economy

SLIDE 25

- Attract new **basic employers**
- Improve the efficiency of **existing firms**
- Improve ability to **capture dollars**
- Encourage **business formation**
- Increase aids from broader **governments**
- Building **local capacity**

Glen Pulver




Growth ≠ Development

SLIDE 26

- Growth and Development are not always synonymous
- They are not mutually exclusive
- One can occur without the other
- Both can be positive




Equity, not just Equality



SLIDE 27

Development means equity, not just equality

Equality means that everyone has shoes

Equity means that everyone's shoes FIT

Shaffer, et al


Attract New **Basic Employers** a.k.a Export Employers

SLIDE 28

A basic employer is a business that brings money into the community. Businesses that sell most of their goods/services to non-local markets. A business where the inflow of dollars into the community exceeds the outflow of dollars from the community. Typically, basic employers include:

Manufacturing	Universities/Colleges
Farming	Hospitals
Mining	Insurance Companies
Tourism	Transportation

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Non-Export Businesses

SLIDE 29

Businesses that primarily serve the needs of the local consumers are called non-export businesses.

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Why the FOCUS on Export Businesses?

SLIDE 30

Basic (Export) businesses provide the best opportunity to create additional jobs and income in a community.

Unless a community is growing rapidly, or its trade area is expanding significantly, increasing the number of non-export businesses simply means that the pie (market) will be cut into smaller slices, or existing businesses will disappear as new ones emerge.

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Community Economics


SLIDE 31

- Defining a Community's Economy
- How money and resources flow into and out of the local economy
- How money circulates in the local economy
- Basic industries and economic growth
- **Traditional Community Economic Analysis**
- Cool NEW Tools



Community Economic Analysis

SLIDE 32



- Defining a Community's Trade Areas
- Identifying Basic Industries (Export Businesses) in a Community
- Identifying the Competitive Sectors in a Community
- Estimating the Total Impact of Economic Activities

<http://www.ag.iastate.edu/centers/rdev/pubs/title.htm>



Community Economic Analysis

SLIDE 33



- Defining a Community's Trade Areas**
- Identifying Basic Industries (Export Businesses) in a Community
- Identifying the Competitive Sectors in a Community
- Estimating the Total Impact of Economic Activities

<http://www.ag.iastate.edu/centers/rdev/pubs/title.htm>



Defining Trade Areas: Traditional Methods

SLIDE 34

Reilly's Law

Pull Factor

Surplus/Leakage

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Defining Trade Areas: Reilly's law

SLIDE 35

Reilly's Law: Method for determining a community's retail trade area.

Based on the premises that:

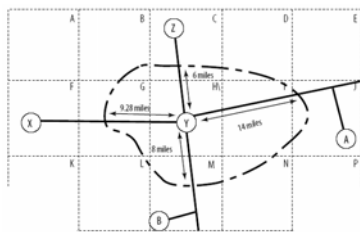
- 1) People are attracted to larger communities to shop.
- 2) People's willingness to travel to shop is influenced by time and distance.

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Defining Trade Areas Reilly's Law

SLIDE 36



Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Defining Trade Areas: Reilly's law

SLIDE 37

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

$$\text{Breaking Point} = \frac{\text{Distance between City X and City Y}}{1 + \sqrt{\frac{\text{Population of Larger Community}}{\text{Population of Smaller Community}}}}$$

- An adaptation of Gravity Theory
- Based on Newton's Law of Universal Gravitation
- The **Breaking Point** defines the boundary between the two cities



Gravity Model

SLIDE 38

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

$$\frac{\text{population}_1 \times \text{population}_2}{\text{distance}^2}$$

- Measures the relative strength of the bond between two places
- Used to predict the movement of people, commodities and information between geographic places
- Based on Newton's Law of Gravitation
- A function of the relative size and distance between two places
- Based solely on observation

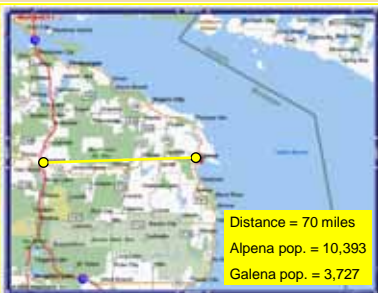


Alpena, Michigan

SLIDE 39

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Reilly's Law
Alpena, MI and Galena MI


Distance = 70 miles
Alpena pop. = 10,939
Galena pop. = 3,727

SLIDE 40

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

$$\text{Break Point} = \frac{\text{Distance between City X and City Y}}{1 + \sqrt{\frac{\text{Population of Larger Community}}{\text{Population of Smaller Community}}}}$$

$$= \frac{70 \text{ miles}}{1 + \sqrt{\frac{10,939}{3,727}}}$$

$$= \frac{70 \text{ miles}}{1 + 1.67} = 22.2 \text{ miles}$$


Alpena, Michigan Trade Area

SLIDE 41

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD




Defining Trade Areas:
Reilly's law: EXERCISE


SLIDE 42

Foundations Practice
Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

$$\text{Break Point} = \frac{\text{Distance between City A and City B}}{1 + \sqrt{\frac{\text{Population of Larger Community}}{\text{Population of Smaller Community}}}}$$

Distance between City A and City B = 26 miles

Community	Total Population (2000)
City A	4,000
City B	16,000




Defining Trade Areas: Reilly's law: EXERCISE

SLIDE 43

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

$$\begin{aligned} \text{Break Point} &= \frac{26 \text{ miles}}{1 + \sqrt{\frac{16,000}{4,000}}} \\ &= \frac{26 \text{ miles}}{1 + \sqrt{4}} \\ &= \frac{26}{3} = 8.67 \text{ miles} \end{aligned}$$




Reilly's Law Some CAVEATS

SLIDE 44

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

- Presumes the population in comparative communities is relatively homogeneous
- Does not work well for urban areas. Use only for rural communities
- Best when used with similar sized communities
- Assumes that everyone shops locally for locally available goods
- Some goods and services have larger trade areas




Reilly's Law Some More CAVEATS

SLIDE 45

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

- Worker Flow
- Interstate highways and highway bypasses
- Regional shopping malls
- Big Boxes
- The internet
- Shopping versus convenience



Defining Trade Areas: Pull Factors: Population and Income

http://factfinder.census.gov/home/saff/main.html?_lang=en

SLIDE **49**

Foundations Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Population

$\text{per capita income}_{\text{local}} \div \text{per capita income}_{\text{state}}$

Defining Trade Areas: PF: Clothing Stores (Alpena County)

SLIDE **50**

Foundations Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Potential Sales = $S_k \times P_i \times Y$

$S_k = \text{Sales/capita}_{\text{state}} = \$4,917,700,000 \div 9,938,444$
 $= \mathbf{\$494.81}$

$P_i = \text{Population}_{\text{local}} = \mathbf{31,314}$

$Y = \text{Income factor} = \$17,566 \div \$22,168 = \mathbf{.79}$

Defining Trade Areas: PF: Clothing Stores (Alpena Co)

SLIDE **51**

Foundations Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

Potential Sales (PS) = $S_k \times P_i \times Y$

$= \$494.81 \times 31,314 \times .79$

$= \mathbf{\$12,240,639}$

Actual Sales (AS) = $\mathbf{\$18,653,000}$

Pull Factor = $AS - PS = 1.52$

Defining Trade Areas: Surplus/Leakage

SLIDE 52

$$\text{Surplus/Leakage} = \text{Actual Sales} - \text{Potential Sales}$$

If S/L is positive, then a Surplus and net sales are flowing into the community

If negative, then a net outflow of sales

Alpena County, Michigan

$$S/L_{\text{shopping stores}} = \$18,653,000 - \$12,240,639 = \$6,412,361$$

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



PF and Surplus/Leakage Some CAVEATS

SLIDE 53

- Should be used mainly for comparison between communities over time
- They reveal that a decline or increase occurred, but not WHY
- No definition of what constitutes a "good" or "bad" Pull Factor.

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Community Economic Analysis

SLIDE 54



Defining a Community's Trade Area

Identifying Basic Industries (Export Businesses) in a Community

Identifying the Competitive Sectors in a Community

Estimating the Total Impact of Economic Activities

Foundations
Practice

Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

<http://www.ag.iastate.edu/centers/rdev/pubs/title.htm>




Interpreting LQs

SLIDE 58

LQ > 1.25	Export Industry
LQ < .75	Import Industry
LQ > .75 and < 1.25	Self Sufficiency

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Location Quotients

A simple tool to help identify local:

SLIDE 59

- Export and import industries
- Existing and potential industry clusters
- Economic strengths
- Development prospects

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD




Location Quotients

A few caveats:

SLIDE 60

- Local productivity ≠ national productivity
- Sector-wide LQs may hide some winners
- LQ only an indicator, not an answer

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Community Economic Analysis

SLIDE 61



Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Defining a Community's Trade Areas
 Identifying Basic Industries (Export Businesses) in a Community
Identifying the Competitive Sectors in a Community
 Estimating the Total Impact of Economic Activities

<http://www.ag.iastate.edu/centers/rdev/pubs/title.htm>



Why employment changes

SLIDE 62




Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Growth or decline in the **national** economy
 Growth or decline in the **industry** sector
 Relative strength of the **local** industry/economy



Shift Share Analysis


SLIDE 63



Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Shift Share Analysis provides an estimate of the impact of these three factors by separating the increase or decrease in local employment in specific industry sectors into three components:

1. National Growth Share
2. Industrial Mix Share
3. Local Share



Shift Share Analysis

SLIDE 64

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

National Growth Share: The increase or decrease in local employment that is attributable to the growth or decline in the **national economy**.

Industrial Mix Share: The increase or decrease in local employment that is attributable to the growth or decline in a specific **industry sector**.

Local Share: The increase or decrease in local employment that is attributable to the relative strength or weakness of the **local industry/economy**.



Calculating Growth Shares National Growth Rate (Alpena Co)

SLIDE 65

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

local employment in *industry A* year 1
x national *total employment* growth rate for period

Sector	Employment (1994)	Employment (2004)	Change	% Change Alpena Co.	% Change U.S.
Educational Health	1,001	3,281	2,280	227.8	252
Manufacturing	2,406	1,831	-575	-23.9	-16.1
Construction	608	561	-47	-7.7	37.2
Leisure/Hospitality	1,215	988	-227	-18.7	25.4
Total Employees	10,388	11,310	922	8.8	14.9

$NGS = 1,001 \times .149 = 149 \text{ jobs}$



Calculating Growth Shares Industry Mix Share (Alpena Co)

SLIDE 66

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

local employment in *industry A* in year 1
x (national *industry* growth rate - national *average* growth rate)

Sector	Employment (1994)	Employment (2004)	Change	% Change Alpena Co.	% Change U.S.
Educational Health	1,001	3,281	2,280	227.8	252
Manufacturing	2,406	1,831	-575	-23.9	-16.1
Construction	608	561	-47	-7.7	37.2
Leisure/Hospitality	1,215	988	-227	-18.7	25.4
Total Employees	10,388	11,310	922	8.8	14.9

$IMS = 1,001 \times (.252 - .149) = 1,001 \times .103 = 103 \text{ jobs}$




Calculating Growth Shares Local Share (Alpena Co)

SLIDE 67

local employment in *industry A* in year 1
x (local *industry* growth rate – national *industry* growth rate)

Sector	Employment (1994)	Employment (2004)	Change	% Change Alpena Co.	% Change U.S.
Educational Health	1,001	3,281	2,280	227.8	252
Manufacturing	2,406	1,831	-575	-23.9	-16.1
Construction	608	561	-47	-7.7	37.2
Leisure/Hospitality	1,215	988	-227	-18.7	25.4
Total Employment	10,388	11,310	922	8.8	14.9

LS = 1,001 x (2.278 - .252) = 1,001 x 2.026 = 2,028 jobs




Calculating Growth Shares Shift Share (Alpena Co)

SLIDE 68

SS = National Share + Industry Share + Local Share

Sector	Employment (1994)	Employment (2004)	Change	% Change Alpena Co.	% Change U.S.
Educational Health	1,001	3,281	2,280	227.8	252
Manufacturing	2,406	1,831	-575	-23.9	-16.1
Construction	608	561	-47	-7.7	37.2
Leisure/Hospitality	1,215	988	-227	-18.7	25.4
Total Employment	10,388	11,310	922	8.8	14.9

SS = 149 + 103 + 2,028 = 2,280




Shift Share Caveats

SLIDE 69


Shift Share is:

- Descriptive, not diagnostic
 - Does not tell you WHY
 - Does not identify comparative advantages
- Minimizes the impact of of business cycles



Community Economic Analysis


SLIDE 70



Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD


Defining a Community's Trade Areas
 Identifying Export Businesses in a Community
 Identifying the Competitive Sectors in a Community
 Estimating the Total Impact of Economic Activities

<http://www.ag.iastate.edu/centers/rdev/pubs/title.htm>



Multiplier Effect


SLIDE 71



Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

Q: Why is the arrival of a new export business or the expansion of an existing export business a welcome event in most communities?

A: Jobs and Income



Multiplier Effect

SLIDE 72



Community Development Core Competencies for Extension Professionals in the North Central Region © 2005 NCRCRD

More GOOD NEWS: A new **export** business or business expansion usually creates more jobs and generates more additional spending and income than the jobs, spending, and wages directly attributable to the business.

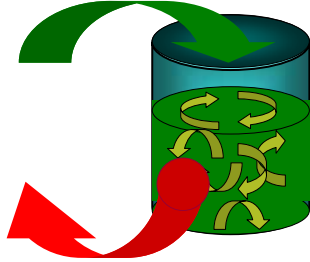
This is called the **Multiplier Effect**



Dollars also circulate in the local economy:

SLIDE 73

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Multiplier Effect

SLIDE 74

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD

The Multiplier Effect is comprised of three components:

1. **Direct Effects:** Labor, goods and services purchased by the business
2. **Indirect Effects:** Increase in local spending by firms that supply the business
3. **Induced Effects:** Increase in local spending by employees of the business

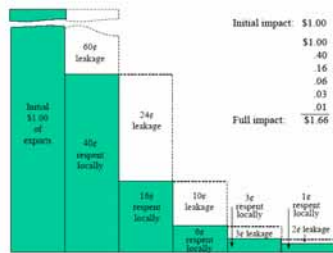
Total Impact = Direct + Indirect + Induced



Multiplier Effect

SLIDE 75

Foundations Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Source: We Steer Rural Development Center




Multiplier Effect

SLIDE 76

In its simplest form,

$$\text{Multiplier} = \frac{\text{Total Change}}{\text{Direct Change}}$$

$$= \frac{\$1.66}{\$1.00}$$

$$= 1.66$$



Multiplier Effect

Which has the larger multiplier?

SLIDE 77

Wal-Mart Supercenter with annual sales of \$81 million that employs 400 people

A cheese factory that employs 20 people and has annual sales of \$20 million




Multiplier Effect

Wal-Mart or a Cheese Factory

SLIDE 78

What does each buy locally?

- Inventory
- Labor
- Transportation
- Supplies
- Utilities
- Accounting services
- Marketing
- Financing
- Repairs
- Maintenance
- Legal Services



Multiplier Effect Wal-Mart or a Cheese Factory

SLIDE 79

What do the **suppliers** to each buy locally?

- Inventory
- Labor
- Transportation
- Supplies
- Utilities
- Accounting services
- Marketing
- Financing
- Repairs
- Maintenance
- Legal Services

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Community Economics

SLIDE 80

- Defining a Community's Economy
- How money and resources flow into and out of the local economy
- How money circulates in the local economy
- Basic industries and economic growth
- Traditional Community Economic Analysis
- Cool NEW Tools

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Defining Trade Areas: Using GIS

SLIDE 81

Trade Area Analyst LT: An easy-to-use application utilizing Geographic Information Systems (GIS) software that enables users to easily map variety of markets by ZIP Code.

- Customers
- Employees
- Patients
- Visitors

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRCRD



Next Session

SLIDE 97

Community Power Structure

October 10 and October 11, 2006
1:30 to 3 p.m. CST



Janet Ayres

Foundations
Practice
Community Development
Core Competencies
for Extension
Professionals in the
North Central Region
© 2005 NCRERD

The ability to identify who the decision makers are in the community, the resources they affect, and the power structure is crucial in gaining access to a community, gaining trust and credibility, and being effective in educational programs.