

## Stronger Economies Together: Strategies for Building New Economic Opportunities



### *Report of Accomplishments*

**Period of Performance: October 2010 - September 2011**

*"I have reached the conclusion that we must overhaul our approach to economic development in rural America. The framework of the new effort recognizes that the rural economy of tomorrow will be a regional economy. No one community will prosper in isolation."*

Tom Vilsack, Secretary of Agriculture

Secretary Vilsack's insightful observation provided the impetus for the launching of an initiative by USDA Rural Development titled **Stronger Economies Together** (SET). SET's purpose is straightforward – to build strong working ties among a cluster of contiguous counties (largely rural) for the purpose of discovering and building on the comparative economic advantages of these multi-county regions. While simple in concept, SET has demanded much of counties, including overcoming historical, political and cultural boundaries in order to facilitate the joint development and implementation of a long term strategic plan for their region.

SET was launched in 22 regions across eight states during the course of the last year as part of Phase I of this initiative. Twenty of the 22 regions have remained actively engaged in the SET effort, with only two regions being unable to make any substantive progress. Moreover, SET is expanding to 11 additional states and 16 more regions as

This report was prepared by the Southern Rural Development Center (Bo Beaulieu, Director; and Rachel Welborn, Program Manager), in consultation with USDA Rural Development.

part of Phase II. The bulk of this report documents progress seen to date in the Phase I regions.

### **Limitations of the report**

The theory underlying SET is quite simple: Rural counties (along with, in some cases, a handful of metro areas with whom they share economic interdependence) will come together on a multi-county basis to develop a solid regional economic development plan. The process of creating such a plan will involve persons and institutions from a variety of key sectors, assuring greater regional buy-in. Because the plan is built upon a careful consideration of the region's comparative economic advantages, including its current and emerging economic clusters, the plan will have a high probability of being successfully implemented, resulting in positive economic development outcomes.

Success in this endeavor requires patience. Most of the Phase I SET regions have not yet completed the entire nine-module SET training program. As a result, they are on the cusp of beginning to formulate strong regional economic development plans that will guide their work over the coming years. Because buy-in from many people and institutions across the region is critical, the process is not one that can be rushed. SET is not only about having 25-30 persons sit through a series of high-quality presentations; it is also about the same 25-30 persons (and more) rolling up their sleeves and thoughtfully exploring the core assets of their region and the best economic opportunities that should be pursued over the next decade. Simply put, this critical work takes time.

Therefore, one could argue that it is too early to document any major accomplishments that can be directly linked to SET, including the development and implementation of top-notch regional economic development plans. On the other hand, information has been collected that suggests SET is helping regions to move in the right direction. This report highlights some of these early signals of progress in the target regions.

### **Background of SET**

#### **What is SET?**

Stronger Economies Together (SET) is an exciting collaboration launched in 2010 by USDA Rural Development along with the nation's four Regional Rural Development Centers (RRDCs) and their land-grant university partners. SET is designed to enable communities and counties in rural America to work together on a multi-county regional basis to develop an economic development plan that strategically builds on the current and emerging economic strengths of their region.

#### **The USDA RD & NIFA's Regional Rural Development Center Connection**

SET has provided an opportunity for two important mission areas of USDA – Rural Development (RD) and the National Institute of Food and Agriculture (NIFA) – to tap

their complementary programs and expertise to help create a critical partnership that is undergirding the SET initiative in regions across the U.S. USDA RD has a long and productive history of targeting investments in business development, economic development planning, community infrastructure enhancements, and value-added agriculture. NIFA, via its network of Regional Rural Development Centers and land-grant universities, has developed and delivered high quality community/economic development educational outreach programs, provided technical assistance activities, and invested in applied research that align with the needs of rural people, places and institutions. Linking RD and NIFA's RRDCs together to support the SET initiative is a sound way to ensure that the talents and resources of both USDA mission areas are brought together in a seamless fashion to guide cities, towns, and counties regions in the development and implementation of sound regional economic development plans.

### **Key Accomplishments:**

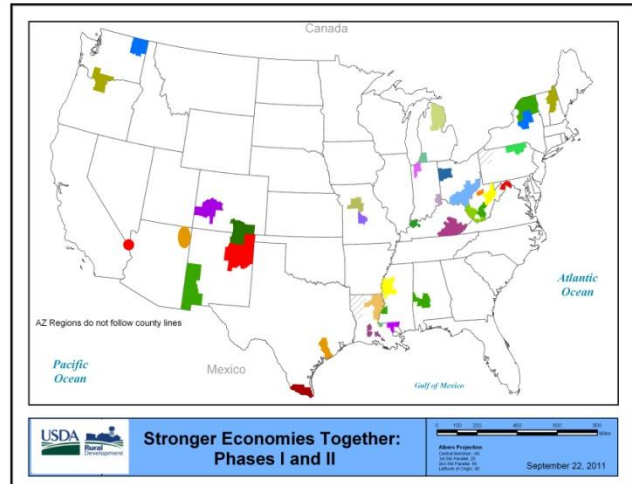
SET has established a foundation that should lead, down the road in many of the Phase I regions, to sound and sustainable job creation that aligns with each region's unique assets and opportunities. This report showcases eight key accomplishments realized over the October 2010 to September 2011 time period.

- **Training:** SET has developed a high quality, highly interactive training program and delivery system to guide the formation and effective functioning of regional teams.
- **Regional teams:** SET has guided the establishment of inclusive regional teams, facilitating the transition from local competition to collaboration.
- **Economic strengths:** SET has empowered teams to discover and plan for investment in their regional economic assets.
- **Vision and goals:** SET has fostered the development of a thoughtful regional vision and sound goals.
- **Regional strategies:** SET has guided the development of regional strategies, generating early successes.
- **RD-CES partnerships:** SET has strengthened the relationship between USDA Rural Development and the Cooperative Extension Service at the state level.
- **Staff capacity:** SET has enhanced the economic development knowledge and capacity of Rural Development and Cooperative Extension Service staff at the state level.
- **Outside attention:** SET has attracted attention and investments by federal and state agencies, foundations, land-grant universities, and others.

## Current Status

The SET initiative is funded by a cooperative agreement between Rural Development and the Southern Rural Development Center. We expect to engage 60+ regions in the SET initiative by the time it ends. The initiative is divided into three phases:

- Phase I Regions started training in September 2010, and they are expected to complete the core SET modules by December 2011.
- Phase II Regions will launch their training in October 2011.
- Phase III Regions: the start dates for selecting states/regions and conducting training is yet to be determined, but Phase III should be roughly a year behind Phase II.



## Geographic Span of SET

The accompanying map provides a visual image of the distribution of SET states and regions across the nation. The map showcases the eight states and 20 regions that are part of the Phase I cohort, along with the 11 states and 16 regions that are launching SET Phase II in the fall of 2011. Two additional regions are included on the map; these are regions that were part of Phase I, but later opted to discontinue their involvement in the program.

## Major Accomplishments over the Past Year

### Data Sources and Evaluation

Information provided in this report is drawn from multiple data sources collected from the initial 22 Phase I regions. First, feedback was provided by the SET regional team participants at the end of each training module. Second, the State Training Team delivering each module was asked to reflect on the value of the module and the progress made by the SET participants. Third, each regional team member was invited to complete a pre-survey, and once all modules were completed, fill out a post-survey that could gauge the nature and magnitude of shifts taking place in their knowledge and understanding over the course of the nine-part SET training. To date, four of the 22 regional teams have completed the SET training and submitted their post-surveys, two have dropped out of SET, and the remaining 16 Phase I regions are scheduled to complete their training activities in fall 2011.

In addition to the internal evaluation activities being pursued, an external team from the University of Cincinnati began work in July 2011 on an independent evaluation of SET. Their final report is due to be completed by December 2012.

## **TRAINING: SET Developed a High Quality, Highly Interactive Training Program and Delivery System to Guide the Formation and Effective Functioning of Regional Teams**

### **Importance:**

Peter Senge (1990) states that learning regions “are organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.”

In a nutshell, that is what the training resources developed as part of SET are intended to achieve – to create a learning environment in which new information, knowledge, skills, and ideas are nurtured and applied for the purpose of building more vibrant and sustainable regional economies across the U.S.

### **Evidence:**

- With EDA’s *Know Your Region* as a starting point, the Stronger Economies Together curriculum team designed nine modules, blending knowledge with hands-on application, to guide the regional teams from initial assessment through the identification and development of regional strategies.
- Of the regional participants that have completed the SET training (44 participants from four regions have completed a post-survey), 58 percent described “considerable change” or “great change” in the knowledge they gained regarding regional economic development strategies.
- “[SET] helped me increase my knowledge of the area more expeditiously and offered opportunities to network with others.” *Regional Team Member*

***“The SET training materials...are outstanding. They exceeded my expectations.”***

***Phase II SET  
Training Team  
Workshop Participant***

## **REGIONAL TEAMS: SET Guided the Establishment of Inclusive Regional Teams, Facilitating the Transition from Competition to Collaboration**

### **Importance:**

A number of authors (i.e., Flora and Flora, 2008; Council on Competitiveness, 2010; and Putnam, 2000) have noted that successful communities (or regions) have a social infrastructure in place that facilitates the pursuit of collective actions on matters of local importance. However, the ability to act is not automatic for most regions. It requires:

(1) conversations among groups and jurisdictions with little past history of talking with one another; (2) involvement of diverse groups of people who bring different insights and perspectives on local and regional matters; (3) trust building that occurs over time when a variety of people agree to work together on issues of common interest; and (4) capacity to mobilize internal and external resources for use in supporting regional priorities. SET's development of broad based, inclusive regional teams is designed to put in place the ingredients that are vital to the region's "capacity to act."

### **Evidence:**

- Across the 22 Phase I SET regions, participation has expanded from 218 to 719 persons, an impressive 230 percent increase in overall participation (see charts below). In this context, participation refers to an organizational representative who has taken an active part in at least one of the regional team SET training or planning sessions.
- More important than the sheer growth of participants is the expansion in the diversity of sectors that are now represented on the SET regional teams. Specifically, 75 percent of the initial partners (based on SET applications) represented either government or economic development organizations. However, by the end of July 2011, the breadth of organizations taking part in the SET regional teams expanded significantly to include representation drawn from the business sector, education, and interested citizens (see the chart that follows). For instance, across the 22 Phase I regions, only nine people listed in the initial SET applications were linked to business or industry, but that number increased by 67 people a year later (based upon the information provided on the session sign-in sheets). The number of representatives from the nonprofit sector jumped by 17 (from a base of 8 in May 2010).
- The diversity remains intact even when we hone in on the pool of representatives who took part in a minimum of three SET sessions (Economic Development 39%, Government 23%, Education 21%, Business/Industry 11%, Non-profits 3%, Health Care 2%, Local Citizens 1%, and Faith-based <1%).
- Almost half of the respondents on the post-survey noted that new cross-regional/cross-sector relationships built during the training process represented one of the most significant impacts of SET thus far.

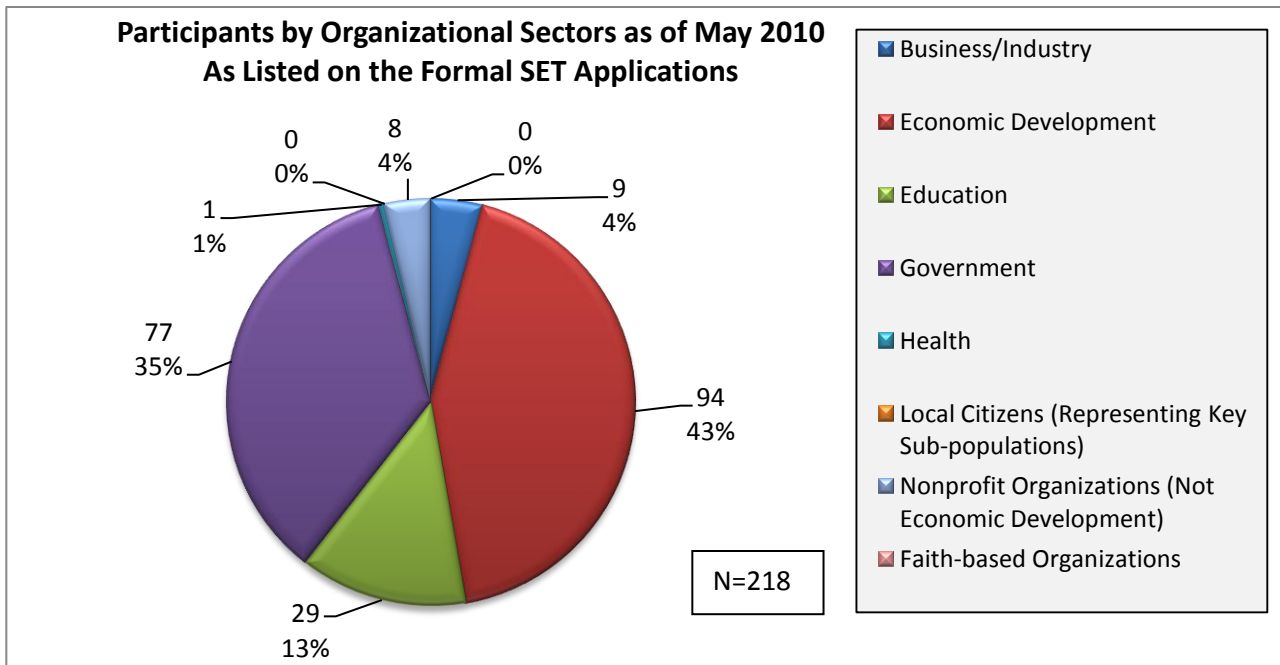
***"Before SET, [the regional teams] viewed the world of economic development as a zero-sum game: my loss is your gain. SET has changed that attitude. Cooperation is no longer a dirty word."***

***Extension Specialist  
SET Training Team***

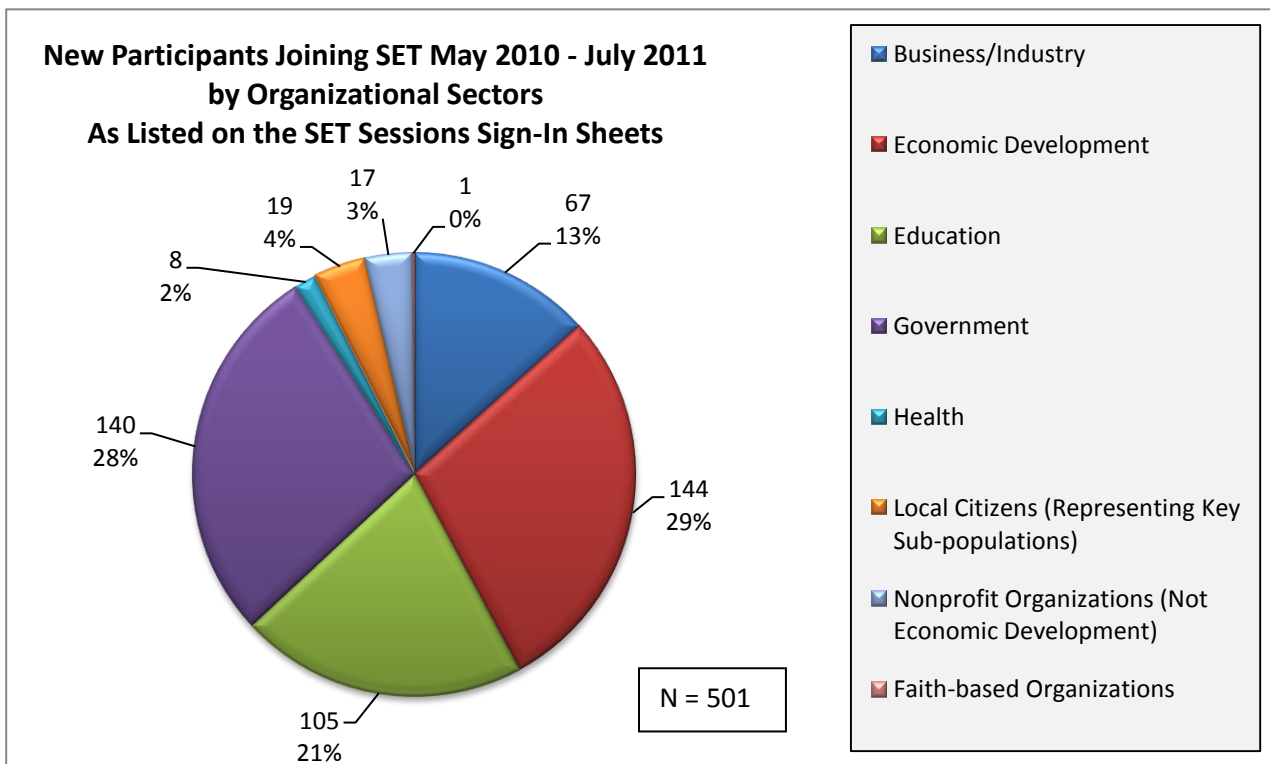
### **Personal Testimonials:**

- "The structure of the SET curriculum has brought different entities together (such as county commissioners with local shopkeepers) that normally would not collaborate together. We have moved from a 'we should' state to a 'we will' state."  
*Regional Team Member*

- “The SET project has enabled [the regional team] to reach out to a broader leadership base within the three counties than we had previously reached.”  
*President of a Regional Team*



**Note: The numeric values included in the two charts represent the actual number of participants representing each of the various sectors within the 22 Phase I SET regions.**



- “I think one of the major outcomes of SET for this group will be the new relationships that have been formed across the region. I think that they will be lasting and productive relationships. That alone has made the SET process worthwhile.” *Rural Development State Partner Team Member*
- “The most important contribution the SET program has provided to date is providing a reason to sit down and talk about the common needs and potential benefits of cooperation.” *Extension Specialist, SET Training Team Member*

## **ECONOMIC STRENGTHS: SET Empowered Teams to Discover and Plan for Investment in Their Regional Economic Strengths and Assets**

### **Importance:**

Mark Drabenstott (2010) argues that the economic mandate for every region is to find its unique competitive niche and to create clusters and entrepreneurial activities that capitalize on these regional advantages. SET provides regions with the tools needed to identify and build on its regional economic assets.

### **Evidence:**

- Fifty-six percent of those who have completed the SET training say their level of skill and experience in determining a region’s economic development opportunities has improved “considerably” or “greatly” as a result of SET (44 participants reporting from four regions).

### **Personal Testimonies:**

- “The regional team has done a fantastic job of thinking outside of their original goals and has incorporated other factors into their planning.” *Extension Specialist, State Training Team Member*
- “We learned our manufacturing cluster is much greater than originally thought. Other clusters, including health care, are not as strong as assumed. We now have a much clearer picture of the strengths of our clusters.” *Regional Team Member*
- “[SET] broadened our view of the region and how we fit in the state and U.S.” *Regional Team Member*
- “During the SET process a particular emphasis was placed on the analysis of an existing aluminum cluster that displayed strong potential for additional job creation and economic growth.” *Extension Specialist, State Training Team*

***“We now have a clearer picture of the strengths of our clusters.”***

***Regional Team Member***



## **VISION AND GOALS: SET Fostered the Development of Regional Visions and Sound Goals**

### **Importance:**

One of the classic books on leadership written by Bennis and Nanus (1985) states that vision provides the all-important bridge from the present to the future for an organization (or region). It inspires people to high levels of achievement. Goals, too, are critical, as they serve as a roadmap for improving teamwork and performance by setting specific targets to be achieved (Rouillard, 2009).

### **Evidence:**

- Seventeen of the Phase I regions have developed initial regional vision and goal statements, which will be refined as they complete the SET training.
- Of the 44 post-surveys completed to date, nine respondents (20 percent) specifically pointed to regional goal setting and planning as being the top key value they received from SET thus far.

### **Personal Testimonies:**

- “I think the most remarkable thing about the regional partnership is that a group of individuals have, out of their own initiative and drive, created a vision and from that vision have developed a plan that will support economic development in this region for years and generations to come...SET benefited us by helping to formalize that needed structure on which to build...SET helped us pour the foundation and helped us start on the structure.” *SET Regional Team Member*
- “[SET] forced us to become very concrete in our thinking and goal setting.” *SET Post-Assessment Comment*

**“SET benefited us by helping us to formalize that needed structure on which to build.”**

***Regional Team Member***

## **REGIONAL STRATEGIES: SET Guided the Development of Regional Strategies, Generating Early Successes**

### **Importance:**

Having a resource person who is detached from the past histories of the local communities or regions involved in SET is critical to ensuring that the SET team develops and pursues a sound regional plan and strategies. In many respects, the SET trainers have served in the role of regional coaches. According to Emery, Hubbell and Polka (2011), coaching is an important tool that helps teams reframe local issues, develop new ideas, transition to new leadership, and negotiate new partnerships – attributes that are vital to community (or region) building.

## Evidence:

- At least four regions have already pursued grant funding opportunities that align with the specific goals delineated in their regional plans.
- One Arizona team is tackling a major barrier to economic growth identified in their regional economic development plan: no broadband or Internet access in remote communities. While much work remains to be done, two neighboring tribes with a history of competing for land and other resources have come to the table as a result of SET to plan collaboratively on a strategy to secure high speed Internet services, not only for their own future, but for the future of their neighbors as well.
- At least two SET regions considered applying for the Jobs Accelerator Challenge grant, an EDA-DOL-SBA program aimed at upgrading a region's key economic cluster. One SET team submitted an application while the second team determined that the grant opportunity did not align with its new strategic plan and as such, opted not to apply for the grant. Both instances demonstrate how SET can provide the tools to better evaluate and respond to the right opportunities for a region.
- Because of SET, a county department of education in West Virginia is now developing a meat butchering training program, advancing one of the SET team's economic development strategies to focus on raising natural beef and constructing a meat processing facility.
- Twelve post-survey respondents (27 percent) noted the value of exploring data and strategies together to gain a better insight into the potential opportunities for the region was a key value of the initiative.
- Under SET, one Ohio region has received state funding for continued work on their regional plan.

***“[SET] reinforced the group’s concern for the continued decline of the region and highlighted the need for a regional approach for improving economic opportunities. This conversation helped stamp the importance of regional planning onto the hearts of participants.”***

***SET Training Team Member***

## **RD-CES PARTNERSHIP: SET Strengthened the Relationship between State USDA Rural Development and the Cooperative Extension Service**

### Importance:

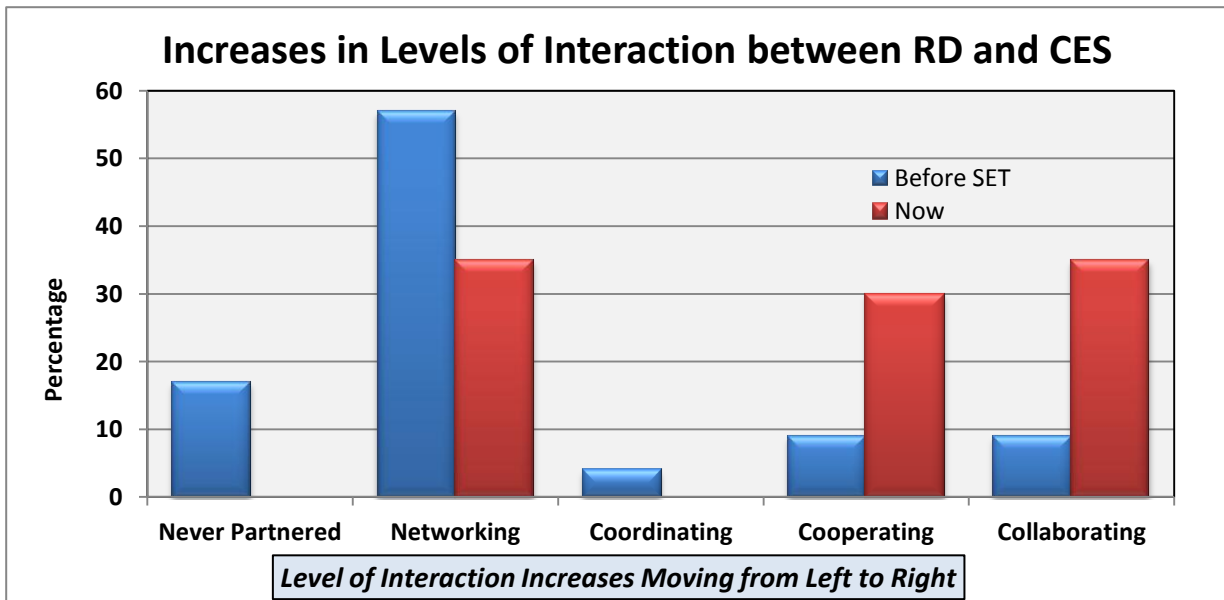
In her book, *Smart Communities*, Suzanne Morse (2004) states that groups working together is no longer optional, but a necessity, in local communities. As the demand for local services outpaces the ability of communities to respond, working together is one of the best ways to maximize time, money, and effort, argues Morse. SET has provided an avenue for Rural Development and Cooperative Extension Service professionals to work in a more integrated fashion to help support the important work of the regional teams.

**Evidence:**

Rural Development and Cooperative Extension Service professionals serving on the State Planning and State Training Teams were asked to choose the best description of the community and economic development interaction between Rural Development and the Cooperative Extension Service prior to SET and now (July 2011). As the chart below depicts, both organizations have made important strides in working in a more integrated manner in supporting the SET regions. For instance, those stating they have “never partnered” with one another dipped from 17 percent prior to SET to zero percent now. This is a great success! In fact, significant increases in *cooperative* and *collaborative* activities have occurred as a result of SET, an impressive increase from 18 percent to 65 percent.

In addition to their efforts on SET, RD and CES team members have specified a number of “value added” activities that have materialized as a result of the working partnership established between the two organizations. Specific examples include:

- Conference calls involving USDA RD directors and CES Community Development program directors in the state have been organized. Some regional work not affiliated with SET has been jointly undertaken in support of local economic development and the creation of a local foods infrastructure.
- Collaboration on several potential projects beyond SET has increased, including (but not limited to) the Rural Business Opportunity Grant, the Rural Business Enterprise Grant and the Intermediary Relending Program.



**STAFF CAPACITY: SET Enhanced the Economic Development Knowledge and Skills of USDA Rural Development and Cooperative Extension Service Staff**

## **Importance:**

Human capital theorists have long noted the vital role that investments in education and training can make in advancing an individual's human capital stock (see Becker, 1964 and Schultz, 1971). Gains in knowledge and skills from education and job-relevant training translate into higher quality job performance and greater productivity levels on the part of employees.

## **Evidence:**

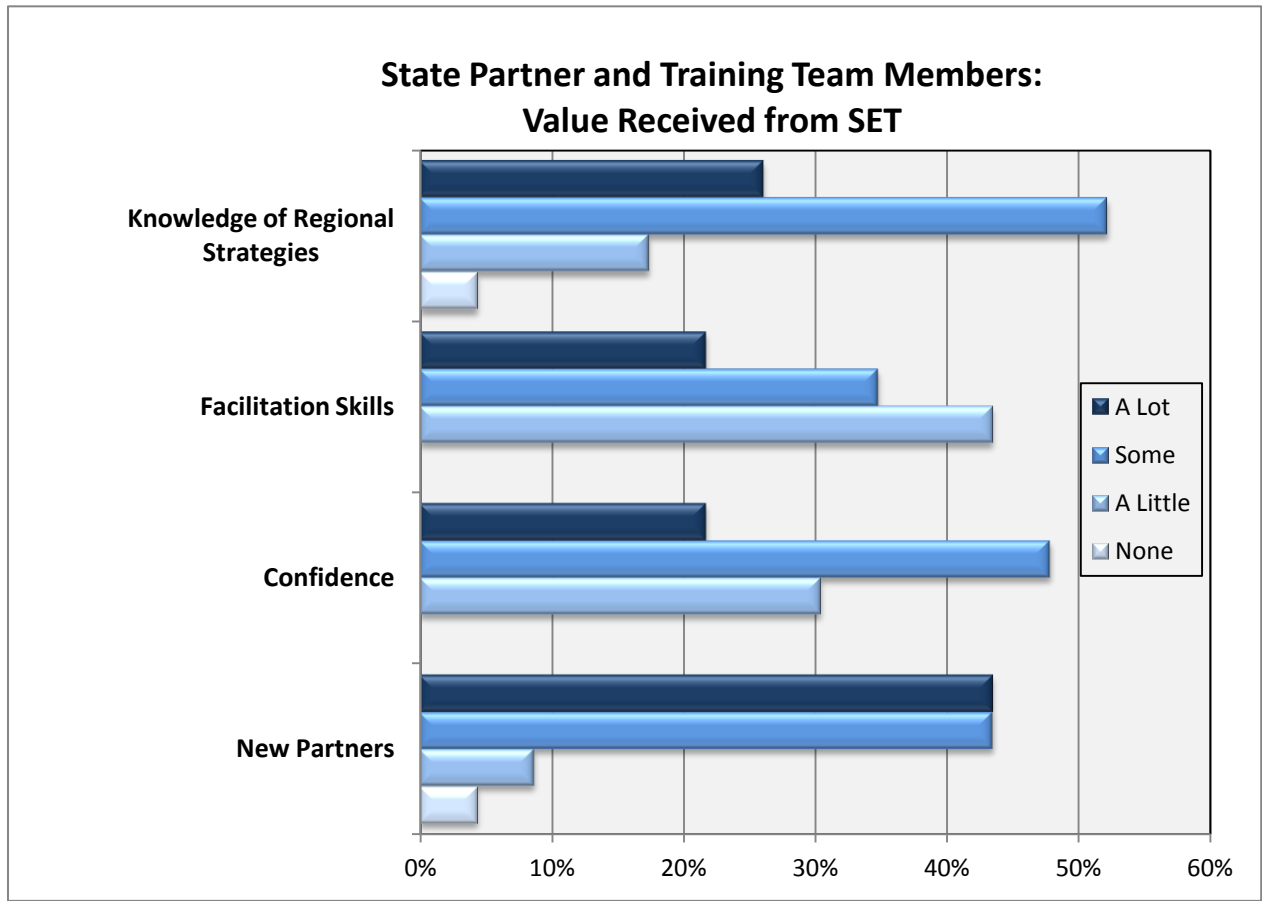
On the survey noted above, RD-CES State Partners/Trainers were asked to rate their increase in the following items as a result of SET (see chart on page 13). The specific areas examined were increases in:

- Knowledge about regional economic development strategies
- Skills in facilitating regional groups
- Confidence in working on regional initiatives
- Opportunities to work with new partners on common goals

As the chart that follows indicates, most SET partners and trainers stated they experienced “some” or “a lot” of gains in three of these items. The lone exception to this trend is for facilitation skills. Given that trainers were selected based on their experience as leaders in economic development planning, it is not surprising that they did not achieve major gains in this area since many of them had a good command of these skills already. What is most surprising, however, is that despite the strong set of credentials that training and partner team members brought to the table, many of them stated that SET enhanced their knowledge of economic development strategies, enhanced their confidence in guiding regional development efforts, and expanded their partnership networks.

***“[SET] encouraged my personal further research into how regional groups work together and searching for other examples/models we can use to encourage regional collaborative efforts.”***

***Rural Development Staff  
Survey Response***



**Survey Respondents: 23 responses (7 RD, 14 CES, 2 other land grant)**

**OUTSIDE ATTENTION: SET Has Attracted Attention and Investments by Federal and State Agencies, Foundations, Land-Grant Universities and Others**

**Importance:**

One of the challenging issues facing any major initiative like SET is finding ways to keep the momentum going; that is, sustaining the program over the long-term. Nagy (2011) offers a number of strategies that are designed to promote the sustainability of any important initiative. Some are focused on garnering additional financial resources to keep the program going, such as inclusion of the initiative as a line item in an agency or an organization’s budget, securing additional grants from agencies, private sector firms, or philanthropies, and charging user fees for those wishing to launch the program. Another strategy that does not entail any funds, per se, is finding natural partners who want to work together to expand an initiative to new places and new audiences. Finding the right mix of strategies to sustain an important project is vital.

## Evidence:

- Based on word-of-mouth information on SET, several institutions in the U.S. and Canada have approached the national SET team seeking approval to deliver SET on an independent basis. Beyond the initial 22 SET regions, SET is currently being implemented in four additional locations: Saskatchewan (Canada); Southern Tier of New York; a four-county region in Kentucky/Tennessee (through a HUD grant); and a multi-county region in Arizona.
- The Ozark Foundation has awarded funds to the Missouri SET training team to expand delivery of SET to two additional regions, beginning late 2011.
- The state of Nevada recently mandated a regional approach to economic development. As a result, three Nevada professionals representing RD, CES, and the Nevada Commission on Economic Development joined the Phase II SET training to explore the possibility of implementing SET in their state.
- The Appalachian Regional Commission (ARC) has expressed interest in exploring how SET can be implemented more widely within the 13-state ARC region (four Phase I SET states and three Phase II states are part of the ARC region).
- Ohio Cooperative Extension Service is exploring the possibility of expanding SET to additional regions in the state.
- To support the governor's regional economic development initiative, Colorado Cooperative Extension Service is exploring the possibility of embracing SET as the prototype for regional development throughout the state.

## Some Early Challenges

While a number of positive achievements have taken shape with the SET initiative over the past year, some key challenges should be noted. Specifically:

CHALLENGE	RESPONSE
Some of the SET Phase I regions that entered the training with substantial experience working together as a regional organization perceived some of the SET training as too basic for their team. (Furthermore, one of long-established regional teams that opted to discontinue its involvement in SET did not wish to delve into some of the new regional economic development activities presented in the SET training. The team wanted to stick with its traditional focus on business recruitment efforts).	The Phase I application process for regions was substantially modified for use in recruiting and selecting Phase II regions; the Phase II process was designed to do a better job selecting only regions that are willing to take full advantage of all that SET offers.

<b>CHALLENGE</b>	<b>RESPONSE</b>
<p>Some SET Phase I regions wanted and/or needed to cover key topics not included in the basic nine-module SET training.</p>	<p>Five new optional modules have been commissioned. Topics to be covered include: a) nurturing entrepreneurs and creating entrepreneur-friendly regions; b) matching the region's assets and strategies with appropriate firms; c) developing capacity through social networks; d) finding the capital to support your regional plan; and e) pursuing smart growth strategies in rural areas. These five new optional modules will be ready for testing in the first half of CY 2012.</p>
<p>In the early going, some SET Phase I regions produced vague vision statements, weak goal statements, and inadequate regional plans.</p>	<p>For Phase II SET regions, clearer and more detailed guidance and coaching for the State Training Teams and the regional groups will be put in place to better assure that each region develops adequate vision statements, strong goal statements and solid regional plans.</p>
<p>Demand for SET is accelerating in states and regions that have not been part of SET up to this point. The challenge is how to select Phase III states in a fair manner, since it is likely that the demand will be beyond the scope of Phase III; current resources will permit SET to be delivered to about 20 regions located in about 10 states in Phase III.</p>	<p>RD and the SRDC will work in partnership to develop a proposal process to enable states to compete for Phase III slots; applications will be submitted by a team that is supported by both the RD State Office and the Extension Service in the state.</p>

## References

- Becker, Gary S. (1964). *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. Chicago, University of Chicago Press.
- Bennis, W., Nanus, B. (1985). *Leaders: Four Strategies for Taking Charge*. New York: Harper & Row.
- Council on Competitiveness. (2010). *Collaborate. Leading Regional Innovation Clusters*. [http://www.compete.org/images/uploads/File/PDF%20Files/Final\\_Collaborate.pdf](http://www.compete.org/images/uploads/File/PDF%20Files/Final_Collaborate.pdf)
- Drabenstott, M. (2010). Past Silos and Smokestacks: Transforming the Rural Economy in the Midwest. *Heartland Papers*. Issue 2. The Chicago Council on Global Affairs. <http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/Heartland%20Paper%20-%20Rural%20Development%2010.pdf>
- Emery, M., Hubbell, K., and Miles-Polka, B. (2011). *A Field Guide to Community Coaching*. Published with support from the W. K. Kellogg Foundation, the Annie E. Casey Foundation, Kellogg Action Lab at Fieldstone Alliance, and the Northwest Area Foundation. <http://www.communitycoaching.com>
- Flora, Cornelia Butler and Jan L. Flora. (2008). *Rural Communities: Legacy and Change (Third Edition)*. Boulder, CO: Westview Press:
- Morse, Suzanne W. (2004). *Smart Communities: How Citizens and Local Leaders Can Use Strategic Thinking to Build a Brighter Future*. San Francisco: John Wiley and Sons.
- Putnam, Robert D. (2000). *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Rouillard, Larrie A. (2009). *Goals and Goal Setting*. New York: Axzo Press LLC.
- Schultz, Theodore W. (1971). *Investment in Human Capital: The Role of Education and of Research*, New York: Free Press.
- Senge, Peter M. (1990). *The Fifth Discipline: The Art and Practice of the Learning Organization*. New York: Doubleday Currency.