Stronger Economies Together

Strategies for Building New Economic Opportunities

Supplemental Module: Growing Regional Economies by Growing Networks

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This module will introduce networking and explain how economic development networks can help grow regional economies.

Using the Participants’ Guide
The Participants’ Guide contains handouts designed to assist participants in planning their economic development effort.

Group Exercises
The group exercises in this module will help the participants understand the materials, provide a break from listening to the presenter, and allow the participants to get to know each other better.

A summary of the group discussions and exercises:

Slide 3: It’s a Small World...After All!
Slide 5: Networks
Slide 11: Occupational Networks case study
Slide 23: Four Phases of Network Development
Slide 28: Final Reflections

References
Instructions:
This slide should be up as people enter the meeting room. This module explores how networks can grow regional economies.

Script:
“Welcome. This module, Growing Regional Economies by Growing Networks, will help you see how collections of deliberate connections can strengthen your regional business and civic work.”

Slide: 1
Time: 5+ Minutes, depending on group size and if an ice-breaker is used
Instructions:

Use the bulleted items from this slide to provide an overview of this Module.

Script:

“Today, we will cover several topics. You will see how networks are changing the way complex work gets done in both business and in our communities. We will look specifically at four different types of networks important in economic development and then discuss some practical ways to start and grow networks to support your regional economic development strategies.”

Overview

- How networks accomplish complex work
- Networks supporting economic development
  - Entrepreneurship
  - Industry
  - Occupational
  - Civic
- Strategies for starting and growing networks
Instructions:
After introducing the “small world” idea, allow time for group members to interact. Make sure to have several examples ready to share.

Script:
“Most of us are more networked that we usually realize, and sometimes this becomes evident in a ‘small world’ story – those occasions when you discover some connection to a complete stranger, or when you run into your next door neighbor while on vacation a thousand miles from home. Do any of you have a ‘small world’ story you’d like to share? We’ll take time for a couple before we move on.”

[Allow two or three people to quickly share their stories. If no one seems interested in telling their story, tell one of your own.]
“With people, products and information constantly crisscrossing the globe, we find ourselves more connected than ever before. Those connections are likely local, regional and even global. When we nurture those connections and develop new ones, new value can emerge. Each of us has a collection of these connections, and we often refer to them as our network.”
Instructions:

Have participants think about ways their networks have allowed them to add value to their lives. After discussing the slide, have them pair up and share with one another how networking has benefitted them. Allow 2-3 minutes for this exercise.

Script:

“If you consider your own personal or professional networks, can you think of ways in which they have added value to your life? Maybe you leveraged your network the last time you were looking for a new job. Maybe you were trying to solve a problem or make a decision, and someone in your network pointed you toward the information that you needed. Maybe a Facebook status update helped you sell your old sofa. Maybe a family in your community was facing difficult times, and your network helped people get organized to come to that family’s aid.

Please pair up and share how you have benefitted from leveraging your personal or professional networks in a variety of ways. We’ll come back together in 2-3 minutes.”

[Allow the pairs to discuss for a few minutes before moving on.]
Explain these examples of how business networking has changed.

“Networks not only add value to us as individuals, but they play an increasingly critical role in how our economy adds value and generates wealth. Some of the most vibrant business models in the last couple decades have been networked business models, and networks have changed even some of the oldest industries.

Let’s take the movie industry, for instance. Warner Brothers has been around for more than a century, but the way the company makes movies has changed dramatically. In 1928, it made a movie called ‘Noah’s Ark.’ Fewer than 60 people were involved in making the film, and each of those individuals, from the cast to the crew, were Warner Brothers employees. In 2011, the studio was still making movies, such as the last installment of the Harry Potter series, but now more than 1,750 people worked on that film. Very few of them, however, worked for Warner Brothers. Most were independent contractors or employees of small businesses with very specific responsibilities. Complex, modern-day movies really couldn’t get made using the same organizational models that were in place in 1928.

The popular iPhone is another example. It is a product of Apple, but the design and production of the smartphone involves a complex global network, as you can see on this diagram of connections.”
Instructions:

Show this illustration of business organization models to explain a shift in the workplace.

Script:

“For a long time, work got done in tight hierarchies. A few people on the top did the thinking, and all the people at the bottom did the doing. Today’s predominant organizational model, however, is flat and integrated.”
“If you dissect a network, it really only has two components:
Assets and Linkages. The assets may be individuals, businesses or some other
sort of organization, or tangible items such as computers, buildings, vehicles, and
other objects. The linkages are simply the things that connect those assets. These
can be relationships between people and organizations, monetary or other types of
transactions, and flows of data, goods, or services.

Networks add value through the ability to accomplish or create something that no
single asset could accomplish or create alone. This notion that two or more things
can create something of value is not a new idea. Somebody learned long ago that
you could take two of earth’s basic elements like iron and carbon and create steel.
Build a network with the right assets, and you can make a blockbuster movie,
create a game-changing electronic device, or grow a regional economy.”
Use this slide as an introduction to the next section, which explores four networks in economic development.

“Now that we understand the basics of networks, the next section of today’s module explores four different types of networks that sometimes play a role in economic development strategies. These networks include industry, occupational, entrepreneurship and civic. Some of these will be familiar to you from previous SET modules.”
Explain the four phases of industry and occupational cluster development.

“When it comes to industry and occupational networks, you might be more familiar with them as both industry networks and occupational networks. In a previous SET module you took a look at your region’s industry clusters and likely paid close attention to those that have the highest concentration in your regions. That means, you may remember, that your region has a higher concentration of these industries than the rest of the U.S. economy does.

Knowing that you have a high concentration of a particular group of industries is just the first step in developing an industry network. We call that stage articulation. The work of actually creating an industry network occurs in the next three phases.

Activation occurs when you bring together representatives from key businesses in a the cluster to begin getting to know one another and to begin the process of exploring what they might be able to do together. This process is typically facilitated by an economic organization. There are many successful examples of industry network organizations around the country.

Once these groups identify priorities and the resources to implement them, they move into the acceleration stage. In a network, implementation can often move at a faster pace because many members of the network are able to invest resources and share the risks of moving forward.

Assessment is the last phase of network and cluster development. Networks are more agile than other types of organizational structure, so assessment becomes a useful way to identify and make any mid-course corrections needed along the way.”
Instructions:

Distribute Worksheet One: Pleasant Valley Partnership Case Study and ask the participants to work in small groups (4-5) to identify the four phases of network development (Articulation, Activation, Acceleration and Assessment) and to examine how the community used this model to grow their economy. Allow 10 minutes for this exercise, and include a debrief of the activity.

Script:

“Take a look at Worksheet One: Pleasant Valley Partnership Case Study, which tells how one rural region was able to support the start up of some high-tech business in their community through the development of an occupational network. In small groups of 4-5 people, see if you can answer these questions:

1. How did the Pleasant Valley Partnership articulate the occupational network?
2. How did they activate this occupational network?
3. What did they do to accelerate the opportunities that began to emerge from this occupational network?
4. How did they assess progress, and what additional needs did their assessment identify?

We’ll come back together in about 10 minutes. [Allow 10 minutes for group work.]

Let’s hear from your work together. [Allow groups/individuals to give responses to each of the phases.]

Thanks for your discussion. One final note to add about this case study – although the Pleasant Valley Region presented an occupational network that resulted in entrepreneurship as one of its outcomes, occupational networks can also prompt other types of strategies related to workforce, training, and others.”
Discuss these benefits of entrepreneurship networking with the participants.

“Those who study places like Silicon Valley, where a great deal of entrepreneurial activity has occurred, note one reason for that success is that there is real value in having lots of entrepreneurs in close geographic proximity to one another. In these settings, networks form organically as people meet one another. In areas with less population density and fewer active entrepreneurs, bumping into one another usually does not happen as easily. That is one reason some economic development and business support groups purposefully bring together entrepreneurs and nurture the network development process. When entrepreneurs rub elbows and get to know one other, good things can happen:

- **Peer learning occurs** – Most entrepreneurs are, by nature, lifelong learners, who pick up new ideas and new information wherever they can get it, especially from peers.

- **Resources are shared** – Entrepreneurs are also usually a very generous bunch. Most have not gotten where they are completely on their own. Others have helped them along the way. They are also often very quick to see how new relationships can create new opportunities. Sharing of resources happens frequently among entrepreneurs, from providing referrals for helpful support services, including patent attorneys or accountants, to sharing office space and equipment.

- **New ventures are explored** – Some entrepreneurs are engaged in more than one venture at a time, nurturing along a number of business ideas. It is not at all unusual for entrepreneurs to partner together on side ventures at the same time they are working on their main projects.

- **Pitfalls are avoided** – Most entrepreneurs worth their salt have failed at one time or another. If they haven’t, they are probably not taking enough risks. These failures, when done in close proximity to others, can be valuable to other entrepreneurs, teaching what went wrong when and giving them clues about how to avoid those same pitfalls.
• **Needs are aggregated** – A network of entrepreneurs can also identify common needs and then quickly organize to meet that need more efficiently, effectively or less expensively. Several entrepreneurs, for instance, might all need the same raw material or some other supply. By aggregating their needs, they may be able to negotiate a better price.”
Instructions:

Introduce the next entrepreneurship network case study, covered in the next 10 slides.

Script:

“Over the next several slides, we will explore another case study. ACEnet, an entrepreneurial network in a large region in Appalachian Ohio, helped launch new ventures and grow their regional economy in those 29 counties. As the group considered strategies for growing the rural communities in this region, it noted that three communities had a large number of small tomato farms. Initially, ACEnet reached out to those farmers to see how connected they were, which brings us to the next slide.”
Instructions:

Continue explaining the entrepreneurship network case study.

Script:

“The group did some survey work, asking these tomato farmers questions about those with whom they work and those from whom they get advice. They then entered that data into a computer program that mapped the connections.

When you work to find networks in your region, keep these questions in mind.”
“What they found when mapping the connections was scattered fragments of a network. They continued to work with these farmers to learn about their operations and their interests in growing their businesses. ACEnet found out that there was a good deal of interest from many of the farmers in some value-added efforts. The slide shows the scattered fragments network, leaving lots of room for further connections to be made.”
Instructions:

Continue explaining the entrepreneurship network case study.

Script:

“ACEnet settled on a kitchen incubator as a way to not only help these farmers add value to their tomatoes, but also to serve as a hub that could bring this fragmented network together. They found funding and created the incubator, which was indeed used by many of the farmers, as well as some local restaurateurs.”
“After establishing the kitchen incubator, ACEnet then mapped their network again and found that the incubator had indeed become a hub for the network. Just as they had hoped, new relationships began to be established and new enterprises emerged as a result. This slide shows the resulting hub-and-spokes network forming in the region.”
“It was not long before some new hubs began to emerge. The community with the incubator had never had a farmers market, and the farmers who were using the facility saw an opportunity to form one. One of the restaurateurs then decided to open an outdoor café, using the fresh produce brought in by farmers, to serve breakfast and lunch on the days of the farmers market. Other restaurants took notice and began purchasing more local produce to serve in their restaurants. They then formed an association to be more efficient in the procurement of local products.”
“Once again, ACEnet mapped the evolving network and saw that it now had several hubs developing around these new efforts. The slide shows a diagram of this multi-hub network.”
“The flurry of activity in the Appalachian Ohio region caught the attention of organizations outside the region, so the group formed a coalition to begin bringing in outside investments and other resources. Through the ACEnet efforts, the network boundaries expanded beyond the original 29 counties.”
Instructions: Continue explaining the entrepreneurship network case study.

Script: “The network became larger and more complex, with a very solid regional core that reached out to the periphery. What began as a network of scattered fragments grew to a complex network, as the slide displays.”
Continue explaining the entrepreneurship network case study.

**Script:**

“Today, more than 20 salsa companies in the region export their value-added products. These are not big businesses, with $700,000 in annual sales among them, but they represent new jobs and new economic activity. The network of farmers and salsa makers gives back to the community by providing food to the region’s food pantries each year, and ACEnet continues to build networks and bring together entrepreneurs in a variety of areas.”

**The Appalachian Ohio “Salsa” Cluster**
- 20+ boutique salsa businesses in region
- $700K annual sales among new businesses
- 350 gallons and 445 lbs of fresh and preserved foods delivered to the region’s food pantries annually
- ACEnet serves over 200 existing and emerging entrepreneurs each year
Instructions:

Reiterate the four phases of network development, as illustrated in the previous case study, and give participants the opportunity to work in pairs to consider how these phases are evident in their own networks. Allow 10 minutes for the exercise.

Script:

“As a review, the four phases of network development in ACEnet’s work include, first, the scattered fragments of a network deliberately brought together by creating a single hub. Next, continuing to nurture the network allowed multiple hubs to emerge, and finally, helping the network solidify its core while extending to bring in outside resources created a large complex network that allowed the industry to flourish.

I would like each of you to take a few minutes to consider a network you are part of or have been a part of in the past. Try to answer these questions:

1. Which of the four phases do you think the network is in now and why?
2. What steps could be taken to grow this network to the next phase? Even if the network you identified is a Stage 4: Core/Periphery Network, what could you do to expand the periphery?
3. Using the network you identified as an example or using another in which you have been a Network Weaver, how could you and your organization help further develop the network?

Please take a few minutes to record your thoughts and to share these thoughts and experiences with a partner. We’ll come back together in 10 minutes.”

[Allow the group to work in pairs for 10 minutes before moving on.]
Instructions:

Use this animated slide to explain the civic networks, the fourth type of economic development network we will explore in this module. Because this slide has several layers, the script below coordinates with the animations. Pay careful attention to your clicks as you teach.

Script:

“Now that we’ve discussed industry, occupational and entrepreneurship networks, we’ll move to the final type of network that can play a role in your economic development strategies – civic networks.

We use a lot of words to describe the way organizations work together – partnerships, collaborations, associations and more. This slide depicts a civic network continuum to help you understand the different stages of bringing organizations together over time.

[Click.] When groups come together, such as our SET group for instance, one of very first benefits is simply knowing that each other exists. We call this acknowledgement stage mutual awareness. For a multi-county group, this mutual awareness is a valuable place to start.

[Click.] Next, we start to share information with one another. We are exploring one another’s world. We share information such as, ‘This is how things are going in my community,’ or ‘My organization is involved in this activity.’

[Click.] Hopefully, we move then from sharing information to sharing resources. We call this cooperating. These resources can be knowledge that is exchanged or facilities that are shared, for example. When a representative from one organization says, ‘Let’s have the next meeting at my place, and we will pick up the cost of lunch,’ that is an example of sharing resources.

[Click.] Collaboration occurs when we start to co-execute. For instance, let’s say three counties had been planning on hosting their own job fairs in the spring. After acknowledging, exploring and cooperating, however, they decide to co-execute by having one large regional job fair.
Next is the co-creation stage, where true innovation occurs. This happens when organizations get together to create something brand new or something that no one organization could do on its own. Achieving this co-creation stage is necessary to implement the sort of strategies we are developing through SET.

There are also a couple of important dynamics to consider in this continuum, such as the issue of turf. It is difficult to co-execute, much less co-create, when concern over turf is high.

The other dynamic is trust. It does not take much trust to be aware of another’s existence, but trust is an absolute necessity when it comes to co-creation. Negotiating turf and building trust have an inverse relationship. Both take time, but as trust builds, concerns over turf diminish.

Civic networks may be called by different names, but for them to be successful, these dynamics must be considered.”
Instructions:

Use the table on the slide to describe seven leadership roles required in today’s civic network structure.

**Script:**

“In our old, hierarchical civic structures, we emphasized roles such as president, chairperson, secretary and treasurer. Working in civic networks today, however, requires a new set of leadership roles, responsibilities and skills. In your networks, focus on leaders who embody these roles:

- **Conveners** maintain the civic spaces where you can do civic work, have community conversations and co-create together.

- **Connectors** link people and assets together in ways that add value.

- **Civic Entrepreneurs** see new opportunities and ways to capitalize on them.

- **Guides** are able to map complex processes so others can understand them.

- **Strategists** can recognize patterns that may reveal ways to move forward.

- **Knowledge Keepers** are different than note takers. They distill our conversations and synthesize them into key points and patterns.

- **Web 2.0. Mavens** help keep the conversations going between the face-to-face meetings using social media and other Web 2.0 tools. Networks need this special skill set.

No one will possess all these skills, but an effective network needs to have all these bases covered by utilizing the unique skills of its members.”
Illustrate the seven levels of network weaving by using the names of two people in your group and coming up with some fictional (or real) reason the two of them should get to know one another. The script includes an example of how this could work. Also, please note that this slide builds backwards, with the step animation appearing in inverse order as you click. The script below coordinates with the animations so pay careful attention to your clicks as you teach.

**Script:**

“As you recall from the network diagrams shown in the ACEnet case study, the basic building block in these networks is the triangle. Whether you are weaving an industry, occupational, entrepreneurship, or civic network, closing relationship triangles is a simple but useful tool.

As we go through the seven levels of network weaving, think about those you know who can add value to your efforts and about what new relationships you can help start that might add value, as well.

Let’s say that I know Bob, and I know Lucy, but Bob and Lucy don’t know one another. I’m part of an emerging regional network trying to prompt the growth of tourism in my region. Bob runs a successful winery, and Lucy makes goat cheese.

[Click.] Level 7: I simply tell Bob that he should talk with Lucy.

[Click.] Level 6: I tell Bob that he should talk with Lucy and then contact Lucy to let her know she might get a call from Bob.

[Click.] Level 5: I do an email introduction of Bob and Lucy. Something such as ‘Dear Bob and Lucy, the two of you don’t know one another, but I thought you should…’

[Click.] Level 4: I set up a conference call or three-way call with Bob and Lucy to introduce them over the phone.
[Click.] Level 3: I arrange a way for Bob and Lucy to meet in person, such as over coffee or lunch.

[Click.] Level 2: I get Bob and Lucy together and then follow up with each of them to see how they thought the interaction went.

[Click.] Level 1: I get Bob and Lucy together with an immediate opportunity to do something together, such as hosting a wine and cheese tasting for a group of visiting travel writers.

These levels may seem like common sense ideas, but they are powerful and effective ways to begin building a network.”
Instructions:

Summarize today’s module with the bullet points on this slide.

Script:

“In summary, this module gave us an opportunity to see how network organizational structures are being used to do complex work in both business and in civic work. We also looked at some examples of ways networks can help grow a regional economy. Lastly, we examined some roles and responsibilities of network leaders and learned how each of us can close relationship triangles to begin forming networks. I hope some of these principles benefit your regional team as you move forward in implementing your SET strategies.”
Instructions:

Use the questions on the slide as a debrief of today’s session.

Script:

“In closing, let’s take some time to reflect on this module. What topics did you find most helpful? What did you find confusing? What do you hope to implement as part of your regional team’s activities? Are there any other items you want to mention?”
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