Wealth creation is a relatively new but growing approach to economic and community development (Pender et al., 2012b). Rural wealth creation has been practiced in a number of regions through work funded by the Ford Foundation under the program title WealthWorks. Building on this work, Rural Development Initiatives, Oregon State University Extension, and other partners launched a wealth creation program in Oregon in 2014 that was funded by three different foundations in the state. Eighteen rural regions across Oregon submitted proposals and six regions were chosen to participate in a pilot program to explore applying these concepts to their regional economy.

RURAL WEALTH CREATION

In the wealth creation framework, wealth is defined through eight forms of capital stocks: Individual, Intellectual, Natural, Built, Financial, Political, Social, and Cultural. These capital stocks, or forms of wealth, are defined in Figure 1. Creating an inventory of multiple forms of capital and considering how they can be improved forms the basis of asset-based community development approaches. The rural wealth creation framework builds upon this understanding and hypothesizes that overall development outcomes will be enhanced if decision makers consider the potential impact of any investment or policy on all forms of wealth (Pender et al., 2012b).
et al., 2012a). Decision makers should: 1) Choose decisions that create the most benefit across all of the forms of capital stocks; and 2) Seek to minimize investments that damage one form of capital stock in order to grow another.

WealthWorks has used the principals of rural wealth creation to create a systems-thinking approach to economic development (Lyons et al., 2014; Ratner et al., 2014) that has been implemented in regions across the country. The WealthWorks model has three core elements that guide development decisions: 1) enhance the eight capitals; 2) consider local ownership and local control opportunities; and 3) consciously improve the lives of disadvantaged people in the region (Ratner et al., 2014). To accomplish these elements and build wealth that is retained in rural areas, WealthWorks seeks to create wealth-building value chains, a set of interrelated businesses within a region that are oriented towards market demand. Figure 2 summarizes the key principles in this approach.

Figure 2. Key Principles in Rural Wealth Creation/B.Newman
Regions are more likely to find more success by building on the existing business assets that are already in their community rather than trying to build a value chain from scratch. This can require working with existing businesses to seek out forms of market demand that support not just financial profit but production practices and product qualities that build multiple forms of wealth. Rising incomes, environmental awareness, and cultural shifts have created market demand that often offers a premium for goods and services that satisfy a variety of preferences including local, sustainable, organic, handmade, and socially responsible production practices.

For example, to apply this principle, producers could shift from selling raw products in the open commodity market at a lower price to selling a more processed product that is distinguished by certain quality and consumer preferences at a higher price. As producers work to meet this new market demand, a value chain coordinator works to partner existing businesses in the region and/or create new business opportunities (Lyons et al., 2014). WealthWorks assumes that participating businesses will grow their financial capital while also building additional forms of capital. For example, by improving the natural capital in the community by being good stewards of the land and water resources, developing stronger social capital among the business community, and building additional intellectual capital in the community’s workforce. (More information can be found at wealthworks.org.)

OREGON’S PROGRAM
WealthWorks Northwest adapted this program to meet the needs of rural Oregon communities. (For more information visit http://wealthworksnw.org.) The initial pilot program provided technical assistance by connecting regional teams to other resources and by offering coaching directly to the team leaders in a way that builds on-the-ground capacity within the region, as well as a $10,000 grant for each participating community to cover market demand research, participant travel, staff time, and other expenses incurred during the program.

In the program, communities select a value chain, convene existing businesses within the identified value chain, and develop an understanding of existing market demand and the region’s collective ability to meet this demand. The group also determines how each capital stock can be enhanced through efforts to grow businesses within the value chain. This pursuit of developing multiple forms of capital is the basis of the group’s collective interest and will influence which market opportunities are pursued and who the group chooses as partners. A majority of the components of the program are already in the basic economic developer’s toolbox, but the ways they are combined and the intentionality to pursue multiple forms of capital at once are new. Creating a set of indicators to monitor ongoing progress across the eight forms of capital stocks is also a part of the program.

When rural communities in Oregon were asked to rate capital stocks in their own communities, they perceived social and natural capital to be their two strongest forms of wealth, while built and financial capital were often the weakest. Starting with an understanding of the community’s assets across the eight forms of wealth and the strengths of existing businesses, many groups determined that there was

“Producers could shift from selling raw products in the open commodity market at a lower price to selling a more processed product that is distinguished by certain quality and consumer preferences at a higher price.”
Potential to explore a value chain among agricultural producers and processors.

**LESSONS LEARNED FROM THIS WEALTH CREATION APPROACH**

Participant surveys and interviews were used to assess the impact of interventions across the six participating communities. In the short term, of the eight forms of capital stocks, communities were most likely to build new social capital among businesses and participants. This program encouraged business owners to convene and discuss collective interests and explore potential areas to collaborate, often for the first time. Increased social capital sometimes led to increased political capital. For example, two regions formed connections which led to successful grant writing efforts attracting additional financial capital to the project. All six regions continued to work on the project after the initial four-month pilot period, and the most active groups developed intellectual capital as they learned more about the businesses within the chain and existing market demand, and the region’s ability to be competitive in these new markets.

Building a stronger communal knowledge base of these concepts to permanently improve the way a region approaches local economic development is one goal of the wealth creation program. However, mastering these concepts requires continual practice and deliberate intent of a core group of leaders. After the program ended, many regions lacked the resources to lead this process without support. Regions particularly struggled with using market demand research to identify business opportunities, articulating shared interests to potential partners, and conceptualizing what inclusivity could mean within the approach.

The advantage of the systems approach is that the big picture appealed to a lot of stakeholders, and participants readily agreed that investing in the region’s natural capital and built capital were just as important as realizing financial gains. However, for some regions there were simply too many concepts to absorb and incorporate into their thinking and action plans, which led some individuals to tire of the process and return to their individual businesses. Regions realized that pursuing the goal of improving the food system as a whole was too ambitious; there were too many partners to manage and too many barriers to address. Some regions then attempted to narrow their focus but struggled to identify which market opportunities to pursue.

**CONCLUSION**

WealthWorks Northwest is a unique collaboration between an Extension Service and a non-profit organization seeking to build on leadership development efforts in the state by engaging more communities in local economic development using a wealth creation framework. In Oregon, a majority of regions identified a local food system as the region’s most promising value chain opportunity that would allow the development of multiple forms of wealth. As a comprehensive approach to economic development, WealthWorks aims to provide tools that support locally-led development efforts that respond to changing market conditions and competing priorities, while emphasizing the retention of profits and benefits locally and positively impacting low income individuals.

After participating in a four-month pilot, communities gained important skills and new knowledge about their economies through WealthWorks, and this program sought to tie together recently-built leadership capacity with economic development resources at a regional level. There is evidence that this approach can transform rural economies, but as we have learned there is a significant learning curve for rural regions to embrace value chains, multiple forms of wealth, market demand analysis, evaluation tools, and expanding existing capacity to include new partners. Furthermore, this pilot offered implementation funding, more than many other programs. However, additional follow-up has shown more resources need to be spent developing and supporting institutions that can champion this work and keep a complex view of the economy active and evolving.

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