Rural Transformation Strategies: A Look at Two Successful Transformative Models

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The coming months and years loom large on the horizon of rural communities: it is not a pretty picture. In just a few short months, the COVID-19 pandemic has given rise to a wave of surging unemployment and debt coupled with the cratering of critical industries in the hospitality and energy sectors of the American West. Hard times are here again for much of rural America.

In a recent economic impacts brief published in the Western Rural Development Center’s COVID-19 Series (Coupal, et al., 2020), several possible responses to the shuttering of a rural economy are raised and considered in the wake of a pandemic shock of the magnitude of COVID-19. One, a so-called “plucking” or trampoline effect results when a local economy snaps back or rebounds to its previous levels of long-term growth following the re-introduction of resources and assets: the often-discussed “V” shaped outcome possibility. Another, a negative or flat growth recovery where long-term growth is started at a lower level and then follows national patterns but at a lower level. A third possibility considers a potential positive effect of decline, what we would call rural transformation, where the loss of a vulnerable industry or industries (Albrecht, et al., 2020-forthcoming) creates an opportunity for growth in other areas of the local economy. This brief considers the lessons we have learned and the tools required to think seriously about the process of rural transformation in this year of plague and disruption.

Rural Economic Development

Local and community economic development is often conceptualized in four broad categories of activities: The creation of growth and employment opportunities by encouraging entrepreneurs and local innovators; the attraction or recruitment of businesses and industries to locate in a county or region of interest; the retention of existing businesses and industries by providing a menu of assistance and incentives; and the expansion of the existing business base by providing incentives and a favorable business climate and business-friendly policies. Development and enhancement of physical and communication infrastructure is another broad category of tools and resources employed to stimulate growth and increased investment. Economic development tools that fall under each of these categories include:

**Creation**
- Entrepreneurship and investment clubs
- Business incubators and accelerators
- New product development labs
- Economic gardening

**Attraction and Recruitment**
- Industrial attraction and recruitment campaigns
- Community marketing programs
- Recruitment of educated and creative people

**Retention of Existing Businesses**
- Small business development centers
- Micro-enterprise development programs
• Revolving loan funds and other financing strategies

Expansion of Existing Businesses
• Economic and occupational clusters
• Workforce development and training
• Attracting educated and creative people
• Value-added agricultural enterprises

Infrastructure Development
• Broadband and information technology infrastructure
• Downtown and main street revitalization programs
• Building on local assets – tourism, recreation, physical and cultural amenities

However, the use of any of these tools, individually or in tandem, does not insure the transformation of a local rural economy. In fact, most counties or communities may already employ many of these models and tools often with measurable success. They are important instruments or tools in the process of transformation of a local economy, but by themselves do not usually have the capacity to move an economy from a lower to a higher level of sustained, long-term growth.

Rural Transformation
The transformation of a rural economy while utilizing the models and tools of local economic development requires a more analytic and strategic approach to growth and development. It is usually characterized as community-based and regional in scope; it seeks industries with existing or potential competitive advantage; and the diversification and broadening of what is often a homogenous rural economy characterized by a limited number of vulnerable industries, typically related to hospitality or oil and gas. The process of rural transformation replaces, or supplants, these vulnerable industries with more competitive and diverse industries with the potential for more stable long-term growth and expansion. Examples of transformative strategies of rural development exist and are useful to rural county and community policymakers who are facing the ravaging effects of COVID-19 on their economies and are looking for options and possibilities to restabilize their communities. Outlined below are two examples of transformative models, Area Sector Analysis Process (ASAP) and Stronger Economies Together (SET).

Area Sector Analysis Process
The Area Sector Analysis Process (ASAP) is a highly-adaptable community development model that uses community desirability and industry compatibility measures to match communities and business sectors in a local or regional economy. The process matches community inputs – local survey and assets data – with national business and industry data. The model helps communities determine industries that are both desirable for local residents and compatible with industry needs. A community steering team is provided extensive data and information for highly-rated targeted industries. The steering committee then works with the ASAP facilitation team to help develop and implement a strategic economic development plan.

Figure 1. The ASAP Model.
During the six-module Area Sector Analysis Process, community goals are determined through a survey of county residents. Community infrastructure, economic, and quality of life assets are acquired and analyzed. Additional input includes survey data from over 2,500 businesses from all geographic regions of the U.S., which are reviewed to determine industry requirements for successful operation in a community or county and the benefits the industry would bring to the local community. Desirable community goals and assets are matched with business responses to identify potential compatible target industries which then becomes an important component for community economic development planning.

Communities use ASAP results to fortify existing business sectors reported as desirable and compatible, to recruit new businesses and industries in desirable and compatible sectors currently absent in the community, or to invest in infrastructure the community lacks to attract businesses from desirable but currently incompatible sectors. Once the strategic framework has been established, the community then can employ the appropriate economic development tools to achieve its community and economic development goals.

The ASAP model and process has been applied or is in the process of being applied in over 40 communities in the West, including communities in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, and Utah.

**Stronger Economies Together**

Stronger Economies Together (SET) was a successful national community development program jointly sponsored by USDA Rural Development and the four Regional Rural Development Centers (that includes the Western Rural Development Center). SET provided funding, training and a strategic model for rural counties throughout the U.S. to design and implement a transformative process of growth and economic development with local stakeholders.

The SET process (Figure 2) included these key points:
- Civic Forum, collecting and presenting data
- Exploration of regional data
- Evidence-based planning
- Connecting capitals – financial, political, social, human, cultural, natural, and built capitals
- Finalizing and implementing the plan

Included in the design and development of SET were important policy principles to guide community choices:
- Seize regional competitive advantage
- Adopt technologies that strengthen competitive advantage
- Strengthen rural labor markets and boost worker skills
- Invest in telecommunications and transportation infrastructure
- Restructure agriculture by increasing value-added business activities
- Foster better collaboration across jurisdictional lines in rural regions
- Improve the delivery of public services in rural areas

SET is no longer funded by USDA Rural Development.
but its legacy lives on as one of the most successful community development programs implemented at the U.S. national level, and disseminated and operationalized by regions and counties throughout the country. The model for creating comprehensive economic development strategies in regional economies throughout the country. More than forty states participated in SET over the 10 years of its existence and through five rounds of program development and participant selection. Also, living on are the transformative principles and guidelines of SET that can still inform and animate the design and implementation of local economic development strategies throughout rural America during this difficult time of pandemic and recession.

Resources
Area Sector Analysis Process
https://wrdc.usu.edu/asap

Stronger Economies Together
http://srdc.msstate.edu/set/home

References


