Presentation Overview

• Changing issues facing rural areas
• Need for local actions to continue viability
• Ways to engage local residents in building the community
• Examples where community supported enterprises worked
• Opportunities to apply CSE or COE financing to new issues
• Guidebook for practitioners working with local groups
• Where to go from here?
Issues in Rural Communities

- Shrinking populations mean smaller markets
- Internet provides both access and loss of local businesses
- Majority of residents work outside community so spend less time locally
- Retiring business owners bring store closures & loss of services
- Small businesses have less access to private capital and incentives
- Youth complain about “nothing to do” here
- Growing proportion of elderly residents face loneliness & leave
- Need essential services for social capital and quality of life
- Negative impact on community development
- Different services must be provided in different ways
- Can we address these issues with collective efforts?

Projected % Population Change by Age, 2018-2028
Nonmetro Counties in NCRCRD States

<table>
<thead>
<tr>
<th>Generation</th>
<th>Lose/Gain</th>
<th>Under 5</th>
<th>5 to 9</th>
<th>10 to 14</th>
<th>15 to 19</th>
<th>20 to 24</th>
<th>25 to 29</th>
<th>30 to 34</th>
<th>35 to 39</th>
<th>40 to 44</th>
<th>45 to 49</th>
<th>50 to 54</th>
<th>55 to 59</th>
<th>60 to 64</th>
<th>65 to 69</th>
<th>70 to 74</th>
<th>75 to 79</th>
<th>80 to 84</th>
<th>85+</th>
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<tbody>
<tr>
<td>Generation Z</td>
<td>Lose 109,000</td>
<td>2.0%</td>
<td>1.0%</td>
<td>-8.0%</td>
<td>-9.0%</td>
<td>-9.0%</td>
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<tr>
<td>Millennials</td>
<td>Lose 101,000</td>
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<td>0.0%</td>
<td>-3.0%</td>
<td>-4.0%</td>
<td>-5.0%</td>
<td>-6.0%</td>
<td>-7.0%</td>
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<td>-13.0%</td>
<td>-14.0%</td>
<td>-15.0%</td>
<td>-16.0%</td>
<td>-17.0%</td>
<td>-18.0%</td>
</tr>
<tr>
<td>Generation X</td>
<td>Lose 107,000</td>
<td>3.0%</td>
<td>3.0%</td>
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<td>-7.0%</td>
<td>-8.0%</td>
<td>-9.0%</td>
<td>-10.0%</td>
<td>-11.0%</td>
<td>-12.0%</td>
<td>-13.0%</td>
<td>-14.0%</td>
<td>-15.0%</td>
<td>-16.0%</td>
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<td>-18.0%</td>
<td>-19.0%</td>
<td>-20.0%</td>
<td>-21.0%</td>
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<tr>
<td>Baby Boom</td>
<td>Lose 92,000</td>
<td>12.0%</td>
<td>12.0%</td>
<td>-12.0%</td>
<td>-11.0%</td>
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<td>-4.0%</td>
<td>-3.0%</td>
<td>-2.0%</td>
<td>-1.0%</td>
<td>-0.0%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Silent</td>
<td>Gain 322,000</td>
<td>30.0%</td>
<td>38.0%</td>
<td>44.0%</td>
<td>50.0%</td>
<td>55.0%</td>
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<td>65.0%</td>
<td>70.0%</td>
<td>75.0%</td>
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<td>105.0%</td>
<td>110.0%</td>
<td>115.0%</td>
<td>120.0%</td>
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Community Supported Businesses

- Start, retain, or promote a local essential business activity
- Motivated by a social purpose in the community—access to services
- Promote local economic development with social services
- Use almost any legal form—LLC, nonprofit, cooperative, etc.
- Community leaders coordinate investments by residents
- Purchase physical site and contract for operations
- Investors don’t expect financial or in-service return (tax deduction)
- Beyond grocery stores, restaurants, and book stores to social services

Social Benefits of CSEs in Small Towns

- Access to essential services including health, personal care, etc.
- Opportunities for retired and elderly to remain active
- Space to network and build local ties in a productive setting
- Space for youth to gather and interact under supervision
- Raise social capital and quality of local living conditions
- Host community events that bring people together
- Encourage residents to “invest” in their community
- Give small communities a new perspective on future
Shrewsbury Coop at Pierce’s Store
(http://www.piercesstorevt.com)
Shrewsbury, VT (2,121)

• Elderly owner closed general store in 1993
• Family bequest to promote rural development and stores including Pierce’s store
• Vermont Preservation Trust held RFP and one group responded
• Members contributed $10 - $25 each—raised $125,000; State grant—$287,382
• SBDC study said 325 people in 3 miles had to spend $15/week
• Created Shrewsbury Coop (2009) and started operations
• Members receive 2% discount on purchases but no dividend etc.
• Extensive involvement by residents in rehabbing, restocking, etc.
• Sells local crafts, produce, bakery, convenience items
• Holds community events (dinners) to build or retain social capital
• Volunteers operate store with few paid staff.

Hinesburg Public House
Hinesburg, VT (pop. 4,396)
http://hinesburghpublichouse

• Built on site of former cheese factory near Hinesburg, VT
• Set up as Vermont Benefit Corporation (12/12/12)
  • $250K equity investment, bank loan $100K
  • Started as socially conscious motivation
• Pre-sold meals for $500 expecting $550 in returns (10%)
• Improve living conditions in 5 nearby communities; local foods
• Local groups that co-sponsor 1 meal event/month (earn 1/2 revenue)
• Burger night ($7) targeted to less fortunate residents
• Promotes from within to generate quality local jobs
• Annual revenues of nearly $1 million meets industry targets
Community Shops and English Pubs

- Loss of English pubs as social gathering places
- Increased rural isolation and loneliness
- Shrinking markets made difficult to sustain privately
- Plunkett Foundation supported local groups
- 346 CS trading in 2016;
  - 95% CS managed by community, 5% by private entities
  - 20% run completely by volunteers
  - 57% had volunteers/paid staff
- Plunkett Foundation plans major expansions


Successes with Community Shops

- 4 new shops opened in 2017
- 346 community shops trading in UK by close of 2017
- Owned by > 61,000 shareholders--177 shareholders per shop
- Managed community shops
  - Generated average annual turnovers of £161,874 per shop
  - Total of £53m
- Each shop created an average of 4 paid jobs – 1,380 in total
- Averaged 30 volunteer opportunities – 10,350 in total
- Long-term survival rate of community shops of 94%

Source: Community Shops: A better form of business, 2018. www.plunkett.co.uk
Enterprises in Churches

• Declining regular attendance and less revenue
• Difficulty maintaining local historic buildings
• Open space to commercial activities & events
  • Serve special needs populations
  • Serve low cost meals to residents
  • Provide co-working space on property
  • Sell merchandise several days per week
  • Host gatherings of residents for special events
• Commercial compatible with religious functions
• Use revenues generated to maintain structure


Common CSE Characteristics

• Loss of needed services or an opportunity to expand
• Socially-motivated to preserve quality of life and social capital
• Widespread community support required
• Local champion(s) led efforts & made strong case to public
  • Possible financial return, but sometimes only tax deduction
• Organization types--LLC, nonprofit organization, or cooperative
• Often include locally-produced items—food, crafts...
• Must address all of the usual small business issues
Guidebook Materials*

- Description of basic organization structure
- Action steps and key roles in starting a CSE
  - Identify local need
  - Select appropriate business organization form
  - Build local support and leadership
  - Analyze local economic & business climate
  - Find suitable funding sources and raise start-up investment
  - Market the CSE business and project effectively
  - Maintain effective communications for continued support
- Follow-up procedures for working with groups

*This project is on-going and will be updated with new examples as available. Copies can be retrieved from: https://www.cgs.niu.edu/Reports/cse-guidebook-final-2-8-19.pdf

Lessons Learned

- Local social capital and interests can be driving force
- Knowledgeable local leaders must take action
- Activity is important enough to motivate residents to invest
- State technical and financial assistance can be important
- Need experienced operator committed to effort
- Business must continue to build social capital
- Pre-sales can help but are not essential, to success
- Need multiple cost-centers—bakery, sliced meats, crafts, entertainment
- Must meet needs of residents and provide volunteer opportunities

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Future of Rural Communities??

- Importance of **social capital** and **quality of life** to retaining residents
- Does a privately-owned convenience store build social capital?
  - Can it if it is community-owned?
  - Can it provide community services such as health care, legal, counseling?
  - Role of public agencies? Will residents invest in social capital?
- Will private sector alone maintain projects that build social capital?
- How can a community/economic development agency help?
- Is **Vermont community store** a reasonable model?
- Are there opportunities in **your** community? How can **You** help?

Organizing a CSE Venture

- Identify a potential need or business opportunity
  - Social capital opportunity and/or business closing
- Research the financing needs and market potential
- Support group of willing participants committed to action
- Find technical expertise to guide fund-raising and organization
- Determine best-suited organizational approach (LLC, Coop, NFP)
- Evaluate state resources and technical assistance
- Examine leverage options from private sources, crowd-funding etc.
- Convene investment group to determine interest
Opportunities for Involvement

• Explore local needs and assess interest
• Call meeting of interested parties
• Provide materials such as Guidebook and Resources for support (https://www.cgs.niu.edu/Reports/cse-guidebook-final-2-8-19.pdf)
• Continue working with local groups to develop leaders
• Explore funding options such as The Local Crowd....
• Offer suggested strategies and directions

What are the Next Steps?

• How can we use this material locally?
• How can I be a resource in local discussions?
• Can state and national agencies help?
• Where can we begin?
Questions to Consider

Local actions I can take... __________________________________________________________
______________________________________________________________________________

Who could help? ________________________________________________________________

What could we accomplish? _________________________________________________________

Goals for next 60 days.... _________________________________________________________

When can we meet again to discuss? ________________________________

Additional Reading


Call for Papers for Edited Book

- Analyses of Community Investments in Local Businesses or Agencies
- Can Include Social Services, e.g., health, psychological, legal, etc.
- LLCs, nonprofits, or Cooperatives
- Canada, England?, France, Germany, Italy, No. Uganda, U.S.
- Organizational Structure and Management Practices
- Analyses of Successes or Experiences (beyond case studies)
- Who was Involved and How?
- Generalize Implications to New Situations

Send to: Norman Walzer
(nwalzer@niu.edu)

For more Information....

Norman Walzer, Ph.D
Senior Research Scholar
nwalzer@niu.edu

Center for Governmental Studies
Northern Illinois University
DeKalb, IL 60115
www.cgsniu.org