

An aerial photograph of a small town, likely in Wisconsin, showing a mix of residential and commercial buildings. The trees are in various stages of autumn, with some showing vibrant reds and oranges, while others are still green. The town is nestled in a valley, with hills visible in the background. The overall scene is peaceful and scenic.

# Making Rural Challenges into Opportunities: Innovative Approaches in Rural Communities

**Norman Walzer**

Director Emeritus

**Illinois Institute for Rural Affairs**

**Western Illinois University**

presented to

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# Presentation Overview

- Rural as We Knew It
  - Population Trends
  - Attracting new residents
- Important Changes and Transitions Underway
- Potential Opportunities for Rural Areas in a New Environment
- Local Groups Can Direct Change
  - Examples of Innovative Approaches
- What Can **We** Do in **Our** Communities?

Materials from: N. Walzer and C. Merrett, ed. *Rural Areas in Transition: Meeting Challenges and Making Opportunities*. (2023). Routledge Press & N. Walzer, ed. *Community Owned Businesses Around the World: International Entrepreneurship, Finance and Economic Development*. (2022). Routledge Press.

# Considerations in Discussing Rural

- **Which Rural?**

- Nonmetro; Micropolitan; Nonmetro *nor* Non-micropolitan (Rural)
- Region in U. S. affects trends and *types of opportunities*
- Communities within Commuting Distance Versus Those More Remote
- Current focus is on *Micropolitan Counties* and small towns

- **Major Trends**

- *Mechanization of agriculture* reduced markets for local stores
- *Interstate highways* redirected traffic through large population centers
- *Internet shopping* eroded category store markets
- Past *technology advances* favored business clustering in larger centers
  - More rural residents commute to larger centers to work
- *Loss of secondary school graduates* to expanding large regional centers
- Persistent *population declines*; *Households* remained creating housing issues
- *Viability of essential services*, e.g., health care declined due to fewer residents



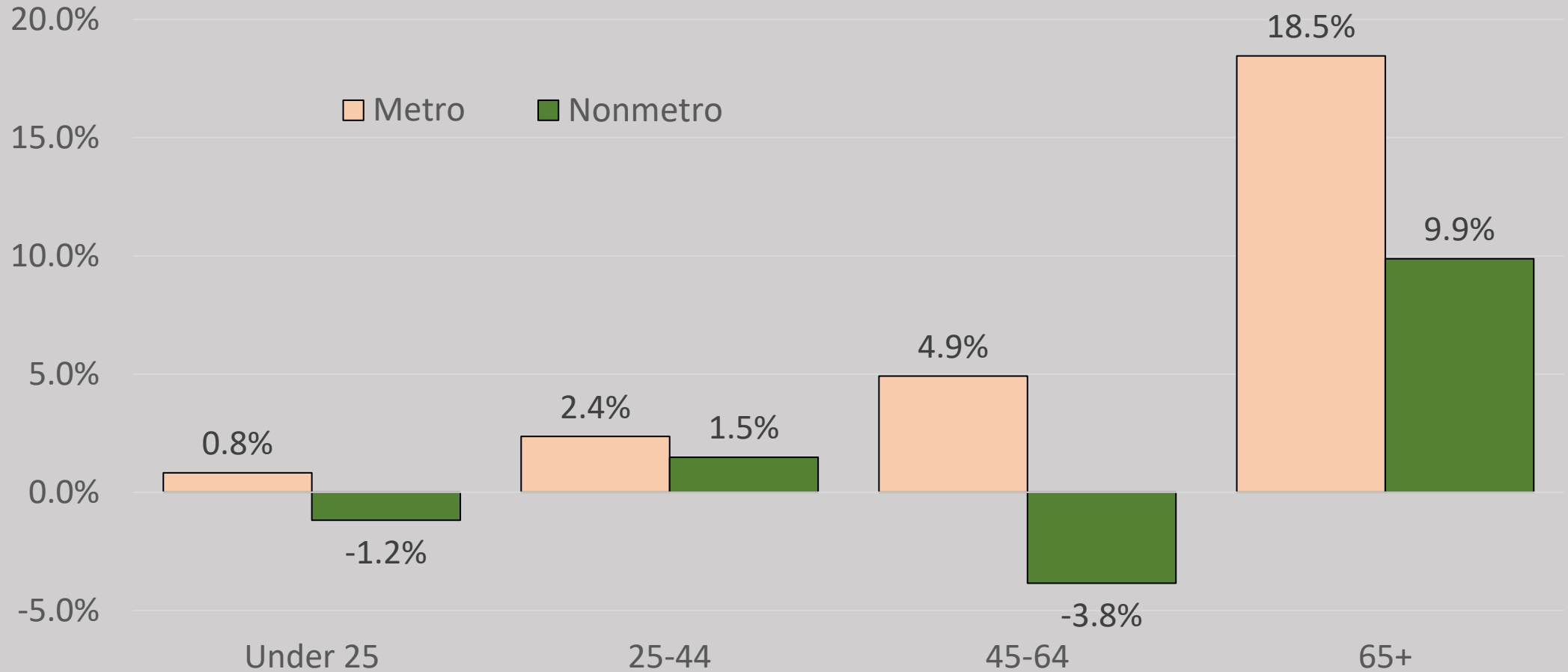
# Opportunities for Rural

- Recent Telecommunication Advances & *Uses*
  - Tele-Health Options Accepted for Reimbursement
  - Communications, e.g., Zoom Meetings
  - Broadband Investment in Rural Areas
  - Remote Working Opportunities & *Acceptance*???
- Growing Discontent with Urban Environment
- Importance of *Affordability* of Living and *Safe* Environment
- Expressed Interest in *Social Engagement*, Especially Older Residents
- Lifestyle Interests by Millennials and Young Adults
  - Natural Recreation
  - Safe Schools
- A.I. Vehicles on the Horizon
  - Opportunities for Elderly in Remote Areas?



# Projected Population Changes by County Type

## 2022-2032



Source: Lightcast, 2022.

# Factors Affecting Migration Patterns of Young Adults

(Micropolitan Counties in 2000 to 2010)

Dependent Variable: <b>2000-2010</b> Net Migration of Residents <b>Ages 25-44</b> , as % of 2000 Total Population			
Independent Variable (Year 2000 Unless Noted Otherwise)	Coefficient	t-value	Standardized Coefficient
(Constant)	-3.353	-1.26	
<b>Proprietor Share of Total Employment</b>	0.385	9.21	0.32**
1990-2000 Employment Growth	0.079	6.94	0.28**
<b>Housing Desirability</b> (Size adjusted for Cost)	0.168	5.67	0.23**
Average Wage	<0.001	5.63	0.20**
<b>Natural Amenities Scale</b>	0.428	4.65	0.17**
Distance To Nearest Major City	<-0.001	-0.23	- 0.01
Average Household Size	-2.331	-2.60	- 0.09*
% of Population With Bachelor's Degree or Higher	-0.411	-13.06	-0.49**

Notes: Adj. R square = .387, SEE = 4.26%, N= **580 micropolitan U.S. Counties**, F=45.26\*\*,  
All variables have VIFs below 1.60. \* p <5%, \*\* p < 1%.

# Making *Opportunities* into Trends

*Requires Strategic Local Initiatives*

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## Placemaking in Rural Areas and Smaller Towns

- Downtowns as social centers
- Cultural Hubs (*Netherlands*)

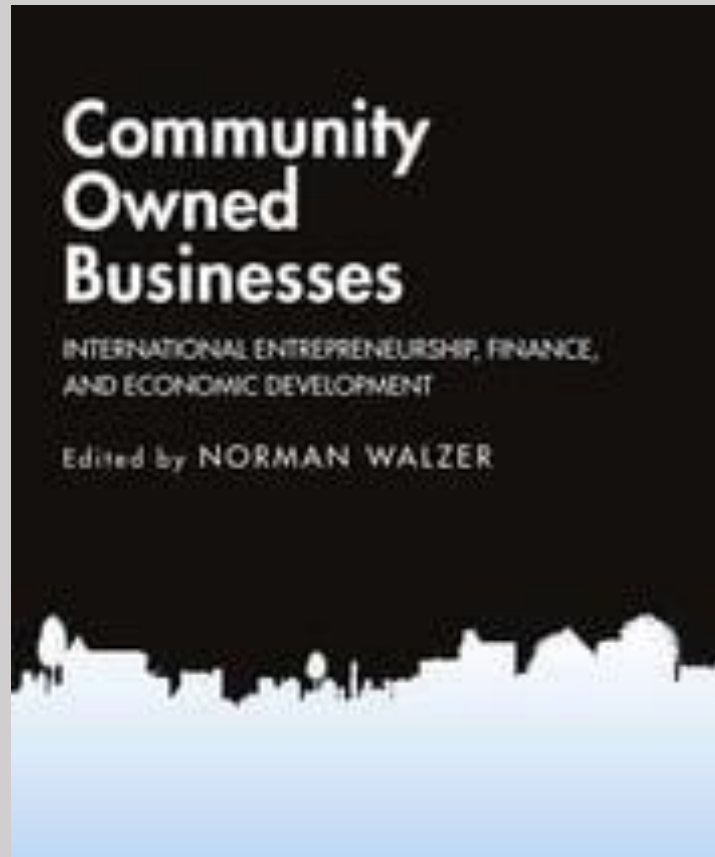
## Transitioning Businesses (Retiring) to New Owners

- Succession Planning
- Business Rehab & Conversion Programs
  - *Goodworks Evergreen*
  - *RedTire (U of Kansas)*
- Community Supported (or Owned) Enterprises

## Increase Age-Friendly Housing

- AARP initiatives
- Garden style houses
- Multi-Family housing

# Guidebook & Resources for Starting CSEs



## Emergence and Growth of Community Supported Enterprises

Norman Walzer and Jessica Sandoval

In consultation with  
David Ivan, Michigan State University and  
Greg Wise, University of Wisconsin-Extension

The North Central Regional Center for Rural Development provided financial support for this project.  
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# Community Supported Enterprises

- Retain/start Viable Local Business (e.g., grocery store)
- Must Meet Operating Conditions of Small Business
  - Can be LLC, 501(C)3, or Cooperative
  - Possible Tax Advantages (depending on structure)
- Small Groups of *Residents Invest Funds* (Expect no \$ R.O.I.)
- *Experienced Manager* Hired to Run Business
- *Volunteers Involved* Extensively in Operations
- *Buy Local* and Have Multiple Profit Centers
- Enterprises Include *Social Activities* Serving Multiple Groups



# Community Shops and Social Enterprises (England)

- Population Declines Threatened Local Businesses in Small Places
- Increased Sense of Loneliness with Health Consequences
- Community Shops are a Viable Alternative
- Results:
  - 12 shops opened in 2021; 407 operating
  - 220 shops offer postal services
  - 1,300 casual, full or part-time workers
  - Total of 7,500 volunteers are involved
  - Long-term survival rate is 92%
  - Majority (57%) have between 100 & 300 member/shareholders
  - Shops buy from average of 28 local suppliers



See: Plunkett Foundation. *Community Shops: A Better Form of Business 2022*.

# Enterprises in Churches

- *Declining Regular attendance & Less Revenue*
- Difficulty Maintaining Local Historic Building
- Open Space to Commercial Activities & Events
  - Serve populations with special needs
  - Offer 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 is Compatible with Religious Functions
- Use Revenues to Maintain Structure



See Plunkett Foundation. 2017. *Social Enterprise and Rural Places of Worship*.

# Dig-Inn Bruntsfield: Greengrocer

Edinburgh, Scotland

- Urban neighborhood faced with expanding major grocery chain and feared loss of access to fresh foods and locally grown vegetables
- 200 residents met (2012); organizational meeting of 50 people raised £30,000 about \$41,000; opened in May 2014 as a **cooperative**
- Stocks fresh fruits/vegetables and sells prepared vegetable boxes on a **subscription** basis
- Relies mainly on (trained) volunteers with a *Volunteer Champion* (3 paid staff and 30 volunteers in 2018)
- Elected management committee (must work 1 hour /week)

Dig-In Bruntsfield: Community Greengrocer.  
(<http://www.diginbruntsfield.co.uk/>)



# When, and Why, are CSEs Useful?

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- Sluggish economy with small and declining category markets in rural areas
  - Reduced local sales: population declines, Internet purchases, commuting to work
- Aging business owners bring *more retirements*
  - Graduates leaving for higher education mean *fewer potential owners*
  - Limited access to private capital from traditional lenders
  - Few businesses have succession plans in place
- *Elderly need essential services and social capital* for quality of life
  - Often will commit time and resources, *when asked*
  - Want to be involved e.g., volunteering in a CSE
- Can Work Well With:
  - Essential items such as food/groceries; restaurants; .....
  - Flexible services for special markets like tourists
  - Unique market goods, services, and experiences
  - Part-time, specialty businesses owned by retirees, e.g., antique stores
  - Social services such as libraries, day care, etc.

## Shrewsbury Coop at Pierce's Store Shrewsbury, VT (pop. 2,121)



- General store closed by elderly owner in 1993
- **Family bequest** to promote rural development and stores including Pierce's store
- *Vermont Preservation Trust* held RFP and one group responded
- Each member contributed \$10 to \$25 and raised \$125,000; state grant provided \$287,382
- SBDC feasibility study said needed \$15/week spent by 325 people in 3 miles
- Created open Shrewsbury **Cooperative** (2009) and started operations
- Members receive 2% discount on purchases but no dividend etc.
- Extensive *involvement by residents in rehabbing, restocking, etc.*
- *Volunteers operate store* with few paid staff. Have had several P-T managers
- Sells *local crafts, produce, bakery, convenience items*
- *Holds community events* (dinners) to build or retain social capital

(<http://www.piercestorevt.com>)

# Dan and Whits Store

Norwich, Vermont

(pop. 3,623)

- General Store Couldn't Find Staff: Potential Closing
  - 3<sup>rd</sup> generation in business
  - Icon in community
  - Broad range of merchandise
  - National market
- Retired Residents Volunteered as Staff
  - Finance director worked in deli
  - Doctor runs checkout
  - Donate wages to local charities



# City-Owned Store

St. Joseph, Kansas (pop. 597 in 2019)

- City experienced persistent population declines
- Grocery store is heart of main street and major draw to downtown but closed in 1985
- Only convenience store and café left as only places to purchase food on Historic Main Street
- City government support
  - Purchased land along Hwy 47 as new site
  - Passed referendum (2005) to guarantee loans
  - Used Rural Economic Development Loan and Grant program—local utility to city
  - Constructed facility, parking lot, and other facilities
  - St. Paul CDC secured a grocery distributor
  - Local couple bought the inventory, ran the business from 2008-2013, & then retired
  - City bought inventory and 15 *municipal* employees currently manage the store (5 FT and 10 PT)





# Successful Cultural Hubs-- Netherlands

- Find Smart Mix of Functions/Users
- Examine Most Suitable Location
- Create Sharp Brand and Positioning
- Share Ownership and a Common Goal
- Earn Local Support
- Build Sustainable Business Model with a Triple Bottom Line
- Cultivate and Active Community
- Must Serve a Genuine Need



# Transitioning Businesses to Next Generation

- **Goodworks Evergreen** (Montana)
  - Nonprofit buys businesses about to close
  - Rehabs and/or reorganizes them to increase profits
  - Finds a buyer(s) for the businesses
  - Examples include lumber manufacturing, hardware, paint businesses
  - Currently expanding to other business models
- **RedTire University of Kansas** (<https://redtire.ku.edu/about>)
  - Matches SMEs without successors to KU alumni, students, and others
  - Maintains a web site to share information
  - Works with business owners after purchases
  - Trying to bolster economic stability in rural communities
  - 90 businesses helped--Kansas, Missouri, Oklahoma, Nebraska, and Colorado
  - 425+ businesses helped; > \$105 million in sales retained.

# Lessons Learned

- Local social capital and interests are often a driving force
  - Business must continue to build social capital
  - Meet needs of residents and provide volunteer opportunities
  - Help reduce social isolation and loneliness related health issues
- Knowledgeable local leaders take actions
  - Activity is important enough to motivate residents to invest time/money
  - State technical and financial assistance is important but not always necessary
- Operator or manager needs experience and commitment to effort
  - Pre-sales can help but are not essential, to success
  - Include multiple cost-centers—bakery, sliced meats, crafts, entertainment
  - Buy as much local as possible to help producers “build” the operation
  - Include social events as part of business activities



# Current Obstacles Facing Rural Leaders

IL Governor's Rural Affairs Council Survey, 2023



Difficulty Accessing Federal and State Resources

- Update electronic *Rural Resource Guide*
- Increase **collaboration** among agencies in working with communities

Find Ways to Commercialize Locally-Grown Ag Products

- Foster community supported local enterprises, e. g., grocery stores
- Identify new and stable markets for Cannabis, vegetables, etc.

Modernize Delivery of Local Public Services

- Stem increases in property tax burdens from population declines
- Decrease or remove unnecessary unfunded state mandates

Preserve Main Street as a Social Center

- Address outdated restrictive building codes; consider a Rural Land Bank
- Add social services, educational opportunities in downtown area

Encourage Age-Friendly Housing to Increase Housing for Newcomers

- Explore AARP recommended programs
- Garden homes, allow multi-family housing

# So, What Comes Next?

## Local Actions Will Make it Happen!!

1. Form Interest Group(s) to Discuss Community Potential
  - a. Assess main assets, attractions, .....
  - b. Determine if it is a welcoming community to in-comers
  - c. Engage representative age groups well networked in the community
  - d. Publicize the group findings to build overall support for effort
2. Organize a Strategic Planning or *Strategic Doing* Session
  - a. What *could* we do?
  - b. What *should* (high impact @ low cost) we do?
  - c. What *will* we do and who has the *networks* for the actions.
  - d. Set our *targets* as to expectations and completion times.
  - e. *When* will we meet next to evaluate our progress?
3. Fund Initiatives that Surface as Most Viable
4. Prepare and **Publicize** a **New Narrative** with actions for Your Community



# Further Reading



- Austin, J.C, Weinstein, A., Hicks, M., & Wornell, E.I. (2021) *Improving Quality of Life—Not Just Business—Is the best way to Midwest Rejuvenation*. Washington, DC. Brookings Institution.
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# For Additional Information...

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**Contact:**

**Norman Walzer, Ph.D.**  
[ncwalzer@gmail.com](mailto:ncwalzer@gmail.com)

309-333-3131

