Community Capacity Building
Shaping the Future of Hometowns
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In our [paper](#) on socioeconomic crashes, we address the distress created by profound economic and social changes and trends that have undermined the relevancy and prosperity of entire communities and regions in the United States. Both core cities and rural America share this transformation from **hopefulness** to places of **hopelessness**. By *hopelessness* we mean a community psychology where there are strong resident, leader, and community feelings that things are bad, getting worse and there is no clear pathway to better times. Heightened by the pandemic recession, hopelessness is central to the growing racial and economic unrest in America today and is challenging too many communities and regions. Through thoughtful **community capacity building**, we can position these communities for greater success and the eventual transition from hopelessness to hopefulness.

Guide to this Paper

This paper on Community Capacity Building is organized into the following sections:

1. **Five Contextual Considerations**
2. **Why is Community Capacity Building Important?**
3. **What is Community Capacity Building?**
4. **Community Capacity Building Elements**
5. **The Community Building Processes**
6. **Community Capacity Building Frameworks**
7. **Choosing Community Capacity Building**

We begin our journey into community capacity building with five considerations that provide a framework for building the capacity of a community to engage in robust, impactful, and sustained development.

Part 1 – Five Contextual Considerations

Before we can engage in impactful economic development or community building, we must engage in robust and ongoing community **capacity** building (CCB). There must be sufficient community capacity to support and sustain desired transformative change. Too many communities attempt to engage in development with insufficient capacity undermining or limiting progress. In our field work we often have to engage in CCB before we can engage in effective development. By engaging in smart development, community capacity can be grown. Just as is the case with leadership, practice and experience is key to growing more expansive and capable community leadership.

We will address what we mean by community capacity building in part three of this paper. As we explore CCB we set some context focusing on five related topics:

- **The Imperative**
- **Importance of Place**
- **Self-Determination**
- **Human Architecture**
- **Human Talent and Leadership**

The Imperative. In America no one – federal, state or any other external player – will ensure a community's success and future. It is imperative that each and every community, and in time every region of the country, assumes primary responsibility for their own development and socioeconomic relevance. Later in this paper we address the powerful connection between this local responsibility for development and the necessity of CCB.

Importance of Place. In our e2 Development Framework, place matters; these locations are the hometowns where we live, work, and play. We also see that larger geographies (regional, state, and national levels) can be thriving while more granular geographies (communities and neighborhoods) may be distressed and struggling. Community-centered development is foundational to creating the kinds of environments where residents can grow, thrive, and succeed. In the American tradition that is focused more on the success of individuals, community-centered development is often under-supported. Keeping with our aspirations for social and economic mobility, the endgame of CCB is to increase the development capabilities of a geographic place we call a community.

Ultimately, meaningful community economic development occurs regionally. Successful regions create environments where communities and their residents have more opportunities and are more successful. Unfortunately, in the U.S. we do not really embrace regionalism in sufficient and meaningful ways. There is limited real support for regional community economic development. What we have learned is that successful rural communities embrace and support regional development efforts despite all the challenges confronting regional collaboration.

Regionalism in the U.S.

Across much of the developed world regional development is foundational. The U.S. played with regional development and then pulled back federal and state support over fears of eroding local control. Highly successful development like the Appalachian Regional Commission have largely not been replicated or funded (e.g., Delta and Great Plains Commissions). Initiatives like the federal/state/local partnership with other regional development efforts through the Economic Development Administration and USDA Rural Development have faced declining funding and even de-funding with respect to USDA Resource and Conservation Development Districts.

Self-Determination. The flip side of the **imperative** or the primacy of local communities and their responsibility for their own development is **self-determination.** This reality provides tremendous agency to communities and their residents to envision and grow communities that they want versus being defined by state or federal planners and policymakers. Within the framework of our decentralized governmental and economic systems, communities through their residents have tremendous latitude to pursue their own dreams. But dreams can remain elusive when there is not sufficient commitment and capacity to act on them effectively.

Human Architecture. It is also helpful to understand the role of **human architecture** within the CCB context. We begin with the individual, then families and households, the role of clans and special interest groups to physical communities and on up to states and nations. For many the connective environment are the communities where people live. It is where we go to school, obtain healthcare services, build friendships and the list goes on. National research is increasingly clear that one's community (as measured by zip codes) really matters, predicting well-being, poverty, educational attainment, crime and even life expectancy. By focusing on community building and betterment we are

growing environments where residents can thrive and realize their dreams while contributing to the **cycle of progress** (addressed later in this paper).

Human Talent and Leadership. In our 21st Century reality, human talent is foundational to community, state, and national prosperity and success. This is particularly true for our increasingly **knowledge-based** economy and society. Central to impactful CCB is a form of human talent - **leadership**. Empowering community leadership is strongly demonstrated in both the field and literature as foundational to community, organizational and venture success. We have discovered a particular form of community leadership, community champions, to be particularly relevant when comparing progressing versus declining communities. As part of the CCB process identifying and supporting community champions is foundational.

## Part 2 - Why is Community Capacity Building Important?

Our e2 team has been working with communities for over 40 years focusing primarily on economic development. We have tended to work with more distressed rural communities and regions throughout North America that have been experiencing significant socioeconomic change. We have consistently found that community capacity building has to occur first before we can get on with the work of economic development. Absent sufficient community capacity, there is inadequate capacity to engage in robust and impactful economic development.

From a Culture of Scarcity to Abundance

For communities and regions experiencing chronic and severe socioeconomic distress, there is often a culture of scarcity. This culture is rooted in a reality where there is both a perceived and real lack of opportunity, resources, and community engagement. The culture of scarcity can immobilize a community and its development efforts. The breakthrough work of the founders of asset-based development demonstrated that even the most distressed communities have development opportunities and assets capable of moving a community and its residents to better places. Central to our CCB work is helping communities identify and mobilize their unique opportunities and assets to move from a culture of scarcity to abundance. For example, powerfully important work by the **Nebraska Community Foundation** is focused on helping communities embrace their abundance, stretching their visions of what is possible leading to bigger goals and more impactful outcomes. In CCB we believe helping communities more fully understand and embrace their abundance is core to building the capacity of their community or region to develop.

In our basic e2 Community Prosperity change model (i.e., focused on economic development) as illustrated in Figure 1 on the next page, there are certain building blocks foundational for CCB including increasing entrepreneurial behavior and leadership that in turn increases economic activity, driving deepening resiliency and wealth formation. These are the longer-term goals and outcomes associated with growing more prosperous communities. Achieving and sustaining continuous improvement toward becoming a more prosperous community requires high levels of community development capacity. Within our e2 community change model the first step in CCB is investing in and developing entrepreneurial behavior within all three sectors of a community including business, government, and nonprofit ventures.

Figure 1 –e2 Community Prosperity Change Model
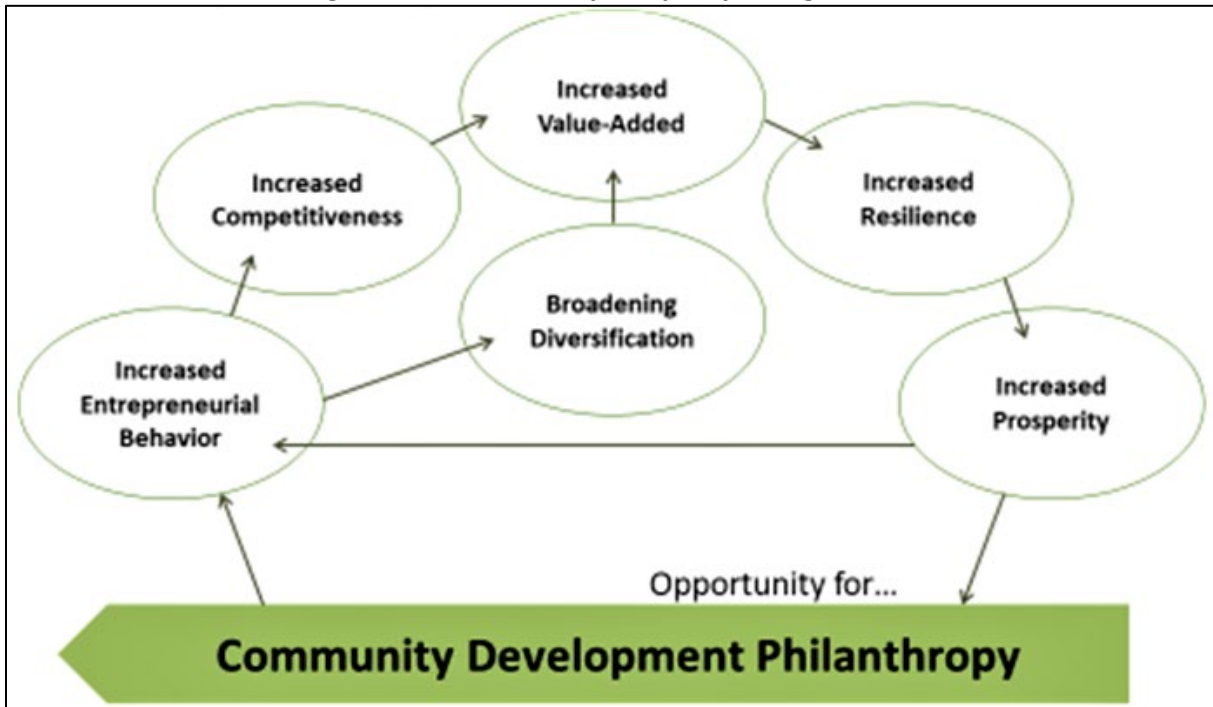
The Price of Failure

For already distressed communities the price of failure is huge and can compound the culture of hopelessness. There are many reasons why communities fail developmentally including focusing on the wrong development opportunities. Most often the core reason communities fail developmentally is insufficient community capacity to engage in the development process effectively and efficiently. They lack too many of the necessary elements to succeed including the ability to sustain development efforts long enough to realize progress.

Without sufficient development capacity, a community is inherently limited as to what it can do. Effective mobilizing of available capacity at any given time is the starting point with a commitment to grow a community's development capacity over time as it develops itself. This is no different than an athlete who works both tirelessly to develop their athletic abilities while also competing. The interaction of development and competing creates a reinforcing cycle with purpose.

In Figure 2 on the next page, we provide high level **process outcomes** related to CCB. Figure 3 on the next page summarizes the **impact outcomes.** In answering the question of why is CCB important, it is helpful to consider these outcomes as part of the end game for CCB. By focusing on outcomes within the "why" question, it becomes clear as to the importance of community capacity to undertake high impact development sustainable over decades, ensuring a community stays on the path to greater community prosperity. In other parts of this paper, we address the CCB process steps related to each of these process and impact outcomes.

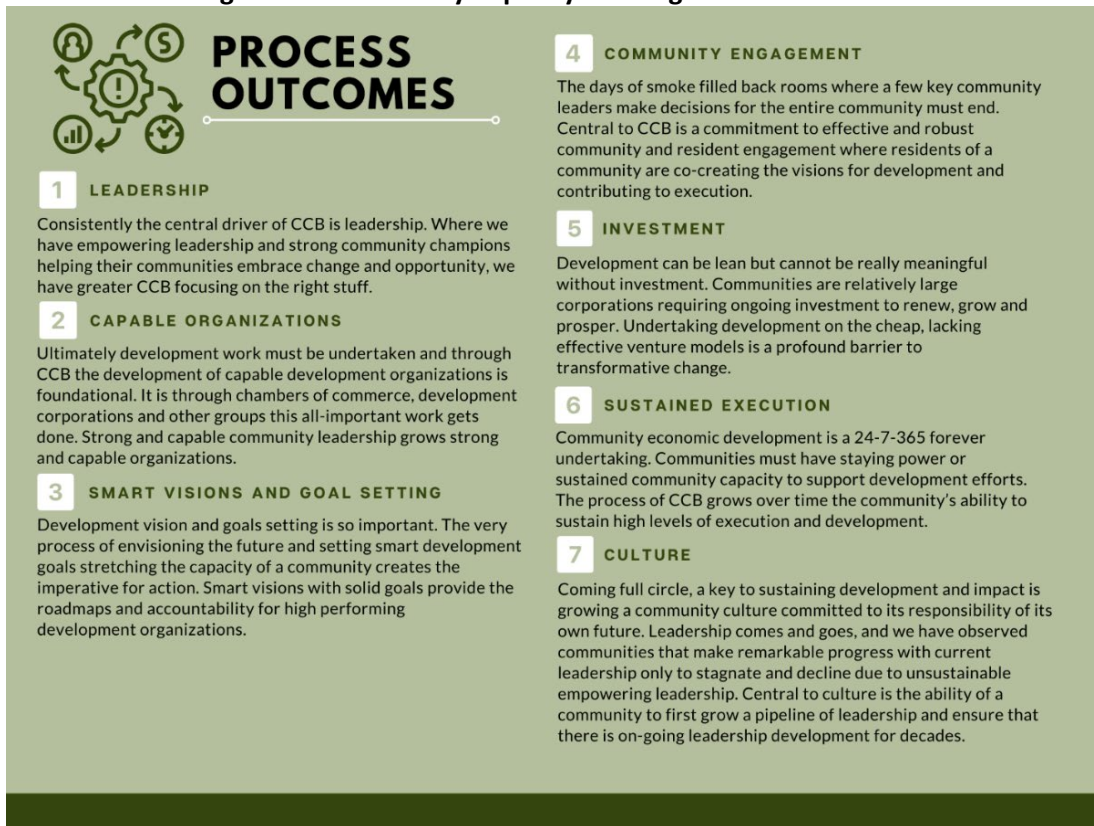**Figure 2 – Community Capacity Building Process Outcomes**

PROCESS OUTCOMES

1 LEADERSHIP

Consistently the central driver of CCB is leadership. Where we have empowering leadership and strong community champions helping their communities embrace change and opportunity, we have greater CCB focusing on the right stuff.

2 CAPABLE ORGANIZATIONS

Ultimately development work must be undertaken and through CCB the development of capable development organizations is foundational. It is through chambers of commerce, development corporations and other groups this all-important work gets done. Strong and capable community leadership grows strong and capable organizations.

3 SMART VISIONS AND GOAL SETTING

Development vision and goals setting is so important. The very process of envisioning the future and setting smart development goals stretching the capacity of a community creates the imperative for action. Smart visions with solid goals provide the roadmaps and accountability for high performing development organizations.

4 COMMUNITY ENGAGEMENT

The days of smoke filled back rooms where a few key community leaders make decisions for the entire community must end. Central to CCB is a commitment to effective and robust community and resident engagement where residents of a community are co-creating the visions for development and contributing to execution.

5 INVESTMENT

Development can be lean but cannot be really meaningful without investment. Communities are relatively large corporations requiring ongoing investment to renew, grow and prosper. Undertaking development on the cheap, lacking effective venture models is a profound barrier to transformative change.

6 SUSTAINED EXECUTION

Community economic development is a 24-7-365 forever undertaking. Communities must have staying power or sustained community capacity to support development efforts. The process of CCB grows over time the community's ability to sustain high levels of execution and development.

7 CULTURE

Coming full circle, a key to sustaining development and impact is growing a community culture committed to its responsibility of its own future. Leadership comes and goes, and we have observed communities that make remarkable progress with current leadership only to stagnate and decline due to unsustainable empowering leadership. Central to culture is the ability of a community to first grow a pipeline of leadership and ensure that there is on-going leadership development for decades.

Figure 3 – Community Capacity Building Impact Outcomes

IMPACT OUTCOMES

1 STRONGER ECONOMY

In a global market economy, the continuing process of growing a relevant, competitive, and diverse economy is foundational. All the community betterment efforts, lacking a strong and vibrant economy will come up short. We believe supporting entrepreneurial economic development is foundational to all economic development and is the primary pathway to a more diverse, higher-value, competitive and resilient economy.

2 HIGHER-VALUE ECONOMY

Following World War II America entered a golden age when there was significant economic growth broadly shared among more Americans. Since the 1970s while America's economy continues to grow there are now profound structural problems related to income and wealth inequality. Ultimately, "poor" communities have less development capacity and experience significant negative outcomes (e.g., substance abuse, lower labor force participation, crime, adverse health, and even lower life expectancies). Central to community capacity building is creating not only a higher-value economy but one where there is growing mobility and distribution of income and wealth.

3 INCREASED RESILIENCE

Resilience is increasingly important as we experience natural resource disasters (e.g., tornados, floods, forest fires, etc.) and economic crisis (e.g., recessions or the loss of key employers locally). Resilience is the ability of an individual, family, organization, community, etc. to first cope with a challenge and then recover fully or better after the shock.

These natural and economic shocks are part of our reality and increasing resiliency is paramount to a community's ability to survive and thrive. CCB must focus on community resiliency building.

4 WEALTH FORMATION

There are many forms of community capitals that illustrate the development capacity of a community. We will address Community Capitals later in this paper. But resident and community income and wealth are particularly important longer-term impact indicators central to sustained investment and resiliency. Regardless of one's ideological views we are all rooted in a free-enterprise capitalistic economy and society. Individual and community income and wealth create both choices and capacity within this framework.

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Individuals with greater income and wealth have more life choices, greater economic security, and the ability to meet their own needs and aspirations without outside help. Communities, like individuals, also have greater choices and capacity when there is rooted wealth translating to greater capacity to pay taxes, contribute to charity and the area economy. With this metric we must move beyond absolute wealth and also consider distribution of wealth among residents.

Throughout our e2 resources we talk about the three sectors essential for development in our communities including **business, government,** and **nonprofits.** For most communities, all three sectors undertake critical work in building our communities. Building capacity within each sector is important for more comprehensive and impactful development. Weak links in one sector can adversely impact overall community development capacity and the ability of a community to move forward. For example, if local government is disengaged or even against development, a community faces serious challenges through the loss of important development tools that only a local government can bring like tax increment financing (TIF).

As we engage in CCB we must consider how we can develop a community's capacity in all three sectors and ensure there is strong integration of effort. Employing mechanisms like public-private partnerships are key to ensuring sophisticated development efforts.

Part 3 - What is Community Capacity Building?

In our work with communities, we define **communities** as places where there is strong resident identification. These are hometowns where people live, work and play. Defining your community requires a bit of thought and work. Check out our e2 paper *Defining Your Community* for additional insight on how to think more expansively as to what constitutes your community. General definitions of **capacity** relate to the ability to undertake work. With greater capacity, communities are able to engage, support and sustain more impactful development. In Part 4 we explore the process of community capacity building. For most communities, particularly distressed communities, there is a need to engage in CCB to ensure there is enough capabilities to generate sufficient development that is essential for transformative change from distress to greater prosperity.

There are four keys we have found in communities with robust development capacity:

1. **Leadership and Organizations**
2. **Smart Asset-Based Game Plans**
3. **Mobilizing Investment**
4. **Community and Resident Engagement**

Leadership and Organizations. The Heartland Center for Leadership Development and others for decades have helped communities across America grow leadership and high performing community organizations. The research is clear, the right kind of leadership is the most important variable in determining a community's readiness and capacity for engaging in high impact development over time that enables desired transformative change. (Check out our *Community Readiness for Entrepreneurship Guide* for more information.) Empowering leadership engages their community and a broader range of residents in the community building process. This kind of leadership empowers residents to envision their own future laying the foundation for greater community engagement in the development process. Leadership also reconciles past conflicts and grievances that may have emerged during periods of community distress. (Check out David Iaquinta's paper on leadership, **Neighboring, Abundance Mindset, Intentionality and Reconciliation in Ord and Valley County.**) Local development remains one of those areas where individual residents working together can make a difference in their hometowns.

Power of Hometown

For most residents the communities where they live, or their hometowns, are very important to them. For longer-term and particularly generational residents, hometown is a point of passion. Energized residents can take ownership of their hometowns whether it is a neighborhood in a big city or an entire community in a rural landscape. This is a particularly strong asset that can be grown increasing a community's capacity for development. Strong commitments to embracing community and resident engagement can mobilize more leaders and community builders increasing the capacity of a community's ability to engage in and sustain development. We use the term **community builders** intentionally. Community builders are those in a community who are not ready to be formal and maybe even informal leaders, but are willing to give of their time, talent, and treasure supportive of community economic development.

Smart Asset-Based Game Plans. In entrepreneurship, we talk about a smart game plan and execution. The same is true for community development. Every community has a unique set of development assets and opportunities (e.g., central to the concept of Asset-Based Community Development). Weaknesses and threats still remain and need to be addressed but focusing on what your community has and can do developmentally is energizing and empowering. Smart development game plans optimize a community's assets and opportunities. In doing so a community at any given point in time can realize the greatest potential development over time.

Role of Assessments and Analytics

We live within our communities and regions and we have deep knowledge of these places. But there is a "forest and trees" challenge. Employing opportunity and asset assessments coupled with sound analytics can help a community step back and more objectively discover its unique development opportunities. When we take time for assessments and analytics the ability of our communities to identify smart development strategies becomes much easier. Your community may want to find a partner with assessment and analytics abilities by reaching out to area universities, utilities, development districts and/or private consultants with access to data and experience to assist your community with this important CCB activity. Check out a sample of our ***Development Opportunity Profile***.

Mobilizing Investment. Finally, meaningful development requires private and public investment. A central element to robust community development capacity is a community's ability to first mobilize resources (i.e., funding, and resident engagement) locally and second, tapping external resources where there is opportunity and a good fit.

Challenge of Chasing Grants

A core community development capacity is a community's ability to mobilize investment capital, ranging from stronger tax bases supporting public services to charitable giving supporting local nonprofits to private investment growing private sector ventures. Too many communities, particularly distressed communities, believe the only way to move forward is to obtain outside grant funding. Granted, distressed communities may have less inherent local funding, but it is still important that each and every community first define its optimal asset-based development game plan and then pursue local funding and support. For example, if a community of 5,000 residents were a corporation, chances are good its annual value of economic activity is $750 million to $1 billion. Based on field experience, a community of this relatively small size must generate 5% to 10% of this activity annually to move from disinvestment

to investment. By generating local commitments communities are more likely to secure outside funding that actually supports its development strategy and community reinvestment. Pursuing outside resources without sound grounding in knowing your community's development priorities can drive behavior to pursue outside programs and funding that does not optimize its unique opportunities.

Community and Resident Engagement. In a democracy, our economy and nonprofit institutions are intended to serve the greater public good in a fair and equitable way. Keeping with our embrace of the 4-H value of "doing with" versus "doing to" or "doing for" values, meaningful community and resident engagement is core to community capacity building. The days of power brokers and a few leading families and leaders deciding what is best for our communities is a profound violation of core community economic development values. The work of community and resident engagement is hard. For every resident ready to engage there may be dozens to hundreds who for various reasons do not really engage.

> **Community Engagement**
> Community engagement refers to the broader community strategy of more fully engaging the range of community stakeholders, groups, neighborhoods, and residents.
>
> **Resident Engagement**
> Resident engagement refers to involving the residents of a community ranging from parents involved in their kids' schools to voting. Marginalized resident engagement is increasingly important as our communities diversify.

Inviting residents to simply engage is not sufficient. It requires residents with willing to make deep commitments, creative strategies, and processes that actually honor engagement. Relationship-based development shows up time and time again in successful communities and is lacking in those that are struggling. Our story capture work in Kansas reveals NetWork Kansas's remarkable success because of its commitment to taking time to build trusting relationships before they are needed. (Learn more about NetWork Kansas and download our Kansas **case study**.)

Lessons from My Sons' Middle School

In Lincoln we live in a very diverse set of neighborhoods ranging from University professors to working poor. While my two sons were in middle school, we had a remarkable principal. He was smart and creative understanding that if we feed folks after work, we could draw more parents and caregivers into important school conversations. Dinner was good and free, and the time for formal agenda was short while our kids played outside. Families on the margins attended because there were so many like them also attending, mixing freely, and engaging.

Communities that engage more of their diversity and residents in the community visioning and building processes have fundamentally greater community capacity. Central to CCB is a game plan to vision, implement, and sustain stronger community engagement that in turn ensures greater meaningful resident engagement.

A foundational innovation for engagement building on asset-based development is Appreciative Inquiry (AI). AI embraces a way of framing community work and conversations that moves a community to agreement and action more quickly. For example, in a distressed community where failure and disappointment are present, it may be hard to see a path forward. Using AI, we can help communities reflect past successful development, deriving how they succeeded with that development and enable visioning for moving forward.

Diversity and Inclusion

Compared to most other countries, the United States has always had greater diversity based on countries of origin. Our role as a strong international player, particularly during and following World War II when the U.S. evolved into a leading international player, drove increasing diversity ranging from students wishing to study and work in the U.S. to refuges associated with America's many war involvements. But increasing diversity has also always created tensions between current and new residents. This tension is particularly strong in communities that have quickly become minority majority. Rising racism—particularly white nationalism—is a counterpoint rooted in fear that people of color will somehow destroy White America's values and quality of life. Central to CCB today is helping communities embrace diversity—both in traditional terms as well as women, new residents, and residents from families perceived as unsuccessful or unreliable—as an asset and not a threat. Development of inclusion strategies that move beyond tolerance to welcoming is central to people attraction and social placemaking in today's development environment. For more on this topic, check out *Is your Community a JEDI Hometown?*

Central to CCB is a deep commitment to community and resident engagement. The rest of this section contains guidance e2 developed as part of our Lilly Endowment GIFT VII work in Indiana over the past few years. The Lilly Endowment GIFT VII initiative focuses on helping community foundations become stronger leaders in their community through more effective community and resident engagement.

Proposed Community Engagement Framework
Indiana's Lilly Endowment GIFT VII Initiative

Defining Community. The definition of community may seem obvious, but through our experience we have come to appreciate that every organization and person involved in a community engagement process may have a somewhat different definition. Some may equate community with a municipality, school district, county, or region. Early in the community engagement process we (collectively) need to define community. In doing so we can be more intentional about stakeholders and residents invited to engage.

Building on Earlier Work. Many stakeholder organizations or interest groups within our communities have completed visioning and strategic planning. For many communities there is also strategic planning fatigue. Regardless we want to build on previous work creating a richer starting point for this work. The following activities would be undertaken at this stage of our process:

> **Stakeholder Mapping.** Once the community has been defined the next step is to undertake stakeholder mapping. Stakeholders are individuals or organizations with a likely vested interest in this work. The Community Foundation, working with its partners, will take the lead in stakeholder mapping. e2 will be a resource to advise how to undertake stakeholder mapping that optimizes community engagement. It is critical that we move beyond organizations and interests and identify specific individuals within these organizations and interests to be invited into this process. These individuals in turn will be asked to bridge between this work and the larger membership within their organizations and interest groups.

> **Relevant Document Procurement and Review.** Once we have identified stakeholder organizations and interest groups we can begin to identify and collect relevant documents that capture previous

visioning and strategic planning work. Such documents would also include socioeconomic analysis. These will be collected into the online library and reviewed by the e2 team for strategic themes.

e2 Analytics. Our e2 team will generate community prosperity analytics that we will use to better understand your community and that can be used as part of your community engagement process. To employ an analogy, consider the role of your annual physical, lab work and your doctor or PA. Metrics are collected and reviewed as part of lab work that provide insight on what looks normal and what may be a concern. Your doctor or PA provides high level analysis and counsel based on the latest healthcare standards. This process can provide strategic direction regarding health care and well-being. The same is true with our prosperity indicators and these can be used to widen a community's vision enriching the community engagement process.

Theme Analysis. All the previous work combines into our theme analysis. While e2 will generate initial theme analysis, the community engagement process will enrich it, finding areas of consensus and/or disagreement. Theme analysis will evolve throughout the community engagement process becoming clearer and clearer over time.

Online Library. From the very beginning we will create and host an online library where all the research, analysis and collateral materials can be captured, organized, and shared. This library will create access and transparency during the process and provide a legacy resource that your community can use into the future. Towards the end of the process, we will transfer this library to a host organization committed to sustaining it.

Communication with the Community. In a democratic society communication and transparency is foundational. Being proactive with respect to how we can create meaningful access and engagement by any group or person within the community is important. Consideration should be given to creating and supporting a web-based landing page supporting this work, public information in public places and ways to reach the diversity within your community (e.g., social media, traditional media, networks, and the like).

Stakeholder Engagement. A quick definition of a stakeholder is someone who should be engaged, can help craft, and move an agenda if they are engaged and can stop an agenda if they are not engaged. People's time is valuable, and we must consider both an effective and efficient community engagement process (CEP)*. We suggest that our CEP for stakeholders be organized around three distinct conversations:

1. Discovery
2. Design
3. Delivery or Action

Credit is given to the Ewing Marion Kauffman Foundation for this CEP architecture.

Conversation 1 – Discovery. Shared discovery is foundational to deeper insight, broader perspectives, and collective vision. Employing theme analysis in this conversation provides for both individual and collective discovery. Participants learn and share about their respective knowledge regarding the issues, opportunity, and development priorities. Our e2 analytics will help broaden perspectives and raise issues that may be real but not reflected in the initial theme analysis. During Conversation 1 we will begin the process of curating consensus around the most strategic development priorities foundational

for generational community prosperity. Participants will be asked to take their experience back to their stakeholder organizations or interest groups, vet within their membership and bring back input and guidance to Conversation 2. The theme paper will be refined following Conversation 1.

Conversation 2 – Design. Conversation 2 will move to discussion on how to address priorities elevated in Conversation 1. It is one thing to identify critical issues, opportunities, or development priorities, and quite another thing to engage in co-creation of solutions and action-oriented strategies. While we are focused on answering the "what" question we need to begin answering the "how" question during Design. The theme paper will be refined with both "what" and "how" consensus views evolved through Conversations 1 and 2.

Conversation 3 – Delivery or Action. By Conservation 3 we should be making progress in (a) curating a strategic list of themes and development priorities and (b) gleaning some insight on who and how we could move forward and act on these priorities. Conversation 3 should fine-tune "responsible parties" and general strategy. This information then needs to be cross walked with the Foundation's role and niches and candidate items for inclusion in the Lilly Endowment GIFT VII implementation grant application.

Resident Engagement. Stakeholder engagement is mandatory, but we strongly recommend consideration of a corresponding commitment and strategy to energize broader resident engagement. A core value centers of the idea of "do not do something to or for me without me." Energizing meaningful resident engagement is hard. The vast majority of our community's residents are not engaged and focused on their daily lives. But developing a serious resident engagement strategy can educate, motivate, and ensure the priorities evolved out of this process are more deeply rooted in the larger community.

The Lilly Endowments' GIFT VII Initiative

The Lilly Endowment based in Indiana has over $15 billion in assets making it one of the largest foundations in the United States. Over the years a priority for the Endowment has been to stimulate and support community foundation development across Indiana. GIFT VII as the number suggests is the latest initiative by the Endowment to support community foundation development. Among the GIFT VII funding components there are three related to CCB including planning grants, implementation grants and big idea grants. Our work with the Endowment and selected community foundations in Indiana focused on the planning grant portion of this initiative. Planning grants were provided to all community foundations to empower them to become stronger leaders in their communities. CCB, particularly strengthening the ability for CCB, was central to this work. Implementation and big idea grants will be made later this year based on the planning grant work.

Proposed Process and Pacing. The following table provides the proposed community and resident engagement process and pacing recommended by e2 for community foundations in Indiana as part of their Lilly Endowment GIFT VII planning grant work.

Document Review and Theme Analysis – 4 to 6 Weeks   **Draft Playbook 1.0**
Conversation 1 – Shared Discovery – 4 to 6 Weeks   **Draft Playbook 2.0**
Resident Engagement Opportunity
Conversation 2 – Design – 4 to 6 Weeks   **Draft Playbook 3.0**
Resident Engagement Opportunity
Conversation 3 – Delivery (Action Plan) – 4 to 6 Weeks   **Draft Playbook 4.0**
Resident Engagement Opportunity
Draft Playbook 5.0   **Draft Foundation Game Plan**   **Draft Lilly Endowment Implementation Grant Priorities**   **Staying Engaged Strategy**
Lilly Endowment Grant Application

Part 4 - Elements of Community Capacity Building

Earlier in this paper we defined what community capacity building is and why it is important. Ensuring sufficient community capacity is foundational to engaging in smart, robust, and sustained community economic development leading to more prosperous communities. In this section, we address both the elements of CCB and the CCB process. Please refer back to Figures 2 and 3 in Part 2 of this paper for an itemized overview of community capacity building elements including both process and impact outcomes.

Cycles of Progress and Decline

Most community economic development classes or training will address the concepts of **cycles of progress** and **cycles of decline.** Based on these words, the concepts are clearly implied. But it is important to remember that communities typically do not change quickly. The processes of development or decline can take years even decades. Consider the City of Detroit as an example. Detroit began as a trading post and military base posting its first Census population in 1820 with just 1,420 residents. Over the next 60 years (1820 to 1880) Detroit grew into a city posting a population of over 116,000 residents. Growth exploded in Detroit in the coming 70 years (1880 to 1950) where Detroit reached its maximum population of 1.8 million residents making it one of America's largest and most vibrant cities. In the following 69 years (1950 to 2019) Detroit lost 1.13 million residents (mostly to outmigration and migration to the suburbs) or nearly 63% of its peak 1950s population. A deeper study of Detroit provides insight into its periods of progress and now its seven-decades long cycle of decline.

There are extensive writings on community capacity building focusing on key elements like leadership, visioning, action planning, community engagement and the list goes on. Based on our e2 field experience we feel the most important CCB elements are found in Figure 4 on the next page.

Figure 4 – The Elements of Community Capacity Building

Embracing Local Responsibility. Throughout our e2 resources, we discuss the unique responsibility of communities in the United States to undertake their own development. The first building block of CCB is helping communities embrace this responsibility for their own development. In taking on this responsibility and not waiting for state or federal solutions, communities position themselves for potentially optimal development and success.

Empowering Leadership. Earlier in this paper we talk about the role of empowering leadership and particularly community champions as the central CCB change agent. Where we have empowering leadership sustained over a longer period of time, we will find communities that are doing better. As noted earlier empowering leaders engage their community in both visioning its future and mobilizing the time, talent, and treasure necessary to drive impactful development. CCB identifies and supports empowering leadership.

Vision. We tend to become what we envision. Visioning must strike a balance between the unrealistic and what is too comfortable. A powerful community development vision is asset-based and rooted in genuine development opportunities. It has the capacity to galvanize a community to work together to do more than is typically thought possible. Within powerful visions is the concept of **abundance** or the idea that our communities have more potential and capabilities than we might think. Powerful visions challenge communities to reach and do more. CCB helps communities find their vision, keeping it relevant and providing a north star for continuous development action.

Entrepreneurial Development. In today's highly competitive and uncertain environment, we have come to believe that increasing entrepreneurial mindsets and behaviors are very important CCB elements. Industries that once made our communities successful are gone, but successful rural communities and regions understand that fostering entrepreneurial behavior positions our communities to thrive with change. Approaching the development of a community as an entrepreneur when growing a venture is a useful construct. Increasing entrepreneurial behavior is the primary catalyst in our e2 change model. Employing entrepreneurial approaches to community building positions communities for optimal

success in this ever-changing and challenging world. Fostering entrepreneurial behavior in all three sectors of a community – business, government, and nonprofits – is a key CCB element.

Strategic Development. We employ the term **strategic development** intentionally. A community may engage in a lot of development activities that feel and look good but at the end of the day are insufficient to grow a competitive, vibrant, prosperous, and resilient community. Strategic development on the other hand embraces those development activities providing the potential for transformative progress and change. If the development challenge is chronic and severe depopulation, then strategic development involves those strategies that can first stabilize population and eventually stimulate growth rebuilding demographic health.

We begin with **what isn't strategic community development.** Most traditional community-based strategic planning has a shorter time horizon of say three to five-years maximum. Typical chamber of commerce, economic development corporation and even municipal comprehensive plans are primarily focused on the current time frame. These plans tend to focus on existing "pain" and "passion" points (immediate needs and opportunities) like the need for affordable housing, expanding the community center, upgrading the city pool and infrastructure improvements. The processes by which these plans are developed typically involve residents in providing input through surveys and focus groups, crafting a hit list of possible development items and a process for weaving them into a short-term focused strategic plan. Typically, this kind of visioning and planning, while important and valuable, lacks a long-term, research-based, and deeper exploration of demography, economic opportunity, and quality-of-life placemaking. A key indicator that the community's current efforts in this space are coming up short is the lack of community consensus of what kind of community they want to be over time.

> **What is Strategic Community Development?**
>
> **Strategic** *Adjective:* relating to the identification of long-term or overall aims and interests and the means of achieving them.
>
> **Development** *Noun:* the process of developing or being developed. In this context the development of the community over time and on a sustainable basis.
>
> **Community** *Noun:* In this context we are considering a "community of place" such as a town or city, county, or region. For most communities there are places for which resident have affinity and call their hometown. In strategic community development one consideration is the possible redefinition of community within a larger socioeconomic area. For example, a rural community could be considered a neighborhood that is strongly associated with a larger regional micropolitan center.

There are challenges with being strategic. Our days are full. There are a million things on our punch list. Too much to do and too little time to make it happen. Our days are consumed with the priorities of the "here and now." Finding time to slow down, be more reflective, contemplate big picture things and become more intentional or strategic feels like a luxury we cannot afford.

What we know by studying the past is that near-term focus can miss big stuff that really matters. Making a quality commitment to deeper and longer-term community visioning and strategic planning can create a road map to a better future.

Given the importance of strategic development within CCB we offer the following attributes:

> **Strategic Focus or Outcome.** Our strategic focus is increasing and sustaining throughout the community generational prosperity. In plainer words… what do we need to be investing in that

will ensure our community in a generation or 25 years is vibrant, successful, thriving, prosperous or a great place to live and work. Bottom line… the kind of community that our kids and grandkids could choose to make their hometown without compromise.

Understanding of a Community's Responsibility. The United States is unique when compared to other mature industrialized countries. In America the primary responsibility for development does not rest with the private sector, the federal government, state governments, but with local communities. In strategic community development leadership and residents within the community understand and accept the full responsibility for their own development and future.

Timeframe. The timeframe for analysis, visioning and strategic planning is important. In strategic community development we are considering a longer time horizon of at least 25 years. Incremental changes can mask underlining trend lines that can contribute to or erode community vitality. By looking out further with the support of research and analysis, it is possible to better understand and address the relationships between demography, economy, and quality-of-life amenities.

Addressing Community Success through the Lens of the Three Essentials. We articulate that every community, regardless of size, location, or situation, can only achieve sustained and long-term success by understanding and addressing the three essentials of **demographic renewal, creating rooted economic opportunity** and **quality-of-life placemaking**. Each community will have its own answers to the three essentials. But woven together, crafting development vision and strategy by addressing the three essentials is paramount.

Research Based and Informed. Strategic community development requires the development and use of research. A community must have a deep and objective view of their historical development and their projected trend lines with respect to demography, economy, and place competitiveness. Committing to the use of robust research and analysis is essential in crafting community visions and development strategies.

Execution Capacity. It is one thing to vision and plan and quite another thing to execute development plans effectively and efficiently. For execution to be impactful there must be not only strong leadership, but high performing development organizations, active community engagement and the ability to mobilize resources in support of high-level and sustained development.

With these CCB elements as context and guidance now we explore the basic community capacity building process.

Part 5 - Community Capacity Building Process

CCB begins with where a community is at in its capacity building journey. One way to consider the capacity building journey are the stages (i.e., similar to the Community Life Cycle addressed in this paper below) communities find themselves. In our work we find the following:

Figure 5 – Five Stages of Community Capacity Building
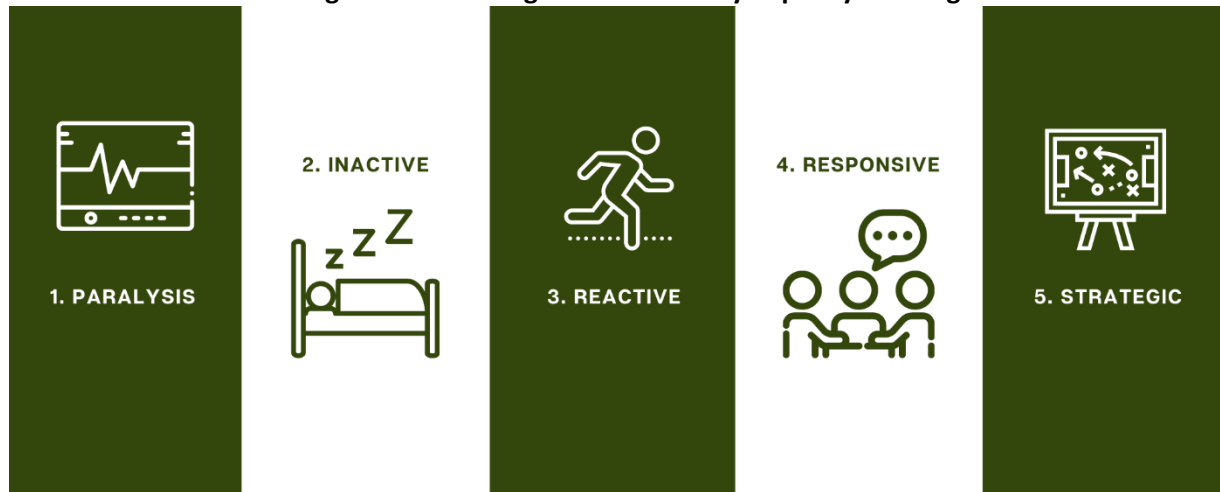
We explore each a bit more because depending on where a community is developmentally, it can inform what CCB priorities should be pursued.

Community Life Cycle

Every community goes through a life cycle where there is progress and then challenges. We have addressed this topic more extensively in our *__Community Coaching__* paper. All CCB activities must begin where a community is developmentally and within its life cycle. For those of using community coaches, being aware of a community's life cycle is very important. While we need to make our own assessment, the ultimate assessment must be made in collaboration with community leaders and builders. Using the community life cycle framework can help us – both coaches and communities – better identify assets where CCB should be focused.

Stage 1 – Paralysis. Our goal is to get to Stage 5-Strategic Development as addressed in several places in this paper. For too many communities, particularly those experiencing chronic and severe distress, they are in a state of paralysis. The hard times, head winds, and negative culture creates an environment where even small development actions are hard. Little can be done developmentally in a Stage 1 community until it can muster sufficient leadership, community engagement, and find a pathway forward.

Stage 2 – Inactive. Another large collection of rural communities can best be described as simply inactive. They are probably doing okay or experiencing slow decline. There is no sense of urgency for action. In these communities they are adrift and risk deep decline when the external environment changes and undermines what is sustaining their community. Too often inactive communities have just enough vitality and prosperity to remove motivations for capacity building and development.

Stage 3 – Reactive. In Stage 3 communities they are aware they need to be taking action. They sense their community is in crisis or decline. But their actions are reactive. These communities are prone to seek every external program and funding source, regardless of if it is a good fit, hoping that something will get them moving towards a better future. Reactive communities rarely get lucky and ultimately become frustrated by a series of unsuccessful development efforts.

Stage 4 – Responsive. As we move up our continuum from Stage 1 to Stage 5 communities there is another group of communities that are responsive. They have solid organizations, programs, and resources and when a need or opportunity arises, they are able to engage and support it. This is not a bad place to be as a community. But it may also be insufficient to be "just responsive". In our challenging and competitive environment being responsive is likely to be insufficient to ensure optimal development and progress.

Stage 5 – Strategic. The ideal place for a community to be is in Stage 5 where it is consistently strategic and focused on its genuine development opportunities and assets. Strategic communities, as described in this paper are in the game and investing in both CCB and development ensuring greater community prosperity over the long haul. More on strategic development in Part 6.

With the five Stages as a backdrop, we drill into some more CCB process actions. The CCB process begins with empowering and growing community champions resulting in a community culture that is entrepreneurial, proactive, and smart with respect to its development. Distilled down we believe there are six primary CCB process areas core to sustained and impactful capacity building.

1. **Champions**
2. **Higher Performing Organizations**
3. **Smart and Robust Strategy**
4. **Mobilizing Investment**
5. **Sustained Effort**
6. **Community Culture**

The Challenge of Being Strategic

Our days are full. There are a million things on our punch list. We all have too much to do and too little time to make it happen. Our days are consumed with the priorities of the "here and now." Finding time to slow down, be more reflective, contemplate big picture things and become more intentional or strategic feels like a luxury we cannot afford. However, with such a near-term focus, we can miss the big stuff that really matters. Making a quality commitment to deeper and longer-term visioning and strategic community development can create a road map to a better future.

1. **Champions.** In our work with both community leaders and coaches we strongly recommend the starting point for CCB engagement begins with finding and supporting that brand of empowering leaders we call champions. Most every community has community champions, but the bench may be small and weak. In growing community champions through CCB we can dramatically expand the leadership necessary for all other forms of CCB and ultimately impactful development.

2. **Higher Performing Organizations.** Critical to sustainability of strong development efforts is translating champion-led efforts into growing high performing development organizations.

There are two critical CCB objectives with respect to high performing development organizations. First, in most communities these development organizations exist but they are often siloed from each other and even highly competitive fighting for attention and resources. CCB needs to focus on how to better organize these development efforts so that they are more integrated, less competitive, and more able to support a community's development vision. The second CCB challenge is to help the community properly capitalize their development organizations. Under-capitalization of development organizations and initiatives undermines a community's ability to achieve impactful results.

3. **Smart and Robust Strategy.** While our process activities are roughly sequenced, they are also interrelated and reinforcing. For example, the process of envisioning a smart and robust development strategy can create pathways for both better integration of development organizations as well as increasing community support for their work. At the end of the day development cannot be sustained unless it generates positive impacts for the community.

4. **Mobilizing Investment.** Successful community economic development requires capital or investment. We have addressed this topic earlier in this paper. But once a smart development strategy emerges there must be a corresponding set of strategies to mobilize investment to make the strategies real. Successful and vibrant communities demonstrate their ability to locally tap and attract investment fueling a range of development from gap financing for ventures to housing development to civic improvements. Check out our papers ***Funding Economic Development*** and ***Funding Entrepreneurial Ecosystem Building*** papers for more insight on this topic.

5. **Sustained Effort.** As noted earlier, community economic development is a 24/7/365 forever commitment. Sustaining high levels of development is critically important to long-term community success. Too often in our development efforts, when energy is high, we focus on the here and now of what we are doing. But as part of our smart and robust strategy we must have a strategy element focused on sustainability. Check out our ***Metrics, Stories and Sustainability Guide*** for more insight on this topic.

6. **Community Culture.** In the beginning of our CCB journey we focused on energizing community champions and the apex of this journey involves community culture. By its nature culture is rooted within a community. It involves a diverse set of values and orientations that ensures commitment. A strong community culture, in this case, involves a deep and wide level of community awareness and support for honoring a community's job of ensuring its future through development. Powerful development culture is intentional as illustrated in how communities hire key executives with government, health care, education, and development organizations. When development culture is strong, additional attention and effort is made, for example, to hire a new school superintendent who sees the local school as a development player and is committed to being actively engaged in the community's development work.

Part 6 – Community Capacity Building and Development Frameworks

Every community is unique with respect to their development opportunities and assets, although many rural communities operate in similar development environments where development opportunities and assets are more similar. Our recent field work in Nebraska, Kansas, Indiana, Southern Minnesota, Oregon, and Central Appalachia generated very similar development opportunities in each landscape.

Refer to our e2 paper on *[Likely Entrepreneurial Development Opportunities](#)* for insight based on our extensive recent work in rural Indiana as part of the Lilly Endowment GIFT VII development initiative. What we observed in this field work was the unevenness of the development capacity in these landscapes based on regional and state CCB support over time.

Unevenness of Community Development Capacity

There is a clear unevenness of community development capacity based on our field work across America. Part of this unevenness is the level of socioeconomic distress. But when we compare two very similar geographies in rural Nebraska and Southern Minnesota, we see material differences. Nebraska has "can do" communities with significant development capacity. But overall, Nebraska lacks the comprehensive development capacity due to inconsistent investments into CCB. This is now changing primarily due to the work of the Nebraska Community Foundation and its commitment to CCB among its affiliated fund communities. We have observed that the community development capacity in Southern Minnesota is significantly greater due to more robust CCB investments supported by the Initiative Foundations, Minnesota Extension, and other development groups (e.g., from regional development organizations to private foundations like Bush and Bremer). The Initiative Foundations found throughout rural Minnesota have been at work for decades building rural leadership and community development capacity.

At e2, while our focus has been primarily on entrepreneur-focused economic development, we have actively engaged over the years in CCB because of the necessity for building a community's development capacity before we could engage in robust entrepreneurial development. Our journey took real form in the 1990s (over 30 years ago) with the co-development of the **HomeTown Competitiveness** Development Framework and now the **[Rural Community Prosperity Development Framework](#).** Within both of these frameworks there are CCB elements.

Community Capacity Building with a Purpose

Setting meaningful goals is important both in our personal lives and community building. As an older dad, my commitment to getting back in better shape was stimulated by an opportunity to do backpacking with my older son Sam. This was a once-in-a-lifetime opportunity to bond with my son through our shared enjoyment of the outdoors, hiking, and camping. Over a year out we committed to a hundred-mile backpacking trip in the New Mexico wilderness as part of the Philmont Scout Ranch. As an older adult I was required to undertake serious physicals to qualify for this trip. The goal of doing Philmont with my son motivated me to commit to a rigorous routine of physical exercise and loss of weight. My capacity building was motivated by my goal to be able to do the Philmont hike. The same is true with community capacity building. We do not undertake community capacity building for its own sake in most cases. Rather we undertake CCB because there are important goals, we want to achieve in our communities providing the deep passion for achieving our community betterment goals.

In this part of our CCB paper we summarize our e2 Development Framework's journey including elements of CCB embedded within them. Our CCB journey involves five key development frameworks with embedded CCB elements:

1. **HomeTown Competitiveness (HTC)**
2. **Our Work with Place-Based Foundations**
3. **Prosperity Communities**

4. **Community Capitals Framework**
5. **Community Capacity Building Blocks**

We explore each of these beginning with our earliest intentional community building work with HomeTown Competitiveness.

HomeTown Competitiveness (HTC) Development Framework

In the 1990s three organizations came together to envision a rural community economic development framework rooted in decades of experience. These founding HTC organizations included the Heartland Center for Leadership Development, the Nebraska Community Foundation and e2 Entrepreneurial Ecosystems (then the Center for Rural Entrepreneurship). Later the W.K. Kellogg Foundation became a significant funder, supporter and thought leader with HTC. Also, joining HTC in its pioneering work was Nebraska Extension (University of Nebraska at Lincoln) and Nebraska's Center for Rural Affairs.

HTC focused on essential rural community economic development pillars including:

- Leadership Development
- Community Philanthropy
- Entrepreneurship
- Youth Engagement, Attraction and Entrepreneurship

Over time HTC became one of six W.K. Kellogg Foundation 75th Anniversary strategic initiatives receiving major endorsement and support in the 1990s and 2000s. Beginning with the first HTC community in 2000 and growing a portfolio of partner HTC communities throughout Nebraska and then nationally, HTC become a cutting-edge development framework rooted in both CCB and smart community economic development. Experience with HTC in Nebraska, Kansas, Indiana, and multiple other locations throughout the United States refined our understanding of the importance of CCB.

Role of External Community Capacity Building Resources

Every community has the ability to bootstrap and engage in their own CCB. To some extent most communities do this organically. But we have found that where is there is deeper and more robust community development capacity there is typically external resources helping communities make CCB a priority and providing assistance. The agents of external CCB assistance are many across America but most often they include place-based foundations (like the Nebraska Community Foundation or Minnesota's Initiative Foundations), Extension Services associated with Land Grant Universities, state funded initiatives or private foundation programs specific to a certain geography. Historically, when there was stronger federal and state funding for regional development organizations (e.g., development districts, resource conservation and development districts, community action agencies, etc.) these organizations had the funding capacity and flexibility to support CCB in their service areas. They provided universal CCB services throughout the United States. However, chronic, and severe defunding of these regional development organizations has dramatically eroded their capacity in the CCB space.

Our CCB learning journey was next informed by a rapidly growing set of work with place-based and particularly community foundations.

Place-Based Foundation Work

In the 1990s I was part of Nebraska Governor Nelson's administration leading rural community economic development for eight years. During this decade we helped birth the Nebraska Community Foundation greatly expanding our awareness of and appreciation for place-based and community foundations as core development institutions within communities. As community foundations in the United States moved from reactive and responsive grant making to strategic grant making and now impact investing, the importance of CCB rose. Many community foundations host what are called community affiliate funds where communities create a foundation within a larger host community foundation. Our work with rural rooted community foundations, ranging from the Nebraska Community Foundation to the Foundation for Appalachian Ohio, the Lubbock and Amarillo community foundations in west Texas, and to work throughout United States, we honed our HTC and CCB learning supporting these foundations in their CCB work. Again, the lesson was clear, we cannot really effectively engage in impactful community economic development without sufficient community development capacity.

Our next progress in our journey of fine-tuning our development framework and CCB within it continues with the Community Prosperity initiatives.

Community Prosperity Development Framework

Building on the pioneering work with HomeTown Competitiveness and place-based foundations we have evolved the **Rural Community Prosperity Development Framework**. Check out our paper on the *Rural Community Prosperity Development Framework*. With our field work in Nebraska with Nebraska Extension and Indiana with the Lilly Endowment's GIFT VII Initiative, we have had the opportunity to test this framework and deepen our learning. Within the Community Prosperity Framework, we call for three essential, proactive development focus areas:

1. Economic Diversification through Entrepreneurship
2. People Attraction, Development and Retention
3. Quality-of-Life Placemaking

Within these three essentials CCB is the central pillar creating the capacity for smart and robust engagement in all three strategies. Before we revisit CCB within the Community Prosperity Framework, we explore each of the three essentials beginning with economic diversification through entrepreneurship-led development.

Economic Diversification through Entrepreneurship. Foundational to any community or regional community is a relevant and competitive economy. Rural America is often historically dependent upon a narrow group of economic activities including natural resource industries like agriculture, forestry, tourism, fisheries, mining, energy, and the like. Often times, these underlying natural resources based economic activities, are augmented by manufacturing and other value-adding activities such as transportation corridor activities and back-office activities like call centers. Most rural communities depend on one or two basic economic activities for their success. Diversifying the economy both within and beyond traditional base economic activities is paramount to becoming a more prosperous community. Based on our extensive field work and research we believe the strongest pathway to rooted and sustainable diversification is committing to entrepreneurship-led development and associated ecosystem building.

People Attraction, Development and Retention. For decades much of rural America has been experiencing net outmigration of residents resulting in chronic and severe depopulation. Chronic and severe depopulation is not sustainable as population loss undermines area markets, tax bases, labor forces and the viability of a community to undertake necessary development. While rural communities do not need to embrace high population growth goals to realize success, pursuing demographic health and modest growth is critically important. By demographic health we mean communities where these is a balance among age cohorts and the community is able to renew itself demographically as younger residents are able to replace loss of older residents.

Talented People Demand Genuine Communities

For years with community economic development, we assumed a trickle-down theory where if we created jobs and economic activities, all else would follow. We now know this theory is more myth than reality. In today's environment talented people are looking for genuine communities that provide unique and high-quality places. Quality-of-life placemaking is now a central element in our e2 Community Prosperity Development framework recognizing its critical role in community development.

Quality-of-Life Placemaking. For communities to be successful in attracting and retaining residents and growing a relevant and competitive economy, placemaking is mandatory. Rural placemaking does not mean trying to replicate quality of life assets of other and particularly larger communities, but it does mean developing healthy and attractive physical environments, both essential and amenity services, and a community culture that is progressive and welcoming. For more information download our paper, *Community Quality of Life Placemaking.*

Community Capitals Development Capacity Building Framework

Before we explore the importance of community and resident engagement, and particularly diversity and inclusion, we want to share the **Community Capitals Framework** originally developed by Jan and Neal Flora, Mary Emery, and others. Both the International Community Development Society and Land Grant University Extension Services have employed this framework expansively in their work. Figure 6 on the next page illustrates the community capitals as initially envisioned by Jan and Neal Flora.

> **Two Aspects of Quality-of-Life Placemaking**
>
> **Physical Landscapes**
>
> Physical placemaking is now more than a clean and attractive community (although these attributes are very important) but includes vibrant spaces such as a repurposed main street, parks, walkability, and community embracing historic preservation where the character of the community is retained ensuring it is unique to other communities.
>
> **Cultural Landscapes**
>
> The culture of a community is as important to placemaking as physical considerations like walkability. The cultural landscape involves a community's attitudes and behaviors relating to diversity and inclusion central to people attraction, development, and retention. Embracing arts and humanities can expand awareness and cultural quality.

At e2 we have always valued the Community Capitals development capacity building framework. But to be honest we have struggled to employ it practically in our field work. Nevertheless, we believe it is a very helpful framework and worth considering as you engage in CCB.

Figure 6 – Community Capitals Framework

Source: Community Capitals Framework & Sustainable Communities,
Cornelia Butler Flora, Rural Studies Research Seminar, July 4, 2006, University of Guelph

The community capitals are often referred to as the aspects comprising the community ecosystem. By ecosystem we are talking about the core assets within a community's capacity to support and sustain its development. We illustrate each of the seven community capitals:

Built Capital. Built capital is pretty easy to visualize and includes everything from housing stock to streets. Robust built capital not only enables development (e.g., adequate road, railroad, utility, etc.) but contributes to quality of life. The definition of built capital has expanded in recent years as quality of place like walkability and aesthetics and have become more important over time.

Financial Capital. We have already talked about the core importance of investment. Access to financial capital is foundational to community economic development and includes new investment, ranging from the ability of homeowners to improve their properties to business investment to municipal funding for parks. Central to CCB is the ability of a community to mobilize high levels of community investment by cultivating financial capital resources.

Political Capital. For years America had a reputation, compared to other countries, for its strong governmental institutions, lack of corruption, and ability of government to be both efficient and effective. Within a democracy political capital is foundational to ensuring that government and its expansive spending and policies serves the broader public interest fairly. We can no longer assume strong local, regional, state, and federal political capital. Government and its democratic institutions have been under attack since the 1970s eroding public confidence. However, trustworthy, and effective local government, ranging from public schools to provision of water and wastewater services, continues to be a core community capacity.

Lessons from Community Redlining

America has a long and tragic history of race-based discrimination often driven by perceived skin color. Following the Civic War and Reconstruction, the elimination of slavery resulted in chronic and severe discrimination based on skin color. This discrimination asserted itself with not only African Americans, but also with Native Americans, residents of Asian ancestry and Latinos, all experiencing new strategies by "White" Americans to maintain separation and second-class citizenship status. One systemic strategy involved what become known as redlining. Redlining policies by banks, cities, and other providers of capital created adverse policies denying comparable capital access to these residents, businesses and neighborhoods when compared to predominately "White" communities. The book **The Color of Law, A Forgotten History of How Our Government Segregated America** (Liveright Publishing Corporation – ISBN 9781631492852 – 2017) by Richard Rothstein provides a compelling history regarding how inhibiting access to capital has created the socioeconomic division between American White and minority households.

Social Capital. Social capital is less understood when compared to "built" or financial capitals. Social capital relates to a community's ability to work together, manage conflict, and engage in the all-important work of community building. There are two important aspects within social capital – bridging and conserving social capitals. *Bridging social capital* is the ability of a community to reach beyond its own boundaries for insight and resources. *Conserving social capital* relates to how residents are committed to family, clans, and hometowns. Both social capitals are important but are at their best when they are in balance. Too much bridging capital relates to fast growing communities where there is more limited resident commitment to hometown and corresponding community engagement. Too much conserving social capital can create overly conservative, insular, and anti-change communities. **Human Capital.** Human capital or the attitudes, knowledge, skills, and talents of a community's residents are increasingly important today in knowledge-based economies and societies. Foundational to optimal development are investments into a community's residents or human capital ranging from formal education to leadership development to workforce training.

Cultural Capital. Investments into human capital coupled with community building can rather quickly (e.g., within a decade) transform the social capital of a community. A community's cultural capital is longer term developing over decades and even centuries. There is both good and bad cultural capitals at work in our communities. Communities with strong traditions of democracy and public education represent positive cultural forces in many communities. Conversely the culture of slavery, Jim Crow and current white supremacy is long lived in America creating adverse environments for development.

Natural Capital. Natural capital ranges from the physical environment where our communities are located to streets lined with trees in residential neighborhoods. As living organisms, vibrant and healthy natural environments are foundational to health wellbeing (think about the adverse effects of pollution) and our quality of life. For example, children who have parks and pools within their neighborhoods do better when compared to neighborhoods lacking these assets.

For some communities, the faith community is either an eighth community capital or an attribute within both social and cultural capitals.

Whether you are a community leader or a community coach working with a community, the community capitals framework can be used to frame community conversations and assessments to not only evaluate a community's capacity but set compelling CCB goals.

The field of community capacity building is rich with experience and insights. Before we can undertake robust, sustainable, and impactful community economic development we must grow the development capacity of our communities to optimize their unique development opportunities. Our next step with our CCB paper is to wrap up with some parting thoughts.

Thriving communities do not just happen. Prosperous communities engage in development that puts into motion cycles of improvement employing building blocks that empower success.

Part 7 – Choosing Community Capacity Building

At e2 we have had opportunities to work with so many regions and rural communities across the North American landscape. With each engagement we are afforded the opportunity to learn about communities and rural regions. Part of this learning centers on why some communities are thriving while others are challenged. Figure 7 summarizes the building blocks discussed throughout this paper that will help your community build the capacity needed to succeed.

Figure 7 – Community Capacity Building Blocks
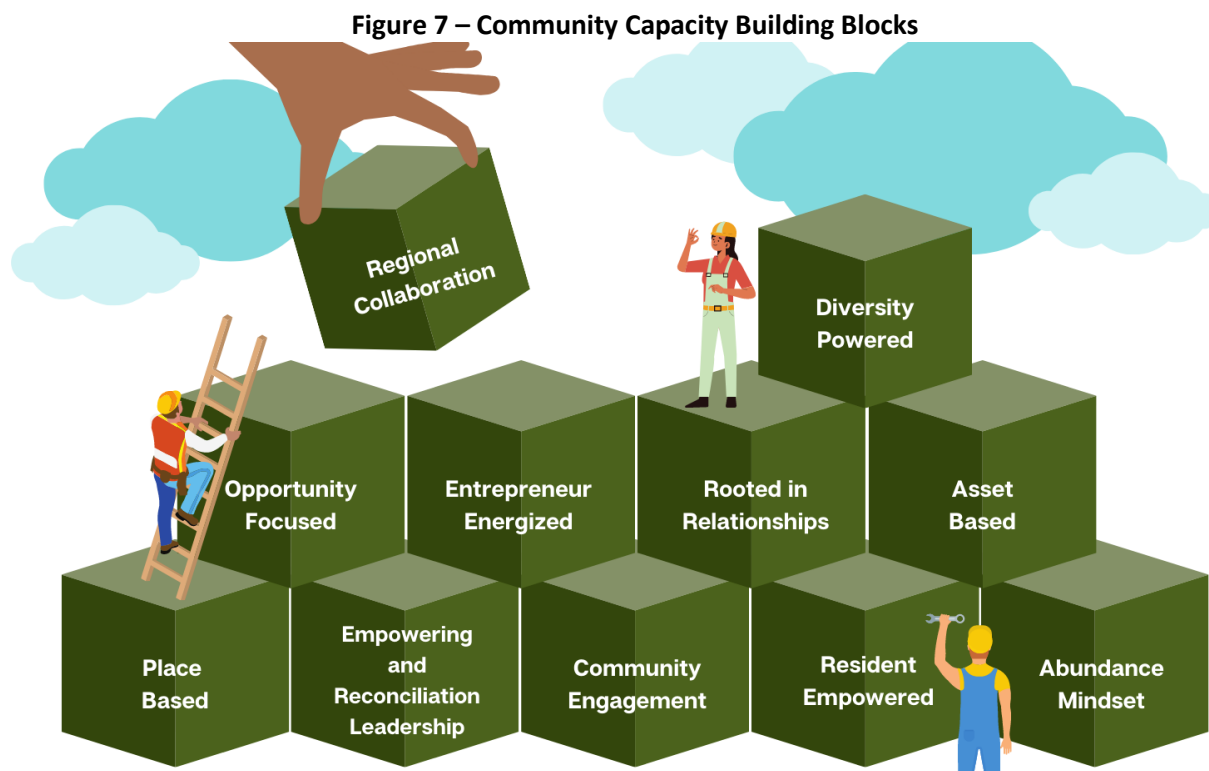
It our hope that this paper on **Community Capacity Building** provides both motivation and insight into this all-important commitment and process to empower communities for greater vitality and prosperity. In a world where we often feel that there are so many things we cannot control, building our community's development capacity is well within our control. We have a clear choice to make (or not make) serious commitments and investments into CCB. When we do, we position our communities for optimal development rooted in our visions for our communities. Nothing is more satisfying and empowering than having the ability to shape the future and character of our hometowns.

So Much to Gain and So Much to Lose

Every community's future begins with a commitment to its own development. Central to realizing a community's optimal desired development leading to greater prosperity is CCB. There clearly are external factors that can support or erode a community's vitality. This reality is a given. For communities willing to invest into development capacity through smart and robust CCB investments, these communities can position themselves for greater development and prosperity. A failing commitment to CCB ensures a community risks decline over time. Bottom line there is so much to gain or to lose depending on a community's embrace of CCB.

How e2 Can Help

e2 Entrepreneurial Ecosystems helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by **Don Macke,** e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

What We Do

✓ **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work and invite practitioners to join our National e2 Practitioners Network.

✓ **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data.

✓ **e2 University (e2U)** is our online platform for sharing guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2 University team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin.** Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley,** LOCUS Impacting Investing.

✓ **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of **Start Us Up: America's New Business Plan**, a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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NetWork Kansas, a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.