

Exploring Innovation

The logo for Exploring Innovation features a stylized, colorful swoosh that starts in orange at the bottom left, curves through yellow and green, and ends in dark green at the top right. Three small circles are placed along the swoosh: a blue one at the bottom, an orange one at the top, and a green one at the end of the swoosh.

**New Voices, Fresh Ideas:
The Future of Community Development**

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EXPLORING INNOVATION WEEK 2010
Summary of Conference Proceedings

Federal Reserve Bank of St. Louis



FEDERAL RESERVE BANK *of* ST. LOUIS

CENTRAL to AMERICA'S ECONOMY®

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*NOTE: This booklet contains executive summaries of the videoconference key speakers. A full summary and videotaped version of the videoconference can be found online at www.stlouisfed.org/community_development.

Restructuring and Retooling for the Future

Videoconference

APRIL 20, 2010

Gary Logan—Executive Summary

BIO:

Gary Logan is founder of Synago Consulting and was a faith-based leader for 35 years. Logan is working to bridge Asian culture and Western business practices and develop cross-cultural opportunities for young professionals to address issues with a global perspective. He has professional experience in nonprofit, business, education, leadership and faith-based fields. Logan's work focuses on transforming organizational culture, improving communication, developing global leaders, and designing action learning and performance management strategies. He taught leadership development, organizational development, and peace and justice studies at Park University in Kansas City, Mo., and served as adjunct faculty for Graceland University in International Studies.

SUMMARY:

When you engage in community development, you must know and respect the history, traditions, customs, fears and dreams of those in the community in which you work. In addition, you must be aware of the assumptions, attitudes, biases, personal prejudices and customs you also bring to the project, which may hinder or help the conversation. When we get too focused on our own strategic planning or vision for what is best for a community but fail to connect with our community, we lose sight of the foundation, and our endeavors often fail. A cross-cultural sensitivity, with shared verbal and nonverbal communication and a respect for values, leads to numerous opportunities and measures of success, generally because those who want to work together know it better the society and ultimately the culture as a whole.

KEY TAKEAWAYS:

- Everyone needs to feel a sense of belonging; we want to belong to a group, a community, a cause. This is applicable to individuals, families, tribes, communities, neighborhoods, businesses, organizations and even on national and international levels. We want to connect, dream and have a sense of meaning. When we lose that hope, we no longer see growth as possible.
- Community development, at its core, is the process of developing people. People are our greatest resource in any endeavor. Healthy community development is giving people the critical thinking skills, the training, resources, equipment and tools they need to build, dream and to create. To effect real change, we need to go beyond an entitlement program or a project to fund and beyond something that has goals and accountability statements.
- Communication is critical. It can provide symbolic, interpretive, transactional context; a tool used to create shared meanings. Without the context, there is not shared meaning. Without the shared meaning, there is not a connection.
- As community development professionals, we often go into neighborhoods wanting to do something, and without knowing their traditions, language and customs, we get frustrated because it fails. [It fails] because we did not even start with what is it that we need to know before we even go into the group.
- When people and communities build a values culture in which there is a respect for people, those types of values within any business, government, organization, business or community leads to: opportunities for innovation, enhancing customer success, satisfaction, value for end-users, positive image for community, acquisitions, motivating skilled workers in workplace and new revenue streams. Values should inform relationships with suppliers, customers, members of the community,

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Gary Logan—Executive Summary (cont.)



employees, academia, faith community, business community and culture community, all in a way in which people want to work together because they know it betters the whole society and the whole culture.

- “Glocal:” a term that describes bridging what you do locally on a global scale.

MEMORABLE QUOTES:

“Community development is embedded in this life-giving, character-building value system that is within the culture of every component of our society, whether it’s at the family level, organization level, neighborhood level, national level.”

“Community development embodies *ubuntu*, a Nguni saying, roughly translated to ‘the quality of being human.’”

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Ruth McCambridge—Executive Summary

BIO:

Ruth McCambridge is editor-in-chief of *The Nonprofit Quarterly*, an innovative journal for nonprofit leaders. Its overarching editorial goal is to strengthen the role of nonprofit organizations to activate democracy. In 1999, she transformed the publication into a national journal. McCambridge has more than 35 years of experience in nonprofits, primarily in organizations that mix grassroots community work with policy change. Beginning in the late 1990s, she spent a decade at the Boston Foundation developing and implementing its diverse capacity building programs.

SUMMARY:

Nonprofits exist for the purpose of activating democracy. Although there is a current trend toward a franchised model of community development programming, this doesn't often work because the political and funding conditions that make a program successful in one area cannot always be replicated in another, and communities themselves often reject programs from other areas. In contrast, the network model, in which there are community-based organizations that are linked centrally in at least one network and maybe multiple networks, is considered highly valuable and successful. Such networks help organizations share their practices, help research to be done, surface resources that allow the entire network to work in more productive ways and allow people to sit with one another and spark ideas. As a community of nonprofits, we should avoid siloing in our sector and embrace research as a way to maintain and gain funding and credibility.



KEY TAKEAWAYS:

- At *The Nonprofit Quarterly*, the business of publishing was transformed from a quarterly publication to a daily one to adjust to the changing nature of the publishing world and to respond to the “shifting tectonic plates” in the relationships among nonprofits, governments and philanthropies.
- “Internal philanthropy” is a way of life for many nonprofits and those in the community development profession.
- Regarding budgets—there is a happy medium that is good for the industry. Budgets that are too big tend to result in executive pay that’s too high. If they are just right, we are nimble in our work and can pick up when we can see an opportunity in front of us and get out and market something and sense when something is coming down the pike. If they are too small, they are hard to live within. Unfortunately, a good part of the sector is stuck in budgets that are too small.
- Two examples of the successful network model include: *Community Health Center Network*—

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Ruth McCambridge—Executive Summary (cont.)

Positioned itself as the obvious choice for primary care in communities and poised them for growth under the Health Reform Act and *The National Alliance for the Mentally Ill* (NAMI), which has 1400 chapters around the country.

- The local culture and local development of our network ties create: 1) a political base—and we don't realize how profound an asset that is; 2) It creates a groundness in our issues that we could not get in any other way.
- The local relationships between us geographically are very important, because what that provides us is the same thing we get at the national level, which is local intelligence.
- We have to jolt ourselves out of our ordinary way of thinking. Creativity incites a brand new way of thinking.
- We need to be better at our own ability to tell our story. People are working so hard we are not celebrating the enormous successes. We're also not using our power bases in as conscious a way as we need to.
- One thing that will not go away about this period is the emphasis on research and results. We may not be able to do that in our individual organizations, but we absolutely have to participate in making sure that it gets done. Then we have to cite the chapter and verse about the research we're basing our work on and make others understand the framework we're working from.
- Once someone feels empowered, it's hard to take that away.
- We need to take the thing that is our biggest asset—the people we work with—and move it into a place where it's producing power, ideas and connections.

MEMORABLE QUOTES:

“If you don't have the capital to effect transformation, the capital is you.”

“The best possible way to create a political power base for yourself is to engage the people for whom a work is supposed to benefit. If you do not do that every day in every way, you are missing the boat.”

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Ray Boshara—Executive Summary

BIO:

Ray Boshara is vice president and senior research fellow at the New America Foundation, a Washington-based think tank. Boshara has advised the Clinton, George W. Bush and Obama Administrations and policymakers worldwide, has testified before Congress, and given speeches around the world on strategies to build savings and wealth for lower-income persons. He has written for *The Washington Post*, *The New York Times*, *The Atlantic Monthly*, *Esquire*, and the Brookings Institution. His book, *The Next Progressive Era*, co-authored with Phillip Longman, was published in April 2009. Prior to joining New America in 2002, Boshara worked for the Select Committee on Hunger in the U.S. Congress, the United Nations in Rome, CFED, and Ernst and Young. He is a graduate of Ohio State University, Yale Divinity School and the John F. Kennedy School of Government at Harvard.

SUMMARY:

Several periods in our American history can be studied to understand what has influenced our “social contract.” One key period is from the 1890s to 1920s, which is known as the progressive era. The progressive era is characterized by social insurance and safety nets, such as the creation of the New Deal and the Federal Reserve. Today, we as a nation suffer symptoms of a broken and outdated social contract and are in what’s been dubbed the *next progressive era*, marked by income inequality and zero job creation, among other economic indicators. To remedy this, Boshara advocated a turn away from a national goal of consumption and toward that of production, an environment that favors entrepreneurship and small business over its recent trend toward consolidation, and a move toward building assets and capital, rather than simply income, especially among low-income individuals. He advocates relationship banking, specifically citing the value of community banks, credit unions and CDFIs. The current recession indicates that we are coming to an end of an economic era. He concludes

that the next social contract and what replaces the American consumer as the engine of our economic growth has yet to be decided, and states “If there was ever a time to innovate, ever a time to be bold, ever a time to have impact with local, state and national leaders, the time is now.”

KEY TAKEAWAYS:

- The economy has been growing over the last generation, but it’s not growing evenly. The returns of a growing economy increasingly are going to those at the top and leaving a lot of people with marginal growth or no growth whatsoever.
- According to the Fed’s 2007 *Survey of Consumer Finances*, the lowest 25 percent of the population (net worth), plunged 37 percent from 2004, before the economic downturn. One in eight Americans has a debt problem; one in four if you’re poor. One in three Americans has a net worth of less than \$10,000 and one in six has a negative net worth. How can these families move forward without some stock of resources? Inequality is not the problem; the issue is that low-income people do not have the capital to move their lives forward.
- Beginning in the 1930s, American consumers drove economic growth. American consumption, no matter where it’s made, accounts for more than 70 percent of economic growth in the U.S., and 25 percent of the world’s economic growth.
- The problem is that we financed that consumption through debt. We became overleveraged at the household level and at the national level. One of the reasons the house of cards came down is that we could not absorb any more debt.
- In the 10-year period from 1999 to 2009, there was zero net job creation in the economy.
- Why have we not created enough new jobs to offset the ones being destroyed? We have too much

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Ray Boshara—Executive Summary (cont.)

concentration in too many industries stifling entrepreneurship and stifling innovation. This started around 1980 when regulators came to redefine what is fair and not fair about whether to allow companies to consolidate. Massive consolidation stifles innovation and entrepreneurship.

- We need to see more community banks, credit unions and CDFIs. In 1985, there were about 14,000 community banks; there are about half that many now. For every \$1 of capital or equity into a community bank, it returns \$7 to \$8 in loans to families and businesses; the leveraging is remarkable. One of the sources of this capital should be savings and IDAs from low-income people. But to really thrive, community banks need access to long-term patient capital, and Boshara would like to see the creation of a fund or trust that gives access to this patient capital.
- Relationship banking has to be at the heart of how we manage finances, make loans and generate savings. We need to have relationships back in the equation. The trend over the last generation is to have more space between borrowers and lenders, which led to the mess we're in right now. If we went back to relationship banking/community banking, we can restore the trust. The failure rate of big banks is seven times the rate of community banks.
- Focus on accumulating capital at the individual and household level. Use an asset-building framework; not just income, but assets are necessary to get ahead. Lack of income means you don't get by; lack of assets means you don't get ahead. When you own things you feel different; you are engaged in the community, you take care of things. If low-income people own assets, it changes their outlook and behavior; they plan for their kids' futures in ways they didn't before.
- When low-income people are given the opportunity to save and build wealth, they do it. The poorest of the poor save a greater percent of their income than the better-off poor. It's not a matter of income or race.

MEMORABLE QUOTES:

“The rising tide stopped lifting all boats evenly about 30-35 years ago.”
[Regarding inequality of growing economy]

“We know that when low-income people are given the opportunity to save, own, start businesses, produce, employ and create jobs, they deliver.”



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What are attendees saying?

COMMENTS FROM ATTENDEES:

What has been your greatest insight, learning or discovery so far?

“It is important to identify groups making progress, to see new faces and bring them together. The St. Louis Fed is in a good position to facilitate this.”

“Neighborhood banks are vital to economic development.”

“It takes people to do the work; people in the community taking an active role. Overcoming fear is important.”

“Ask yourself: Does the service you are offering make sense, from a cultural perspective, to those whom you are offering the service to?”

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Local Panel Discussions

APRIL 20, 2010

Mary Leuci—The Story of Community Development

SESSION DESCRIPTION:

Community development has a long history, with roots in some countries going back to the 18th century. In the U.S., community development became more defined in the 1960s. Its meaning varies across contexts but tends to have a common theory. The future of community development would seem to require recollection of the historical background of community development as a grassroots leadership movement that has evolved to a field of practice, discipline, and more recently, finance industry. This conversation considered: Where do we go from here?

BIO:

Mary Leuci is assistant dean, extension assistant professor and community development program director for the College of Food, Agriculture and Natural Resources at the University of Missouri. Her areas of work include development process and education, participatory planning processes and organizational learning. Leuci is working internationally in South Africa and Asia. She co-founded the Community Development Leadership Academy, a training program for community and economic development practitioners and community leaders. Her doctoral degree is in Educational Leadership and Policy Analysis from the University of Missouri.

KEY TAKEAWAYS:

- Mary Leuci started by discussing the background and historical context of community development, beginning with the Native American communities and their sense of community, working together.
- Next came the Progressive Era (late 1800s, early 1900s) and the New Deal—the idea of social milieu for progress, improvement. This concept hasn't been revised or updated since.
- Community development as a term and a discipline wasn't coined until in the 1960s, when funding streams were becoming more diversified. This was the era of Post World War II, the United Nations decade of development, the Peace Corps, World Bank, the era of rebuilding and international aid.
- As we moved through the decades and considered our giving, developing and economic capacity, we also considered: What do communities need? What do people need? In the late 80s, there was a paradigm shift to an asset-based approach from problem-based, a trend toward collaboration and working with people.
- Three general approaches or areas of practice in community development have evolved. These are:
 - Self-help approach: how to lead a group—a bottom up, process approach. (A movement, helping people, communities develop capacities; self-determination.)
 - Technical assistance approach: using products or things. (A discipline)
 - Empowerment; Community organizing: working through political systems and societal institutions. (An industry focused on the financial sector)
- We must learn how to get the best of these approaches and move forward. Trends in community development include sustainability, building leadership capacity, getting new voices involved

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Local Panel Discussions

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Mary Leuci—The Story of Community Development (cont.)

and accepting diversity.

- For meaningful participation, it is critical to have the engagement of communities themselves. It is unwise to have decisions made by people who are unaffected, and equally unwise for communities to not have the information about the decisions that will affect them. We need to go out to the community to get their input. This is the knowledge base. There is value in local knowledge.
- What is the role of technology in engaging people in communities? Do one-on-one relationships need to be face-to-face? Maybe not.
- Community development could be returning to what it was as a movement, rather than from a financing perspective.
- There needs to be better bridges—improved collaboration—between funders and the community development industry.
- What will the model of community development look like in the future?
 - Cities are declining faster than we can keep up; expansion makes them lose touch. Engagement continues to be a challenge.
 - Universities and medical centers need to step up, because they have the capital and can be the anchor.
 - Network building (peer-to-peer) and network mapping can help identify key stakeholders and people who are important to connect with.
 - Educating young leaders will be important.
 - People need to think with an entrepreneurial mindset. How can we teach people to think this way?

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Local Panel Discussions

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Gary Logan—Vision and Values for Community

SESSION DESCRIPTION:

What is happening with the social contract and the relationships that have traditionally supported shared values and vision? This conversation explored moving forward to build vital communities based on new thinking from outside the traditional community development silo.

BIO:

Gary Logan is founder of Synago Consulting and was a faith-based leader for 35 years. Logan is working to bridge Asian culture and Western business practices and develop cross-cultural opportunities for young professionals to address issues with a global perspective. He has professional experience in nonprofit, business, education, leadership and faith-based fields. Logan's work focuses on transforming organizational culture, improving communication, developing global leaders, and designing action learning and performance management strategies. He taught leadership development, organizational development, and peace and justice studies at Park University in Kansas City, Mo., and served as adjunct faculty for Graceland University in International Studies.

KEY TAKEAWAYS:

- For healthy community development to occur, we have to go out to our communities to effect change, not just wait for people to come to us. We need to get to the people who will be affected by change, sometimes needing to go outside of our own comfort zones.
- When beginning community development work, we can start off by driving around the area, seeing where people actually go and finding out where people gather. We can make these locations our meeting places.
- We need to identify the key stakeholders in the communities. Ask people in the communities: What should we talk about? Whom should we invite?
- Use effective communication techniques. Engage the general public to become participants through innovative communication modes and other tools of the future to get people to show up at events, such as Tweeting, texting, Facebook, church bulletins, etc.; use what works depending on the audience.
- How do you create lasting community if it weren't based on place, such as in rural areas? Building community among multiple towns is a challenge in rural areas. It's important to make initial connections with at least one key person in each community you are trying to work with. Then, in each new community, bring along the key people from other communities to encourage them to meet each other and work together. Also, ask your contacts to identify 10 people you could meet; do this in each town and build from there. Finally, use people to get word out, and get new people to come to your meetings. Your stakeholders also understand the needs and wants of each of the towns. The people-meeting process will begin as an informal one, then you can move to the more formal step of organizing town hall meetings, community functions, etc.

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Local Panel Discussions

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Gary Logan—Vision and Values for Community (cont.)

- Keep in mind that it's about the journey; not the destination.
- How would you work toward understanding the culture of a community if you have specific tasks to get done and don't have a lot of time? The reality is that prior planning prevents poor performance. The minute you say we don't have time to get to know the people—when you say you don't have time—you have failed.
- It's important to understand individual cultural value orientations. These represent the emphasis or values that an individual places on a specific aspect of culture. Individual cultural values reflect personal emphasis and preferences, are influenced by national cultural values and are learned during early socialization.
- For example, in some cultures, community is not "I" oriented, it is "we" oriented. The discussion of decisions can look more like group think. This concept describes *individualism vs. collectivism orientation*, or the extent to which personal identity is defined in terms of individual or group characteristics. Questions to consider: Does everyone speak their minds, or do they look to a certain leader? Gangs might be a representative example of individualism, whereas collectivism is more like Eastern culture.
- *Evaluating power distance orientation*: The extent to which differences in power and status are expected and accepted. A culture with low power distance orientation considers all members to have equal rights; members question authority and view factors of age, status, wealth, education, title to all have equal say and power. On the other hand, those with high power distance orientation expect that power holders have certain privileges.
- *Understanding uncertainty avoidance orientation, also known as risk assurance*: Order is overriding for low-risk cultures—for example with the Japanese, German cultures—there are complete sets of rules for everything. High-risk cultures say, "let's see where things go," tend to use creativity, believe in the ability to dream, such as is the culture linked to the power of American culture.
- *Feminism vs. masculine orientation* describes the extent to which achievement and competition are valued vs. social relationships and emotions. Being relationship-driven, nurture-oriented, and family-centered are considered feminine traits, whereas being task-driven, concrete-oriented, and career-centered are considered male traits. Note that this orientation can be considered a controversial application.
- *Long-term orientation vs. short-term orientation*: A long-term cultural value emphasizes future opportunities, innovation, change and long-range planning vs. present or the recent past and a value of tradition and continuity. As this relates to communities, we can consider: How far ahead is that culture thinking about given issues?
- *High vs. low context orientation*: Measures the extent to which the communication is direct or indirect; confrontational and nonconfrontational. The implication is: Will you need a mediator or not?
- *Being vs. doing orientation*: The extent to which action is emphasized and valued. Is contemplation and reflection valued or is getting things done valued? Is there a process for an extended period vs. acting immediately?

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Local Panel Discussions

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Bruce Lindsey—Design and Innovation in Community

SESSION DESCRIPTION:

Design precedes all innovation, whether in IT, financial services, architecture or community economic development. This conversation presented design thinking and the relationship of design to community development.

BIO:

Bruce Lindsey is dean, College of Architecture/Graduate School of Architecture and Urban Design and E. Desmond Lee Professor for Community Collaboration at Washington University in St. Louis. As a teacher and administrator, Lindsey has made significant contributions to beginning, sustainable and community design education. A graduate of Yale University and University of Utah, Lindsey has served as head of Auburn's School of Architecture and taught at Carnegie Mellon University.

KEY TAKEAWAYS:

- Drawing is like thinking aloud; externalizing complex problems. Everyone uses forethought as a means to consider the preferred from the existing. The process is about turning existing conditions into preferred. We draw to represent the world and touch how we interact with the world.
- The challenge is: How do professionals grasp collective intelligence of various disciplines (across silos) to produce a result more than they could (ex: an architect) on their own? This is the essence of collaboration and partnerships. The concept is that the whole is greater than the sum of its parts. How can we collaborate better—thinking together as a pre-requisite or foundation for working?
- Design means to figure out what you need to know before it's too late. It is performing a very complicated act of faith. It is an optimum solution to a set of problems. A designer has the sense of where to begin and at what scale we approach a specific problem.
- Challenge—community needs to design but lacks expertise. Community members need to be involved at the start of the process, to be in the process.
- The practice of architecture is changing. More collaboration is needed for specific solutions, both in education and in practice.
- A trend in the urban planning field is to look at design, but the definition and understanding has been murky; it has become a “commodified” process.
- Sustainability is not a trend or passé. It is a transformative idea.
- Community development has been discussed as an abstract concept to look at the world to what can be imagined. It is extremely complex and takes the involvement of the community as well as interdisciplinary (across disciplines, fields of practices, etc.).

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Bruce Lindsey—Design and Innovation in Community (cont.)

- It is considered a new idea to design a community or involve the community in design. Past policies and modern architecture failed the community with the design of public housing projects based on defensible space. Some associated conditions of failure were safety, affordability, lack of vision and the rural view.
- Designers and architects are learning to reach out to community to take time to listen and understand the complex issues of the design problem, the wider context. Designers are in tune to the client now, starting to see the problems and are organizing to achieve sustainable change.
- How would we begin to go about achieving an architecture of place and the highest quality of development that is sustainable? Public space is a highly valuable asset. Bottom-up vs. the top-down master plan approach created by professional firms. Top-down place-making relies on form-based space codes, zoning, and master plans. Barcelona, Spain has no space codes. (The design is organic and organized.) The Project for Public Spaces in New York works on the design elements that provide for places to congregate, interact and function better.
- Elements of good design for public spaces means lighting at night, eyes on the street (physical space), correct proportions and scale of space, a place for meeting, interconnectivity between spaces and density.
- Mayor's Institute on City Design involved economists, planners, designers, mayors, and others in a workshop to understand the potential to change physical space, and building expertise to do it.

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Ken Harrington—Community Entrepreneurship

SESSION DESCRIPTION:

Entrepreneurship and Innovation. Communities tend to pursue a single type of entrepreneurship, usually commercial or social. There are some new ideas about the relationship of social, commercial, and creative entrepreneurship that may hold potential for new approaches to the relevancy and resiliency of community in the future.

BIO:

Ken Harrington is managing director, The Skandalaris Center for Entrepreneurial Studies, and senior lecturer in entrepreneurship in the Olin School of Business at Washington University in St. Louis. The Skandalaris Approach to Entrepreneurial Development encompasses experiences for all degree levels and schools at Washington University, where faculty and student interest areas span commercial, social, community, the law, global issues and several other aspects of entrepreneurship. The Center is developing approaches to entrepreneurial community growth in Madagascar and the United States. Harrington has an M.B.A. from the University of Pennsylvania Wharton School and a B.S. from the University of Vermont.

KEY TAKEAWAYS:

- While highlighting the unique entrepreneurship models emphasized by the Skandalaris Center for Entrepreneurial Studies at Washington University, Ken Harrington noted that traditional community development models tend to involve large amounts of uncertainty. This uncertainty stems from a bottom-up, people people-based approach, which frequently relies on a single champion.
- An emerging alternative to the traditional approach to community development is community entrepreneurship.
- The goal of community entrepreneurship is to change the current state of community development practice, create momentum, and contribute to greater levels of productive output and sustainability within a community.
- By building partnerships and collaborations, community entrepreneurship builds energy within a community and serves as a catalyst for change.
- While social entrepreneurship is usually thought of as originating with an individual entrepreneur who wants to create a program for a specific group or organization, community entrepreneurship seeks to bridge environmental, political, social, and economic motivators to effect change.
- Community entrepreneurs understand that that these unique forces may either compete or cooperate.
- Community entrepreneurship requires the successful blending of motivations toward community change, growth, development, and improvement.
- Community entrepreneurs build consensus and receive the buy-in of the community-at-large in order to promote community development initiatives.
- Ultimately, community entrepreneurs seek to expand an entrepreneurial mindset that will improve community conditions at a systemic level.

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Local Panel Discussions

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Ken Harrington—Community Entrepreneurship (cont.)

- The Skandalaris Center is looking to expand and promote its program called The IdeaBounce—an idea-to-action collaborative web site for universities and community groups, which may provide a platform to blend economic and social value.

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Local Panel Discussions

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Peter Homand, Timothy Hower, Howard McAuliffe—A System Dynamics Approach to Measures of Success and Household Economic Stability

SESSION DESCRIPTION:

An introduction to systems thinking and the relationship of social system dynamics to change and innovation in organizations and communities. System dynamics models the various relationships between elements of a particular system and how these relationships influence the behavior of the system over time. For example, how do aspects of culture, livelihood, education and environment impact the adoption of a new public policy or a new prevention treatment? Modeling the elements of a system enable us to visualize, communicate and analyze interconnected issues. What we often learn from system dynamics is that most of our own decision-making policies are the cause of many social problems that we often blame on others. System dynamics can help us to both identify the root causes of the problems and model potential solutions—solutions that we hope are structural and sustainable.

BIOS:

Peter Hovmand is the founding director of the Social System Design Lab in the Brown School at Washington University in St. Louis. He holds degrees in electrical engineering, mathematics and social work. His research focuses on how organizations and communities can successfully implement and sustain innovations to improve outcomes. Hovmand advises students interested in learning and applying system dynamics and system thinking, and co-teaches a class for Brown School and engineering school students on the system dynamics approach to designing sustainable social policies and programs.

Timothy Hower is associate director of the Social System Design Lab in the Brown School at Washington University in St. Louis. He has a background in manufacturing, health care and service industries and has worked internationally in the areas of counter proliferation, risk and emergency management. Hower is involved in all of the Lab's projects, including outreach and education activities.

Howard McAuliffe is executive director of the North Grand Neighborhood Services.

KEY TAKEAWAYS:

- In this system dynamics exercise, participants learned how to combine their individual perspectives on societal struggles into a comprehensive, visual model that would represent a fictitious community's decision-making pathway along a central variable.
- By visually plotting individual variables from various points of view, the model created a visual "map" of "feedback loops" that not only demonstrated why people make the decisions they do, but also pointed out opportunities for change from the policy, product or other level. This modeling system helps to map how systems change and evolve with community changes.
- In this example, all participants were given markers and paper and asked to complete basic behavioral time graphs showing factors that affected household economic stability. They first chose a specific variable they thought impacted household security, and then chose a time scale, with two trajectories, hope and fear. Participants were asked to make as many graphs as possible.
- Variables chosen included: incarceration rate, single-parent households, minimum wage, number of jobs people lost, high school graduation rate, cost of food per person per month, finance from government coverage, purchasing power, percent unemployment, divorce rate, number of poor, level of personal savings, equal opportunity, homeownership, family support, vacant homes, substance abuse, portion of income goes to bills, literacy rate, household size, limit on debt, education level, faith, cost of emergency care, transportation, home size/affordability (living beyond means), depression, teenage pregnancies and number of minority/women CEOs.

Documentary Screening: *The New Neighbors*

APRIL 21, 2010

SUMMARY:

As American cities became abundantly overcrowded in the mid-20th century, people began to discover the affordability and extra space that neighborhoods in the suburbs provided. Once labeled, “the American Dream,” and the “good life,” the original suburbs are now struggling to survive—strapped for cash, with stores and families leaving the areas. The inner-ring suburbs are now suffering the same fate that fell upon inner-city communities. And as they become more integrated, there is a historical pattern of flight—the fleeing of white homeowners to more distant suburbs. This documentary is the story of how one citizen movement in the town of Pennsauken, N.J.—midway between Camden, New Jersey, and Philadelphia, Pennsylvania—took root, and through engagement of a community, became a model of intentional integration and a thriving community in an inner-city suburb.

KEY TAKEAWAYS:

- Today one-fifth of America still call these early suburbs home, even though they are losing populations and tax bases at a faster rate than cities.
- The early racial imbalance wasn’t necessarily intentional or noticed. Members of one race were only accustomed to being among members of that one race, and they simply weren’t aware of or thinking of race and/or integration at this time.
- During the migration to the suburbs, many in this movement only considered: What am I entitled to have going forward? Many now admit, in retrospect, that they failed to consider the impact of communities they were leaving.
- The first suburbs took off when returning WWII veterans, their brides and the resulting baby boom—fueled by federal housing programs—helped boost their growth.
- The Federal Housing Administration (FHA) guaranteed numerous bank loans against specific kinds of risk, but not everyone was welcome in these communities. For 20 years, the FHA provided mortgage assistance on a racially restricted basis. In fact, these federal policies solidified patterns of racial segregation, making it only available in segregated neighborhoods or suburban areas.
- FHA representatives graded neighborhoods based on risk; the riskiest neighborhoods were colored red on maps—thus leading to the coined term “redlining.”
- Despite being ruled unconstitutional in 1948, race-related housing-related covenants excluded Jews, African-Americans and other ethnic groups from moving into neighborhoods for decades.
- In 1968, President Johnson signed the Fair Credit Housing Act, outlawing all discriminatory housing practices, and people of color began to purchase homes in their neighborhoods of choice. Since the 1980s, the number of families of color purchasing

Documentary Screening: *The New Neighbors* (cont.)

APRIL 21, 2010

homes in the first suburbs has more than doubled, representing the first jump from the cities.

- This story of intentional integration began when Lynn, a white member of Pennsauken community, noticed in 1996 that months after an African American family moved in town, a ring of five houses went up for sale nearby, indicating “white flight.”
- Statistically, when towns are more than 50 percent people of color, or are integrated, they have lower property values and receive fewer services.
- Overwhelmed with sadness, this resident decided to take responsibility and created a citizen movement, Neighbors Empowering Pennsauken. This group met monthly at her dining room table to learn more from each other and seek to understand the true issues threatening their town.
- As Neighbors Empowering Pennsauken grew and wanted to make more significant changes, it sought to get the government on board and created the Stable Integration Governing Board—a township board created by Pennsauken leaders.
- With the help of an integration consultant, the group embarked on a new strategy called intentional integration. This requires partnerships with realtors and would intentionally integrate every aspect of town life—housing, schools and local government. They monitored Census data and took steps to maintain racial balance among all ethnic groups.
- During one phase, home purchases by whites had dropped to a record low. If this trend continued, the town would not be integrated but would instead be segregated again—this time populated primarily by families of color. As a result, an African American mayor found himself asking for more Caucasians to move into this town to achieve the desired integration.
- The group launched aggressive marketing efforts, including billboards, fliers and brochures, to attract potential buyers, based on its racial integration premise. They also worked with realtors and tracked their progress.
- The efforts paid off. By 2004, demand for Pennsauken homes was up among all groups, including a 40 percent increase in whites as new neighbors. But the next step was to integrate the town’s leadership. The group created leadership training opportunities and since has graduated a number of ethnicities, providing them an opportunity to become integrated into many levels of town leadership opportunities.
- Although Pennsauken has achieved much, they cannot do this alone. They seek regional cooperation of surrounding towns.
- Newer townships have the benefit of funding from state and federal construction programs, whereas older towns, like the original inner-ring suburbs, do not. They are left on their own to rebuild their aging infrastructure.
- The next step in this movement is to work toward policies that support regional cooperation so that all communities, old and new, can prosper.
- The way of the future is stable integration. To achieve this, people must educate themselves and exercise political will to use the resources they have. When Americans choose to do this, we will become a model for the world.