

## Defining Your Community

### *Rethinking your idea of your community*

#### Introduction

In this paper we explore the importance of rethinking how we define our community from a development perspective. Given that communities in the United States are primarily responsible for their own development, defining your community from a **development perspective** is very important. We address the following six topics:

- Traditional Definitions of Community
- Why is Defining Your Community Important?
- Defining Your Community from a Development Perspective
- An Illustration of an Area Community
- Implications for Entrepreneur-Focused Development
- Tools You Can Use to Better Define Your Community

This paper supports three of our **e2 University Guides**:

- Community Readiness for Entrepreneurship
- Organizing for Action
- Assessment to Strategy

Your community's starting point for entrepreneur-focused development may begin with your downtown or a specific municipality or county, but over time as you grow your eStrategy and entrepreneurial ecosystem you will want to explore how your game plan can embrace the fuller dimensions and opportunities associated with your larger socioeconomic community.

We start by reviewing traditional definitions of community as a reference point for later discussion regarding redefining your community from a development perspective.

#### Traditional Definitions of Community

It is helpful to begin with a quick review of how we historically defined community. By and large communities, regions and nations are defined in legal terms. We have organized government employing municipalities, counties, townships, special districts (e.g., utility, water, K-12 educational districts, public health, and other regional government and quasi-governmental entities), states, and the nation. Over time we have added other definitions of community including metropolitan and micropolitan areas that do a better job of capturing socioeconomic areas. But even these broader geographic descriptions may not adequately define actual communities or areas from a development point of view. This is particularly true for rural areas (e.g., those geographies not defined as metropolitan or micropolitan). This organizational structure is well established but primarily exists to define governmental entities within our U.S. system.

### Resident Defined Communities

In many cases communities are self-defined by the residents who identify with a certain place and place name. For example, in the tiny but highly successful Nebraska community of Shickley, residents identify with Shickley as their hometown. But this community is shaped by association with its K-12 school district. The current population of the village of Shickley is 323 (2017 estimate), but the larger school district community has about 650 residents or twice the municipality's population. As your entrepreneurial team works to define your larger community, consider how area residents identify with your community.

We have traditionally also adopted this structure for purposes of defining economic, social, and cultural geographic units. Many of our statistical and data sources (think Census) are organized using our traditional political definitions and boundaries. Unfortunately, economies, societies, and cultures do not respect these boundaries. As we explore community economic development, we must redefine communities and regions from political boundaries like municipalities and counties to more economically and socially defined area communities.

### Metropolitan Area Community Models

Reflecting this challenge, the Census Bureau has evolved two relatively new concepts that embrace the idea of socioeconomic regions or areas – **metropolitan and micropolitan areas**. These new, often multi-county and community regions, better reflect labor sheds, commuting patterns and shopping markets. Metropolitan areas also enjoy a level of direct federal and state aid and authority not granted to micropolitan and rural areas. For example, metropolitan areas typically have regional planning groups that are more adequately funded and staffed to undertake regionwide planning.

Within metropolitan areas there continue to be multiple municipalities, counties, and identifiable named neighborhoods or districts. Each of these subcommunities play critical roles within the larger regional metropolitan areas. The same dynamic occurs in many rural areas, but it is less recognized. Associated with a regional hub community (e.g., small city) there are outlying communities where people live but may shop or work in the larger community and vice versa. Like with big cities, this constellation of communities (e.g., neighborhoods) comprise the larger area community. Embracing the larger area community as our unit for development focus creates more sense and opportunity based on our experience.

### Why is Defining Your Community Important?

In today's environment our economies and societies are more regional than local. If our goal with entrepreneur-led development is to energize our entrepreneurial talent to generate stronger economies and more prosperous communities than embracing these economic and socially defined geographic communities becomes powerfully important. There are three specific rationales for your community spending time exploring your area or regional community for development purposes:

1. **Your community is larger than you think!** Each and every resident tends to define community based on their sense of reality. For some in a small metro, it may be their suburb or neighborhood. For others, community may mean their city or village. Others may define community as their township or county. From a development standpoint, we know that for

most rural communities the actual community is larger than the municipal boundaries and, in some cases, even the county. As part of a community's exploration of its economy and entrepreneurial development opportunities, this process of discovery and redefinition becomes critical.

2. **With a larger community, there are more entrepreneurial opportunities.** As your community considers growing your entrepreneurial game plan and ecosystem, embracing the economic and socially defined larger community means more opportunity. The geography is clearly larger and potentially more complex, creating more work in getting organized for action. But it also means more entrepreneurial talent to work with and potentially more relevant entrepreneurial resources. For example, the local bank may be focused on agricultural lending and somewhat weak with commercial or small business lending. But within your economically defined community, there may be banks in other communities where small business and commercial lending is a strength and priority.
3. **Entrepreneurship-led development lends itself to collaborative approaches.** With economic development rooted in business attraction and competition, every community is theoretically competing with every other community. This is particularly true when our development organizations are defined by municipal or county boundaries. But with entrepreneur-focused development, there is far greater opportunity for collaboration among local communities within the larger regional community. This is a huge organizing asset that can provide a much larger foundation for current and future work.

#### Market Considerations - Low Density and High Cost versus High Density and Low Cost

In the United States, market economies are king. Upwards of 70% of all economic activity is driven by consumer spending. Across rural America there are range of markets. At e2 we divide these markets into a continuum ranging from **lower density and higher cost** (e.g., rural) markets to **higher density and lower cost** markets often found in more urbanized areas. Market density and cost are important considerations given the availability of goods and services within our communities. From an entrepreneurial development perspective, the implications are significant. In lower density and higher cost markets, traditional suppliers may be absent but there remain consumers with needs. There are opportunities for creatively structured ventures to fill these market gaps strengthening a community's business sector and economy.

#### Defining Your Community from a Development Perspective

Most of us have no memory of a rural America when roads were dirt, and often mud, and motor vehicles were far less reliable than they are today. Most of rural America is now interconnected by a network of high-quality interstate freeways, federal and state highways, and well-maintained county roads. Over the decades the quality and reliability of motor vehicles has improved dramatically. Just as the railroads in their day greatly reduced distances between communities, good roads and motor vehicles have lessened isolation. These improvements have allowed area communities to emerge in the form of metropolitan areas on the urban side of the scale to rural regional economies often anchored around a micropolitan area. A progression of technology beginning with the telegraph, telephone, and

now broadband and cellular services are further reducing isolation changing what constitutes socioeconomic communities across rural America.

### Rural Broadband Disparity

Despite the widespread use of high-speed broadband and cellular services across America, there are still significant pockets in both rural and urban America where this essential technology is not available due to either access or cost. Rural broadband disparities continue to create a “have” and “have not” landscape. The 2020 COVID-19 Pandemic highlighted the fundamental inequality based on access to broadband and cellular services.

Rural America is a diverse collection of area communities. This diversity ranges from densely populated rural areas in the Northeast and Southeast to the more sparsely populated regions of the Great Plains and Rocky Mountain West. This diversity of settlement density has implication for how functional socioeconomic communities have evolved. Later in this report we will discuss **tools your community can use** to identify its true geographic spread. Worker commuter patterns projected by the U.S. Census Bureau is one of those tools your community can use to map your true community. Motor vehicle travel time and distance are still solid indicators of the geographic size of communities for development purposes. Chances are good that these socioeconomic based communities include one or more hub cities (e.g., hubs for employment, shopping, health care, entertainment, etc.) and a constellation of smaller cities, towns, villages, and rural areas that are interconnected socially (e.g., church attendance, cafes, etc.) and economically (e.g., where people live and work, shop, and obtain health care).

### An Illustration of an Area Community

We feel it would be helpful to provide an actual community example to illustrate our idea of an area community. Our illustration is from North Central Nebraska and the community of Ord. e2 has worked with Ord on entrepreneur-focused development since the late 1990s. We are currently undertaking a comprehensive, 30-year case study of Ord with support from the Ewing Marion Kauffman Foundation.

### Former Residents

For many rural communities, particularly those rural communities experiencing chronic and severe depopulation, there are significant numbers of former residents. Some, possibly many of these former residents still have strong connections to their former hometowns. Reconnecting with former residents can create development opportunities through leadership, networks, investment, and charitable giving. Actively consider reaching out to and engaging with your former residents through alumni groups, families, and friends to tap into this source of human talent.

Ord, Nebraska (2018 population of 2,093) is a village at best from a global perspective. In America’s Great Plains Region, Ord is actually a small hub city to a much larger socioeconomic community. This region of Nebraska, rooted in farming and ranching, is sparsely populated and has been experiencing chronic and severe depopulation since the Great Depression of the 1930s. But like other hub cities, Ord is much larger than its 2018 municipal population of nearly 2,100 residents suggests (Figure 1).

Figure 1 – Greater Ord, Nebraska’s Real Population Size

Ord, Nebraska 2,093 (1)	Valley County, Nebraska 4,190 (1)	Greater Ord Community 7,500 (2)
City of the second class according to Nebraska law. Ord is an employment hub, service and retail center, and entertainment draw for a multi-community and county region.	Valley County’s population, with villages and rural residents, more than doubles the size of Ord from a market and community economic development perspective. Ord is the hub for Valley County.	e2 estimates that the true socio-economic community built around Ord is closer to 7,500 residents or nearly 2.6 times larger than the actual size of Ord itself. Larger equates to more opportunity.

(1) U.S. Census Bureau population estimates for 2018. As of April 2020.

(2) Based on U.S. Census Bureau population estimates for 2018 with regional estimates by e2. April 2020.

While the difference between 2,100 and 7,500 residents may not seem significant, it is in fact very material from a development perspective. In the most basic of terms it means there are roughly 2.6 times more entrepreneurs, resources, and development capacity. This area community touches eight counties, 13 municipal communities, and two Census designated places (i.e., Sherman and Calamus Reservoirs). For a community like Ord that has realized transformative change, tapping into this wider community has been one of the attributes enabling their success.

### Implications for Entrepreneur-Focused Development

Every community, region, state, and nation has an entrepreneurial ecosystem (see our paper, [Entrepreneurial Ecosystem Building in Rural America, Four Decades of Learning](#), for additional information). These organic ecosystems most often have significant gaps, lack of transparency, and lack strategic intentionality. Foundational to intentional entrepreneurial ecosystem building is first defining your community. In our **Community Readiness for Entrepreneurship** and **Organizing for Action** guides, defining your community is a foundational step.

#### Place versus Virtual Communities

In today’s environment where information technology is robust and growing, the opportunity for virtual communities are increasingly likely. People may live in one community but have virtual communities across the region, nation, and even the world based on interests (e.g., astronomy, niche markets like specialty wood working tools, family back home for immigrants, faith, etc.) related to life and work. These virtual community connections create opportunities to further expand the reach of your community, enabling more entrepreneurial development opportunities.

For communities just getting started with entrepreneur-led development, it may make sense to define your community more narrowly. In a startup phase, your champions group may be rooted in the downtown or a single municipality. Starting where the leadership and energy is focused makes sense in a startup phase. However, understanding the fuller potential associated with your community’s larger area community is a helpful perspective. Over time, as you build out your ecosystem, your team can intentionally reach out to the fuller area community. Remember, an entrepreneurial ecosystem is like infrastructure (e.g., highways, the internet, etc.) that can ultimately serve a larger geography and is often enhanced as more stakeholders (e.g., supporters, funders, and system partners), resources, and

entrepreneurs are engaged. Ultimately, you want your ecosystem to cover the full diversity and opportunity associated with your true socioeconomic community.

### Top-Down and Bottom-Up Ecosystem Building Strategy

In a more perfect world, we are building entrepreneurial ecosystems employing a **top-down** and **bottom-up** strategy. Within this approach to ecosystem building, there may be a statewide effort (e.g., top-down strategy) to build core entrepreneurship infrastructure including elements like [SourceLink](#), [Economic Gardening](#), and organizing support for Entrepreneurial Zones and Entrepreneurial Communities. Conversely, individual communities and areas are organizing themselves to identify and engage both entrepreneurial talent and resources to stimulate and support increased deal flow. Overtime, statewide infrastructure becomes more comprehensive and robust supporting area community development efforts.

### Tools You Can Use to Better Define Your Community

There are two federally (and state) supported data sources that can help your community better define your true socioeconomic community.

- 1. Commuter Data.** The U.S. Census Bureau (Census), through their surveying of residents, generates data on worker commuting data. (For a [sample](#) of what this data looks like, please see what we pulled for Knox County, NE. )The Census data identifies the number of workers who live in a county and work outside of the county, live and work in the county, and live in the county but work outside of the county. Additionally, this data identifies origin and destination information by community name. The U.S. Bureau of Economic Analysis (BEA) produces highly reliable household earnings data (longitudinal data is available) for both outbound (i.e., live in one county and work outside of that county) and inbound (i.e., live outside of the county but come into the county for work) commuters. The BEA data can help quantify the Census worker number data. This data can be used to create an area community map. Once this map is finetuned, additional data and analysis can be done to explore your true socioeconomic community.
- 2. Labor Shed Data.** The U.S. Department of Labor, through a partnership with state labor departments, generates labor shed data. Similar to the Census commuter data, this information can help your community define your larger socioeconomic community. We encourage communities to employ both sources to map your larger community and pursue over time ecosystem building within this expanded geography that reflects your true area community.

### Shopper Surveys

Just as larger regions are often anchored around a metropolitan area (e.g., Census Bureau defined areas with 50,000 or more residents), the same is often true with smaller micropolitan areas (e.g., Census Bureau defined areas with at least 10,000 and up to 50,000 residents) rooted in rural regions. These micropolitan areas are typically anchored by a hub city that provides employment, services, entertainment, etc. for workers and residents in a multi-county region. We recommend that hub cities, whether they are pursuing entrepreneur-led development or not, should regularly conduct shopper surveys to help define their regional reach. As you design your shopper survey, consider where people

live, work, play, shop, and attend church. These surveys can be as simple as conducting a census of motor vehicle license plates (e.g., identifying different communities) at targeted retail and service locations on a given day (say a Saturday or right after the workday) to more sophisticated surveys employing both polling and focus groups techniques. These shopper surveys can further help your community better define your area community.

Once your team has mapped your area socioeconomic community, you can then employ e2's **Readiness** and **Organizing** resources to engage additional community stakeholders, resource providers, and entrepreneurial talent to grow both a more robust entrepreneurial economics and community economic development impact.

### Hub and Spoke Organization

As part of an **area community** there are typically multiple communities including municipalities, neighborhoods, downtown districts, Census Designated Places, community improvement districts, and rural areas. Entrepreneur-led development lends itself to a **hub** and **spoke** organizational approach. Your strategy can focus on area-wide ecosystem building while supporting individual resident communities to engage in the all-important work of identifying and engaging both resources and entrepreneurs. Similar to our preferred top-down and bottom-up state level strategy, this same approach using a hub and spoke organizing approach at an area and regional level.

### Summary

It is our hope that we have accomplished two important objectives with this paper.

First, we hope we have made the case for your entrepreneurial team to take the time and make a commitment to explore and define your likely larger socioeconomic community as relates to entrepreneur-led development.

Second, we hope we have provided you some tools that your team can use to begin the process of defining your larger socioeconomic community. Depending on where your community is at developmentally, these tools can help your team identify the geography you will ultimately want to engage in your local entrepreneurial ecosystem building strategy.

In conclusion, e2 wishes your team and community the best in your efforts to grow a more competitive and prosperous economy through entrepreneurship. We welcome your feedback, stories, and insights. Share them with Don Macke at [don@e2mail.org](mailto:don@e2mail.org).

### Questions and Additional Information

Don Macke – e2 Entrepreneurial Ecosystems  
A Hosted Initiative of NetWork Kansas  
402.323.7336 – [don@e2mail.org](mailto:don@e2mail.org)