



**Wealth Creation**  
Series

## **Pathways to Opportunity: Connecting Assets to Market Demand Through Value Chains**

As part of the Economic Development District Community of Practice (EDD CoP), EDDs across the country are exploring ways to incorporate wealth creation strategies into their planning and implementation efforts. This series of briefs provides EDDs with guidance and examples showing how wealth creation can be used to focus on community capitals in the CEDS, to develop sector-specific strategies of collaboration and competition, and to bring partners together to build value chains in sectors. This work builds on NADO's previous work around wealth creation by focusing on how EDDs can best integrate it into their work, using new case studies and examples from EDDs. This framework may introduce unique terminology and concepts to learn along the way.

The Wealth Creation Series, while often focused on rural challenges and opportunities, does not preclude urban and suburban communities or EDDs from learning from and using this framework. The approach has wide applicability to all communities, regions and EDDs.



# Pathways to Opportunity: Connecting Assets to Market Demand Through Value Chains

## ► Introduction

The strength of the wealth creation approach is in its inherent flexibility. The approach focuses on three key principles:

1. Recognize and build multiple forms of wealth.
2. Promote local ownership and control.
3. Improve livelihoods for those currently living on the economic and social margins.

Economic Development Districts can connect with wealth creation in a variety of ways:

**1. Focus on Capitals.** The entry point for wealth creation is using [eight capitals](#) to understand the variety of assets a community or region has. There are many ways to gather this information; some communities use an asset inventory. The [SWOT \(Strengths, Weaknesses, Opportunities, Threats\) analysis](#), a key component of the [Comprehensive Economic](#)

[Development Strategy \(CEDS\)](#), is another way to do this, by using the variety of community assets to identify the strengths, weaknesses, opportunities and threats of the region, while also considering local ownership and control of those assets. The forms of capital also provide a framework for thinking about how to measure progress and outcomes in the CEDS. A region's capitals can also provide a backdrop for regional promotion efforts.

**2. Sector specific approaches.** In some places, EDDs have had rewarding experiences bringing players in an industry sector together to figure out pathways to "coopetition," a way of cooperating that rises above competition to benefit the sector and the region as a whole. This builds social and political capital along the way and keeps wealth local, by retaining successful industries and businesses. These pathways can include collaborating on workforce development, purchasing, etc.

**3. Building value chains in sectors.** A [wealth creation value chain](#) is a network of people, businesses, organizations, and agencies addressing a market opportunity to meet demand for specific products and services – advancing self-interest while building rooted local and regional wealth. Building a value chain takes coopetition to a higher level, in terms of bringing partners together, mapping out the value chain system, determining where the gaps lie and strategizing collaboratively about how to fill them.

[In the last piece](#), we discussed ways that EDDs are supporting sector-specific approaches. This piece will provide background on value chains, including characteristics, partners and value propositions, while also showcasing a value chain in west central Missouri devoted to gravel biking.



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## ► Building Value Chains in Sectors

The end point of the wealth creation continuum is the mapping and building of a value chain in a particular sector around a specific market opportunity (product or service). One of the key tools of the wealth creation framework is the value chain. A **value chain** is a network of people, businesses, organizations and agencies addressing a market opportunity to meet demand for specific products or services - advancing self-interest while building rooted local and regional wealth. Building a value chain often involves mapping the functions and partners along the chain, identifying gaps, and developing strategies to fill those gaps.

While economic and community development is often focused on creating jobs and increasing income, wealth creation value chains are seeking to achieve broader and deeper wealth-building goals that can sustain a region's economy for the long haul. Wealth creation value chains are focused on implementing the principles of building multiple forms of wealth, keeping that wealth local, and improving livelihoods for people, places, and firms within a region. The value chain is also meant to be demand-driven, meaning that it's not just pushing out a product or service no one wants; it's providing a product or service based on proven demand.

Economic Development Districts (EDDs) have a role to play in developing and supporting value chains. This role is typically a support role, but still critical; it may involve helping to identify and convene potential partners,

Tourism	Grains	Biofuels	Textiles
<ul style="list-style-type: none"> <li>Rural bicycle tourism</li> <li>Cultural tourism</li> </ul>	<ul style="list-style-type: none"> <li>Malting barley for beer</li> <li>Traditional grains</li> </ul>	<ul style="list-style-type: none"> <li>Camelina based fuels</li> <li>Reused vegetable oils</li> </ul>	<ul style="list-style-type: none"> <li>High end "green" clothing production</li> <li>Locally produced alternative material clothing</li> </ul>

Figure 1: Sectors and Market Opportunities.

facilitating discussion, offering technical assistance, and finding relevant funding sources.

## ► Value Chain Characteristics

The key elements of wealth creation value chains are 1) a market opportunity, 2) different kinds of partners (including demand, transactional, and support), 3) a value chain coordinator, and 4) value propositions.

### Market Opportunity

Value chains are built around market opportunities within sectors. While a sector is a grouping of businesses in the economy that

share related products/services, a market opportunity drills down deeper into the sector to generate multiple forms of wealth in a region. For example, while tourism may be the sector, the market opportunity may be rural bicycle tourism.

How do you select a market opportunity? There are a variety of ways to think about this. First, it may help to define the target groups you're trying to reach and the ultimate outcomes you're hoping for. Then there are criteria by which to compare market opportunities, including relevance to the target market, wealth building potential, and feasibility.

## Compare Market Opportunities

		Rating		
	Criteria	High	Medium	Low
<b>Relevance to target market</b>	# of people from target group with potential to be active in the sector/value chain			
	Potential for target group to own businesses			
<b>Wealth building potential</b>	Market demand with potential for growth			
	# of new jobs or businesses that can be created.			
	Potential to increase ownership & control over local assets			
	Potential to build multiple forms of community wealth.			
<b>Feasibility</b>	Demand partners identified			
	Willingness of market players to adopt new practices			
	Prospects for attracting investment			

Figure 2: Criteria for Comparing Market Opportunities.<sup>1</sup>

<sup>1</sup> This market opportunity comparison table was developed by Rural Development Initiatives. [www.rdiinc.org](http://www.rdiinc.org)

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*Build market opportunities based on available assets and an understanding of demand:*

1. Start by inventorying key assets across the eight capitals.
2. Connect market demand to assets you already have.

Doing preliminary demand research can help to assure that there is actual proven demand for the market opportunity. This can be done in several ways:

- Talking with businesses in the sector of interest.
- Understanding what other sources of demand there may be for a particular opportunity (scale, buyer types, added value, import replacement).
- Talking with current and potential buyers (potential demand partners).

Finally, there may be value in using a stakeholder decision-making process to determine what market opportunity makes the most sense. This might hinge on a few things including:

- Assets – Is it building on regional assets and businesses’ interests?
- Competition – Is it relatively easy to enter the market or is there too much competition?
- Scale – Is it scalable?
- Attainable – Is it attainable?
- Energy/Enthusiasm – Is there energy behind it?

### Value Chain Partners

There are different types of partners in a value chain, who play different roles. **Demand partners** are the buyers of the products or services that are the focus of the value chain. When contemplating demand partners and demand research, it is more expedient to consider and connect with the aggregators of demand. For example, if you’re looking at a recreation market opportunity, it’s more practical to consult aggregators of recreation, like mountain biking clubs, outfitters, and guides, etc. than reaching out to individual recreationists. The **transactional partners** are the partners who touch the product or service; they can be the sourcers, the producers, processors,

and distributors. The **support partners** are there to provide the transactional partners with technical support and assistance; as a result, the support partners are often technical assistance providers such as economic development organizations, educational institutions, and financiers. Economic development districts (EDDs) often play a support role, providing technical assistance and connecting the chain to necessary resources.

In the example below of a food value chain, the demand partners (in blue) are the hospital, school district, and area consumers, who will be interested in purchasing tomato soup through the chain. The transactional partners (in green) are those who are touching the soup ingredients, including the input suppliers, growers, the aggregators, the processors, and the distributors. The support partners (in yellow) are supporting the transactional partners; they include the farmers alliance (supporting farmers), the local food certifier (supporting the farmers and aggregator), and food safety trainer (supporting the processor).

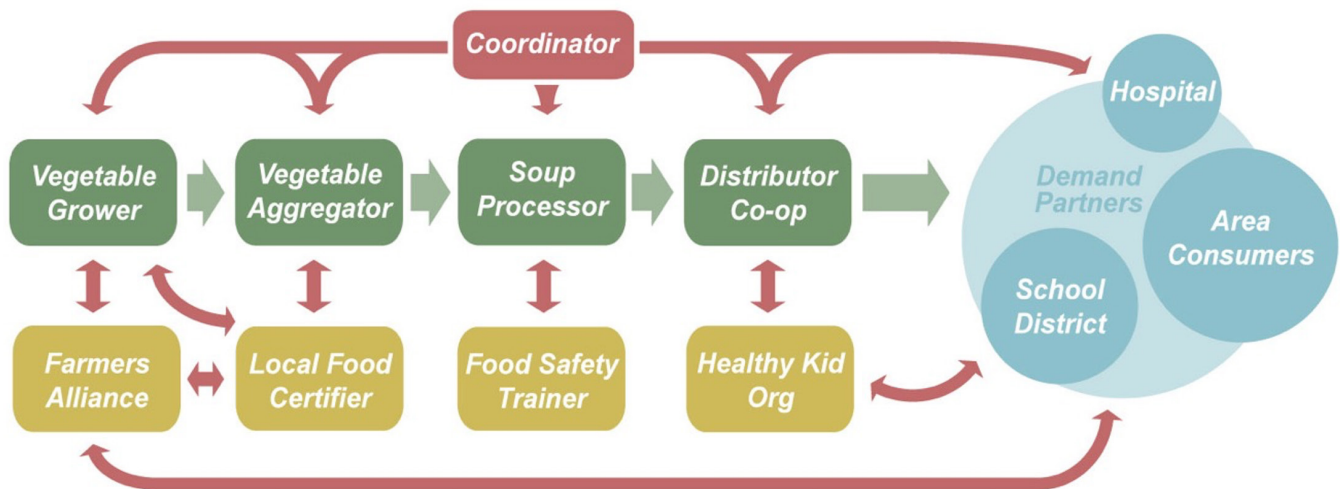


Figure 3: Value Chain Map Example: Tomato Soup.

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### Coordinator

A value chain coordinator (in red) is tasked with managing the value chain and maintaining the relationships and communications along the chain. A value chain coordinator can be an organization, a public agency, a team of interested partners, or even a business along the value chain who sees value in playing the coordination role.

Roles of the value chain coordinator vary but the key functions are those of convenor/connector, wealth-building advocate, and innovator:

- Convenor/connector - a coordinator connects with partners individually and brings partners or potential partners together as needed, while understanding the value propositions of each partner for participating in the value chain.
- Wealth-building advocate - the coordinator holds the wealth creation vision for the larger group, bringing discussions back to growing the stocks of capitals, increasing local ownership and control of that capital and improving livelihoods for those in the region.
- Innovator—the coordinator helps unleash innovation, encouraging partners to try new things, access new knowledge, engage in unprecedented conversations, take risks, and learn from their efforts.

Overall, the coordinator sees the big picture of the value chain, understanding the relationships between the different players and activities, making it easier

to identify solutions to gaps, bottlenecks, and/or underutilized assets.

*Value chain mapping is a process that engages key partners along the chain through value propositions, brings them together, and identifies gaps, barriers and underutilized resources that are key to making it function effectively.*

### Value Propositions

Value propositions are another key element of the relationships that make up value chains. Before engaging value chain partners, it can be useful to conduct research into each partner to understand what their pain points may be and how value chain participation may serve to overcome those obstacles. EDDs may be useful support partners at this stage, in helping to identify potential partners, learn more about their pain points, and define the value propositions, which will ultimately help to engage those partners.

Early on, partners may engage with the value chain in a transactional way to satisfy self-interest. Self-interest can be about individual businesses attempting to meet their bottom lines, advance their missions, or achieve some other goal. Over time, these relationships can evolve, as partners begin to see a shared and/or common interest in participating in the value chain. Shared interest is when two or more partners recognize a win-win that will benefit each of them. Common interest includes benefits that flow to people or places outside the value chain.

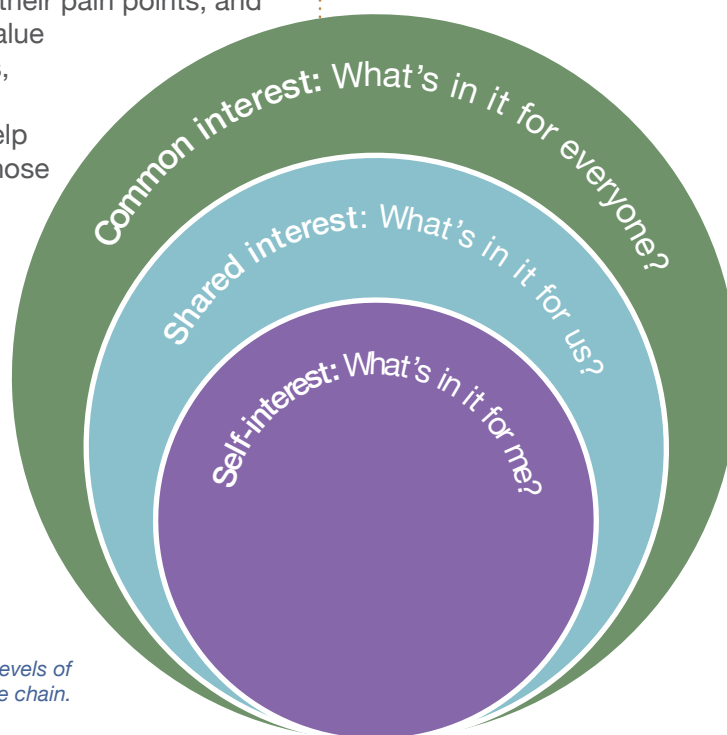


Figure 4: The levels of interest in a value chain.

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## ► Value Chain Mapping

Why do we map value chains? There are a variety of reasons:

### 1. Understanding the system.

Value chain mapping is a visual way of understanding a market opportunity – bringing a product/service from supply to demand. As communities consider market opportunities, it provides a sense of what functions and partners already exist and which ones are missing.

**2. Convening partners.** Value chain mapping is a useful organizing activity that can bring potential partners together to understand what's currently happening and what's possible. By identifying where each partner fits along the chain, it brings those partners closer to each other and offers them a vision of how their participation impacts the chain.

### 3. Identifying gaps, bottlenecks, and underutilized opportunities.

By mapping the value chain with potential partners, it becomes clearer what is missing that may be preventing the value chain from operating at its fullest potential.

- a. A *gap* is a missing process or function in the chain that is essential to moving the goods or services from supply to demand.
- b. A *bottleneck* is something that prevents or restricts the value chain from operating smoothly or reaching scale. A bottleneck might be a policy or regulatory issue, missing skills/capacity or inadequate financing.
- c. *Underutilized resources* are assets currently available in the region that, for some reason, are not yet catalyzed to full benefit within the value chain.

*Value Chain Tip: Start by working on small, easy gaps or barriers with partners to build trust and social capital. Then the partners may be better able to collaborate on the bigger things.*

## ► The Butterfield Stage Experience

The following case study features a regional strategy to promote recreational tourism, the Butterfield Stage Experience, a gravel bike route in Missouri, which showcases many value chain concepts, including understanding demand, identifying and engaging partners, and identifying value propositions.



### Key Partners

New Growth and Kaysinger Basin Regional Planning Commission were the instigators and stewards of this initiative. [New Growth](#) is a rural community development corporation that serves rural Missouri and Kansas. It is a nonprofit affiliate of [West Central Missouri Community Action Agency](#). New Growth's mission is "to build local ownership and lasting livelihoods from deep rural roots, building the entrepreneurship resources and culture that rural people and places need to thrive." When New Growth was just starting out, staff decided to approach tourism as one of the regional sectors

around which to build regional cohesiveness and wealth.

The [Kaysinger Basin Regional Planning Commission](#), located in west central Missouri, serves Bates, Benton, Cedar, Henry, Hickory, St Clair, and Vernon counties. For over 40 years, the Kaysinger Basin Regional Planning Commission has been designated as an Economic Development District (EDD) by the U.S. Economic Development Administration (EDA). The Kaysinger Basin Regional Planning Commission supports its communities in transportation planning, hazard mitigation planning, economic and community development, grant writing, and administration.

### Assets

The west central region of Missouri possesses a variety of assets. One of the largest sectors in the seven-county Kaysinger Basin region is tourism; the region is home to four lakes - Truman Lake, Lake of the Ozarks, Pomme de Terre Lake, and Stockton Lake – each with its own state park.

Another key asset is the location in Clinton of the terminus of the [Katy Trail](#), a 237-mile trail stretching across most of the state, over half of which follows Lewis and Clark's paths up the Missouri River. It is also currently America's longest rail trail. Kaysinger Basin communities near the Katy Trail were interested in being connected to it to benefit from its popularity. Another trail coming from Kansas City, the [Rock Island Trail](#), intersects the Katy Trail at Windsor, Missouri.

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The Rock Island Trail is still undeveloped east of Windsor, but someday it will reach approximately 200 miles across the state to form a 450-mile loop with the Katy Trail.

According to Brent Hugh, Executive Director of the [Missouri Bicycle and Pedestrian Federation](#), “Everyone wants a Katy Trail in their part of the state... a rail to trail is a once in a lifetime find.”

These two bike trails were already substantial assets. New Growth and Kaysinger Basin Regional Planning Commission were interested in discussing how nearby communities could share in the wealth through recreational tourism. This was the impetus for a 2018 community workshop facilitated by Patty Cantrell and Sheridan Garman-Neeman. Prior to joining New Growth, Sheridan served as executive director of the Kaysinger Basin Regional Planning Commission. Patty was previously trained in the WealthWorks framework. A [National Park Service \(NPS\)](#) trail planning

grant to Kaysinger Basin allowed Patty and Sheridan to facilitate meetings around regional trails plan development. A variety of nearby communities attended and discussed their assets and what they could and should do to build their connections to the bicycling economy.

### Demand

Wealth creation starts with building an understanding of demand. Market trends in bicycling showed that bicyclists were seeking opportunities for gravel road biking, racing, and bike-packing, along with access to historic sites and rural scenery.

Data from the Outdoor Industry Association shows that bicycle tourism generates approximately \$83 billion in trip-related sales and contributes to the creation of 848,000 jobs.<sup>2</sup> With more than two million miles of unpaved roads across the US, there are opportunities for gravel riding nationwide but especially in small rural places. Small towns and rural places are perfectly suited for gravel biking as many have old farm and rural roads and nearby public lands. Gravel cycling has grown 109% over the last few years.<sup>3</sup>

Many of the communities engaged in the session facilitated by Patty and Sheridan had gravel roads within their boundaries, an underutilized asset to connect to this demand. These gravel roads travel through rural scenery and historic areas, such as the [Butterfield Overland Stagecoach](#)

route, the longest stagecoach route in the world, which ran between Arkansas/Missouri and California. Under contract with the US Postal Department, the route operated from 1858 to 1861.

Rail trails are expensive to build and maintain. For example, construction costs for the Rock Island Trail are estimated at \$1 million per mile.<sup>4</sup> Another study found that maintenance costs for rail trails on average range from \$500-1,000 per trail mile per year depending on surface.<sup>5</sup> For gravel trails, however, money isn't needed to build the trails as they already exist, but rather to map and market the existing gravel roads.

The NPS grant secured by Kaysinger Basin allowed three communities – Warsaw, Lincoln and Cole Camp - to convene people to map the route and discuss next steps.

### Value Chain Champions

The “Katy-Rock” convening facilitated by New Growth and Kaysinger Basin Regional Planning Commission, the value chain coordinators, involved the three communities and a variety of other partners. Key to this work were two value chain champions, who engaged because they cared deeply about bicycling opportunities. These champions were integral to the work of getting the Butterfield mapped out. Mac Vorce, the Executive Director of the Warsaw Chamber of Commerce, attended and became a key partner in developing what would become the Butterfield Stage Experience.

<sup>2</sup> Elswick, F. 2019. How Gravel Bike Paths Can Boost Rural Economies. <https://blog.midwestind.com/how-gravel-bike-paths-can-boost-rural-economies/>

<sup>3</sup> Miller, C. 2022. Gravel Biking is Transforming Small Town America. <https://www.peopleforbikes.org/news/gravel-biking-is-transforming-small-town-america>

<sup>4</sup> Jackson County, Missouri. <https://www.jacksongov.org/Government/Departments/Public-Works/Rock-Island-Rail-Corridor-Authority>

<sup>5</sup> Rails to Trails Conservancy. Maintenance Practices and Costs of Rail-Trails. <https://www.americantrails.org/resources/maintenance-practices-and-costs-of-rail-trails>

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Mac had been in the bike industry for a long time, planning bike races and events, managing the Warsaw Adventures Outfitter, and engaging in gravel and mountain biking through his Truman Lake Adventure Club. Businesses, chambers, and community and business groups also came together to connect and engage.

Mac had previously met Brent Hugh, Executive Director of the [Missouri Bicycle and Pedestrian Federation](#), a champion of bike trails in Missouri, who was also considering a potential bike route along the historic Butterfield Stagecoach Route. Based on the communities' interest in connecting to the growing demand for gravel biking and their interest in promoting more opportunities for bicycling, together Brent and Mac developed a 250-mile route from Jefferson City to Warsaw to Springfield.

"Between the two of us, we scoped out the route, talked to people along the way and people were excited," says Brent.

## Partnerships and Value Propositions

Under the grant from the National Parks Service, Kaysinger Basin worked with the communities of Warsaw, Lincoln, and Cole Camp to connect the Butterfield to the Rock Island and Katy Trails through a trails plan. In the past, these communities did not always collaborate well. Their sports teams were rivals and due to a scarcity of resources, they were also naturally competitive for funds. Together, however, they had a variety of assets that would provide benefits for all. This was the value proposition for working together.

Through this endeavor, the three communities started working together, held bike events together, and formed a joint Chamber of

Commerce. Since then, they have worked on establishing common signage, improving the trails, and initiating bike races. Now, according to Patty and Sheridan, "You can't do anything without all three cities. When the Connecting Entrepreneurial Communities conference wanted to be in this region, all three cities hosted together." The three cities have become more active and more successful in collaboration than they were individually, building social capital that the communities were able to convert to political capital to support the development of the Rock Island Trail.

## Understanding Gaps

A key part of value chain mapping is understanding the gaps that may be preventing the chain from operating to its fullest potential. Through this process, it became clear there were gaps around particular business types that would serve bicyclists coming through the area.

## Butterfield Stage Experience – Value Chain





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Gaps and their solutions included:

- 1. Restaurants closed on Sunday nights.** The group discussed ways of filling that gap, such as pop-up dining options.
- 2. Lack of bike repair supplies.** Once this gap was identified, a hardware store near the trail started to carry these supplies.
- 3. Limited lodging.** One town put in a hostel for bicyclists. The Windsor City Administrator quit her job and opened Kim's Cabins. Since then, a few other locally owned and operated lodging businesses have been established.
- 4. Inadequate outreach about events and opportunities in the area.** Convenience store staff were identified as key communications ambassadors to represent the area and share information and other resources to visitors as they had a lot of face-to-face interactions with visitors.

## The Butterfield Stage Experience

The Butterfield came to fruition in 2019, traveling from Jefferson City to Springfield over 254 miles through 9

counties and 27 Main Streets. The route doesn't bypass towns; it takes people right through the business center of every town it goes through. According to Mac with the Warsaw Chamber, "You can bike 250 miles and it's the experience you would have in 1858 galloping across the state on the stagecoach. There is very little traffic and civilization in between the downtowns."

This gravel ride has been branded as the Butterfield Stage Experience. The [Butterfield Overland National Historic Trail \(NHT\)](#) was designated by Congress in 2023; it is administered by the National Park Service as a component of the National Trails System. The Butterfield connects the three communities to the Katy Trail, allowing them to share in the benefits of the bicycling economy.

Beyond the collaboration of the three communities, other key elements of the success of the route included:

- 1. Events.** The Warsaw Chamber of Commerce started hosting events and encouraging other communities to hold events on their own

sections of the route. Events typically encourage people to come into town ahead of time, seeking food, lodging, and other amenities.

- 2. Brand and Messaging.** This involved using the word Butterfield as the brand along with the image of a stagecoach connected to a bicycle. This messaging is used in training and educating people on how to promote the trail.

The key value chain partners for the Butterfield in Missouri are already making connections to the route in neighboring states, like Arkansas and Oklahoma.

## Outcomes

Building this value chain and nurturing community partnerships continues to produce positive outcomes throughout the region. Some of these include:

- 1. New businesses are still springing up.** As community members see riders with flat tires and other problems along the trail, new bike shops offering rentals, sales, repairs or even shuttles have sprung up, like the Frisco Bike Shop in Willard and the Pedals and Spokes Bike Shop in Versailles.
- 2. Opportunities for local economies.** There are food and lodging options at the end of every segment. Says Mac with the Chamber of Commerce: "It doesn't matter which direction; you're taken care of." This benefits the bicyclists but also offers opportunities for local entrepreneurs, local businesses, and local economies.
- 3. Special events bring hype to the communities.** Early on, this included the Butterfield 60 in 2022. Gravel bike races now overlap the Butterfield route, such as the Pomme de Tour in Hickory County, the Epic



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150 in Benton County, and the IronHorse on the Frisco Highline Trail.

**4. Community pride.** People are excited about their communities and what they have to offer the recreation economy. According to Mac, “The coolest thing out of all of it is community pride. Value chain meetings made me love my community that much more.” Brent from the Missouri Bike Federation explains, “It is a point of regional pride. Something to be proud of your town about.”

**5. Regional collaboration.** For an area where town rivalries made it challenging to work together, building and marketing this trail collaboratively created better regional working relationships- something to work together on, rather than fight about. This collaboration allowed for the trust building needed to work on other things together. “Now the three chambers are meeting regularly, and the three communities are working together. The whole county is working for a bigger cause now,” Mac says.

According to Brent, the return on investment is millions of dollars. On apps that runners, bikers, and recreationists of all kinds use to track their activity, like Strava and Ride with GPS, the Butterfield route now shows up on the heat map, demonstrating the volume of users while also providing an opportunity to promote the area to new riders.

## Looking to the Future

There has been a realization in this region that considering community and regional amenities, like the Butterfield, may play a role in retaining residents and even attracting new residents. This has created renewed interest in community and economic development and downtown improvement, which will benefit

residents as well as tourists. According to Brent with the Missouri Bicycle and Pedestrian Foundation, “All the more reason to make the area a great place to live and raise a family. This is not a competitive thing. If the whole region has trails and is pedestrian-friendly, it benefits everyone.”

The Butterfield Stage Experience showcases the power of collaboration and strategic asset utilization in rural development. By leveraging existing assets and fostering regional cooperation through a value chain, the initiative has successfully boosted local tourism and community pride, providing a sustainable model for rural economic development.

