

Furthering Economic Development in South Dakota

Rural Learning Center
South Dakota Community Foundation
South Dakota Rural Enterprise Inc.

September 29, 2006

Prepared by Bridgeway Partners, www.bridgewaypartners.com

Mental Models Undermining Growth

Mental Model

- Mistrust of diversity (e.g. Native Americans, Hispanics, Hutterites, newcomers)
- Aversion to risk
- Live where work
- Work = land

Undermines

- Value of increased birth rate among Native Americans
- Value of newcomers
- Entrepreneurship
- Entrepreneurship
- Entrepreneurship
- Entrepreneurship

Mental Models Undermining Growth (cont.)

Mental Model

- Entitlement
- Tall poppy syndrome
- Low expectations regarding profitability
- Low expectations regarding educational standards
- Parochialism
- Success comes from leaving the state
- Reluctance to look in-state for resources

Undermines

- Entrepreneurship
- Sharing entrepreneurial success stories
- Entrepreneurship
- Quality of in-state education
- Regional community development
- Population growth
- Competitive jobs

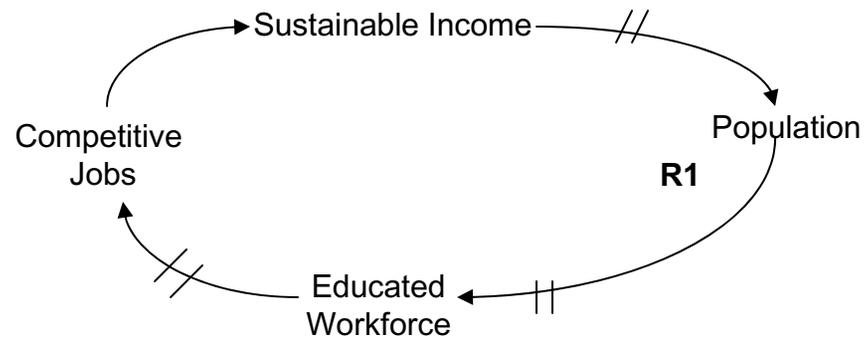
Ways to Influence Mental Models

- Networked leadership
- Sharing successes
- Marketing South Dakota to residents

System Dynamics Influencing Economic Growth

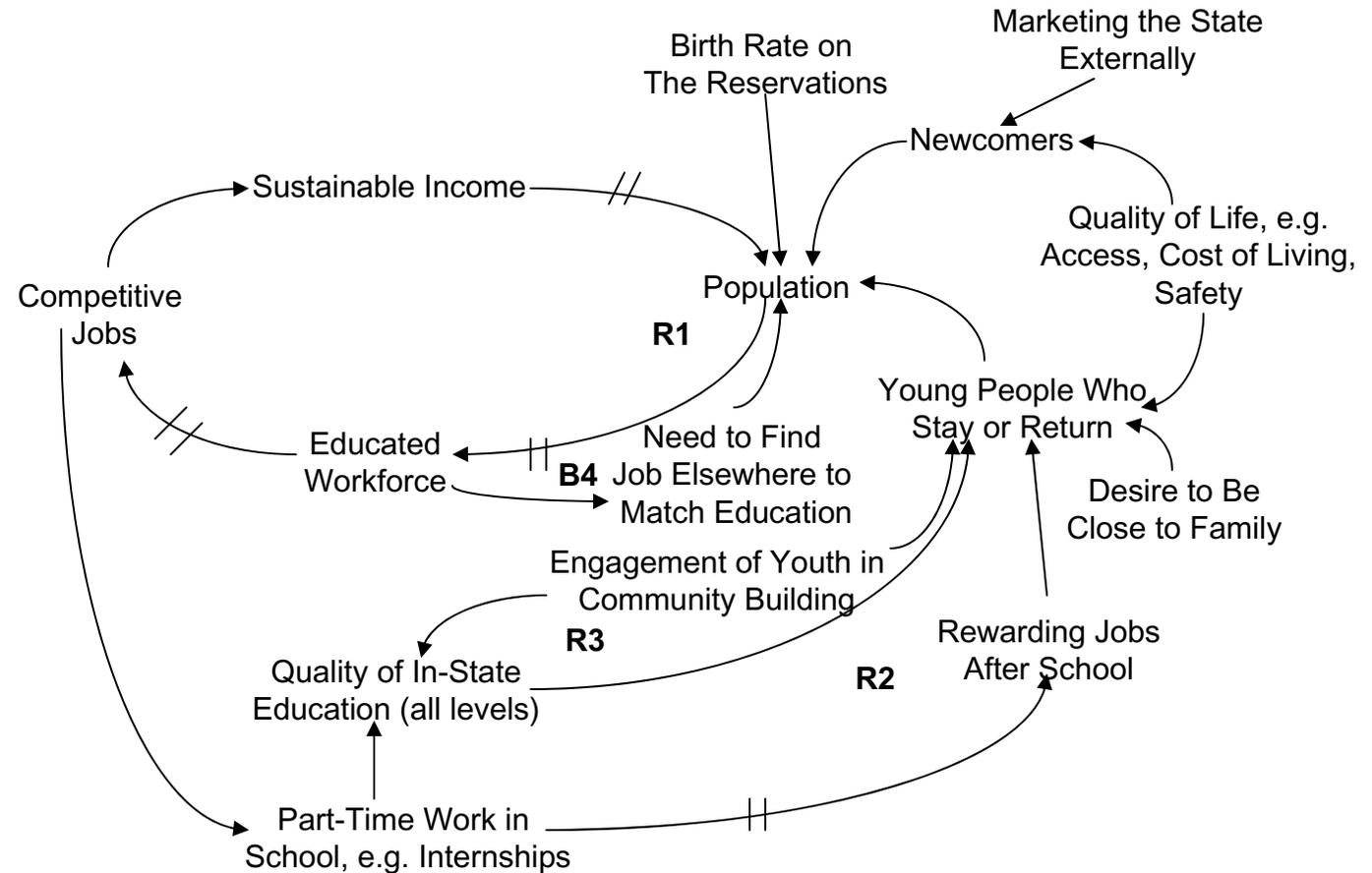
- In addition to supporting and undermining mental models, economic growth is influenced by the following system dynamics

The Core Engine of Growth



R1: Over time, growth in population leads to a more educated workforce, which supports more competitive jobs, which in turn increases sustainable income and attracts population.

System Dynamics Influencing Population Growth

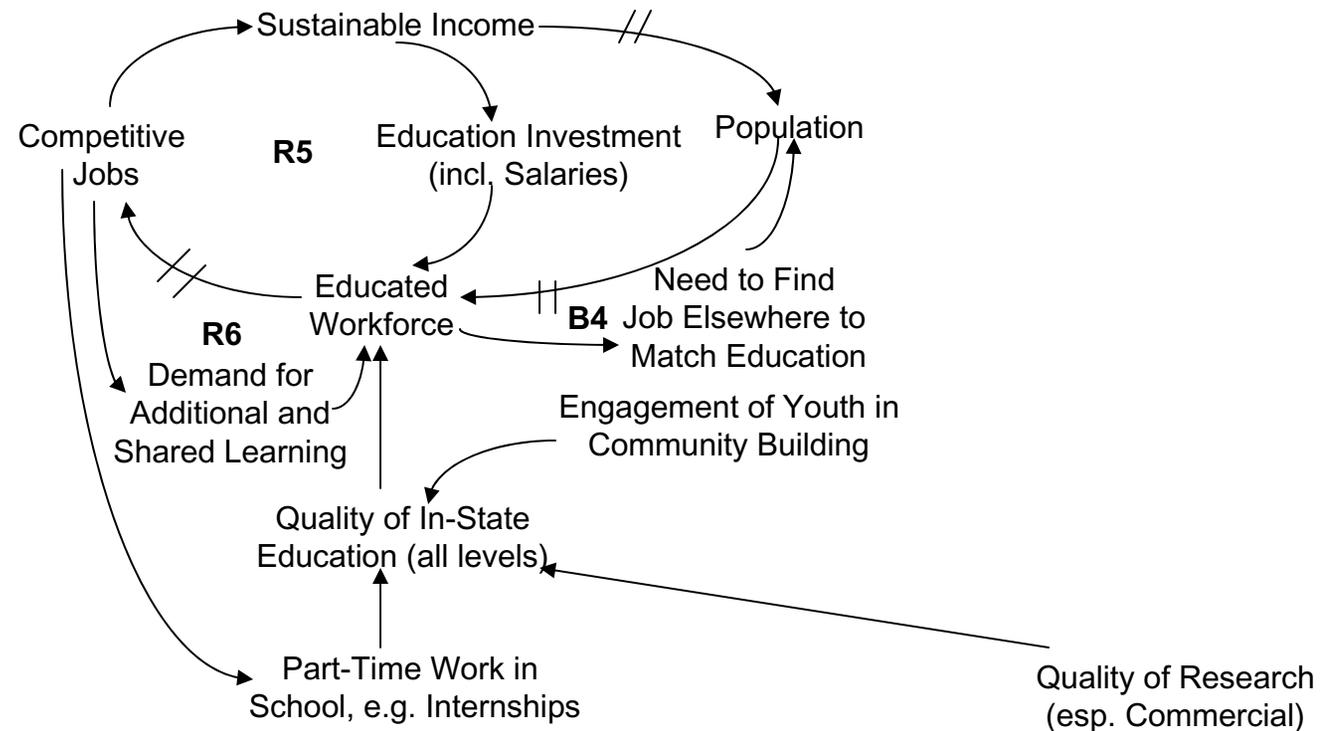


R2: Competitive jobs create part-time work opportunities for students, which lead to rewarding jobs after school that keep young educated people in the state who eventually create more competitive jobs

R3: The part-time work opportunities for students also increase the quality of in-state education, which in turn motivates young people to stay in South Dakota and create more competitive jobs

B4: Students educated in-state might need to move elsewhere to find jobs that match their education level, which reduces population growth and then the state's educated workforce

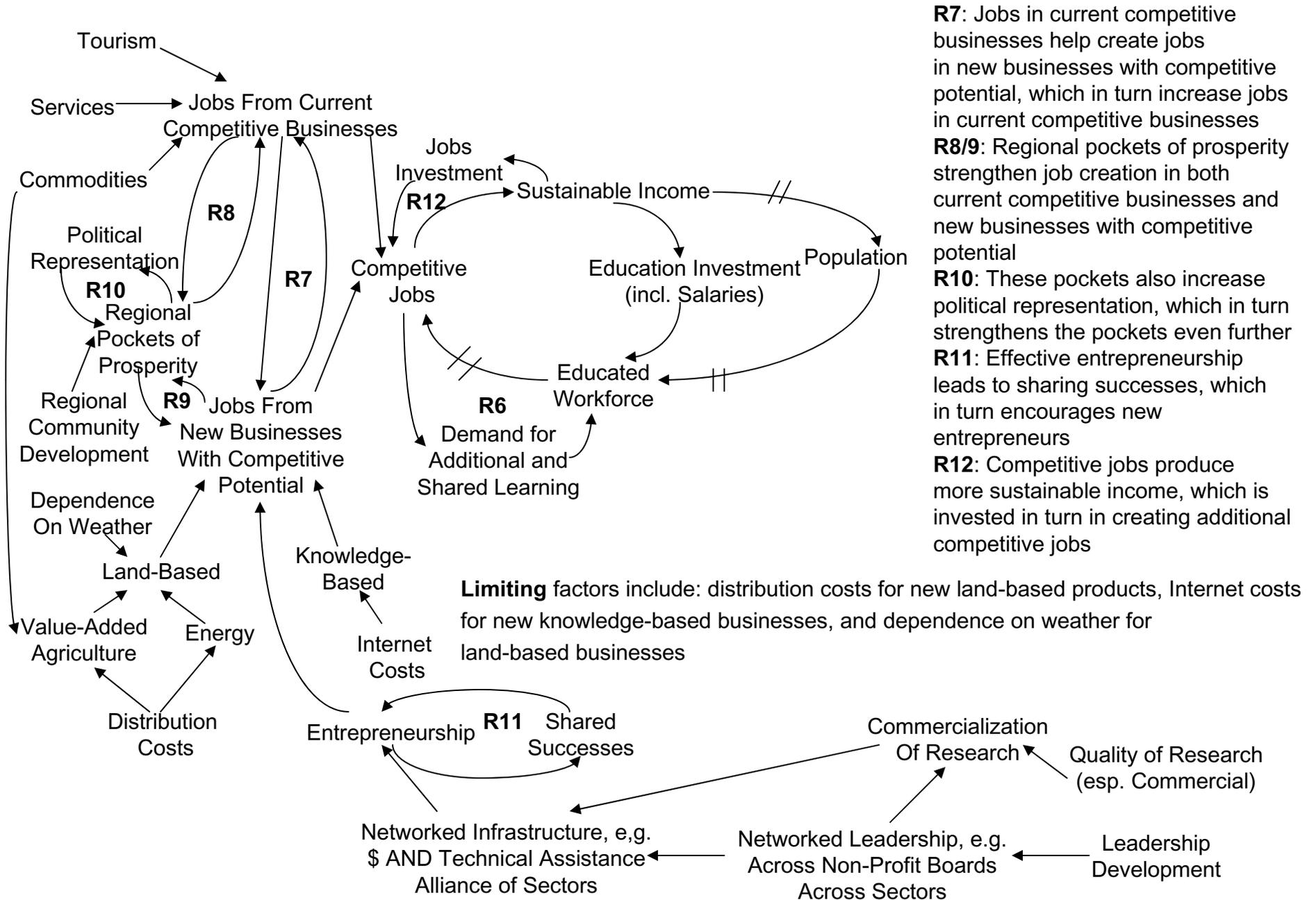
System Dynamics Influencing Educated Workforce



R5: An educated workforce leads to more competitive jobs and sustainable income, which can be invested in part in better education including teacher salaries

R6: Competitive jobs increase the demand for additional and shared learning, which in turn increases the education level of the workforce

System Dynamics Influencing Competitive Jobs



R7: Jobs in current competitive businesses help create jobs in new businesses with competitive potential, which in turn increase jobs in current competitive businesses

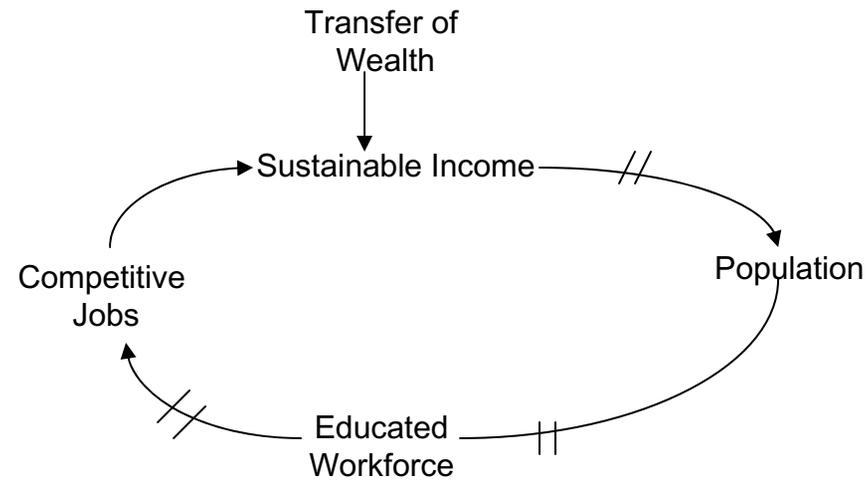
R8/9: Regional pockets of prosperity strengthen job creation in both current competitive businesses and new businesses with competitive potential

R10: These pockets also increase political representation, which in turn strengthens the pockets even further

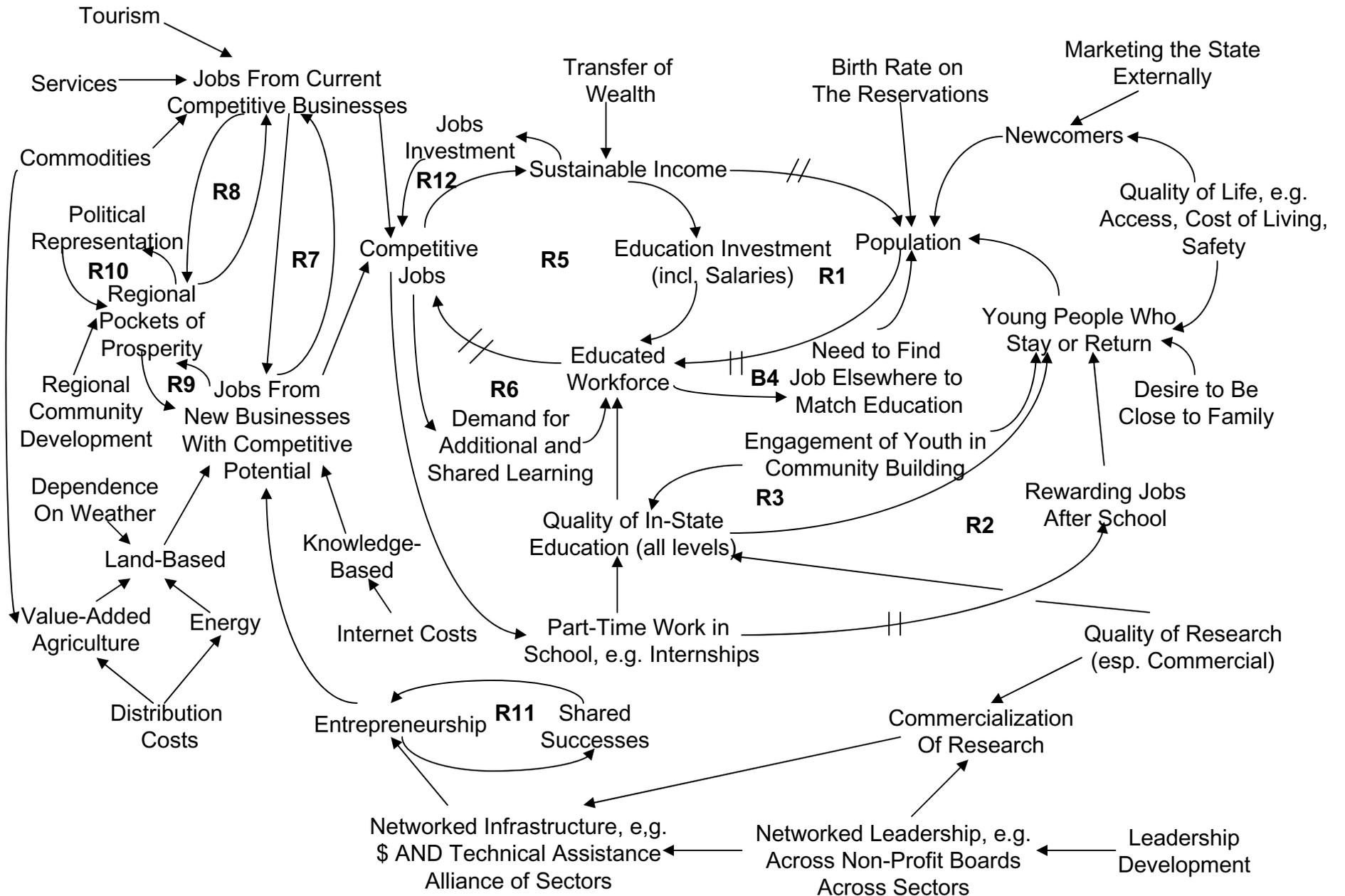
R11: Effective entrepreneurship leads to sharing successes, which in turn encourages new entrepreneurs

R12: Competitive jobs produce more sustainable income, which is invested in turn in creating additional competitive jobs

System Dynamics Influencing Sustainable Income



Overall System Dynamics Influencing Economic Growth



Where People Are Currently Working

- Rural Learning Center: leadership development, networked leadership, shared learning and sharing success stories, engaging youth in community building, supporting young people to stay or return, and improving the state's quality of life
- SD Community Foundation: transfer of wealth leading to more sustainable income, improving quality of life, supporting young people to stay or return, population growth, and investment in education
- SD Rural Enterprise: shared learning, leadership development, networked leadership, networked infrastructure, entrepreneurship, regional community development, creating regional pockets of prosperity, jobs from new businesses with competitive potential, and jobs from current competitive businesses

Leverage Points

- Anything that can be done to reinforce supportive mental models and weaken undermining ones is high leverage
- There is also high leverage in:
 - Engaging youth in community building
 - Regional community development
 - Entrepreneurship
 - Networked leadership

Additional Considerations

- Need to understand system dynamics for specific groups such as Native Americans
- Need to engage state and other stakeholders in understanding and testing these dynamics – as well as working together on their implications