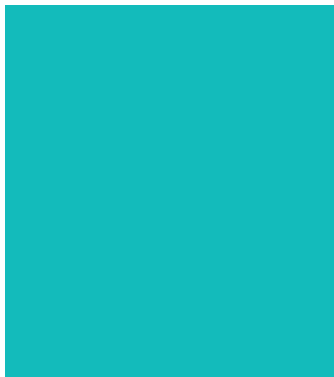


# incourage

## TOWARD A COMMUNITY THAT WORKS WELL FOR ALL:

connecting capitals, testing enterprise models,  
leveraging resources and sharing lessons



## VISION:

a community that works well for all people

## VALUES:

### Equity

A community in which all can participate and prosper

### Opportunity

Fair access and circumstances that enable everyone to pursue a healthy, fulfilling and productive life

### Shared Stewardship

The commitment of all to grow and safeguard essential community assets – human, social, economic, cultural, environmental – for the common good.



In a nation challenged to bring economic recovery from Wall Street to Main Street and chart a course for a democracy that delivers increased prosperity to all people, Incourage's work offers fresh ideas and promising results. Guided for over a decade by a holistic approach and its principles to be resident-centered, values-led and place-based, Incourage is building a community that works well for all people, grounded in values of equity, opportunity and shared stewardship.

As a place-based investment and philanthropic institution, Incourage is uniquely positioned to connect a range of institutional capitals and resources to catalyze this effort (*see Incourage Capitals sidebar*). It brings human, intellectual and financial capital together with moral, social and reputational capital to advance a resident-centered vision. Committed to ensuring an adequate flow of regional capital, Incourage invests locally and seeks co-investment from regional and national donors and investors committed to inclusive, holistic and sustainable models of growth.

Incourage began this effort as a crisis response to the loss of 40 percent of area jobs due to restructuring in the paper industry, which had carried the economy for a century. The critical importance of place – and residents' shared destiny by virtue of place – brought home the need for a restart, with no "best practices" at hand. In 2004, Incourage partnered with the local chamber of commerce, inviting residents to create a vision for their future and learn how other communities coped with disasters and challenge.

Learning tours to observe rural economic development in New England, entrepreneurial development in Australia and deep cultural rifts in Northern Ireland, validated the need for culture change, beginning with re-creating trust and confidence among residents. Local families who often served as loyal workers for generations now felt discarded. Incourage retooled its mission and approach to foster resident confidence in their potential as leaders, entrepreneurs, skilled workers and stewards for the region's future.

The vision for a community that works well for all people began to take shape. A resident-centered approach would emphasize human development and support residents in shifting the local economy from external control and resource depletion to resident control and stewardship. Grounded in values of equity and opportunity – and supported by leading national partners – Incentive advanced regional capacity and systems change through workforce and adaptive skills training, network building and enhancing the information ecosystem. Residents began to see economic and civic opportunity in meeting local needs, unleashing entrepreneurial energy, and stewarding human, natural and financial resources.

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*We did then what we knew how to do.  
When we knew better, we did better.*

Maya Angelou

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Applying a commitment to learn, reflect and act on what it means to be an authentically resident-centered, values-led, place-based investment and philanthropic institution, in 2014 Incentive's board unanimously approved aligning and leveraging all of its capitals to advance mission. With a commitment to mobilize the type and level of capital needed for an innovative and inclusive regional economy, Incentive is seeking new donors, co-investors and partners to implement and learn from its connected capitals approach.



## INCOURAGE CAPITALS

### Moral Capital

We lead with our values. Promoting equity, opportunity and shared stewardship is the enduring core of Incentive's work. By putting these values into practice, we work with others to create conditions that allow all people to lead lives of dignity and meaning while recognizing our interdependence and shared destiny by virtue of place.

### Human Capital

We nurture and deploy the knowledge, skills, passion and commitment of Incentive's board and staff to work with local residents, businesses and government to realize a community that works well for all.

### Social Capital

Incentive sits at the center of many overlapping social networks. Over time, we have developed relationships of trust, reciprocity, and mutual cooperation with a range of local stakeholders as well as with external partners and investors. We seek to deploy the social capital embodied in these relationships when we connect, convene and mobilize the networks to address a shared challenge or opportunity.

### Intellectual Capital

Incentive supplements community wisdom with up-to-date, practice-proven information that residents need to make sound decisions for themselves, their families, their businesses and their community. Our stock of intellectual capital is strengthened by our deep commitment to reflective action, rich network of learning partners and systematic monitoring and local evaluation of all our investments.

### Reputational Capital

Incentive operates with a commitment to integrity, transparency and place-based change that advances values of equity, opportunity and shared stewardship. This has earned respect for the institution – reputational capital – both within and beyond the boundaries of our community, allowing us to convene conversations that bridge differences, cultivate partnerships, influence policy and behavior change and advocate for the collective good.

### Financial Capital

Incentive attracts and deploys a mix of private, public and philanthropic capital. We mobilize and deploy investments, grants, vendor choice and our own operational expenditures to accelerate, sustain and scale positive change and local ownership in our region, consistent with our resident-centered vision and values.

# Placing investment capital in a community that works for all people

Resident Priorities	Competitive Sectors	Potential Investment Opportunity	Potential Investment Strategy
<p>Create a Strong Local Economy</p> <p>Attract and Retain Young Adults and Families</p>	<p>Cranberry &amp; Agriculture</p> <p>Paper &amp; Forestry</p> <p>Small Business Development</p> <p>Workforce Training &amp; Education</p> <p>Downtown Revitalization</p>	<ul style="list-style-type: none"> <li>Small farms and businesses in a regional food system “value chain” — producer, processor, distributor, consumer and waste processing firms; networking across the chain recirculates regional dollars and builds demand among institutional and retail consumers for healthy, local food</li> <li>Sustainable, working forests; value-added wood products can be used locally and exported</li> <li>Range of micro and small businesses providing quality services to local households, and innovative firms with growth potential</li> <li>Technical college and/or nonprofit organization; possible edtech “app” or software developer; possible refinancing of predatory student debt in “debt for local residence and public service swap”</li> <li>Work-live and/or commercial space in historic, underutilized and infill sites</li> <li>Quality, transit-oriented affordable housing to address a spectrum of needs: affordable rental; homeownership, supportive and elder, foreclosure remediation; transit-orientation can range from siting residential and business development in walkable clusters and with access to public transit, to developing needed additional transit services</li> <li>Nonprofit facilities for high quality health care; human services; childcare, education and after-school activities; physical fitness; arts and culture; working capital for high performing nonprofit organizations, which not only offer services but also create jobs</li> <li>Asset building financial services</li> </ul>	<ul style="list-style-type: none"> <li>Loan to or with a CDFI that lends to small agriculture and food system operators</li> <li>Equity investment in national sustainable timber fund operating in Wisconsin</li> <li>Investment in a regional sustainable wood products firm</li> <li>Investment in micro- and small business focused CDFI, guarantee fund for local bank loans; angel/equity and hybrid investments for growth firms</li> <li>Typically grant supported, but may use financing to develop licensed curricula or apps; the student debt opportunity could be developed in partnership with a qualified intermediary and the state</li> <li>Loans to and with CDFIs focused on housing and commercial real estate development; loan and/or guarantee to developer</li> <li>Financing for transit-orientation and other green development, including for transportation solutions</li> <li>Loans to and with CDFIs experienced in lending to nonprofit facilities and organizations; guarantees for bank loans</li> <li>Deposits and/or equity-like investments in non-predatory banks and credit unions</li> </ul>
<p>Preserve and Utilize Natural Resources and Recreational Opportunities</p>	<p>Tourism</p> <p>Arts &amp; Heritage</p>	<ul style="list-style-type: none"> <li>Redeveloped historic buildings for museum and/or commercial or nonprofit adaptive re-use</li> <li>Range of natural resource-based tourism on Wisconsin River and surrounding area</li> <li>Parks, trails and green spaces</li> </ul>	<ul style="list-style-type: none"> <li>Loan to CDFIs and/or funds experienced in lending to nonprofit facilities, commercial real estate developers and conservation lands</li> <li>Potential bond issuances that include community infrastructure, along with public and private grants and corporate sponsorships</li> </ul>
<p>Foster Culture that is Open to New Ideas and Change</p>	<p>New e-conomies</p>	<ul style="list-style-type: none"> <li>The range of micro/small and/or growth businesses offering products and services that can be marketed and/or operated via web and/or software solutions</li> </ul>	<ul style="list-style-type: none"> <li>Investment in micro- and small business focused CDFIs; guarantee fund for local bank loans; angel/equity/hybrid investments for selected growth firms</li> </ul>

*\* For illustration purposes only; all investments are subject to financial due diligence to determine repayment capacity and appropriate structure.*



## Laying the Groundwork for Connected Capitals

The decision by Incurage’s board to dedicate 100 percent of financial and other institutional resources to mission reflects a belief that this approach can be prudent as well as effective. Incurage is investing a portion of assets proactively to strengthen the regional economy and attract like-minded co-investors while also working to align all of its financial assets with its values.

Regionally, Incurage is building a pipeline of investment opportunities around priorities and economic sectors that local residents identified – and research supported – to advance a livable and sustainable community. Incurage will allocate grant and investment capital as needed to support qualified nonprofit and for-profit enterprises in providing products, services and employment opportunities, with a focus on the following sectors:

- **Manufacturing** (including Cranberry & Agriculture, Paper & Forestry and Renewable Energy)
- **Small Business Development** (including Sustainable Agriculture and Health-related services for residents over the lifecycle)
- **Workforce Training & Education**
- **Downtown Revitalization** (including Affordable Housing development)
- **Tourism**
- **Arts & Heritage**
- **New economies** (*see table on page 3-4*)

Through this work, Incurage will advance resident identified priorities: create a strong local economy; build a community that can attract and retain young adults and families; preserve and utilize natural resources and recreational opportunities; and foster culture that is open to new ideas and change.

While grants remain essential to the community development process, Incurage will leverage grants with larger financial investments. As a critical part of its strategy, Incurage will partner with intermediaries such as Community Development Financial Institutions (CDFIs) and similar institutions that possess deep market knowledge and expertise.

To manage its risk, Incurage will combine prudent loan loss reserving and performance-based phasing of investment with market knowledge and the provision of management supports to customers both pre-and post-investment. Most importantly, Incurage will work to enable local firms to serve as vendors to anchor institutions such as the Tribune and local health and education institutions (*see sidebar*) – and take a proactive stance to retain local and values-aligned vendors wherever possible. Incurage also will work to network firms and organizations to create sectoral value chains that recirculate local dollars, while increasing competitiveness and connections within larger marketplaces for the sale of local products and services.

Broader values-aligned investments can be facilitated through collaboration with other fiduciaries who share a commitment to strengthening the regional economy, including state pension funds and investment advisors skilled in applying environmental, social and governance criteria to traditional equity, fixed-income and alternatives portfolios.

### RESIDENT PRIORITIES:

Create a strong local economy

Build a community that can attract and retain young adults and families

Preserve and utilize natural resources and recreational opportunities

Foster culture that is open to new ideas and change

By taking a lead in this regional investment strategy, Incourage is creating an opportunity for other foundations, institutional investors, donors, and high net worth individuals to more prudently and efficiently channel investments that promote resident-centered, environmentally sustainable growth.

## Building the Enterprise

Incourage is building the infrastructure to deliver its connected capitals strategy while attracting aligned regional and national co-investors and partners.

Local investing to advance a holistic strategy and resident-centered vision for social and environmental change calls for a multi-disciplinary team. Expertise is needed to cultivate and carry out due diligence on investment opportunities, monitor and report on active investments, as well as to prudently manage investments.

Incourage taps and coordinates expertise across its investment, finance, programmatic and philanthropic services staff while working closely with trusted advisors for specialized functions. Incourage is working with a multi-disciplinary team comprised of: Avivar Capital, Next Street Consulting, Network Impact/Madeleine Taylor, Scholz Nonprofit Law, Concordia, Aspen Institute Community Strategies Group and Ki Thoughtbridge.

## Leveraging Resources, Learning and Partnerships

The connected capitals approach acknowledges that philanthropy's traditional tools of grantmaking, convening and advocacy are necessary but insufficient to drive the type and scale of change needed to create communities that work well for all people. Similarly, financial investments – whether market- or mission-driven – have not by themselves sparked sustainable local economies with the values of equity, opportunity and shared stewardship.

While the field has determined that connected capitals are needed, and pioneer investors are demonstrating how the strategy can work, **Incourage will adapt existing models and connect its capitals to create prudent investment opportunities and a shared learning environment focused on actualizing the vision, energy, and skills of all residents in a holistic, place-based framework.**

## TRIBUNE:

a flagship project for  
the community's future



Incourage has learned that resident-centered processes are vital to shaping the future of its region. This approach is central to its major effort to redevelop a vacant downtown property, the former Daily Tribune building. A facilitated resident-centered planning process established the Tribune as a social enterprise that would spark a strong and inclusive local economy and community that works well for all people. Designed as the region's first Gold LEED-certified building, this space advances principles of environmental stewardship and healthy living, along with a community that:

- has a strong and inclusive local economy;
- is healthy, livable and sustainable; and
- is open to change with a culture of shared stewardship.

As a hub and accelerator for businesses in the emerging inclusive economy, the Tribune will embody:

- the value and importance of relationships and human potential;
- an environment that fosters risk and accepts failure;
- creativity, knowledge and innovation; and
- entrepreneurship.

The Tribune combines revenue-generating micro-brewery, cafe/brewpub, culinary kitchen incubator, creative/maker space, and recreational businesses with community space for meetings, banquets, training, child and youth activities. Outdoor space will be reserved for public gatherings, concerts and relaxing along the scenic Wisconsin River. To foster the growth of enterprises planned or launched in the building, links to entrepreneurial training and a range of financing will be available.

More information: [TribuneBuilding.org](http://TribuneBuilding.org)





Incourage works with its partners to meet the type and scale of local capital demand. Partners include local, regional and national donors; foundations and other institutions committed to or interested in impact investing focused on job creation, equitable community development and environmental sustainability; community-oriented banks; national Community Reinvestment Act-motivated banks; and government partners that provide critical credit enhancement (loss protection) and other supports. In 2014, the **FB Heron Foundation** became an integral partner in Incourage's work to realize 100% mission alignment. **John S. and James L. Knight Foundation** invests in and with Incourage to support a more robust local information ecosystem and conditions that foster a participatory culture; **ArtPlace America** spurs local culturally-oriented community development; and through its Rural Community Development Initiative, the **USDA** is a partner and grantor for regional jobs and impact investing partnerships. Incourage continues a six-year partnership with the **National Fund for Workforce Solutions** – its first rural site in the nation – focused on improving workforce strategies and impact using a holistic, place-based lens.

Incourage is eager and prepared to join with local, regional and national foundations, donors and other impact investors who are committed to prudent and transparent efforts to take existing models further. It seeks a range of partners to co-invest in carefully vetted opportunities and co-create a shared learning environment that is committed to understanding long-term, place-based change. As with all adaptive community work to date, Incourage is committed to customized management and leverage of financial assets, rigorous financial and social impact reporting, and sharing learning with the field in hopes that other communities can benefit.

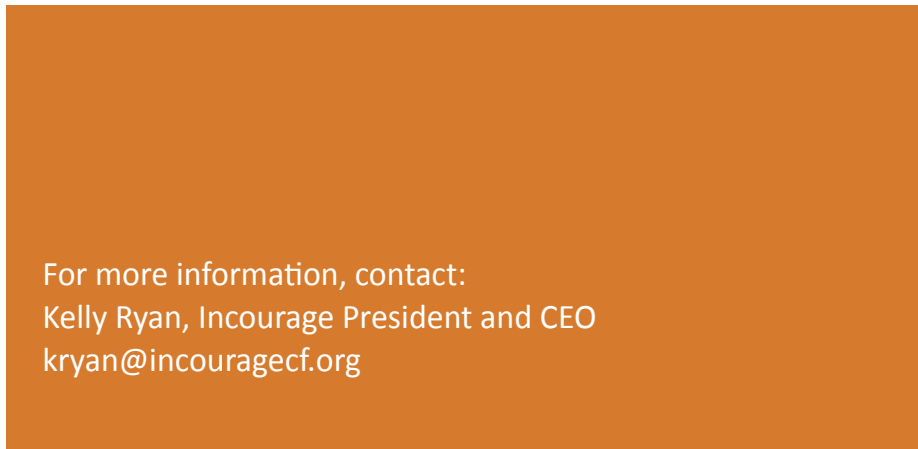
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