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Business Development in Rural Communities : Highlights of Papers Presented : Seventh Agri- Business Day

South Dakota Agricultural Experiment Station

Department of Economics, South Dakota State University

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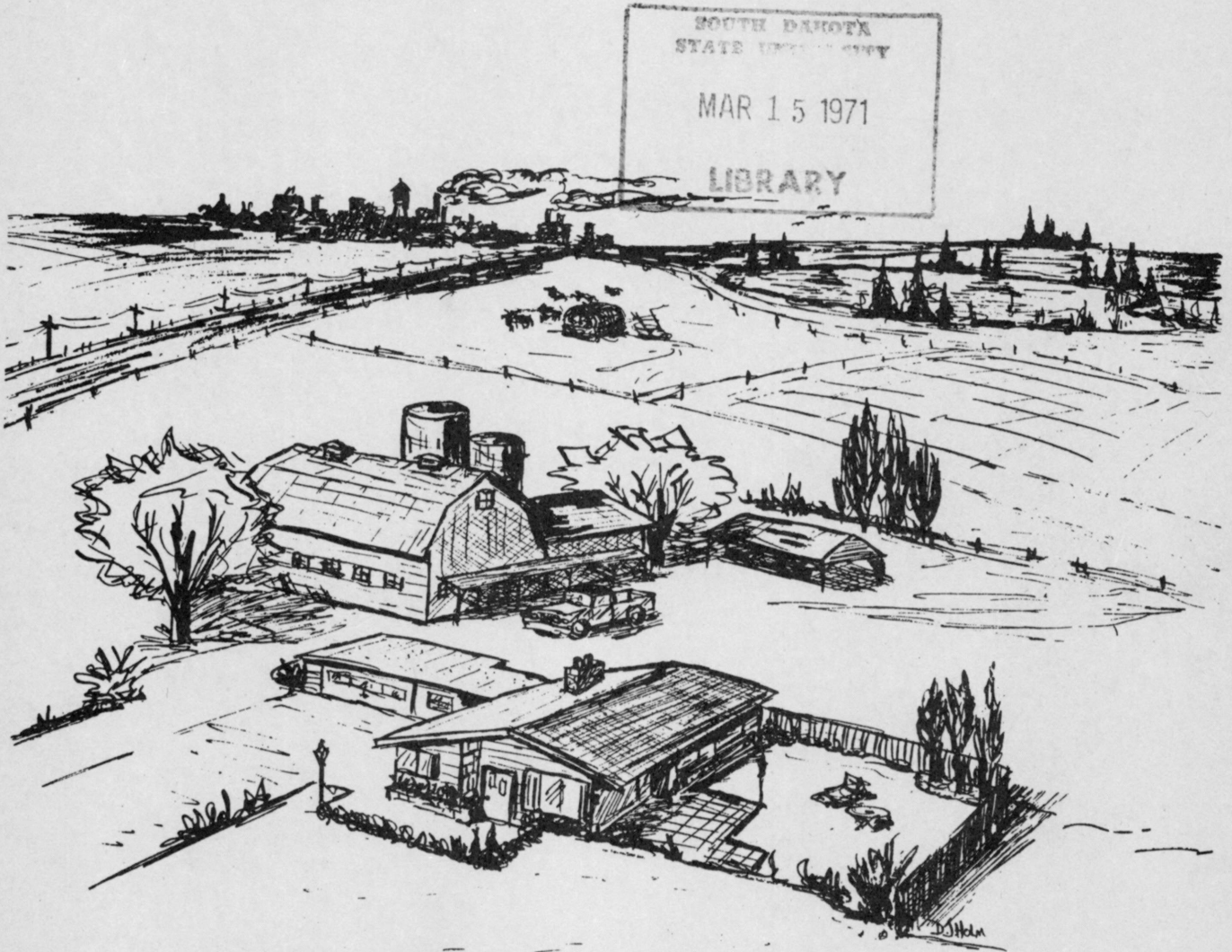
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Business Development in Rural Communities

Highlights of Papers Presented



302

Seventh Agri-Business Day

Economics Department
Agricultural Experiment Station
March 27, 1969

South Dakota State University

Economics Pamphlet 131

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Introductory Statement

John E. Thompson*

Agri-Business Day Programs in the past have been devoted to such objectives as explaining characteristics of our rural economy, managing change in the livestock industry and emphasizing the need for economic development.

Our primary interest was and continued to be directed toward ways that the economic well being of those living in our rural economy might be improved. We recognize, however, that the welfare of rural families does not depend entirely on their ability to produce and market products grown on the land. It is also tied to the strength of the total economy. The strength of the total economy in turn depends on the functioning of its component parts and on the interrelationships that exist between them.

For example, we recognize that to have a strong economy in South Dakota we need off-farm job opportunities for many of the young men and women raised on farms. We also recognize the need for a sufficient population income and tax base to provide the wide variety of goods and services demanded at a price that is competitive with those existing in other segments of our national economy.

With this in mind the program of the Seventh Annual Agri-Business Day is devoted to business and industrial development in rural communities. A major effort in this program is to present a framework within which those concerned about Agri-Business and Agri-Industrial Development

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in our rural economy might think and plan for a better future. We have no illusions about whether we can adequately analyze all of the specific features of such a framework. We cannot. But some general components of the necessary structure can be identified and analyzed in some depth.

To do this it is important that we first have an idea about the potential for new industries in our economy. We need to know what types of business and industrial opportunities might fit our predominantly rural economy. In this regard, we have attempted to answer at least two questions.

1. What is it that industries like about small communities?
2. What are the factors that influence industrial development?

To give reality to these considerations we have also included a case history of one of our most successful industrial efforts in South Dakota.

After considering demands and experiences of selected industries in this state, our attention is directed to one other very important question. That is: What might we do in our rural communities to cause stronger agri-business and agri-industrial activity? What can we do to create and make such ag-supporting functions more viable and competitive and thereby achieve greater employment and social opportunities for the people.

Some insights into such alternatives for those living in rural communities are included in the presentations on "Adjustments in Grain and Farm Supply Businesses"; "Potential for Mergers and Reorganization of Agricultural Processing"; and "Organizing and Financing Businesses in

Rural Communities". Some implications of these adjustments in South Dakota are also considered.

Like past Agri-Business Day Programs, we hope we can achieve the objectives of not only explaining some of the major aspects of current economic activity in South Dakota, but even more important to stimulate our imagination about what we might do to develop a better state in which to live. We invite your cooperation, comments and constructive criticisms in this mutual effort.

What Industries Like About Small Communities

Donald C. Metz*

My comments are the result of "A Study of Industrial Branch Plants Located in the Countryside of Minnesota" which was undertaken to establish those factors which attract industry into the rural area.

Among long established branch plants, no one in local management really knew why the plant was located where it was. However, with the newer locations, discussions with plant management personnel focused on several interesting points.

1. In the urban location, available land had been used forcing establishment of a branch plant for further expansion.
2. Rural land costs were found to be less.
3. Unskilled men and women workers were available.
4. Frequently shell buildings were made available.
5. Outdoor recreational facilities were conveniently located.

The following points might be labeled "What Industries Should Like About Small Communities".

1. Rural employees generally travel much shorter distances resulting in relaxed employees with less tardiness and absenteeism.
2. Work force is generally more stable and reliable as evidenced by lower absentee rates.
3. Productivity is increased and less scrap is experienced.
4. Experienced management and technical personnel are available to move back to a small community similar to that of their origin.

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Obviously, each situation has its drawbacks. The two most important are lack of skilled workers particularly tool makers and lack of adequate housing for employees new to an area. These both present opportunities for additional business activities.

Adjustments in Grain and Farm Supply Business

Arthur B. Sogn*

At a time of rapidly changing methods of doing business, of rapid changes in transportation and in times of a pyramiding amount of technology, no business can remain static if it plans to exist.

The grain business in itself has not changed substantially in recent years. Mostly because of the influence of CCC storage income on the operating margins of country elevators. Now that CCC storage is practically non-existent in the feed grain area and seems certain to decline in the wheat area, country grain elevators must make changes faster than the rest of the economy just to catch up.

The first necessary change for survival in the country grain business has begun. This is for grain elevator companies to add products and services with the ultimate goal of being a complete farm service center. In the ultimate structure the grain business would be an important part of much more complex business structure but would not be a separate entity of itself.

A second necessary change in the country grain business is also in process without any intentional help or direction from those in the business. The change referred to here is the necessity of fewer elevator companies so grain marketing can be grouped to take advantage of economies of size in handling, processing, conditioning, and most important of all, for economies of transportation.

Grain elevator companies in South Dakota have decreased from 600

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in 1964 to an approximate 440 today. This reduction has been made mostly out of necessity and without any systematic plan for merger, consolidation, cooperation, or purchase of similar and complementing businesses.

A third change necessary to bring the grain and farm supply business to the excellence expected of it for the future is a change of attitude by regulatory agencies. This change too is in evidence as of the past year.

- A. The change in attitude of I.C.C. towards lower transportation rates for larger volume shipments.
- B. First change in U.S. Grain Standards Act in fifty years which facilitates direct selling by country elevators and prepares for drastic changes in present burdensome and costly grain inspections.

To be assured of a place as a farm service center of the future, there are preparations to be made now.

1. All good management and merchandising techniques must be applied to the farm service centers plus an increase in expertise in all areas.
2. Plans must be made now to assure an adequate trade territory for the future. It is necessary to look to similar or complementing businesses to buy, to merge with, or to effect a working agreement with to assure a competitive position.
3. Plans must be made now to assure adequate transportation, rail, truck, air, and pipeline.
4. Efforts must continue towards additions of products and services to become a complete farm service.
5. A need to add facilities and equipment for larger volume and faster service.
6. Plans must be made now for access to a computer to make quick and accurate projections.

7. There is a need to plan for source of power, for rural zoning, pollution controls, and capital.

The future should not be feared if we lend some direction to its pattern.

Potential for Mergers and Reorganization in Dairy Processing

Leonard Benning*

South Dakota's dairy industry has experienced rapid and significant changes in recent years. Technology applied in all phases of the industry -- production, transportation, processing, and distribution -- has had an impact upon the structure of the industry and the geographic area served by processors.

Some of the changes taking place within the industry have been fostered by growth and developments in other sectors of the economy which have contributed to the expansion of milk supply areas. The development of our present system of highways, greater efficiency in truck transportation, and improved refrigeration and storage facilities leading to bulk handling of milk at the farm, in the plant, and over the road have made it feasible to move milk longer distances. The real cost per unit of transporting milk has decreased.

Structural Changes

The major structural change is the concentration of processing in fewer and larger plants. Much of this change has resulted from the substitution of capital for labor. New processing equipment and facilities capable of handling large volumes of output have been installed at high initial or fixed cost. These investments require additional volume in order to approach the minimum unit cost of processing. Such equipment is not only highly specialized, but it becomes obsolete more rapidly

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than was true in the past. Thus, to recover initial cost of investment before the equipment is obsolete, it must be utilized at peak capacity for maximum time possible. This condition has created pressure for greater output per plant. As the feasible plant size increases, fewer processing plants are required to serve a given supply area.

Many processors have increased their volume by absorbing volume from plants which have gone out of business and through acquisitions and mergers. However, even with the rapid attrition of many small processing plants during recent years, the reduction has been too small to permit all remaining plants to operate at optimal output levels. In other words, total processing capacity has increased faster than has the supply of milk. The greater than necessary processing capacity along with decreases in milk production in neighboring states has brought about intense competition among remaining plants. This pressure will almost certainly hasten the trend to fewer and larger plants.

The number of plants making butter, cheese, dry milk, and ice cream and the annual volume for each product in selected years during 1955-1967 are shown in Table 1. While the number of plants making butter declined 59 percent (71 to 29) during this period, total butter production was relatively stable at about 35 million pounds a year. Also, the average volume per plant increased two and a half times.

Cheese production in South Dakota increased more than 12 times during 1955-1967 (3.2 million pounds to 39.8 million pounds). Yet the number of plants increased less than four times (5 to 19). The average volume per plant increased by more than three times.

Table 1. Dairy manufacturing plants, volume of products processed, South Dakota, for selected years, 1955 to 1967.

Year	Butter			Cheese			Dry Milk			Ice Cream		
	No.	Av. Vol. Per Plt.	Million Pounds	No.	Av. Vol. Per Plt.	Million Pounds	No.	Av. Vol. Per Plt.	Million Pounds	No.	Av. Vol. Per Plt.	Million Pounds
1955	71	34.2	0.5	5	3.2	0.6	-	-	-	116	2.2	0.019
1960	55	37.5	0.7	5	10.7	2.2	3	29.4	9.8	94	2.1	0.023
1965	32	35.6	1.1	13	25.1	1.9	7	45.6	6.5	42	1.9	0.044
1966	32	34.8	1.1	17	33.5	2.0	6	44.6	7.4	35	1.7	0.048
1967	29	35.4	1.2	19	39.8	2.1	6	47.8	8.0	35	1.6	0.046

Source: Production of Manufactured Dairy Products, U.S.D.A., 1955-1967.

Milk drying plants did not begin operations in South Dakota until after 1955. By 1965 seven plants were making 45.6 million pounds of dry milk a year. Since 1965, the number of plants has declined to six, while the annual volume is approaching 50 million pounds of dry milk.

In ice cream production, there has been a decline in both number of plants and total volume produced. The number of plants declined 70 percent (116 to 35), while the average volume per plant increased almost two and a half times.

Dairy processors, like all business units, have three alternative means of growing or attaining the advantages of large size: (1) they may expand internally, that is, they may increase their milk intake by soliciting more patrons and by expanding existing plants or by building new manufacturing facilities; (2) they may grow externally, that is, they may expand by merging or consolidating with other dairy plants, or by acquiring other firms through outright purchase; (3) they may join a sales or marketing federation.

Although some dairy firms have used or tried to use all of these techniques, growth histories of dairy processors show that very few firms have achieved significant size by relying solely on internal growth.

Benefits of Merger

The possible benefits of mergers and/or consolidations may be grouped into the following areas: (1) economies in procurement; (2) economies in production; (3) improved competitive position; and (4) improved financial position.

Economies in Procurement

1. If the products of the acquired firm(s) are similar, then the firm will automatically expand its product supply area by the addition of the acquired firm's producers.
2. Geographical expansion of the procurement system can be accomplished through merger in a minimum of time and cost.
3. The firms may realize decreased procurement costs by combining overlapping procurement routes and thereby eliminating duplicate services.
4. The firm may add an additional set of products with little, if any, increase in manpower, and thereby receive a saving in per-unit sales and marketing costs.
5. The firm may level out cyclical or seasonal sales patterns by the addition of new product lines.

Economies of Production

1. The firm may increase its production capacity through merger with another similar firm in less time and, in many cases, at a lower cost than by the construction of new facilities.
2. The firm may reduce per-unit overhead costs by adding items that can be produced with the facilities already in use, thereby generating their fuller utilization.
3. The merger may eliminate duplicate facilities of the individual merging firms. It is less costly to own and operate one machine at full capacity than to own and operate two machines at half capacity. The same holds true for labor and physical facilities.
4. The firm may be able to take advantage of cost-reducing or labor-reducing technological advances which can only be utilized in large scale operations. Some examples include: the installation of an automatic continuous butter churn, automatic egg cartoning equipment, and electronic data processing of production and financial records.
5. The resulting firm, due to increased size, may be able to obtain volume discounts in purchasing supplies, transportation of supplies, advertising and promotion.

Improved Competitive Position

1. The firm may strengthen its bargaining power in the market place. This may be accomplished purely through increase in size -- the larger the proportion of total production controlled by the firm, the greater the ability to negotiate favorable price with the buyer. Bargaining power may also be strengthened by gaining ability to provide more complete services as required by large buyers, or by improving the quality of the product.
2. The resulting firm will usually have a larger share of the market than did any one of the individual firms before merger. This could result in greater stability in the firm's operation, greater ability to negotiate price with buyers and sellers of input supplies.
3. Competition will be reduced for the new firm if the merging firms were in competition with one another prior to the merger.
4. Vulnerability to competitive practices may be reduced because of an increased share of the market and greater bargaining power. This strengthens the ability to survive under adverse market conditions, to survive periods of intense price competition, and to compete on some basis other than price.
5. By diversification, the firm may eliminate reliance on one product group in the face of rapidly changing markets.
6. The firm may obtain a better competitive location to source of supply or market area.

Improved Financial Position

1. Through merger, the firm may improve its credit standing and lower the cost of borrowed funds.
2. A merger may result in greater efficiency in the use of capital from coordinated steps in expansion.
3. A merger may result in greater growth potential in net worth for owners.
4. A firm may be able to borrow expansion capital more easily if the expansion takes place through merger than if it takes place internally.
5. Through merger, the firm may have more uniformity of earnings from better-balanced plant output.

6. The firm, by merging, may increase its working capital and thus be in a position to take advantage of known economies in the purchase of supplies in volume and also can take advantage of cash discounts.
7. A merger may improve the firm's financial ability to attract higher skilled management.

Implications of Adjustments for

Small Towns in South Dakota

Robert J. Antonides*

We've been shown pretty graphically and emphatically the forces that are working against maintaining our communities as they "used to be". Mr. Sogn and Mr. Benning have demonstrated very well the external problems of competition and transportation and the internal problems of trying to meet this sort of competition. We really have few alternatives. And those alternatives are being eroded away, day by day.

The rural communities that are involved have a real stake in these changes. But -- on a more hopeful note -- they are not all negative. It is hard for a small town to give up one of its biggest concerns -- an elevator, a milk plant, a farm supply business, or any other business -- but it is a fact of the times, just as the declining number of farms. Some of the pressures come from external sources; many come from the fact that the farmer wants to make a larger net income and to help cover the cost of the bigger and better equipment.

Fewer and Larger Farms

We hear a great deal about keeping the small family farm. Does anyone in this audience realize what it would take to keep all farm-born boys on the farm? And do they realize that all of them don't want to stay there anyway? I would "guesstimate" that fully 90 percent of the people in this audience were at least born on a farm (and not in a hos-

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pital either) and moved because they wanted to. I'd further guess, that most of you would not want to go back to the farm even at the salaries you are making now -- given that you might build up an equity and so forth.

I was born and partially raised on a farm and had very close associations with it until I was out of high school. I don't want to go back. My wife doesn't want to go back to the ranch. I know that some of you could step into a good-sized operation with a good income -- but you don't½

There has been a change on the farm and the farm way of life. This has instituted changes in our local communities and our whole way of life. Let's don't blame it all on our local merchants. These external changes have made it very hard for our local communities. It is now customary for farmers to drive through their local communities to the larger towns to buy their consumer goods - and sometimes supplies - cheaper, with greater selectivity and many other things. Who is to blame? The local merchant trying to compete with big retailers? The farmer who fails to trade "at home"? Or the "system"? All of them to some extent, but to a larger extent, the forces beyond either of their control. The horse-and-buggy days are gone for both of them.

Trading Patterns

To verify some of these ideas, we conducted a research project about a year ago to determine where rural people bought their goods and why they had changed, if they had. We were not surprised to find that an over-whelming majority of both farmers and ranchers and rural-

townspeople had changed many of their shopping patterns. Why? Mostly, because goods were not available locally. We also found that the younger the persons were, the less likely they were to be loyal to the local trade center.

They gave as other reasons that prices were too high locally, that they couldn't find the selections they wanted, that a few more miles made little difference to them if they got what they wanted.

We are concerned here with communities, primarily as they are affected by agricultural people, but it is part of a "package". The farmer of today is almost totally integrated into the money economy. He produces for a market and he buys what his family needs with some of his earnings. He is concerned with how much his net returns are for his produce, and how much he has to spend to keep up with the townspeople to a certain extent. Farm youth are no longer called "hayseeds" when they come to central schools. They are part of the society. They and their families have the same needs and wants as townspeople.

Unfortunately, many of our small towns have as their largest business either a farm supply business or a marketing business, primarily marketing firms. As has been well demonstrated, many of these are losing out for various reasons. They don't keep up with the times, they are too far from the main lines of communication and transportation, or they overlap too much. It may seem peculiar when there is more farm produce going to market than ever before that this situation should exist so far as marketing firms are concerned, but it isn't in light of the outside forces that are forcing changes for business efficiencies, and

with the "internal" forces (generated from outside) that brings the greater harvests to market all at about the same time, thanks to all the efficient farm machinery. Further, much of the production does not even reach the marketing channels.

Effects of Change

How do these changes affect the small rural towns and communities? In different ways. Some of these with close-by growing cities are prospering. Their residents find new jobs in the cities and commute back and forth to work. They probably still have a larger take-home pay than they had before, continue to provide a tax base for local government, churches, and other activities and buy at least some of their supplies locally. They probably bank locally, too, providing the banker with a better base for lending to his farm and business customers. In a developing economy, it is imperative that these communities understand their relationship with the larger nearby cities.

Locally, there are some things that can be done, too. Far too many local community clubs or Chambers of Commerce bemoan the death of a small business without realizing that the potential may actually have been increased in their community. A poor business is seldom an asset to any community. It hires a few people at low wages; but it pays little in taxes, it draws little trade from town or the surrounding territory and it does not enhance the spirit and building of the community.

A thriving, well-managed, prosperous business on the other hand draws trade from the surrounding territory which will spill over into

other businesses if they are also up-to-date. In many of the smallest communities these are either farm supply firms or farm marketing firms.

The Benefits Side

We have seen the "pressures" that the farm marketing firms are under. Sometimes there is nothing much that can be done but to either allow them to go broke or combine with another one in another town. Which town gets the predominant firm depends upon a lot of factors, but this writer would contend that both towns will be better off than letting both businesses go under. There are several reasons for this. A couple of major ones can be considered here. First of all it may well be that if a good farm supply center is pushed, the loss of a grain elevator can be more than off-set by the increased income, labor requirements and enhancement of the town's prestige.

The increased incomes can come in part from the increased returns that the farmers may receive from a few cents more per bushel for grain or some other commodity which results from the efficiencies of combined operations. A good share of this will go to the local supply firm, if it is competitive.

The study mentioned earlier showed that farmers are not as concerned as we expected about the price of production inputs as they are about convenience and service. If the local firm can provide these at the right time, at the right place and within a reasonable price, the farmer will buy them there. With the tremendous distance we still have to go to catch up with the rest of the country in the application of fertilizers, hybrid seeds and the other farm ingredients, then there are

great opportunities in the smaller towns to provide these services and to benefit greatly from them. However, even more than the farmers realize yet today, technical knowledge is going to have to be a part of these services.

The elimination of many competing services can also contribute to the community. As has been pointed out, cooperatives do a lot of the farm supply and marketing in South Dakota. All too often these days, their trade territories are overlapping and help to increase some of the inefficiencies of each running a truck down the same road. And it may even be that the farmer is a member of each of them. It can mean the death of a small business in a rural community, but again it was probably contributing little in recent years anyway, and mergers, consolidations, etc. can do much to enhance the gross and net returns to the farmer and do much for the rural community.

Management is extremely important today -- both on the farm and in the local farm and related businesses. Not only the businesses concerned should take a careful look at their trade areas, but the local people should, too. This requires a peek outside of the local community and all of the consequences as mentioned above.

Summary

The smaller towns have been disappearing over time. It may not be possible to save all that we have now, particularly in the Eastern part of the state, but I do think that taking a broader perspective and working together can save more of them than would be possible with the "go it alone" philosophy. I hope I am correct in my thinking that I observe some changes in this direction.

Organizing and Financing Business in Rural Communities

C.A. Lovre*

- I. Rural Development Goals and Problems
 - a. Example of what other communities have done.
 - b. Competition for outside industry
- II. Government Influence and Assistance
 - a. Area Development Act (ARA)
 - b. Rural Areas Development Program (RAD)
- III. Importance of Community Action
- IV. Activating a Program
 - a. Facts to assemble
 - b. Outside agencies: Pros and Cons
 - c. The need to face facts
 - d. Example - Sioux Falls
- V. New Plants and Businesses
 - a. What Community has to offer
 - b. What type of industry?
 - c. Recognize local prospects
 - d. Opportunities in Récreational Services
 - e. Local government

Importance of modernizing

*President, Northwestern National Bank, Sioux Falls, South Dakota.

VI. Financing

- a. Bank loans
 - 1- Availability of credit
- b. Bond issues
- c. SBA loans
 - 1- Eligibility and terms
- d. Local development companies
- e. Investment companies or growth funds
- f. Role of local banker

VII. What Banks Look for in a Business

- a. Main factors in business failures
 - 1. Management
 - 2. Inventory
 - 3. Accounts Receivable
 - 4. Other factors
- b. Importance of Management
 - 1. Planning
 - 2. Control
 - Organization structure
 - Supervision
 - 3. Employee relations
 - What men want from their jobs
- c. Five "P's" of business

Summary and a Look Ahead
Max Myers*

As we approach the end of this series of worthwhile presentations and discussions we may feel somewhat overwhelmed by it all. The planners of the program anticipated this feeling and suggested some summarization at this point.

I shall not attempt to summarize each presentation. That has been done effectively by each speaker. I shall state, in general terms, some major points which the various presentations had in common and derive from these some of the implications. I am in agreement with most of the main points in the contexts in which they were presented. I wish to borrow them and build on them in my remarks.

Here in my words, are some of the major points which were mentioned:

Problems: We have them in farm and town businesses. We are not satisfied with the current situation, or with the outlook for the future. (Examples)

Change: Changes are occurring and will continue to occur. These are causing some problems, but also offer some hope for improvement. We can't stop change, but we may be able to influence it in our favor. (Examples)

Opportunities and Alternatives: We don't have to sit and take it. There are choices before us if we'll face up to them. (Examples)

Responsibility for planning and action: Someone, individually and collectively must think, plan and act to solve problems, influence change, and adopt more promising courses of action. (That someone? Me! You! Us! and others like us!)

Requirements for Successful Actions: Developmental and business successes do not come automatically. These require sound planning (which includes willingness to change, vision, realistic goals, thorough analysis of alternatives, wise choices) and sound financing and competent management. (Examples)

Because the overall subject for today's program is "Business Development in Rural Communities" the speakers stressed the business and economic factors. However, their references to other very important aspects of the community, to social services and government, for example, show that these aspects should not be overlooked.

For the most part the previous speakers touched lightly on the past, described the present, and suggestions for action in the relatively near future. I wish to add a few remarks about what I shall call the "mid-future" and about our attitudes and approaches toward that future.

Most of us feel very busy. We have to classify our tasks as to how urgent, or important, or pleasant they are. When we do this we tend to do first the urgent, (or the pleasant) tasks. This means, that as practical persons we try to solve the problems of the present and the near future. We feel driven to do this even though we may realize that we are

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deferring decisions on more important but longer term matters.

Another tendency of most of us is to become so involved in the details of seeking our immediate objective that we ignore or underestimate the major forces which will shape our future but which may or may not be helpful to us. In this manner we may sometimes win some minor skirmishes while losing the war.

Both of these tendencies are relevant to our discussion of "Business Development in Rural Communities (in the Upper Great Plains)". We are considering something which is important, almost a fight for survival. It will be a long term effort. It must be conducted with and against major forces, some of which are beyond our control or which can be influenced only to a degree by our efforts. We might as well think of it as a long, difficult campaign almost in a military sense.

Long ago and far away I trained and worked in professional fields of "combat intelligence" and "Command and Staff". Some of you have had similar training and experience. A partial summary of what I learned would include these major points: "The mission comes first always. Don't guess about forces or intentions. Coldly evaluate but do not overestimate our own forces and capabilities. List each course of action which might accomplish our mission. Evaluate each in terms of "our" capabilities and "their" capabilities. Decide which course of action has the better chances of success. Apply it effectively. Be prepared for unexpected changes. Realize that we may lose anyway."

This combat-oriented approach can be applied to our situation in this area as we try to look ahead ten or twenty or fifty years. I present it with some reluctance because it may cause us to try to designate unfairly some persons or groups or "enemies", or to view as only two-sided a much more complex situation. Never-the-less our situation calls for a realistic approach. You need not agree with my assumptions or my conclusions but you should be prepared to suggest better ones.

What is Our Mission (Goal or Objective)?

To develop on a continuously improving basis a relatively prosperous, healthy, happy society and economy in our area. (You fill in the details and quantities but any additions will restrict even more the number of alternative courses of action.)

What are our Forces (Resources, Trends, etc.) and Capabilities?

(See Worksheet I)

What are the Forces Against our Efforts and what are their Capabilities?

(See Worksheet II)

What are our possible Courses of Action and what is the likelihood of success of each Course, in view of the opposing forces and Capabilities?

(See Worksheet III)

WORKSHEET I

THE OPPOSING FORCES: "OURS" AND "THEIRS".

(Relevant to our Mission)

Categories & Descriptions:
FORCESResources:Physical:

Space; good lands; clean air; water (in some areas) Healthy climate (but severe). Scenery and wildlife.

People; Society:

Good quality people, literate, hardworking, trainable. Family farm, commercial, efficient agriculture. Some industry (seeking more), mining, lumbering, tourism, services.

Economic:

Other areas with one or more of these are closer to population centers. Some have more water, or better climate.

Others have these also and some are less distance from cities.

Others have good agriculture plus more industry, etc. Others have more coordinated development efforts.

Educational:

Have educational systems (too many?) Can service most needs.

Governmental:

Have many local governments close to people. State Gov't. reflects views. Two U.S. Senators and two U.S. House Members.

Some others have better supported, better-known systems servicing even more needs.

More populous, industrialized states reorganizing local and state gov'ts. Have more strength in federal government.

Trends & Developments:Population:

Eventual need to "fill up" our spaces partly because of problems in large cities.

Population growth elsewhere--mostly in cities--due to mobility population stability in Great Plains and losses of trained people.

People & Society:

Increasing demands for recreation.

Changing attitudes favor being employees with benefits and security.

Economic:

Continuing world needs for food. Continuing federal subsidies to agriculture (?)

Food needs not backed up with effective demand. Federal subsidies may taper off. Labor demands mostly are else-

"THEIRS" (hindering our efforts)

Continuing national needs for trained, reliable workers in expanding industries. Continuing federal spending for projects. Possible federal programs to encourage decentralization of industry, defense.

Rapid adoption of technology on the farm. Increasing need for services to agriculture. Possibilities of weather modification, large water distribution projects, better transportation, etc. Are training more in more fields. Possibilities of government reorganization (?)

Technology:

Educational:
Governmental:

where. Federal projects may increase in large cities not out here.

These apply even sooner and some times more elsewhere.

Other areas outbidding us for them. Urban areas political power increasing. Federal government power increasing. Federal tax and credit policies over powering.

WORKSHEET II

CAPABILITIES: "OURS" AND "THEIRS"
(Relevant to our Mission)

	"OURS" (to help our efforts) (Not quite doing it) Can do, with modest effort.	"THEIRS" (to help other efforts) (Not doing it) Can do it.
<u>Possible efforts to:</u> Maintain physical resources	Can do, with major effort. Probably can do with major efforts at providing equivalent opportunities.	Could do with major effort. Some other rural areas can do also with major efforts.
Improve physical resources	Probably can not do this.	Cities can oppose quite effectively and continue the migration.
Slow down flow of people to large cities.	Can do, but slowly.	Can do, and less slowly in some areas.
Reverse the flow.	Can do, but not easily.	Can do, likewise.
Change people's attitudes.	Probably can do with major efforts.	Probably can do, likewise.
Maintain agricultural efficiency and earnings.	Can do, but not easily.	Can do, more easily in some areas.
Improve agricultural efficiency and earnings.	Probably can do, but with major efforts.	Probably can do, likewise.
Maintain town business (volume and earnings)	Can do, but not easily.	Can do, more easily in some areas.
Improve town business	Probably can do, but with major efforts.	Probably can do, likewise.
Maintain present industry	Can do--but must work at it.	Can do, likewise.
Obtain additional industry	Probably can do, with major efforts and changes in attitudes.	Some areas can do it more easily.
Maintain present recreational business	Can do--but must work at it.	Can do, likewise.
Increase recreational business.	Probably can do, with major effort.	Probably can do.
Maintain current level of federal spending in areas.	Probably can do but with efforts and teamwork, joint efforts with similar states.	Can do more easily.

Obtain increased federal spending and assistance for area.	Possibly can do, but with extreme effort.	Probably can do.
Maintain our Education Status.	Can do, but with considerable effort.	Can do.
Improve our Educational Status	Possibly can do, but with major change in attitude, and major efforts.	Probably can do.

WORKSHEET III.

COURSES OF ACTION: "OURS" AND "THEIRS".
(Relevant to our Mission)

"OURS" (with evaluations)

CONTINUE ON OUR PRESENT COURSE:

(Evaluation: feasible but will not accomplish fully our mission whatever "they" do.)

"THEIRS" (with evaluations of effect on "ours")

CONTINUE ON THEIR PRESENT COURSE:

(Evaluation: feasible, will defeat our efforts under Courses A and B. Will make difficult our courses C and D but need not defeat these.)

- A. "OURS" (with evaluations)
CONTINUE ON OUR PRESENT COURSE:
(Evaluation: feasible but will not accomplish fully our mission whatever "they" do.)
- B. REDUCE OUR "EXPECTATIONS" TO A LOWER LEVEL; REDISTRIBUTE INCOME ENOUGH TO INSURE SURVIVAL AND HEALTH; BE CONTENT WITH THIS:
(Evaluation: not very feasible. Will not accomplish our mission.)
INCREASE OUR PRIVATE EFFORTS ABOVE PRESENT RATES TO DO ANY OR ALL OF FOLLOWING:
1. Increase agricultural earnings.
 2. Develop more and better industry.
 3. Increase recreational business.
 4. Find other ways to increase business.
(Evaluation: feasible but most difficult)
- D. INCREASE OUR EFFORTS TO GET GOVERNMENTAL ACTION TO BENEFIT OUR AREA:
1. By increasing government payments to agriculture.
 2. By government aid to industrialization.
 3. With government projects: irrigation, defense, recreation, etc.
 4. Other.
(Evaluation: feasible but difficult. Alone will assist but not accomplish mission. If combined with C and pushed aggressively has fairly good chance of success against their #1 plus #2, but less against their 2+3+4.)
1. CONTINUE ON THEIR PRESENT COURSE:
(Evaluation: feasible, will defeat our efforts under Courses A and B. Will make difficult our courses C and D but need not defeat these.)
2. INCREASE "EXPECTATIONS" GENERALLY FOR INCOMES, BENEFITS, SECURITY, ETC.
(Evaluation: feasible and probably. Will make it impossible for us to adopt course B. Will make it more difficult to succeed with course C and C.)
3. INCREASE EVEN MORE PRIVATE EFFORTS TO RE-DEVELOP URBAN AREAS AND PUSH LARGE SCALE, CENTRALIZED BUSINESS:
(Evaluation: feasible and possible. Will make it more difficult for us to succeed with course C.)
4. INCREASE EVEN MORE URBAN PRESSURES ON GOVERNMENTS TO REINFORCE AND SUBSIDIZE COURSES #2 AND #3, ABOVE:
(Evaluation: feasible and possible. Will make our efforts more difficult by competing strongly for federal funds. If combined with #2 and #3, could defeat or seriously cripple all our efforts.)

Which Course of Action offers the better chance to accomplish our mission?

No one nor any combination of the alternatives listed promises certain success. In fact, only by concerted efforts on several courses do we have even a reasonable chance to accomplish major portions of the mission. Within this framework, however, there can be opportunities for many individuals, groups and communities to be very successful if we work at it.

It is equally clear that without effective and prolonged effort beyond that being applied now, the result will be a continuing deterioration in the economic condition of this area relative to that in more densely settled, industrialized regions.

The foregoing analysis admittedly is incomplete. It is intended to serve as an example of a method of approach to the overall problem. However, the points which are included seem to me to be valid. Adding more information and considerations will modify the picture somewhat but probably will not alter the major conclusions.

I do not consider this to be a pessimistic statement. I consider it to be realistic and even hopeful. The more knowledgeable to the people who settled and developed our area did not look on it as an easy or short term task. They knew that strong forces were arrayed against them. They chose courses of action which they knew could not be certain of success but which seemed better than the available alternatives. They attained mixed results, partial successes, but they made progress.

Our particular circumstances are different in detail but our tactical situation is similar and our opportunities are no less, possibly greater. Unless, we are willing to migrate or to stagnate we had better mobilize for a long campaign.