

## BUILDING A NEW FINANCIAL ECO-SYSTEM A FRAMEWORK TO ACCOMPLISH UNDER-FUNDED GOALS & SOLVE COMPLEX PROBLEMS

Perhaps the most significant defining characteristic of today's complex problems is that of unfunded and under-funded goals which exist within our shrinking public funding environment. For example when it comes to resolving the problem of sedimentation within the Peoria lakes, the most prescient question is, how do we pay for it. Other significant defining characteristics of today's complex problems include the analogy of the sand pile. National security expert and former Henry Kissinger team member Joshua Cooper Ramos introduces us to this analogy in his book, The Age Of The Unthinkable. In his book, Ramos says that the problems of our post-9/11 world differ so much in complexity from the problems of our pre-9/11 world that many post-9/11 world problems would have been considered unthinkable little more than a decade ago. And pre-9/11 world paradigms and thinking are insufficient to solve post 9/11 world problems.

Ramos says these problems often resemble the problem of adding pebbles to a sand pile. Ramos says that if we continually add a single pebble to a sand pile, we will eventually reach a state that sounds oxymoronic. It is the state of structural instability. It sounds oxymoronic because we often think of structure as defining or being synonymous with stability. But structural instability is a state in which internal and external forces exert pressure upon a seemingly stable structure in ways that will eventually cause the structure to collapse. So if we continuously add a single pebble to a sand pile we will eventually reach the state of structural instability, at which point the addition of one more pebble or a thousand more pebbles (because we don't know which) will cause the sand pile to collapse. And by the time we see the sand pile collapsing, it is too late to resolve the complex problem of structural instability in order to prevent the sand pile from collapsing.

Ramos uses this analogy to describe the complex problems of the devastating terrorist attacks upon our country on 9/11, when we realized that our most formidable national security silos, such as the CIA and the FBI, did not communicate with one another in an effective enough manner to prevent the attacks. Ramos says this was also the problem of the near collapse of our national and world economies in 2008; when we again realized that our pre-9/11 paradigms, practices and thinking are not sufficient to address the extremely complex post-9/11 problems that now confront us.

Whether these problems are national in scope like the 9/11 terrorist attacks and the recent near-collapse of our economy, or regional in scope including the problems of Peoria lake sedimentation, stream bank stabilization, bluff erosion, wetland restoration and stormwater management; resolution of these problems require new out-of-the-box thinking such as that referenced by our previous speaker, Dr. Jim Patchett: with each complex problem plagued by the question, how do we pay for its solutions.

Ramos says our new paradigms of resolution must include greater redundancy to survive structural instability and other threats which will challenge them with little advance notice. Such redundancy will require the employment of multilayered strategic approaches as standard components of our solutions' packages. But more importantly, our new out-of-the-box thinking must include the employment of mash-up logic.

Mash-up logic is the practice of mashing together seemingly unrelated or even previously thought to be conflicting concepts, groups, and entities to discover and take advantage of the new opportunities that arise out of such creative collisions that are often extremely pregnant with potential. For example many of the new economy, sustainability, green opportunities of the future are being envisioned and created today by mashing together the interests of conservationists and developers.

Tipping Point author Malcolm Gladwell says this kind of out-of-the-box thinking is crucial to discovering the solutions to today's complex post-9/11 problems because of the inherent nature as to how they differ from pre-911 problems. Gladwell says that resolving pre-911 problems was often simply a matter of putting the pieces of a jigsaw puzzle together on a table in the correct order. But in our post-911 world, Gladwell says we frequently don't even know if all of the pieces of the jigsaw puzzle that we are to solve are on the table. Therefore Gladwell, like Ramos, says that we must view our complex post-911 problems from new perspectives if we intend to successfully resolve them.

Whether we call this new perspective demanded of us mash-up logic or new out-of-the-box thinking, it requires that we abandon the comfort of our pre-911 silos to better see and understand the potential solutions to our post-911 world problems. The upside of operating out of our pre-9/11 silos includes the following benefits. Because we are more familiar with the terrain inside of our silos than the terrain outside of our silos, our silos offer us an environment of comfort and we experience a measure of productivity operating within them. But the downside of operating within our silos is that the ceiling of productivity within our silos is often the floor of productivity outside of our silos. This is because the view and potential within our silos, as restricted by our silos, prevents us from the inclusion of the aggregate views and potential of all others outside of our silos. But the views and potential outside of our silos includes the aggregate views and potential of all others operating outside of their silos.

This outside-of-silo or trans-silo perspective is the perspective that we employ within our Community Development & Service Institute or CDSI. The mission of our CDSI is to increase regional prosperity and mitigate poverty by developing regionally interconnected projects, which consist of large-scale generator projects that we interconnect to distressed community projects. At CDSI, we discovered that poverty largely exists today because of a lack of interconnectivity between impoverished communities and more economically robust communities that exist in close proximity to them.

In his book The Fortune At The Bottom Of The Pyramid: Eradicating Poverty Through Profits, University of Michigan Ross School of Business multinational business specialist, Dr. C. K. Prahalad shows how we can eradicate poverty through profits; if we create new financial eco-systems by employing co-creativity and affordability-minus creative financing models, instead of traditional cost-plus financing models. Prahalad's new paradigm encourages us to abandon the traditional silo approach toward community economic development within impoverished communities that we have practiced for decades, in exchange for a more vigorous economically-interconnected model that produces greater regional prosperity.

At CDSI, we have discovered that this new out-of-silo paradigm offers the solution to the problem of unfunded and under-funded goals within today's shrinking public funding environment as it relates to the dredging of our Peoria lakes, in addition to the solution to the problem of poverty escalation. In essence our new model of increasing regional interconnectivity by developing large-scale generator projects that we interconnect to distressed community projects illustrates how we pay for the dredging of a secondary channel within Lake Peoria, which scientists have proposed for two decades as part of the solution to Peoria lakes' sedimentation.

At CDSI, we are currently master-planning a \$250M model green-community out of an approximately 275 acre tract of land within our region. This large-scale generator project has been studied by Bradley University Business School Dean Dr. Robert Scott. Dr. Scott says that this project will generate thousands of jobs during its construction and operation, and millions of dollars in tax revenues. In addition to our large-scale generator project, we are master-planning the Lake Peoria secondary channel dredging project, that we will develop as our distressed community project, in conjunction with our generator project.

The projects will contribute to regional prosperity and poverty mitigation through a series of prosperity links of inter-connective pathways between them. We have suggested to the Federal Reserve Banking System and other potential creditors that the inter-connective prosperity links should merit special credit for our generator projects, due to their distressed community project impact. The inter-connective prosperity links associated with our projects will consist of a minimum threshold of pathway out-of-poverty jobs between our generator projects and our distressed community projects; a minimum threshold of small business and

minority small business development between them; and a minimum threshold of project financing shared between them, to serve as seed capital for the development of our distressed community projects. We have suggested that the minimum threshold of project mortgage financing shared between our generator and distressed community projects be one percent of our total generator project financing. Based on the \$250M expense of our current regional generator project, this will provide approximately \$20M over 25 years to contribute to the expense of our Lake Peoria dredging distressed community project.

Consequently with CDSI's regional market driven inter-connective approach to community economic development we can achieve both increased regional prosperity and decreased poverty, while paying for the solution to Lake Peoria sedimentation. All of this is achievable for us, if we are willing to abandon the silos of our pre-9/11 world to embrace the solutions to the problems of our new post-9/11 world.