

## Brewing Growth

*Regional Craft Breweries and Emerging Economic Development Opportunities*

## Embracing a 3-Dimensional Economic Future

*The Story of Hudson Valley 3D Printing*

## WT Enterprise Center – Incubation with Urgency

*A Flourishing Local Ecosystem in the Texas Panhandle*

## Creative Placemaking

*Putting the Arts to Work for Economic Development*

## Connecting Heritage Assets to Modern Market Demand

*Reinventing the Textile Industry and Restoring Community Vitality to Rural North Carolina*

## Rural Entrepreneurship as an Economic Development Strategy

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JoAnn Crary, CECD  
IEDC Chair

# dear colleague

2015 was a remarkable year for us. I firmly believe that the initiatives we started and the work we have accomplished this year have undoubtedly contributed to enhancing the acumen and professionalism of economic developers around the world. I conclude my year as chair and leave to the next chair, Barry Matherly, a healthy organization of over 4,800 members; a robust Economic Development Research Partners program (EDRP) with 65 members; more than 40 Accredited Economic Development Organizations (AEDO), including mine; and having hosted four conferences that had attendees from nearly every U.S. state and dozens of international attendees.

I am especially proud of the work we have done in advancing the discussion of the role of the economic developer in promoting equitable growth. Throughout 2015, we continuously learned, discussed, and debated the role of the economic developer in creating inclusive growth. The intense and continued interest from the membership on this important issue has been gratifying for me to see. It proves that the professionals in our field are always ready and willing to accept the challenges placed before us and care enough to make a difference.

I am equally proud of the other research produced and the knowledge disseminated by IEDC to our members. The contribution of our members and of IEDC staff to research and share knowledge ensure that IEDC cements itself as the go-to source for economic development research on any and all topics pertinent to the work we do each and every day. This organization is only as strong as our members, and I thank each one of you for sharing your knowledge and expertise with your IEDC colleagues.

Having the chance to address you all in person for the last time in Anchorage, AK, at the 2015 Annual Conference was a tremendous experience. The natural beauty of the state, the warmth and hospitality of our Alaska Host Committee, and the camaraderie of our members was truly a memorable experience. I want to give a special thank you to our Alaska Host Committee and to the people of their state. We all learned so much from your unique approach to economic development. Alaska enlightened and inspired us all to think differently about how we approach economic development.

I would like to thank the Board of Directors, the Governance Committee, the IEDC staff, and our members for their support and for making my time as chair a very productive and enriching experience. The 2016 chair of the Board, Barry Matherly, will undoubtedly continue the good work of communicating to our members and stakeholders the value of the profession. I look forward to seeing you all at IEDC events in 2016, and in celebrating together IEDC's 90<sup>th</sup> anniversary and the year of the economic developer.

Sincerely,

A handwritten signature in black ink that reads "JoAnn Crary". The signature is fluid and cursive, with the first and last names being more prominent.

JoAnn Crary, CECD  
IEDC Chair

# The IEDC Economic Development Journal



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# brewing growth

By Neil Reid and Jay D. Gatrell

## INTRODUCTION

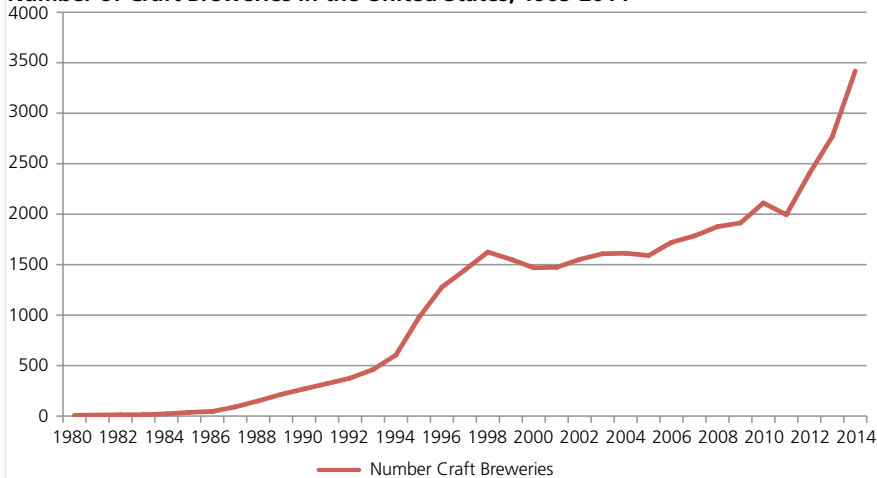
The American craft beer industry is growing rapidly. In 1981, there were only eight craft breweries in the United States. Today, there are over 3,400 (Figure 1). This growth is driven by increasing numbers of Americans (particularly millennials) demanding greater variety in terms of style, flavor, and strength with respect to their beer choices. In 2014, Americans drank \$101.5 billion dollars of beer, \$19.6 billion (19 percent) of which was craft beer. The majority of craft breweries are relatively small and serve regional or local markets. Ninety-five percent produce less than 15,000 barrels of beer per year. A barrel is 31 U.S. gallons. For comparison purposes, AB InBev (owners of Anheuser Busch) brews around 95 million of barrels annually in the United States



Millennials enjoying a beer after touring the Lagunitas Brewery in Chicago, IL. The growing popularity of craft beer is driven by the millennial demographic.

FIGURE 1

Number of Craft Breweries in the United States, 1965-2014



Source: Brewers Association

alone. As these production figures imply, the character of smaller regional actors, the nature of their business practices, and accompanying opportunities for local economic development differ.

In an effort to understand the dynamics and opportunities for local economic development, this article accomplishes two tasks. First, the article examines the economic development potential of the largest craft breweries. In the industry, these are referred to as regional craft breweries. They brew between 15,000 and 6,000,000 barrels of beer annually. According to the Brewers Asso-

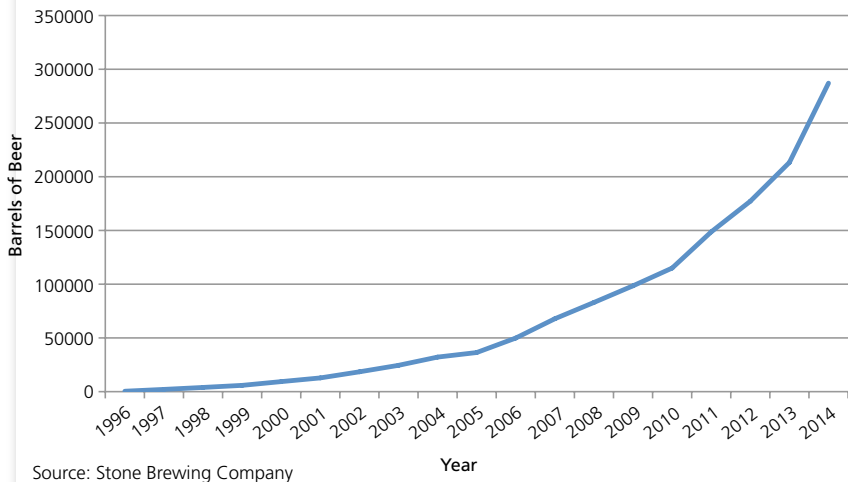
Neil Reid is a professor of geography and planning, director of the Jack Ford Urban Affairs Center, and director of the Urban Studies Program at the University of Toledo, Toledo, OH. (neil.reid@utoledo.edu)

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## REGIONAL CRAFT BREWERIES AND EMERGING ECONOMIC DEVELOPMENT OPPORTUNITIES

The American craft beer industry has experienced explosive growth in recent years with the result that there are over 3,400 craft breweries in the United States. While most firms are small and serve local markets, several regional craft brewers have grown quite large and distribute their beer over an extensive geographic area. As larger companies have expanded their market area, breweries have opened new facilities to minimize transportation costs to more distant markets. We anticipate that this is the beginning of an ongoing trend and that these larger craft breweries represent an economic development opportunity for communities that are able to attract them to their locale.



**FIGURE 2****Stone Brewing Company Production Volume, 1996-2014**

ciation, the trade group that represents the craft brewing industry, there are 135 regional craft breweries in the United States. Regional craft breweries started out small but have since grown their market and expanded their production capacity (Figure 2).

As regional craft breweries emerge, grow, and expand their footprint in the domestic market (for example Stone Brewing Company in Petaluma, California) an increasing number have invested in a second or third brewing facility. While additional breweries have been constructed primarily to reduce transportation costs to markets that were distant to the original brewery, the popularity of craft beer has also contributed to the growth of an entirely new collection of “destination breweries” or “brewery districts” that also enhance local tourist economies (Aschbrenner 2015). The article’s second objective is to identify the factors that craft breweries consider to be important when searching for a location for a second brewery. We believe that there are many regional craft breweries that have not opened up second production locations but may do so in the near future. Understanding their location criteria may be useful to economic development practitioners as they seek to attract regional craft breweries to their locale.

## THE GEOGRAPHY OF THE CRAFT BREWING INDUSTRY

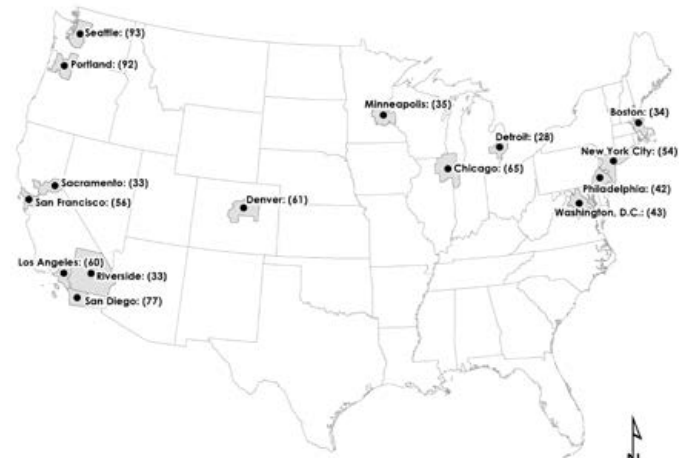
The largest geographic concentrations of craft breweries are to be found in the Pacific Northwest (Seattle and Portland), California (San Diego, Los Angeles, San Francisco, Sacramento, and Riverside), the Northeast (New York, Washington, D.C., Philadelphia, and Boston), the Great Lakes (Chicago, Minneapolis, and Detroit), and the Mountain West (Denver) (Figure 3).

Several studies have sought to identify the characteristics of places that seem to be particularly successful in fostering the growth of craft breweries. These found that craft breweries tend to be more numerous in metropolitan areas whose populations exhibit higher levels of social tolerance, and where a greater share of those who live there are young (aged 25-44), educated, and non-Hispan-

ic White. The prominence of 25-44 year olds appears to be particularly important in driving the number of craft breweries found in a metropolitan area (Baginski and Bell 2011, McLaughlin et al. 2015). Yet, as we discuss later, the site decisions associated with secondary production facilities are more complex than market demographics and include a variety of socio-cultural factors.

In contrast to the general category of craft brewers which includes all market classifications (i.e., microbreweries, brew pubs, and so on), the regional craft industry is defined by the extent of the market, broader distribution networks, and larger production capacities than smaller craft houses. Nevertheless, the overall geography of regional craft firms is similar. There are 157 regional breweries in the United States of which 135 are craft. The other 22 are primarily contract

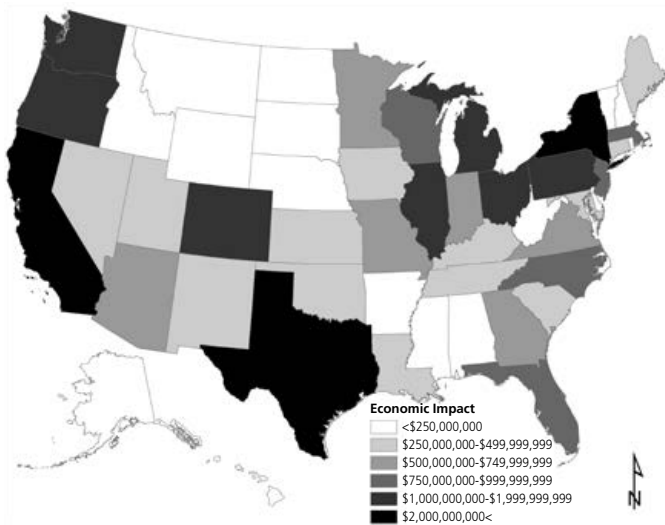
breweries that brew beer for other companies. Figure 4 shows the location of these 157 regional breweries. The distribution mirrors the distribution of the major brewing centers (Figure 3). The top five states for regional breweries are California with 22, followed by Colorado, Pennsylvania, New York, and Oregon with 11 each.

**FIGURE 3****Top 15 MSAs for Craft Breweries, 2013**

Source: Produced using data provided by The Brewers Association

**FIGURE 4****Geographic Distribution of Breweries in the United States, 2014**

Source: Produced using data from The Brewers Association

**FIGURE 5****Economic Impact of the Craft Beer Industry by State, 2012**

Source: Produced using data provided by The Brewers Association

### REGIONAL CRAFT BREWERIES AND ECONOMIC DEVELOPMENT

In 2012, the industry contributed \$33.9 billion to the U.S. economy and was responsible for more than 360,000 jobs, of which 108,400 are individuals employed at craft brewing establishments (Brewers Association 2015). There is, of course, considerable geographic variation in the industry's economic impact. The top five states in terms of economic impact are California (\$4.7 billion), Texas (\$2.3 billion), New York (\$2.2 billion), Pennsylvania (\$1.9 billion), and Colorado (\$1.6 billion) (Figure 5). One of the few studies of the economic impact of the craft brewing industry at the city scale has been conducted for San Diego, California, where the economic impact is estimated to be in excess of \$500 million, which is approximately 1.5 times greater than that of Comic-Con International, the city's largest annual convention (San Diego North Economic Development Council, 2014). Beyond large cities though, the economic impact of craft brewing is not going unnoticed as states like Montana examine pathways to promote and expand the industry (Sorenson and Barkey 2015).

While there are no studies of the economic impact of individual regional craft breweries, a recent Request for Proposals (RFP) issued by Stone Brewing Company provides some insights as to the numbers and types of jobs that such an operation may bring to a community. Stone Brewing Company is headquartered in Escondido, California, the location of its original brewery. Established in 1996, it is the 9<sup>th</sup> largest craft brewery in the United States. In 2014 it announced plans to open a second brewery in the eastern half of the United States. Eventually, Stone settled on Richmond, Virginia, for its second production location. In addition to a 130,000-square-foot brewery (which would also include packaging and distribution operations), the Stone investment will include construction of a hospitality center that would incorporate both an outdoor garden/dining area and

indoor bar/restaurant/retail space (Stone Brewing Company 2014a). At full capacity, the brewery and hospitality center will employ 374 people with hourly wages ranging from \$12 per hour to \$48 per hour. The total annual payroll is estimated to be \$14,476,800 (Stone Brewing Company 2014b).

Expansions planned by other regional craft brewers have the potential to be major contributors to local economies and expand not only the industrial landscape but also local tourism through the design and creation of vast complexes that become "destination breweries". For example, Sierra Nevada's Mills River, North Carolina, facility actually employs more people in the area of hospitality (~150) than in production (90) (Manley 2012; unknown 2015). In short, the impact of immediate investments surrounding construction and new production jobs may be dwarfed by tourism spin-offs.

As implied above, the craft beer industry's potential to shape local tourist economies is not limited to tours of major production facilities or brewery operated hospitality venues. While economic impact (actual or potential) of craft beer tourism has not been documented, there have been a few studies that suggest that it has the potential to significantly contribute to a region's tourist revenue. For example, a 2012 survey of visitors to craft breweries in North Carolina showed that 38 percent were tourists and 36.70 percent of these tourists indicated that their primary purpose for their tourist visit was to visit craft breweries. Furthermore, the majority of these brewery tourists (58.5 percent) said that they were staying overnight, with the average number of nights being 3.16 (Francioni 2012).

Stone Brewing Company's facility in Escondido is one of the most popular tourist attractions in San Diego County. The facility comprises the Stone World Bistro and Gardens as well as Stone Gardens. Unlike seasonal attractions, brewery tourism tends to be year round and, in the case of San Diego, most of the beer-related events occur during off-peak months. Increasing numbers of communities are organizing craft beer weeks that attract visitors as well as locals. An analysis of the 2011 San Diego Beer Week (a 10-day event held in early November)



*Craft Beer Weeks are becoming increasingly popular and are targeted towards locals and tourists alike.*

**TABLE 1****Regional Craft Brewers with Multi-state Locations**

Company	Original Brewery	Year opened	Additional Breweries	Year opened (Actual or Anticipated)
<b>Atwater Brewing Company</b>	Detroit, MI	1997	Austin, TX	2015
<b>Boston Beer Company</b>	Boston, MA	1988	Cincinnati, OH* Breinigsville, PA*	1996 2008
<b>D.G. Yuengling</b>	Pottsville, PA	1829	Tampa, FL	1999
<b>Gambrinus</b>	Shiner, TX	1909	Portland, OR* Berkeley, CA	1984 2004
<b>Duvel Moortgat</b>	Cooperstown, NY	1997	Kansas City, MO*	2014
<b>Green Flash Brewing Company</b>	San Diego, CA	2002	Virginia Beach, VA	2015
<b>Lagunitas Brewing Company</b>	Petaluma, CA	1993	Chicago, IL Los Angeles, CA	2014 TBA
<b>New Belgium Brewing Company</b>	Fort Collins, CO	1991	Asheville, NC	2015
<b>Oskar Blues Brewery</b>	Longmont, CO	1997	Brevard, NC	2012
<b>Sierra Nevada Brewing Company</b>	Chico, CA	1980	Mills River, NC	2014
<b>Stone Brewing Company</b>	Escondido, CA	1996	Richmond, VA	2016

\*Acquisition of operational or closed brewery.

Sources: The Brewers Association and individual brewery websites.

estimated that the event was responsible for 3,612 room nights which generated an additional \$469,307 in hotel revenue (San Diego North Economic Development Council, 2014).

To enhance the experience of beer tourists, many communities have developed, or are in the process of developing craft beer trails (think intentional clusters), that provide information about and suggested itineraries for visiting craft breweries. In Mills River, NC, Sierra Nevada's popular "Beer Camp" model, which builds on a collaborative co-branding initiative with smaller craft houses and enables beer geeks to have an extra-ordinary hands-on experience, has also proven to be a lucrative driver of growth – and may indirectly lead to the expansion of local beer culture/industry. Other examples include Columbus, Ohio (Husnick 2015), Kalamazoo, Michigan (Evans 2015), and Louisville, Kentucky.

The case of Louisville is particularly interesting because the idea for a craft beer trail, which mimics the city's popular Bourbon Trail, is the result of a Brewery Work Group convened by Louisville Mayor Greg Fischer in the summer of 2014 (City of Louisville 2014). This report also included other recommendations including reinvigorating some of the city's beer-related traditions that were introduced by the city's immigrant German population during the second half of the 19<sup>th</sup> century as well as developing some synergies with the region's bourbon distillers.

Regional craft brewers can play an important part in the development of a tourism industry. As witnessed by the popularity of Stone's brewing facilities in the San

Diego region, regional craft brewers can function as major tourist attractions in and of themselves. However, it may also be beneficial for local tourism officials to market the regional craft brewery as an anchor (similar to an anchor store in a shopping mall) to draw tourists to a region and then leverage this into visits to additional geographically proximate craft breweries as part of a more comprehensive craft brewer trail. In Traverse City, Michigan, the "trail" model has been modified and the result is a campaign to "paddle" (on open and moving water) to six craft breweries (Ellison 2015). In short, the spin-offs associated with expansion of regional craft breweries have the potential to promote growth across multiple sectors.

## THE SEARCH FOR NEW PRODUCTION LOCATIONS

A small number of the regional craft breweries have production facilities in more than one state (Table 1). As noted here the need for a second production location arises as the brewery is successful, demand for its beer increases, and the geographic footprint of its market expands. As growing breweries ship their product to more geographically distant markets, their transportation costs increase. Beer is made from four basic ingredients – hops,



Entrepreneurial Mayors like Greg Fischer of Louisville, KY, are keen to strategically promote their city's craft beer industry.



Not all large regional craft brewers have multiple breweries. Some operate one brewery in their original location. However, in all likelihood, some of these breweries will opt for a second production location in the future. Similarly, smaller craft houses may scale up to be regional competitors and require new locations – even if located in (or near) their home region.

malted barley, yeast, and water. It is the material input of water that adds the most weight and volume to the final product, thus making a relatively bulky and expensive product to ship. Besides, water is a generally ubiquitous raw material and considerable transportation cost savings can accrue when the beer is brewed close to the consumers. Thus when a brewery is located on the west coast and is shipping considerable volumes of beer to markets in the east coast there are considerable savings to be realized if a second brewery is opened in the eastern half of the country (McCurry 2012).

The expanding geographic footprint of these highly successful craft breweries means that they are increasingly becoming national brands. For example, New Belgium Brewing Company's beer is available in 36 states plus D.C., while Green Flash Brewing Company's beer is sold in 40 states. Not all large regional craft brewers have multiple breweries. Some operate one brewery in their original location. However, in all likelihood, some of these breweries will opt for a second production location in the future. Similarly, smaller craft houses may scale up to be regional competitors and require new locations – even if located in (or near) their home region. In concert, these realities represent an investment attraction opportunity for states and communities across the country. With that in mind the purpose of this section is to identify some of the key location factors that appear to be important to regional craft breweries as they look to expand.

When it announced plans for a second brewery, Stone Brewing Company, headquartered in Escondido, California, received more than 200 proposals from communities across 20 states (Moomaw 2015). Stone's site requirements included the typical features such as utility needs and freeway access.

With water being a key ingredient of beer, Stone was particularly interested in the type, availability, and quality of the water. The brewery will use approximately 215,000 gallons of water per day. While water treatment is now standard practice in the industry, water quality and its specific characteristics – hardness, alkalinity, and chlorinity – influence location (see Gatrell et al 2014). Additionally, seasonal swings in mineral content are especially undesirable. As a result, communities responding to the RFP were asked to provide detailed information on their locale's hydrology and the quality of domestic water supply. A brewery is a 24/7/365 operation and Stone was

particularly interested in knowing what contingencies a community could put in place if the supply of water was interrupted by contamination for one reason or another (Stone 2014). Access to interstate highways and concerns about water were also important to Sierra Nevada Brewing Company when they were looking for a second production location in the eastern United States (McCurry 2012).

While the Stone RFP provides insights into what might be considered the more traditional site selection criteria that are important to large regional craft breweries, an examination of local media reports provides insights on additional factors that seem to be important but are harder to capture than measuring Ph values and distance to the nearest interstate on-ramp. Indeed, the intangible factors referenced in the media include not only quality of life factors but also broader socio-cultural values and local politics. For example, the decision of Sierra Nevada and New Belgium Brewing Companies (the nation's 3<sup>rd</sup> and 4<sup>th</sup> largest craft breweries respectively) to open up second production locations in the Asheville, North Carolina, metropolitan area highlights the importance of these other factors. Like many craft breweries, Sierra Nevada's corporate culture includes a commitment to sustainability, renewable energy, community engagement, and the health and wellness of its employees (McCurry 2012).

As Sierra Nevada narrowed its list of prospective sites from 170 to 60 to 38 to 9, the issue of sustainability became increasingly important. Communities were assessed for their public transportation systems, recycling programs (residential and industrial), and the availability of renewable energy options. Stream restoration initiatives and bike trails were examined. According to Don Schjeldahl, Sierra Nevada's site selection coordinator, "every strategy had to run through a carbon footprint filter." In the end, Sierra Nevada opted for the small community of Mills River, about 20 miles south of Asheville.

New Belgium Brewing Company also chose the Asheville area for their expansion brewery. In conducting their search, they compiled a matrix comprising 30 location factors that were important to them. These included a



*Black Cloister Brewery opened in Toledo, OH, in March 2015 is contributing to the revitalization of that city's downtown.*

culture of progressiveness, brownfield redevelopment opportunities, a vibrant downtown, and a location that would allow their employees to walk or bike to work. In contrast to Sierra Nevada, New Belgium opted for a location in downtown Asheville. In praising Asheville's downtown, Jenn Vervier, New Belgium's director of strategic development and sustainability, said that "there are so many streets of locally owned businesses, so many independent restaurants. The natural beauty is just stunning. I just got the sense of like-minded people who believe in sustainable development and investing in the community" (McCurry 2012).

The regulatory environment and the ability of government to respond to the needs of an industry can also be important factors for breweries looking to expand into a new state. Laws governing the production, sale, and consumption of beer vary significantly from state to state, with more restrictive laws placing some states at a competitive disadvantage. For example, limits based on the strength of beer that can be brewed (and sold) vary by state. The strength of beer is measured in terms of Alcohol by Volume (ABV). This came into play when Stone Brewing Company was looking for a site for a second brewery. Norfolk and Richmond, both in Virginia, and Columbus, Ohio, were shortlisted as possible locations for the new brewery. In Virginia, there is no cap placed on the strength of beer that a commercial brewery can brew. In sharp contrast, however, in Ohio it is illegal to brew or sell beer over 12 percent ABV. Some have argued that this put Columbus at a competitive disadvantage in the competition to attract Stone (Malone 2014). At the time of writing there is a bill in the Ohio Legislature (House Bill 68) that would raise the state's maximum ABV to 21 percent (Eaton, 2015).

As part of its efforts to attract Stone Brewing Company to South Carolina, Governor Nikki Haley signed the so-called *Stone Bill*. This bill removed a number of restrictions that many felt were hampering the state's competitiveness with respect to growing its craft beer industry. Prior to passage of the legislation, a brewery in South Carolina could not operate on-site restaurants that served food (something Stone planned to do at their new brewery). Breweries were also only able to sell their beer from its on premise taps. The new legislation allowed breweries to put their beer in bottles, cans, and kegs thus allowing customers to take beer home with them. The bill also

The regulatory environment and the ability of government to respond to the needs of an industry can also be important factors for breweries looking to expand into a new state. Laws governing the production, sale, and consumption of beer vary significantly from state to state, with more restrictive laws placing some states at a competitive disadvantage.

**TABLE 2**

**10 Largest Regional Craft Breweries, 2014**

Company	Brewery Locations	Annual Output (barrels)
<b>D.G. Yuengling &amp; Son</b>	Pennsylvania, Florida	2,917,992
<b>Boston Beer Co.</b>	Massachusetts, Ohio, Pennsylvania	2,550,000
<b>Sierra Nevada Brewing Co.</b>	California, North Carolina	1,069,694
<b>New Belgium Brewing Co.</b>	Colorado, North Carolina	945,367
<b>Gambrinus</b>	Texas, Oregon, California	675,997
<b>Lagunitas Brewing Co.</b>	Petaluma, Chicago	601,420
<b>Deschutes Brewery</b>	Oregon	337,094
<b>Bell's Brewery, Inc.</b>	Michigan	319,550
<b>Stone Brewing Co.</b>	California, Virginia	287,075
<b>Minhas Craft Brewery</b>	Wisconsin	265,374

Source: The Brewers Association and individual brewery websites.

Note: 1 barrel = 31 U.S. gallons.

removed other restrictions placed on craft breweries in South Carolina. Communities must also be willing to adjust in order to be friendly to craft brewers. For example, in 2014 Greensboro, North Carolina, updated their city's land development ordinance that allows microbreweries to operate downtown (Eisenberg 2014).

As the above items suggest, the historical factors that determine the geography of site selection are changing. Indeed, the traditional concept of a community's "business climate" has now been expanded to include softer cultural factors (i.e., perceived "progressiveness", availability of brownfield sites, sustainability, and so on) and the political will to rapidly respond and revise arcane regulations. Additionally, it is worth noting that secondary production facilities reside outside of the traditional regions associated with the regional craft beer industry (West Coast, Northwest, Great Lakes, and Northeast) and do not necessarily reflect core demographics. Indeed, the secondary sites are distinct from regional home-bases. As such, the opportunities for communities, particularly localities that are able to conceptualize craft beer more broadly as a reflection of their values and culture, are poised to be competitive.

## FUTURE EXPANSIONS

In the future, we anticipate that more regional craft brewers will seek second production locations. Table 2 lists the ten largest regional craft breweries in the United States. Three of the ten (Deschutes Brewery, Bell's Brewery, Inc., and Minhas Craft Brewery) brew in only one state. The market area of Oregon's Deschutes Brewery comprises 26 states (Figure 6). The states to which they do not distribute are concentrated in the southeast and northeast of the country. If Deschutes has ambitions to expand into these states, then a second brewery may be-

**FIGURE 6**

**Market Area of Deschutes Brewery**



Source: Deschutes Brewery

come desirable. Indeed, there are media reports that Deschutes is considering such an expansion (Furnari 2014). As plans to expand are announced, communities have to be ready to respond.

While considerably more limited in scope, there may also be the opportunity to attract large craft breweries from other countries that may have an interest in expanding their presence in the U.S. market. In June 2015 the Scottish craft brewery, BrewDog, announced that they were constructing a production facility in Columbus, Ohio (Malone 2015). This is good news for Columbus as the city has been one of the finalists for the second Stone brewery. BrewDog is not the first European brewery to build a production facility in the United States. In 2004 Trumer, an Austrian brewery, partnered with American craft brewing company Gambrinus to construct a new brewing facility in Berkeley, California. The brewery produces the company's signature pilsner lager for the American market. Belgian brewer Duvel Moortgat was an investor in Brewery Ommegang that opened in Coopers-town, New York, in 1996. Duvel has since acquired full ownership of the brewery.

## CONCLUSION

Whether it's a domestic regional brewer selecting a new second or third production site, an international producer seeking access to the booming U.S. craft beer market, or a more local firm scaling up, the opportunities are concrete. Moreover, beer, unlike textiles or machine tools, has the capacity to produce not only more familiar industry-specific spin-offs (such as smaller craft houses) but to create new revenue streams across multiple sectors. Yet, as this article suggests, economic development professionals will need to leverage a suite of community-based resources heretofore not necessarily associated with the recruitment of manufacturing facilities.

While no doubt decisions around site selection will continue to hinge on inputs, infrastructure, and access, the case of the regional craft brewery suggests the calculus is more complex insofar as the linkages among production, tourism, culture (or perhaps more accurately values), and even the material landscape are critical final determinants that drive decision making.

While no doubt decisions around site selection will continue to hinge on inputs, infrastructure, and access, the case of the regional craft brewery suggests the calculus is more complex insofar as the linkages among production, tourism, culture (or perhaps more accurately values), and even the material landscape are critical final determinants that drive decision making. As a result, the growth of the regional craft beer industry, and American beer culture, has the capacity to reconfigure the site selection process. Similarly, craft beer – unlike “widgets” – can be leveraged to expand tourism vis-a-vis festivals, facility tours, programming, and general hospitality activity.

Like other industries, a cluster of smaller craft breweries, anchored by a regional craft brewer, has the potential to create a unique zeitgeist for a particular locale and thereby enhance a region's overall competitiveness. As such, economic development professionals, politicians, and the community will need to think differently about site selection opportunities and the ways in which regional craft beer and perhaps other industries – like spirits – or specific firms in a specialized industry, such as Longaberger in Ohio, might leverage corporate site decisions to enhance the overall viability and sustainability of regional economies. 🌐



Lagunitas Brewing Company whose original brewery is in Petaluma, CA, opened a second brewery in Chicago, IL, (pictured) in 2014.



This beer menu at the Bell's Brewery in Kalamazoo, MI, exhibits the variety of beer styles brewed by craft breweries.



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## 3-DIMENSIONAL ECONOMIC FUTURE

By Laurence P. Gottlieb

### INTRODUCTION

The Hudson Valley Economic Development Corp. (HVEDC) works as a comprehensive economic and marketing resource for businesses that relocate to – or grow within – its rapidly developing region. The Hudson Valley has a highly educated workforce of more than 1 million people and is home to the facilities of more than 100 Fortune 500 companies, many of which specialize in biopharmaceuticals, micro-electronics, finance and information technologies. The Hudson Valley encompasses the communities around the Hudson River in the State of New York, a seven-county area including the counties of Westchester, Rockland, Putnam, Orange, Ulster, Dutchess, and Sullivan.

By deploying a series of unique cluster development initiatives during one of the worst economic downturns in American history, HVEDC radically altered its core strategic direction in order to create greater alignment between previously disconnected businesses, entrepreneurs, academicians, government leaders, and non-profit executives – all to benefit the Hudson Valley economy.

From biotechnology to 3D printing to craft beverages, HVEDC started uncovering a series of regional “hidden” clusters comprised of individual companies surviving – if not thriving – during difficult economic times, but seemingly unaware of each other’s proximity within the Hudson Valley region. HVEDC leadership surmised that by forming these companies into larger groups, and

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HVEDC’s previous cluster initiatives, such as NY BioHud Valley and Hudson Valley Food & Beverage Alliance, focus on critical regional economic drivers and support growth by fostering industry partnerships and improving access to marketing, government, and economic support. NY BioHud Valley highlighted and aggressively marketed the Hudson Valley as the epicenter of the biotech industry in New York. This cluster created a pro-business environment that encouraged collaboration between the industry and regional educational institutions. Companies such as Regeneron Pharmaceuticals

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### THE STORY OF HUDSON VALLEY 3D PRINTING

During one of the worst economic downturns in American history, the Hudson Valley Economic Development Corp. (HVEDC) uncovered a series of regional “hidden” clusters comprised of individual companies unaware of each other’s regional proximity. By forming these companies into larger groups and infusing them with considerable resources, HVEDC accelerated short-term growth and established a stronger base upon which to build a long-term, sustainable ecosystem. The HVEDC team conducted an analysis of the 3D printing industry and found that while the technology was primed for faster adoption by manufacturers, there was a lack of regional advanced knowledge regarding the technology’s practical application and few skilled 3D design and fabrication practitioners. This article tells the story of Hudson Valley 3D Printing, an IEDC Gold Award-winning initiative from HVEDC to maximize the regional deployment of this exciting technology.

## MORE INFORMATION ON HVEDC

The Hudson Valley Economic Development Corporation (HVEDC) is a comprehensive resource for businesses relocating to (or expanding within) the Hudson Valley, which includes Westchester, Rockland, Putnam, Orange, Ulster, Dutchess, and Sullivan counties. HVEDC offers an array of services to help businesses succeed, such as:

- Regional and state collaboration – Working closely with regional and state economic development professionals to quickly facilitate projects from concept to action.
- Data and statistics – Providing comprehensive market data, including economic indicators, workforce information, industrial and commercial real estate information and other information relevant to business location decisions.
- Site search consultation – Providing the most up-to-date information about buildings and sites available and connecting developers to the right brokers and government contacts.
- Business education and training – The Hudson Valley Economic Development Network creates a bridge between the general public and academia, government, not-for-profit organizations and business in order to inform each other about the needs of the community at large and in turn, enhances economic opportunity in the region.

and Acorda Therapeutics experienced dramatic expansions since the launch of NY BioHud Valley.

Equally, the Hudson Valley Food & Beverage Alliance forges relationships between food and beverage industry leaders and connects entrepreneurs to key economic and promotional resources. Since its creation, the Alliance has run some of the largest industry events in New York, including the annual Hudson Valley Beer, Wine, and Spirits & Cider Summit at The Culinary Institute of America.

HVEDC's model for launching these cluster initiatives always starts with a series of closed-door roundtable discussions with industry thought leaders, business owners, and academicians in order to uncover key challenges preventing faster growth and potential solutions for unlocking the industry's potential. These no-holds-barred discussions are critical for drilling deeper into issues, and ensuring all those involved feel comfortable in expressing real concerns or offering ideas without fear of feeling foolish. In addition, these meetings help HVEDC recruit an "army of the willing" comprised of individuals and institutions that help carry out its cluster development mission.

After several discussions within a short period of time, HVEDC develops a strategic attack plan, which consists of an honest assessment of the industry's potential, challenges to growth, and most importantly, only three or four initial, achievable goals that reflect a realistic path to making a positive impact. This simple model allows for greater flexibility to change strategies as time moves forward, and avoids those long, drawn-out analysis periods which often choke-off real change from happening.

## THE BIRTH OF AN HV3D NATION

Hudson Valley 3D Printing (HV3D) is the most recent example of HVEDC's successful cluster development strategies having a profound impact on a burgeoning industry. 3D printing is an additive manufacturing process of layer-by-layer printing that produces 3D objects using computer-aided design (CAD) software. 3D printers melt various substances (plastics, metals, etc.) before extruding and layering these materials onto a printing surface to form a 3D object. The opposite of additive manufacturing is the traditional manufacturing process, which involves subtracting material to make an object from a block of material.

HV3D grew out of the success of earlier cluster initiatives such as the award-winning NY BioHud Valley and the Hudson Valley Food & Beverage Alliance, which strengthened and expanded key areas of the regional economy. In its search to identify a new area for the Hudson Valley's manufacturing growth, the HVEDC team conducted an analysis of the 3D printing industry. The team found that while the technology was primed for faster adoption by manufacturers and related contractors and consultants, there was both a lack of regional advanced academic knowledge regarding the practical application of the technology and few highly skilled 3D design and fabrication practitioners.

With the resources and relationships to capitalize on this potential area of growth, HVEDC focused on adding HV3D to its list of successful cluster development initiatives.

Together, the success of these cluster initiatives served as a model and the foundation of HV3D. Taking from past achievements and pulled data, HVEDC recognized the vital role that education plays in the expansion of technological industries, as well as the importance of generating valuable partnerships with key regional leaders. Therefore, during the development of HV3D, Laurence P. Gottlieb, president and CEO of HVEDC, closely collaborated with State University of New York at New



*The Hudson Valley Advanced Manufacturing Center at SUNY New Paltz, made possible by HVEDC's HV3D initiative, designed and printed a "robohand" for a local 6-year-old who has no fingers on his left hand. What started as an economic development initiative has truly emerged as a life-changing movement.*

Paltz President Donald P. Christian to discuss how to address trends and meet needs in 3D printing technology. These early conversations were the cornerstone of what would later become a community of experts, investors, academics, and entrepreneurs working to strengthen the Hudson Valley's presence within the multi-billion-dollar 3D printing industry.

### CREATING A ROADMAP OF GOALS

Through the organizations' primary discussions, HVEDC and SUNY New Paltz outlined goals for what they hoped the HV3D initiative would achieve for the Hudson Valley. The organizations discussed their mutual goals of developing an advanced manufacturing center and a corresponding curriculum at SUNY, which would be used to elevate learning for regional students. HVEDC and SUNY New Paltz sought to increase advanced manufacturing learning not only at universities but also at the community college and secondary education levels. This broad expansion would ensure that new generations learned the skills necessary to lead and shape the future of 3D printing technology in the Hudson Valley – if not throughout New York and the nation.

Both organizations also aimed to develop an advanced manufacturing center that could be a beneficial resource for local business owners. HVEDC held ongoing discussions with local entrepreneurs in diverse areas of business to better understand how the development of the HV3D initiative could strengthen and grow their businesses. It was found that, although 3D design and fabrication services could assist regional businesses, many entrepreneurs experienced difficulties locating manufacturing centers and properly trained technicians that could meet their needs.

Understanding that the technological needs of businesses are rapidly growing, HVEDC laid the groundwork for HV3D and the creation of the Hudson Valley Advanced Manufacturing Center (HVAMC) and MakerBot 3D Printing Innovation Center. MakerBot is the industry's leading manufacturer of desktop 3D printers for professional, educational, and home use. The objective of HV3D was – and remains – to democratize the

The objective of HV3D was – and remains – to democratize the technology and knowledge surrounding digital design and fabrication, thereby, unleashing the full potential of 3D technology for the benefit of all in the Hudson Valley.

technology and knowledge surrounding digital design and fabrication, thereby, unleashing the full potential of 3D technology for the benefit of all in the Hudson Valley. Through these preliminary discussions and information gathering sessions, HVEDC set specific benchmarks for creating a unique, advanced solution to propel the region's economy and workforce in the direction of the future.

### RECRUITING AN ARMY OF THE WILLING

After creating the roadmap that would drive the initiative, HVEDC sought out key partners that would have a long-term and substantial interest in developing the HV3D cluster. HVEDC identified SUNY New Paltz as an integral part of launching the HV3D initiative. The SUNY New Paltz campus not only had a mutual understanding of the impact HV3D would have on the region, but also featured an ideal blend of arts and sciences that emphasized the inclusive nature of the project. The campus prepared to launch its Digital Design & Fabrication certification program as a collaboration between the college's schools of Fine and Performing Arts and Science and Engineering. The program would provide an introduction to additive manufacturing, social/cultural/technological design thinking, mechatronics, and programming.

Other essential partners of the HV3D initiative's efforts included Hudson River Ventures (a small business investment fund focused on the Hudson Valley) and its president, Sean Eldridge, who invested in initial equipment for the HVAMC; Central Hudson Gas & Electric, which also invested funds for HVAMC equipment; MakerBot, which chose SUNY New Paltz for the nation's first MakerBot Innovation Center; and New York State Electric and Gas Corporation, which provided funds for the initiative's expansion.

Other important partners in the HV3D's development and launch included Stratasys, which helped to launch the cluster's kick-off event; 3D Systems, which acted as a technical and equipment partner to SUNY New Paltz; and all other SUNY campuses within the Hudson Valley region, which have all engaged in HV3D activities. Stratasys is a manufacturer of 3D printers and 3D production systems for office-based rapid prototyping and direct digital manufacturing solutions (and is the parent company of MakerBot). 3D Systems provides advanced and comprehensive 3D digital design and fabrication solutions globally, including 3D printers, print materials, and cloud-sourced custom parts (and is a top competitor to Stratasys).

Understanding that the technological needs of businesses are rapidly growing, HVEDC laid the groundwork for HV3D and the creation of the Hudson Valley Advanced Manufacturing Center (HVAMC) and MakerBot 3D Printing Innovation Center. MakerBot is the industry's leading manufacturer of desktop 3D printers for professional, educational, and home use.





HVEDC President and CEO Laurence P. Gottlieb speaks to the crowd at the HV3D launch event in May 2013.

### LAUNCHING HV3D AND ITS RIPPLE EFFECT

The creation of the HV3D initiative spanned two years of development and partnership-building work. Its launch in 2013 was the cumulative result of many players' efforts and took a dedicated team of partners.

HVEDC launched the HV3D industry cluster initiative at its breakfast series, "The Next Big Thing: 3D Printing" event alongside project partners Stratasys and SUNY New Paltz. A \$1 million investment was announced at the event to create the HVAMC on the SUNY New Paltz campus. Additionally, Central Hudson Gas & Electric matched a founding grant of \$250,000 from Eldridge of Hudson River Ventures. At the launch event, Hudson River Ventures also committed up to \$500,000 for investments in local companies that incorporate 3D printing.

Through the development of the HVAMC, 3D printing equipment quickly became accessible to the Hudson Valley region. This groundbreaking step in HV3D assisted students and businesses with 3D projects and initiated the education of a more highly skilled workforce.

Following the launch of the HV3D initiative, access to 3D printing technology in the region has experienced significant growth. In 2014, the nation's first MakerBot 3D Printing Innovation Center was created at SUNY New Paltz through a relationship HVEDC initiated and fostered with MakerBot founder Bre Pettis. At a ribbon-cutting ceremony, Pettis – who is often called the "Steve Jobs of 3D printing" – noted it was a historic moment in the global development of 3D printing. HVEDC's relationship with MakerBot supported the center's development and provided students and regional residents with access to the technology, training classes, and on-site assistance with printers.

Further, during a visit to the SUNY New Paltz campus, New York Gov. Andrew Cuomo announced a \$10 million grant presented to the college in order to build the region's first Engineering Innovation Hub, an extension to the existing HVAMC, which houses the current 3D printing equipment and classroom facilities. The Hub will provide instructional and research space, and address a critical shortage of the industry's mechanical

engineers. The Hub will also partner with community colleges to link 3D printing and engineering programs to advanced manufacturing and technologically innovative companies. SUNY New Paltz was also awarded an \$850,000 state grant, as well as a separate \$1 million state grant, to increase access to printing laboratories and strengthen training within the region's workforce.

Relationships forged between HVEDC and its HV3D partners have had a lasting and significant effect on the Hudson Valley. These major allies in the industry have not only increased recognition and economic strength for the region, but solidified the area as a technological hub with a highly skilled workforce. Partners such as MakerBot, 3D Systems, and The Culinary Institute of America have made monumental strides alongside HVEDC to spearhead new regional efforts in the field of 3D printing.

The HV3D initiative has had a significant impact on local students who can use the HVAMC and 3D printing to gain early access and training within the industry. As part of the cluster initiative's continuous expansion, SUNY New Paltz announced plans to place 3D printers in community colleges throughout the Hudson Valley region. These schools will also provide technical and curriculum support to enrolled students, who after earning their associates degree may choose to continue their technical training at the SUNY New Paltz campus. In addition, HVEDC invested in several 3D printers for regional high schools, so that students may be exposed to this critical technology and accelerate their training from a younger age.

The Hudson Valley has also seen scores of businesses and community members take advantage of HV3D initiatives since its launch. Projects conducted on the 3D printers include the creation of a functional prosthetic hand for a 6-year-old boy, as well as a prosthetic leg for a sheep at a local animal sanctuary. The printers are also used for businesses' marketing efforts. In September



HV3D's "army of the willing" celebrates the grand opening of the nation's first MakerBot Innovation Center at SUNY New Paltz in February 2014. (From left to right: Denise VanBuren, Central Hudson Gas & Electric Corp.; Paul Kassel, SUNY New Paltz; Laurence P. Gottlieb, HVEDC; Donald P. Christian, SUNY New Paltz; Bre Pettis, MakerBot; Sean Eldridge, Hudson River Ventures; Dan Freedman, SUNY New Paltz; and Anthony Campagiorni, Central Hudson Gas & Electric Corp.)





3D printed syringe.

2014, an equestrian show featured a jump (an obstacle jumped by a horse) that was made via a 3D printer to look like a large syringe holding the veterinary surgical aid product Dormosedan Gel. These displays of the potential for 3D printing are only a small representation of the social and economic potential that the continued integration of HV3D can have on the Hudson Valley.

### LOOKING TOWARD THE FUTURE

HVEDC's HV3D initiative has been recognized on several occasions since its launch. In 2015, HVEDC received a Business Facilities Economic Development Award for its groundbreaking work in advancing access to 3D printing technologies. Most recently, HVEDC was selected by the International Economic Development Council as a Gold Award recipient in the category of Regionalism and Cross-Border Collaboration for population centers greater than 500,000.

Since its launch, HV3D has evolved faster and expanded farther than originally intended, and has benefited a spectrum of entrepreneurial, educational, and institutional clients throughout the Hudson Valley, New York State and, in some instances, across the U.S. HV3D has created 205 full-time jobs.

One of the initiative's most powerful aspects is that the program model can be replicated. Colleges and universities from around the country are already visiting the SUNY New Paltz campus to learn more about how the initiative was executed and how it may be implemented in their area.

HV3D has the potential to influence how students learn, how businesses lead, and how everyday people utilize technology. As HVEDC's Gottlieb remarked when considering the potential impact of HV3D throughout the Hudson Valley community and beyond, "You don't want to train people how to use a copy machine; you want to train them to write novels that will be copied on those machines." ☎



SUNY New Paltz President Donald P. Christian welcomes the crowd of students and community members to the seminar led by MakerBot Founder Bre Pettis in February 2014.

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## INCUBATION WITH URGENCY

By Kyla Frye and Jason Boyett

**T**he Texas Panhandle is known as much for its tough, Old West independence as for its isolated, wind-swept landscape. Nearly 450,000 people live in the Panhandle's 26 counties, with around half of them residing in and around Amarillo, the area's cultural and financial center. A former cowtown, the city wears its outsider status proudly. Geographically, it's nearer to cities like Albuquerque (290 miles) or Oklahoma City (260 miles) than it is to its own state capital in Austin (495 miles).

Outside the Panhandle, most people probably recognize Amarillo either as a good place to spend the night – the city's main corridor along Interstate 40 is lined with hotels and chain restaurants – or as the home to attractions like Cadillac Ranch and the potentially free 72-ounce steak offered at The Big Texan Steak Ranch.

But one thing most people don't know is that Amarillo and the Panhandle have recently become a buzzing hive of entrepreneurship, thanks to the work of the West Texas A&M University (WTAMU) Enterprise Center – a business incubation program and department of the WTAMU College of Business. Located in a 31,000-square-foot facility in north Amarillo, the center has created a thriving entrepreneur development ecosystem throughout the city and the rest of the Panhandle. Its diverse list of clients include businesses of all sizes and kinds, from Evocation Coffee Roasters, a micro-

roastery with a nationwide following, to Sage Oil Vac, which occupies an enormous manufacturing building and serves markets all over the world.

In 2013, after receiving an annual, five-year \$102,590 grant from the federal Economic Development Administration and a matching grant of up to \$250,000 per year from the Amarillo Economic Development Corporation, the Enterprise Center launched a successful new program called

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"Incubation with Urgency: A Collaborative Ecosystem for Developing Entrepreneurs." While the Enterprise Center had previously built a solid reputation for incubating start-ups and new businesses, the grants expedited services for local second-stage entrepreneurs. It was designed to provide peer-to-peer development for existing businesses that were looking to expand into new markets, develop new products, or otherwise innovate.

"Ultimately the goal is to assist entrepreneurs and to get to them quickly," says David Terry, executive director of the WT Enterprise Center. "There are a lot of second- and third-generation companies that have done the same thing for a long time. What we really want to see is for them to think innovatively and use this program as a way to get outside of current markets." He says the center has received more than 170 inquiries since receiving the grants. "They've become a part of the fabric of entrepreneurial development in the Texas Panhandle and we can help those companies grow no matter where they're coming from," Terry says.

Buzz David, president and CEO of the Amarillo Economic Development Corporation, says the

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## A FLOURISHING LOCAL ECOSYSTEM IN THE TEXAS PANHANDLE

*The entrepreneur ecosystem is thriving in the Texas Panhandle thanks to collaboration between economic development organizations. The WT Enterprise Center, a rural business incubator located in Amarillo, Texas, was recently awarded an Excellence in Economic Development Gold Award for Regionalism and Cross-border Collaboration from the International Economic Development Council. WT Enterprise Center's partnership with the Amarillo Economic Development Corporation has fueled entrepreneur growth in the region by providing dynamic resources to entrepreneurs.*

partnership allows the AEDC to assist entrepreneurs that aren't always on larger economic radars. "It gives us a way to support smaller businesses – a way to support the creation of business and jobs and everything that goes with it – that we would not otherwise be in a position to do," says David. "It's a great marriage between our organizations because we can work off each other's strengths and do something for this community."

## EXPANDING AN ALREADY POWERFUL MODEL

Staff members of the WT Enterprise Center had been working with start-up and early-stage entrepreneurs since the mid 1990s, in partnership with the AEDC for the annual Amarillo EnterPrize Challenge. This well-known local contest gives capital funding grants to entrepreneurs based on marketable ideas and winning business plans. "We saw a need in the community and did it to spark the innovation and early-stage development of businesses," Terry says. "The EnterPrize Challenge started as a way for the AEDC to invest in smaller companies. It really has been a fantastic program."

In 2009, the incubator partnered again with the AEDC and other economic development corporations in the Panhandle to form a broader organization called the Entrepreneur Alliance. Its purpose was to develop the entrepreneurial ecosystem in Amarillo and throughout the surrounding 26 counties. "Very quickly we realized that our lack of awareness was one of our biggest problems," Terry says.

He explains that the secluded, do-it-yourself attitude of Texas Panhandle entrepreneurs often generates the

The goal of the Entrepreneur Alliance was to make trusted resources available to those needing assistance or coaching.

## WT ENTERPRISE CENTER

Founded in 2001, the WT Enterprise Center is a multi-use regional business incubator that serves the top 26 counties of the Texas Panhandle. The mission of the WT Enterprise Center is to apply the principles of business incubation for innovation and entrepreneurial development in order to foster economic growth for Amarillo and the Texas Panhandle region.

The Enterprise Center provides first class office and production spaces, a new state-of-the-art commercial kitchen as well as a newly developed coworking area in the 31,000-square-foot facility. Clients have access to the use of conference and training rooms on a first come / first served basis, shared kitchen break room areas, coworking and more. It offers clients below market rates to focus on their business instead of overhead. The Enterprise Center offers a welcoming environment for entrepreneurs and clients alike.

There is not a set graduation time for companies; instead, graduation is based on their accomplished goals and scalability. The average client time in the incubation process is three years.



Steve Pritchett with the Amarillo Economic Development Corporation (far left) and David Terry with WT Enterprise Center presenting \$100,000 to Amarillo EnterPrize Challenge recipient Julie Hulsey for her Zynia Business Solutions business plan at the 2015 Amarillo EnterPrize Challenge Awards Ceremony.

spark to start a business but not always enough light and heat to power a business for the long-term. "Entrepreneurs here have a pull-up-your-own-bootstraps mentality, especially when they're backed in a corner. So often, they just do what they normally would do. They try to figure things out themselves, they don't know what they don't know, and don't know when to ask for help."

That kind of isolation can hinder growth and long-term success. The goal of the Entrepreneur Alliance was to make trusted resources available to those needing assistance or coaching. The organization hired Spencer McElhannon, an entrepreneur with 30 years of building businesses across a variety of industries in Texas, Colorado, New York, Tennessee, California, and the Eastern Caribbean. McElhannon began traveling to smaller Panhandle cities like Perryton, Borger, and Dumas to work with local entrepreneurs as a business facilitator. "He would meet with anyone who had an idea or wanted to grow their business," Terry says. "Lots of entrepreneurs were really attracted to that model."

Before long, McElhannon – ever the entrepreneur – had spun out a for-profit company from his Entrepreneur Alliance work, hiring another facilitator and calling the business Leading EDG (Entrepreneurial Development Group). The WT Enterprise Center contracted with Leading EDG to continue the facilitation program as a regional outreach.

Around the same time, McElhannon and his facilitator, Matty McLain, noticed that start-ups may have been utilizing their services, but next-level, second-stage growth businesses were not. "We made a proposal to the AEDC regarding opportunities we saw in the Amarillo market," McElhannon says. "Small businesses that might be needing some help were kind of falling in between



## A CLOSER LOOK AT THE AMARILLO ENTERPRIZE CHALLENGE

The WT Enterprise Center also received a Bronze Award from IEDC for the annual entrepreneurship program, Amarillo EnterPrize Challenge. The Amarillo EnterPrize Challenge is a business plan competition that invests \$500,000 of grant money in local primary businesses. In partnership with the Amarillo Economic Development Corporation, the WT Enterprise Center awards money to startup and early stage companies to help them expand an existing business or launch a new business. Each company must document that it receives more than 75 percent of its overall revenue from outside of the local trade area. Each entrepreneur that participates receives training and one-on-one assistance to prepare his or her business plan.

Over the last 20 years, the Amarillo EnterPrize Challenge has contributed significant economic impact to the region – \$5.1 million has been invested in 76 local businesses. These businesses support 636 full-time jobs, have annual revenue of more than \$119 million, and have raised \$12.6 million in additional capital. Seventy-nine percent of businesses funded through this program are still operating today. Each year, hundreds of local businesses receive coaching and valuable resources from the WT Enterprise Center. This process is so valuable that many of the applicants, even though they did not receive funding, still engage with the Enterprise Center as business incubation clients. The program has also proven to be a strategic strength to the entrepreneurial ecosystem, bringing together several local entities to support entrepreneurs.

the cracks.” In a meeting with David Terry of the Enterprise Center and Buzz David of the AEDC, Leading EDG proposed integrating the coaching they’d been doing elsewhere in the Panhandle into the Amarillo incubation work of the Enterprise Center.

“With that, the partnership was born,” Terry says.

The timing was perfect. Terry and Jeff Reid, incubation director at the Enterprise Center, were in great demand and had spread themselves too thin. “When an entrepreneur wanted to talk to us, it was sometimes two or three weeks before they could meet with our staff,” Terry explains. “Entrepreneurs are impatient. Even if they don’t know exactly what they want, they want it now. We felt that bringing on facilitators like McElhannon and McLain – we coined them ‘entrepreneurs-in-residence’— would really help in the time frame of somebody receiving our services.”

The 2013 grants made it possible for the center to contract with Leading EDG to provide entrepreneurs-in-residence. A few months later, Terry and his team recognized that other specialty needs like marketing, legal, accounting, and sales could also benefit from strategic, in-house coaching. They hired specialists to work part-time out of the incubator for the purpose of walking alongside entrepreneurs and second-stage companies. That move proved extremely beneficial to these isolated businesspeople. “They were working by themselves and needed some assistance in putting together their legal

Since implementing the Incubation with Urgency project in 2013, the WT Enterprise Center has received 172 new inquiries at a rate of nearly ten per month – more than doubling the average monthly inquiries prior to the partnership.

structure, help with financials or help in marketing and sales,” says Terry. “Those specialists were able to meet almost immediately with the companies that needed their help the most.”

## FLIPPING THE STATISTICS

Since implementing the Incubation with Urgency project in 2013, the WT Enterprise Center has received 172 new inquiries at a rate of nearly ten per month – more than doubling the average monthly inquiries prior to the partnership. Today the Enterprise Center assists 56 companies through incubation services and has added a co-working membership category with ten additional members. The 56 incubation companies support 754 primary jobs on \$29 million in payroll. Broadly diversified, these companies bring \$134 million in annual revenues to the Amarillo and Texas Panhandle area in manufacturing, food manufacturing, construction, technology, and professional services.

“What this program really did was combine the best resources into one place,” Terry says. “We already had the facility and the incubator. We had connections with service providers who could help with things like legal and accounting. But bringing the team of facilitators into our office 20 hours a week, for the sole purpose of helping entrepreneurs get to the next level, brought it all together. The AEDC, with their sales tax and investment in the region’s entrepreneurs, combined all the greatest strengths and capabilities to build a thriving entrepreneur support organization.”

## TOOLS USED TO COACH LOCAL ENTREPRENEURS

The Enterprise Center partners with GrowthWheel International to provide coaching tools for our Entrepreneurs-in-Residence. All Enterprise Center coaches and staff are certified to use the tools provided, to help clients work through a 360-degree view of their business.

Our coaches and staff also utilize the Business Model Canvas provided by Strategyzer.com to help clients work plan starting points, pivots, and new service offerings. The canvas is also a supporting piece to the The Lean Startup (authored by Eric Ries) methodology adopted by the Enterprise Center.



## RESOURCES PROVIDED TO CLIENTS OF THE ENTERPRISE CENTER

As a hub for business resources, the Enterprise Center accelerates growth and probability by connecting clients to programs, funding opportunities, and entrepreneurial resources. Direct contact with entrepreneurs and specialists provides a unique environment for startup and early stage business to grow.

### *Business Specialists*

Clients of the Enterprise Center receive specific coaching, mentoring, and expertise from our Business Specialists. Experts in sales, marketing, finance, and legal are available to help guide clients on a daily basis.

### *Entrepreneurs-in-Residence*

Entrepreneurs-in-Residence bring collective CEO and startup wisdom and experience to Enterprise Center clients. Our EIRs are a local entrepreneurial company that works with each client to smooth the runway to commercial success. EIRs provide strategic counsel to help clients develop their plan of attack and uncover gaps and needs for business growth.

### *Networking*

Our collaborative workplace environment, services, and programs are all geared toward networking. Enterprise Center staff, mentors, and advisors have deep connections in the local entrepreneur community. Education programs, social events, and client activities offer connection to fellow clients and potential business partners. Our modern, open spaces and our Wi-Fi enabled environment are designed to facilitate peer-to-peer collaboration.

### *Research Support*

Partnerships with West Texas A&M University provide client companies with research support and resources, key ingredients accelerating commercialization.

Buzz David, of the Amarillo Economic Development Corporation, says the partnership with the WT Enterprise Center provides a perfect balance between the two entities. “We do recruitment and retention, but we don’t do a lot of things related to job creation and business creation,” he says. “This partnership was a natural way to make that happen.”

Nearly three years into it, the partnership is working. An oft-cited Bloomberg survey indicates that eight out of ten entrepreneurial businesses shut down within the first 18 months, for an 80 percent failure rate. “The statistics don’t lie,” Terry says. “It can be hard. But since we started as a business incubator we’ve seen 80 percent of our businesses still in business today.”

David says that kind of success is a boon for the city of Amarillo and the rest of the Texas Panhandle. “Having an 80 percent success factor versus an 80 percent failure factor, which is very common in small business, has been a big thing to this community,” he says. “It also has given people the incentive to participate in a program and work with someone one-on-one to take their business to a level that they may not have ever dreamed of. They are getting specialized attention and experts spending the time necessary to help them really understand what being a businessperson is about, beyond even being an entrepreneur.”

## REFERRALS AND NETWORKING

Those experts are a key element of the program. One benefit Terry has seen for entrepreneurs using the “Incubation with Urgency” program is the meaningful connections made with participants. “So much trust is involved to bring your business idea or plan through our doors. It takes a lot of courage. It’s your baby, and you don’t want someone to tell you your baby is ugly,” Terry says with a laugh. “They’re baring their soul to you and want to know you understand.” That’s why the Enterprise Center’s use of successful specialists as coaches and mentors

is so vital. “They’re not just meeting with a generalist or someone who runs a nonprofit incubator. This is someone who runs a business, someone who knows marketing, someone who does financial management for a living. It is exactly the help they need.”

While relying on this expertise, entrepreneurs begin to build a network of referrals and colleagues. “People do business with people they know and people they trust,” he says. “We bring in the best and brightest from the region to work on these issues. That’s so important to the process.”

Buzz David agrees. “If you go through the process and receive the input from the different perspectives, you end up being a better entity in the first place,” says the AEDC president. “People seem to really understand that once they engage in the process. They may not know it on the front end, but they figure it out.”

The variety of people and organizations feeding candidates into the program has also contributed to its success. Some startups or businesses approach the Enterprise Center on their own. Others learn of the program through the AEDC or the Entrepreneur Alliance. Still others may discover it through the West Texas A&M’s Small Business

The variety of people and organizations feeding candidates into the program has also contributed to its success. Some startups or businesses approach the Enterprise Center on their own. Others learn of the program through the AEDC or the Entrepreneur Alliance. Still others may discover it through the West Texas A&M’s Small Business Development Center, loan officers from local banks, or any one of the specialized coaches or mentors involved in the process.



WT Enterprise Center Executive Director David Terry coaching membership client Alejandro Magelleans through the business model canvas during Hatchworks sessions.

Development Center, loan officers from local banks, or any one of the specialized coaches or mentors involved in the process. “We really want a culture that exhibits a ‘no wrong door’ approach,” says Terry. “However they come into our ecosystem, we want it to be an easy referral.”

## LESSONS LEARNED

Thanks to his work with the “Incubation with Urgency” project, McElhannon now relishes the opportunity to consult for second-stage companies, an exciting shift from his previous work with new businesses. “I was helping startups and didn’t see businesses that have two or three years under their belt,” he says. “But this has allowed us to plug into existing companies that already have a substantial base built. We’re helping them grow their business to the next level.”

He says startups, by nature, move at a lengthier pace. “I love doing the startup thing, but the speed at which those move is a lot slower than businesses that have a good head of steam and are looking to take that next big step of growth,” he says. “That’s exciting and fun.”

David Terry says he has learned that regionalism makes a big difference with these kinds of relationships. “A lot of rural areas in the country all face similar problems and we face similar lack of resources. We’ve got to be very mission-centered and market-focused. That’s really the key for rural success,” he says. According to him, Amarillo’s isolation leads to different agencies and organizations working together for the good of the community rather than protecting their own turf. “This has forced us to really develop better partnerships and better communication. We all need to work collaboratively for the same goal and not try to take credit for what anyone does,” he explains.

Amarillo is no stranger to focusing on the community good. The city is famous for valuing local businesses above chains – people still remember how customer loyalty to its beloved Donut Stop restaurants forced Krispy Kreme to abandon its lone Amarillo location in 2005, at the height of the company’s popularity. “We don’t have the masses of communities around us like the Dallas-Fort Worth area. We have to be self-sufficient and you have

to be able to depend on others to help get the job done,” says David. “I don’t see competition between organizations getting in the way of being able to do something good for the community.”

Terry says he is constantly made more aware of the importance of trust in the relationship between an entrepreneur and an incubator like the Enterprise Center. “One of the biggest barriers to entrepreneurs seeking assistance is trust,” he says. “They have an idea but they’re not sure who they can tell about it or what they should do with it. Those are very personal conversations, so we have to be very careful about confidentiality.”

McElhannon agrees, and says building a personal relationship with entrepreneurs needs to start as early as possible due to the risks involved with any kind of business growth. “Many times, you feel very alone, whether you’re starting your own business or doing something that requires taking big risks, both financially and personally. It often entails putting the people you care about – your family – at risk too,” he says. Creating reliable mentoring relationships can help provide something of a safety net. “What I’ve learned is you have to gain some level of trust in order to help people. Once you’ve established that, you can really make some great strides. If that relationship never develops, it’s very difficult to help somebody.”

Regardless of the successes – and the multitude of “open doors” into the program – Terry says the incubator still must work hard to get the word out. “A big part of this is developing great referral networks and partners,” he says. “We have to develop partnerships that can help us tell the story so we can help more entrepreneurs. In year three, that’s still one of our biggest struggles: awareness. We are trying to be more focused on regional training and regional marketing efforts.”

## CLIENT FEEDBACK

“Being an entrepreneur can feel lonely at times. When I’m faced with a difficult decision or simply want to brainstorm, I’m able to call Spencer or one of our specialists to help walk me through my problem.” – Kim May, Owner of Nobox Creative

“A town is only as strong as its small businesses and entrepreneurs risking it all to create new flows of business, jobs and money into a community and the Enterprise Center is at the Core of this movement!” – Chrystene Speed, Owner of Speed Painting, Inc.

“The coaching model that our Enterprise Center designed and implemented has become a game changer for many clients, and the momentum continues to grow.” – Coco Duckworth, Sales Specialist and Advisory Board Chair

“Amarillo should know that the willingness from the Enterprise Center to help businesses succeed is very helpful for anyone starting a company. They can help save a lot of time for startup companies figuring out certain aspects of starting a business.” – Phil Olesen, Owner of Ball Pouncer

“The Enterprise Center provides a great deal of holistic service that is needed by many entrepreneurs. I think the whole incubation concept is critical to the care and feeding of beginning businesses.” – Johnny Mize, Advisory Board Member

In addition, Terry and his team have been speaking to civic organizations and other groups about their model, highlighting entrepreneurial success stories and starting conversations over social media about the incubation process. “Hopefully, we’re telling the story in a way that can continue to grow and grow this program,” he says.

### A SUSTAINABLE FUTURE

The initial grant from the federal Economic Development Administration and the matching AEDC grant were designated for five years. Currently in year three, the WT Enterprise Center’s “Incubation with Urgency” program is now looking toward sustainability once the grant period has ended. While the initial investments supported the specialists and entrepreneurs-in-residence, they also supported structural changes to equip the Enterprise Center with a collaborative space. A new place-based coworking membership category for freelancers, programmers, consultants, and stand-alone entrepreneurs has increased the center’s revenue stream.

“From the beginning, it was a goal of ours to be self-sustaining,” Terry says. “This is not money we would intend to get as a grant beyond five years. We fully expect that by 2018, upon implementation of all of this, our program will be self-sustaining.”

It helps that Amarillo’s economy has been booming since the project began. “There’s a great work ethic in the Texas Panhandle, and with increases in oil and gas and alternative energy exploration, we saw very low unemployment,” says Terry. “But when commodity prices

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go down, people come out of the woodwork a little bit, looking to do their own thing. That’s what we really want to do – create a system that goes beyond just the five years of the program and really create a culture for entrepreneur development.”

So far, that culture is thriving in Amarillo, along with smaller cities and communities throughout the relatively isolated Texas Panhandle. If the West Texas A&M University Enterprise Center and the Amarillo Economic Development Corporation have any say in it, their current partnership will ensure that the Enterprise Center remains a one-stop shop for entrepreneurial growth – and that the expansion of small business continues in the region long after 2018 has come and gone. 🌐





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IEDC would like to thank the sponsors and exhibitors of the 2015 Annual Conference for demonstrating their commitment to the important work of economic developers. It is through their generous support that IEDC has brought leaders of the profession together for this forum of professional development, peer networking, and discussions of the most imperative issues facing economic developers today. We proudly recognize the following sponsors and exhibitors as partners in helping economic developers to build strong, more vibrant communities.

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# NEWS FROM IEDC

## NEW EDRP REPORT FOCUSES ON INFRASTRUCTURE

The Economic Development Research Partners (EDRP) will release a major research report in January on the topic of infrastructure. Infrastructure is an essential component of competitiveness, both for individual communities and for the nation as a whole.



This in-depth paper examines the implications of infrastructure policies in the United States from an economic development point of view, addresses the implications of further disinvestment, and offers solutions that economic developers can undertake to influence infrastructure maintenance and development.

The paper will be released at the 2016 Leadership Summit in New Orleans and will be featured in a concurrent session at this conference.

## ELECTED LEADER TRAINING IN THE DELTA REGION

IEDC, in partnership with the Delta Regional Authority (DRA), is providing training for elected leaders in the eight states in the DRA coverage area. Four free training courses, two per topic, will be provided in each state between now and July 2016.

The first training topic, "Economic Development for Elected Leaders," is a two-day course that covers what economic development is and the role of leaders in supporting BRE, marketing, small business and entrepreneurship, workforce development, and resiliency. The second topic, "Economic Resilience Training," covers economic resilience and uses the IEDC publication "Leadership in Times of Crisis: A Toolkit for Resiliency and Economic Recovery" as its foundation.

For more information, visit <http://dra.gov/initiatives/supporting-delta-leadership/economically-competitive-and-resilient-communities/>.

## CREATING OPPORTUNITY IN LOW-INCOME NEIGHBORHOODS

IEDC staff are working on a new 25-page report funded by the Economic Development Research Partners (EDRP) on "Disinvested Corridors and Neighborhoods."

Currently in the research phase, it will investigate the historical causes of chronic lack of investment in inner city neighborhoods, as well as approaches to revitalization, such as addressing vacant properties, stabilizing local retail, and establishing business improvement districts.

The paper will emphasize the need for balanced and inclusionary development approaches that avoid population displacement. It will be published in March 2016.

## WHY AMERICAN COMPANIES ARE RESHORING

This year, IEDC commenced interviewing senior leaders of American firms about their decision to reshore to the United States. From interviews, IEDC identified six primary reasons why American companies have decided to return their operations to U.S. soil: Faster Speed to Market, Flexibility in Inventory, Practical Economics, Labor, Quality Assurance, and Customer Demand.

IEDC's original research will be published in a forthcoming toolkit (Spring 2016) and articles published in trade magazines. Learn more about IEDC's reshoring research and discover tools that can be used to support companies in their reshoring decisions at the Reshoring American Jobs webpage [www.iedconline.org/reshoring](http://www.iedconline.org/reshoring).

## AEDO PROGRAM ACCREDITS TWO NEW MEMBERS, REACCREDITS THREE

The Accredited Economic Development Organization (AEDO) program is a means of recognizing the professional excellence of economic development entities. IEDC has accredited two new AEDO members: Big Sky Economic Development and Invest Atlanta. Big Sky ED is in Billings, MT, and has been led by Executive Director Steve Arveschoug since 2008. This is the second AEDO member in the state. Invest Atlanta, which is led by President and CEO Craig Richard, CECD, is in Atlanta, GA, and is the first AEDO in the state.



IEDC also reaccruited three AEDOs: Great Falls Development Authority (Great Falls, MT), Muncie-Delaware County Economic Development Alliance (Muncie, IN), and Jefferson Parish Economic Development Commission (Jefferson Parish, LA). Visit [www.iedconline.org/AEDO](http://www.iedconline.org/AEDO) for more information.



INTERNATIONAL  
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COUNCIL

# CALENDAR OF EVENTS

## RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

**Fulfill a recertification requirement without tapping into your budget!**

Earn two credits towards your next recertification by having an article published in the *Economic Development Journal*, IEDC's quarterly publication.

This is one of a number of ways that you can pursue recertification credits.

Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at [murp@erols.com](mailto:murp@erols.com) (703-715-0147).

IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and webinars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

**For more information** about these upcoming conferences, web seminars, and professional development training courses, please visit our website at [www.iedconline.org](http://www.iedconline.org).

### CONFERENCES

#### 2016 Leadership Summit

January 24-26  
New Orleans, LA

#### 2016 Federal Forum

April 3-5  
Arlington, VA

#### Economic Future Forum

June 12-14  
Tulsa, OK

#### 2016 Annual Conference

September 25-28  
Cleveland, OH

### 2016 TRAINING COURSES

#### Economic Development Strategic Planning

January 21-22  
New Orleans, LA

#### Economic Development Credit Analysis

February 10-12  
Orlando, FL

#### Business Retention and Expansion

February 25-26  
Baltimore, MD

#### Real Estate Development and Reuse

March 3-4  
Phoenix, AZ

#### Technology-Led Economic Development

March 10-11  
Milwaukee, WI

#### Economic Development Marketing & Attraction

March 24-25  
Toronto, ON

#### Foreign Direct Investment & Exporting

(advanced course)  
March 31-April 1  
Arlington, VA

#### Business Retention & Expansion

April 14-15  
Lansing, MI

#### Economic Development Strategic Planning

April 28-29  
Albuquerque, NM

#### Workforce Development Strategies

May 12-13  
Atlanta, GA

#### Real Estate Development & Reuse

May 19-20  
Minneapolis, MN

#### Economic Development Credit Analysis

June 8-10  
Tulsa, OK

#### Business Retention & Expansion

June 15-16  
Vancouver, BC

#### Entrepreneurial and Small Business Development Strategies

June 23-24  
Baltimore, MD

#### Economic Development Marketing & Attraction

July 14-15  
Orlando, FL

#### Entrepreneurial & Small Business Development Strategies

July 21-22  
Denver, CO

#### Managing Economic Development Organizations

August 11-12  
Atlanta, GA

#### Workforce Development Strategies

September 15-16  
Baltimore, MD

#### Neighborhood Development Strategies

September 22-23  
Cleveland, OH

#### Business Retention & Expansion

October 13-14  
Madison, WI

#### Technology-Led Economic Development

October 13-14  
Calgary, AB

#### Technology-Led Economic Development

October 20-21  
Atlanta, GA

#### Economic Development Credit Analysis

October 26-28  
Chapel Hill, NC

#### Economic Development Marketing & Attraction

November 3-4  
Phoenix, AZ

#### Neighborhood Development Strategies

November 17-18  
Toronto, ON

#### Real Estate Development & Reuse

December 8-9  
Atlanta, GA

### 2016 CERTIFIED ECONOMIC DEVELOPER EXAMS

#### January 23-24

New Orleans, LA

#### April 2-3

Arlington, VA  
[Appl. Deadline: Feb. 2]

#### June 11-12

Tulsa, OK  
[Appl. Deadline: April 12]

#### September 24-25

Cleveland, OH  
[Appl. Deadline: July 26]

### 2016 WEBINARS

#### Measuring the Return on Incentives

January 13

#### Building Critical Infrastructure: Solutions for the 21st Century

February 17



INTERNATIONAL  
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# creative placemaking

By Jason Schupbach



Photo by Ryan Huilal, ArtsQuest.

A crowd attending an event on the SteelStacks campus, which has become a huge destination and tourist draw for the city of Bethlehem, PA.

## INTRODUCTION

One of the fundamentals of contemporary economic development is that you have to build a community where people want to live – not just work, but live – their life in a convenient and experience-filled way. This fact is reflected in almost every recent study of trend lines for where companies are placing headquarters<sup>1</sup> and where Millennials are choosing to move.<sup>2</sup> In 2010, the Knight Soul of the Community study investigated just why people move somewhere – it asked “Great schools, good transit, affordable health care and safe streets all help create strong communities. But is there something deeper that draws people to a

city – that makes them want to put down roots and build a life?” After interviewing more than 40,000 residents over three years, the top three answers for why someone loves living in a place shocked almost everyone. They are “social offerings, openness, and aesthetics.” To those of us working in the arts, this fact said something huge – that if you are trying to build a great community, you need the arts at the economic development table.

Any economic development practitioner will tell you there is no such thing as a silver bullet when building a great community. You need to pursue many different strategies at once – a jobs strategy, safety strategy, land use strategy, transportation strategy, education strategy, housing strategy, etc. – to be successful. This article will outline the basics

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## PUTTING THE ARTS TO WORK FOR ECONOMIC DEVELOPMENT

*The arts have a role to play in economic development as much as any other field. However, all too often the arts are viewed as non-essential. Creative placemaking is when artists, arts organizations, and community development practitioners deliberately integrate arts and culture into community revitalization work, making sure the arts find a permanent home at the “table.” It takes time, ingenuity, and patience to ensure the integration of arts into community planning efforts. This article outlines the basics of having an arts-based economic development strategy.*

## OUR TOWN GRANT PROGRAM

(<https://www.arts.gov/national/our-town>)

The Our Town grant program supports creative placemaking projects that help to transform communities into lively, beautiful, and resilient places with the arts at their core. Creative placemaking is when artists, arts organizations, and community development practitioners deliberately integrate arts and culture into community revitalization work – placing arts at the table with land-use, transportation, economic development, education, housing, infrastructure, and public safety strategies. This funding supports local efforts to enhance quality of life and opportunity for existing residents, increase creative activity, and create a distinct sense of place.

## ARTPLACE AMERICA

(<http://www.artplaceamerica.org/>)

ArtPlace America (ArtPlace) is a ten-year collaboration among a number of foundations, federal agencies, and financial institutions that works to position arts and culture as a core sector of comprehensive community planning and development in order to help strengthen the social, physical, and economic fabric of communities. They do this through grantmaking, research and cross-sector partnerships.

of having an arts-based economic development strategy as part of that mix – or what we at the National Endowment for the Arts call “creative placemaking.”

## THE ARTS & ECONOMIC DEVELOPMENT

The simplest way to define creative placemaking is as a way to strategically engage the arts in economic development priorities. You should ask yourself: what are you trying to achieve, and how can the arts contribute to that goal? For the past five years, the NEA has been building support for creative placemaking in America. We have invested over \$21 M in communities in all 50 states and Puerto Rico through the Our Town grant program; helped to create a funders collaborative called ArtPlace America; and established partnerships with other federal agencies, including the U.S. Department of Housing and Urban Development. Throughout this process, we have learned a lot about what works and what does not – and we are happy to share some of that knowledge with you.

To start, you need to recognize that almost every community has artists and arts organizations. They are one of the best naturally occurring resources in the world. The arts bring diverse people together and give a sense of belonging to community members – and really, who wants to live life without the arts?

Next, arts jobs are real jobs and an important part of economy. The Department of Commerce’s Bureau of Economic Analysis recently completed an in-depth analysis of the arts and cultural sector’s contributions to current-dollar gross domestic product (GDP). In 2012, arts and cultural production contributed over \$698 billion to the U.S. economy, or 4.32 percent to the U.S. Gross Domestic Product— more than construction (\$586.7B) or transportation and warehousing (\$464.1B). Furthermore, arts and cultural spending has a ripple effect on the overall economy, boosting both commodities and jobs. Looking once again to the 2012 data, 4.7 million workers were employed in the production of arts and cultural goods,

receiving \$334.9 billion in compensation. Despite this evidence, knowledge of how to incorporate the arts into economic development is not well understood by the economic development field and is not taught very often in public policy schools.

When beginning an economic development project, you should start by asking yourself: what are you trying to achieve, and how can the arts contribute to that goal? Digging into this idea, Jamie Bennett, executive director of ArtPlace America,<sup>3</sup> outlined four basic strategies for creative placemaking activities – anchoring, activating, fixing, and planning – in his recent article for the San Francisco Federal Reserve Bank Community Development Investment Review Journal. Let us look at each quickly with an example project.

Anchoring refers to when an arts organization acts as the key institution in a neighborhood, providing community identity and/or generating area foot traffic and business.

### ANCHORING

*Anchoring refers to when an arts organization acts as the key institution in a neighborhood, providing community identity and/or generating area foot traffic and business.*

This strategy is probably the most commonly understood creative placemaking technique. If you build



Mississippi Museum of Art's Art Garden has anchored the downtown, providing a place for downtown workers to eat lunch and tourists to meet before seeing a show.

Photo by Julian Rankin.





*Ground Control: an Opera in Space (2012) by Nelly Ben Hayoun, 2012 ZERO1 Biennial, Seeking Silicon Valley, S. 1st Street Parking Lot.*

the museum, restore the theater, or open the digital studio/maker space, residents and tourists will come and spend money in the surrounding restaurants and shops.

A favorite example of an anchoring project is in Bethlehem, PA. The SteelStacks [<http://www.steelstacks.org/>] project has transformed the abandoned Bethlehem Steel plant into a center for arts and culture. At one time, Bethlehem Steel manufactured steel for structures including the Golden Gate Bridge and the Empire State Building. When the plant closed in 1995, it became one of the largest brownfield sites in the United States and left the region with many economic challenges.

The site was eventually purchased and partially developed as a casino. The remaining land was reimaged by a local arts group, ArtsQuest. The SteelStacks campus now includes the outdoor Levitt Pavilion, a jazz café, music hall, and film center. Additionally, the local PBS affiliate moved its new headquarter building to the site. Today, the SteelStacks outdoor and indoor performing arts facilities draw two million people a year to this community of 80,000 people, generating revenues and jobs for the city of Bethlehem.

## ACTIVATING

*Activating is when communities bring the arts (visual and performing) to public spaces, making public spaces more attractive, exciting, and safe. So many wonderful examples of this type of work exist, with festivals and events happening all over the world.*

Some of the most innovative work in this area is being done by the Quartier de Spectacle, [<http://www.quartierdesspectacles.com/en/>] an entertainment district located in the eastern section of Downtown Montreal. Montreal has a large number of annual festivals, including its world famous Jazz Fest. Local artists and cultural organizations wanted to ensure these festivals would be held downtown in perpetuity. So, they did something special. Working with the city, they closed off a city street and completely redesigned it as a permanent space for

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festivals. Infrastructure – including a permanent stage and lighting, and movable, flexible pieces that can serve as lighting, tables, and spaces for vendors – was installed. Making this infrastructure available to festival producers can save festivals \$60,000-\$100,000 a year in production costs and keeps many festivals from moving outside the city.

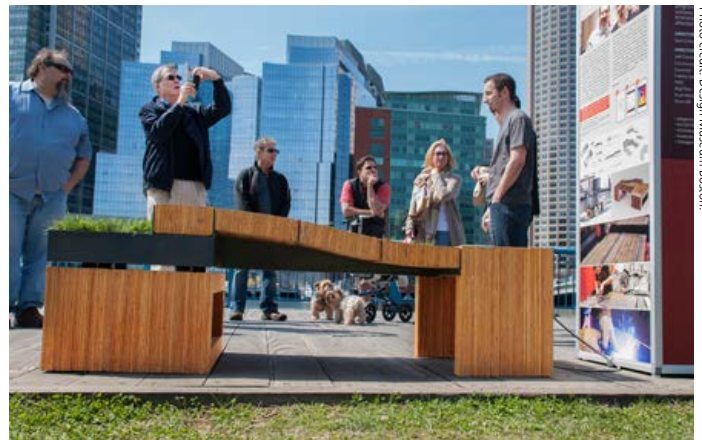
In addition to infrastructure, Montreal has installed permanent digital projectors on 30 buildings, hiring media artists to design projections which are then played on the buildings throughout the year. This amazing outdoor display of digital art is a relatively inexpensive way to activate the buildings and streets in the district.

## FIXING

*Fixing is defined as re-imagining the use of vacant and blighted spaces through arts and design, and how communities use these spaces to connect people to opportunities.*

For years now, one well-known fixing strategy has been to fill empty storefronts with new businesses run by artists or designers on a temporary basis. Using public funds, communities typically cover insurance and start-up costs. In many cases, these temporary rentals are continued beyond the subsidized program timeline, creating new permanent businesses in the districts. The Revolve project [<http://www.degc.org/businesses/revolve-detroit-1>] in

Fixing is defined as re-imagining the use of vacant and blighted spaces through arts and design, and how communities use these spaces to connect people to opportunities.



*A bench designed as part of Design Museum Boston's Innovation District project.*

Photo credit: Design Museum Boston





An artist storefront participating in Project Storefronts New Haven.

Detroit, MI, and Project Storefronts [<http://www.project-storefrontsnewhaven.com/>] in New Haven, CT, are great recent success stories of this strategy.

Lately, however, many people are using ‘tactical urbanism’ – or ‘pop-ups’ – as a strategy to rethink spaces. These kinds of activities include temporary public art and parklets. In San Francisco, CA, the Market Street Prototyping Festival [<http://marketstreetprototyping.org/>] takes this work to the next level. It invites artists, designers, and the public to submit ideas that might improve and/or activate Market Street, the city’s main artery. The festival is a testing ground for design and public art prototypes. The hope is that, through feedback, the ‘pop-ups’ will inform longer-term projects for temporary or permanent installation under the city’s major infrastructure project, Better Market Street, which looks to completely redesign the street by 2018.

## PLANNING

*Planning strategies include engaging community stakeholders through the arts and soliciting community input and suggestions in community design.*

Planning activities are essential for the economic development of all communities. The NEA has found that incorporating artists and designers early in the community planning process strengthens outreach and awareness of economic development issues. In 2012, when the city of Flint, MI, started its first city plan in 50 years [<http://www.imagineflint.com/>], it came to the Agency with a unique project proposal to fund artist residencies in neighborhoods. Looking to avoid boring public meetings, it wanted to involve theater, dance, and visual artists in planning, data collection, and conducting community meetings. Essentially, Flint wanted to use artists to bring the public into the equation, giving them seats at the planning table.

Planning strategies include engaging community stakeholders through the arts and soliciting community input and suggestions in community design.

## COMBINING STRATEGIES FOR SUCCESS

Many communities use a combination of these four strategies at different stages and places in their economic development process. It is quite common to see temporary public art used in tandem with a festival to prepare a site for a permanent cultural facility that will anchor the neighborhood.

Take what is happening in Wilson, NC, with their new Whirligig Park. Over the course of his lifetime, world-renowned local folk artist Vollis Simpson created more than 200 giant whirligig sculptures out of found metal parts. Until recently, the majority of these joyful pieces sat rusting in his front yard just outside Wilson. Once a flourishing tobacco producing town, downtown Wilson is now a shell of its former self, full of empty warehouses and storefronts.

With the intent to revive downtown, the town struck a deal with Simpson to restore and move his pieces to a specially designed park. The park will *anchor* the community, *fix* a public space, and *activate* the downtown with temporary festivals as the pieces get restored. Additionally, the project will not only restore the old whirligigs but also train unemployed local residents in folk art restoration. As a result of this work, developers have purchased every building around the new park site, new residences are being built nearby, and two new restaurants have opened with more in the works.

## GETTING STARTED

Many people ask the NEA, how do I start a creative placemaking project? It always starts with two main things: understanding your community and establishing key partnerships. To put that in laymen’s terms, you need to figure out who is out there and then begin to work together to fill your community’s needs.

First, ask yourself: who are the cultural players in my community? Who are the government workers and the artists? What are the major cultural institutions and creative businesses? If you do not know, contact your local arts council. The local arts council could be a branch of your local government or a local non-profit. Either way,



Planning session for the Hennepin Avenue Cultural Corridor in Minneapolis, MN.

it should have its finger on the cultural pulse of your community and be able to put you in contact with key cultural players.

If your community does not have a local arts council, you should put together a 'cultural assets map,' or a map of the arts and cultural institutions, individuals and businesses in your community. This may take some additional funding but it is worth it. The best asset maps use culturally resonant folklore-based techniques to map a neighborhood. This helps to reach sections of the community that would not normally participate, giving voice to the previously unheard. (You can find more on how to do these kinds of maps here: <http://arts.gov/exploring-our-town/project-type/asset-mapping>.)

Once you know who the cultural resources are in your community, it is important to get to know the community itself. Often, economic development project managers are already involved with their target communities. However, when that is not the case, it is important to make the effort to fully understand the residents – their stories and concerns – so that they can be reflected in the goals and vision of the larger project.

You cannot unilaterally apply a project from one community to another and expect success. Every community is unique. As Roberto Bedoya from the Tucson Pima Arts Council writes, "Success looks very different from one community to the next, depending on local values and systems, which are influenced by the history, social capital, culture, politics, and economic conditions of a region." Therefore, it is important to enter into many conversations with different stakeholder groups in order to learn about each of their unique perspectives, histories, and modes of creative expression.

Note that it can be challenging to uncover unique cultural elements in historically disadvantaged communities but that is when it is most important. So, as you develop a project, you should always ask, how can my project boost the area's current assets and benefit the community as a whole, not just a section of it? (For more resources on understanding community, check out: <http://arts.gov/exploring-our-town/project-process/understanding-community>.)

As an economic development organization, one of the first things you will need to do is establish a common language with your local cultural organizations and artists. Frequently, you will find that the economic development and arts worlds don't speak the same language. So, be patient and ask lots of questions of each other when you first start to meet. Once you have established a common language, you can begin to establish a partnership and develop the project together. Know that projects often don't emerge in the first meeting, but take time to work out together.

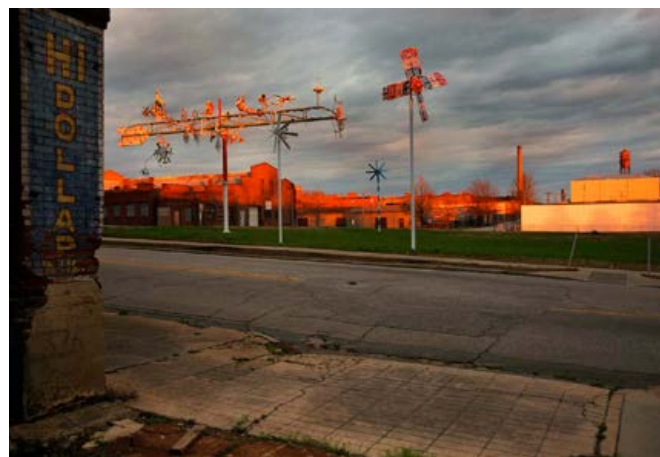


Photo by Jerome DePiering.

*The first few whirligigs, created by artist Vollis Simpson, installed in the new Vollis Simpson Whirligig Park in Wilson, NC.*

[gov/exploring-our-town/project-process/understanding-community](http://arts.gov/exploring-our-town/project-process/understanding-community).)

Finally, all creative placemaking projects require partnerships to succeed, partnerships between not only economic development and cultural actors but also all of the local actors necessary to help a project succeed. As an economic development organization, one of the first things you will need to do is establish a common language with your local cultural organizations and artists. Frequently, you will find that the economic development and arts worlds don't speak the same language. So, be patient and ask lots of questions of each other when you first start to meet. Once you have established a common language, you can begin to establish a partnership and develop the project together. Know that projects often don't emerge in the first meeting, but take time to work out together.

The more partners you have the better, as it shows community support and commitment, increasing the project's likelihood of success. The most successful Our Town projects have at least 15 local partners on the ground, ranging from all kinds of sectors. On projects related to public health, we've seen hospitals, universities, and even farms step up; on projects related to transit access, we've seen malls, business improvement districts, and even churches collaborate; and so on. You should imagine all of the pieces of your project's puzzle, and get to know the local people who can help you to make it happen.

## FUNDING PROJECTS

Another question people ask us is – how can I raise the money to do this work? Funding creative placemaking projects takes determination, creative thinking, and diverse financing. At the national level, as previously mentioned, the NEA has a specific grant to fund creative placemaking called Our Town, and ArtPlace America gives yearly competitive grants. Beyond this, every state has a State Arts Agency, which receives NEA funding, that you can apply to for funding, and if you have a Local

Having the arts at the economic development table can lead to enormous benefits for your efforts. Remember social offerings and aesthetics – the arts – draw people to a community.

Arts Council you might be able to find funding options there.

You should also look to your local and regional foundations, and corporate and individual donors. Depending on the type of project, you might be able to pursue other financing mechanisms, including tax increment financing, tax credits, loans, and bonds. The Our Town grantees have found success using a combination of all of these sources and methods.

## CONCLUSION

Having the arts at the economic development table can lead to enormous benefits for your efforts. Remember social offerings and aesthetics – the arts – draw people to a community. The arts are authentic local assets that can be used to augment what is unique about a place. They can lead to the creation of new jobs and opportunities for all residents of a community. Therefore, if you are patient

and willing to try new ideas, please open the door to the creative talents of your community and add the arts to your economic development strategy – amazing things await!

*These examples just scratch the surface of the incredible diversity of creative placemaking projects that are occurring across the world. For more detailed examples, check out the Exploring Our Town [https://www.arts.gov/exploring-our-town/] online database available on www.arts.gov, which is home to over 70 examples of creative placemaking projects funded by the National Endowment for the Arts. 🌐*

## ENDNOTES

- <sup>1</sup> <http://www.smartgrowthamerica.org/core-values>
- <sup>2</sup> <http://www.citylab.com/housing/2014/05/what-millennials-want-and-why-cities-are-right-pay-them-so-much-attention/9032/>
- <sup>3</sup> ArtPlace America (ArtPlace) is a ten-year collaboration among a number of foundations, federal agencies, and financial institutions that works to position arts and culture as a core sector of comprehensive community planning and development in order to help strengthen the social, physical, and economic fabric of communities. [www.artplaceamerica.org](http://www.artplaceamerica.org)



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# connecting heritage assets

## TO MODERN MARKET DEMAND

By Sara Chester



Colorful strips of fabric at CTD Partner Opportunity Threads.

North Carolina is a place rich in history and the Western Piedmont region is no exception. The story of Burke County is intertwined with the growth of manufacturing – specifically furniture and textiles. For decades, homegrown companies employed thousands of people and became the driver of this rural economy. It was for this reason, among others, that the city of Morganton was named, in the 1990s, to the *Reader's Digest* list of “Best Places to Live and Raise a Family”<sup>1</sup>.

During this time – when nearly 150,000 people were employed in textiles in North Carolina – the word “offshoring” became a new part of the dinner table conversation. Entire families were laid off as factories closed their doors. It was a regular occurrence for a textile plant to employ 700 people one day and be shuttered the next.

Many of these companies performed contract work for large retailers and brands. They were vertically integrated and relied on one or two contracts to support their operations. When these retailers and brands decided to move their work overseas, it devastated the company – and North Carolina communities in the process.

In the wake of the decline in the textile sector, economic developers worked hard to diversify the economy. Many strategies were successful – such as the establishment of the data corridor, which brought Google, Apple, and Facebook data centers to the region. However, unemployment remained high and young people were fleeing the region in search of jobs and better opportunities. By 2013, less than a decade after being a “top ten place to live,” the Gallup Well-Being index placed the cities in the Hickory-Morganton-Lenoir MSA on the list of “Most Miserable Cities in America”<sup>2</sup>.

Sara Chester is project manager at Burke Development, Inc. and co-director of the Carolina Textile District ([sara@burkedevinc.com](mailto:sara@burkedevinc.com)). Deborah Markley, co-founder and managing director for the Center for Rural Entrepreneurship, assisted with the article.

## REINVENTING THE TEXTILE INDUSTRY AND RESTORING COMMUNITY VITALITY TO RURAL NORTH CAROLINA

Community and business leaders in Burke County, NC, have collaborated since 2013 to launch and maintain the Carolina Textile District – a value chain network that supports the growing demand for US textile production. The CTD assists textile manufacturers by building a thriving textile ecosystem and helps entrepreneurs take their idea from concept to production. Burke Development, the county economic development agency, and its partners were recognized for the project as an IEDC Gold Award recipient in the Multi-Year Economic Development category. These local leaders have used their region's manufacturing heritage to harness a new model for sustainable economic growth and define a new vision for the future of their rural community.

THE  
DISTRICT  
CAROLINA TEXTILE DISTRICT

There was no doubt that Burke County – and the state as a whole – had taken a hard hit. In all, North Carolina lost over 120,000 textile jobs from 1995 to 2010 according to the U.S. Bureau of Labor Statistics. The Western Piedmont region, in particular, grappled with its identity. The people in this region had always been makers; manufacturing remained one of the largest sectors in terms of employment.

The region had weathered a long and devastating storm, but the people and many of the assets in the textile sector were still standing. The challenge was to identify how to use this rich history in production, the remaining infrastructure associated with textile manufacturing and the region's tremendous assets – specifically skilled people – to rebuild the region's economy and communities.

### CONNECTING ASSETS TO MEET DEMAND

Every story of reinvention features some critical lead actors. Most often, they are entrepreneurs who recognize opportunities, see solutions that others do not, and mobilize resources to achieve business or social ends. The story of the reinvention of the textile industry in Burke County, North Carolina, and the broader Western Piedmont region is no different.

Dan St. Louis is director of the Manufacturing Solutions Center, a specialized research and development facility known worldwide for testing, rapid prototyping and, basically, finding a “solution” to any manufacturing problem. During the offshoring trend, St. Louis was adamant that textile production would one day return to the states and, in 2010, others started to realize he was right. (See Sidebar 1)

#### SIDEBAR 1: MANUFACTURING SOLUTIONS CENTER

Each year the Manufacturing Solutions Center ([www.manufacturingsolutionscenter.org](http://www.manufacturingsolutionscenter.org)) helps over 1,000 companies from across the country launch products, increase sales, and create jobs. The center is part of the NC community college system but is 60 percent self funded. Founded in 1990, it now has 21 full time and 12 part time staff, all with manufacturing experience and backgrounds. MSC's economic impact over the past eight years totals over \$77 million. The center takes an industry-focused approach to helping companies with:

- ISO rated lab testing
- Workforce development
- Fast Track technician training
- Entrepreneurial support and incubation
- Export assistance
- Support for federal regulations and procuring
- Commercialization
- Applied R&D
- Sourcing
- Prototyping
- Collaborative problem solving
- Product launch assistance



## OpportunityThreads

### SIDEBAR 2: OPPORTUNITY THREADS

Opportunity Threads is a worker-owned cooperative located in Morganton, NC, that serves as a contract cut and sew company for brands large and small. Founded in 2008, the company started with just sewers and has grown to employ over 20 talented and skilled individuals. Six of the employees are Member-Owners and have an ownership stake in the company while the other workers are candidates for Member-Owner status.

Opportunity Threads completes samples, handwork, and small runs (250-500 units) but also has the capability to handle medium and large production runs (5,000-30,000 units). The company specializes in working with entrepreneurs moving from small-scale to full scale production. OT partners with many clients who work with upcycled, organic, and sustainable materials. They promote the triple bottom line of business – that a company can create economic, environmental, and social benefits in its community.

Molly Hemstreet was born and raised in Morganton where she returned, after attending Duke University, to teach in the public school system. She realized that her students were often transient because their parents lacked stable employment and decided to start a business that would create jobs in the community. With support from St. Louis, she opened a worker-owned cut and sew facility in 2008 called Opportunity Threads. Hemstreet decided on a cut and sew facility because St. Louis informed her of the immense demand he was seeing for contract cut and sew services. She also recognized that the skills needed for such work were already present in the community, specifically with a group of Mayan immigrants who relocated to the region from Guatemala. (See Sidebar 2)

As her small shop grew from two employees to a bustling production house of over 20, Hemstreet and St. Louis saw an opportunity. They identified a huge demand from entrepreneurs interested in launching American-made textile products. At the same time, the team began to see a growing wave of reshoring from major retailers and brands. This reshoring was the direct result of rising production costs overseas and changing consumer demand toward more customization, requiring quick-turn production and shorter runs. Changes in the market were creating new and growing opportunities for companies like Opportunity Threads that had the capacity to respond quickly and accommodate the shorter runs that these demand partners required.

All of these companies – large and small, new and well-established – needed help navigating the textile supply chain as it exists today. Neither Hemstreet nor St. Louis could handle the amount of requests they were receiving for assistance in finding and establishing a domestic supply chain. They recognized the tremendous assets that remained in the region – skilled sewers who

could literally make any sewn goods product, equipment, infrastructure, and textile “know how.” They saw an opportunity to fill a gap in the system that might bring new economic opportunities to the region.

The pair partnered with Burke Development, Inc., the economic development arm for Burke County, to develop a system and framework that could organize the demand and organize the producers on the ground to meet that demand. With assistance from Rural Support Partners, a social enterprise that helps move sustainable economic development efforts to scale, they looked to the Value Chain model that had been used mostly in the local foods sector and decided to apply the framework to manufacturing.



## BUILDING A TEXTILE MANUFACTURING VALUE CHAIN

The value chain concept was first pioneered in 1985 by Harvard Business School professor Michael Porter. It comes from business management and defines a value chain as a set of activities that a firm performs in order to deliver a valuable product or service for the market. In more recent years, organizations like the Asset-Based Community Development Institute and the Ford Foundation have led various initiatives to help practitioners apply the model in a way that leads to improved livelihoods. One of these efforts, WealthWorks, has a community of nearly 20 value chain networks that collaborate and learn from one another. (Resources: [www.RuralSupportPartners.com](http://www.RuralSupportPartners.com), [www.WealthWorks.org](http://www.WealthWorks.org))

The team of actors – Manufacturing Solutions Center, Opportunity Threads, and Burke Development – faced the challenge of applying the wealth-building value chain model to a manufacturing sector, essentially building the ship as they sailed it. Their innovation – applying the model in a new sector – caught the attention of a new partner, the North Carolina Rural Economic Development Center, which is a nonprofit tasked with developing, promoting, and implementing sound economic strategies to improve the quality of life of rural North Carolinians. The Rural Center provided a Research and Demonstration grant to launch the project.

The lessons learned from this adaptation process are useful to economic developers interested in applying the value chain framework to other sectors. While any developer should adapt the model to meet the needs of their own community, some basic steps can guide the process. (See Diagram 1)

### DIAGRAM 1. HOW IT WORKS



*Opportunity Threads employees work on a blanket for Project Repat.*

**Establish Demand** – What product or service is needed in the marketplace that your community can produce or provide? Local demand is a starting point. From the outset, it is critical to identify regional or even national demand that will provide more opportunities to bring wealth into your community from the outside.

In Burke County, there was proven and increasing demand for textile production from both entrepreneurial ventures in the broader region and large national companies and brands. The most critical challenge was to create the capacity in the region to reinvent the sector so it could meet this demand. An asset-mapping exercise identified exactly the existing infrastructure that could support a reinvigorated sewn goods industry.

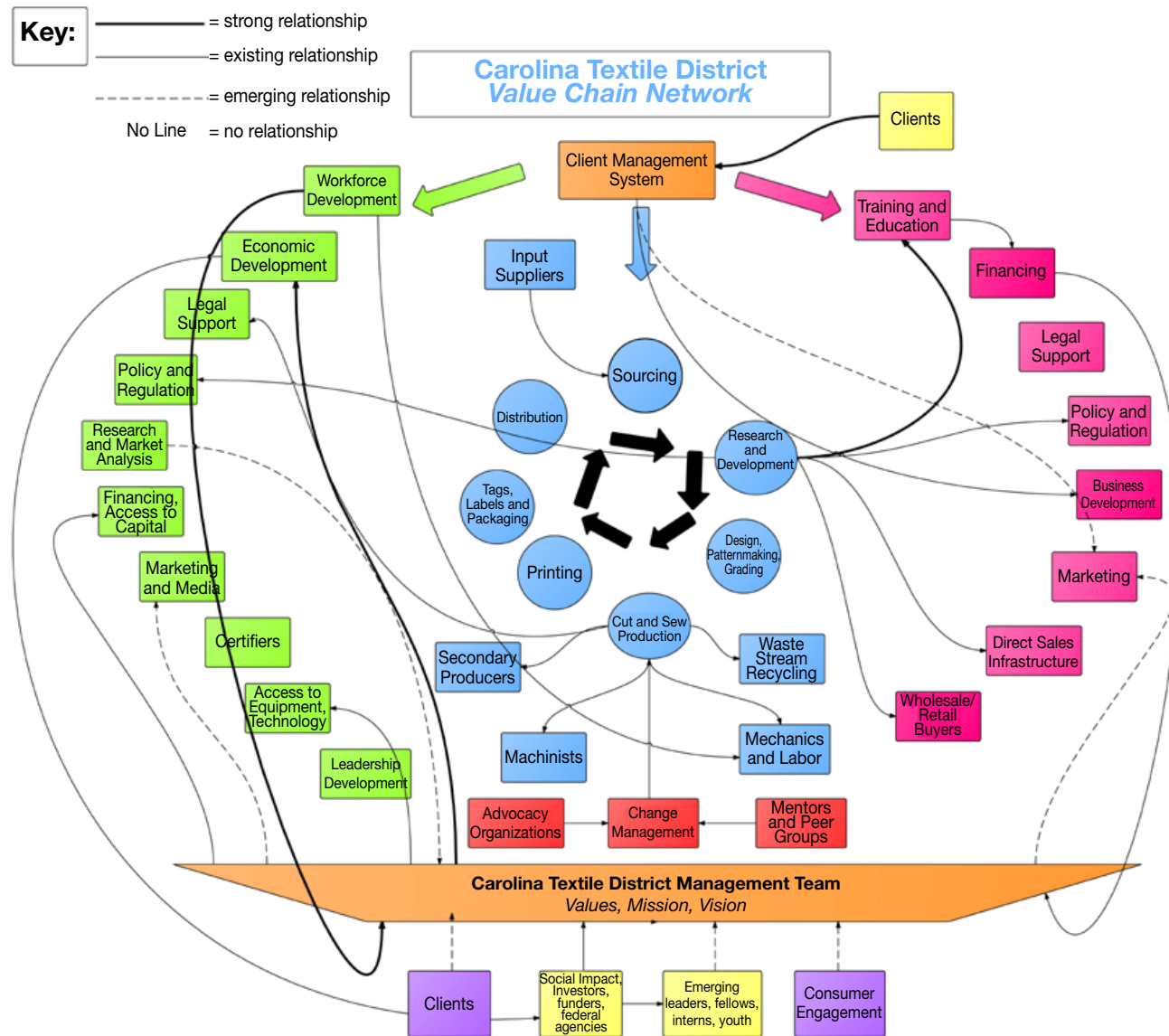
**Identify a Leader** – Many local economic developers are already very busy and have limited budget and staff capacity. Leading an initiative of this scale alone would be a significant – perhaps insurmountable – challenge. The solution, as discovered in Morganton, is to build a team of leaders that can provide support in specific areas. Start with relationships that already exist and find diverse partners that make good, long-term sense.

The Management Team for the textile value chain effort included three organizations – a nonprofit economic development agency, a private business specific to the targeted industry, and a research and development institute based in the community college system. The Manufacturing Solutions Center brought immense textile industry knowledge to the table. Leadership from Opportunity Threads grounded the work in a deeper wealth- and community-building purpose. Burke Development, Inc. provided operational resources and capacity to the project.

**Agree on Desired Outcomes** – Unlike some supply chain efforts where the benefits accrue mostly to the business partners, the goals of the wealth-building value chain are to build wealth broadly, to build lasting livelihoods in a community or region and to root wealth in place. The WealthWorks model defines broadly to include eight forms of capital – social, political, cultural, built, intellectual, individual, financial, and natural.



**DIAGRAM 2: VALUE CHAIN**



Building lasting livelihoods means providing opportunities to the companies and people who need it the most. In Morganton, those people included the new immigrants working in small cut and sew operations, legacy mill owners looking to expand their production opportunities, and the young designers just breaking into the industry. Rooting wealth means supporting locally-owned companies, employing the creative and production skills of the local workforce, and bringing back into production shuttered mills.

In Morganton, these goals were consistent with the desire to support locally-owned, small to mid-size textile companies because their growth has a more lasting and rooted impact. This approach also focused on bringing once-productive textile industry assets back into use in the value chain in a way that would provide benefits to owners, employees, and the broader community of Burke County and the Western Piedmont region of North Carolina.

**Construct the Value Chain** – Participants in a value chain include **Demand Partners** (people who buy the product), **Primary Partners** (core businesses in a tra-

ditional supply chain), and **Support Partners** (organizations responsible for the broader business ecosystem including educational institutions, technical assistance providers, financial institutions, and local governments). In the textile value chain, Demand Partners were clients, entrepreneurs, and major retailers and brands from all across the country who wanted to have sewn goods made. The Primary Partners were the textile manufacturers and associated supply chain companies. The Support Partners included the local small business center office, a local revolving loan fund agency, the North Carolina Rural Center, and other public agencies

Lessons from constructing the textile value chain include:

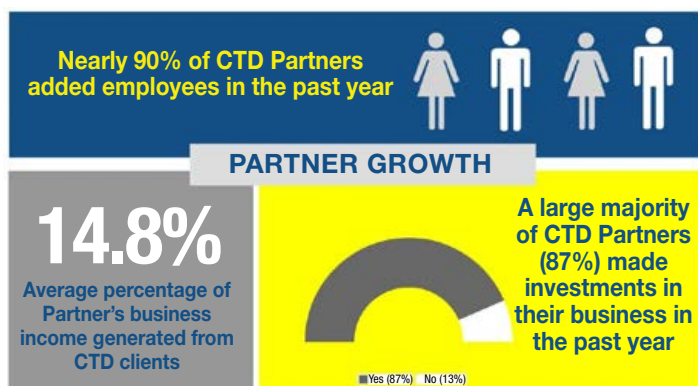
- Start with known and trusted partners and be willing to start small.
- Build momentum and progress with this small value chain team.
- Add new partners when the path forward is clear and the value proposition for engaging them can be clearly demonstrated.

These efforts led to the creation of an organization called the Carolina Textile District, [www.CarolinaTextileDistrict.com](http://www.CarolinaTextileDistrict.com), which serves as the coordinating network for the CTD value chain and its partners. Diagram 2 shows the value chain's Primary Partners in blue (the core businesses in a traditional supply chain), as well as the Support Partners in pink and green (the organizations responsible for the broader business ecosystem).

**Measure Impact** – The value chain model is a tool for economic developers. Most developers have to show measurable impact in order to justify their efforts and continued investment in building a stronger economy. Early in the process of building a value chain, it is important to determine how you will measure and communicate impact to partners, funders, the economic development board, and members of the community.

The Carolina Textile District conducts an annual survey with value chain partners to measure impact. CTD tracks such metrics as jobs created, private investment, and sales growth. Measuring the impact of the value chain – and communicating it effectively – will become more important over time to show why this asset-based approach is a good long-term economic development strategy – especially for a rural community. Diagram 3 notes that manufacturers in the value chain network have added employees and increased sales as a result of their relationship with the CTD.

**DIAGRAM 3: IMPACTS**

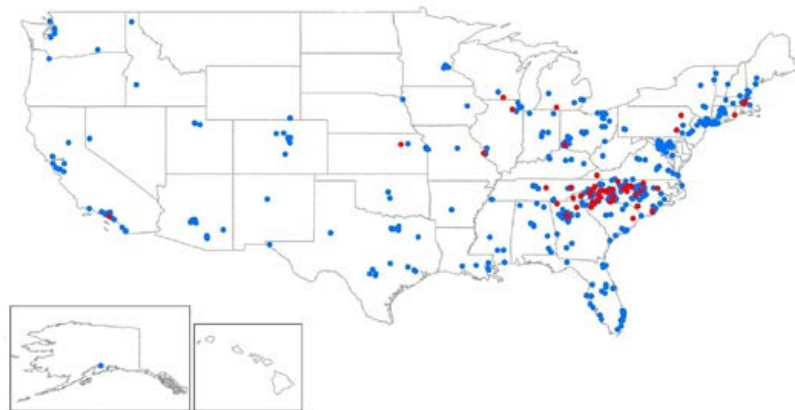


### HOW THE CAROLINA TEXTILE DISTRICT WORKS

The Carolina Textile District, an LLC with one full time and two part time staff, is a strategic network of textile related companies – suppliers, manufacturers, designers, and producers – that grow and thrive together as they collaborate to meet the increasing demand for US-based textile production (represented by the red dots on the map in Diagram 4). According to a study released by global strategy and management consulting firm A.T. Kearney, “apparel production was among the top three industries to ‘reshore’ in 2014, with a 12% rise in American production”. CTD assists these reshoring companies, as well as startups, by connecting assets all across the value chain to meet their demand for products and services.

Over 850 potential demand partners to date have connected with the CTD through the online survey for as-

**DIAGRAM 4: GEOGRAPHIC SCOPE**



sistance in domestic production (represented by the blue dots on the map in Diagram 4). Some demand partners need to access only a few pieces of the value chain (for example, a cut and sew contractor, a designer or a fabric supplier), while others need help taking their project from idea to distribution. CTD Client Managers connect clients to the other value chain partners that are able and interested in producing their specific product at that time. The goal is to drive clients toward completion of a prototype or a production run in just a few weeks.

The CTD supports its primary partners by aggregating and vetting this client demand to provide them with qualified clients and projects. As the organization scaled, CTD received support from the Economic Development Administration to connect with existing manufacturers and facilitate projects and recently from the Appalachian Regional Commission to purchase equipment that can be utilized by the partners in the network. The network started with a handful of value chain partners and quickly grew to a network of over 280 textile-related companies, engaged with CTD in various levels of involvement and partnership.

The mission of the organization has always been rooted in the revitalization of the textile industry and the

### CTD CLIENT STORY:

The CTD worked with client Mary Ann Ridenour to launch her tank top line by connecting her to the designer, patternmaker, and cut and sew company that could produce her product. In just a few months, Tucktails ([www.tucktails.com](http://www.tucktails.com)) went from an idea to being featured in *The Oprah Magazine*.

#### Idea → Design → Production → Distribution

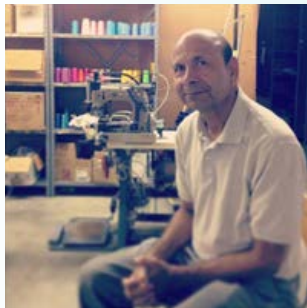


notion of supporting the small to mid-size textile companies in the region. This revitalization happens in many ways:

1. **Strengthen existing firms** – As CTD passes work to existing firms, they are able to grow and add jobs. CTD also provides tools and resources that allow them to connect with and understand modern demand, which has shifted to a “Crafted Production” model. This model entails smaller runs, a diversified portfolio of products and mills partnering with scaling clients that have high growth potential.

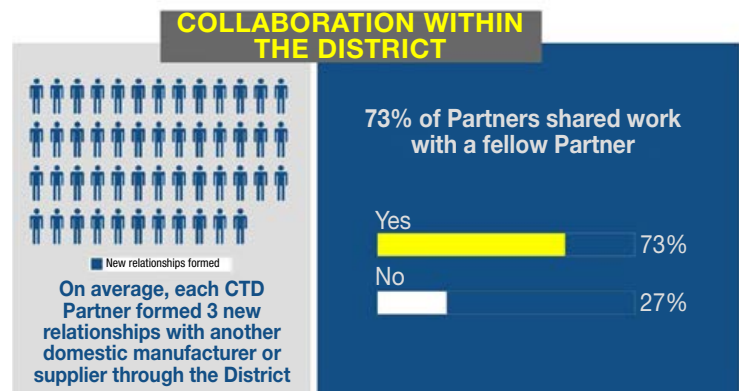
#### CTD PARTNER STORY:

Partner Nand Thaper was planning to shutter his cut and sew facility until the CTD began working with him. Since then, he has diversified his capabilities, connected with modern demand, and stabilized his company.



2. **Grow and scale new firms** – As entrepreneurs start new textile companies in the region, CTD helps them build a diversified client base and connect with other partners in the value chain. These new firms are important to growing the sector in the region and contributing to job creation and community renewal.
3. **Facilitate large production orders** – CTD is piloting the Mill Network Program, which allows several cut and sew facilities to partner on a large production order. Rather than one mill committing all their production to a 50,000 unit contract, five mills can share the contract by establishing joint pricing and quality control procedures. The Mill Network Program is one tool for tapping larger market demand outside the region, bringing new wealth into the North Carolina Western Piedmont.
4. **Address gaps in the value chain** – As a consortium of partners, CTD is able to address gaps in the value chain that a small firm may not be able to address on its own, such as workforce development challenges or access to equipment. CTD has partnered with the public school system to ensure students graduating from high school are exposed to textile careers and are provided with industrial-focused training. CTD has partnered with the community college system to create a co-working space where companies in the network have access to expensive equipment, such as a Gerber cutter. These efforts help to build – and in some cases rebuild – the workforce needed for a thriving textile sector and ensure that jobs created in the sector benefit the region's residents.
5. **Spur collaboration** – Value chain partners subscribe to the belief that “as the tide rises, all the ships rise

#### DIAGRAM 5: IMPACT – COLLABORATION



with it.” They place a high value on collaboration and seek mutual benefit with other businesses in the value chain to support the growth of the industry. This value is reinforced across the value chain and is a tool for vetting new partners as they become part of the value chain. (Diagram 5)

#### A NEW WAY OF DOING ECONOMIC DEVELOPMENT

Increasingly, small rural communities struggle to compete in the economic development game. Larger cities with substantial economic development budgets can offer incentive packages that are beyond the reach of most rural towns. As a result, more and more of these small town developers are exploring alternative ways to spur economic growth. Often, they are also looking for strategies that create long-term “wins” and move the community toward their own vision of prosperity.

The experience in Burke County suggests that the choice of an economic development strategy does not have to be an “either-or” decision. By looking inward and building upon assets, local developers can create competitive advantages that are unique to their community and enhance their ability to recruit new entrepreneurs and new firms. The value chain is one tool for organizing these assets in a way that brings value to the commu-



Employee at Ashton Printing conducting processes for sublimation printing.






Designer Kristin Tidwell works on a garment.

nity and the region. As a result, CTD has become part of Burke County's recruitment strategy and has provided several project leads. It also spurred *Textile Insight Magazine* in March 2015 to name the region a "Top 10 Emerging Hub for Textile Production"<sup>3</sup>.

The wealth-building value chain framework provides a way to evaluate investments based on multiple forms of wealth, encouraging a local economic development strategy that is framed around long-term thinking. These models look beyond the typical metrics (jobs and private investment) to explore how a company is supporting a rural community in a deeper way and whether or not that company is committed to the region for the long haul.

Rather than "putting all the eggs in one basket" to recruit a large corporate manufacturing facility, Burke County is choosing to leverage small to mid-sized, locally-owned companies that are rooted in the community. According to the US Census Bureau, over 75 percent of US manufacturing firms employ 20 or fewer employees,

and these companies are by and large the types of businesses that have been growing and creating jobs since the recession<sup>4</sup>. By supporting small manufacturing firms in the textile industry, CTD is making them more sustainable and more competitive. In turn, these firms are building a stronger, more resilient economy and community.

In Morganton and Burke County, NC, the Carolina Textile District and its many partners have found one way to leverage their textile manufacturing heritage to create a more prosperous future for the people and the businesses in this rural community. Although past job losses dealt a devastating blow to this place, it has harnessed growing industry demand by pulling together existing resources, driving work into local companies, and creating a new way of collaboratively supporting the resurgence of American manufacturing. Together, these diverse partners are reinventing the textile industry and restoring community vitality to the North Carolina Western Piedmont. 

#### ENDNOTES:

- <sup>1</sup> "Hickory Milestones." City of Hickory. [www.hickorync.gov](http://www.hickorync.gov)
- <sup>2</sup> "Provo-Orem, Utah, Leads U.S. Communities in Well-Being." Gallup . 25 March 2014. [www.gallup.com](http://www.gallup.com)
- <sup>3</sup> Blecher, Suzanne. "10 Emerging Design and Production Centers for Domestic Apparel, Footwear & Accessories" *Textile Insight*. March/April 2015. [www.textileinsight.com](http://www.textileinsight.com)
- <sup>4</sup> Gittleson, Kim. "US Manufacturing: The rise of the niche manufacturer." *BBC News*. 20 February 2015. [www.bbcnews.com](http://www.bbcnews.com)

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# rural entrepreneurship

## AS AN ECONOMIC DEVELOPMENT STRATEGY

By Dominique Halaby

### INTRODUCTION

On August 14, 2011, as much of America continued to cope with the effects of the Great Recession of 2008, NBC News anchor Lester Holt brought the conditions of one rural East Georgia community to the national forefront when *Dateline* aired "The Town that Jobs Forgot." The exposé followed the trials of three Jenkins County women as they dealt with the difficulties of the recent economic recession.<sup>1</sup> Much like the rest of the country, the primary culprit for the area's economic woes was the national collapse of the housing and lending markets. The three subjects of the piece included a laid-off worker from a factory that manufactured windows, a laid-off vice president of a local bank overseeing mortgage lending, and a small business owner running a local restaurant whose customers could no longer afford the luxury of dining out. The stories of these women epitomized the hardship facing many of the residents in East Georgia, and it captured the struggles of economic recovery in rural America.

Launching a new business development program in five dispersed rural areas that have faced historical economic hardship can be a daunting task for any institution much less one located outside the service area. However, the GENIE program has succeeded in being well received by the service communities and is continuing to gain momentum. This has been accomplished because of the aggressive stance the university had on maintaining engagement through mentoring, connecting, and training services.

Economic recovery in a rural area can be particularly challenging. Life in many of these once vibrant and self-supporting economic centers has been hampered by larger economic forces and policies that inadvertently limit local leaders' ability to formulate a suitable response to the changing economic environment.<sup>2</sup> For these communities that fall outside the normal commuting patterns of a larger urban core, the residents' need for lower priced goods and services, often fueled by weakening economic conditions, results in an increased competition from non-local providers.<sup>3</sup> The effect is often a reduction of available financial resources that shrink the economic base, limit retail activities, and depreciate the public infrastructure.<sup>4</sup> In many cases, the limit on economic opportunity perpetuates a reduction in population,

which further constricts the economic base and financial resources in rural communities.<sup>5</sup> No longer are rural leaders simply competing with neighboring communities for resources; they now find their communities victim to the national policies, the global economy, and competition from the larger

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### THE CASE OF NAFTA IMPACTED COUNTIES IN GEORGIA

Promoting economic development in rural America can be very challenging. In order to effectively assist entrepreneurs and small business owners in economically challenged counties in rural Georgia with establishing and growing their business, Georgia Southern University developed Georgia's Enterprise Network for Innovation and Entrepreneurship (GENIE). Founded in 2012, GENIE provides a conduit for community and business leaders to engage and access the university services through three methods: mentoring, connecting and training. In three years, the program has assisted over 40 businesses and contributed to the creation or retention of more than 50 jobs. This article discusses and outlines the lessons learned launching the program in five rural counties that were deemed to have been negatively impacted by the passage of the North American Free Trade Agreement (NAFTA). GENIE received IEDC's Gold Award in Entrepreneurship.

NAFTA was designed to enhance the movement of trade and enhance the ability of American firms to compete in the global economy.

urban cities.<sup>6</sup> A prime example of policy that has had a direct impact on many rural communities has been the North American Free Trade Agreement (NAFTA).

### THE PASSAGE OF NAFTA

NAFTA was designed to enhance the movement of trade and enhance the ability of American firms to compete in the global economy. Implemented in 1994, NAFTA is generally understood to have had a number of significant effects relating to variables such as employment, the flow of goods through North America, and even the health of the environment.<sup>7</sup> The intent of the agreement was to encourage competition and open the lines of trade between the United States, Canada, and Mexico. While it is generally agreed that this effort has been successful, there is strong indication that certain regions of the United States have been negatively affected in the area of employment.<sup>8</sup> Though the number of jobs affected is highly contested, certain states and counties are considered to have been particularly high-loss employment areas. In many cases, this legislation has been found to have an adverse impact on rural communities, particularly those rooted in industries that depend on labor whose workers require little formal training.<sup>9</sup>

### ENTER THE NORTH AMERICAN DEVELOPMENT BANK

To mitigate any negative impacts associated with the passage of NAFTA, the North American Development Bank (NADBANK), a bi-national financial institution whose participation by the United States government was authorized through the passage of NAFTA, created a loan and granting arm titled the Community Adjustment and Investment Program (CAIP).<sup>10</sup>

CAIP makes funding available to aid in the creation and retention of private sector jobs in American communities that directly (or indirectly) suffered significant job losses as a result of the passage of NAFTA.<sup>11</sup>

In order for a community to receive CAIP funding, it must be located in a Designated Eligible Area (DEA). DEAs are determined by the CAIP Finance Committee and are comprised of counties along the U.S./Mexico border and those that have experienced significant NAFTA related job losses.<sup>12</sup>

### NAFTA'S IMPACT ON GEORGIA

In Georgia, five counties- Telfair, Wilkes, Jefferson, Jeff Davis, and Lincoln- were deemed to have been negatively affected by NAFTA and identified as DEAs. These counties are mostly noncontiguous and located primarily in

rural areas in Central-East Georgia. From 1993 to 2000, an estimated 22,918 jobs were lost in the state, ranking Georgia as the 12th most negatively impacted state in the nation.<sup>13</sup> Within the five-county DEA, any recovery from these losses was greatly hampered by the recent economic crisis. In 2010 and 2011, the unemployment rate in each of the five-county DEAs has averaged between 10.9 percent and 17.35 percent.<sup>14</sup>

DEA County	Two Year Average Unemployment Rate
Telfair	17.35
Jeff Davis	14.55
Jefferson	13.9
Wilkes	11.9
Lincoln	10.9

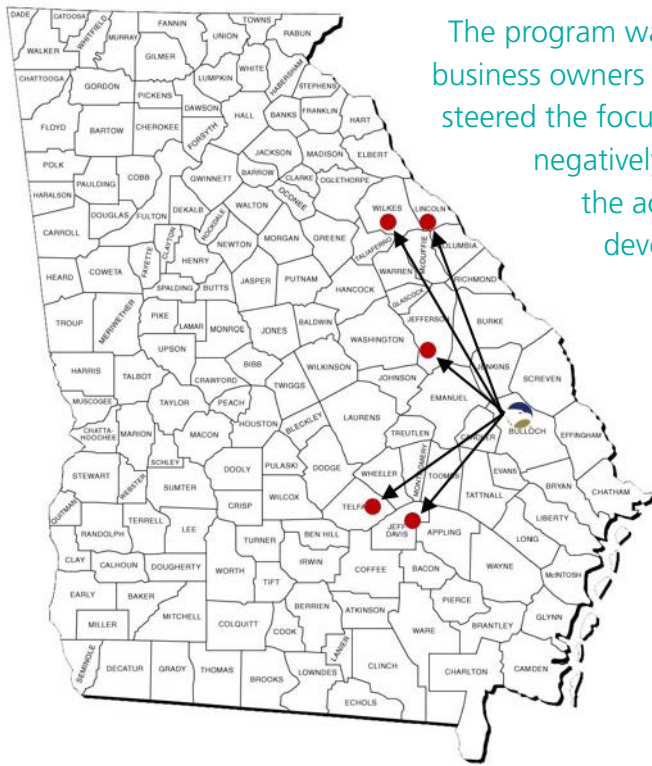
Like many residents in rural areas, the businesses and public entities in these areas receive little assistance in the way of technical services, professional guidance, and planning assistance. Though the state does offer several highly regarded programs to develop and grow business enterprises, they tend to be located far away in the state's larger population centers. Resources are typically allocated based on population to ensure there is adequate activity and deal flow.<sup>15</sup> Consequently, businesses located in less populated areas do not have access to the same level of services as those in the state's urban areas. Considering that in rural areas, small businesses are even more important to the sustainability of the economy, this allocation of services can have a devastating effect. Over time, this distribution of services results in a widening of the economic gap between urban and rural regions of the state, making it increasingly difficult for communities, such as those within the DEAs, to maintain a prosperous economy.<sup>16</sup>

### BRINGING BUSINESS DEVELOPMENT SERVICES TO THE AREA

In order to effectively service the needs of the public and private enterprises in the DEAs, the College of Business Administration at Georgia Southern University in Statesboro launched the Georgia Enterprise Network for Innovation and Entrepreneurship (GENIE) in 2012.<sup>17</sup>

Like many residents in rural areas, the businesses and public entities in these areas receive little assistance in the way of technical services, professional guidance, and planning assistance. Though the state does offer several highly regarded programs to develop and grow business enterprises, they tend to be located far away in the state's larger population centers.





The program was established to assist community leaders and business owners in rural counties, but initial funding from CAIP steered the focus to those communities that were found to be negatively impacted by the passage of NAFTA. As such, the activities of GENIE are focused on the economic development and job creation activities within the five-county DEA.

With over 20,500 students, Georgia Southern University is the largest university in the state south of Atlanta and is located a short distance from each DEA.<sup>19</sup> Though GENIE is a virtual business incubator, this close proximity to the campus greatly enhances the ability of the businesses and community leaders to access the services outlined in the program.

GENIE operates on the premise that a strong and vibrant economy depends on the ability of a community to see new businesses start and current businesses become more efficient. By focusing on activities that help in the creation of new enterprises and improve current enterprise operations, area firms are aided in not only the creation of new jobs but also the retention of current employees.

The goal of GENIE is to promote economic development in rural Georgia, specifically in the five-county DEA. Georgia Southern University does this by providing resources and support for small business owners to grow their business. The program also assists communities in developing an environment that can enable businesses to flourish.<sup>20</sup>

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## ENGAGEMENT THROUGH MENTORING

For many entrepreneurs, having someone to talk with about business processes and challenges can be a powerful form of knowledge transfer and self-reflection. This

GENIE is operated under the Business Innovation Group (BIG), a governing structure that coordinates the efforts of the college's business development and public service components. This includes the area Small Business Development Center (SBDC), Bureau for Business Research and Economic Development (BBRED), and Center for Entrepreneurial Learning and Leadership (CELL).

In April 2013, BBRED received a \$295,927 grant through CAIP to assist U.S. companies doing business in areas of the country that have been negatively affected by the NAFTA.<sup>18</sup> The CAIP grant allowed BBRED to offer the services of a virtual incubator to any entrepreneur located in the five designated eligible area counties at no cost to them. Unlike a traditional business incubator which often requires a business client to be located at the incubator's facility, a virtual incubator places less emphasis on location and more on providing enhanced services. As part of the grant, services of this program were extended to businesses located in Jeff Davis, Jefferson, Lincoln, Tellico, and Wilkes counties.

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In most cases, the mentoring is provided by trained university staff with previous small business experience. However, in cases when the needs of the client extend beyond the capabilities of the staff, a willing business owner in a related, but noncompeting business, is solicited to serve as a mentor. In these instances, it is important that the two businesses not be in direct competition for customers or contracts.

two-way communication often between the entrepreneur and mentor or advisor can help play a key role triggering the business success of the entrepreneur.<sup>22</sup>

It is for this reason that GENIE created the Eagle Mentor program. The goal of the Eagle Mentor program is to provide each GENIE client with the necessary guidance and support to help grow their business.<sup>23</sup> As part of the program, each business client is paired with a mentor or business advisor to help address key issues as they arise and discuss issues that may influence the growth of their business. The advisor or mentor serves as a confidant, with the client as the protégé. The regular communication between client and mentor is often a springboard for addressing business issues as they arise. The client needs to feel as though any issues discussed with the mentor will remain confidential and not be used to place them in a strategic disadvantage.

In most cases, the mentoring is provided by trained university staff with previous small business experience. However, in cases when the needs of the client extend beyond the capabilities of the staff, a willing business owner in a related, but noncompeting business, is solicited to serve as a mentor. In these instances, it is important that the two businesses not be in direct competition for customers or contracts. Five businesses have also been connected with mentors in similar businesses but different geographical locations to help give them guidance as they grow.<sup>24</sup>

For instance, in order to assist the client and maintain the integrity of the mentoring program, a pharmacy located in the DEA that was seeking assistance with changes to Medicaid reimbursement regulations was paired with a mentoring pharmacy in a larger community located outside of the DEA and the client's service area.<sup>25</sup> In another case, a small music studio seeking guidance on best practices was paired with a larger music store that maintains a retail outlet, teaches music, and manufactures equipment.<sup>26</sup>

In order to obtain this level of confidence, the mentor is expected to connect with the client at least once per month. All correspondence is recorded in an on-line client tracking system called Incutrack, either by the mentor directly or the staff advisor that serves in that capacity.<sup>27</sup> This is to ensure that adequate contact between client and mentor is being made and to monitor the client's progress toward performance goals. Advisors, mentors, and GENIE clients have access to the system to record communication and share valuable information such as workshop schedules and procurement information. GENIE advisors have developed and implemented this process as well as follow up plans by utilizing web-based scheduling software. Supervisory staff also utilize the system to maintain accountability and the integrity of the program. Thus far, GENIE advisors and mentors have connected with over 40 businesses and are currently providing services to 23 businesses.<sup>28</sup>

### K&M HARDWOODS

When the GENIE team was first introduced to Steve Gillispie in February 2014, it was evident that he took great pride in building high-quality custom cabinets and indoor and outdoor furniture. However, like many rural businesses, his firm, K & M Hardwoods, suffered from limited exposure to the right client base. Working with a GENIE business advisor, they developed a plan to update the image of his company and communicate the message to a more targeted audience.



GENIE first worked with him to update the image of his business. He was connected with a university graphic design intern, Ashley Hillman, who created a new logo for his company. She also took professional photos of his products for new marketing materials. The team then provided Gillispie with market research to help him determine the most efficient way to reach his target demographics. His GENIE advisor was able to assist in the development and procurement of marketing material geared toward his target market.

In the first three months of this effort, he has already begun receiving inquiries and orders as a direct result of these combined efforts. Recently, he received an order for over \$6,000 from someone who saw his new pamphlets.

The team is now currently working with him to update his web presence and manage a direct mail campaign. The goal is to help him reach his targeted sales in order to help finance a new workshop and hire more employees.

## BATTLE LUMBER COMPANY



The first big project for GENIE was providing an economic impact study for the Development Authority of Jefferson County to assist Battle Lumber Company with an application for state funding assistance to not only remain competitive, but to also increase production capacity. Advisors conducted the study to determine the economic impact of a new production facility that Battle Lumber was considering building at the time. Using the findings from this study, the Jefferson Development Authority and Battle Lumber leveraged \$11.1 million in private investments to request an additional \$500,000 from the One Georgia Equity grant.

The grant money was used to complete a rail spur for the new production facility. This new infrastructure helped to retain 50 jobs and added 25 new jobs to help meet demand of the new processing center.

Picture provided by The News & Farmer Jefferson Reporter

## ENGAGEMENT BY CONNECTING TO RESOURCES

A key aspect of GENIE is the ability of the program to connect the rural business owners and community leaders with tools that will help understand their economic environment and engage in activities that will lead to businesses (and jobs) being created and retained. This is done by connecting them with information, people, and university resources that have the potential to influence and help understand changing economic patterns and market conditions within the DEA.

This process often begins with a clear understanding of the general economic conditions. Statistics, whether in general to a community or specific to a program, play an important part in understanding the general economic conditions of an area and in developing, implementing, and monitoring regional activities. In order to assist the community in operating on a common platform, GENIE developed an online platform for county-wide economic data.<sup>29</sup>

GENIE uses the existing data publicly available from federal sources, such as the Bureau of Labor Statistics, Bureau of Economic Analysis, County Business Patterns, etc. to streamline access and disseminate data by targeted

area. The system, called dataZoa, was developed by Leading Market Technologies.<sup>30</sup> The software automatically pulls data from select sources as the data are made publicly available. Rather than search records from ten different sources, community stakeholders are able to visit [www.bbred-genie.org](http://www.bbred-genie.org) and readily access data pertinent to the county in a single platform.

Facilitating access to data is important; however, in order for GENIE to be outcome driven, the program must do more than just disseminate information. GENIE must connect rural area community and business leaders with university resources for a specific purpose or to obtain a stated objective. Upon launching GENIE, staff met with development authority personnel, chambers of commerce members, and technical colleges' staff to identify projects that could lead to new businesses, identify business clients in need of other services, and review platforms for skills training.<sup>31</sup> The purpose was to identify programs, businesses, and potential partner entities that stood to benefit from the university's engagement. From these series of meetings and presentations, several projects emerged, including assisting with community branding, providing valuable marketing strategies, and delivering legal and procurement information.

For instance, 12 students from a Georgia Southern University Applied Small Business Management class assisted GENIE clients by administering customer satisfaction surveys, developing employee handbooks, outlining a marketing assistance plan, and compiling basic market research.<sup>32</sup>

In addition, the program made available invaluable research to the designated counties including an economic impact study for Jefferson; retail gap analyses for Wilkes and Lincoln; and a target industry analysis for Jeff Davis. The economic impact study was used in support of a grant to assist a business with a rail spur for a new production facility. This new facility enabled the Battle Lumber Company to retain its 50 employees and add an additional 25 workers.<sup>33</sup>

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The retail gap analyses helped community stakeholders determine what new businesses to target for the area. The reports also helped in identifying expansion opportunities for current area businesses which could aid them in increasing sales.

The target industry analysis identified potential industries that could provide support for existing industries in Jeff Davis County. This study was augmented by additional work performed by three Georgia Southern University Public Relations classes. In total, roughly 75 students developed content and strategies for giving Jeff Davis an online presence. Students presented their suggestions to the director of the Development Authority, highlighting their research of the area and strategies for delivering messages to the intended audience. The Development Authority was so impressed that they worked with several other local entities to contract a professional web developer to utilize the content and strategic direction outlined by the classes to create a web presence for the rural county.<sup>34</sup> Currently under development, this new online presence will give the rural community global exposure to highlight existing industry, projects, awards, availability of space/land, workforce, educational systems, quality of life, and more.

### ENGAGEMENT THROUGH TRAINING

A key aspect of expanding a small business owner's knowledge base, thus enhancing their firm's probability for improving efficiencies and opportunity recognition, is their participation in training and development programming.<sup>35</sup> By participating in training programs, small business owners are able to address workplace deficiencies by acquiring new skills.

For many small business owners in these rural communities, accessing these services is only possible by taking several hours out of their business day to travel to a workshop. Through GENIE, business owners in the DEA are afforded the opportunity to participate in programs that stand to enhance the operations of their business. GENIE clients receive information about valuable workshops that may be conducted outside the DEA. Though no formal mechanism exists to monitor the effectiveness of the training initiatives, business advisors disseminate program information and call the clients to follow up on attendance. For the clients that indicate that they failed to attend, barriers such as time, distance, and opportunity cost are given as the primary reasons for limited participation.<sup>36</sup> Through the sponsoring of fees, facilitating online access or simply recording the session and making the footage available, GENIE is able to make the training sessions available and accessible to a broader audience.

The goal has been to bring the educational services from one of the state's largest institutions of higher education to the small business owners located in the economically depressed regions of the state. By using technology to webcast classes and workshops as well as to record programming, business owners in the DEA have access to several quality training sessions.

### JOINT DEVELOPMENT AUTHORITY OF JEFF DAVIS COUNTY

In 2014, the GENIE team partnered with the Joint Development Authority of Jeff Davis County (JDAJDC) to develop strategies for job attraction and retention for the county. The strategy included the development of a target industry analysis and a comprehensive marketing campaign to educate possible expansion or relocation candidate firms of the benefits of doing business in Jeff Davis County. The team conducted its analysis and delivered the findings in early 2015. According to the analysis, the following industries would be complementary and supportive of Jeff Davis' current industries: plastics, resins, and wood windows and doors manufacturers; industrial machinery and equipment wholesalers; and trucking, storage and warehousing. This analysis contained valuable information to assist the JDAJDC in identifying potential industry targets and in communicating the inherent benefits of locating in the area.

In addition, the team connected Illya Copeland, the JDAJDC director, with three Public Relations classes led by Professor Lori



Mallard. During spring semester 2015, 75 students used the analysis as a guide then gathered information about Jeff Davis County, wrote press releases, and developed PR campaigns for the JDAJDC. Copeland is working with an IT team in Jeff Davis to create a web presence for his organization to help recruit or market to potential industries that fit with the analysis' findings. He is also using the students' campaign suggestions to draw local awareness to his organization by holding events like a recent ribbon cutting for a completed rail spur project.

In the time since GENIE presented the student projects and industry analysis, Copeland has been in negotiations with investors that will be a great fit for the area, potentially bringing several new jobs.

However, now in its third year, facilitating the access to training has arguably been the most difficult to implement. Though technology has virtually eliminated the role distance plays in accessing training, the lack of engagement often from in-person course delivery, undoubtedly has limited the true value from the program.

A possible solution to this problem would be live course delivery via video broadcast. However, making live training available is limited by the technological infrastructure in the rural areas.<sup>37</sup>

### LESSONS LEARNED THROUGH DEVELOPMENT AND IMPLEMENTATION

In an era of shrinking funding support and increasing need for initiatives to address growing redevelopment needs in rural America, the GENIE program presents a

unique opportunity to assess the effectiveness of new efforts to promote accessibility and engagement. Understanding how a university provides business development services throughout an economically challenged area via distance learning can greatly encourage other institutions to follow suit. In the first three years of the program, several lessons were learned.

First, in order to maintain accountability in such a dispersed area, the program relied heavily on the use of technology to not only disseminate information but to monitor clients' progress toward stated goals and objectives. The team created an online client application form and database, developed an online system for posting business training tools and videos, and utilized video conferencing software and Skype whenever possible. Notes from individual meetings with clients were also recorded using an incubator client management software. This was important to maintain the relationships established in the region, to provide timely responses, and to minimize travel related expenses. Having contacts recorded was also important for tracking and accountability. Because the program used volunteer peer mentors to enhance the applicability of advice offered, it was sometimes difficult to get these mentors to complete notes. In these cases, a staff business advisor would have to follow up and insert comments from both mentor and mentee. This minimized the burden on the peer mentor and maintained the relationship between the advisor and the client.

Second, in laying the foundation within the community, establishing a regular presence in the rural area was very important. Though this is true throughout the project lifecycle, it is especially the case during the launching of the program. Rural areas in Georgia are very relational. In order to establish trust and to dispel any negative connotations with operating as "outsiders," it was important to log adequate "face time" in the community, particularly to educate key community leaders about the program goals and objectives. By establishing relationships with elected officials, city managers, chamber of commerce personnel, economic development personnel, council of government staff, civic club leaders, etc., GENIE staff were able to market the program to a broad cross section of county stakeholders. This aided in creating opportunities for lead generation through county stakeholders, such as securing the names of those that file for a new business license from the city clerks.

Third, in relation to establishing a local presence it was also important to leverage the relationships that developed. Initial efforts to market programs and services were met with marginal results. The most effective means of generating leads and securing clients and program attendees was through the personal networks of local stakeholders. The importance of local personal networks underscores the dependence on establishing firm, trusting relationships with key stakeholders. Their connection and belief in the program helps fuel services and the achievement of desired outcomes.

The most effective means of generating leads and securing clients and program attendees was through the personal networks of local stakeholders. The importance of local personal networks underscores the dependence on establishing firm, trusting relationships with key stakeholders. Their connection and belief in the program helps fuel services and the achievement of desired outcomes.

Finally, it was important to operate with a clear vision and purpose but also maintain a broad interpretation of outcomes and expectations. For example, in business development circles it is common to view equity and debt financing as a suitable measure for capital access. However, with tightening lending restrictions and few firms eligible for venture capital, GENIE has aided firms in pursuing alternative funding strategies. For instance, GENIE staff assisted a large employer in securing grant assistance from a state agency to support the development of a new facility to expand their operations.<sup>38</sup> The broader interpretation of capital access has enabled GENIE clients to extend the connection to a university in support of grant making activities. This is in addition to assisting with preparation of loan applications more traditionally seen in programs with a Small Business Development Center. Assisting businesses and communities with securing grants for activities that lead to jobs being created and retained, in addition to securing debt and equity funding, has enabled the DEAs to add value by engaging with the university.

## CONCLUSION

Launching a new business development program in five dispersed rural areas that have faced historical economic hardship can be a daunting task for any institution much less one located outside the service area. However, the GENIE program has succeeded in being well received by the service communities and is continuing to gain momentum. This has been accomplished because of the aggressive stance the university had on maintaining engagement through mentoring, connecting, and training services. It has been an ongoing process of developing and cultivating relationships especially as key personnel in the communities change positions. However, GENIE advisors have the right mechanisms in place to continue to grow the network and provide valuable assistance that these communities may not otherwise be able to access. Moving forward, GENIE must continue to identify and utilize basic technological platforms to address the key challenges of distance and program scalability. Only by utilizing technology will the program be able to grow to a point suitable enough to have a broader impact on the state economy. ☎

## ENDNOTES

- <sup>1</sup> NBC Dateline episode titled "The Town that Jobs Forgot." aired August 14, 2011. <http://www.nbcnews.com/video/datetime/45781641#45781641> Retrieved on September 1, 2015
- <sup>2</sup> Timothy O. Borich (1994). Collaboration: A Different Strategy for Rural Economic Development. *Economic Development Review*, 18-21.
- <sup>3</sup> *Ibid*
- <sup>4</sup> *Ibid*
- <sup>5</sup> *Ibid*
- <sup>6</sup> Jim Cavaye (2001). Rural Community Development-New Challenges and Enduring Dilemmas. *The Journal of Regional Analysis & Policy*, 31(2), 109-124.
- <sup>7</sup> Carlos Salas, Bruce Campbell & Robert E. Scott (2001). *NAFTA at Seven: Its impact on workers in all three nations*. Washington D.C.: Economic Policy Institute [http://www.epi.org/publication/briefingpapers\\_nafta01\\_index/http://www.epi.org/publication/briefingpapers\\_nafta01\\_index/](http://www.epi.org/publication/briefingpapers_nafta01_index/http://www.epi.org/publication/briefingpapers_nafta01_index/)
- <sup>8</sup> Mary E. Burfisher, Sherman Robinson, & Karen Thierfelder (2001). The Impact of NAFTA on the United States. *Journal of Economic Perspectives*, 15(1), 125-144.
- <sup>9</sup> Cavaye (2001)
- <sup>10</sup> NADBANK. (2015). *Welcome: NADBANK-Community Adjustment and Investment Program*. Retrieved September 3, 2015, from Targeted Grant Program: <http://www.nadbank-caip.org/>
- <sup>11</sup> *Ibid*
- <sup>12</sup> *Ibid*
- <sup>13</sup> Salas (2001)
- <sup>14</sup> Bureau of Labor Statistics as reported by county by BBRED: *Interactive Map*. Retrieved August 31, 2015, from BBRED Web site: <http://www.bbred.org/interactive-map/>
- <sup>15</sup> Bill Prichard and Phil McManus (eds.) *The Land of Discontent: The Dynamics of Change in Rural and Regional Australia*, 2000. University of New South Wales Press Ltd., Sydney
- <sup>16</sup> Borich (1994).
- <sup>17</sup> Dominique Halaby (2012). *Georgia's Enterprise Network for Innovation and Entrepreneurship Proposal*. Statesboro, GA: Georgia Southern University
- <sup>18</sup> Award Agreement between Georgia Southern University Research & Services Foundation and the Community Adjustment and Investment Program dated April 3, 2013.
- <sup>19</sup> Georgia Southern University student enrollment for Fall 2014 was 20,517 as reported on <http://em.georgiasouthern.edu/osra/student-enrollment-data/>. Retrieved on September 6, 2015
- <sup>20</sup> Halaby (2012)
- <sup>21</sup> *Ibid*
- <sup>22</sup> Miruna Radu Lefebvre & Renaud Redien-Collot (2013). 'How to Do Things with Words': The Discursive Dimension of Experiential Learning in Entrepreneurial Mentoring Dyads. *Journal of Small Business Management*, 51(3), 370-393.
- <sup>23</sup> Halaby (2012)
- <sup>24</sup> Georgia Southern University Research and Services Foundation (GSURSF), U.S. Community Adjustment & Investment Program Targeted Grant Annual Report (May 29, 2015).
- <sup>25</sup> *Ibid*
- <sup>26</sup> *Ibid*
- <sup>27</sup> <http://incutrack.com/>
- <sup>28</sup> GSURSF Grant Annual Report
- <sup>29</sup> <http://www.bbred-genie.org/county-data>
- <sup>30</sup> <https://www.datazoa.com/about/about.asp>
- <sup>31</sup> GSURSF Grant Annual Report
- <sup>32</sup> *Ibid*
- <sup>33</sup> *Ibid*
- <sup>34</sup> Conversation between business advisor and Illya Copeland, Director of the Joint Development Authority of Jeff Davis on September 11, 2015, regarding the current status of online presence for JDAJD.
- <sup>35</sup> Hearing on careers for the 21<sup>st</sup> century: the importance of education and worker training for small business: hearing before the Committee on Small Business U.S. House of Representatives, 108<sup>th</sup> Congress, June 2, 2004 <http://babel.hathitrust.org/cgi/pt?id=pur1.32754077965097;view=1up;seq=5>
- <sup>36</sup> Conversation on September 8, 2015, with Suzanne Hallman, GENIE Business Advisor regarding the client reasons for non-participation in training offerings.
- <sup>37</sup> *Ibid*
- <sup>38</sup> *Ibid*



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