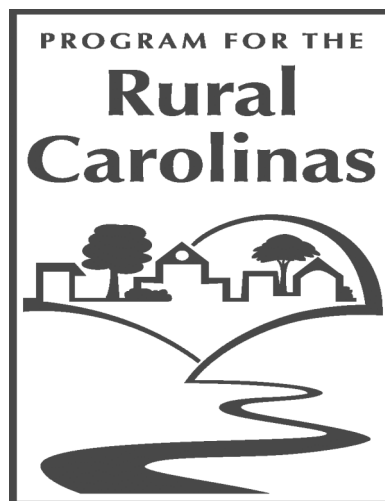




Northwest Alliance Program for the Rural Carolinas

**A Regional Approach to
Rural Economic Development
in
Ashe, Alleghany, and Wilkes Counties, NC**



**A Rural Economic Development Project
of
The Duke Endowment**

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How You Can Use This Paper

The purpose of this paper is to help other rural areas and grantees of The Duke Endowment discern whether their communities might benefit from projects similar to those undertaken by the local leaders of the Northwest Alliance Program for the Rural Carolinas (NAPRC).

We describe here the nature of NAPRC communities and the economic and community development problems they sought to address with their programs. We outline what NAPRC achieved and how they did it.

Part of this paper tells the NAPRC story. Part of it is a technical how-to manual for any group that might try to replicate the NAPRC's projects. Finally, it contains crucial insights that NAPRC leaders gained over time.

We hope this paper is of use to people in other rural areas of the South who want to grow their local economies and offer more to the people who live there.

About the Program for the Rural Carolinas

The Program for the Rural Carolinas (PRC) was a \$10.5 million, five-year experiment in local economic bootstrapping for rural North and South Carolina. Its ambitious goal was to shine a light across the dark spots on the economic landscape and discover those communities where people were eager to try new ideas for enlivening their local economies.

Funding the program was The Duke Endowment, the largest philanthropy in the South. Its mission is to serve the people of the Carolinas by supporting programs for higher education, health care, children's welfare, and spiritual life.

MDC, Inc. of Chapel Hill designed the program and co-managed it with The Duke Endowment. A private nonprofit that works to advance the South economically and build inclusive communities, MDC drew on its 40 years of experience in community and workforce development to provide guidance and personal coaching to selected PRC communities.

The PRC had two core goals. First, it aimed to help people in poor rural places by increasing employment, income, and wealth. This meant helping them earn higher wages and build their personal assets — such as a down payment on a house that would build equity, or even a car that could get them to and from a job. It also included beefing up the local economy so it could offer more and better jobs.

The second goal was to build the leadership, assets, and structures that support the long-term economic renewal of the community. This meant local people were required to form diverse, broad-based alliances that transcended longstanding racial or county divisions. They needed to create new systems for connecting people with jobs. They needed to sow new generations of small businesses. And they needed to work with industry to cultivate new jobs.

All this was to be done using workforce, economic, and community development strategies that MDC has been testing and refining for decades. Among them: Gather a fresh set of eyes to examine the community; base decisions on hard data, not untested assumptions or conventional wisdom; and encourage solutions tailored to specific local circumstances.

Twenty-two communities were chosen. Seven communities adopted the ambitious goal of launching a major community-wide process aimed at strengthening their economies. For this, they received \$150,000 a year for three years, as well as intensive coaching, technical assistance, and guidance from MDC staff.

Another group of 15 communities set a more modest goal of creating innovative, smaller-scale projects with the potential for economic and community impact. They received \$75,000 a year for three years.

After the end of the third year, 15 communities were selected to take their work forward for a fourth year with funding that ranged up to \$50,000.

About Ashe, Alleghany, and Wilkes Counties

Stand in the middle of Main Street in downtown Sparta, NC, and you can see the peaks of the Blue Ridge. Hike to a mountaintop in surrounding Alleghany County and on a good day, you can see Tennessee.

But you don't see the workers coming and going at the factory in the middle of Sparta anymore. All over this rugged county, furniture, textile, and apparel plants have shut down and exported their jobs overseas. Four of the top five employers left between 1999 and 2003, taking with them 1000 jobs – 20 percent of the county's workforce.

In Ashe County next door, it's the same story. Several factories have shut down, including the old Thomasville Furniture plant in the town of West Jefferson. While the PRC was in full swing, one laid-off worker had a habit of drifting in to visit his old spot on the factory floor, even though the place was being renovated for several retail businesses.

The underpinnings of the mountain economy – low wage manufacturing in textiles, furniture, and tobacco – have been ripped away. These workers' livelihoods have been shipped to Central America and Asia. Many seem to be losing their identities as well. Thousands of people are falling out of the middle and working class into poverty. Medical bills are going unpaid. Credit histories are going bad.

The Northwest Alliance Program for the Rural Carolinas Success in a Nutshell

Despite the dismal statistics, the Northwest Alliance Program for the Rural Carolinas (NAPRC) made impressive progress on economic development. For example, they

- Created leadership programs in each county that train people in the basics of economic development. As of April 2007, 120 people had graduated from the course. Of these, 21 had gone through advanced training at the North Carolina Rural Economic Development Institute.

- Brought in rural entrepreneurship training programs that help people set up their own small businesses. As a result, 62 new businesses were launched and 63 jobs created.
- Helped 22 local farmers and craftspeople stay in business for themselves and find new customers by having them attend the rural entrepreneurship program by creating a Web site to market their crafts and foods, and by supporting their marketing efforts at festivals and farmers markets. The Web site produced eight new jobs as the farmers and craftspeople hired help to keep up with increased demand.
- Started an Individual Development Account (IDA) program that matches participants' savings, allowing them to make a down payment on a home or start a new business. Four people have used the matched savings to buy their first homes. Three have used it to start their own businesses. Five are now working their way through the IDA program.
- Brought a consumer credit counseling service to the area for monthly visits, attacking the widespread and crippling problem of ruined credit. No such service had been available in the area before.
- Laid the institutional groundwork for the creation of an industry cluster of companies involved in advanced materials for use in cars, trucks, houses and more.

The industry cluster effort has been the NAPRC's most far-reaching success. The hope is to lure service providers, vendors, customers, and related manufacturers to be near the Martin Marietta Composites plant in Alleghany County. Key to the industry cluster would be a \$14 million Advanced Materials Center. To date, \$1.4 million has been raised for the Center. Major companies are being wooed to build plants in the region, and more jobs could be on the way if new products Martin Marietta Composites and Wilkes Community College are testing find major markets. There are high hopes that in the end, the advanced materials cluster could turn the three-county region from a loser in the old economy to a winner in a new one.

Along the way, the NAPRC's work has sparked other improvements. The town of Sparta won a \$200,000 revitalization grant after being encouraged to apply by the alumni of Alleghany County's new leadership program. A new nonprofit was set up to address the lack of affordable housing as a direct result of the IDA program. And when NAPRC leaders realized that the three-county area had no urgent care medical facility, they won a grant and created such a facility at a local school.

Creating a Regional Approach to Development

Rivals at the Start

When The Duke Endowment first put out the call for applications, Ashe, Alleghany, and other neighboring counties did what they usually did – they competed against one another by submitting individual applications.

- Ashe Memorial Hospital sponsored Ashe's application. A seven-person team representing health care, education, churches, children's advocates, the arts, and economic development prepared the application under the leadership of Nancy Kautz of the county's Health Council.
- Mt. Zion United Methodist Church sponsored Alleghany County's application. Alleghany's 13-person team had similar representation, but added business, civic, and regional development members. Melanie Young McFadyen, with New River Community Partners, led Alleghany County's team. New River is a regional development nonprofit.
- The North Wilkesboro District of the United Methodist Church (NWD/UMC) sponsored a regional application that would cover the eight-county NWD/UMC, which, it so happened, included Ashe and Alleghany. Almost half of its 18-person team represented faith institutions and included others from business, social agencies, and government.

The Duke Endowment gave high marks to all three applications, but in fairness to the other 90-plus community applicants in the Carolinas, it felt it could not award separate grants to neighboring counties. In addition, although the regional concept of the NWD/UMC application was attractive, the sprawling eight-county region was judged too big for a manageable demonstration effort.

The Duke Endowment offered an alternative approach for the three to consider that took the best ideas from each individual application and melded them into a single three-county regional effort. It called for neighboring Ashe, Alleghany, and Wilkes (one of the eight counties in the UMC District) to form a regional partnership to promote joint development. The proposed regional effort was to place priority on Ashe and Alleghany Counties, because they had severely depressed economies. Wilkes County, with more development experience, resources, and infrastructure, was to lend its strengths to the effort. The three teams accepted the offer and formed a regional partnership that became the Northwest Alliance Program for the Rural Carolinas (NAPRC).

When The Duke Endowment awarded the regional group a planning grant, they chose the North Wilkesboro District of the United Methodist Church as the grant recipient, because all three counties were in its district. The regional group ultimately chose New River Community Partners as the lead agency to coordinate regional planning and program activities and New River's Melanie McFadyen as project coordinator.

This was the beginning of a long process of building an effective regional planning and oversight body. It meant NAPRC members would have to put aside long-held county rivalries and doubts if they were to build a regional vision of development. Traditional competitiveness over allocations for state road construction, industry recruitment, downtown development, and on to even high school football and basketball had to be replaced with regional unity. County boundaries had to be bridged, if not erased.

“We had to break down a lot of barriers in our own membership to even get started,” said McFadyen. “It took a lot of imagination.”

Forming a Regional Planning and Oversight Board

To solidify the regional approach, a formal regional oversight body needed to be established. Nancy Kautz, representing the Ashe county team, Melanie McFadyen, representing the Alleghany team, and the Reverend Alan Rice, representing the UMC District team, began that process by identifying potential members for a regional board from their original county teams. The three gave priority to agencies and individuals with needed skills to achieve joint development goals and others such as Wilkes Community College (WCC) that participated on each of the three original teams (WCC's service district includes all three counties.) Other organizations named to the initial regional board were Blue Ridge Electric Membership Cooperative Community and Economic Development, Ashe Arts Council, several United Methodist Churches from the region, Ashe Memorial Hospital, private industry, and New River Community Partners, a nonprofit regional development agency with significant development experience. The initial board had 14 members.

“After the first few months, our group really jelled,” McFadyen said. “There was good chemistry, and mentally we all clicked. We had very creative people balanced by technical people, so we could figure out the big picture *and* how to get it done.”

Planning for Regional Economic Renewal

In mid-2002, the newly constituted NAPRC board started a six-month planning period that produced in a proposal to The Duke Endowment for funding for the team's first year of regional programming. The NAPRC, like other PRC community groups, used MDC's “Vision to Action” strategic planning tool in that process. It required that they ask themselves: How do we want to see our area evolve economically over the next five to 10 years? What barriers stand in our way? What resources do we have to help us get there? What strategies will make the best use of our resources? Who can help us implement those strategies? How can we keep track of our activities to ensure we make needed progress? (For information on Vision-to-Action, go to MDC's website at www.mdcinc.org.)

Vision to Action planning enabled the NAPRC to take a fresh look at its region in order to identify its economic development strengths, weaknesses, opportunities, and threats. It did this by gathering and analyzing economic and demographic data, by soliciting input from individuals, organizations, businesses, and government in all sections of the region. It then prioritized the region's areas of economic concern and opportunities for advancement.

McFadyen had written many proposals, but this one was different. The Duke Endowment request for proposals did not dictate specific goals to meet or activities to be conducted. Instead, the team was required to link its proposed activities with economic challenges faced by the region; suggest both long- and short-term actions; and specifically address the needs of people who had been left behind by the region's changing economy. The PRC was set up to give community teams leeway to experiment with their programs as long as they remained true to its broad goals. “We didn’t have to gun for a certain set of outcomes,” McFadyen said. “We could be creative and innovative. We were really good at seizing opportunities as we saw them.”

The result was a proposal that focused on five areas of development:

1. A regional marketing strategy for indigenous craft and agriculture products that included an education component, Web-based marketing pilot, and regional branding of products.
2. A regional entrepreneur and workforce development program to encourage small business development and improve the region's workforce competitiveness.
3. Leadership development to deepen the region's leadership base.
4. Planning, outreach, and research aimed at increasing regional economic development resources, knowledge, and experience to pursue long-term economic renewal.
5. Asset development that included assisting the region's low-income workers in building personal assets via small business development, home ownership, education, and by claiming the federal Earned Income Tax Credit.

By the start of their first year of programming, the three previously unaligned, competing county teams had established a workable regional approach to meeting specific county needs as well as solving common problems. Over the life of the NAPRC, they would make significant progress working together on regional solutions.

Organizing for Program Implementation

As the NAPRC moved from planning activities to implementing them, it needed to reorganize. Its small 14-person membership had been highly effective in pulling together

a regional plan, but it was inadequate to conduct and oversee program activities. Consequently, the core group of 14 became the NAPRC board, and additional agencies and individuals were added to form implementation committees. Implementation committees were usually organized and led by a board member who had an interest in a particular program area. That involvement kept the board aware of program developments and enabled it to act quickly to remedy problems or provide support as needed. Implementation committees generally met weekly as programs were initiated and bi-weekly or monthly after they were operating smoothly.

“The implementation committees got very big,” McFadyen said. “Anyone could join them. We really got a good segment of the communities involved in them.”

NAPRC created implementation committees for each of the five priority areas identified during the Vision to Action planning process. These were [1] regional marketing; [2] entrepreneur and workforce development; [3] leadership development; [4] regional planning and research; and [5] asset development.

In addition to conducting the programs, each of the committees had the task of finding institutional homes for its programs so they would be sustained beyond the life of the PRC. As an example, the executive director of the Ashe County Partnership for Children signed on early to lead the NAPRC'S Individual Development Account (IDA) implementation committee. As the program unfolded, it was located within the Partnership for Children and staff was employed to run it. As a result, when the NAPRC ended in March 2007, the IDA program was sustained by the Ashe County Partnership for Children.

An Effective Program Staffing Strategy

One tactic the NAPRC used to get an excellent coordinator for relatively little money was to buy 50 percent of McFadyen’s time at New River Community Partners. This saved the Northwest Alliance from paying overhead and benefits directly or having to deal with payroll taxes. New River donated the rest of her time so that she worked full-time on the NAPRC.

The arrangement allowed the NAPRC to hire a more experienced coordinator than they could otherwise afford. Had the team tried to hire a full-time administrator for a typical grant position—temporary and without benefits—they probably would not have found one with McFadyen’s level of experience.

Hiring McFadyen also ensured that the NAPRC had a broad set of contacts. New River had started as a community development corporation serving the populations in the watershed of the New River in North Carolina, Virginia, and West Virginia. Alleghany and Ashe counties were among those watershed communities served. So, New River had a local record of accomplishment and credibility in the area.

NAPRC used the same arrangement to secure part of John Hauser's time from Wilkes Community College to oversee its workforce and economic development activities and part of Bud Hill's time from the Ashe County Partnership for Children to oversee the IDA project.

One of the unique things about the NAPRC team was that staff members Melanie McFadyen, John Hauser, and Bud Hill also sat on the NAPRC board and had a vote.

That meant the board had a constant flow of up-to-the-minute information, since the staffers were working on the project every day, McFadyen said. It also meant the three staff people, who all worked in different counties, had their loyalties firmly grounded in the common project. Whenever a vote came up on staff salaries, McFadyen, Hauser, and Hill would recuse themselves.

NAPRC's Program Experience

Growing entrepreneurs

One of the Northwest Alliance's major efforts was to encourage rural people to set up their own small businesses. The idea to do so came from Wilkes Community College's NAPRC board representative. He had established a successful entrepreneurial training program (Rural Entrepreneurship through Action Learning [REAL]) at another community college and proposed that NAPRC work through Wilkes Community College to do the same for the region.

The board felt the idea offered what local would-be entrepreneurs needed: help developing business plans and the flexibility to offer follow-up courses tailored to local needs. And it offered the region a strategy for creating jobs.

For LeAnn Gambill, the REAL course helped transform her dreams of a retail store into a hard-nosed, well-researched business plan that boosted her chance of starting a successful business. At her Old Tyme General Store in downtown Sparta, lunch crowds pack her old-fashioned red lunch counter. Both affluent newcomers and local people shop for her buckwheat pancake mix, chic outdoor wear, and other items. She employs eight people and broke even in less than half the time her business plan envisioned.

NAPRC offered six REAL courses. Each required six to eight hours a week for three to four months. Seven to eight people attended each course. Forty-five people completed the REAL training.

To provide an alternative to REAL training for those who could not commit to REAL's full course, NAPRC also provided scholarships to Wilkes Community College's Small Business Center. These shorter, "how-to" classes ranged from three hours to one day and focused on a single topic, such as how to get business financing. They were offered at varying times of the day to accommodate different schedules. By the end of the NAPRC, following all the entrepreneurial training, 62 new businesses had been launched and 63 jobs had been created.

Helping the Low Income Build Assets

MDC has learned over the years that Individual Development Accounts, or IDAs, are an effective ways to help people climb out of poverty. Until those left behind by the economy build a nest egg in the form of a savings account, equity in home or business ownership, and similar strategies, they constantly face the jeopardy of being economically knocked back down by the next illness or job layoff. IDA programs help the low-income build that nest egg by encouraging participants' to save by matching their savings for the purpose of making a down payment on a home, starting a new business, or obtaining education; all strategies aimed at moving people out of poverty.

MDC suggested that the NAPRC board consider starting an IDA program, and they agreed. "We liked the idea of having local folks build assets," McFadyen said, "and learn about how wealth is built rather than lost, for example buying a stick-built house rather than a mobile home."

NAPRC board member Carol Coulter, executive director of the Ashe County Partnership for Children, decided from the beginning that her agency would house the program. The agency advertised for a program director and hired Bud Hill, a former pharmaceutical executive, as program director.

As of April 2007, four people have used the matched savings to buy their first homes. Three have used it to start their own business. Five are now working their way through the IDA program.

To produce those results, Hill interviewed more than 100 people. About one in 10 who interview actually qualifies for the program, he said. The rest have credit problems that take a year or two to fix before they can start.

The first person to use her IDA account to buy a house was Stacey Grubb, a divorced mother and college student. As required, she attended a monthly financial planning seminar and saved \$1000 in her IDA account, which was matched with \$2000 more for a down payment.

"I actually never thought I would own my own home," Grubb said. "I did a lot of praying about that. I feel really blessed."

As Hill and the other board members talked about the difficulty of finding people whose credit was good enough to enter the IDA program, they started to realize that bad credit was a problem that needed addressing, McFadyen said.

“When I’m with a client and we ask them if they have reasonable credit, they’ll usually cast their eyes down and say, ‘My credit is a disaster,’” Hill said. “They are very used to being in a situation where they’re seeking to purchase something that’s needed and the credit manager will say, ‘I’m sorry, come see us when your credit is repaired.’ Bad credit leads to bad self-esteem.”

So, Hill and the board looked around for a credit counseling service. Hill won a grant to bring the Consumer Credit Counseling Service to the area once a month. Local people claim every time slot on the Counseling Service’s monthly visits, Hill said. No such service had been available in the area before.

Hill said, “One of the things I say to them is, ‘Congratulations. This is going to be one of the most positive days of your life. You are coming back into the sunlight and out of the darkness. Even if it takes a year or so to get your credit repaired, what you’re doing now is going to make the difference in your life.’” In April 2007, Hill was searching for another grant to bring the credit counseling service to Alleghany County as well.

Expanding the Rural Leadership Pool

The idea of running leadership classes locally came from Brian Crutchfield, an NAPRC board member. Crutchfield is an executive with the Blue Ridge Electric Membership Corporation and has served for years as an unofficial industry recruiter for the area.

Several leaders in the three-county area had already gone through a leadership training program offered by the NC Rural Economic Development Center in Raleigh. NAPRC leaders wanted to offer local people a similar course.

So Crutchfield set up a five-person NAPRC committee that started meeting bi-weekly. Soon the committee grew to 20.

They designed the training based on two key concepts that MDC developed. The “Cycle of Development” teaches that good jobs and good salaries lead to stronger schools, a better quality of life, and in turn to an improved workforce, which then attracts more investment and better jobs with higher salaries. The “Building Blocks of Economic Development” outlines six elements a place needs to have a healthy economy, from business opportunities to a vibrant cultural life. (For more information on the Cycle of Development, go to MDC's website at www.mdcinc.org.)

“The whole idea behind that was helping local people get involved in making decisions about their local communities, so they feel inspired and also capable of making their own decisions,” McFadyen said.

As of April 2007, 120 people had graduated from the course. Of these, 21 had gone through advanced training at the North Carolina Rural Economic Development Institute. Some have gone on to serve on school boards, county commissions, and other groups.

The tangible benefits of grooming new leaders were evident recently when the Alleghany County leadership graduates encouraged the town of Sparta to apply for a \$200 million economic revitalization grant, which it won. Officials were impressed, McFadyen said, by “this core group of informed, enthusiastic leaders who could sit down and talk knowledgeably about what they wanted to see.”

Marketing Indigenous Crafts and Farm Products

McFadyen and New River Community Partners already had worked with local farmers to secure grants that helped them move away from tobacco into other crops like herbs and ornamental trees. Now several farmers on the NAPRC marketing committee brought up the need for marketing help. “They told us they could grow it, package it, and price it, but they didn’t know how to market it,” McFadyen said. “I remember our agricultural extension agent saying, ‘Maybe we need a Web site to market it.’”

So the NAPRC’s marketing committee launched an effort to help the farmers and craftspeople jointly market products with a specific brand tied to the three-county region. They designed cooperative advertisements and placed them in local and regional magazines and newspapers such as the *Mountain Times* and *Our State*, North Carolina's official magazine.



They put together an interactive Web site for local farmers and craftspeople, www.newrivercrafts.com. Through it, shoppers could see and order the crafters’ quilts, pottery, paintings, and woodcarvings.

The committee also helped craftspeople and farmers travel to festivals and local farmers’ markets to promote their crafts and foods, such as *Our State* magazine’s “Made in North Carolina exhibition” at the Grove Park Inn in Asheville. They would rent stalls to display their work jointly.

In the end, the marketing effort helped 22 local farmers and craftspeople stay in business and find new markets. It also supported eight new jobs for people who were hired to keep up with demand.

Creating a Regional Industry Cluster to Create Rural Jobs

In 2002, a Raleigh, NC-based company called Martin Marietta Composites leased a plant in Sparta to manufacture parts made of advanced (also called composite) materials. These materials are made of resin, carbon, and other ingredients. They are stronger, lighter, and stiffer than steel and other metals, and they don't rust. That makes them good building materials for bridges, modular homes, the bodies of trucks and boats, and a slew of military products.

When John Hauser, NAPRC's workforce and economic development committee chair and Wilkes Community College's industry liaison, called on Martin Marietta CEO Grant Godwin, he and Godwin discussed a mutual concern: the need to change the way the three NAPRC counties worked together to support the expansion and retention of area industry. They shared the perception that the counties needed to stop competing against each other and start working together to strengthen the overall regional economy.

One method they discussed was developing an industry cluster around Martin Marietta's advanced materials business. Working together, the NAPRC counties would woo companies that could supply materials, parts, and services to build up the advanced materials industry in the area. Cluster businesses would have a mutual interest in the success of one another that would act to strengthen each individual business. And act as an incentive for the counties to use in attracting more of their kind. In turn, it would provide the incentive for the counties to work together because the success of one would enhance opportunities for all. It could mean a huge leap forward for the local economy. It could even transform the area's economic base into something totally new – an advanced materials hub – a bit like Research Triangle Park, which transformed the economy of the Triangle.

Hauser became a believer in the cluster idea and developed disciples among NAPRC team members. He had seen the detrimental effects of competition among the three counties that were in part a product of the state's traditional use of incentives and tax breaks to lure industry. An industry cluster represented a different tack that would help reduce competition. After presentations to the NAPRC group, the advanced materials industry cluster became NAPRC's primary economic development strategy.

Developing cluster knowledge and capacity

With support from the NAPRC's technical assistance fund, Hauser attended a weeklong training session on industry clusters at an influential cluster think tank, the Economic Competitiveness Institute in Berkeley, California. He took Brian Crutchfield of Blue Ridge Electric to share the experience and add to the NAPRC team's knowledge base. They immersed themselves in the topic and returned to North Carolina with a plan for implementing a Northwest North Carolina Advanced Materials Cluster Development Program.

Once home, Hauser started promoting the industry cluster in front of every civic or business group he could find. He set up a group to lead the cluster project and built a Web site.

He succeeded in convincing one company, Beyond Cargo to locate in the area and start manufacturing its product – a rugged tailgate extender – out of advanced materials. Two other industry prospects, one that produces items for the U.S. military and another that makes car and boat trailers, are his current advanced materials targets.

To start training workers for the advanced materials industry and get the local colleges involved, Hauser set up a two-year degree in advanced materials engineering at Wilkes Community College. When the degree program starts up in 2008, after completing two years at Wilkes Community College, graduates will be able to transfer to one of seven four-year colleges including N.C. State University, N.C. A&T University, and East Tennessee State University.

He also worked with Appalachian State University in Boone to set up B.A. and M.A. degrees in advanced materials engineering, which also are expected to start in 2008.

An advanced materials center

Next, the idea of a \$14 million Advanced Materials Center to advance the industry cluster and provide related education and training gained attention. On behalf of NAPRC, Hauser started rallying support for proposed center and the state's Golden Leaf Foundation awarded it a \$1.2 million grant. The Center also has been granted \$200,000 from the Appalachian Regional Commission. A site study for the center is underway.

New Product Development

In the meantime, Wilkes Community College is receiving support from NAPRC to work on a prototype of a house, manufactured almost entirely of composite materials – roof, walls, and framing. With no wood, such a house should be waterproof, mold-proof, termite-proof, and so tough that hurricanes could not destroy it. Appalachian State University's Energy Center is working to make the house use zero energy. The experiment is backed by a major homebuilder to see if such houses would spark a demand in the Gulf Coast region where many homes destroyed by Hurricane Katrina have not yet been rebuilt.

Hauser now has two other prototype projects underway with Martin Marietta Composites and funding from the Golden Leaf Foundation. One is the body of a city bus; the second is the body of a commercial package delivery vehicle. The advanced materials bodies would make for a lighter, stronger vehicle that requires less gasoline. Both would run on hybrid engines, making them even more fuel-efficient.

Recruiting the Big Fish

Hauser also is pursuing an advanced materials industrial recruit for the cluster linked to military production that would employ a substantial number of workers. “This is exactly the type of company we’re after,” he said.

Sustaining Programs Beyond the PRC

To sustain its programs, the NAPRC team employed a strategy to house each of its programs within an existing organization. The IDA program was housed with Ashe Partnership for Children. The industry cluster project was housed within Wilkes Community College. Leadership training programs operated under the wing of the Chambers of Commerce in Ashe and Wilkes counties. In Alleghany County, program alumni now keep it going as a community project. Entrepreneurship training was located within New River Community Partners and later expanded to include a “Business Boot Camp,” an intensive two-and-a-half-day course starting a business. The crafts Web site is operated by nonprofit Alleghany Arts & Crafts, which dedicated a full-time employee to developing the Web site. As a result, by the time the Program for the Rural Carolinas ended in March 2007, sustainability of NAPRC's programs was an accomplished goal.

Replicating NAPRC Programs and Initiatives

Replicating the Industry Cluster

When it comes to recruiting industry, each region or community has its own pattern of strengths and weaknesses. No other rural place in the South will have the exact combination of ingredients that went into making the Northwest Alliance a good place for an advanced materials cluster. However, other places might be ripe for a different industry cluster.

Four major elements that enhanced NAPRC's efforts to develop an advanced materials cluster were:

1. The anchor plant: Martin Marietta Composites, which offered the industry foundation for the effort.
2. The vision for an industry cluster promoted by Martin Marietta executive and plant CEO Grant Godwin and Wilkes Community College NAPRC member John Hauser.
3. The support of a crucial regional institution: Wilkes Community College, which served the three NAPRC counties of Wilkes, Ashe, and Alleghany and had as a primary mission boosting the region's economic development.

4. The persistent guidance of Hauser and Godwin and the committed institutional support of the community college and Martin Marietta that convinced officials of the three counties to lay down their old rivalries and jointly focus on the region. The trust Hauser built with leaders of the three counties was vital in getting them to embrace the team's cluster vision.

NAPRC's advice for others who might want to start a similar cluster effort follows.

- A "champion" industry like Martin Marietta Composites is a necessity to start with.
- Outside training is essential to success. Hauser spent a week at the Economic Competitiveness Institute in Berkeley, California, learning about what makes industry clusters work.
- The target area's strengths and weaknesses must be studied. Hauser was able to use data from a previous Economic Development Administration study that pinpointed a few specific industry clusters that might work in the mountains. (One of the PRC's major principles is making decisions based on data, not on conventional wisdom or untested assumptions.)
- Develop a specific strategy that makes effective use of local resources and addresses local concerns.
- Consensus must be forged among all the parties involved; trust must be established so that they can work together effectively to promote regional interest without being compelled to push individual interests.
- Keep lines of communication open to avoid community misunderstandings.
- The completion of tasks and achievement of demonstrable success must be priorities, especially early on. Effectiveness and accomplishment draw community support and involvement.
- Be task-oriented and focus on job creation. That is the ultimate goal.

For more information on industry clusters, call John Hauser at Wilkes Community College at 336-838-6149 or john.hauser@wilkescc.edu.

Replicating the Leadership Program

There is a dearth of leadership in many local communities. In others, the capacity of traditional leaders has been outdistanced by the global economy and their connection with emerging community needs weakened. Leadership programs can breathe new life into any rural community and they should be viewed as a priority in those with declining economies. Leadership programs can produce new ideas and energy to apply to ongoing and new issues. To bring about the change in business-as-usual that so many declining rural communities need, however, leadership programs must produce local agents of change – local residents who understand the current marketplace and where it is leading, who understand community needs, and who can work with traditional community leaders who wield the power and influence to turn communities around. Leadership programs

can make that possible. The NAPRC took on the challenge of developing such a program with notable success. If you are interested in learning more about their approach, contact information follows.

For more information on setting up leadership programs, contact Brian Crutchfield at Blue Ridge Electric at brian.crutchfield@blueridge.ncemc.com or 336-372-8118.

Replicating Crafts and Farm Products Marketing

Helping farmers and craftspeople exhibit at festivals and farmers' markets is straightforward, said McFadyen. "Taking out cooperative ads is very cost-effective. Finding a designer to brand you with a logo is the most expensive part of it. The trick is branding a region."

Setting up a crafts Web site, however, would be more difficult for another group to replicate, McFadyen said. "It's lots of labor and money to put together a transactional Web site that takes orders."

For more information, contact Melanie McFadyen at New River Community Partners at (336) 372-8118 or melaniey@skybest.com. You can also contact Alleghany Arts & Crafts at (336) 372-1776.

Replicating the Personal Assets Development Program

NAPRC advises that IDA and credit counseling programs can be set up anywhere there is a will to do so. To do so, interested communities should:

- Build credit counseling into an IDA program from the beginning.
- Get coaching. At NAPRC, Hill's mentor was the head of the Winston-Salem, NC, Housing authority. "He was basically a consultant to me in establishing this program here," Hill said.
- Recruit committee members who are willing to become involved in administrative as well as operational activities – people who can offer guidance about finances, conduct interviews, design and produce brochures, do publicity, and similar tasks.
- Network all over the community, especially with realtors, bankers, mortgage brokers, "anyone and everyone."

For more information, contact Bud Hill at 336-982-4588, ext. 249, or successhighwayida@yahoo.com. More information about the IDA program can be found on the CFED Web site at www.cfed.org.

Replicating Rural Entrepreneurship Training

"It's very easy to set up the REAL program," McFadyen said. "The REAL organization has a great Web site and anyone in the Carolinas can access trainer-training and support through it. They will train your trainers in a three-day workshop. However, some

people have a hard time committing the six to eight hours per week for the course. By offering other options, such as a two- or three-day 'boot camp' or a short course at a community college, you can reach almost every segment of the business start-up community.”

For more information, contact Kenneth Scott at New River Community Partners in Sparta at (336) 372-8118 or kscott@blueridgebdc.org.

Could Your Community Benefit from the NAPRC Approach?

Are you the minister of a rural United Methodist Church in North Carolina? Or a hospital administrator, or the director of a children's home in North Carolina or South Carolina?

If so, is the Program for the Rural Carolinas in Ashe, Alleghany, and Wilkes counties, North Carolina sound like something that could – or should - happen in your community?

In the NAPRC area, the local people found themselves losing their livelihoods as manufacturing plants shut down and moved out. Yet after a group of imaginative leaders started looking at their community with new eyes, they managed to create new opportunity.

They found ways to cultivate new businesses and new local leaders. They helped local farmers and craftsmen remain in business and find new customers. They laid the groundwork for a new regional industry cluster in advanced materials that has the potential to transform their economy.

They kept successful programs in operation by institutionalizing them within existing organizations rather than creating new and expensive operations.

To make this kind of a difference, it took a broad-based team of committed local leaders working together.

Could you start such a group in your own area? Do you have a local community college or technical college, dynamic local pastors, community leaders, grassroots figures, a chamber of commerce, county agency executives?

Those who made the Northwest Alliance program happen invite you to call and talk with them if you are interested in learning more about what they did. Why not give them a call?

Contact Information

- *Melanie McFadyen, New River Community Partners, (336) 372-8118 or melaniey@skybest.com.*
- *Sam Scott, Director, Program for the Rural Carolinas, MDC, Inc. (919) 968-4531 or samscott@mdcinc.org.*
- *Reverend Joe Mann, Director, Rural Church Division, The Duke Endowment (704) 376-0291*