

National Association of Regional Councils

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The Economic Development Administration (EDA), the International Economic Development Council (IEDC) and the National Association of Regional Councils (NARC) have established an information dissemination partnership. One element of this partnership is the broadcast of a series of economic development telecasts called Economic Development Today. These telecasts are intended to provide information to economic development practitioners who serve all communities throughout the United States.



Economic Development Administration

Economic Development Today



“Rural Economic Development Strategies” Telecast Summary

On June 4th, NARC held its fourth national satellite telecast at the George Washington University. The theme: “*Three Rural Economic Development Strategies*”. The state of the rural economy; how tourism and historic preservation play a role and how to grow an entrepreneurial community with civic leadership were the featured strategies. Guest speakers included: Secretary of the Interior Gale Norton, U. S. Department of Interior; Mr. David Bearden, Principal Deputy Assistant Secretary of Commerce for Economic Development; Ms. Remelle Farrar, Director, Texas Prairie Rivers Region, Incorporated; Mr. John L. Nau, III, Chairman for the Advisory Council on Historic Preservation; Mr. Ernesto Sirolli, President of Sirolli Institute; and Ms. Doris McMillon, Moderator.



Panel members prepare for their lively discussion on Rural Economic Development Strategies. It was a discussion that generated a lot of feedback.



Remelle Farrar is the Director of Texas Prairie Rivers Region, Incorporated, a private-public partnership that works with over 500 private, local, state and federal partners to develop and deliver rural community development projects that utilize and conserve the region's natural, historical and cultural resources. Recently, the Center collaborated with the Western Governors Association and the U. S. Economic Development Administration to develop a National Model for Rural Economic Recovery.

Farrar, the first speaker, talked about the state of the rural economy, explaining that rural areas were excluded from the national economic boom of the 1990s and that slow job growth has been the trend for decades. Economic growth remains uneven across rural America. Flourishing rural areas seemed to be those with scenic areas, emerging trade centers, and those closer to larger cities. Remote areas and those dependent on traditional industries of agriculture and manufacturing continue to struggle economically because now they need to compete in a global market. To effectively do so, tremendous pressure exists to minimize costs and consolidate operations. In the case of agriculture, this means bigger farms and fewer thriving small towns. In the case of manufacturing, it means that many plants located in rural areas in search of cheap land and labor now must relocate to cheaper labor markets, most abroad.

According to Farrar, The Prairie States Coalition study, "A National Model for the Rural Economic Recovery," found that the best opportunities for rural areas are on the horizon. Technology is opening the door to new business niches for rural regions, such as, product agriculture, advanced manufacturing, technology and tourism. The study explains that under the current economic development model, rural areas generally do not capitalize on their assets and rural economic development has been retrofitted from an urban model that everyone tries to apply to rural areas. However, once community assets are identified, a community moves to redefine what they were going to be, and so ends application of the economic development model of competing with the next town to lure a manufacturing company away from one location to another. Today, we know the value of multi-jurisdictional, regionally focused partnerships that are necessary to compete more effectively.

To discuss how tourism and historic preservation play a role in economic development in rural areas, Secretary Norton made a special appearance and joined David Bearden and John L. Nau to dialogue about the "Preserve America Initiative". On March 3, 2003, First Lady Laura Bush launched, "Preserve America", an initiative developed in cooperation with The Advisory Council on Historic Preservation, the U.S. Department of the Interior, and the U.S. Department of Commerce. The federal initiative encourages and supports community efforts for the preservation and enjoyment of the nation's natural and cultural heritage.



David Bearden opened by stating that EDA is ready to work with public and private organizations and provide Federal assistance to heritage projects that complement the EDA mission. The agency's policy guidance calls for EDA to take actions that encourage, support and foster public-private partnerships and investments complimentary to the Preserve America initiative. EDA may fund heritage tourism, which includes assistance for world-class capacity building, planning, infrastructure, research, business assistance and strategic initiatives.

Over the last ten years, EDA has invested \$63 million in 84 heritage tourism projects that have leveraged about \$225 million in private sector investment. EDA estimates that the funding has created or saved over 17,000 jobs for the American economy or an average of 205 jobs per EDA project. Interestingly, more than half of these investments were made in rural and small communities.

Secretary Norton then discussed how the DOI is participating in the Preserve America Initiative, noting that the Department has responsibility for: one out of five acres of land in this country; National Park Service sites of which two-thirds are historic sites; and a number of historic preservation programs including the designation of National Historic Landmarks. The Secretary spoke about the Save America's Treasures Program that recognized Boston's Old North Church, which Paul Revere made famous, and the National Register of Historic Places with 1.2 million properties now on the list.

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To promote the Preserve America initiative in rural communities, DOI is very interested in the impact tourism has on the local economies, especially those that are considered “gateway” communities. These communities are located adjacent to public land and National Parks, and DOI is looking to work with them to maximize benefits, especially in the preservation of culture and heritage.

John Nau talked about how heritage tourism could be used as an economic development strategy in rural America. According to Nau, the “Preserve America” initiative benefits the nation’s communities in many ways. He believes that it will stimulate public interest and action to better preserve America’s historic and natural legacy. Also, it is a tool for educating youth by encouraging them to participate in preservation efforts and experience, share, and cherish America’s history and national treasures.

Nau indicated that heritage tourism utilizes existing resources and seeks ways to preserve, package and deliver them to market, a growing trend in America. As a businessman, Nau understands that there is a clear return on this investment. Another important component of the initiative is that it fosters partnerships at all levels. Experience shows that federal government partnerships with communities, cities, states and tribes yield the best outcomes. The Advisory Council on Historic Preservation is committed to providing four awards annually to communities focused on sustaining history and natural preservation.



An exemplary historic tourism project, Southern Passages, was showcased during the discussion. Southern Passages is a tri-state, multi-jurisdictional partnership project that received federal funds from EDA. A regional council, the Coastal Georgia Regional Development Center, has been actively involved with planning for implementation of the project. The Center’s Executive Director, Vernon Martin, knows from experience that heritage tourism is a great economic development tool for coastal communities. The

goal of Southern Passages is to protect Georgia’s natural and cultural treasures for future generations while assuring that communities benefit economically, culturally, socially, environmentally and educationally.

Turning to the value of entrepreneurial development, Ernesto Sirolli discussed the third rural economic development strategy that facilitates the transformation of good local ideas into viable businesses. In 1985, Sirolli pioneered Enterprise Facilitation, a unique approach to local development that challenges civic leaders to use their passion to transform communities by capturing local intelligence. Enterprise Facilitation teaches that the three skills applicable to small business are the same for large corporations: (1) producing a product or service; (2) finding the market; and (3) keeping financial records. According to Sirolli, rural communities are not realizing their potential. In some circumstances, locals do not have the capacity to reinvent current production methods that deliver low prices and generate income. Economic development in rural areas, while more challenging, is no different than in urban areas. Statistics show that eighty percent of all small businesses go out of business within the first five years. Businesses with an annual revenue stream in excess of \$1 million go out of business only thirty percent of the time because management is in place.



Sirolli noted that relatively new countries, such as America, tend to think about the existence of rural communities when they consider primary resources. When commodities, like timber and coal, are depleted, the general view is that source communities are no longer necessary. In some countries, such as Italy, local leadership needs to be reminded of the commodity that built Florence.

More recently, an Enterprise Facilitation project in Baker, Oregon received mention in the *Congressional Record*. The project received seed funding from EDA in the amount of \$25,000 and two and a half years later generated 40 new businesses, 106 new jobs, and \$300,000 in new investment. The community was able to achieve these results through the services of an Enterprise Facilitator – management coach — available locally.

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Left: Ernesto Sirolli, President, Sirolli Institute and David Bearden, Deputy Assistant Secretary of Commerce for Economic Development

Bearden acknowledged that EDA senior management is intrigued by the approach of Enterprise Facilitation that strives to mobilize local leadership and allows communities to determine how to best address local economic development needs – bottoms-up, rather than top-town. Summarizing, Bearden commented that EDA funding has historically gone to rural areas at about a 70 to 75

percent rate with the remainder going to more urban areas and no changes are presently anticipated in the apportionment of funding. As a rationale, Bearden talked about an EDA grant awarded to Dr. Michael Porter at Harvard University to review existing research on rural economic development. Dr. Porter is recognized for developing cutting edge approaches to regional economic development and inner city economic development. He views rural development as the next important step in his evolving research.

A lively exchange amongst the panelists focused on the merits of the different perspectives and how they each complement one another. The three panelists agreed that education or retraining for rural communities is important to achieving successful rural development. Rural America is a topic that has been requested often for NARC/EDA telecasts. The significant increase in the number of registered sites for this telecast resulted in a larger universe of valuable input to improve processes that enhance rural economic growth and competitiveness. The telecast left everyone wanting more information about the three strategies discussed by panelists. Web resources on the three rural economic development strategies include:

- Information on the study, “A National Model for the Rural Economic Recovery,” available at: www.texasprairierivers.com
- Preserve America Initiative at: www.preserveamerica.gov
- Department of Interior, National Park Service programs by contacting: Hampton Tucker, Grants Management Specialist/Local Government Coordinator at (202)354-2067.
- Enterprise Facilitation and the Sirolli Institute by calling: 1/(877)Sir-olli and visiting: www.sirolli.com.