

National Association of Regional Councils

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Economic Development Administration

Economic Development Today

“Rural Entrepreneurship and Innovative Leadership”

Summary Article on March 28th Telecast

by

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On Tuesday, March 28, 2006, the National Association of Regional Councils (NARC) in cooperation with the Economic Development Administration (EDA) aired the telecast entitled “Rural Entrepreneurship and Innovative leadership” via satellite and dish technology. This telecast was the third of six created for the 2005-2006 series called *Economic Development Today*.

Moderator:

Matthew E. Crow, *Director of Communications, Economic Development Administration, U.S. Department of Commerce*

Panelists:

Dr. Richard Foster, *Vice President for Programs, Food Systems, Rural Development and Leadership, W.K. Kellogg Foundation*

Linda Baird, *Owner, Little Kentucky Smokehouse and Jim-David's, Uniontown, KY*

James W. Glasscock, *Owner/Manager, Laurel Creek Hardwoods, Inc., Richwood, W. Virginia*



From Left: Dr. Richard Foster, Linda Baird and James W. Glasscock

Gulf Coast Reconstruction:

Matt Crow began the telecast with an update on Gulf Coast reconstruction. He stressed the importance of the Hurricane Contracting Information Center (HCIC) as a central avenue for information dissemination. HCIC is a virtual reference center for businesses (especially small women and minority owned businesses) looking for future opportunities in the Gulf. In order to receive updates and information or to learn more about HCIC, please call 1-888-487-2362 or go online to: www.rebuildingthegulfcoast.gov.

On May 4 - 5, 2006, Secretary of Commerce Carlos Gutierrez will lead a Gulf Coast Commercial Opportunity Mission to Baton Rouge and New Orleans, Louisiana, and Biloxi, Mississippi to show businesses first hand what opportunities are available to them in the region following the passage of the GO Zone Act of 2005. In order to learn about this mission along with other Commerce Department Gulf Coast initiatives, please call the Department's Office of Business Liaison at 202-482-1360 or go online at: www.gulfcoastopportunity.gov.

Economic Development Administration and Rural America:

Matt Crow continued with the program discussing rural entrepreneurship and innovative leadership. Rural America is home to more than one quarter of the nation's population covering three quarters of its land mass. It has a diverse geography and is filled with communities that support a wide range of industries. In a world of expanding global markets and constant technological change, rural Americans and their communities must innovate in order to keep pace with the rest of the country, and the world.

President Bush is confident that distressed rural communities can achieve competitiveness and participate fully in the nation's economy. They are dedicated to helping these communities actualize their potential. Historically, EDA has allocated over 50 percent of its resources within rural communities and it is committed to retaining this focus in the future. In the FY 2007 Congressional Budget Request, President Bush bolstered EDA's support of rural communities by helping these communities to tap into resources that will strengthen their capacity for innovation and entrepreneurship within a regional economic framework.

In the FY 2007 Congressional Budget Request, EDA has developed a new block grant formula called the Regional Development Account (RDA) to better ensure that small jurisdictions and rural areas have a seat at the table within a larger regional economic framework. The RDA will help rural areas build on shared strengths and reduce administrative burden while allowing for multiple activities (i.e. regional planning or infrastructure development) to be written into a single EDA grant. EDA wants to help rural communities transition into an economy increasingly focused on innovation and entrepreneurship, therefore they will also provide education and services to help areas with the development and implementation of regional economic development strategies.

W.K. Kellogg Foundation's Commitment to Rural Innovation:

Dr. Richard Foster, Vice President for Programs, Food Systems, Rural Development and Leadership at the W.K.



Kellogg Foundation in Battle Creek, Michigan spoke about the Kellogg Foundation and its connection to rural America. Mr. Kellogg first created his business in 1906 as a cereal company utilizing the assets within rural America to gain success. By the 1930's, Kellogg was investing back into rural Michigan in order to help people help themselves. The Foundation was formed soon thereafter with the premise that rural people

throughout the country should have equal opportunity to that of their urban counterpart. Early Kellogg Foundation investments were focused on rural healthcare and consolidation of rural schools in America, but have since moved on to economic development and job creation, and various international efforts.

W.K. Kellogg Foundation has maintained its focus on rural development because it believes Rural America is integral to the success of this country. Rural America covers the majority of the landscape including all of its natural assets. Foster suggested that rural Americans must be the “stewards” of these numerous critical resources, including products such as food, timber, energy sources, as well as tourism and recreation sites, which all Americans depend on.

Key Components for an Entrepreneurial Culture in Rural America:

Rural communities face many challenges in their effort to strategically utilize and safeguard their assets. They are facing the continuous out migration of youth, underemployment, lack of efficient communication mediums, transportation infrastructure issues, and competition with not only national but global markets. Therefore they must equip themselves with the information, tools, and resources necessary to succeed.

Foster stressed the importance of utilizing local assets in order to succeed economically in a rural community. He noted that the two major assets in rural communities are natural assets and human resource assets. There are many natural resources in rural communities that can be used to help job growth. Communities must learn how to creatively use these products and market them to the world. Human capital is also extremely powerful. Rural individuals are the most knowledgeable about the natural assets in their communities. With the right investments and assistance they can be guided to success.

Foster talked about various studies conducted to assist rural areas with building an entrepreneurial culture in their local communities. Two such studies were *Mapping Rural Entrepreneurship* done by the Corporation for Enterprise Development (CFED) and *Strategies for Sustainable Entrepreneurship* done by Central Appalachian Network (CAN). To access this report visit www.wkcf.org, click on “Food Systems and Rural Development” under “Programming,” and then visit “Publications and Resources.” To learn more about grant opportunities and WK Kellogg Foundation initiatives visit: www.wkcf.org and click on “Grantseeking.”

Little Kentucky Smokehouse in Uniontown, Kentucky:



Jim and Linda Baird

Ms. Linda Baird, Owner of Jim-David Meats and Little Kentucky Smokehouse spoke next elaborating on her experience as a successful business owner. Born and raised on a 220-acre farm in Uniontown, Kentucky, Baird has stayed close to home while growing her business. In 1995, Linda, husband Jim, and their brother in law David Simmons built Jim-David’s Meat plant right on the farm where they grew up. This factory provides fresh and processed meats to regional grocers and restaurants throughout the region. The plant currently employs approximately 40 people and is growing steadily.

In 2003, the Baird's opened the Little Kentucky Smokehouse (LKS). While managing Jim David's, Jimmy Baird developed a new post pasteurization process with a local manufacturer. This technology enabled them to produce bacteria-free fresh hams. As a result of this ingenuity, and a relationship with a distributing company in Austin, Texas, the Baird's have been given the opportunity to sell their hams in Wal-Marts nationwide. Currently, they have about 60 employees working at LKS and they are looking to expand this operation.

Baird discussed the many things that have made her businesses grow. First and foremost, she praised her incredibly dedicated workforce. She noted that 60% of the workers at LKS have been there since day one. This has given them the opportunity to grow skilled workers while maintaining stable operations.

Baird stated that their businesses could not have succeeded without the help from a variety of organizations and institutions. Many organizations have helped them receive substantial loans in order to build their different plants including the Green River Area Development District, the Union County Industry Foundation, and the Kentucky Agriculture Development Board. They were able to partner with the Kenurgy Corporation (the local electrical corporation) and Bluegrass State Skills who paid them to train their employees.

Baird stated that they will soon be expanding their operations, and will open a third plant to distribute fresh meals to stores nationwide. Using technology from France, they will be able to sell fresh meals with a shelf life of 60 days that have never been frozen. Baird stated that nothing like this exists in the United States and they are very excited with the potential of their new company.

Laurel Creek Hardwoods, Inc. in Richwood, West Virginia:



Mr. Bill Glasscock, Owner of Laurel Creek Hardwoods, Inc. in Richwood, West Virginia spoke next about his experience in acquiring the local Richwood Mill. Glasscock has had a career in hardwood that dates back to 1971. Prior to their purchase of the Richwood Mill, he and his spouse, Sharon, had worked there for over a decade. During Glasscock's tenure, they had watched the ownership switch six times, finally shutting down because they could not find a buyer. With the approval of the mill employees, the couple decided to purchase it because they saw that the mill had the necessary ingredients to thrive economically. In 2002, the Glasscock's reopened the mill under the name Laurel Creek Hardwood.

They preserved 23 jobs in the community and have successfully expanded operations by carving a niche in their community drawing from the natural asset.

Glasscock talked about the many things that enabled him to purchase and grow the business. Glasscock was the first to admit that he did not know how to go about purchasing the mill. With the help of the West Virginia Small Business Development Center, the couple was able to create a business plan. Then Glasscock enlisted the help of the Four County (4C) Economic Development Group to set up a meeting with potential lending institutions. Through this meeting, the Glasscock's convinced BB&T, USDA, West



Virginia Economic Development, and The Conservation Fund's Natural Capital Investment Fund (www.wvncif.org) to take part in their venture. The Natural Capital Investment Fund provided subordinate debt for permanent working capital and raised grant funds to hire an accountant to assist the company in developing and implementing a cost accounting system. The Glasscock's also put their own personal savings on the line to make sure that there was enough money at the table. Through the help of all of these organizations the Glasscock's became rural business entrepreneurs.



Glasscock changed the way he processes and markets his lumber. He has become more customized in how he cuts the wood that has appealed greatly to customers. He is able to deliver an order on a one-day turnaround and has created a smaller distribution network focused on a regional market.

Strategies that led to the mills success included: overcoming the fear factor of failure; staying focused and committed; learning as much about the process as possible; and, committed employees to produce your product.

Common Themes Between the Kentucky and West Virginia Example:

Benefits:

1. *Quality of Life*- A rural setting that provides a vibrant quality of life for its residents. There are opportunities for hunting, fishing, hiking as well as other recreational activities. The areas are generally beautiful and have fresh water and clean air. There are often close knit social networks in a rural community which can be nice for raising a family. As Glasscock remarked, rural America “is a great place to live, but a hard place to earn a living”.
2. *Lack of Homeland Security Issues*- Rural businesses are not threatened by terrorist threats and do not have to spend a lot of time or money thinking about it.
3. *Internal Efficiency*: Rural Businesses are often family owned and decisions are made quickly without going through a corporate decision-making structure.

Challenges:

1. *Hi Speed Internet*- Rural communities are in great need of hi speed internet. While some of them do have the internet, it is not at a sufficient speed to do business. In order for rural businesses to compete in a world-wide economy, they must get broadband technology into their communities and educate people on how to utilize such a powerful tool.
2. *Transportation*- Rural businesses have an inherent disadvantage in distributing their goods. The advantage of quality of life can sometimes turn into an efficiency issue if products need to be delivered on the same day. Both Bair and Glasscock live an hour from the closest major metropolitan city.

The telecast ended with an example of how the community of Ord, Nebraska has been successfully innovative and is dedicated to growing an entrepreneurial culture. The video specifically highlighted the organization Hometown Competitiveness which has helped specific businesses grow and innovate.

The telecast can be watched in full on the Economic Development website at:
<http://www.eda.gov/NewsEvents/WebCastsVideos.xml>.