

## Program for the Rural Carolinas Forges Alliances That Change Lives and Revive Regions

By Rah Bickley for MDC

Much is made of the “new South.” Wealthy, flourishing metropolitan areas like the financial powerhouse of Charlotte, N.C., draw young workers from all over. The Research Triangle Park is a Mecca for high-tech corporations and entrepreneurs. Charleston, home of the Spoleto Festival for classical music, is one of the South’s most chic and sophisticated cities.

But for every such metro area, there are isolated pockets of rural poverty. In places like St. George, S.C., the railroad tracks divide neat subdivisions from rotting shacks. In mountainous Alleghany County, N.C., high-paying manufacturing jobs are being exported overseas by the hundreds. Poverty persists and threatens to envelop the newly unemployed. These are the places that have been left behind while the New South roars ahead.

In an effort to reinvigorate poor, rural areas, [The Duke Endowment](#) in 2001 launched the Program for the Rural Carolinas (PRC), a \$10.5 million grant to 20 sites over four years.

MDC designed and helps run the program. It also sends a staff member to coach the local “teams” on PRC principles and addressing challenges in each site.

**The guiding principle of the program is that local people must form diverse alliances – breaking long-held barriers of race or county lines – to rebuild their local economies.**

The aim is to nurture new community leaders and grow local networks through which they can work together to bring about important changes.

Each local group finds its own path. Business training for rural entrepreneurs, job training for local industries, matched savings accounts for first-time homebuyers, creating websites to sell goods, and help claiming Earned Income Tax Credits are some of the most common.

Here’s a closer look at two Program for the Rural Carolinas sites – one in North Carolina and one in South Carolina – where local people are turning things around.

***In the Mountains of North Carolina*** (“Northwest Alliance Program for the Rural Carolinas” - Wilkes, Alleghany and Ashe counties)

**[A few years ago, you didn’t see much going on in Sparta, North Carolina.](#)**

Against the surrounding peaks of the Blue Ridge, the Alleghany county courthouse, with its monumental white columns, dominates downtown. Across the street is a storefront marked “Christian Views,” which displays an open Bible and hand-lettered warnings of doom.

The factory in the middle of town closed a few years ago and now houses a nonprofit agency. In March, a textile plant in nearby Galax, Virginia, announced its closing due to outsourcing. The 332 jobs lost will be a blow to Alleghany County, as many residents drive half an hour to Galax for work. “Young people

don’t want to leave the county,” said Barbara Bare, a local woman who works downtown. “But with so few jobs or opportunities, they have to.”

[Alleghany has one of the smallest populations in the 11-county mountain region of North Carolina](#), and it has suffered badly as furniture, textile, and apparel plants have closed and their jobs have been exported overseas. From 1999 to 2002, when employment statewide stayed flat, the county lost 12 percent of its jobs.<sup>1</sup>

Things are different today. Three years after the foundation sent its first grant check, Sparta and her neighbors are showing signs of recovery.

### ***A Farm Wife Turns Entrepreneur***

It’s lunchtime on a Wednesday in Sparta, and people are jostling to claim every seat at the lunch nook at the Olde Tyme General Store. A knot of older women commandeers one table, and businesspeople take some others. Stockbroker Mike Wagner sits with his sandwich on a red diner’s stool at the old-fashioned soda fountain. A couple hovers over his shoulder to place a take-out order, their Northern accents blending into the hubbub.

Next to Wagner is Melanie McFadyen, of local nonprofit New River Community Partners, PRC coordinator for the Northwest. When a tall, ruddy lawyer walks in — he’s back for a visit after moving to California—heads turn and arms reach and in an instant, he’s engulfed in a clutch of old friends. “You didn’t know I got married, did you?” McFadyen tells him. “We’re expecting our first.”

<sup>1</sup> From <http://www.advancedmaterialsnc.org/econ>.

## Just two years ago, this building was empty.

The one-story, rock-faced structure was Smithey's department store – a small-town chain with deep roots in these mountain counties. Smithey's was where people came for new school clothes, work boots, and a bite to eat at lunchtime. But the store closed in the mid-1980s, and things began to slow downtown.

Then LeAnn Gambill saw an ad in the *Alleghany County News* about a course for entrepreneurs. Gambill, a blond woman with a wide smile, is married to a third-generation dairy farmer. She had always dreamed of having her own business. She called the number in the ad.

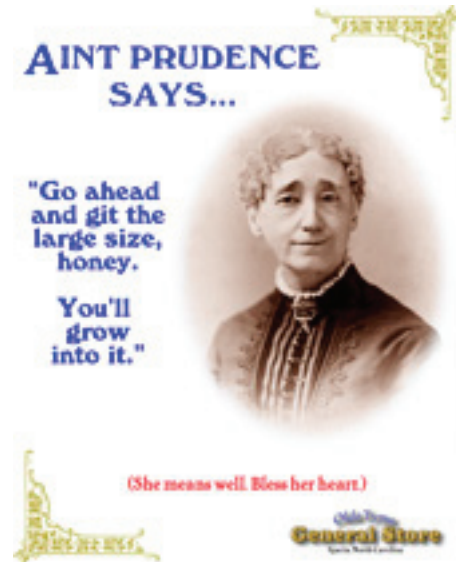
“I knew I wanted to do retail, but I didn't know where or what,” she said. “How to start? What to do? Who do I talk to? What steps to take?”

The course, one of the local PRC group's offerings to spur local entrepreneurship, helps people transform business ideas into hard-nosed, well-researched business plans that significantly boost the odds of success.

**REAL, for Rural Entrepreneurship through Action Learning ([www.ncreal.org](http://www.ncreal.org)), helped Gambill conduct her market research, define her target market and competitors, and estimate her break-even date.**

Gambill decided to model the business on the popular Mast General Store, a regional six-store chain. Now her Olde Tyme General Store sells a mix of nostalgia items

—buckwheat pancake mix, local honey, candies in old-fashioned bins—and up-to-date fashions in outdoor clothing by Columbia, Woolrich and other popular brands. Gambill aims to attract both the local shoppers, who have slimmer budgets, and the affluent visitors who've built second homes in the scenic mountains nearby.



*"Aint Prudence" was designed for LeeAnn Gambill's Olde Tyme General Store by Jeff Halsey, another local entrepreneur who went through the Rural Entrepreneurship Through Action Learning (REAL) training with Gambill. The REAL graduates make a point of swapping business with each other.*

At her store's one-year anniversary in March, Gambill said she expects to break even in her second year—half the time her business plan projected. She has eight employees, three of them full-time. Several are family: Her mother works the lunch counter, and her sister manages the store.

“When we opened, the foot traffic picked back up,” Gambill says. “I hear all the time from my customers, ‘It's so nice to see all the people walking down the street.’ I hope we draw more businesses.”

The REAL courses are a staple of the PRC. The economy of most

rural places in the Carolinas was built on low-wage manufacturing—chiefly textiles, tobacco, and furniture. That underpinning is being ripped away as manufacturing jobs are outsourced by the hundreds of thousands to Central America and Asia. As MDC sees it, rural entrepreneurship is the road to recovery for “left behind” places like Sparta.

## *Attracting Industry – a Three-County Northwestern North Carolina Partnership*

Because of the PRC and local industry recruiter John Hauser, leaders in the three-county Northwest region are taking an entirely new tack on recruiting industry. They're aiming to create an “advanced materials cluster.”

“This is a huge opportunity for this region,” Hauser said.

**“This is a transformational change for the way people talk about economic development.”**

Hauser, a self-proclaimed “redneck” with a buzz cut and an industrial engineering background, first heard of advanced materials in 2002. A Raleigh, NC-based company called Martin Marietta Composites leased a plant in Sparta to manufacture parts made of advanced materials for bridges and commercial truck trailers.

Advanced materials, or composites, are manufactured out of resin, carbon and other ingredients. They're stronger, lighter, and stiffer than steel and other metals. Plus, they don't rust. That makes them highly desirable for bridges, truck bodies, powerboats, modular

homes, military machines, and a slew of other products.

When Hauser, the industry liaison at Wilkes Community College, met plant CEO Grant Godwin, he quickly learned that Godwin wanted more than just a building. He wanted to change everything about the way county leaders recruited industry.

### Ashe, Alleghany, and Wilkes had never worked together on economic development.

They'd always competed. Each would offer incentives, such as free land, as enticement—and some plants would come, and a few years later, some might leave. Nor did the counties have the staff to recruit major factories. Alleghany County has never had an economic developer, and Ashe County had none until 2004.

Godwin had a radical vision: The three counties would work together, not compete. They would market themselves as a region. They would create a “regional cluster.” It would be the first time any of these things was done.

Creating a cluster meant enticing related companies to move in and locate near Martin Marietta Composites, like satellites around a mothership. They would be suppliers of materials, parts, and services to Martin Marietta or to each other. They would all feed off each other, and attract even more businesses. If it worked, it would mean a huge leap forward for the three-county area's economy.

Hauser became a believer. He brought together the top economic officials of Ashe, Alleghany, and

Wilkes counties. [\[see sidebar\]](#). It wasn't easy—he met with stiff resistance at first—but he persuaded them to stop competing for plants, and start marketing the region as one body in order to land bigger industries.

**“This is huge,” said Melanie McFadyen, coordinator of the local PRC. “It's been unheard of for our three counties to work together even though we share a workforce.”**

They signed a working agreement. It hinged on two things: If they were going to lay aside decades of fierce competition, then John Hauser had to lead the charge. He had gained their trust in seven years of helping them recruit. Also, the cluster had to be run out of Wilkes Community College, a neutral state government agency created expressly to serve the three counties.

Around then, Hauser bumped into the director of New River Community Partners, just as it was putting together the local board of the PRC. The timing was exquisite. The director quickly saw how Hauser's project fit the program's goal of creating jobs and improving the local economy. They persuaded Wilkes Community College to free up part of Hauser's time for the cluster project; the PRC would pay his salary.

Hauser set to work building a local brain trust, using funding from the PRC's “technical assistance pool.” He attended a week-long training session at the Economic Competitiveness Institute in Berkeley, California, an influential think-tank on regional clusters. He took along Brian Crutchfield, a

top executive at the local electric company who had served for more than a decade as the *de facto* economic developer for Ashe and Alleghany counties.

When Hauser came back, he became an evangelist of a regional cluster around the advanced materials industry. He made speeches at every civic or business group that would have him. He set up a group with its own executive committee and website. “We got global buy-in,” he said.

He recruited one company to the area, and so far has persuaded three to look into making their products out of composites.

To begin building the workforce, he set up a technical program in manufacturing advanced materials at Wilkes Community College. It begins in June 2006. Also in the making is a two-year degree in advanced materials at WCC, plus two new degree programs at nearby Appalachian State University in Boone – a four-year and a master's degrees in the subject.

He also knit together the Knowledge Coalition—WCC, ASU, and the Institute of Government at the University of North Carolina at Chapel Hill—to train regional leaders on cluster development.

“I could see the leaders needed training, to take it to a regional level,” he said. “Let's look at ourselves, let's learn to interact differently with people across county lines.” One group has gone through the training, and Hauser plans to offer them a follow-up course while offering the training to a second group.

Hauser's newest project is to find money to build a \$12 million Advanced Materials Center at Wilkes Community College. The center would produce trained workers; research and test new products; and offer investment capital. It would establish the three-county region as the heart of a new rural economy – an advanced manufacturing cluster – where Northwest North Carolina borders eastern Tennessee and southwestern Virginia.

The Duke Endowment grant stimulated this," he said. "If it were not for The Duke Endowment grant we would not be here, bottom line."

### *Trickle-Up Economics*

Bud Hill of Ashe County Partnership for Children was asked to start an Individual Development Account program.

**At the time, he said, "I didn't know IDA from ABC."**

But now he does. In March, his client Stacy Grubb Cox became the first person in Ashe County's IDA program to buy a house. *The Mountain Times* pictured her on the front page, beaming, in her brand-new kitchen.

Cox saved \$1,000 from her slim paycheck at a domestic violence agency, and Hill's program at the Ashe County Partnership for Children matched it with \$2000 for the down payment.

**IDAs help people buy things that will build their wealth and earning power—a house that**

**builds equity; a business; a college degree.**

To get an IDA, one must be earning money, have good credit or commit to fixing it, and take a seven-week "financial literacy" class. The program takes up to 18 months.

Hill has about 15 clients in the program. Three more should be able to buy houses in the next six months. The numbers are small but steady, he says.



*Bud Hill, with community leader Carol Dodson, started the local Individual Development Account program, which provides financial training and matching funds to help people save money and build assets.*

IDAs are a key element in the PRC because money is leaving the region fast. Factories have closed, and thousands of livelihoods have disappeared as if into a sinkhole.

That's why 23-year-old Holli Hauck, a waitress at the Morningstar Café in West Jefferson, is using her IDA to finish her nursing degree at Wilkes Community College

Hauck had toyed with the idea of using the IDA money to buy a house, or to expand her side business of making organic soaps and lip balms. But Hill helped her see that with a six-month-old baby girl, and a waitressing job, the degree spells F-U-T-U-R-E.

**"Wherever I live, if I'm a nurse, I can buy a house, I can save money to start a small business," Hauck said.**

For people like Hauck, accumulating IDAs to buy something of value raises their self-esteem, Hill said. "It gives people a chance to see that their lives can be more than they ever thought they could be."



*Holli Hauck, a waitress in West Jefferson with a six-month-old daughter, is using her Individual Development Account funds to finish her nursing degree at Wilkes Community College.*

Hauck agreed. "It does give me hope to be able to help other people and help myself at the same time."

Hill has added a new twist: credit counseling. Almost every one of his clients has bad credit. Much of it comes from medical debt which is relatively easy to relieve – except that his clients didn't know that.

Hill found another grant to bring the credit counseling nonprofit from Winston-Salem—the big town "off the mountain"—to Ashe and Alleghany counties for regular visits. Now his clients can

get 12 visits a month. Before the PRC, there had never been a credit counseling program in Ashe or Alleghany counties.

“The people I get in Alleghany are in such a world of hurt that thank God we’re bringing [credit counseling] in,” Hill said. “We’ve got to help these people with their credit.”

Despite the need, however, Hill often finds it tough to sell the IDA concept to the local people who grew up, as they say, “on the mountain.”

“We have people who’d die before they’d go on welfare. They’ll take care of their own,” Hill said. “They’ll go slaughter a hog. They’re extremely independent. That’s a mountain trait.”

It’s hard enough to recruit IDA clients in Ashe County, where Hill works and where several churches help recruit. Tiny, isolated Alleghany County is even more stubbornly self-reliant. Hill has been struggling for two years to get the word out there, and he’s frustrated.

**When the PRC money runs out, the IDA program will continue and will grow, Hill said. People need it, for one thing. For another, Hill – a former minister – doesn’t plan to let it die.**

“I believe this program is so vital to the people of both these counties that there is no way it will ever stop.”

### ***Building Local Leaders***

The most lasting change PRC is making, says program coordinator

Melanie McFadyen, is to cultivate a new crop of local leaders through leadership training programs.

The PRC has funded three leadership courses – one each in Ashe, Alleghany and Wilkes counties. Nearly 100 people have gone through the training. Some have gone on to school boards, county commissions and other groups. They have formed alumni groups, where graduates network with each other and carry out service projects.

MDC developed the two key concepts upon which the training is based. First is the [“cycle of development.”](#) This is the basis of a strong economy anywhere. Good jobs offer good income, which should result in strong schools and other government services. Those, in turn, create a viable workforce, and that attracts new businesses.

The second is the [“Building Blocks of Economic Development.”](#) The six “blocks” – represented in the course by foam blocks painted like bricks — range from business opportunities to cultural life to good government.

A healthy economy needs all the elements together – not just one or two. To draw good jobs, for instance, a place must have some cultural attractions.

Brian Crutchfield, the electric company executive who works with Hauser on the industry cluster project, has run two of PRC’s three leadership classes and consulted on the third. He learned about the “building blocks” more than a decade ago when he went through an MDC training session. “This is a good framework,” he said.

**When you ask Crutchfield for an example of someone who became a leader through the program, he talks about Carol Dodson.**

“She’s been a real asset, even though she’s a newcomer to the area,” he said.



*A relative newcomer to Ashe County, North Carolina, Carol Dodson quickly took the lead in revitalization efforts in West Jefferson, including applying for grants to expand the local farmer’s market.*

Dodson, a fifty-something commercial real estate investor from Orlando, Florida, bought a vacation home with her husband in Ashe County in 2002. She is one of those creative and ambitious people who, once something captures her interest, feels compelled to devour every scrap of information about it and then reinvent it as something bigger and better. When she went through the Ashe County leadership program, it touched off an all-consuming interest in local economic development.

“I learned how our county works,” she said. “Who the county players are – the clerk of court, the register of deeds.” She also learned about issues such as the local water and sewer system, and how it limits development.

First Dodson bought and renovated an old hardware store in downtown West Jefferson and rented it to another transplant, Karen Radcliff, for a gift store. But she had an idea: she convinced Radcliff to help her start up Sallie Mae's Emporium as a venue for local arts and craftspeople.

Radcliff shrank her gift offerings to accommodate the artisans' booths featuring handmade pottery, skeins of yarn from local sheep, porcelain dolls, framed photographs and other merchandise.

**“The PRC program helped me see that heritage and arts are part of the economic development equation,” Dodson said.**

Dodson joined the board of the Ashe County Chamber of Commerce and took the helm of its business development committee. Then she went through two other rural development courses. When the next Ashe County leadership course rolled around, she taught the “civic infrastructure” building block session.

She became president of the West Jefferson Downtown Revitalization group and reshaped the board to include more people with connections. She helped start the High Country Business Network for entrepreneurs in an eight-county area. Along the way, she renovated another building, and turned it into an attractive office for herself. She launched a website advertising local vacation spots and cultural events.

“That's what it's all about: having great people who are willing to become leaders, how they can make things happen by working together,” Crutchfield said.

Dodson might have done the business deals without the leadership program. But she believes it taught her some priceless lessons about how people do things here, and how to work with them.

Right off the bat she faced being an outsider. In these mountains, one is classified as either a “been here”—a native from generations back—or a “come here.” And those who “come here” are often met with deep skepticism.

Worse, she was one of the wealthy Floridians who have bought expensive vacation homes, driving up the price of land and housing for lower-income natives. In Ashe County, over half the tax bills go to out-of-town landowners, Dodson said. In Ashe County, a familiar saying goes, “We don't care how you did it in Florida.”

**When she first took over the downtown revitalization committee, the people involved in the downtown farmer's market weren't showing up for meetings.**

She was upset. But she started dropping in on the farmer's market meetings, she said. “Now, I'm trusted.”

“That's what leadership does. It helps you understand the intangibles of the culture,” Dodson said.

### ***Forming Alliances***

Alan Rice is the superintendent of the North Wilkesboro United Methodist District of the Western North Carolina conference. Because the Dukes were staunch Methodists, Buck Duke spelled out that The

Duke Endowment would grant money to rural Methodist churches, as well as a few other entities. So the local PRC grant money flows through Rice's district, and when the checks come from The Duke Endowment in Charlotte, they land in his mailbox.

Rice says what amazes him is that everything is getting done by separate organizations working together.

“[The program] is like the big pot that the soldier brought for stone soup,” Rice said. In the postwar Eastern European story of stone soup, the soldier arrived in a village where everyone was hoarding his or her own small store of food. He set a cauldron of water to boiling, then shook a stone out of a velvet bag into the water. He enticed one villager to add a head of cabbage to the “stone soup,” another some meat, and so on until everyone had pitched in to make a fine stew.

Those pitching in to make the “Northwest stew” include a range of local people, from farmers to social services, the community college, hospitals and churches, said coordinator Melanie McFadyen.

**“We don't depend on just one organization to run everything. We rely on as many organizations as we can get to bring what resources they can, bring their ideas and go from there,” McFadyen said.**

The Northwest Alliance for the Rural Carolinas has a board that makes the big decisions and separate committees for each program, such as the leadership program and IDAs. McFadyen calls it a spider web.

“Talk about teambuilding - that was the whole idea behind the program and the reason for its success,” McFadyen said.

### *From Competitors to Allies*

Trust among the major players on the Northwest Alliance board is essential. But it didn't start out that way. In the beginning, they applied separately, competing against each other for the grant. Rice applied for an eight-county region. McFadyen applied for Alleghany County.

The Duke Endowment asked them to combine their applications into one, pulling in Ashe County as well, and to focus on the three-county region. It wasn't easy.

**“One of the first things we had to do was get over our county loyalties – Alleghany needs this and Alleghany needs that, and Ashe doesn't – to realizing we were representing our region,”** McFadyen said.

“That's an ongoing problem. We get bounded by those lines.”

McFadyen and Rice convened a meeting. “We all got together in a room and started talking, talking, talking. Who's missing? Who else do we need?” she said. They got the right people on the board of the Northwest Alliance and started a six-month planning process in 2002.

That's when MDC stepped in. Sam Scott, an expert on group facilitation and workforce development, acted as the group's coach, guiding them through sometimes angry discussions. He worked to keep everyone focused on the PRC's

goals: “to increase employment, income, and wealth for people left behind by the economy;” and “to build the leadership, assets, and structures that support the long-term economic renewal of the community.”

Tensions erupted when people discussed creating an economic “cluster” of industries around the new Martin Marietta Composites plant in Sparta, McFadyen said.

“People said, oh, well, that's Alleghany, so Alleghany is the only county that's going to benefit. Sam was able to say, Who works at Martin Marietta? So we said, yes, people do drive over from Wilkes, from Ashe.”

Scott says that the Sparta-area program required much less coaching than some others. They already had plenty of capable people, organizations, and good will, he said. “By and large it was interjecting new ideas.”

### *Life after PRC*

McFadyen believes the most important elements of the PRC will continue even after the program ends in 2007.

The REAL program that Gambill went through in Sparta generated so much interest that New River Community Partners hired someone to run rural entrepreneur's programs for the region. Kenneth Scott has already put on one Entrepreneur Boot Camp in Sparta, and has a second one scheduled.

The IDA program has become a permanent program of the Ashe County Partnership for Children, a county agency.

The leadership programs are already run by the Chambers of Commerce of each county, and Hauser's new version, the Knowledge Coalition, is up and running.

Hauser is already looking beyond the PRC and is applying for grants for the Advanced Materials Cluster organization to continue its work.

**The bottom line, McFadyen said, is that through the PRC, a group of local people have developed a shared vision for bringing life back to the failing economy of Northwest North Carolina.**

As for the team working behind the scenes to coordinate the work, that too will continue, as an ongoing partnership of planners, think about how the region can bring its resources together to keep addressing the challenges they face - challenges no single town or community can solve on its own.