

program for the

RURAL CAROLINAS

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Shell building increases industrial product inventory.

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INTRODUCTION

Across the Southeastern United States, rural areas have experienced a significant decline in traditional manufacturing resulting in loss of jobs, tax base, and an overall contraction of the economy over the last 10 to 15 years. Rural areas struggling to rebuild their economy are challenged by low educational attainment among their population, limited financial resources, and a lack of infrastructure.

In 2000, trustees of the Duke Endowment became increasingly concerned about a growing disparity between urban and rural prosperity in the two Carolinas. After careful evaluation, trustees created the Program for the Rural Carolinas to assist

economically distressed communities to revitalize their economies and to create models for economic development that other communities can adopt.

THE DUKE ENDOWMENT BEGINS A NEW FORM OF RURAL GRANTMAKING

The Duke Endowment was established in Charlotte in 1924 by James B. Duke, a North Carolina industrialist, to serve the needs of people in North and South Carolina. Over the last 80 years, the Endowment has concentrated on education, health care, residential children's programs, and rural Methodist church needs. Guidelines of the Endowment specify grant eligible organizations that include rural hospitals and Methodist

churches along with specific private and public universities. Since 1924, the Endowment has awarded more than \$1.8 billion in grants.

Economic development has not been one of the primary targets for Duke Endowment efforts. However, trustees recognized the linkage between the lack of economic opportunity in rural areas and its effects on the health, education, and well being of families served by partner agencies. They decided to move forward with a new form of grantmaking to support non-traditional economic development strategies and to build community capacity.

The Endowment partnered with MDC, Inc., a Chapel Hill, North Carolina based non-profit that focuses on economic, workforce, and community development, to provide research and assistance in creating the new grant program. MDC co-manages the program with the Duke Endowment in addition to providing coaching and technical assistance.

PHILANTHROPIC "VENTURE CAPITAL" FOR RURAL ECONOMIC DEVELOPMENT

Rural areas across the US have suffered greatly in recent years with the speed of economic changes. In an innovative approach, the Duke Endowment initiated the Program for the Rural Carolinas to assist distressed communities to revitalize their economies and to create models for economic development that other communities can adopt. A pioneering model for philanthropic venture capital, the Duke Endowment provides funding, coaching and technical assistance to communities across the Carolinas. This article outlines one community's story in an effort to inform and share best practices and mistakes so other communities can benefit.

PROGRAM FOR THE RURAL CAROLINAS – A FRAMEWORK FOR RENEWAL

The program has two major goals:

- To increase employment, income, and wealth of people who have been left behind by the changing economy; and
- To build the leadership, assets, and structures that support long-term economic renewal for the community.

The Randolph Program for the Rural Carolinas is a five-year effort to provide assistance to selected communities and designed to emphasize building partnerships among local agencies. The vision of MDC and the Endowment was for local communities to develop their own plans and programs based on community specific needs, resources, and preferences. Unlike some other grant programs, the Program for the Rural Carolinas was deliberately crafted to enable the leadership, capabilities, and knowledge of the individual communities.

Grant eligible community partners across the two Carolinas were notified and encouraged to apply for the grant in 2001. A total of 93 communities submitted applications for the grant and 23 sites were selected. Seven sites were selected as Option One communities capable of large-scale comprehensive economic development projects. Fifteen were selected for a more focused project grant as Option Two sites.

Grant benefits include:

- **Funding** - With Option One sites receiving \$150,000 a year for three years, and Option Two sites receiving \$75,000 a year for three years.
- **Coaching and mentoring** – Provided by the Senior Associates of MDC. Each community is assigned a coach for the duration of the project.
- **Technical Assistance** – Access to a pool of professional service providers including consultants, research associates, and workforce development specialists.
- **Learning Activities** - Designed to share information and best practices. Learning activities include an annual gathering of all site teams, regional issue specific seminars and workshops, newsletters, a website, and regularly scheduled topical telephone conference calls.

The Duke Endowment has allocated \$10 million for the Program for the Rural Carolinas over the five-year program.

CYCLE OF DEVELOPMENT

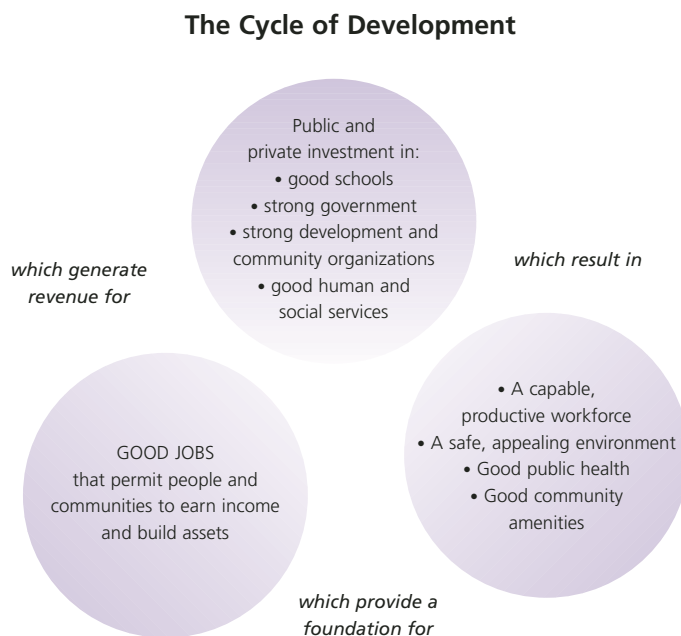
A key project component for each site is the creation of a team that is representative of the community. Teams are asked to take a leadership role throughout the life of the grant. Team members were tasked with creation of a vision for their community within the context of a healthy cycle of development.

The concept of the cycle of development shows the interconnectedness of a healthy growing community. In many rural communities in the South, the cycle is broken. According to MDC, guiding principles of the Program for the Rural Carolinas are:

1. **Rural areas matter.** We cannot afford as a nation or region to write off a significant part of our larger community.
2. **This generation of workers matters.** Workers with low educational attainment, many of whose skill sets do not match the knowledge-based jobs of today, require and deserve action and attention.
3. **Effective community development involves the entire community.** A wide range of community interests and human resources must be involved to create sustainable progress.
4. **Solutions must be locally determined, and they must be informed.** People within the community know it best and they can bring about good change as they move toward common goals.
5. **Healthy communities focus on their assets.** Every community has a unique set of assets that provide the building blocks for its future success.
6. **Change is difficult and takes a long time.** Change is the only constant and the speed of change is accelerating. Healthy communities find ways to benefit from change through a sustained commitment to overcome challenges.

ACTION PLAN AND SUSTAINABILITY

Site teams spent the first six months in a vision process, culminating in the initial request for grant funding. After review and approval, grant funds were released and teams encouraged and sometimes



pushed to move forward with action plans. MDC coaches assisted and monitored progress on behalf of the Endowment. Action plans and implementation varied widely among the various communities. Examples of the diversity of efforts include helping farmers and local craftspeople market their goods over the Internet, support for rural entrepreneurship, promoting eco and cultural tourism, targeted workforce development in health care, focused small business development, and increasing home ownership.

All action plans were constantly evaluated against the two primary goals of the program: to help those left behind in a changing economy and to develop capacity for future growth. Outcomes are reported regularly and progress measured for accountability.

A key measurement of success is the sustainability of community programs beyond the life of the grant. All teams are expected to develop the capacity and infrastructure needed to sustain programs, processes, and leadership for the future.

CHAPIN HALL – INSTITUTIONAL LEARNING

For the Duke Endowment, an important program metric will be sharing best practices and creating a formula for change that can be duplicated and modified by other communities across the nation. A third partner, Chapin Hall, is working to identify and document findings about the Program for the Rural Carolinas approach to community change and economic development. Chapin Hall is a policy and research center of the University of Chicago,

focused on the economic well being of children and families.

Chapin Hall in collaboration with the Endowment and MDC is developing a series of research and policy papers to showcase this new approach to community development strategies. Representatives of Chapin Hall participate in local program efforts as well as the aggregate learning clusters and activities.

RANDOLPH COUNTY'S EXPERIENCE

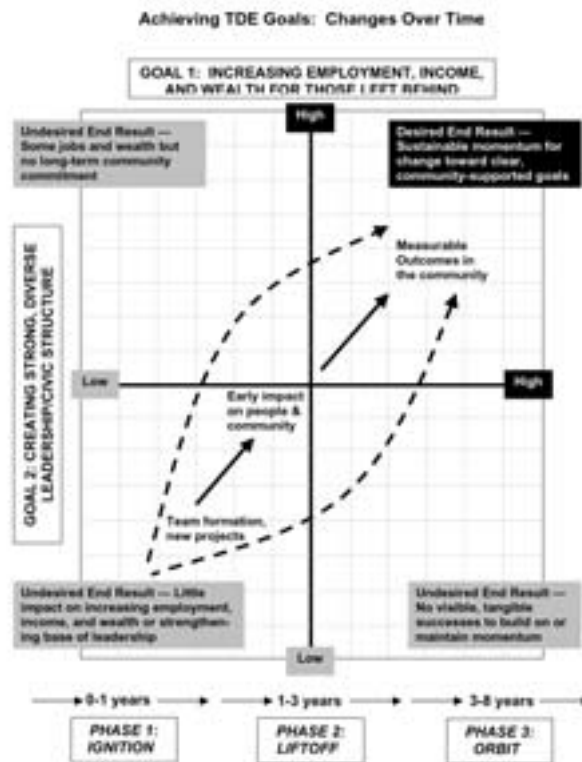
Randolph County, population 135,000, is located in the center of North Carolina in the Piedmont Triad region. The county and region have long been a manufacturing based economy, relying on traditional industry sectors that include textiles and furniture. In the last six years, the county experienced a significant decline in manufacturing employment through the closure of 30 manufacturing companies and operations with a reported loss of 4,146 jobs. Despite these losses, manufacturing remains the county's largest source of employment with 40 percent of all jobs.

Regionally, the area has lost 12.9 percent of its manufacturing jobs from 2001-2003 in a population of 1,400,000. The largest city in the region is Greensboro and the largest city in Randolph County is Asheboro.

The county has multiple unique assets that provide a foundation for future opportunity. The county is home to the North Carolina Zoological Park, the nation's largest natural habitat zoo. A growing cottage industry of handmade pottery is based in southern Randolph County in the Town of Seagrove. The region has the second largest interstate highway system in the nation, a competitive advantage for many distribution and manufacturing companies. Population growth exceeds the state and nation, in part due to an influx of Latino immigrants over the last 14 years.

Randolph County is the largest and the least economically distressed of all of the Option One sites. In the grant application, the community is described as one with below average incomes, low educational attainment, and a manufacturing economy in a nation that increasingly imports its manufactured goods. Within the scope of the grant sites, Randolph County fits the role of a community beginning to decline but with sufficient assets and resources to arrest the downward movement through a new approach.

One of the key assets in the community is Randolph Hospital. The hospital leadership (much like the Duke Endowment) recognized that its mission to provide quality



healthcare and promote health and wellness could be more easily achieved in a healthy economy. As an eligible grant recipient, Randolph Hospital provides fiscal oversight for the grant. It has provided leadership, space, office equipment, and vision for the Randolph Program.

- *Key lesson learned: Seek non-traditional partners in economic and community development. They bring a wealth of expertise, leadership, vision, relationships, and commitment to community and economic development.*

Team development was among the most challenging requirements of the grant. One of the expected outcomes of the grant program was development of a collaborative team with an inclusive approach to community development. The goal...a team, representative of the community with a commitment to change and to sustain the program.

The Randolph County team found that the initial Board of Directors approach did not work. It limited effective progress, narrowed the perspective, and delegated the work to only a few. After some initial stumbles, the Randolph team evolved into issue-based workgroups and reached out to include a broader and more representative group that looked like the community.

- *Key lesson learned: Involve diverse groups as stakeholders in economic development and they will bring energy, wisdom, and commitment resulting in a more effective and productive program.*

From the beginning, the Randolph team echoed the Endowment's objective of building partnerships among local organizations. A decision was made at the onset not to set up new programs but instead to strengthen the capacity of existing programs. Three reasons were behind this decision. First, the community has a number of significant community organizations with a track record of cooperation. Second, partnering with existing organizations leverages the grant funds for a bigger bang for the buck. Third, the decision enhanced the likelihood of sustainability after the end of the grant.

- *Key lesson learned: Strengthening partnerships among committed, effective organizations increases sustainability and leverages resources for maximum impact.*

RANDOLPH INITIATIVES

Within the context of the goals of the Program for the Rural Carolina, the Randolph team developed a program to deliver short-term results and build long-term capacity. As the third and final year of funding begins, the strategies and projects have evolved around the following issues:

- Job creation,
- Small business development,



Machining Technology Training – Randolph Community College.

The first strategy was a comprehensive assessment of those termed left behind. A survey for the unemployed, underemployed and at risk population was developed by a collaborative group of workforce service providers. More than 1200 individuals completed the survey of demographic, education, work experience, skill sets, and barriers to employment information.

- Grassroots leadership development, and
- Cultural and heritage tourism.

There are a variety of program activities associated with each objective. The following is a brief description of each:

Job Creation is at the heart of the program. Targeting those left behind in the changing economy for increased income, employment opportunities, and wealth meets the number one goal of the grant program. A variety of strategies have been used to advance job creation goals.

The first strategy was a comprehensive assessment of those termed left behind. A survey for the unemployed, underemployed and at risk population was developed by a collaborative group of workforce service providers. More than 1200 individuals completed the survey of demographic, education, work experience, skill sets, and barriers to employment information.

Results of the survey were the basis for a Labor Skills Analysis and Report developed by a consultant available through the Technical Assistance program. The report was presented to a group of community stakeholders that included superintendents of public education, community college representatives, workforce development providers, elected officials, economic developers and most importantly, employers from the business community.

The report and workshops received local media coverage and copies of the Executive Summary were mailed to every business employing over 25 workers, every elected official, and every classroom teacher in the county. Subcommittees have been formed from those who attended the workshops and are working to address many of the issues identified in the report.

One new initiative that grew out of the report and workshop is a partnership between the economic development corporation and two public school systems. Eighty-four vocational education teachers from the five county high schools and 26 middle school vocational teachers are participating in a series of business tours throughout the current school year. In Business Education Reality 101, teachers are required to tour five businesses from 14 tour opportunities across the county. Businesses are using the program to educate teachers about the skills and characteristics required to succeed in today's workplace. Early reviews from all parties are very positive.

Grant funds were used to support a first ever Target Industry Study for the county in partnership with the economic development corporation. Specific industry sectors were identified in a comprehensive report that matched county competitive advantages and preferences to target business sectors. The study also made specific recommendations for improvements to prepare for successful location program. The study was completed in February 2004.

The local community college has already created two new specialized training programs in biotechnology and global logistics, identified as target sectors to support training and a skilled workforce. Target sector recommendations are fueling increased emphasis on product development by local governments and the economic development agency.

Grant funds were used to purchase computer equipment and software to increase the capacity of the WorkKeys program administered by the community college. A workshop featuring keynote speakers and showcasing the WorkKeys skill development program was held in November 2004 and attended by over 90 employers and workforce development providers.

Grant funds were used to expand the On The Job (OJT) Training Program administered by the local workforce development board. Funding was put in place to support 10 additional positions on an annual basis. OJT provides 50 percent of the trainee wages for up to six months. New hires ben-

efit from a guaranteed job at the end of the training, a quality wage, and health care benefits. Employers benefit from the subsidy during a training period when employees are typically less productive.

Finally, grant funds supported a nine-month computer training class held in the county's largest African American church. A second class is underway and two individuals in the first class have found jobs due to enhanced skills. Additional classes are planned in two other churches located in small rural areas in the county. In a true public private partnership, local utilities are providing Internet access and the local community college is providing a mobile computer lab and instructors. Grants funds offset 50 percent of the cost for the program.

A cooperative employer survey to determine short to mid term hiring plans, training needs, and skill deficits is planned for Spring 2005 using grant funds. Plans are to survey more than 950 employers.

Small Business Development is often cited as one of the most important strategies for long-term economic renewal and vitality. The Randolph team dedicated the majority of grant funding to this purpose.

The existing Small Business Center, a state program with constrained resources, was the partner. Grant funds were used to hire an additional business development specialist, doubling the capacity of the program. The newly hired specialist and other instructors participated in a train the trainer program for the REAL (Rural Entrepreneurial

Action Learning) Program so that classes could be offered in multiple locations across the county. A REAL program has been developed in Spanish to serve the county's growing Latino population.

Fifteen laptop computers were purchased along with business development and business plan software to create a resource center for small business owners and entrepreneurs. The computers can be used offsite, effectively creating a mobile lab.

The Small Business Specialists have met and exceeded their goals of small business assistance, job creation, training and start-ups due to the grant assistance. Results for the two-year period ending November 2004 are:

- 30 existing businesses assisted,
- 18 new businesses started, and
- 48 new jobs created.

A feasibility study is underway to determine the need for a business incubator in the community. Grant funds are being used to support the study in partnership with the university system and state tech-



Hand made pottery is a growing cottage industry and tourism attraction

nology council. Depending on the study findings, establishment of an incubator would provide a permanent resource to support small business creation and to increase the success rate for entrepreneurs.

Grassroots Leadership Development is another vital program effort. Building leadership capacity is the focus of the second goal of the Program for the Rural Carolinas. Long-term economic vitality is contingent on leaders committed to the community's future. In many rural communities *older* leaders are aging or resistant to change needed for economic renewal.

A key strategy of the program is raising up a new cadre of leaders representative of the community with a commitment to collaboration. The Randolph team took the first steps in this direction with the expansion of the original grant team. That expansion brought new perspectives and ideas to the group and the grant projects.

The Randolph team is partnering with two existing leadership programs operated by county Chambers of Commerce. In a change from the traditional leadership programs, the leadership committee shortened and refocused the program format. They recruited leadership program participants from non-traditional sources including churches and non-profit agencies. The committee made a special outreach to African American and Latino population groups. One class has graduated and another is underway. A third is beginning in a rural area of the county.

Graduates of the program are supported financially with scholarships. They are encouraged to participate in the traditional leadership programs so that they can continue to advance in skills, connections, and service.

Cultural tourism is a recent addition to the grant program of work. Grant funds will be used to partner with an existing regional initiative to train entrepreneurs in cultural tourism opportunities.

Plans are to provide scholarships for 15 county citizens in cultural tourism through the 1000/100 Project. This is a statewide initiative directed at creating an empowered network of informed leaders and advocates for cultural tourism throughout the state. Additional plans include the development of comprehensive business plans for three cultural tourism enterprises. In partnership with the Small Business Center, the three entrepreneurs would complete the REAL program.

CONCLUSION

The Randolph Team has developed an ambitious program that is already yielding success in job creation, increased income, and wealth for citizens of the community. Additional grant projects are increasing capacity to continue the work and sustain the projects in the future. For grant year two, the Duke Endowment grant investment of

\$150,000 has generated \$967,000 as return on investment in additional income and in-kind contributions.

Small business development seeds future business opportunities. Enhanced worker training and skill development empowers workers and increases their job prospects and earning potential. At the same time, businesses gain a more productive and capable workforce. Increasing the communication and connections between business and education results in students better prepared to succeed in the future workplace. Grassroots leadership development enriches, strengthens, and improves the future economic and community development of the community. Cultural tourism diversifies the

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local economy and builds on existing assets. Targeted business recruitment provides immediate investment and job creation and supports future growth.

Key lessons learned include the importance of partnerships and collaboration to economic and community development. The Cycle of Development highlights the linkages and connections between various economic and civic components. Randolph County has embraced an integrated approach to the variety of grant projects. We've learned that no single strategy is sufficient, that good ideas abound if we listen. The grant resources have been deployed to meet current needs and to build for the future.

All of these initiatives have been enabled by the innovative grantmaking of the Duke Endowment. Existing organizations have increased capacity and assets. Partnerships are strengthened and new allies and partners have been developed. Each of the program initiatives is integrated and aligned to derive the maximum benefit.

As charged in the guidelines for the Program for the Rural Carolinas, Randolph County is pleased to share information and lessons learned from this program. It is our hope that our experience will benefit other communities and inspire other philanthropic organizations to consider similar innovative economic development programs.