

## Find a Way or Make One

*By Jonathan Q. Morgan, Ph.D. and William Lambe*

### LESSONS LEARNED FROM CASE STUDIES OF SMALL TOWN DEVELOPMENT

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## INTRODUCTION

Economic developers and public officials continually search for what works in terms of strategies for stimulating private investment and job creation. The interest in identifying the ingredients for successful economic development is especially pronounced among those who care about small towns. So many small, rural communities find themselves on the losing end of globalization and economic transition, almost to the point of despondency. Yet, some manage to bounce back from the brink of economic ruin and create a renewed prosperity both materially and in spirit. What are the characteristics of those places that eventually get it right and achieve economic revitalization? What approaches and strategies do successful small towns tend to rely on in building their local economies? To what extent is there a "model" for small town economic development that can be applied across many communities?

This article addresses these questions by examining the challenge of small town revitalization in the context of the latest thinking about how best to achieve economic development. The analysis is based largely on what we learned from a recently completed compendium of 45 case studies of small town development efforts from around the U.S. titled *Small Towns, Big Ideas*.<sup>1</sup>

## DOES SIZE REALLY MATTER?

Being a small place has both advantages and disadvantages. The conventional wisdom is that the lack of resources – financial, human, technolo-



Douglas, Georgia, where community leaders regularly call together economic development stakeholders in order to recommit the community to its vision.

logical, and physical – in small communities constrains their options and severely limits the capacity to do a whole lot with respect to economic development. In a common scenario, small towns feel victimized by forces beyond their control and passively wait for external assistance to fall down like manna from on high. This might be in the form of federal and state funds that are thought to be forthcoming. However, in the exceptional cases, small towns become motivated to take matters into their own hands and decide to take control of their destiny. They look inward to find assets and strengths to build upon in charting a new course. In the quest for an approach that works, they innovate and try new economic development strategies and often by design and sometimes by accident they find one. In this sense, the apparent limitations of being small lead to innovation out of sheer necessity.

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In the places where innovative development strategies are a function of being small and having limited resources, it is important to understand what makes the difference. This has sparked interest in learning more about the process of economic development in small communities. A good starting point for sizing up small town efforts is to examine if their goals for economic development differ significantly from larger jurisdictions. A 2006 survey of North Carolina localities found that smaller jurisdictions share many of the same goals as larger communities. But as shown in Table 1, some differences are apparent. For one, a higher percentage of respondents from small communities reported that attracting retail and service businesses is a goal. In addition, a higher percentage of small communities appear concerned about controlling growth. This is not surprising given that small, rural places often want to preserve the character, natural environment, and quality of life in their towns, villages, and hamlets.<sup>2</sup>

While quantitative survey research offers some insights, it does not capture the nuance of the economic development process within small communities. This process in small communities is not necessarily a linear one that lends itself to measures and relationships that are easily quantified. Indeed, some of the most essential elements of small town development tend to be intangibles such as leadership, culture, entrepreneurial spirit, and social capital. As a result, the special circumstances of small towns might require an approach to economic development that is qualitatively different from the traditional model.

### ALTERNATIVE APPROACHES TO ECONOMIC DEVELOPMENT

The traditional approach to economic development has emphasized recruiting the branch plants of major corporations by offering tax and financial incentives. The logic underlying this approach is that companies will choose locations where operating costs are lower and profits can be maximized. Industrial recruitment can create substantial employment and tax base for a community and has proven effective for many jurisdictions. However, the track record in small towns and rural communities is patchy. The number of large indus-

**TABLE 1. Economic Development Goals in North Carolina Localities (Percent Reporting)**

	Population	
	< 10,000	10,000+
Expand tax base	70.0	87.9
Job Creation	61.8	91.6
Recruit new business	58.2	89.7
Attract retail and services	55.5	50.5
Retain and grow existing business	54.5	86.9
Control growth	48.2	38.3
Diversify economic base	44.5	82.2
Promote entrepreneurship	42.7	65.4
Higher paying/better jobs	40.9	79.4
Promote social and economic equity	19.1	26.2
Wealth creation	10	31.8
Other	5.5	10.3
	n=110	n=107

Source: Jonathan Q. Morgan The Role of Local Government in Economic Development: Survey Findings from North Carolina, UNC School of Government, 2009

trial projects that come about in a given year has steadily declined, making business recruitment an increasingly competitive and costly undertaking. For many small places, the odds of landing a big manufacturing facility are less favorable than ever. If not industrial recruitment, what then is a small community to do in order to grow its local economy?

Over the last couple decades, many new and reformulated ideas have emerged that claim to represent a paradigm shift in economic development. The wave metaphor has been used to describe the evolution of economic development from a primary emphasis on industrial recruitment (e.g. "smokestack chasing") in the first wave to so called "second-wave" business retention and entrepreneurship strategies, and most recently to "third-wave" principles that require new governance and implementation techniques.<sup>3</sup> Taken together, these ideas call for innovations not only in *what* is done but also in *how* strategies and tools are implemented.

Generally, the alternatives to industrial recruitment promote indigenous or "home-grown" sources of development rather than focusing primarily on attracting external investment. The emphasis is on growing from within, yet the new approaches recognize that securing private investment from elsewhere is more likely with a strong foundation of local assets to build upon. The alternative approaches often require communities to institute new organizational structures, devise creative financing mechanisms, and work more collaboratively with other entities.

The new approaches include: economic gardening, place-based development, creativity and talent cultiva-

**TABLE 2. Alternative Economic Development Approaches**

	<b>Economic Gardening</b>	<b>Place-Based Development</b>	<b>Creativity &amp; Talent Cultivation</b>	<b>Innovative Industrial Development</b>
<b>Strategies and Tools</b>	Entrepreneurship Information brokering Infrastructure Social capital Business incubators	Quality of life amenities Downtown development Infrastructure Tourism development Growth management Arts and culture	Arts and culture Workforce development Leadership development Social capital	Cluster-based development Regional collaboration Joint industrial parks Eco-industrial parks Green industry development Creative incentives
<b>Example Communities</b>	Douglas, GA Ord, NE Siler City, NC Fairfield, IA Star, NC Big Stone Gap, VA Elkin, NC Spruce Pine, NC	Nelsonville, OH Dora, OR Hillsborough, NC Bakersville, NC Etowah, TN Ayden, NC Colquitt, GA Big Stone Gap, VA Columbia, NC Hollandale, MS	New York Mills, MN Siler City, NC Morrilton, AR Rugby, ND Allendale, SC Douglas, GA Fairfield, IA Elkin, NC	Sparta, NC Washington, NC Oxford, NC Cape Charles, VA Reynolds, IN Douglas, GA Ord, NE Farmville, NC Etowah, TN

tion, and innovative industrial development (see Table 2). Economic gardening is the specific entrepreneurship-based approach to economic development that was pioneered by Littleton, CO, in 1989.<sup>4</sup> Over time, as other communities have adopted various parts of the Littleton approach, economic gardening has become a way to describe a program of entrepreneurial development activities that includes: information (business and market intelligence); infrastructure (physical, quality of life, intellectual); and social capital (connections and networking).<sup>5</sup> The general theme of gardening is to “grow your own” by cultivating local entrepreneurs and small firms and creating an environment that supports their growth.

As the name suggests, place-based development incorporates strategies that capitalize on the distinctive and special characteristics of a particular place. Such characteristics might include the natural environment, cultural heritage, specialized infrastructure, and arts/crafts traditions. Creativity and talent cultivation utilizes strategies that focus on attracting knowledge workers, equipping people with skills, and preparing people for community leadership. Arts and culture are often used to attract and retain talent and as occupational targets for apprenticeship and training programs. Using social capital to facilitate networking helps spawn creativity and promotes the exchange of new ideas. Innovative industrial development incorporates business clustering and regional collaboration; emphasizes “green” development; and makes use of creative incentive tools.

The alternative approaches to economic development shown in Table 2 are consistent with the goals that smaller communities reported in the survey discussed here. The preference among smaller communities for having amenities that come from attracting retail and service businesses and controlling growth makes place-based development strategies, in particular, a logical choice.

The case studies in *Small Towns, Big Ideas* enable us to determine how small communities are employing the alternative approaches to economic development. The collection profiles communities that stretch from Oregon to South Georgia and range in size from Chimney Rock in North Carolina with 175 people to Helena-West Helena in Arkansas with 15,000. In selecting case studies for publication, each case was screened

for its geographic and strategic diversity and for evidence of success, innovation or distinction within the local context.<sup>6</sup> Most case studies include discussion of more



*Many of the examples cited in this article are drawn from Small Towns, Big Ideas. The full publication can be searched and downloaded for free at <http://www.sog.unc.edu/programs/cednc/stbi/>.*

than one strategy. For example, Douglas, GA, combines entrepreneurship, leadership development, and creative industrial recruitment.

## THE SEARCH FOR "BEST PRACTICES" IN ECONOMIC DEVELOPMENT

The invention and diffusion of alternative approaches to economic development are part of the ongoing quest for best practices or strategies that work, particularly for small and rural areas. Defining best practice in economic development is more art than science. This is largely because we lack a standard set of criteria for what constitutes a best practice. Do we look for effective practices with proven results, or those that make efficient use of resources, promote equity or represent an innovative idea?



Etowah, Tennessee, invested in a train depot renovation project as part of a broader strategy to attract tourists.

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In an overly simplistic fashion, analysts have typically considered essentially any approach other than industrial recruitment to be a best practice. It is often assumed that any alternative strategy will be effective and work better just because it is not recruitment. This assumption is problematic, given that there surely are bad, good, and better ways to implement any type of strategy – traditional or alternative. The strategy in and of itself may not inherently be a best practice – it depends on how it is used and what outcomes it produces.

Another way to identify best practices is to focus on jurisdictions that appear to be doing well and take a look at their various processes for achieving economic development. This is essentially the approach taken with the case studies we draw on for this article. The original intent of that case study research was not to explicitly

look for best practices, per se. But in profiling successful small towns from around the U.S., the case studies found plenty of evidence of innovation in economic development. If the use of innovative approaches and strategies is the criterion, then the case studies represent best practices to that extent.

## LESSONS LEARNED FROM THE CASE STUDIES

In drawing broad lessons from the case studies, we recognize that local context matters a lot in economic development. Local contexts vary considerably, so it is unrealistic to think that what has worked in one place can be replicated with the same success in another. Indeed, mere emulation of what others have done may not even be desirable. Still, the point of doing the case studies was to learn something from various communities that could inform small town development efforts elsewhere. These lessons provide a better understanding of what makes for innovative development in small towns.

### 1. In small towns, economic development is community development, and vice versa.

If community development – compared to economic development – is generally considered to include a broader set of activities aimed at building the capacity of a community, then the case studies demonstrate that capacity-building and other strategies typically associated with community development are analogous with actions designed to produce economic outcomes. In this sense, the communities profiled in the case studies practice *community economic development* (CED). This is especially true, it seems, when these efforts are included as parts of a comprehensive package of CED strategies designed to address a community's core challenges and opportunities. For example, in Ord, NE, a broad-based

and inclusive approach to CED that included leadership development, youth entrepreneurship, and philanthropy enhanced the community's capacity to take on more traditional economic development projects, such as recruiting an ethanol facility (with dozens of new jobs) into the jurisdiction.

Further, communities that take a comprehensive approach to CED – one that includes economic and broader, longer-term, community development goals – stand to gain more than small towns that take a piece-meal approach. Selma, NC, for example, had made significant investments in revitalizing both its downtown area and the train depot. However, lack of consideration of a four-block area between these two investment zones limited the overall positive impacts of the community's work. By viewing redevelopment in a more comprehen-

sive way, and by including community development considerations such as revitalization of blighted downtown properties in its strategy, the town was able to identify a barrier to continued revitalization, and a potential means of overcoming this barrier that will hopefully pay off in the years ahead.

Because CED includes short-range and long-range strategies, it is by definition a long-term and transformative process (a fact that's recognized more in community development circles than in economic development). Successful small towns tend to balance short term economic gains with longer-term community development goals. The mayor of Davidson, NC, made this point when he said that every decision about development is weighed against the question of whether "this project is something that our grand children will be proud of." Civic leaders in Ord, NE, invest time and resources into entrepreneurship training in the local school system, with the hope that these activities will transform the local economy for the next generation. Similarly, Big Stone Gap, VA, having developed a CED strategy based on entrepreneurship, had to "help people think about economic development differently." Over a period of six years, local opportunities were harvested by entrepreneurs and, slowly but surely, new small businesses started appearing in town – new businesses with local ownership and local roots. However, these outcomes were not realized during the typical political cycle.

## **2. Small towns with the most dramatic outcomes tend to have proactive and future-oriented leaders who will embrace change and assume risk.**

Small town leaders can be the facilitators of, rather than the barriers to, innovation. Without local leaders to push and implement new ways of doing things, innovative practices, in whatever form they take, will fall short. These characteristics of innovative leadership in small communities – being proactive, future-oriented, adaptable, and risk-taking — are intangible aspects of the culture and attitude of a place that can make all the difference.

Being proactive (as opposed to reactive) can be measured by a community's willingness and ability to act on a particular challenge before it becomes a problem. In Tennessee, for example, Etowah's proactive approach to building and occupying its industrial park, as opposed to reacting to trolling industries, has paid major dividends in terms of maintaining a diverse array of living wage jobs in town. In Ord, NE, proactive meant preparing the community's residents and institutions for unknown opportunities in the future. Ord's economic development leaders tackled a number of small-scale challenges in the community and, in the process, seeded the roots of teamwork around development activities. In 2003, when a major economic development project arrived from state developers, Ord was prepared to act.

Small towns that embrace change and assume risk are more flexible and nimble in adjusting to a dynamic economy. For example, Etowah, TN, had a history of adapting to shifts in social and economic conditions. Local leaders, therefore, tended to be less steeped in a mindset of "well, this is just the way it's always been done." In the face of a growing tourism economy, downtown merchants embraced change and adapted their business models to the shifting circumstances.



*Fairfield, Iowa, has a strategy for economic development based on supporting entrepreneurs and cultivating downtown businesses.*

Fairfield, IA, has taken an approach to development in which the entire strategy of building an entrepreneurial culture is based on the natural business cycle of success and failure. According to a local leader, "there was a lot of trial and error and failures to get to where we are today, but the failures of some companies have provided cheap space, office furniture and equipment for another round of start-ups. Failure has freed up talented people who again ask what new concepts and companies can we start here in Fairfield."

## **3. Defining assets and opportunities broadly can yield innovative strategies that capitalize on a community's competitive advantage.**

In many communities, shell buildings, low tax rates, limited regulation, and access to trained workers, highways, railroads, or professional services are considered economic development assets and justifiably so. Innovative small communities, however, define economic development assets much more broadly. For example, Allendale, SC, capitalized on a regional university to create a local leadership development program that, in turn, trained new economic development leaders for the entire region. Brevard, NC, demonstrates that retirees within a community can be economic development assets. The Retiree Resource Network is a group of retirees with private sector experience who mentor local entrepreneurs.

In Columbia, NC, local leaders recognized that their region's natural beauty was an asset that could drive an

ecotourism strategy. In an ironic twist on small town development, the arrival of Wal-Mart became an asset for the small community of Oakland, MD, when local leaders took the opportunity to help Main Street retailers diversify their product lines. Assets for innovative rural development might include individual people, non-profit organizations, businesses, open space, farms, parks, landfills (biomass), museums, schools, historic architecture, local attitudes, or any number of other things.

An emerging trend is to think about specific assets and opportunities related to environment-friendly “green” development and renewable energy resources. The case studies indicate that this trend is catching on in small towns. In Dillsboro, NC, the town turned an environmental challenge, the methane gas migrating from the county landfill, into an opportunity to create jobs and provide space for entrepreneurs. The Jackson County Clean Energy Park (in Dillsboro) is using the waste by-product to power the studios of local artisans. In Cape Charles, VA, the town’s investment in an eco-friendly industrial park was an innovative strategy to bridge the dual challenges of environmental degradation and job creation. And, in the most extreme case, Reynolds, IN, is capitalizing on latent energy contained agricultural waste from 150,000 hogs to become BioTown, USA, the nation’s first energy-independent community.

#### **4. Innovative local governance, partnerships, and organizations significantly enhance a community’s capacity for community economic development.**

The case studies suggest that innovative local governance, in a variety of forms, can strengthen a community’s CED strategy. Regionalism, or identifying opportunities and partnerships beyond municipal boundaries, is another emerging theme in successful CED. Cross-jurisdictional partnerships can help small towns pool resources toward shared CED objectives.

Strategies in Ord, NE, and in Davidson, Oxford, and Hillsborough, NC, each involve commitments to inter-local revenue- and responsibility-sharing among jurisdictions. Davidson and Oxford are partnering with neighboring communities in industrial development efforts, while Hillsborough is partnering with the county to manage growth beyond the town’s municipal boundaries. Ord joined with the county and the Chamber of Commerce to share costs and revenues from a wide range of development activities.

Public-private (including not-for-profit) partnerships are emerging as the prominent organizational structure for innovative development in small communities. In Siler City, NC, for example, the successful establishment of an incubator was the product of a partnership among the community college, local government, and a state-level nonprofit organization. In Spruce Pine, NC, the

town’s approach to supporting local entrepreneurs requires that the Chamber of Commerce and the craft community work closely together for the first time, to ensure successful marketing and branding.

#### **5. Effective communities measure progress and celebrate short-term successes in order to sustain support for long-term community economic development.**

Given the long-term nature of community economic development, and the fact that measurable results from a particular project may be years in the making, small town leaders must repeatedly advocate the importance of their efforts. Making the case is important to maintain momentum, invigorate volunteers and donors, to convince skeptics and, most importantly, to keep the focus

of development on the vision or the goals established in a community’s strategic plan. Innovative small communities recognize that making the case is an ongoing and continuous effort.

Obviously, the best way to make the case for any intervention is to demonstrate success. In this vein, community leaders in Scotland Neck, NC, decided to begin with actions that would demonstrate success quickly. They decided to support local hunting and fishing guides, to start bringing more tourists into town, and to show local residents that there was reason to be optimistic. This initial success helped the town leaders to build momentum before beginning to tackle more intractable challenges.

In Ord, NE, the impacts of the community’s development programs are monitored and have become useful for both external and internal audiences. Data are used to attract additional investment from outside sources. Moreover, by demonstrating a reasonable return on investment, these data also may be used to convince a community’s naysayers to join the efforts. In Hollandale, MS, an analysis of local data helped the community to convince outside grant-makers that a rural transportation network was a smart investment. In addition, it helped to convince policy-makers that rural transportation was a viable (if incremental) strategy for alleviating a range of economic challenges.

#### **THE PROVERBS OF SMALL TOWN DEVELOPMENT**

Based on the lessons from the case studies, we conclude that any prescription for small town development must draw from multiple approaches since it is about finding a way that works. Therefore, building a singular model for how to do economic development in small communities is very difficult. A more realistic and useful way to offer guidance is in the form of wise sayings or proverbs that we found to be true in the case studies. These maxims help explain why some communities figure out how to rebound from economic hardship while others flounder for years. The small communities that



Ord, Nebraska, where community leaders have put together a broad and inclusive strategy for economic and community development.



Ord, Nebraska, pursues a strategy that includes leadership development, entrepreneurship, philanthropy, and industrial development.

**Small town development is largely about innovation in terms of new ideas and approaches; new ways of thinking and doing. The case studies are stories of community self-reinvention and the determination to create a better future.**

tend to succeed in economic development experiment with new ideas and strategies but they also apply the wisdom of the ages.

**Find a way or make one.** Small town development is largely about innovation in terms of new ideas and approaches; new ways of thinking and doing. The case studies are stories of community self-reinvention and the determination to create a better future. The process of small town development is not formulaic. The case study communities experiment with both traditional and alternative strategies but use them in innovative ways. These towns are willing to accept the inherent risks associated with trying something new. Through trial and error they find an existing way, or multiple ways that work for them or they invent one from scratch.

In Columbia, NC, the town's ability to design an alternative arrangement for generating tax revenues on protected lands helped turn a potential obstacle into a local innovation. In Selma, NC, the town used an innovative property tax incentive tool to focus redevelopment on a particular blighted area of town. In New York Mills, MN, the town structured a public investment in the Regional Cultural Center so that the town had ownership of the building, thereby reducing long-term risk and creating a win-win situation for artists, public officials, and local residents.

**Where there is no vision the people struggle.** This paraphrase of scripture is timeless in its applicability. The case studies demonstrate that innovative small communities establish and maintain a broadly held vision, including goals for all types of development activities with measurable objectives. In small town development,

people (as opposed to money or other resources) are the one absolutely necessary ingredient to implementing and sustaining innovative practices. There is a greater need for vision and leadership initially than for money. If the right leadership and sense of direction are in place, then the necessary resources will follow. A committed group of local residents who are willing to work hard to support the community's vision can change the fate of an otherwise hopeless community. A widely shared vision provides local innovators with a common understanding of the road ahead.

The power of a widely shared vision is perhaps illustrated most dramatically by Helena, AR, where the inclusiveness of the community's planning and visioning process was crucial. In this case, the process included representatives from government, community organiza-

tions, for-profit and nonprofit interests, resource providers, and average citizens of the community. In fact, anybody could join the effort, and this perception of an inclusive and open-door process was widespread across Helena.

Similarly in Ord, NE, a significant amount of the momentum for economic development comes from one-on-one conversations. In Ord, local leaders take the time to meet individually with members of the community, sometimes going door to door, to ensure that opposition to development efforts does not take root for lack of understanding the larger vision that drives local development. In terms of maintaining momentum behind a community's vision, Douglas, GA, demonstrates how a local Chamber of Commerce can take responsibility for calling stakeholders together on a regular basis to recommit themselves to the community's shared vision.

**Nothing concentrates the mind like impending doom.** It is not a coincidence, that most of the case study communities achieved a modicum of success only after economic crisis forced them to act. Due to the recent meltdown of housing and financial markets and deepening economic recession nationally, this is where much of the U.S. finds itself at the moment. However, the case studies demonstrate how economic adversity can create the conditions for bringing about the change needed to improve the long-term viability of communities, even those with limited local resources and capacity.

Innovation often results when communities "hit the bottom," forcing local leaders to try new things and take new risks. For example, consider Helena, AR, where the community's collective sense of hitting bottom presented local leaders with an opportunity to step up, to initiate a new way of planning and implementing development efforts, and to convince local residents to participate in the process. Similarly, in Scotland Neck, NC, difficult economic and civic circumstances in the late 1990s presented an opportunity for a strong mayor and other civic leaders to look inward for new ideas and angles on old problems.

**As a community thinketh, so it will be.** The psyche of a place matters in small town development. Successful small towns believe that they can shape their destiny and have the ability to see the opportunities and promise in the future. They believe that the best days can still be yet to come. Small towns that survive and prosper in this new, global economy reject the victim mentality and focus instead on what is within their control that can be done. Hope and optimism carry the day in innovative small towns.

Small town leaders can cultivate hope and optimism by continually making the case for development efforts and demonstrating short-term success to keep up the momentum for long-term transformation. Celebrating and promoting success boosts morale in the community and fosters the can-do mentality that is so essential. It can also be used to shape how a community thinks about its economic development prospects and help pave the way for change. For example, in order to maintain buy-in from the community, the initial action steps in Helena's strategic plan were those that could be accomplished in short order and for which there was already some momentum. By starting with "low-hanging fruit" that was easiest to pick, they demonstrated to the community that change was possible. Once people started seeing change happen, there was more of an incentive to join in the process.

Communicating the success of small town development activities helps ensure that residents are well informed and can increase support for local efforts. Short term success is a way to show that particular CED activities are worth the investment. For example, in Douglas, community leaders work hard to keep local papers informed about various economic development projects and publicize even the most modest success, including stories of local entrepreneurial successes. Leaders in Ord spend an ever-increasing amount of time publishing newsletters and writing articles for the local newspaper. They send emails to as many residents as possible and appear on radio broadcasts regularly. The idea is to replace rumors and "coffee shop chatter" with accurate information about what the community is trying to accomplish.

**The whole is greater than the sum of its parts.** This proverb applies to the community generally and to its approach to CED more specifically. It is about creating synergy, using social capital, and connecting the dots in a way that produces the desired outcomes. Innovative small towns make the connections that increase their chances for success. They connect to valuable resources and information. They build relationships and form partnerships with other jurisdictions and organizations – public, private, and nonprofit. They try to connect residents to local development efforts by being as inclusive as possible in visioning, planning, and communicating the CED process and its results.

Successful small towns often make connections among various CED strategies by taking a multi-faceted approach to economic development. It was not uncommon for the case study communities to pursue economic gardening in conjunction with place-making or creativity and talent strategies or to pair place-based development with innovative industrial development. The point is that there is no universal formula for determining the one best way or the most innovative way to develop and revitalize small towns.

Innovative development is context-specific and communities should take nothing off the table in selecting strategies to pursue. Decisions about what to do and how to do it must be based on local conditions, context, and capacity. Successful communities usually have evolved to the point where they can pursue a holistic approach that is aligned with the core assets, challenges, and opportunities within their regional context.

Successful small towns identify local assets on which to build their economic development strategies and they try to overcome liabilities and shortcomings in the process. These towns do not wait passively for a proverbial knight in shining armor to save the day.

Another important connection that innovative small towns get is the nexus between growth and development. They understand that growth is about having more – quantitative increase – which can be both good and bad. And they know that development is about building a local economy that is diversified and sustainable. These small towns want more in the short term (growth) mostly to the extent that they are better off in the long-term as a result (development). Innovative small towns desire to grow in ways that enhance the quality of life and raise the standard of living in their communities. Their approaches to economic development reflect an appreciation for the trade-offs inherent in this relationship.

**Success is driven from within.** Successful small towns identify local assets on which to build their economic development strategies and they try to overcome liabilities and shortcomings in the process. These towns do not wait passively for a proverbial knight in shining armor to save the day. Rather, they close ranks internally and figure out how to make the most of what they have. By tapping into indigenous sources of jobs and investment, innovative small towns gain more control over their economic future. The local leadership of a place is an essential component of the capacity to affect change and transform a community from within.

While success in small town development is ultimately determined from within, it can be aided from without through external resources and assistance. The question

for policy makers is how to strengthen the local capacity within small towns to do economic development by connecting them to resources that support their efforts.

In North Carolina, there are a number of initiatives underway that intend to build local capacity in small communities. The North Carolina Rural Economic Development Center provides coaching, planning, research, technical assistance, and grants to small towns through the NC STEP (Small Towns Economic Prosperity) Program. The Golden LEAF Foundation is making \$2 million capacity-building investments into 40 of North Carolina's most economically distressed counties through the Community Assistance Initiative. The University of North Carolina is preparing to announce an initiative, dubbed the Community-Campus Partnership, which is designed to provide faculty, student and staff support to economically distressed communities in the state.

Although external resources are available for small towns, success will be determined largely from within. The pathway to success or innovation in small town development will be discovered, created, and built by local leaders. 

#### END NOTES

- 1 See Will Lambe, *Small Towns, Big Ideas: Case Studies in Small Town Community Economic Development*. UNC School of Government and N.C. Rural Economic Development Center, 2008. Available at [www.cednc.unc.edu/stbi](http://www.cednc.unc.edu/stbi).
- 2 Thomas E. Marano, *Staying Small by Thinking Big*, *Economic Development Journal* 4: 7-14 (2005).
- 3 See Ted K. Bradshaw and Edward J. Blakely, What are "third wave" state economic development efforts? From incentives to industrial policy, *Economic Development Quarterly* 13: 229-244 (1999); Doug Ross and Robert E. Friedman, *The Emerging Third Wave: New Economic Development Strategies in the '90s*, *The Entrepreneurial Economy Review* 9: 3-10.
- 4 City of Littleton Economic Gardening Program, <http://www.littletongov.org/bia/economicgardening/>.
- 5 Federal Reserve Bank of Atlanta, *Economic Gardening Helps Communities Grow Their Own Jobs*, *Partners in Community and Economic Development*, Vol. 18, no. 1, 2008.
- 6 The Small Towns, Big Ideas project was a broad qualitative research assessment. Small towns were selected to provide the reader with exposure to a wide variety of strategies and tools at work across a range of local conditions. The collection includes 10 in-depth analytical cases and 40 shorter descriptive cases. The selection of cases began with a key informant identification process, which resulted in a list of more than 150 small towns (population less than 10,000) that were known, either by word of mouth or in print, for success or innovation in CED. In addition to screening cases for geographic and strategic diversity, each case features a small town in which a CED strategy (or strategies) is active and where CED activities are controlled locally. Analytical cases were screened for evidence that the community's strategy was successful, in economic, social, civic and/or environmental terms. Analytic cases also were screened for evidence that the strategy was financially sustainable and that it demonstrated some measure of adaptability to changing circumstances. Descriptive cases were screened for evidence that the community's strategy represented CED innovation (first or early use of a particular practice) or a distinctive practice (unique among the alternatives for addressing a particular problem) within the local context.



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