

Lessons from Appalachia

*Leveraging the arts & crafts as a major
economic development strategy for southern
Oregon*

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There is an old adage that one cannot continue to do the same thing and expect a different result

We have been investors in this region for over seven years. In that time we have seen several incarnations of economic development “strategies” based around somehow trying to increase “tourism”.

While many good things have happened during this period, there has been no fundamental change in the overall health or vitality of the region’s economic base. If anything, it may well have declined somewhat despite a large influx of recent retirees.

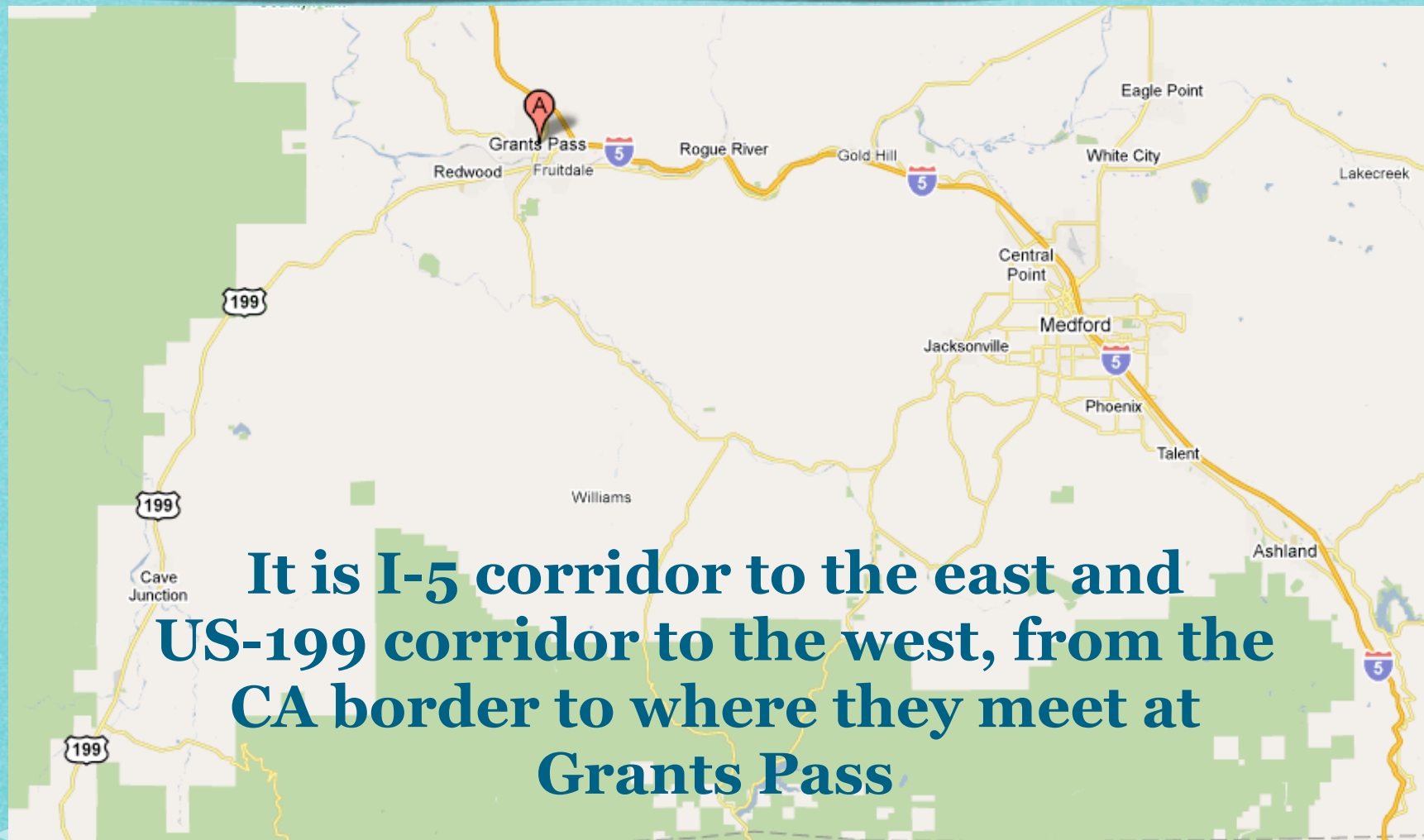
In April of 2009 Sharon and I decided to go to the Appalachian region to learn how they have so successfully leveraged the arts & crafts into a major economic development strategy that has paid handsome dividends there.

This presentation is based on the lessons we learned from that experience that we feel can also be implemented here to make a fundamental and most profound change for the better in the economic health & vitality of this region in the next decade. ***We feel it is past time to do something different.....***

What would you say to a new \$206 mil/yr industry

- ▶ If we walked in and said it is possible to bring to southern Oregon a new \$206,000,000 per year business that required no tax deferments or subsidies, no smoke stacks, no detrimental impact on the environment, no zoning changes, no variances.....
- ▶ What would you say?
- ▶ That is exactly what western North Carolina did, a region about the size of southern Oregon, and they did it within the last decade!

This is what we mean by the term
"Southern Oregon Region"



Perception/Lesson #1

- ▶ Commonly held perception - The arts & crafts are not really a main stream industry, more of a cottage industry
- ▶ The reality is very different - The arts & crafts in Western NC alone are a \$206,000,000 a year business providing jobs, attracting tourists & are a sustainable business that will remain in the region (2008 data)

More about the size of the A&C business in WNC

- ▶ 56% the 2,200 craft artists surveyed operate a full time business there
- ▶ 33% have full and/or part time employees
- ▶ The median household income for artists there is \$48,000
- ▶ 65% of craft artists sell within WNC, 8% elsewhere in NC and 25% outside the state

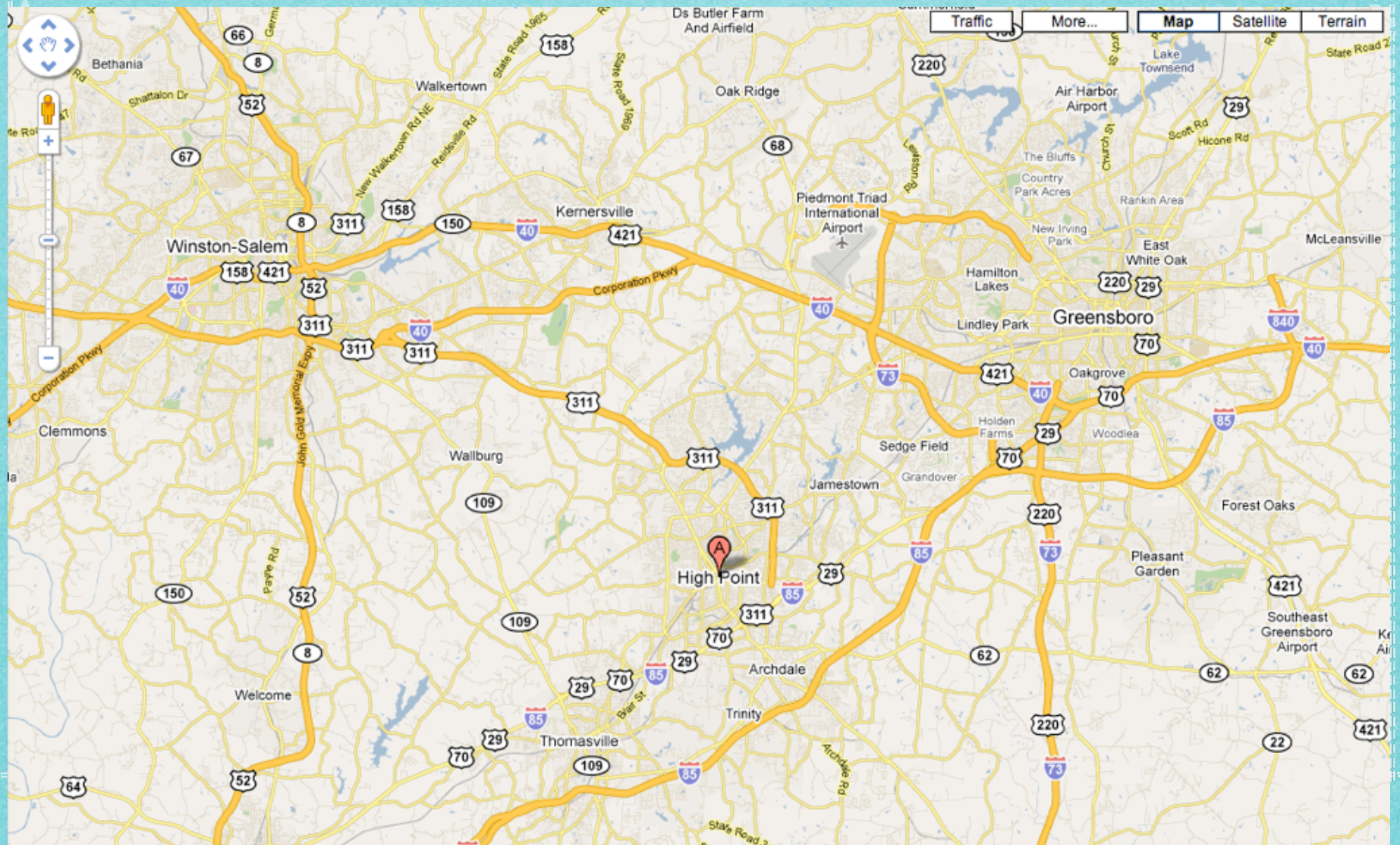
More about the size of the A&C business in WNC

- ▶ 130 galleries in WNC with an average annual gross sales of \$500,000
- ▶ 70% of the galleries' inventory is produced in WNC
- ▶ 62% of sales are to tourists
- ▶ 33% of WNC galleries have been in existence for more than 10 years

Perception/Lesson #2

- ▶ We all have to do our own thing to survive, no one will help since we are all competitors chasing the same few tourist dollars
- ▶ No one can do it alone and it is possible to overcome the traditional group, town & county rivalries and feelings of competition

An example of where they
did overcome these rivalries



Perception/Lesson #3

- ▶ Lots of tourists come through our region on I-5 & US-199. Our task is to get them to stop, shop and buy
- ▶ People traveling through an area on their way to somewhere else stop primarily to eat, fuel up & use the bath room. They are very difficult customers to capture for anything else

Perception/Lesson #4

- ▶ The natural beauty of this place is so unique it will draw people here if only they knew about it
- ▶ There is great natural beauty in many parts of the country. No one has a monopoly on beauty, so that by itself is not enough

Perception/Lesson #5

- ▶ We have so many wonderful artists and artisans here that buyers would flock to this region if only they knew about it
- ▶ There are great artists and artisans in many places in the country. Most people can find great art within a 20 minute drive so good art alone is not a sufficient draw - they have to be drawn here for some other reason

The traditional conclusion..

- ▶ See the conclusion one would draw (and have drawn) following these 5 commonly held perceptions? It must be all about independent promotion of individual interests. Things like rack cards and promotion of “tourism” by each and every town, city, county, non-profit, for-profit business, art group or educational institution - each acting alone
- ▶ That simply does not work very well anywhere, yet that is the traditional strategy most follow

Lesson #6, this is the biggie

- ▶ It is only if people come to a region for some other reason that they may become interested in supporting the products and services present there.
- ▶ So, our first task for this new kind of economic development strategy will be to develop those “other reasons” for people to come here
- ▶ Once here, we then need to incent them to explore the other things in the region that may also be of interest to them - these are the things that will bring them back

Lesson #7

- ▶ Traditionally arts and crafts marketing has been rooted in the notion that people who do come to a region have only a finite amount of money they are willing to spend on A&C. Therefore, I better stop them at my place before they get to you
- ▶ Wrong! The presence of many artist, galleries, etc. creates legitimacy & expands the total market. Our task in this new kind of ED is to expand the # of studios, galleries & workshops that are open for public viewing, not limit them

Lesson #8

- ▶ What does this have to do with me? I'm not an artist or gallery owner so how will I benefit?
- ▶ Once a region becomes identified with its arts & crafts, interest in and contributions to all other organizations also increases as people relate more intimately with the region itself.
- ▶ Each and every group - for-profit, non-profit, educational institution, government - will play a critical role in creating the "other reasons" why people come here in the first place

Lesson #9

- ▶ My org is already stretched to the breaking point, we simply cannot take on anything other than trying to raise money to keep our org or business alive.
- ▶ The Appalachian experience is that when disparate orgs and business band together in a common task of drawing people from population centers to a rural region everyone in that rural region benefits and the work load on each individual is reduced, not increased.

Lesson #10

- ▶ Where do we begin?
- ▶ While there are many similarities between rural southern Oregon and Appalachia, there also are some substantial differences

Similarities

- ▶ Mountains run east and west, not N/S
- ▶ Each is dominantly rural with a few population centers
- ▶ Historically pockets of poverty intermixed with pockets of relative opulence
- ▶ Lots of designated wilderness areas & gov't lands
- ▶ Historic dependence on resource extraction (mining, lumber, farming) that is now gone or going away

Differences

- ▶ Western NC is within a 3 hour drive of major east coast population centers from WaDC to Florida
- ▶ in 1880s a Vanderbilt purchased 120,000 acres & built the largest home in America & a huge sustainable farm - Asheville, NC grew around it
- ▶ That brought a RR, thousands of workers & businesses to support them

More differences

- ▶ At the outbreak of WWII there was a mad rush to decentralize US military command that was then largely concentrated in WaDC
- ▶ Asheville, NC had large office buildings which could be commandeered for this purpose so became known by many in positions of influence on the east coast & prospered following WWII as a result

More differences

- ▶ Refrigerated A/C drove a huge migration of people and industry out of the cold NE & MW into the eastern sun belt in FL, GA, MS, SC & NC (textiles, carpets, auto & auto parts, machine tools, etc.)
- ▶ It was those new residents seeking shelter from the hot, humid summers that first sparked interest in Appalachian region arts & crafts

Southern Oregon

- ▶ Has had few such historical “jump starts” and we are much further from major population centers
- ▶ So, where do we begin?

The new ED strategy

- ▶ A) By creating, producing and promoting an series of special events designed to draw people from the 300+ mile distant population centers to come here because of their interest in these special events
- ▶ B) While they are here to expose them to as many areas of special interest as we can so everyone who comes for the event finds more than they expected

The new ED strategy

- ▶ It is the attachment to the special interest areas, including but by no means limited to the arts and crafts, that will bring them back again and again
- ▶ C) If they return for reasons other than the topical interest in the initial special event, then they are no longer “tourists” passing through. They become real prospects that we have the opportunity to convert to customers, donors, volunteers & tax payers and that is how everyone benefits

Three legs to this new kind of ED milk stool

Special Events

At venues throughout the region
on topics pertinent to
the different non-profit orgs,
for profit businesses,
educational institutions,
the arts and crafts, etc.

“While you are here” guides

Driving routes/maps showing the
location of people in the region who
share a passion for some
special interest area like
animal breeding, artists and
artisans, home build air planes,
wine makers, naturalists, history
buffs, mountain biking, etc.

Joint regional
planning,
promotion &
funding

How do we start?

- ▶ 1) Formation of a new regional org staffed by the major non-profits, for profit business, educational institutions, arts groups & gov't entities whose SOLE mission & purpose is to develop, book, produce and promote special events designed to draw attendees from the 300+ mile distant population centers. This will take paid professional staff.
- ▶ Our aspiration for this group should be a steady state of 40 or more special events per year

How do we start?

- ▶ 2) Construction of an inventory of event venues throughout the region highlighting the UNIQUE features of each.
- ▶ The objective is to conduct the special events at the venue MOST APPROPRIATE for that event regardless of which city or county within which it is located

How do we start?

- ▶ 3) Compile and keep current a wide range of “While you are here guides” that locate on each map all the participants in each major area of special interest such as:
- ▶ artists and artisans with or without open studios, galleries, animal breeders, experimental aircraft enthusiasts, nature trail guides and programs, historic sites, wineries, etc.

How do we start?

- ▶ 4) formation of a common funding group staffed by regional non-profit orgs, for profit businesses, arts groups & educational institutions whose SOLE mission and purpose is to seek MAJOR grants and private donations to pay for 1), 2) and 3)
- ▶ By separating these four tasks into different work groups each can focus all their attention on achieving real, measurable critical outcomes that can and will make rapid implementation of this new ED strategy possible within our region.

What does the SOREDI board need to do right now?

- Specifically, we ask you, the SOREDI board, to direct your staff to take responsibility for forming and nurturing two of these groups to fruition- the **funding group** and the **special events group**
- SOREDI is the only truly regional organization that already has the demographic, economic and other background information required to support the major grant and gift requests which will be made by the **funding group**.
- SOREDI is also the only regional org. that already has the administrative infrastructure in place to support the hiring of the new professional staff the **special events group** will require.

The other two work groups...

- ▶ If you will direct your staff to form these two work groups, Sharon and I will commit to getting other organizations to form and nurture to fruition the other two work groups -
- ▶ The group that will develop and publish the **“While you are here guides”** and the group that will catalog and keep current the lists of **available event venues** throughout the region.

Sounds like a really high bar, doesn't it?

- ▶ It's not. The only barrier we face is forming these four work groups quickly and providing them the resources they need to succeed.
- ▶ There already exist counterpoint groups in Appalachia from whom our work groups can learn and follow so we don't need to reinvent the wheel.
- ▶ Western North Carolina did it in one decade, so can we in Southern Oregon if we really take to heart these important lessons learned from Appalachia.

A More Prosperous Southern Oregon Region is Within Our Grasp



And just look at what happens when we do!

- ▶ Whole new Community College & University degreed programs emerge
- ▶ A high school class project turns into a major tourist attraction and a publishing power house
- ▶ A simple children's story becomes the dominant industry for a rural community
- ▶ Specialty schools flourish & many of the graduates decide to stay & become residents
- ▶ And on and on - everyone benefits - for profit and non-profit alike