

# **Crafting a New Rural Development Strategy<sup>1</sup>**

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## ***Conference on Knowledge Clusters and Entrepreneurship*** **Minneapolis, Minnesota** **September 2004**

*The Rise of the Creative Class* describes a new way of thinking about supporting knowledge- and creativity-based economies. It requires the amenities that attract and keep talent: arts, culture, entertainment, green space, and—most important—high levels of tolerance. But the examples used by urban planners and economists are almost all heavily populated areas that for decades have been drawing skilled youth from smaller and rural communities and now are attracting talent of all ages and the high tech companies in which many work. What promise, then, does creativity hold for the economic future of rural America?

### **The Creative Rural Economy**

Many small cities and towns can and do cultivate creative and cultural environments. But location matters, and the most successful of these are near enough to recreational or historic areas to attract tourists, seasonal residents, and urban expatriates. Taos, New Mexico; Boone, North Carolina; Camden, Maine; Livingston, Montana; and Fort Walton Beach, Florida are examples of thriving small cities or towns. More isolated rural communities, however, have a much harder time building and benefiting from their cultural assets.

An expanded view of creativity, however, allows even out-of-the-way towns to benefit; namely creativity as an economy's engine, not frame, applying creativity to the design, packaging, and marketing of goods and services to increase their competitiveness and reach growing numbers of people searching for authenticity and meaning in what they own. Creativity becomes not type of place or class of person but the defining characteristic of a specific kind of enterprise. Artisan Doors in Kalispell, Montana and Munro Shoes in Hot Springs Arkansas both rely on arts and design to produce high end products in traditional industries. ACEnet, in Athens, Ohio helps local food processing companies design imaginative labeling and tell stories about their products in order to get higher prices and create brand recognition.

Creativity and talent are just as prevalent in rural communities as they are in cities but are not evident where measured solely by advanced degrees or patents. In the broadest sense of the term, creativity defines a type of cluster composed of companies and entrepreneurs that take their principal competitive advantage from a distinctive appearance, form, content, or sound that they embed or embody in their products or services (Table 1).

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<sup>1</sup> This has been adapted from an article that appears in *Economic Development America*, Economic Development Administration, Summer 2004, pp11-13.

**Table 1**  
**The Creative Enterprise Cluster**

- √ People and companies whose product *is* art or design (e.g., potters, writers, jewelers, and web page designers)
- √ Companies in which art or design provide the *distinguishing feature* or *competitive advantage* of a product or service (e.g., high fashion clothing, CDs, or designer home furnishings)
- √ Companies with services that are *defined* by art or design (e.g., advertising agencies, landscapers, and architects)
- √ Companies that *sell, supply, or contribute* to art or design-dependent products or services (e.g., galleries, craft and supply distributors, and arts councils, arts or craft schools, and art foundries)

### **Under the Magnifying Glass**

Taken together, these individuals and companies can make a significant contribution to non-metro economies but it requires a stronger lens to identify them. Despite growing global agreement on the sectors that comprise this increasingly sought after cluster, many operate under the radar screen in rural regions.

The most obvious obstacle to finding the cluster is its large number of micro-enterprises, freelancers, and unrecorded members. Even the use of non-employer statistics—which few studies use—misses those not registered in any government business database. Within the North American Industry Classification 711 (artists, entertainment, and recreation), for example, about 30 percent of the workforce is officially self-employed. A study in Montana found that even including the national figures on self-employed omitted more than half of those working in this classification. The most realistic estimates were obtained from state nonprofit organizations.

Creativity is also a direct source of secondary income, for those struggling to make their art or craft a full-time job, to do something more fulfilling than their full-time employment, or to supplement income from an otherwise unsustainable enterprise, such as a family farm. In Montana, more than 700 farms or ranches earn income from creative pursuits or related tourism. This income is overlooked in most analyses.

Perhaps the most difficult segment of the cluster to identify is firms with goods or services that are distinguished by their look, sound, or relationship to the consumer. These are the companies that depend on art, design, or stories for their competitive advantage but are grouped with companies that do not. Fashion furniture, apparel, and niche food products are examples of creative enterprises that are classified along with companies that use quality, delivery, or cost as their principal advantage. This segment of the cluster may offer the greatest new opportunity for rural areas with a declining manufacturing base.

## **Creativity expands economic opportunity**

Creativity opens up a range of possibilities for rural growth. Although creativity resides in the individual, for policy purposes the term can apply to a community, enterprise, product, or service. The most common use by economic developers is to influence the location of creative individuals and companies. Communities realize that they need to spruce up their downtown, celebrate their heritage, provide sufficient venues for culture and entertainment, and support diversity. Maine, for instance, is reinventing its downtowns and expanding public art because, as Governor Balducci said, it means “a stronger creative economy for all Maine’s communities.” The city of Auburn has a zoning ordinance that “supports a creative economy.”

The second, and less recognized, possibility resides in the enterprises that produce and sell art or crafts in various forms—which, not incidentally, also produce the culture that attract others. Because these micro-enterprises are “off the charts,” they are vastly underappreciated as revenue and job generators. Where they cluster, they can become a major economic force. Around Seagrove, North Carolina, a town of 300, more than 100 potteries supported by college programs, a pottery center, and a pottery museum anchor the region’s economy. Even where concentrations are lower, those that choose to network and aggregate their output through coops, guilds, and non-profits, achieve significant impact.

The third resides in creative product lines, which perhaps hold the greatest potential for growth. To achieve this potential will require a new mindset among manufacturers and a return to their craft-based roots. In addition to “*making things better*,” companies and the agencies that assist them will have to work at “*making better things*.” Success will depend as much on the design and aesthetic appeal of their products as productivity.

Over the past two decades government programs like the Manufacturing Extension Program (MEP) have tried to stem the loss of rural manufacturing by helping companies compete by adopting new technologies and better methods. Even advanced technologies,” however, have not solved the problem. At the same time, regions in competitor nations with as high or higher labor costs continued to compete in traditional industries. Their secret was design. Among the experts that studied northern Italy and brought back lessons for the U.S. in the form of networks, clusters, and social capital, (Piore, Sabel, Porter, and Putnam) none emphasized that art and design were key ingredients of their market advantage. The resources of the technology center for the knitwear industry in Carpi, Italy concentrated on design and fashion, while the leading U.S. centers concentrated on production technologies and methods.

Finally, and equally important, homegrown creativity is found in all classes, races, genders, and ethnic groups, does not require advanced degrees, and is not regional or urban. Therefore it can offer economic opportunities to people and places that have not been able to advance using traditional educational pathways or economic development routes.

## Public policies and private practices for creative enterprise clusters

Creative industry clusters are not all that different from traditional or high tech industry clusters. Where clustered, they generate externalities but also need and deserve access to targeted public sector cluster-based services that other clusters receive.

1. **Add art and design services to the MEP and Cooperative Extension:** The MEP has done an excellent job of helping SMEs adopt better practices such as lean manufacturing, just-in-time, and six-sigma. Their view of design, however, is the official U.S. government definition as finding the “best combination of materials and technologies to meet needs and plan for most efficient mfg and distribution.” It says nothing about aesthetics or making more appealing products. The addition of artistic expertise would add new value and address new forms of competitive advantage. Coop extension, too could expand its marketing expertise to art and craft-based enterprises.
2. **Designate lead SBDC for creative enterprises:** Artists and crafts people need better business skills and marketing assistance but rarely look to small business centers, often because Center staff don’t understand their needs. A center designated to work with this cluster and staffed by people with creative enterprise savvy could reach them more effectively. Creative Enterprises in Wales in the UK provides a business mentoring and information system to the cluster that is funded in part by the Welsh Development Agency.
3. **Support networks and networking:** Despite the demise of most formal statewide network programs, networking remains the best way for small employers to achieve economies of scale and impact, and many specialized networking programs remain in place. Non-profit arts organizations do this very effectively, not only providing real services and opportunities for learning and collaboration but also generating well over \$100 billion in economic activity each year.
4. **Bundle arts and design with entertainment and cultural tourism:** Arts, crafts, and music and the festivals that promote them are major tourism drawing cards. HandMade in America in western North Carolina has used these most effectively, publishing guidebooks and maps to artists, galleries and gardens producing an estimated 25% increase in income for artists and galleries
5. **Embed art and design in education:** Art has been shown to increase achievement levels in core subjects and innovation. In addition, more art and design in technical and commercial programs in community colleges would help future entrepreneurs, technicians, and managers appreciate the value of art and design in products and marketing.
6. **Make greater use of community colleges:** Community colleges are our most accessible, flexible, and responsive education and training institutions. Most

however, view crafts as hobbies or marginal occupational programs. Those colleges that recognize their value, however, have had considerable economic impact. Haywood Community College in western North Carolina not only has outstanding programs but also provides entrepreneurial skills and support services including an artisans' "boot camp" for business skills. The benchmark tourism program and new programs in American crafts at Hocking Community College in southwestern Ohio, have revitalized this Appalachian region. CraftNet is an alliance of 14 colleges across the U.S. that is collectively working to develop more effective programs for creative enterprises ([www.rtsinc.org/craftnet](http://www.rtsinc.org/craftnet)).

### **Basis for a Creative Enterprise Cluster**

Creativity has the greatest impact on local economies where it is recognized, nurtured, supported, and networked (Table 2). It is most effective where artisans are willing to think and act like business people, and manufacturers and services are willing to think and act like artists. There was a time in the mid-19<sup>th</sup> century when art and technology were intertwined and artists reigned among technologists. We even had a machine art movement.

<b>Table 2</b>	
<b>Ingredients for Success</b>	
√	Social capital/networking among artisans
√	Tolerance for diversity
√	Critical mass of talent
√	Priority in local schools and colleges
√	Perceived as real economic development
√	Accessible & knowledgeable business assistance
√	Related non-profits
√	Design-oriented industry base
√	Business-oriented arts and crafts base

For too long creative enterprises have been overlooked by economic developers and public services that have consistently cast their nets looking for the big fish rather than the more abundant and ultimately more self-sustaining schools of lovely small fish.