Rural Economic Development in the Creative Economy:

A Case Study of the STARworks Center for Creative Enterprise in Montgomery County, NC

by

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READER (optional)              ADVISOR
Photos on the cover page taken by the author. From left to right: biofuels tank, clay dryer, STARworks sign, community supported agriculture garden, and STARworks brand tumblers.
Abstract

As many rural areas have lost the competitive advantage they once depended on in the form of lower labor and business costs, natural resources and land, economic developers have sought strategies that can sustainably support growth and revitalization. Place-based economic development has been a promising pathway for many communities. While existing scholarship emphasizes the inward-looking, grassroots aspects of such strategies, they need not be seen as exclusively local and indigenous. This case study explores how the STARworks Center for Creative Enterprise in Montgomery County, North Carolina has embraced a place-based strategy that successfully interweaves investing local resources to grow both existing small businesses and carefully recruited outside entrepreneurs in its quest to diversify the local economic base and achieve long-term stability and prosperity.

Due to its specific focus on creative businesses, STARworks also presents an opportunity to consider how the generation of economic activity through culture, knowledge and ideas, part of the emerging theory of the creative economy, evolves at the local scale.
Acknowledgements

I thank the members of the STARworks Center for Creative Enterprise community who graciously shared their stories and their time with me. Their contributions to their community and to our state are an inspiration.

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Introduction

North Carolina’s urban areas have been an economic success story in the past three decades with extraordinary growth in knowledge-driven industries like finance, biotechnology, and information technology. Meanwhile, rural communities, especially those historically reliant on jobs in traditional manufacturing industries -- textiles, apparel, furniture and tobacco -- are in decline. An example is found in Central North Carolina, set apart from the transportation corridor that links Charlotte, the Triad, and the state capital. Like many other rural areas in the state, Central North Carolina has not shared in the state’s overall growth in population and wealth. However, the region's recent response to these transformations is innovative and promising.

A coalition of local partners that spans eight counties in the Central Park NC region has adopted an economic revitalization strategy that supports the development of artistic and creative economy industries that build on the region’s cultural heritage. Focusing development supports on incumbent cultural resources, tourism, and a branded identity is an increasingly common strategy many rural communities are now embracing. The effort aims at replacing significantly diminished competitive advantage in lower labor and business costs, natural resources and land (Regional Technology Strategies, 2009, p. 33). The strategies are also consistent with a recent shift in thinking about economic policy that emphasizes "knowledge, ideas, and creativity" (Fleming, 2009). The arts-centered economy of the Berkshires in Massachusetts and HandMade in America in western North Carolina are successful examples.\(^1\)

In addition, the Central Park NC initiative has established broader environmental goals, encouraging creative-oriented businesses to work together to identify environmentally sustainable strategies for growth. The effort reflects a growing interest in promoting competitive advantage through "clean" technologies. STARworks’ biofuels production facility is an example. The cleantech industry is, increasingly, an investment

\(^1\) Anson, Davidson, Montgomery, Moore, Randolph, Richmond, Rowan and Stanley Counties
\(^2\) The town of Pittsfield in Berkshire County, for example, has recently experienced an in-migration of artists, attracted by low-cost live/work spaces (converted former mills), the beauty of the area, a community hospitable to the arts, and technical assistance from organizations like the Contemporary Arts Center and Storefront Arts Center (Mount Auburn Associates, 2007, p. 15).
target for venture capital and production is often located in rural areas close to the resource (RTS, 2009, pg. 33).

This is a case study about a business incubator for creative entrepreneurs called the STARworks Center for Creative Enterprise, a project of Central Park NC. Through its place-based economic development strategy, STARworks is pairing development efforts drawn from the cultural heritage of the surrounding region with support for environmentally sustainable and creative small businesses. The strategy is inward looking in that it is helping to steer locally produced products to local consumers before focusing on exports. The strategy is also outward looking in that it has emphasized the recruitment of entrepreneurs from outside the region to round out workforce skills and the local economic base.

Some researchers have called place-based development models a "largely unknown and little-understood policy strategy" (Imbroscio, et al, 2003); nonetheless, a number of scholars and practitioners believe that local regions can strengthen their economies via these strategies (Markusen, 2007; Shuman, 1998 and 2006; RTS, 2009; Rangwala, 2010). Place-based economic development might include fostering existing cultural, historical or ecological characteristics as well as "capitalizing on the green economy, " according to practicing planner Kaizer Rangwala (2010). It stimulates an economy that is "local, participatory, sustainable, and enduring," is more resilient to economic cycles or decline, and draws a competitive advantage from unique local qualities that are difficult for competitors to replicate (p. 47).³ Place-based development, or "localism," has been celebrated in the media (see, for example, "Community Prosperity," The Greensboro News and Record, 5 Jan 2010). Others note that what distinguishes certain place-based development efforts is local ownership -- "a point of contrast from more common structures in which ownership is either held by an individual or in the traditional corporate form...that potentially gives such enterprises their rootedness in place...and their potential to act as a buffer against the hyper capital mobility of economic globalization," according to Imbroscio, et al. (2003, p. 32). The policy director of the Business Alliance for Local Living

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³ For example, as reported by the North Carolina Department of Environment and Natural Resources, North Carolina’s place-based strategies have produced "over $2.1 billion in revenues, over $1 billion in investments (much of it in rural areas), and provided over 20,000 jobs that cannot be exported to other places." (Rangwala, p. 43).
Economies, Michael Shuman, has written several books about what he calls sustainable local economies --suggesting that some localities should significantly lessen their courtship of footloose branch plants and should replace imports and exports with homegrown enterprise. The term homegrown enterprise implies that, through local ownership, economic multipliers are maximized and leakage is reduced.4

Traditional definitions of place-based economic development tend to focus on such inward ties, but STARworks has also looked outward to recruit firms that are a strategic fit. For example, STARworks recruited a handful of workers to operate its new manufacturing operation of clay from local mines that is then sold to the large pottery community, Seagrove, in a neighboring county. Seagrove potters had been importing clay from out of state. The regional demand for clay demonstrates a clear market opportunity for STARworks, and the organization found the skill set necessary to operate the new venture by looking outside the region.

While the place-based literature provides some useful context for the STARworks case, the literature on rural, creative economy strategies is also instructive. Ann Markusen argues (2007) that rural arts-based strategies can provide a robust path for growth in rural economies for several reasons. Artists increase the attractiveness of a rural area to retirees or other new residents, and artists spend locally even when the work is exported, thus local arts-related spending can be viewed as a form of import substitution.5 Also, arts-related capital spending can have a bigger relative multiplier in rural communities so the provision of infrastructure for art-based enterprises can increase economic impact overall. Markusen documents how making a region more attractive to artists can also contribute to growth in spending in related sectors (2006, 2007).

4 Economic leakage includes savings, taxes and imports -- the non-consumption uses on income that do not recycle in the local economy.
5 Import substitution refers to a substitution of externally produced goods and services for locally produced ones. Import substitution theory within regional economic development has received scholarly attention in the work of Markusen and Glasmeier (2008, p. 86) who suggest that "federal economic development programs heavily favor export-oriented economic activities at the expense of the local consumption base and its potential for greater capture of local and regional spending." Federal grants should be, they argue, targeted toward selective investments of this kind. Incremental gains in "local-serving capacity" has become more appreciated by economists and communities in recent years as especially beneficial to small rural communities, the authors note, and such capacities can be expanded through various investments including in the arts. These investments, which may increase spending of discretionary income, can also "help secure" export-oriented industries and growth by providing amenities "that draw skilled workers, managers and retirees" (p. 86).
In addition, the affordability of basic needs and attractiveness of a rural setting are frequently cited reasons why an area might be a draw for "creatives" (Markusen and Johnson, 2006; McGranahan and Wojan, 2007, citing Beyers and Lindahal, 1996). Natural and other types of amenities, which have long been recognized as having economic value, are found to be the key driver in attracting "creative class" individuals to live in rural places and create jobs (McGranahan and Wojan). Small producers may make a location decision based on the quality of life that a rural area affords. Outdoor activities are found to attract tourists, as well as creative workers (p. 213).

Rachel Fleming, in her research on Chatham County, North Carolina, points out that the key shared characteristics of successful arts-based strategies include "long-term backing by energetic leaders and multiple organizations, locations with established tourism ties, access to larger populations, and a historic downtown building" (Fleming, 2010, citing Zukin, 1995; R. Philips 2004; HandMade in America 2007). Former Director Becky Anderson, describing HandMade in America, the western North Carolina cooperative of artists from across 25 counties, suggests that the key to the success of HandMade’s economic development strategy was to conduct a careful planning process that strived to unite stakeholders in a shared outcome. The assistance of supporting institutions, including two widely known crafts schools, John C. Campbell and Penland School of Crafts, was instrumental (B. Anderson, personal communication, March 22, 2010). At HandMade, buy-in was insured by a bottom-up process that utilized a careful rubric of questions that identified and protected "sacred" places in the community from tourism. By giving all local actors a stake in the outcome, competition between local jurisdictions for grant dollars, and between businesses for tourist revenues, evolved into cooperation (such as three local bed and breakfasts working together to host guests in a weekend package). The lessons from that experience are part of what gave rise of a new multi-jurisdiction cluster approach to the NC Rural Center’s granting of development dollars.

Successful arts-based rural economic development strategies, such as the ones described here, are multifaceted. They focus on attracting and retaining artists, directly recruiting arts-based businesses, marketing to tourists, and developing an export market for locally-produced products. Incorporating these activities requires institutional supports, sustainable revenue to cover the operational costs of the supporting
infrastructure or incubator, profitability among the new enterprises, and technical assistance to individual firms. A long-term approach might also include workforce training.

This study looks at the ways an innovative economic development strategy, STARworks Center for Creative Enterprise, has harnessed and capitalized on the strategic components described above. As a place-based strategy, STARworks is using both inward and outward ties to grow the diversity of the micro-region's economic base. The case examines how these recruited businesses and existing business owners benefit from STARworks' technical assistance efforts and how this support has ensured their rapid growth. By investing in the revitalization of an existing but unused mill building, STARworks is creating a larger economic impact and adding an additional amenity to the region's heritage tourism efforts. Because the organization carefully selects businesses for the incubator that are creative and environmentally sustainable, it has generated another round of economic development through the creation of spin-off businesses that have emerged through partnerships among existing firms. STARworks has also anchored firms through low-cost space and a shared set of other resources. STARworks has linked the businesses it has recruited to multiple local and regional markets due to partnerships with other regional institutions.

This paper considers under what circumstances place-based and creative-oriented economic development strategies like STARworks accomplish the desired outcomes of prosperity and stability at the local scale. How important are the characteristics and the steps STARworks took to develop its place-based strategy? How much impact can its narrow focus on creative enterprises contribute to a local economy? While it would be impossible to definitively answer such questions on the basis of a single case study, this paper describes the conditions and the results to date of pursuing local growth in this way. Documented here are the lessons emerging from STARworks' experience in the heart of a region still reeling from industrial dislocation. Although traditional economic development efforts to attract large industrial employers are still being pursued locally, STARworks represents an alternative, and opportunistic, path that has united many stakeholders and has begun to turn around a region ravaged by the loss of thousands of jobs -- and the political instability that resulted from uprooting the leadership structure once embedded in the region's "company towns."
STARworks’ success in persuading regional leaders to embrace the localized strategy, its attraction and support of entrepreneurial businesses, and the way it has become deeply embedded into and gained the trust of the community is described here as evidence of how place-based strategies can work. STARworks is unusual in that it has created an environment that encourages cooperation between the small businesses it incubates, which has created a foundation for new, spin off products and services that meet local demand. In sum, it is hoped that this case could add to our understanding of the possibilities and challenges of place-based, and creative economy-oriented, development strategies for rural areas.

**Research Methodology**

I draw on 16 open-ended interviews I conducted with STARworks professional staff, business owners, and other affiliates conducted from November 2009 to March 2010 to inform my understanding about the experiences, goals and opinions of the entrepreneurs and staff closest to the STARworks initiative. I make use of extensive background research including documents prepared by Appalachian State and UNC-Charlotte Schools of Business for the Yadkin-PeeDee Lakes project, Central Park NC’s predecessor. I attended a Central Park NC board/community meeting in October 2009, which included over a dozen informal conversations with affiliates and the consultant Michael Shuman. Finally, I gleaned insights from informal conversations about this case study as a participant at the February 2010 North Carolina Institute for Emerging Issues Forum on Creativity.

I identified most interview contacts by reading publicly available documents. I also took advantage of my personal contacts. Interviews were conducted in person, with the exception of a few by telephone, and they ranged from thirty minutes to two hours in length, using a set of loosely-structured prepared questions and topics. The goal of the interviews was to understand the details of the STARworks structure and history and the degree to which it is successfully implementing its stated strategy.

This paper is presented in five parts. Section 1 describes STARworks’ origins and what it has accomplished. Section 2 gives a regional economic profile. Section 3 describes key aspects of the case: location, the role of partnerships, the level of cooperation between
businesses, and challenges encountered. Section 4 contains a brief comparative analysis with a similarly focused arts and creative entrepreneurship strategy in Berkshire County, Massachusetts. Section 5 concludes the case and offers some lessons.
Section 1: STARworks' Creative Beginnings

STARworks Center for Creative Enterprise is located in Montgomery County, North Carolina. It developed from a regional economic development strategy begun in 1993 called Central Park NC, which is a long-range effort led by regional leaders to protect and showcase the assets of the central Piedmont, especially the region’s open space and farmland. Based on economic impact studies by Appalachian State and the University of North Carolina at Charlotte College of Business Administration, the strategy evolved to more aggressively promote heritage tourism. The university reports found that the potential economic impact if the recreational tourism industry is better developed could be as high as $2.1 billion (UNCC, 1999). Buoyed by these results, the organization refined its strategy to more specifically target the development of resource-based recreational activities and infrastructure to support overnight tourism, specifically tourists drawn from the urban areas along I-85. For example, Seagrove, the best known amenity from the region, receives 250,000 tourists per year but has virtually no overnight accommodations.

STARworks, which stands for Small Town Area Revitalization, began in 2003 as a project of Central Park NC’s long-range planning efforts to promote and support entrepreneurship in the region. STARworks’ overarching goal is to create a small, but growing, number of jobs with companies spun out of its incubator-like space to place in the area’s small towns. STARworks is currently the only proactive small business development and entrepreneurship program in Montgomery County (Sanford Holshouser, 2009). The project has been shaped by its mission and the businesses that have been recruited to share the space must make a commitment to ecological sustainability, be entrepreneurial, and have a clear desire to stay in the community. Some businesses have been turned away because they do not have a logical fit with the others (N. Gottovi, personal communication, March 23, 2010).

In the late 1800s, the STARworks building, in the town of Star, housed the Carolina Collegiate and Agriculture Institute and Country Life Academy. As a stop on a rail line that connected Charlotte, Raleigh and Norfolk, Star thrived off of a hosiery manufacturing-driven economy for over 50 years. The largest mill was the 187,000 square foot former Renfro hosiery facility. This mill and others in town once employed more than 1,000...
people, steadily shedding jobs until closing in 2001. STARworks was based in nearby Badin, NC operating under a three-year federal grant when the Star mill was donated by a private investor to the nonprofit. STARworks then relocated to Star in 2005.

The emphasis on creative economic development opportunities at STARworks is thematically consistent with development efforts in the larger region. For example, the Piedmont Triad Regional Partnership (PTP), together with the economic development consulting firms, Regional Triangle Strategies and Mount Auburn Associates (2009), indentified a "creative cluster" in the Piedmont Triad that has ongoing strategic support from the PTP. "Creative Enterprise and the Arts," as it is called by the PTP, is one of four identified targets for cluster development in the 12-county region that overlaps with the study area of this case.

But the creative economy opportunities of the region are still being uncovered and defined. For example, a report on art, culture and design in rural North Carolina by Regional Triangle Strategies (2007b, p. 3) argues that the market potential for artistic enterprises may be hidden or suppressed (in commonly used databases) in rural communities because firms may be classified in other sectors (e.g. glass art as manufacturing); income from these activities is underreported; and self-employed and part time workers may not be captured. "Take together," RTS argues, "these individuals and companies can make a significant contribution to non-metro economies," and "the creative enterprise cluster in the state employs more people than many of [its] major industries" (p.4). As the creative cluster is better defined, the opportunity to develop and market the cluster becomes more feasible -- and entities like STARworks would then benefit from such activities at the regional scale.

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6 Notably, the PTP report contends that traditional economic data does not capture the "economic importance of the creative cluster" to the Triad (p. 19), suggesting that one perhaps more universal problem with trying to show the extent and impacts of creative or arts-based economic development is that related creative phenomena may be present but hard to link and quantify.

7These sectors, as defined by the PTP, include design, architecture, interactive media, crafts, writing, and visual and performing arts, and are performing as follows. The 12-county region includes Montgomery, as well as the much larger municipalities, Greensboro, Winston Salem, and High Point. The PTP has found that an estimated 30,000 workers are in creative industries, earning an average of $37,288 per year, or $1 billion collectively across the Triad (5% of the regions total earnings). The estimated job growth in the creative industries from 2003-2008 was 11%. Gross sales by Triad creative enterprises were $2.97 billion in 2009 (or 3% of total business sales in the region). Design is listed as the "third most important factor after financial
Part of the creative cluster strategy in the Piedmont Triad specifically involves revealing and supporting the income-making activities in art production; activities where art is a competitive advantage; companies defined by art; and art sellers, councils, or schools. RTS’s prescription for the Triad is to support arts-based jobs and business generation, attract talent, and increase tourism and spending. These goals, which have been identified and supported by Triad-area collaborating institutions and their leadership in recent months, provide a key linkage in terms of geography, context, and focus to STARworks. The PTP framework, although arrived at through a separate process, is mirrored in the organizational goals of STARworks and its parent enterprise, Central Park NC. While STARworks is not fully integrated into the work of the regional economic development partnership, it is championed by that organization. Margaret Collins, director of the PTP creative cluster strategy, called STARworks a "perfect example of design thinking at its best," referring to the Center’s "creative" use of its existing assets to spawn new enterprises (personal communication, 19 March, 2010).

In addition to its regional ties, STARworks is seen as a promising initiative by others at the local level. A strategic plan for the Montgomery County Economic Development Commission declared that "STARworks has an amazing story to tell. The development of businesses, significant grant funding, re-use and restoration of an old manufacturing building are folded in with the stories of new economy businesses and old businesses made new again" (2009, p. 39). Greensboro, NC-based Our State magazine trumpeted: "in Montgomery County, STARworks is building the framework to support Central North Carolina’s creative comeback" (July 2009, p. 99). The Seagrove pottery community in neighboring Randolph County, to which STARworks is prominently tied, is a key piece of the Piedmont Triad arts cluster. The unique asset of Seagrove has been documented as a standalone economic "hub" in research supported by the Ford Foundation (RTS, 2009, p. 27). The researchers note that Seagrove has "successful businesses, [a] strong brand, and well developed economy that attracts tourists and markets" (p. 28). STARworks stands to

and operational management" and 50% of firms surveyed in 2009 expect to increase design expenditures over the next three years.
benefit from Seagrove’s growth due to the economic exchange that is already happening between the two economic centers. This activity is described in more detail below.

In addition to the ways that STARworks complements an economic development focus on arts-based business growth and creative entrepreneurship in the region, it is also a part of a long-term regional effort to boost tourism-related strategies. For example, Central Park NC has produced a colorful trail map of the eight-county region that locates scenic byways, outdoor recreation, vineyards, historic and cultural attractions, art, music, entertainment opportunities, golfing, and shopping. STARworks offers monthly open houses, short courses, and tours. As these programs develop, STARworks will create value in the community by capturing more tourist dollars.

It should be noted that Regional Triangle Strategies reported that developing a rural arts cluster as part of tourism initiatives is promising for the Central North Carolina region. However, RTS finds that many communities struggle to turn their artistic or cultural resources into tourism assets. But STARworks could become an added amenity that draws tourists who might otherwise be visiting Montgomery County's cultural or recreational amenities. One of STARworks' most attractive features is that it is physically located at the center of a community. STARworks can provide tourists not just with retail opportunities to buy handmade work, but the chance to observe it being made, or the opportunity to participate in making work themselves.

The creative economy and tourism elements described above are central to STARworks’ strategy. However, it is important to recognize that Montgomery County and the region also pursue more traditional development strategies (including an incentive program developed in 1996) and that tourism and creative entrepreneurship are only a small part of the County’s broader goals. The Montgomery County Economic Development Strategic Action Plan, completed in September 2009, found that businesses locate in the County due to the transportation network, available land, location, outdoor recreation and small town quality of life (p. 2). Nonetheless, the County is challenged by a lack of developed sites, a weak retail and commercial business base, insufficient infrastructure for tourism, inadequate land use planning, and telecommunications infrastructure that needs upgrading. To grow, the County must enhance workforce training, develop leadership
among young people, improve educational attainment, develop its "outstanding" recreation assets and business sites, and participate in regional growth strategies.

Nonetheless, STARworks is helping to meet the criteria required for the County's growth. Notably, the Action Plan stated (p. 38) that STARworks comes closest of any agency in the County to offering small business and entrepreneurship development. The Community College has a small business center and the "Montgomery Makes" program has offered some skills-based workshops to small business owners. The plan calls for a program that unifies these efforts. A directory, a revolving loan program, a building space inventory, and a mentoring program are recommended. Central Park NC has begun a building inventory that it maintains on its website.

It is clear that STARworks complements and supports the emerging creative economy strategies at the regional level, led by the Piedmont Triad Partnership, as well as more local efforts. The next section provides additional context for STARworks' evolution in an economic profile of Montgomery County. It shows that in addition to being well-positioned within a larger regional effort, STARworks is a providing a vehicle to increase local incomes and growth in the County.
Section 2: STARworks' Development within the Regional Economy

Star is the smallest of Montgomery County’s five towns. The County is rural and poor, designated as Tier 1 by the state. Star’s population in 2000, the last year that data were available, was 800. It is not likely to have changed significantly in the past two years.

The County’s population in 2008 was about 26,300 (American Community Survey, 2010). In 2008, about 70% of residents were high school graduates and 9.5% held a bachelor’s degree or higher. The median household income, in 2008 inflation-adjusted dollars, was $32,285. The state median household income was $46,107.

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<td>Montgomery Community College</td>
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<td>Lancer, Inc.</td>
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First Bank provided STARworks with a five year $250,000 grant to support job development.
Unlike many rural communities in North Carolina, Montgomery County’s population grew by 4.3% from 2000 to 2008 (Sanford Holshouser, 2009). However, the labor force is declining, and unemployment is rising. Average wages grew 1.6% from 2006 - 2008, falling short of the state average growth of 6.1% (ibid). The generally low-skilled population in the County can nonetheless support the leading industries: manufacturing, educational services, and health care. Manufacturing employs about 36% of the workforce (Sanford Holshouser, 2009). The table above lists the largest employers in the County (Montgomery County Economic Development Commission, 2010).

The demographic and economic trends of the County, as in many communities of its kind across the state, continue to have difficulty providing high quality employment opportunities, retail establishments, and infrastructure. Few larger employers are located in Star; Lancer is the exception. According to Star Mayor Susan Eggleston, of the approximately 3,000 jobs that have been lost in Montgomery County over the last decade, half were in Star. As a native of the town, Eggleston recalls when local business revolved around the mills, where restaurants once catered lunches to people working at the mills, and there were three grocers downtown (personal communication, March 24, 2010).

Large manufacturers are unlikely to return quickly to the community. The mayor claims that the town would "love to have big business, but [it] sees the opportunity with small business." She notes that STARworks is "affording Star the opportunity to be a home for small business" and is "opening up an opportunity for diversity of hiring, products, and culture." Elected in 2009, among Eggleston's first initiatives was to create town directory of local businesses to place in the Interstate 73/74 visitor's center. The town's five year strategic plan includes improving a public park and renewal of the downtown area. One of the STARworks-based business owners has purchased several vacant buildings on Main Street with plans to redevelop them.

The published material on the County's growth strategies seems to suggest that it is making room for STARworks’ alternative path to growth. The Montgomery County Economic Development Strategic Plan calls STARworks "one of the most unique development projects in the state. It is an asset to the County because it is attracting businesses, raising the awareness of entrepreneurship, building upon the arts community, attracting tourists, and securing grants to fund development projects” (p.11). These plans
demonstrate that the town is in a revitalization mode that complements its job creation efforts. They also suggest that STARworks has been a significant part of the impetus to spur redevelopment and improvement efforts in the central business district of Star. The case study that follows shows how STARworks is shaped by and is helping to shape the economy and demographics of the region.
Section 3: STARworks Center for Creative Enterprise

There are several key aspects of the STARworks case that help illustrate why it has enjoyed success thus far and should continue to create returns in increased economic development, incomes and employment. First, the role of partnerships is discussed, followed by the rationale for STARworks locating where it did, as well as reasons the outside firms relocated in Star. Next, the pivotal role of cooperation between the businesses at the site is highlighted. A discussion of the challenges faced by the organization and its role in influencing cultural and political changes in the region concludes the case.

The Role of Partnerships

Many researchers have documented the importance of regional ties and partnerships in advancing economic development agendas and goals. STARworks is one of several programs targeting small business development and entrepreneurship in the larger region, supported by a variety of public and private funds. The deep institutional infrastructure that Central Park NC has developed over its fifteen year history is significant and the longevity of partnerships helped initiate and provided a foundation for STARworks. For example, local leaders, such as the Vice President of a regional bank, the Uwharrie Capital Corp., and the Director of the state zoological park in Asheboro sit on Board of Central Park NC along with small business owners from the region.

Funders are another set of key partners. STARworks has received funding from the Piedmont Regional Triad partnership, the NC Rural Center, North Carolina's Golden Leaf Foundation, USDA rural small business programs, local banks, and individual donors and foundations. It should be noted that there are complementary small business development programs in the region, including a USDA-funded project called Montgomery Makes, which supports local entrepreneurs. Several municipalities in the region (Candor, Mount Gilead, and Robbins) are participating in the NC Rural Center’s Small Towns Economic Prosperity (STEP) Demonstration Program. Star, along with other localities in the region, are submitting applications to this year’s STEP program (S. Eggleston, personal
communication, March 24, 2010). The goal of such programs is to attract entrepreneurs and support their development of new ventures.

Such institutional relationships are important, and they can facilitate the opportunities STARworks has to network within the "creative cluster" of the greater Triad region. For example, as the Piedmont Triad Partnership report described above points out, the immediate needs for developing a creative hub (in neighboring Seagrove) are business development and marketing to new customers (p. 88). STARworks can provide some of these necessary skills via its professional staff at the incubator. It would also benefit from a unified marketing plan and expertise to build market opportunities with Seagrove and other firms or artists in the region. Their mutual development would strengthen the market reach of the region.

Like Fleming's Chatham County example and Handmade in America suggest, charismatic and committed leadership, strong community ties, the support of other organizations, and long term relationships with funders are key to keeping entrepreneurs in place and helping them to grow their businesses.

**What STARworks has Accomplished**

Since 2007, STARworks has directly or indirectly employed 40 people and generated approximately $2.5 million in local economic impact. This figure is based mainly on grant money that the organization has brought into the region. It does not capture the impact of the two privately operating businesses at the space. Each of those businesses grossed around $900,000 in 2009 (personal communication, March 23, 2010). The other new ventures are subsidized by STARworks’ $1 million dollar, grant-based annual budget.

To date, companies and new ventures housed at STARworks include Wet Dog Glass, a glass furnace manufacturer; STARworks Ceramics, a subsidized clay manufacturing business; Comfort South, a geothermal equipment supplier; and independent glass and clay artists who rent space or, in some cases, teach courses. The organization has a growing partnership with Montgomery County schools and Montgomery Community College, including high school level and continuing education courses that are taught for credit. STARworks subsidizes a Community Supported Agriculture (CSA) program, which has area
subscribers and plans to grow its customer base. Seed capital was provided by a North Carolina Biofuels Center grant for a 100,000 gallon biofuels micro-generator that should be operational in mid-2010. Central Park NC employs about 10 people who cover administration and direct the STARworks "projects,” or spin-off nonprofit entities. All staff and supported businesses are housed in the converted mill. A one-person NC Wildlife Commission office is also on site.

Each project is designed to eventually cover salaries though product sales. A three-tiered product line in development from STARworks Glass includes stemware, tumblers and accessories. Tumblers and Christmas tree ornaments with the STARworks logo will be mainstays. Higher-end art pieces to be sold in STARworks’ own gallery, directly by the artists (including Internet sales), and through contracts with several galleries across the state including in Charlotte and Winston-Salem. The ceramics shop sells three clay types mixed from three local mines, with two to three new products expected to become available this year. About 40% of the several hundred thousand dollars of annual sales are to Seagrove potters; 90% of the clay products are sold to customers in North Carolina. Biofuels production is expected to start at 25,000 gallons per year and grow to 100,000 gallons annually. The business will be organized as a co-op with a nominal annual membership fee and pricing competitive with current diesel prices.

The diversity of businesses, their positive growth trajectory, and their ability to respond to local demand are among the most promising aspects of the incubator. The next section expands on these observations.

**Location Choice**

Many of STARworks current tenants initially had their businesses based elsewhere. Interviewees told me that the affordability and attractiveness of the area were key reasons they decided to relocate their business in Star. The Center’s new tenants are helping expose, create, and expand markets for local production.

One of the central observations about the new economic activities related to the incubator is that they are, in large part, due to newcomers rather than current residents/entrepreneurs and these newcomers were recruited by STARworks.
Recruitment is seen by some economic development theorists as a way to support and bolster existing industries, redirect the talent of an existing workforce in a declining industry, and complement other programmatic efforts such as small business development. The arts-based economic development literature has predominately focused on ways communities can attract artists through, for example, improved amenities and affordable live/work spaces. In the STARworks case, the opportunistic recruitment of specific artisans/creative businesses and their skills to the region is the central fact of its existence as an organization at all.

As has been mentioned, the region has a well-known and long-established tradition in ceramics in the Seagrove community of neighboring Randolph County. About 100 clay artists live and work in the immediate area. STARworks recruited a husband and wife team to start a clay production business that processes local clays from regional mines and sells it to North Carolina potters who have long been importing clay from outside the state. With a clay studio underway, STARworks leadership identified glassworks as a next step to meet their goal of becoming a creative hub, and the space now houses a glass studio used for instruction and rented out by self-employed artists. A recruited glass equipment manufacturer, Wet Dog Glass, built the instructional studio and chose to also locate a business in the space. In this tenant’s negotiation with STARworks, the business agreed to contract its own employees’ donated time to build the studio in exchange for reduced rents.

STARworks is supporting entrepreneurship by recruiting established business and entrepreneurs are in turn attracted to becoming part of the arts-oriented community that is developing. The goal of the STARworks support staff is to ensure that these entrepreneurs stay anchored. One way they are doing this is to make rent affordable. Another way is to ensure that businesses are aligned with the incubator’s creative and environmentally sustainable mission. A further sign that this effort will succeed is that current firms are cooperating to create new business opportunities, described in more detail below.
Recruitment by Non-Traditional Means

STARworks is an active partner in regional efforts to cultivate entrepreneurship. Their strategy has not followed a traditional playbook of deploying economic development commissions or other public/private channels. Instead, businesses and individuals that locate in the incubator tend to have arrived as a result of their networks and personal acquaintances of STARworks staff, who recruit individuals with specific skills to help exploit new market opportunities (i.e. deciding to start a glass studio to complement the clay studio and manufacturing). According to one STARworks staff person I interviewed, "business recruitment to STARworks has not occurred in the traditional economic development sense" (personal communications, Nov 23, 2009). For example, the husband and wife team hired to direct STARworks Ceramics were personal acquaintances of a staff member. Residents of Japan, they moved to North Carolina to open the clay shop due to their previous residency in the United States and his fit with the job requirements, which uses his advanced degrees in chemistry and ceramics (T. Shibata, personal communication, Nov. 23, 2009). Others have sought out STARworks after learning about it through their networks of people in the arts-trades (T. Inskeep and N. Fruin, personal communications, March 23, 2010).

In another example, Wet Dog Glass located to the STARworks space after losing much of their operation in New Orleans to Hurricane Katrina in 2005. Because the owner was connected to the arts community in North Carolina, specifically Penland School of Crafts, the company chose to move to Star and plans to remain there for the long term because their business is expensive and difficult to move (E. Bernard, personal communication, Nov. 23, 2009). Penland School of Crafts, founded in 1909 in western North Carolina’s Mitchell County, enjoys an international reputation among fine arts craftspeople. The School offers short summer sessions taught by renowned artists and provides studio space for short and long term residencies. Penland convened a conference of top glass equipment makers in 2009, at which Wet Dog Glass's owner participated. Wet Dog Glass supplies an international customer base of individual craftspeople and studios with glass equipment. One employee followed the company when it relocated; two employees, a fabricator and a CAD operator, were local hires. One of these employees
previously worked at Carolina Growler, a military equipment manufacturer in Montgomery County.

The geothermal equipment supplier, Comfort South, was initially contracted to repair the air conditioning in the STARworks building. Needing additional room the CEO, Kenneth Cagle, chose to relocate his business to the space, which has seen growth of over 30% since relocating. The firm has hired seven, sent all employees off-site training, and has hosted a Montgomery Community College workshop on location. The business’s footprint extends to six counties outside of Montgomery, and is currently the largest provider of geothermal heating and air units in the region. Cagle and his wife worked as teenagers at Russell Mill, and Cagle went into the textiles business, briefly managing Foothills Hosiery where he was also part owner, before NAFTA drove his and many of the other mills out of business. A personal dream to own a solar house inspired Cagle’s retraining at Randolph Community College and NC State in HVAC engineering and energy efficiency. Cagle started his business out of his home, and was looking for space to expand. STARworks had been in the process of upgrading its heating and air conditioning and had called a local HVAC provider, board member, and benefactor Harold VanDeVeer with the job. VanDeVeer referred STARworks to Cagle and, after installing a new system for STARworks, moved his business. Low rent and plentiful light industrial space to assemble HVAC units have anchored Comfort South to STARworks. Cagle notes that his relationships with other people at STARworks are also a factor. His wife was recently hired into a clerical position at STARworks. He shares equipment with Wet Dog Glass and notes that "everyone in the building is friendly and ready to drop what they’re doing to help you" (personal communication, March 24, 2010).

As the examples above show, different factors have informed how businesses and new ventures have been selected for STARworks. It is also notable that the building has structural problems and has been expensive to rehabilitate, which has added to the complexity of selecting new tenants. STARworks plans to build out the remaining light manufacturing and office space to allow expansion of existing businesses and to attract new tenants. There have been conversations within the organization to "strategically figure out how to plug service gaps," including attracting new ventures that will be "a
sound business opportunity, great for tourists, and make the community more livable” (personal communications, Nov. 23, 2009).

STARworks is recruiting both the suppliers and the "makers." While the self-employed artists are important economic actors, the clay manufacturing and the biofuels supplier, which are there to take advantage of local raw resources and unmet demand, are the more "reliable" part of the cluster in terms of their ability to make more money and embed in the local economy. However, as the next sections show, cooperation between all the enterprises is spurring new rounds of development, strengthening the initiative overall.

**Shared Mission and Cooperation between Enterprises**

STARworks has been selective about the businesses that locate in the incubator. Tenants must share the organization's emphasis on environmental sustainability and must demonstrate a clear commitment to stay for the long term. As evidence that tenants are making such commitments, a number of interviewees noted that they have given sweat equity to the building in exchange for rental subsidies. But based on interviews with STARworks members it became clear that the overwhelming reason that artists, entrepreneurs and others have moved to STARworks is that they share its mission and they are drawn to the community. For example, Eddie Bernard's reputation and Wet Dog Glass have a significant reach, and it has been a major factor in talented glass artists choosing to relocate to Star to work with him (N. Fruin, personal communication, March 24, 2010). Tony Inskeep, the director of STARworks Biofuels, was an information technology developer at a local college whose biology and chemistry degrees and passion for biofuels landed him the job last year. He trained in biofuels production at the Chatham campus of the Central Carolina Community College and wants to see the project through until fuel production can support his salary and several future employees'.

Said another way, STARworks glass director Nick Fruin sees a link in the affiliates' shared drive to be creative. "Artists like to build things. They're makers," he said in an interview. STARworks has certainly presented a lot problem-solving opportunities. Fruin, Bernard, Inskeep and other Wet Dog and glass studio employees collaborated on and engineered a manifold to capture the 1200 degrees Fahrenheit of waste heat from the glass
studio’s furnace as process heat for the biofuels methanol reaction and the glass batch. The new technology increases in process efficiency will be presented by Bernard at the Glass Art Society, which he hopes will address recent interest among glass studios facilities to achieve Leadership in Energy and Environmental Design certification from the U.S. Green Building Council (Waggoner, 2010, p. 36).

The links between STARworks’ tenant businesses is perhaps its most compelling attribute. Margaret Collins of the Triad PTP calls the intra-firm cooperation "very innovative and exciting" (personal communication, March 19, 2010). For example, there is a collectively shared tool closet of mostly donated items on the premises that is available for use by any business at the site. STARworks Ceramics and Materials Research, one of the nonprofits, purchased off-road equipment that the other STARworks entities, including the private businesses, have used.

Perhaps due to forced insularity, perhaps because they like to "make things," STARworks affiliated employees are collaborating on new ventures that use the byproducts of their operations, like the waste heat capture process described above. One interviewee noted that, with little entertainment in the area, coming up with new ideas and activities is "a necessity." One outcome was starting a brewery. Given the label "Old School" to refer to the building's origins as a college, beer production is expected to begin next year. The brewery will also use waste heat from glass operations. Another example is an artist who expressed interest in renting studio space because she was attracted to the possibility of using waste glycerin from the biofuels operation to make soap (personal communication, Nov. 23, 2009).

STARworks appears to have so far avoided the vulnerability of betting on one sector by choosing to support the development of many different types of creative firms. An added advantage is that these firms are cooperating professionally. Executive Director Nancy Gottovi notes that while "many people in small towns want one large business" to provide a single large employment base, her organization's strategy is to "not put all eggs in one small business basket." Because small towns "can't swallow a big recycling of industrial space," returning the building to productive use "sustainably" is a goal. These small-scale businesses are selected with the expectation that they will embed into the existing local economy. That embedding seems to be spurred most by intra-firm
cooperation -- a rare kind of positive externality that highlights STARworks’ uniqueness. While not generating new jobs at the pace and scale of a large industry, the enterprises are increasing local spending and accelerating redevelopment -- and they are initiating another round of investment in the new creative ventures their cooperation has inspired. Despite these fortuitous recent outcomes, there are still some challenges STARworks and Central Park NC faces discussed in the next section.

**Overcoming Challenges**

Becky Anderson, former Executive Director of HandMade in America sees a potential challenge in STARworks being able to fully develop its market potential. While both STARworks and HandMade in America share a place-based strategy and a focus on artisanal production of goods and services, HandMade’s focus was on uniting the nearly 4,000 crafts-makers already living in western North Carolina, while STARworks has needed to attract outsiders. She notes that the tourism industry was already well-developed in North Carolina’s western mountains and that, while the Central Park region has popular attractions like the renowned golf courses at Pinehurst and Southern Pines, the draw for tourists to the area is much smaller than in the western part of the state.

There is also the issue of how growth in the incubator will be handled. Interviewees noted that the original strategy to move businesses to "Main Street" has made less sense given how capital-intensive the STARworks building is and that the space has been up-fitted for the specific technical needs of current firms. The development of intra-business relationships and shared resources would also make relocation a challenge. It seems more likely that, instead of leaving the incubator, certain core businesses will stay in place. However, this could be positive in that they will remain part of the draw for tourists who will come to the facility to see the glassmakers and potters and others at work.

Finally, while recruiting new firms has been the mainstay of the STARworks’ current approach, its long term goal is to make local hires. But the challenges to hiring locally are multi-pronged. One interviewee said that he feels a responsibility to hire locally but "the skills aren't here." As Comfort South CEO Kenneth Cagle noted, before the mills shut down, "you could get an entry level job in 24 hours if you had a good reputation" (personal
communication, March 24, 2010). Today, the county high school graduation rate is less than 40%. Historic hosiery manufacturing required only low-skilled work. But often, economic development strategies are not "taken seriously" until they provide workforce development and hire locally. STARworks is recruiting people and firms for the incubator with a specialized labor pool and thus few firms are hiring locally immediately. While the incubator is not generating the large number of entry level jobs the community seems to expect, it is having an impact. The question is whether this is enough to garner the political support the organization will need to continue and whether, as a strategy, it is sustainable enough to achieve the long term goals of increased local prosperity and stability.

Nonetheless, STARworks is helping to connect unemployed individuals to labor market opportunities by collaborating with local workforce development programs. 9 So far, the STARworks Glass director is teaching two continuing education classes through Montgomery Community College. Additionally, the glass studio has taught three semesters worth of glassblowing for credit to Montgomery County High School students. Comfort South's CEO has also provided satellite instruction at the community college level -- building on the training he received from a local community college and developed through his business. Firm based training does not provide workforce development at the scale needed in the region, but it allows for customization and is an important supplement of formal programs. The technical challenges described above are significant hurdles but one in particular, local political buy-in, described in the next section, is especially important.

The STARworks Strategy and Cultural Change

In addition to the challenges described above, it does not appear that STARworks has always easily engaged with local political leadership or the broader community. A former Central Park NC staff member told me that buy-in from the County or municipality is critical because the local government is a key player in any development effort. It was suggested that STARworks may have trouble attracting individuals who would be comfortable living in a culturally close-knit community and could make the "leap of faith"

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9 Montgomery Community College has deployed the state's rapid retraining program, JobsNOW, with continuing education in healthcare, office administration, welding and masonry.
that the organization can "really build something" (Interviewee #1, personal communication, March 24, 2010). The comments were similar across interviews. Another interviewee noted that if a large manufacturer were to replace the textile firm that left, it would be a readily accepted newcomer because of its presumed ability to hire a lot of local people quickly.

I was told that visitors from nearby cities to the STARworks building are more common than local elected officials, implying that local political buy-in has been hard to come by. One of the business owners I interviewed said that the local political "leadership is not totally bought in [to the idea that STARworks] is doing that much for the community" (personal communication, Nov. 22, 2009). On the other hand, inroads are being made. A number of individuals I interviewed told me about STARworks glass artists donating a glass-blown fiddle to the town's annual Fiddlers Convention (now in its 83rd year). The proceeds from the auction will be used to buy planters as part of Star's Main Street improvement project. The mayor describes STARworks as "exciting and innovative" and the major strength it brings is adding diversity to the population and in employment opportunities.

For the community's part, Central Park NC Executive Director Nancy Gottovi said that Mayberry nostalgia has colored perspectives. While large cities are often engaged in remaking themselves, rural areas do not readily seek change. STARworks may be a kind of political litmus test for the community, especially as it adjusts to small businesses as the source of job creation rather than a single large employer. An interviewee described reluctance on the part of some local people in seeing the mill turned over to a nongovernmental organization that "cannot create 1,000 jobs" and, by taking over the building, it prevents a "big manufacturer from moving in to save us" (personal communication, Nov. 23, 2009). However, there is no evidence that STARworks prevented a large manufacturer from moving into the space. The fact that the building was donated and has needed extensive renovation is evidence that the organization is, rather, creating value where there was none before.

STARworks' associate director, a former economic development commissioner for Montgomery County, described large industrial recruitment as an ongoing focus of the region's economic development strategy, but concedes that STARworks has started to
make some small waves. It may be a matter of perspective: although STARworks' hiring has occurred gradually, if the forty jobs the organization now provides had happened at once, it would have been seen as "a big deal" to local leadership (personal communication, Nov. 23, 2009).

If the local community has been slow to accept STARworks, there has also been a cultural adjustment for the individuals who have arrived from Japan, New Orleans, Estonia and Hawaii to work there. Nancy Gottovi wants the companies STARworks supports to "focus on growing their business and slowly be introduced to the community." But slow growth could be a risk. One business owner said that his employees have signed two-year contracts, and "the sooner we can make this place cooler, the more likely they'll stay" (personal communication, Nov. 23, 2009). However, many of the interviewees I talked to said that they had no immediate plans to leave.

Morgan and Lambe (2009) help give meaning to interviewees' comments. Culturally-sensitive timing of its development initiatives is an essential element in STARworks' future equation. They write, "the 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." A successful small business development strategy that contributes to a more resilient region in the long term must establish better coordination with the local community. As Lambe and Morgan describe, boilerplate strategies will miss the importance of being sensitive to local culture, timing and politics. But this does not imply that STARworks is boilerplate. To the contrary, the steps it has taken to build buy-in appear to be working, albeit slowly.

It should be noted that STARworks' political challenges are not unusual. RTS found in its case study of Mitchell and Yancey counties in western North Carolina that attitudes were slow to evolve about the potential economic benefit of the area's long and rich history in the arts, specifically activity tied to Penland School. The case quotes the Mitchell County EDC director: "The attitude toward arts and Penland has changed radically in the last 20 years. People now see artists and artisans as neighbors and a good business for the County. The loss of jobs has forced the County to look at different ways to make a living" (2007b, p. 20). Such a change in perception is taking root in the Central Park region and must
continue. To further elaborate on the changing attitudes towards rural, arts-based development, I compare STARworks to Berkshire County Massachusetts in the next section.
Section 4: The Berkshire County Creative Economy: A Comparison

The comparison between the Central Park NC/STARworks' Small Town Area Revitalization initiative and Berkshire County (not a governmental jurisdiction) is apt in both size and scope. It is also interesting to note that the leadership of Central Park NC has contemplated rural, event-oriented New England communities like Chautauqua, New York in thinking about its own regional long-term development (J. Michaels, personal communication, Nov. 13, 2009). The basis for this comparison with Berkshire County comes principally from a 2007 Mt. Auburn Associates report to the Berkshire Economic Development Commission in which the region's creative economy (artistic and cultural institutions) are described as an emerging "new, potent economic engine" (MAA, p.2).

While the historical traditions are quite different, the Berkshires and Central NC’s rural characters are similar, and the relevance of natural amenities is central. These assets are nurtured in both regions through cultural and social interaction that is enhanced through an active arts community, heritage, local government promotion of places for public gathering, and civic associations (Wojan and McGranahan 2007 p. 214). Both regions attract significant numbers of second-home owners, although this is much more developed in the Berkshires.

The Berkshires have a long and storied history united in a "heritage of industrious small town life and a worshipful appreciation of its mosaic landscape" over decades of American history (MAA, p. 8). Although very different in traditions, Central North Carolina’s history is celebrated in the Town Creek Indian Mound, a state historic site, and 300-year-old historical and contemporary hub in the ceramic arts, and traditional music.

One important observation from the literature is that the presence of historic and cultural assets by itself is not necessarily enough to grow a region’s creative population or draw them in. Wojan and McGranahan’s quantitative work on the characteristics of a rural community that are most associated with attracting the creative class actually found that the number of county entries on the National Register of Historic Places does not appear to have an effect on the growth of the creative class population. The authors note that a key part of boosting the attractiveness of such assets is to combine them into value-added tourism (p. 213). The evidence from Montgomery County corroborates this finding. The
region gained over $21.6 million in tourism income in 2008, mostly from the million plus visitors to the Uwharrie National Forest (Sanford Holshouser 2009). The Ford Place, a new restaurant in Mt. Gilead, the new Piedmont Center for the Arts gallery space, STARworks, and others act as pieces of the value-added tourism that the research encourages.

The Berkshires and STARworks are supporting similar creative segments. Mt. Auburn identifies a number of key creative segments in the Berkshires including new media, heritage and conservation, commercial arts, design, literacy, performing arts and visual arts and crafts. My intent here is to draw parallels with the business support services that the Berkshire-based institutions have provided to crafts and artisan-scale producers with the STARworks initiative.

The MAA research suggests that, while there is a strong history of visual arts in the region (e.g., Norman Rockwell), the "influx of young artists...migrating to the region" is the "real story." A number of converted mills are housing artists supported by organizations such as the Contemporary Artists Center and the Storefront Artists Project, which provides subsidized studio space (p. 15). While this activity is creating a buzz, it is still difficult for artists to eke out a living in the area and many have to supplement their income with other work. This economic reality that many creative entrepreneurs face is a commonality across both regions. One way the Berkshires institutions are addressing this is to provide more venues to showcase artwork in both gallery space and fine art museums. Gallery space is still in short supply in Central Park.

The regions face other similar challenges. In Berkshire County, the challenges are underdeveloped recognition by the economic developers of the importance of the creative sector; disruption in income due to weather or macroeconomic factors; underdeveloped cooperation between creative organizations; artistic endeavors that do not pay enough; and not attracting a younger demographic (pp. 36-37). All of these conditions are relevant to the Central Park region and the STARworks initiative. Margaret Collins of the Piedmont Triad Partnership says the top two policy priorities she sees for launching the creative sector in the region are establishing greater connectivity between the non-profit organizations that support "creatives" and for-profit creative businesses and broadening the support structure for the creative economy so that organizations like STARworks can
draw from a larger pool of grants -- and, ideally, find alternative revenue streams so as not to be grant dependent (M. Collins, personal communication, March 19, 2010).

Additionally, the Berkshire case illustrates how historical cultural and natural assets can provide a boost to tourism-based economic development programs. Although both STARworks and the Berkshires have deep historical traditions, the Berkshires has benefited from an influx of wealthy tourists and second home owners. A common denominator for both regions is that their arts-driven development programs are attracting younger, less affluent artists and business owners who are may be attracted to their regions’ storied pasts. These artists have now become an important piece of the tourism-driven economy through the sale of art work and because tourists like to see artists at work. If a tourism strategy is to work in tandem with the creative small business development strategy, Central Park NC and STARworks should look to maximize these strategies by working more directly with regional tourism development partners in its neighboring counties: Seagrove in Randolph County and the golf and resort industry in Moore County.

To expand, in Montgomery County, the recently completed Strategic Action Plan (2009) and the newly formed County Tourism Development Authority both approach tourism not as a panacea for the County’s economic development woes, but as one of several important development tools. The report recommends a unified marketing campaign that emphasizes outdoor sports, amenities for retirees, a history museum and a lodge and conference center, which take advantage of the County’s centralized location in the state. The plan states that "ecotourism, agritourism, and heritage tourism, [and] natural resource attractions all have a foothold in the region." As the Berkshire arts community has demonstrated, long term program implementation requires a leadership structure. So, like the Berkshire strategy, the Central Park region should consider forming a regional arts council to work with the tourism authority.

While there are some lessons for Central Park NC to take from the Berkshire County example, as described above, there are other features that the two locations have in common: rehabilitating mill buildings, attracting a younger demographic of artists, and maximizing cultural and historic assets. These are indicators that Central Park NC is, by
imitating the strong example of another more established rural art-based community, poised to enjoy its same successes.
Section 5: Conclusions

The strategies of small business incubation and promotion of creative enterprises are leading areas of inquiry for economic development scholarship and practice. STARworks provides an opportunity to see how such place-based strategies develop and evolve. The cooperation between enterprises located within STARworks and between STARworks and other economic actors in the region is significant. The business support services that STARworks has provided to resident entrepreneurs are important. Especially in rural communities in which economic disruption is severe, as in central North Carolina, creating a new economic development agenda that is sensitive to political and cultural realities is difficult but possible.

In many ways, STARworks has arrived at its small business assistance program as though by accident. For this reason, this paper does not address how successfully it has implemented the strategy; rather, I have tried to use its experiences to highlight processes, partnerships, and approaches to thinking about arts-based development in the rural context. In the future, however, embracing an even more intentional and targeted strategy will be important for STARworks. A possible new role for the organization, recommended by the local economy advocate Michael Shuman, might be to build capacity for a business alliance or network to assist more business-to-business purchases (personal communication, October 29, 2009).

There are many elements of STARworks that are innovative and exemplary -- both in terms of its small business entrepreneurship and tourism strategies. STARworks’ most important role so far has been its ability to help stimulate spillovers and positive externalities in a market ripe for development of creativity-based enterprise. The cooperation between firms has resulted in new, spin off businesses like the brewery and biofuels production. Among the many examples described here, STARworks’ clay manufacturing operation, that supplies Seagrove potters, is an example of the market revealing a demand that the organization has stepped in to meet. Another impactful role for STARworks has been to provide the kind of hands-on technical support small businesses need, as small business will likely be a more important generator of local growth than large firms in the future. Likewise, while STARworks is likely to capture
tourists already traveling to neighboring Randolph and Moore counties, the centrally-located town of Star (and Montgomery County, in terms of the region) is also well-positioned to develop overnight accommodations to draw even more tourists. If the STARworks strategy continues to involve careful selection of firms that are appropriately scaled, culturally sensitive, synergistic with local assets, and results in at least some employment for the existing local population, it should enable a stronger outcome. This case study shows that while STARworks has taken many advantageous steps, the organization should continue to work to thoughtfully promote highly skilled jobs in a low skill area through a combination of training and recruitment.

As described in the introduction, tourism development driven by marketing local cultural, historic or other assets is an increasingly common strategy to improve the competitive advantage of rural communities. STARworks can provide tourists not only with retail opportunities to buy work, but also the chance to observe it being made, or the opportunity to participate in making work themselves. Selling the experience in addition to retailing objects made by STARworks artisans is a unique turn on arts-based rural development that sets STARworks apart from, for example, Penland School, which offers long-term artist residencies but does not house entrepreneurial firms, or Seagrove, whose centralized events fail to provide visitors with opportunities for observation and participation.

In sum, STARworks has demonstrated a positive economic impact and has the potential to continue to do so. The organization is still underperforming in terms of limited opportunities for locals, but most of the people interviewed seemed optimistic that this will soon change for the better. As it develops, STARworks will create value in the community as it captures more tourist dollars, sparks investment from grant-providing organizations, drives more local spending, adds to the tax base by revitalizing the mill building and environs, attracts diverse tenants who help diversify the economy, and draws new residents.
Lessons from the Case

Although STARworks is a new initiative, there may be some lessons that can be drawn from it. The learning by doing that the organization has undergone will perhaps be more relevant to Central Park NC and STARworks' future work in other counties, more so than for other regions to emulate. In many ways a peer to the successful western North Carolina business initiative HandMade in America, STARworks is using its arts-based development to enhance regional tourism efforts already underway. As Tewari and McKethan (2005) show in their work on HandMade, a specific sequence of steps to develop individual enterprises can "produce a regionally relevant outcome." Likewise, what STARworks has learned about incubating a set of diverse businesses united by the broad umbrella of creativity and environmental responsibility, and how to be mindful of local politics and culture, are two lessons that will be relevant and replicable to their work in other counties. However, while the organizational strategy may be a constant the business mix could change. Ceramics, for example, is a suitable industry for Randolph and Montgomery Counties but could be a mismatch for the other six counties served by the organization.

Notably, STARworks is increasing regional relevance by linking business opportunities to natural resources. STARworks uses the assets of the region to clearly and thoughtfully direct the type of creative enterprises it chooses to invest in, such as taking advantage of the market opportunity for clay and biofuels. A possible lesson for other regions, that may have already identified a set of local assets in creative industries, might be to consider whether targeted external recruitment of firms or individual entrepreneurs could support and improve those local resources and development agenda. Indeed, what is interesting about this case study is that is shows how place-based strategies need not be understood entirely in terms of their indigenous assets, but can fruitfully link recruited, nonlocal firms to local actors.

Finally, STARworks is showing leadership in positioning to develop other small businesses that can meet a current unmet demand (which is a common part of import substitution strategies). For example, there is no graphic design service provider in Montgomery County, and STARworks has previously sought these services in Charlotte.
catering company, a movie theater, expanded instructional courses, and a gallery from which to sell locally made work are other services the organization is considering. There is also an opportunity to pursue further development around the region’s heritage. Montgomery County and Star are well known for an annual fiddler’s convention that is now in its 83rd year. Such a rich cultural asset may make Star a perfect location for a recording studio to capture this legacy. Many ventures similar to STARworks have hosted entrepreneurs-in-residence that infuse the incubator with new ideas and help increase the reputation and caliber of the organization. The transferable lessons in these possible next steps would not be in the types of services STARworks is considering but rather that the process of business selection is guided by its defined set of goals.

To conclude, I note that a compendium of case studies about small town community economic development, Small Towns, Big Ideas, published by the School of Government at the University of North Carolina and the North Carolina Rural Economic Development Center, identified a potentially reproducible strategy in the STARworks model. The key pieces of the Center’s strategy that were highlighted include the way the organization went about re-purposing an existing mill building to draw new businesses, and its emerging function in the local community to organically shift expectations about long-range job creation (2009, p. 151), both of which were examined in depth in this case. STARworks also shows how place-based development strategies can sustainably support growth and revitalization -- and, as the case demonstrates, key to this approach was the selection of mission-specific businesses, both local and from outside the region, to incubate. The organization has used cultural and heritage resources, tourism, a branded identity, and the arts as critical parts of its growth strategy. It is an important example in North Carolina of the ways that culture, knowledge and ideas, part of the emerging theory of the creativity economy, can evolve at the local scale.
Addenda

Personal Communications

Anderson, Becky, former Executive Director HandMade in America, March 22, 2010

Bernard, Eddie, Wet Dog Glass Owner, November 22, 2009

Bernard, Angela, Wet Dog Glass Owner, November 22, 2009

Cagle, Kenneth, Owner, Comfort South, March 24, 2010

Collins, Margaret, Director, Creative Enterprise and the Arts, Triad Regional PTP, March 19, 2010

Coulthard, Marla, Associate Director, November 23, 2009

Eggleston, Susan, Mayor of Star, March 24, 2010

Interviewee #1, former Central Park NC employee, March 24, 2010

Fruin, Nickolaus, Director, STARworks Glass, March 23, 2010

Gottovi, Nancy, Executive Director, November 23, 2009 and March 23, 2010

Henry, Eric, President & CEO, Cotton for the Carolinas, March 18, 2010

Inskeep, Tony, STARworks Biofuels, March 23, 2010

Michael, Jeff, Director, UNCC Urban Institute, November 13, 2009

Pärtna, Anne, STARgarden Coordinator, November 23, 2009

Shibata, Takuro, Director, STARworks Ceramics, November 23, 2009

Stevens, Judy, Executive Director, Montgomery County Economic Development Commission, April 14, 2010

Informal conversations with: the members of the Central Park NC Board of Directors, local business owners, Michael Shuman, community members, North Carolina Department of Commerce Tourism Division.
References


