

Strategies for a sustainable entrepreneurship in Appalachia - U.S.¹

(by Brian Dabson, U.S.)

Description of the approach (aims, delivery, budget etc)

The Central Appalachian region is a mountainous area that extends over parts of five states of Kentucky, Ohio, Tennessee, Virginia, and West Virginia and includes some of the most economically distressed communities in the country. Since 1993, the Central Appalachian Network (CAN) has been focused on building a healthy and sustainable regional economy through ecologically sustainable rural development strategies. CAN comprises eight non-profit institutions and organizations, and with funding support from the W.K. Kellogg Foundation and the Appalachian Regional Commission, a joint Federal-13 state regional development agency, has formulated a set of sustainable entrepreneurship strategies, based on the Network's practical experiences and research from across the country.

CAN has identified a number of strategies, including the following two:

- *Build on Appalachia's assets.* Asset-based entrepreneurship is based on the sustain-able use of forests, farmland, rivers, lakes, and mountains, through products such as organic and niche crops, ecotourism, and wood products from sustainably harvested timber, all drawing from the beauty and heritage of the region, including traditional crafts, music, foods and architecture. Asset-based entrepreneurship is a major contributor to the regional economy and is growing annually. The natural assets are seen as the region's competitive advantage. Programs include helping entrepreneurs identify and develop niche markets, expanding market power through regional marketing, and focusing on improving the quality and quantity of products and services.
- *Build Regional Markets for Rural Entrepreneurs.* CAN promotes regional clusters as an economic development strategy. These are informal geographic concentrations of entrepreneurs, specialized suppliers, service providers, trade associations, regional development agencies, universities and governments who serve similar markets and collaborate for mutual gain. In the Central Appalachian region, clusters have been promoted and supported by incubators (kitchens, arts, wood products), technical institutions, and specialized infrastructure such as solar wood-drying kilns, with the aim of spurring innovations, improving quality, reducing business set-up costs, and expanding markets.

Why the approach is relevant to East Germany?

The activities of CAN and its constituent organizations provide a model for rethinking a region's approach to economic development, based on its natural assets. Many of the initiatives that have been proposed through Leader Plus and other approaches in the two districts are similar to those underway in Appalachia, but CAN provides a clear framework for building upon natural assets, promoting entrepreneurship and innovation, and expanding markets. An important feature is the belief that asset-based entrepreneurship is consistent with, and even essential to ecological sustainability.

¹ Source: Discussion Paper "Entrepreneurship in the Districts Uckermark (Brandenburg) and Parchim (Mecklenburg-Western Pomerania)", in: *OECD LEED Local Entrepreneurship Series*, October 2006.

Reasons for the success of the approach

After many years of relying upon industrial recruitment as the primary economic development, of watching environmental degradation being accepted as the acceptable price for economic progress, and experiencing population decline as young people left for economic opportunity elsewhere, the CAN organizations have been able to offer an alternative paradigm. Each organization has its own strengths – cluster networking, niche marketing, business financing, sustainable development – but they found by working and learning together they can significantly enhance their regional impact. Working directly with entrepreneurs who see value in the places and natural resources of Appalachia has sharpened their focus and provided concrete examples of their principles in action.

The obstacles that were faced

Decades of natural resource extraction – coal mining, timber – have created ingrained cultural attitudes towards economic development and the environment. In spite of evidence to the contrary, the recruitment of industrial development is the preferred approach by legislators and the business community, and entrepreneurship is seen to be of secondary importance. The extraction and exploitation of natural resources is still evident in practices such as mountain top removal, open-cast mining, and clear-felling, and for some pursuit of economic development and stewardship of the environment are irreconcilable goals. CAN organizations still are faced with the task of continuing education and advocacy to lift their strategies into mainstream public policy.

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