

**Toward an Effective Economic Development Strategy for  
Smaller Communities (under 35,000)**

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# Toward an Effective Economic Development Strategy for Smaller Communities (under 35,000)

By N. David Milder  
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## Introduction

How economic development professionals think strategically about the economic revitalization of our smaller communities, (e.g., let's say those with populations under 35,000), needs to be overhauled.

The field of economic development has long been dominated by a central focus on jobs, with experts in workforce development and cluster analysis available in abundance. Our smaller towns definitely need ample jobs to maintain or grow their populations and to prosper economically. However:

- The strategic solution that is often recommended for these small towns, attracting firms that will bring in a lot of jobs, may not be really all that effective. Attracting such firms is extremely difficult and most small towns will not be able to do so. More importantly, even if they succeed, few of the town's residents are likely to get one of those new jobs (more about that below).
- In these small towns, increasing portions of their workforces are contingent/nonemployer business operators. This is part of a larger national trend: the growth of contingent workers, who now account for 30%- 40% of our national workforce. How will they be helped by the attraction of a large employer to their town? Or would the money spent on attracting the large employer have larger local impacts if it were spent instead on them?
- To maintain and grow their populations, small towns not only need job opportunities, but also some strong quality of life assets: e.g., housing, entertainment and leisure time activity opportunities, a scenic location, a hospital, etc. Furthermore, as I have argued elsewhere, in these small towns, quality-of-life can be an important factor in business recruitment (1). Consequently, to be economically healthy, they also need strong Central Social District venues in their downtowns or on their Main Streets.

Today, much consultant economic development strategizing is based on meeting the needs and wants of various types of firms that have been deemed best suited for the client's geographic entity. How can the workforce be trained to accommodate them? What incentives and infrastructure improvements can lure them? For our smaller communities, that approach has far too often proven to be barren. Another approach is needed. *One possibility is to focus on people, not firms.* There is a significant number of Americans who prefer living in small and rural towns, including about 17 million of them who now live in urban or suburban locations. Also, the existing interests, skills and capabilities of the small

community's residents and businesses are assets that should be strengthened where needed and then marketed in large distant markets via the internet and in-person visits. I previously used this analytical approach in my article "Quality-of-Life-Based Retail Recruitment" that appeared in the Economic Development Journal's Summer 2017 issue.

With that approach in mind, in the discussion below I will outline a general economic development strategy for our smaller communities, while recognizing that each community will need its own tailored strategy. This is an admittedly large and ambitious task. While trying to suppress any hubris, I do think that the argument I present below is generally on the right track, though it still may be open to some corrections. Most of all, I invite others to take this article as an invitation to debate about a critical issue for our small and rural communities.

The general strategy presented below has four major action vectors:

1. *Focus On Residents, Not Out-of Town Firms.* Put the primary focus on the development of residents' skills and capabilities and the attraction of new residents with skills. Give the attraction of firms that will bring in a lot of jobs a much lower priority. Many of these small towns now need an acceptable amount of more residents. While some folks will need available job opportunities to become new residents, many others will not need jobs, or will bring their jobs with them, or will create their own new jobs. What these towns definitely also need now is for their residents to have higher incomes!
2. *Solve the Small Markets Problem by Targeted Efforts to Penetrate Larger Markets.* Small rural towns have long suffered from having small market areas for residents seeking employment opportunities and businesses making sales. Niche marketing programs are one way to do this. They can double or triple the geographic reach of a retail trade area. Unfortunately, they have not been implemented as often as they could be, though the techniques involved have long been understood. The internet offers a newer and potentially more effective tool to strengthen the capabilities of local residents and small firms to significantly penetrate very large market areas, far beyond their regions. A lot of attention and energy has been properly focused on bringing broadband access into sparsely populated rural areas and that quest is not yet over. However, rural internet access has improved substantially in recent years. Unfortunately, far from sufficient attention has been paid to how rural and small town residents can effectively use the internet. That is where attention and resources now need to focus, including more research at the university level.
3. *Develop and Grow the Community's Central Social District (CSD) Functions.* In these smaller communities, these functions often have been as strong or even far stronger than their CBD-type functions. For example, in Blanchester, OH, a town with about 4,300 residents, there are 15 retailers and 15 churches. The CSDs are usually a strong influence on

how both residents and visitors (including the potential new residents among them) assess the community's quality of life. A strong CSD motivates businesspeople to want to live in the community. It also can stimulate the development of a strong local entrepreneurial ecosystem because it provides essential venues that facilitate the necessary social networking. In the future, the internet will continue to diminish the strength of CBD-type functions, but interest in and support for CSD functions will continue to grow.

4. *Focus on the Town, Not the Region.* If this be economic development blasphemy, then let us make the most of it. It is often said that economic analyses needs to be done on a regional level, since that is the smallest geographic unit to which the term economy can be properly assigned. *However, a lot of regional economic analyses have meant that some of the most important assets of the small towns are neither recognized nor leveraged. It also often has meant that when these towns do recruit a major employer, that turns out to be far more beneficial to the region than the town. Truth is, that if the internet were properly used, the regional economy conceptual bubble would be substantially blown. Additionally, all the communities that strive to attract tourists are inherently saying that looking just at their regions won't hack it for them. They need to look beyond the region for new significant market opportunities and focus on themselves as beneficiaries.* The only times that small towns really benefit from a regional economic strategy is if the whole region is on trajectory of strong positive growth. Otherwise, and far more often, they probably are better off focusing on what they can do to stimulate their own growth – regional actors are obviously not doing it for them.

### **Put Primary Focus on the Development of Residents' Capabilities and Attraction of New Residents With Capabilities, Not the Attraction of Firms That Will Bring in a Lot of Jobs**

A Lot of People Prefer Living in Small Towns and Rural Areas. True, as Trulia's survey data in the table below demonstrate, most Americans, today, still prefer living in a suburban area. But, 22% prefer urban living, *and 28% prefer small towns and rural areas.* Converting some of those percentages into population numbers helps convey fully the survey's findings:

- 28% means that about 69.3 million American adults prefer living in small towns and rural areas. *That's greater than the entire population of the UK or Italy.*
- *Very Important: About 7% or 17.3 million American adults would like to live in a rural area, but now don't. That's greater than the entire population of Greece, Hungary or Sweden.*

**Where People Live Today and Would Like to Live in Five Years**

	Urban Area	Suburban Area	Rural Area
<b>Live Today</b>	26%	53%	21%
<b>Would Like to live in 5 yrs</b>	22%	50%	28%
<b>Source: Trulia survey in 2014 of 2,008 American adults.</b>			

Looking to the future, conventional wisdom now holds that Millennials all flock to hipster urban areas. Yes, leaders in many small towns complain that their young adults are fleeing. Nonetheless, several studies have found that most of today's Millennials want to live in suburban areas or small towns and rural areas. One study of Millennials found that:

- 37 percent want to live in cities.
- 36 percent prefer the suburbs.
- 23 percent want to live in small towns and rural areas (2).

Additionally, more are likely to move away from urban areas as they nest and have children, as has become evident in the NY-NJ-CT metropolitan area in recent years. And more may do so when they approach retirement.

The opportunity to recruit new residents to small and rural towns will continue into the future. These people prefer the lifestyles offered in small and rural communities. The key question is: can that potential be realized?

Will All The New Residents Need New Jobs? The lack of suitable jobs has often been cited as a major reason small and rural towns lose population and economic vibrancy as well as being a barrier to recruiting new ones. *Many new residents probably will need new jobs and help in finding them. However, and this is strategically very important, many others probably will not.* Many seniors, for example will have ample retirement incomes:

- The 50+ age segment is 100 million strong and growing. They control 70% of the nation's disposable income.
- Gehring, NE, is attracting retired ranchers and farmers. Many of its tourists are good prospects.
- Superior, NE, has attracted retired former residents
- Meredith, NH, is seeing second homeowners turn into full-time residents when they retire.
- Adequate healthcare services are critical for attracting them.

Second homeowners, who often turn into fulltime residents in retirement, also will not need jobs. Attracting them is most feasible if a big metro area is within a 2.5 to 3.0 hour drive of the small town.

Others will bring or create their own jobs. For example:

- “Knowledge/Creative Workers”: they tend to put lifestyle opportunities ahead of job opportunities. Creatives are a big potential second homeowner market and -- as has happened, for example in Hudson, NY -- they often later become fulltime residents and open businesses in the downtown (3). Over the years, I have noticed in several other communities – e.g., in several other Catskill Mountain communities as well as Rutland, Woodstock and Manchester in VT—a *distinct pattern is followed. First, they came as tourists, perhaps frequent tourists or seasonal renters. Then they buy a second home. Finally, they become fulltime residents and often also open a business.* One observer claims that these “urban expats” have given rise to “Rurbanism” in Hudson, NY, by bringing “their cultural touchstones and appetites” to a small rural community (4).
- Boomers and Their Rebooters: they are among those who most like small and suburban towns. They also have become very entrepreneurial, accounting for 25.8% of new entrepreneurs in 2014, compared to 14.8% in 1996. They also have a slightly higher level of entrepreneurial activity than the 20 to 34 year old group, which accounted for 24.7%. Many of the Boomers, wanting to stay active, have “rebooted” into second or third careers after retiring. Such Boomers are not only good residential prospects, but also likely to start new businesses.

Lots of Residents in These Small Towns Are Either Contingent Workers or Running Nonemployer Businesses. Focusing on Them Probably Will Yield Significantly Greater Local Benefits Than Trying to Attract a Major Employer.

There are a number of definitions of contingent workers and estimates of their number consequently vary between 30% and 40% of our nation’s workforce. One definition is: “Contingent workers are defined as freelancers, independent



contractors, consultants, or other outsourced and non-permanent workers who are hired on a per-project basis” (5). Whether nonemployer businesses are included is not clear for some definitions, while they seem to be either explicitly included in other definitions or implied in still others. In any case, *they are perhaps best thought of as entrepreneurs operating micro-businesses – and perhaps we should be calling them contingent*

*entrepreneurs because it is a more fitting name.*

The important point is that their numbers are large and growing. The above chart, taken from a very insightful article by Tessa Conway and Steven Deller, shows that across the Midwest, nonemployer businesses account for over 70% of all businesses in their states and their numbers increased dramatically between 2000 and 2013 (6). A key question, in the context of this article, is: has this growth also happened in rural areas? One report, published in 2013, strongly suggested that it has. It found that self-employment already is more prevalent in rural Wisconsin than in urban areas and is growing: “In the period from 2000 to 2010, rural wage and salary jobs decreased by over 22,000 (-2.6%). Conversely, there was a significant jump in self-employment jobs, well over 45,000 (+18.7%)....” (7)

*I would argue that, strategically, these contingent entrepreneurs are extremely important in our smaller communities:*

- They represent a large portion, possibly 30% to 40%, of the residential workforce. For example, in Beaver Dam, WI, a town with a population of 16,214, about 7,946 persons are in the workforce, an estimated 2,384 to 3,178 of them are probably contingents. In Grantsville, UT, a town of about 10,459, there’s a residential workforce of about 3,925 and between 1,178 and 1,570 of them are probably contingent entrepreneurs. Contingent entrepreneurs usually include those in both blue and white-collar occupations. *The number of resident contingent entrepreneurs will greatly outnumber the number of jobs that any big employer lured to the town is likely to provide to local residents – or even those attracted to the region.*
- These contingent entrepreneurs lack both job security and traditional job benefits such as medical insurance, workman’s compensation, etc.
- Some contingent entrepreneurs are doing well, while others are doing poorly. *If a small town’s resident contingent entrepreneurs are doing poorly, then that town’s economy will very probably also be suffering, even if a big employer has also been lured into the community. Flailing contingents are more likely to need financial assistance from public and nonprofit sources. They are also more likely to move to other climes that offer better employment opportunities. On the other hand, if the town’s contingent workforce is prospering, then the town’s residential units are likely to be occupied and improved, its shops and eateries busy and its playing fields and cinemas filled.* The contingents may also grow and develop start-ups that do employ workers.
- Small towns need to recognize that a large percentage of their residents are very small but very real entrepreneurs and that the future economic well being of these towns depends on these entrepreneurs becoming more successful.
- New residents attracted to these small towns are very likely to also be contingent entrepreneurs, probably “lone eagles,” who can use e-

communications to work anywhere that has good broadband and reasonable access to air or rail passenger services (8). *A small town that has developed a “support infrastructure” for its contingent entrepreneurs is also likely to attract new residents.*

The Contingent Entrepreneur Support Infrastructure – A.K.A. The Small Town Entrepreneurship Environment (STEE). Though I strongly suspect that such environments exist today somewhere in the USA, to date, I have not encountered one. What I do know is that organically developed clusters of painters, sculptors and craftspeople, all of whom are in today’s parlance contingent workers, have emerged in the past in places such as Provincetown, MA and New Hope, PA, and that today there are a myriad of arts/creative/cultural districts spread across the nation. Even some small towns such as Millville, NJ, Trinidad, CO and Paducah, KY have them. Some of these districts have emerged in a purely organic manner, but Colorado has 12 “creative districts” that were formed under state legislation (9). Fourteen states have formal cultural district programs (10). Americans for the Arts reports that there are over 300 of such formal districts in the nation, but, probably over 80% are in towns with populations over 25,000 (11). However, there are over 19,000 incorporated places in the US, and 300 districts would mean that only about 1.5% of them have such formal districts.

Nevertheless the needed small town entrepreneurship environments can learn much from their creative/cultural brethren. They will, however, differ in a number of important respects:

- The STEEs would be for a much larger range of occupations and potentially involve a much larger number of local residents.
- Existing local arts organizations are usually the driving forces behind the cultural districts, it remains to be seen who will play a similar role for the STEEs. Possible players are any local organization representing contingent entrepreneurs – I suspect few if any now exist and they may have to be artificially spawned -- or an agency of the municipal government, a nonprofit EDO, a local college or community college, a state employment program, or even a strong arts organization.
- The relatively small size of the communities needing STEEs means that they will probably have far fewer resources than the larger communities in which most cultural districts are located.
- The arts/cultural districts have sought to solve their small town’s small market area problem by creating such a strong attraction that people – i.e., tourists – will be drawn from relatively great distances. Cultural tourism is their mantra. The arts folk are also mainly looking to sell their arts products locally. In contrast, most of the other contingent workers are looking for employment – that employment could be on a “gig”/project basis or a “remote” fulltime venture that then removes them from the contingent category. *The objective of these employment seekers should increasingly be to sell their job skills in distant markets, though their work*



*is done locally. Helping them do that should be one primary mission of the STEEs.*

Of course, many artists, even those in small towns or in geographically isolated small cities, also want to sell in distant markets. For example, a few years ago I came across an artist who lived in Laramie, WY, and sold her paintings on a very attractive and serviceable website, but also at various fairs and trade shows held in big cities across the west. She was not just waiting for patrons to come to her studio or a local gallery. Many business operators in our smaller communities who have products (not their time and skills) to sell, can learn much from her and others like her – *especially the combined use of electronic tools and personal visits to connect with potential customers in distant markets.*

The Selling to the World Initiative in Middlesboro, KY (population 9,626), is an arts program that STEEs also can definitely learn from, even though they are unlikely to replicate its primary funding source (12). It is a joint venture of Eastern Kentucky Concentrated Employment Program, Inc. (EKCEP), Discover Downtown Middlesboro, and Southeast Kentucky Community and Technical College. It was funded by an \$110,000 grant from The New York Community Trust.

The part of Eastern Kentucky where Middlesboro is located has many artisans and craftspeople. Most were unable to get good prices for their products because of limited local demand and they could not sell them in large distant market areas. They also often lacked “knowledge of business planning, internet sales and marketing, production strategies, bookkeeping, and other necessary elements for small business success” (13).

The Selling to the World Initiative offers participating craftspeople and artisans:

- A physical location for training, a co-working space, and direct sales.
- But, the main thrust of the program is to develop sales “through a portal website developed for the program with micro-sites within it for each of the participants” (14).
- Expert instructors who work “hand-in-hand, on-site with participants in this incubator-like, co-workspace environment to guide them in all aspects of small-business development (15).

The goal of the program is to enable participants to harness “the power of the internet to distribute their products to statewide, national, and even global customer bases” (16).

Importantly, for all practical purposes, *this program has a significant niche e-retailing component that should be easily replicated by other downtown niches:* the use of a portal website that has mini websites within it for the individual craftsperson. On the other hand, in choosing the program’s name, its creators may have missed an important branding opportunity. Naming the portal

Middlesboro Crafters or Middlesboro Artisans would have enabled it to achieve some of the place name based branding power that Limoges porcelain and Aubusson tapestries have had for centuries. Closer to home, the Kentucky Artisan Center at Berea and Berea College Crafts now benefit from that type of branding. Just the name Berea has become associated with excellent crafts products for people living in locations far beyond Appalachia.

While I shy away from detailing what such a STEE should look like because local factors should have a big impact on their design, I am more confident about suggesting some “design principles:”

- Without broadband access, a strong STEE is not possible. According to a Pew survey, that access is more possible today than a decade ago. In 2016, about 63% of rural Americans reported having a broadband internet connection at home. Back in 2007, only 35% had broadband access. Still, “(r)ural Americans are now 10 percentage points less likely than Americans overall to have home broadband” However, “84% of rural residents living in households earning \$75,000 or more a year say they have broadband internet services at home” (17). This would suggest that income and cultural factors might be stronger determinants of rural internet access than proximity to a broadband pipe. In any case, there are enough rural folks with broadband access to warrant paying far more attention now to how that access is used.
- *Downtowns and Main Street corridors are natural locations for STEE functions because of their compactness, walkability, and multi-functionality – especially the presence of coffee shops, restaurants and rentable office spaces. In these downtowns and corridors, the STEE functions and activities can be marbled with Central Social District functions and activities. They are mutually reinforcing to a significant degree.*
- Money probably will be scarce in these small towns, so the Keeping It Simple, Stupid principle is more important than ever.
- Obtaining government or foundation grants are unlikely, especially for maintaining ongoing program operations. Consequently, novel ways of funding probably will have to be explored, e.g., crowd funding, profit sharing. On relatively small scale projects that can be done quickly, volunteerism may be viable. Municipal contributions – in dollars or in kind - -will be essential and need to be ongoing.
- Maximize networking opportunities so resident contingents can become aware of each other, form a community, organize, learn from each other, and partner on ventures. *This is the secret sauce of innovation districts large and small.*
- Remember that contingent entrepreneurs are very often smart, well trained and quite skilled. They can learn things on their own. However, that self-learning can be facilitated and that is what effective technical assistance providers will do. Smart leaders will acknowledge, respect and leverage that fact.

- That said, contingents will probably need to learn more about such things as bookkeeping, taxes, health and business-type insurance, and how to identify and win employment opportunities in distant markets.
- Leadership should come from the contingents. Look for those who are disseminating information and who serve as models for the behavior of others. Do not bring in outsiders who are corporate types or inept technologically to lead.
- Downtown EDOs, local community colleges or four-year colleges, and state workforce and business development agencies -- the types of organizations that partnered on the Selling to the World Initiative in Middlesboro -- should be sought out to play active, supportive roles, *if they are competent*. County and state agencies sometimes can be too geographically and psychologically distant to be effective. A close “plug and socket” connection is needed between these technical assistance providers and the contingent entrepreneurs if the relationship is to be effective.
- Moreover, these external organizations should not lead unless that is necessary, and then only from the rear. They should be there to empower, to enable contingent entrepreneurs, not to control or direct them.
- Informal venues that sprout up organically are cheaper and probably will work better, but they may be strengthened by outside support. Social venues are critically important – learn from professional conferences, where more information is “transferred” in coffee shops, bars and restaurants than in formal panel sessions or from keynote speeches.
- Nurture the turning of cheap spaces that are in reasonable condition into informal co-worker spaces and/or incubators. A vacant 1,500 SF storefront or a vacant second-story space above such a storefront might be turned into five workspaces and a conference space with kitchen equipment for contingent entrepreneurs. Connect them to technical assistance providers, lawyers, CPAs, relevant insurance providers and potential financial sources and you have an informal incubator. No, it’s not a real incubator, but I’ve observed a few that developed organically and were generating successful firms. Half a loaf is better than none, especially when you are hungry and it’s all you can afford.
- Offering some workshops may be ok, but stay away from recommending “college courses.” One- on-one or small group facilitation of their learning, not lecturing is best.
- In some communities, local artists, sculptors and craftspeople have developed effective marketing and that should be leveraged educationally for other contingent entrepreneurs.
- Nurture the Maker movement and similar organizations if they appear, be they formal or informal.
- Look to build or bring-in a volunteer-based mentoring program where experienced and successful local business operators can assist those new to or struggling with being a business operator. The Kentucky Highlands Investment Corporation has a regional eCoaches program in which “(t)he

coaches will be entrepreneurs in the later stages of their career who've been successful and want to give back as well as local bankers, business owners and agriculture extension agents” (18).

- Who this program targets is also very interesting: “...eCoaches will be targeting high-potential entrepreneurs who have had some success and want to start another business but need assistance on how to channel their ideas into market opportunities. In addition, they will be looking for *entrepreneurs who've had success locally and have the potential to sell to markets outside the region, and businesses that attract visitors into the region, such as tourism and artisan industries.*”
- Smaller communities will need a region-based “coaching” program to have a sufficiently large pool of potential mentors to draw on.
- That points to the fact that *many of the programs needed to support a STEE may have to be organized on a regional or sub-regional basis, because the small towns individually lack the needed resources, and the resources they do have are most effectively used when aggregated with those of other local jurisdictions.*
- Last, but far from least: *the municipality must be fully committed, on a long-term basis, to having strong STEE functions in its downtown and prepared to provide affordable amounts of financial and staff resources.*

Why the Large Employer May Not Be So Beneficial for These Small Rural Communities. Since the recommendation to avoid trying to recruit big employers probably will be viewed by at least some readers as contentious, it deserves a more in-depth explanation.

<b>Inflow/Outflow Job Counts (Primary Jobs)</b>		
	<b>2013</b>	
	<b>Count</b>	<b>Share</b>
<a href="#"><u>Employed in the Selection Area</u></a>	12,897	100.0%
<a href="#"><u>Employed in the Selection Area but Living Outside</u></a>	4,659	36.1%
<a href="#"><u>Employed and Living in the Selection Area</u></a>	8,238	63.9%
<a href="#"><u>Living in the Selection Area</u></a>	11,648	100.0%
<a href="#"><u>Living in the Selection Area but Employed Outside</u></a>	3,410	29.3%
<a href="#"><u>Living and Employed in the Selection Area</u></a>	8,238	70.7%

Laramie, WY. Job Inflow-Outflow in 2013 1

When firms open a new facility, they seldom expect that all of their new employees will be residents of the town in which that facility is located. Usually, they will expect their hires to come from a regional size labor pool travel shed. Very rarely, a town or city may be so isolated -- e.g., in the mountains and forests, on the plains or on an island – that the population density beyond its borders is so trivial that there is no regional labor pool. Then the hires of a new firm would have to come overwhelmingly from the local community. More frequently found are cities like Laramie, WY, that are fairly isolated. In that city with about 32,000 residents, 63.9% of those who work there, live there and 70% of its residents who are in the

workforce also work there (see table above). The closest community with a population of 5,000+: to the west is about a two-hour drive; the closest to the east is about a 50 minute drive; to the south about an hours drive, and to the north about a two hour drive.

Conversely, a strong majority of Americans do not work in the towns where they live. For example, in the small town of Mount Crawford, VA, population 452, none of its 274 residents who were active in the labor force in 2014 had jobs in their town. See table below.

Does the Attraction of a Major Employer Mean More Jobs for Town Residents?

Town/City	Mount Crawford, VA	Beaver Dam, WI	Grantsville, UT	Dubuque, IA
Population	452	16,214	10,459	58,531
Residents In Labor Force	274	7,946	3,925	29,869
Estimated Contingents-Low	82	2,384	1,178	8,961
Contingents -High	110	3,178	1,570	11,948
Jobs added by Walmart	1,000	600 -->900	700	
.....by IBM				1,300
Year new facility opened	2005	2007	2005	2009
<b>Residents Employed in Town/City</b>				
One year BEFORE*	0	2,897	373	18,336
% pf residents in labor force	0%	36%	10%	61%
One year AFTER	0	2,578	385	17,733
Delta before	0	-319	12	-603
Two years AFTER	0	2,524	379	17,719
Delta before	0	-373	6	-617
Three years AFTER	0	2,422	381	18,050
Delta before	0	-475	8	-286
In 2014	0	2,227	287	17,753
Delta before	0	-670	-86	-583

\*Employment data from OntheMap, US Census Bureau. Delta computations by NDM

That table looks at three small towns where Walmart opened distribution centers that have between 600 and 1,000 people working in them. From the data in that table, it does not seem that the arrival of those jobs halted the decline in the number of residents who also worked in their towns in Beaver Dam, WI, and may have influenced just

marginal increases in Grantsville, UT. In Mt Crawford, Walmart's 1,000 new jobs had absolutely no impact on the number of residents who also worked in that town. The table also shows what happened in the medium-sized city of Dubuque, IA – population 58,531 – after IBM brought in 1,300 new jobs. The number of Dubuque residents who also work in the city has never surpassed that for the year before IBM's facility opened.

Most likely, when the residents of the three smaller communities did capture jobs from Walmart, the number probably was not terribly large and far below the number of contingent entrepreneurs living in these towns. While the sample is admittedly small, the logic of the situation provides little reason to expect different results if 100 or 300 communities were analyzed.

Certainly, the entry of large installations such as those Walmart and IBM brought to these communities means a substantial increase in tax revenues for these communities. However, it may also mean increased outlays for infrastructure and municipal services.

**Employer Firms, Establishments, and Establishments Per Firm by Firm  
Employment Size: USA in 2014**

Number of Employe es	Employer Firms	Establish- ments	Estabs Per Firm	Emps Per Estab	Extra Estabs	
					Number	Percent
0-49	5,596,800	5,732,203	1.02	6	135,403	8%
50-499	209,582	574,772	2.74	44	365,190	21%
500-4,999	17,090	419,337	24.54	53	402,247	23%
5,000+	1,986	836,772	421.34	49	834,786	48%

Source: U.S. Small Business Administration, Office of Advocacy, based on data provided by the U.S. Census Bureau, Statistics of U.S. Businesses. Data recalculated by ND Milder

Small towns are far more likely to attract new corporate facilities that have far fewer new jobs than the Walmart and IBM examples discussed above. In the table immediately above, “Extra Estabs” represents the locations that companies have that are not their headquarters. They all are, in a sense, sites of previous expansions by these firms. Ninety-two percent of these Extra Estabs average between 44 to 53 employees and they are part of firms that have between 50 and 5,000+ employees. This strongly suggests that attracting a “large employer” really means a very marginal improvement for the job prospects of local residents.

When many towns in a region attract new companies that add on average 50 new jobs each, then the residents in the towns will have greater employment opportunities because they benefit not only from those located in their community, but also those located in the other towns that their residents cannot fill.

**Strengthen the Capabilities of Local Residents and Small Firms to Significantly Penetrate Large Markets and Capture More Jobs and More Sales**

Fulfilling the Failed Promise. From about 1994 to about 2005, many observers noted how modern communications – by combing personal computers with modems, phones, teletypes and the internet -- were enabling economic activities to decentralize into smaller and less densely populated areas. Phil Burgess, in his article about “lone eagles,” noticed how talented individuals with the right communications access could live in rural areas where they found an appealing lifestyle and still work for firms and clients located in distant major cities. Joel Kotkin, in his New Geography book, argued that the internet was allowing a decentralization of economic activity as clusters of high tech, internet-dependent firms developed in less densely populated areas. These firms attracted workers from afar because their communities also had appealing lifestyle opportunities.

This trend also led to the emergence of some elite rural communities such as Camden, ME, Jackson Hole, WY and Dillon, CO, and technology clusters forming in small metro areas such as Boulder, CO, Boise, ID, and Cedar Rapids, IA. In the early 2000s, there was a brief burst of enthusiasm for cyber districts that several suburban and smaller communities experimented with. In those days, some economic development observers saw the internet as a way of bringing jobs to our smaller and rural communities. In the past decade, interest in the potential of the internet to help the residents of our smaller communities have far better employment opportunities seems to have faded within the economic development community, though the value of big internet pipes for attracting relatively large employers is still appreciated.

The economic development of small and rural communities can be greatly facilitated

- If local residents who are contingent workers, gig workers, freelancers or contingent entrepreneurs – whatever one wants to call them – can be shown how to use the internet to win more assignments, gigs, and projects in distant larger markets.
- If local residents can learn how to use the internet to get better paying fulltime remote jobs that they perform at home.

Providing such assistance to local residents should be a major component of any small town's economic development strategy. Again, that strategy must outline how that assistance can be provided effectively at an affordable cost.

How small town retailers use the internet has certainly improved over the last decade. Main Street programs, Business Improvement Districts (BIDs) and other EDOs across the nation have tried to encourage and facilitate small retailers establishing a web presence. Today, large numbers have some kind of internet presence, even if it is only a Facebook page or a listing or page on their downtown's EDO's website. Perhaps the strongest reason for the greater presence is that younger retailers have grown up using computers and the internet while the older ones have finally become comfortable with them.

However, their greater web presence has not correlated with greater ability to benefit from it. Surprisingly few consciously use it to achieve specific marketing objectives such as being found by potential customers, telling their stories, cultivating apostle customers or to making online sales to customers in distant market areas. Fewer still have been good at integrating their internet activities with the operations of their brick and mortar stores, though many of the exceptions are usually worth going to school on.

Winning More Remote Fulltime Jobs. First, let's establish that there are indeed enough of such jobs that fostering their pursuit by small town residents is worthwhile.



**Estimate of Percentage of Employees in Gallop Study Who Worked Remotely 80% to 100% of the Time**

Year		Percent of Employees Who..
2012	2016	
39%	43%	Worked any portion of their time remotely
24%	31%	Worked 80% to 100% of their time remotely
<b>9.4%</b>	<b>13.3%</b>	Estimated percent of all employees who worked remotely 80% to 100% of their time.
<p>Source. Gallop. <i>State of the American Workplace</i>. December 2016. p151. <a href="http://news.gallup.com/reports/199961/state-american-workplace-report-2017.aspx">http://news.gallup.com/reports/199961/state-american-workplace-report-2017.aspx</a></p> <p>Gallup developed <i>State of the American Workplace</i> using data collected from more than 195,600 U.S. employees via the Gallup Panel and Gallup Daily tracking in 2015 and 2016, and more than 31 million respondents through Gallup's Q<sub>12</sub> Client Database. First launched in 2010, this is the third iteration of the report.</p>		

The table on the left is based on a very large dataset that Gallop put together. In the many companies it interviewed employees, Gallop found that, in 2016, 43% worked at least some of the time remotely and that 31% of them worked 80% to 100% of their time remotely. *Consequently, it is possible to calculate that 13.3% of all employees worked 80% to 100% of the time remotely.* Moreover, that percentage is a substantial increase over the 9.4% estimated for 2012. They are fulltime or very close to

fulltime workers. Since the percentage of remote workers increases with the total number of employees a firm employees, *looking only at firms that have at least 5,000 employees would mean that just those firms had about 5.4 million fulltime or almost fulltime remote jobs in 2016.* Not everyone can get a remote fulltime job, but there certainly are enough of them that they could make a significant difference for our small and rural communities.

Remote job listings have recently grown the most in the following five job categories:

- Mortgage and Real Estate
- HR and Recruiting
- Accounting and Finance
- Pharmaceuticals
- Education and Training

The best paying remote work at home jobs are

- Physicians and radiologists
- Computer software engineers
- Financial managers
- Postsecondary teachers
- Market & survey researchers
- Registered nurses
- Public relations specialists



- Writers and authors
- Tax preparers
- Graphic designers

**Percent of Employees Who Spend Any Portion Of Their Time Working Remotely in 2016 by Industry**

Percent	Industry
61	Transportation
57	Computer/information systems/mathematical
48	Arts/design/entertainment/ sports/media
47	Finance/insurance/real estate
43	Law or public policy
43	Community/social services
41	Science/engineering/ architecture
38	Manufacturing or construction
34	Healthcare
34	Education/training/library
30	Retail

Source: Gallop. *State of the American Workplace*. December 2016. p152. <http://news.gallup.com/reports/199961/state-american-workplace-report-2017.aspx>

Gallup developed *State of the American Workplace* using data collected from more than 195,600 U.S. employees via the Gallup Panel and Gallup Daily tracking in 2015 and 2016, and more than 31 million respondents through Gallup's Q12 Client Database. First launched in 2010, this is the third iteration of the report.

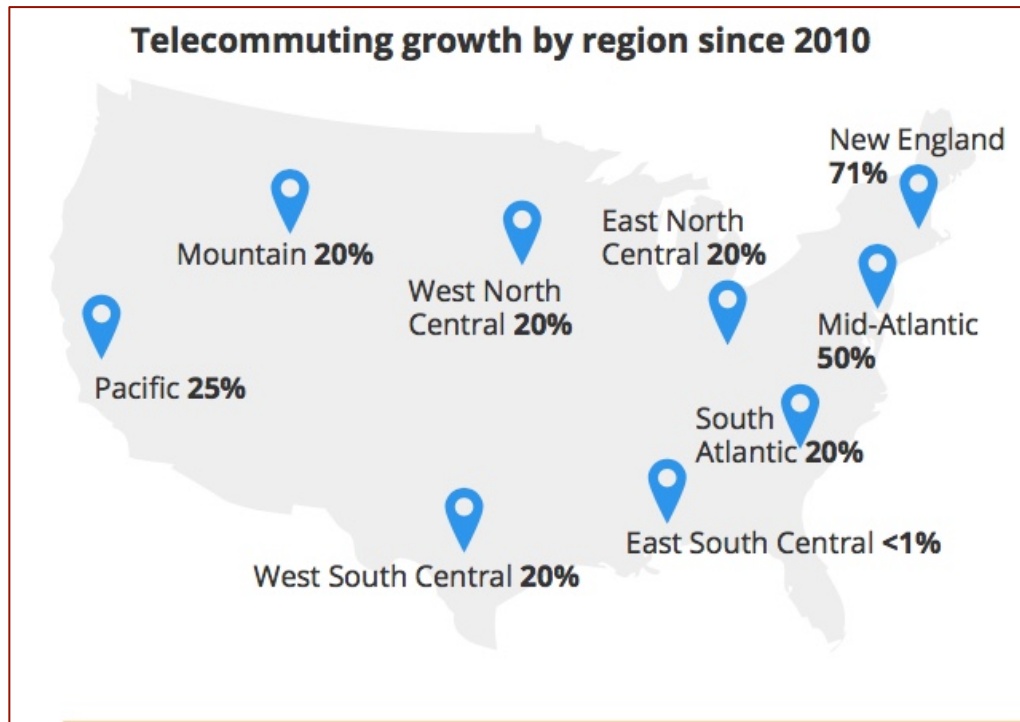
As can be seen in the table on the left, at least 30% of the employees in all of the listed industries spend at least some of their time working remotely.

Transportation has the most remote employees, 61%, and manufacturing or construction has 38%, so it's probable that there are remote blue-collar jobs.

The growth of remote jobs varies significantly by geographic region (see a map below). It's highest in New England, 71%, and the Mid-Atlantic states. In all but one of the other regions, growth has been in the 20% to 25% range (19).

Residents in small towns that are within a 2.5 to 3.0 hour commute to a big city

also will probably have an advantage.



This map is taken from "2017 State of Telecommuting in the U.S. Employee Workforce".

Below is a list of the companies that in 2017 offered the most remote jobs.

**In 2017: The Top 100 Companies Offering Remote Jobs**

Rank	Company Name	Rank	Company Name	Rank	Company Name	Rank	Company Name
1	Appen	26	Salesforce	51	Adobe	76	About.com
2	LiveOps	27	Anthem, Inc.	52	U.S. Department of State	77	AmerisourceBergen
3	Amazon	28	SAP	53	Sodexo	78	Citizens Bank
4	TeleTech	29	IT Pros	54	Covance	79	U.S. Department of Commerce
5	VIPKID	30	Robert Half International	55	McKesson Corporation	80	Infor
6	LanguageLine Solutions	31	Wells Fargo	56	Edmentum	81	Achieve Test Prep
7	Working Solutions	32	Houghton Mifflin Harcourt	57	U.S. Department of the Interior	82	hibu
8	Kelly Services	33	PAREXEL	58	Haynes & Company	83	CyraCom
9	Sutherland Global Services	34	CACI International	59	Teradata	84	Kronos
10	UnitedHealth Group	35	CSI Companies	60	SecureWorks	85	CVS Health
11	Hilton Worldwide	36	CSRA	61	Eaton	86	Blue Cross Blue Shield
12	Cactus Communications	37	Connections Education	62	Real Staffing	87	AbbVie
13	Convergys	38	Worldpay	63	US-Reports	88	HD Supply
14	Xerox	39	Nielsen	64	PPD - Pharmaceutical Production	89	TEKsystems
15	Kaplan	40	Thermo Fisher Scientific	65	American Express	90	Perficient
16	Dell	41	Vivint Smart Homes	66	GreatAuPair	91	HCA - Hospital Corporation of America
17	Intuit	42	VMware	67	The Hartford	92	Lenovo
18	U.S. Department of Agriculture	43	A Place for Mom	68	Grand Canyon University	93	BCD Travel
19	K12	44	Appirio	69	Motorola Solutions	94	Cornerstone OnDemand
20	Humana	45	U.S. General Services Administration	70	Western Governors University	95	DataStax
21	ADP	46	Direct Interactions	71	Walden University	96	FlexProfessionals
22	IBM	47	World Travel Holdings	72	Crawford & Company	97	JPMorgan Chase
23	BroadPath Healthcare Solutions	48	nThrive	73	Overland Solutions, an EXL Company	98	Kforce
24	CyberCoders	49	Aon	74	Cigna	99	Teleflex
25	Allergan	50	Westat	75	SYKES	100	American Heart Association

Source: Laura Shin. "Work From Home In 2017: The Top 100 Companies Offering Remote Jobs." FORBES.  
<https://www.forbes.com/sites/laurashin/2017/01/31/work-from-home-in-2017-the-top-100-companies-offering-remote-jobs/#10c00442d8ac>

One industry group that has really switched over to e-operations is what used to be called employment agencies or headhunters. Consequently, it is not surprising that there are at least 25 websites for finding remote fulltime jobs. For example:

- Flexjobs (<http://www.flexjobs.com/>)
- We Work Remotely (<https://weworkremotely.com/>)
- Remote.Ro (<https://remote.co/remote-jobs/>)
- Remote (<http://remote.io/>)
- Skip the Drive (<http://www.skipthedrive.com/>)

A small town economic development strategy should identify and implement actions that:

- Substantially increases residents' awareness of these remote jobs.
- Substantially increases residents' awareness of these online job marts.
- Steers those interested to formal employment programs that can assist their efforts.
- Helps residents network with other residents who have successfully obtained fulltime remote jobs *to get advice and contacts*.
- Helps network those with remote fulltime jobs with others like themselves as well with successful local contingent workers.
- Stimulates the creation and maintenance of coffee shops, coffee houses, eateries, bars, gyms, spas, co-worker facilities, etc. that can provide the interesting physical spaces that can support such networking activities.

These tasks should not be either too difficult or too expensive to carry out. Some of the simplest and easiest may be the most effective, such as simply increasing awareness of such employment opportunities.

The Contingent Entrepreneurs. Nonemployer business operators are but one component of the contingent entrepreneur category, though it is certainly a very important one and one for which there is available data.

As can be seen in the two tables below, data on nonemployer businesses at the county level in WY and NC show that in counties with populations under 25,000 and even in those with populations under 15,000, these operators can account for substantial percentages of their labor forces. In WY, for example, Teton

**Nonemployer Businesses in 23 Wyoming Counties in 2015**

County Name	# Nonemployer estabs 2015	Population 201	Labor Force	NonEmployer % Lab force
Albany County,	2603	37,276	21,083	12.3%
Big Horn County,	914	11,794	5,584	16.4%
Campbell County,	3340	47,874	24,650	13.5%
Carbon County,	1062	15,666	8,454	12.6%
Converse County,	1019	14,008	7,937	12.8%
Crook County,	733	7,155	3,766	19.5%
Fremont County,	2957	41,110	20,132	14.7%
Goshen County,	914	13,636	7,130	12.8%
Hot Springs County,	374	4,822	2,460	15.2%
Johnson County,	1200	8,615	4,227	28.4%
Laramie County,	7665	94,483	48,880	15.7%
Lincoln County,	1916	17,961	8,771	21.8%
Natrona County,	5884	78,621	41,220	14.3%
Niobrara County,	244	2,456	1,362	17.9%
Park County,	3077	28,702	16,027	19.2%
Platte County,	716	8,756	4,806	14.9%
Sheridan County,	2720	29,596	16,200	16.8%
Sublette County,	991	10,368	4,281	23.1%
Sweetwater County,	2139	45,267	22,265	9.6%
Teton County,	4983	21,675	15,369	32.4%
Uinta County,	1398	21,025	9,468	14.8%
Washakie County,	681	8,464	4,270	15.9%
Weston County,	610	7,082	3,993	15.3%
<b>State Mean</b>	<b>2,093</b>	<b>25,061</b>	<b>13,145</b>	<b>17.0%</b>
<b>State Median</b>	<b>1,200</b>	<b>15,666</b>	<b>8,454</b>	<b>15.3%</b>
<b>State Totals</b>	<b>48,140</b>	<b>576,412</b>	<b>302,335</b>	<b>15.9%</b>

Source: US Census Bureau Nonemployer County File 2015

County (Jackson is its principal town) has a population of 21,675 and 32.4% of its labor force are the operators of nonemployer businesses. It has 4,983 nonemployer businesses. In Johnson County, with a population of 8,615, 28.4% of its labor force are nonemployer business operators. It has 1,200 nonemployer businesses.

North Carolina has 100 counties and that enables a useful analysis of how population size might impact the comparative number of nonemployer businesses. As can be seen in the table below, as the

**Nonemployer Businesses in North Carolina Counties in 2015 by County Population Size**

County Pop Size	Statistics	# Nonemployers 2015	Population 2011	Labor Force	NonEmployers % of Labor
Over 300,000 (N=5)	Mean	51,767	609,854	342,656	14.8%
	Median	45,795	552,566	300,728	15.1%
100,001-300,00 (N=22)	Mean	12,124	163,054	82,171	14.7%
	Median	10,455	157,692	77,848	14.2%
50,001-100,000 (N=26)	Mean	4,458	69,477	31,937	14.0%
	Median	4,555	63,965	29,721	13.4%
25,001-50,000 (N=21)	Mean	2,547	38,055	16,712	15.4%
	Median	2,425	38,279	17,727	13.8%
15,001-25,000 (N=13)	Mean	1,336	20,996	8,867	15.3%
	Median	1,144	20,874	8,881	13.9%
Under 15,000 (N=13)	Mean	793	10,862	4,467	18.5%
	Median	718	11,052	4,636	18.6%
All Counties (N=100)	Mean	7,933	105,084	53,474	14.8%
	Median	3,319	57,712	26,239	12.6%

Source: US Census Bureau Nonemployer County File 2015

populations of these counties decline so do the absolute numbers of nonemployer businesses. However, looking at what percentage of their labor forces these business operators represent, the findings are

quite different: population size seems to make little difference, save for those counties with populations under 15,000 that have the highest percentages of nonemployer business operators, about 18%.

These data support the claim that the leaders of most smaller communities should expect to have very significant numbers of contingent entrepreneurs living in them. In turn, they should be aware that how these contingents fare will have a great impact on their community's overall economic well being.

A major challenge is simply to get the contingents aware of employment opportunities available beyond the region in which they live and currently probably operate. Joining state and national professional organizations and attending trade shows and conferences are two ways of doing that. Increasingly, the internet is providing another very important channel. Today, there also are many well-established websites that function as online freelancer job marts for both white and blue-collar contingent entrepreneurs. Some examples:

- Freelancer
- Elance
- Upwork
- Flexjobs
- Angie's List
- Task Rabbit

To assist the contingent entrepreneurs, a small town economic development strategy should identify and implement actions that:

- Substantially increases residents' awareness of these distant project/ assignment /gig opportunities.
- Substantially increases residents' awareness of these online information channels through which they can find out about distant freelancer employment opportunities, including the online marts.
- Links those interested to formal programs offered by state, county or nonprofit entities that can assist their efforts.
- Introduces them to financial firms that actually do lend and/or invest in operations such as theirs.
- Provides information about firms that can provide affordable medical and business insurance, legal assistance
- *Very importantly, Helps residents network with other residents who operate successfully as contingent entrepreneurs to share experiences and contacts – especially those in distant markets, to get advice, to otherwise learn and to possibly develop joint ventures.*
- *Very importantly, stimulates the creation and maintenance of coffee shops, coffee houses, eateries, bars, gyms, spas, co-worker facilities, etc. that can provide the interesting physical spaces that can support such networking activities.* Such tasks usually are covered by downtown EDOs. If the EDO could take on an information brokerage function targeted on

contingent entrepreneurs then it also could cover the other tasks described on this list.

A Critical Question Is Who Will Be Responsible For Implementing Such A Development Strategy? Many smaller towns lack an EDO or even a town council economic development committee. Many Main Street programs and BIDs are attentive to the needs and wants of local merchants, property owners and local elected officials. Few have been aware of the contingent workforces in their communities, much less felt obligated to attend to its needs or interested in realizing the economic growth potentials they represent.

However, that must change. Today, in our smaller communities, the success of the downtown or Main Street and the economic success of the contingent entrepreneurs are intricately bound together. The contingents probably constitute a very large portion of the downtown’s daytime users. The downtown can provide the venues contingents need to network and perhaps to work and/or live.

BIDs and Main Street programs need to see the support of contingent workers as a vital part of their overall economic development programs.

**Encouraging More Local Firms (with Employees) in Smaller Towns to Use the internet Effectively.**

For the past decade, I have been researching how such firms have been able to use the internet to penetrate larger markets. I did this through my visits to other communities, my discussions with members of my professional network, online visits to websites, and an online literature search for articles relevant to that question.

**Online Presence of Retailers in Laramie, WY and Woodstock, VT**

	Laramie WY '17		Woodstock, VT '16	
	N	Percent	N=	Percent
With their websites	48	58.5%	29	78.4%
Facebook, Yellow Page	24	29.3%	2	5.4%
None	10	12.2%	6	16.2%
Total classified as retail	82	100%	37	100.0%
Population Municipality	32,382		3,048	
Population County	37,956		55,537	

Sources: <http://www.laramiemainstreet.org/Shopping/Retail> and <http://www.ndavidmilder.com/2016/10/how-smaller-rural-downtowns-are-faring-under-the-new-normals-new-retailing>

Increasingly, retailers in our smaller communities have some kind of web presence. The percentages displayed for Laramie, WY, and Woodstock, VT, are no longer outliers.

The characteristics of many local businesses are such that they are really tied to focusing

on local consumer markets. Among them are food markets, drug stores, dry cleaners, hair and nail salons, restaurants and bars. The smaller the town and

the fewer the businesses, the more that is likely to be the case. Web sites for the local market oriented firms can still be useful if they:

- Improve the ability of the business to be found by customers.
- Enable the business to tell its story to current and potential customers.
- Enable the business to cultivate advocate/apostle customers.
- Help provide better customer services.

However, for these firms, generating online sales, so far, has usually not been either very relevant or very important. Their overriding marketing objective when they use the web is to get shoppers to visit their stores.

Among all retailers, those operating GAFO stores are most likely to be interested in generating larger market area sales. Traditional niche marketing can help them achieve that to the degree the niche is strong. And then the niche's competitive advantage correlates with the amount of choice it can offer shoppers in a park one-time, compact, walkable area.

GAFO retailers going online can tap even larger market areas, but they also face much greater competition. They need to differentiate themselves to compete effectively. Offering low prices is seldom a viable tactic for small merchants in smaller towns. More viable tactics for smaller merchants are to:

- *Provide unique products.* This is the most powerful one. However, it very often means that the retailers must either have unique sourcing or manufacture/create the items themselves. These creators/makers are not confined to those usually thought of as artists, craftspeople or artisans, save when the term artisan is applied to any small producer of goods.
- *Offer great convenience.* Here, the retailer's website is easy to use, offers a fairly large selection of desirable brands/products and has a credible and affordable way to deliver the purchased goods. (This is what Amazon offers, though, because of its huge size, it also can offer low prices.) Dodds Shoe CO. in Laramie (<http://www.doddsshoe.com/>), for example, claims to be the largest footwear center in the Rocky Mountains and has a successful online store that offers shoes from 77 brands. A good website can make a relatively small company appear to have significant size and stability.
- *Pursue an omni-channel marketing strategy* that not only uses an e-store, but may also combine it with emails, blogs, social media activities, their brick and mortar stores, presentations at trade shows and community events. Such a strategy also pursues corporate and other specialized markets, such as weddings. However, in very small towns, the brick and mortar stores probably will decrease in relevance as internet sales increase because of their normal low levels of walk-in customers.

Firms in smaller towns have used a number of tactics to penetrate larger markets that others can learn from:



- *Enjou Chocolat* in downtown Morristown, NJ, (population 19,106), is a gourmet chocolate shop with a website focused not only on the normal customer wanting a box of chocolate or a gift box, but also on corporate gifts and wedding favors (20). For a product launch of one major corporation, the shop created chocolate versions of the company's logo. The owner, Wendy Taffet, also often speaks about the health benefits of chocolate at meetings convened by the corporation that runs a number of hospitals in the region. She also has display booths at many bridal shows in the NY-NJ region. Some signs of this shop's success are that it has 11 fulltime employees, walk-in shoppers are still its most important revenue stream, and yet it has a side street location. The shop's savvy owner says that the backdoor activities also help generate front door customer traffic – and visa versa: many of her corporate sales have originated from front door customers. Ms. Taffet is also quite active on the social media. Enjou has a real omni-channel marketing strategy that uses a large number of sales and communication channels and targets numerous market segments. Website: <http://www.enjouchocolat.com/>
- *Serendipity Confections*, in Laramie, WY. Firms that make and sell candies, especially chocolatiers, seem to have a propensity for an online sales presence. Aigner Chocolates in Forest Hills, NY and Lazar's Chocolate in Great Neck Plaza, NY are other examples.



Serendipity Confections is interesting in that it does not have its own brick and mortar retail operation as Enjou does, but sells directly to consumers via its website's e-store and indirectly through a number of brick and mortar retailers located across the nation (see the map above). Retailers are reportedly recruited by attendance at trade shows. Also of interest,

the owner was a former Laramie resident who returned and opened this business (21).

- *Crazy Crow Trading Post* in Pottsboro, TX, population 2,306, (<http://www.crazycrow.com/site/>) “is the world’s largest source of Native American craft supplies, Mountain Man supplies, clothing and gear, and craft kits for both” (22). The firm started in Dallas in 1973, then moved to Denison, TX (population 22,682) and finally to Pottsboro. It “has grown “from a single silversmith selling work at a table at powwows, to a modern 41,000 sq. ft. office and warehouse complex..., with a staff of over thirty and a strong presence on the Web” (?? Ibid). Crazy Crow exemplifies a strong tendency for small town firms that do well on the internet to not have brick and mortar stores or, if they do have such stores, they may not pay that much attention to its appearance.
- *C&C Sutlery* is located in Emmett, Idaho. It has a population of 6,717. A subtler was a person who followed an army and sold provisions to the soldiers. Since 1976 C&C has been in the business of manufacturing and selling clothing for the Civil War and Indian War periods. They have two part-time employees and contract-out work to five seamstresses in their region. Mr. Lox, a co-owner, was a re-enactor in Illinois, but when he moved to Emmett he opened C&C Sutlery. As co-owner Ellen Knapp emailed me: “The internet and web have enabled us to live almost anywhere so long as we have connectivity. We no longer travel to events with our merchandise nor do we print paper catalogs. And now we sell and ship world-wide. Our location and merchandise display are no-frills as we have very little walk-in trade” (?? Email to me). The owners also are serial entrepreneurs and own more than one business (see photo below).



C&C Sutlery in Emmett, Idaho. Thanks to Ellen Knapp for the photo.





Townsend's in Pierceton, IN. Photo from Google Earth

- *Townsend's is another provider of clothing for re-enactors and costumes for stage plays and movies. It is located in Pierceton, IN, that is about 35 miles west of Fort Wayne and has a population of 1,028. Townsend's is an avid and accomplished user of YouTube and has 377,305 subscribers. Manta claims it has over 25 employees and sales over \$20 million (24). It does have a small brick and mortar operation, but the vast majority of its sales are online and most of its space is devoted to serving those sales (see photo). <http://www.townsend's.us>*
- *Missouri Star Quilt Company is located in Hamilton, MO, a town with a population of 1,711 that is 47 miles from Saint Joseph and 62 miles from Independence. The median household income in the town is \$28,214. Comparatively few residents have bachelors degrees. This is not exactly an iconic creative class location, but a whole lot of creativity seems to have occurred here. The family that started and continues to own and manage this company moved to the town from out of state and then decided to create the company. From the beginning it was designed to be an internet based company and the company had someone with the required skills to make it happen. Though it was launched during the Great Recession, it now has annual sales of \$20 million. Their orders mostly come in electronically, so it must have a sufficient broadband pipe. It also ships thousands of packages a day to customers across the nation, so it has adequate support from UPS, USPS and/or FedEx. It has*

*grown to have 200+ employees and owns 20 buildings in the town. One of these buildings is a brick and mortar store. It also has spaces for educational uses. It's internet business created a demand among its customers for a place in Hamilton to come visit and shop. To further accommodate those visitors, the company is part owner of three restaurants in town. This is a reversal of the usual situation. More often, tourist traffic generates online traffic (25).*

<https://www.missouriquiltco.com/>



One of the 20 Missouri Star Quilt buildings in Hamilton, MO. Photo by the Company.

- *CR Gallery/China Royale* are the brick and mortar and online faces of one operation that sells such merchandise as fine china and porcelain, fine glassware and cutlery. It is located in Englewood, NJ, a suburb of NYC that has a population of 28,455. It has been around since 1984. What is interesting about this closely held company is that while it's internet presence has been consistent since it was introduced, the brick and mortar operation has moved around. The firm started in an industrial park. It then opened a second location in a storefront in Manhattan's Midtown CBD. It later closed the Manhattan store and opened one in downtown Englewood. Today, the downtown Englewood store is closed, but both operations now are in one location in the town that is very close to the entrances and exits to Route 4. This is probably due to the need for cheaper space for inventory storage, parcel wrapping and shipping. Many of the firms that have strong internet sales find warehouse type spaces desirable for their shipping and manufacturing operations. CR/Royale China also probably chose its current B&M location to capture more car-oriented shoppers living or working along the Route 4/I-80 corridors and to facilitate pick-ups and deliveries.

There Are So Many Paths. Which Should a Small Firm Take? To have an online sales capability in distant markets, a really small business with a small staff or without internet savvy personnel can still do so without having a website. There are, for example, many online services that will create a shop or store for you that are accessed from within their portal. Some examples:

- EBay has long had “stores” for small merchants
- Esty has shops for crafters

For those wanting a more independent website, but one that still has available technical support and relatively easy website management, there are hosted e-commerce services such as Wix and Shopify. (27)

There are also web portals that allow small firms in a particular industry with websites to be found and accessed through them. For example, antiques shops can be accessed through The Internet Antique Shop (TIAS), which claims to be the largest online antiques mall. <http://www.tias.com/>.

Then there’s the path of the firm hiring a consultant to create a website for them and to help run it.

However, having an online sales capability on a website maybe a necessary component of a firm’s web presence, but it is not the sufficient condition that can truly bring in sales dollars. It must be supported by other activities, online and off, that attract and cultivate shoppers. That means an e- marketing effort that might utilize Facebook, Twitter, Pinterest, blogs, email campaigns, search engine optimization tools, etc. This effort should also be integrated with the operations of the firm’s brick and mortar store.

What most small firms in most smaller towns need is help on selecting the e-commerce tools that are:

- Best suited to achieving their marketing objectives (more sales might be one of them).
- Affordable given the firms financial resources.
- Doable given the skill sets of the firm’s personnel (28).

A local EDO – be it an EDC, CDC, BID or Main Street program -- in these communities needs to take on the responsibility of helping these smaller firms to chose the internet marketing strategy that is best for them. This will mostly entail playing an information brokerage role that links the needy firms with local firms that have successful online operations and technical assistance providers at local colleges, community colleges, SBDC’s, etc.




## Develop And Grow Your Downtown's Central Social District Functions

Since antiquity, successful communities have had vibrant central meeting places that bring residents together and facilitate their interactions, such as the Greek agoras and the Roman forums (29). Our downtowns, large and small, long have had venues that performed these central meeting place functions, e.g., churches, parks and public spaces, restaurants, bars, coffee shops, ice cream parlors, museums, theaters, arenas, stadiums, multi-unit housing, community centers, etc. See the chart below. They are all essential elements of a downtown's Central Social District (CSD).

### Some CSD Components:

(EN = entertainment niche)



- Housing
- Movie theaters (EN)
- PACs (EN)
- Concert Halls(EN)
- Museums (EN)
- Art galleries (EN)
- Arenas (EN)
- Stadiums (EN)
- Senior centers, community centers (EN)
- Pamper niche venues (gyms, nail & hair salons)
- Restaurants and drinking places (EN)
- Parks/public spaces (EN)
- Ice cream parlors; pizza, hot dog/sausage joints (EN)
- Places of worship
- Social clubs, (EN)
- Catering halls (EN)
- Public markets (EN)
- Schools, libraries
- Co-working spaces

*A strong CSD is critical to the economic health and overall well-being of our smaller towns. The attractiveness of their CSD is an essential determinant of how local residents assess their community's quality of life. It may have helped attract them to the community and definitely will influence whether or not they and their children will want to continue living there. The stronger the CSD, the greater the community's magnetism for current and potential residents. A strong CSD also generates community pride and affection. If people really want to live in a town, then there is a strong likelihood that they would prefer to also work in that town.*

*Also, as noted above, some CSD venues –e.g., eateries, coffee shops, bars, public spaces, working spaces, etc. -- also facilitate the social interactions and networking that are essential for the community to have a supportive entrepreneurial ecosystem. It also can help attract new independent business operators.*

In many of our smaller communities, CSD venues can be as, or even more important generators of downtown visits than its CBD-type venues. Following is a closer look at some of the more important types of CBD venues.

*Working Spaces.* While many contingent entrepreneurs will work at home, some may want to rent external working spaces to avoid the disruptions that home life can bring, or to avoid social isolation, or to increase their professional networking opportunities. While co-working facilities have become something of a fad in our urban areas, their viability in smaller communities, especially those in rural areas is still unsettled. In those locations, their emergence is less frequent, but their use by renters is more consistent than in more urban areas because there are fewer venues available in smaller and rural towns for business related social activities and networking.

Less formal facilities may be less expensive to use, but still produce many of the same benefits. For example, on the simplest level, a coffee shop with Wi-Fi can develop into a gathering place for contingent entrepreneurs, and many of them will show up on a fairly consistent basis.

Another route is to convert a typical storefront, perhaps a struggling one of between 1,500 SF and 2,500 SF on a side street that is basically in an acceptable condition -- one that can be adequately improved with paint, putty, and elbow grease-- into a workspace for five to ten contingent entrepreneurs.

Fertile minds will certainly come up with still other options.

A key to the success of all of them is that:

- Someone has to emerge in either a formal or informal manner to play the essential information broker role that helps network the contingent entrepreneurs with effective technical assistance providers and truly potential funding sources.
- That person needs to visit the working space places on a consistent basis.

Taj Mahal working spaces are neither needed nor feasible. The provision of formal workspaces should definitely be developed in response to demonstrated demand. That may involve some trial balloons/experimentation.

**Sherwood WI: The Trade Area Market Share Needed to Support One Store in Some Downtown Niches**

Needed Entry Mkt Share	Niche
28%	Restaurant Niche
28%	Pamper Niche
167%	Apparel Niche
168%	Home & Hearth Niche

*Restaurants (30).* They are particularly important CSD venues not only because they are places where people can obtain needed nourishment, but also because they are places where folks go to have fun, be entertained and, most importantly, enjoy the company of other people. They are the essential driver of downtown vitality.

The growth of strong downtown restaurant niches and clusters has been another strong characteristic of successful downtowns of all sizes. They help bring downtowns alive after dark. Even though independent merchants are unlikely to be open during dinner hours and thus benefit from the restaurants' customer traffic, they do benefit from the restaurant patrons' lunchtime visits and their improved image of the district.

In small and medium sized communities, restaurants are relatively easy to start-up because of the relatively small market share they have to win to be viable (see table above) as well as their districts' comparatively low rents and labor costs.

The consumer market for restaurant fare is enormous: households in America spend relatively similar amounts for eating out as they do for meals prepared at home. In many smaller towns, restaurant revenues will be larger than those of their retailers who sell comparison shoppers goods.

Any community, but especially a smaller one, that wants to build a strong CSD should first focus on strengthening its restaurant niche through recruitment and start-up assistance. Regarding recruitment:

- Successful restaurateurs and chefs like having several of their eateries fairly close by.
- Look at other successful eateries close enough that a restaurant owner can have a manageable "span of control."
- Recruit from chef schools and kitchen incubators in your region.

Once a number of restaurants are in operation, niche marketing can be a powerful tool for increasing customer traffic. Transporting that niche marketing to a niche portal can multiple its power and impacts.

*Movie Theaters (31)*. Smaller towns that have them should see their cinemas as treasures and keystones of their Central Social Districts. New ones are hard, nearly impossible to get. They attract about 50,000 patrons per screen annually. They have fewer user frictions than many other kinds of entertainment venues. They have comparatively reasonable prices; are open afternoons and evenings almost every day, and present frequent showings through the day. They also occupy large spaces, usually in highly visible and strategic locations. Failed cinemas are hard to redevelop and can be terrible eyesores.

Though they recently have passed the digital projection/distribution divide that threatened to put many of them out of business, downtown movie theaters remain vulnerable. They are still threatened by home and electronic device movie watching – that is how most movies now are viewed. More importantly, they are vulnerable to some influential Hollywood execs who, because theaters provide such a small slice of their overall revenues, want same day release of new films through the theaters and purely electronic distribution channels.

When they get in trouble, there is usually not a lot of time available to save them. Savvy downtown leaders should have an action plan ready to go, should their cinema face closure. In dealing with the digital divide many communities,

especially smaller ones in sparsely populated rural areas, used new tools such as community based businesses and crowdfunding to save their theaters. These tools can be used readily by other downtowns should the need arise. But, local leaders have to be ready to act.

*Parks and Public Spaces (31)*. These spaces not only make the community a more attractive place for contingent entrepreneurs to live in, they also can facilitate their social networking and team meetings in an attractive outdoor setting.

These are not just green or open spaces where people can retreat for quiet relaxation. They are also places that are great for that most fundamental of entertainments, people-watching. Consequently, they are valuable CSD assets even in small rural communities where visible green open spaces are abundant and proximate.



Division Street Plaza, Somerville, NJ 1

Great parks and public spaces also usually have infrastructures and equipment that allow guests, at little or no cost, to engage in a range of leisure behaviors. Among them are a pond for sailing model boats; a boules court; a Ping-Pong table; chess and checkers tables; a carousel and an ice rink. The resulting activities constitute performances that other people-watching visitors can observe and enjoy. Smaller communities usually have a problem with developing these amenities when they require staff to monitor them and/or to hand out and get back the necessary equipment (e.g., Ping-Pong balls) because the towns

cannot afford that staff. Since parks

and public spaces that can offer opportunities to engage in such leisure behaviors are so much more attractive, it is important for those in smaller communities to find a way around the paid staff problem. Here are some possible solutions:

- Involve local civic organizations so their members serve as volunteer staff.
- Sometimes, reasonable fees can be charged that offset the staff costs: e.g., tickets to ride a carousel or rental charges for ice skates or model boats.
- Install equipment that requires little or no staff involvement such as adult swings, climbing rocks, spray pads and chess sets. See photos below:



## Here are some features that require little or no staff



Great parks and public spaces also often have performance spaces for events such as movies, plays, dance recitals, concerts, lectures, etc. The smart ones use temporary stages, so the same spaces can be used for multiple purposes over the year. For many small and medium-sized communities, this is the most cost effective venue they can have for entertainment and arts performances. But public space programming is not (at least initially) self-generating and government or some other entity must have the capacity to book and produce public events.

DANTH, Inc.'s research has shown that well-activated parks and public spaces are usually much cheaper to build, maintain and operate than any of the formal entertainment venues (32). Most communities already have them in key locations. Even where they are absent, the cost of a new build is generally far less than that of a new enclosed venue. They have, by far, a lower ratio of operating costs per visitor/user. They also have the fewest user frictions. Access is free. Use of their infrastructure and equipment is either free or very affordably priced. They are open all day and often well into the evenings almost all year. No one has to make an appointment to use them or buy a ticket in advance of their visit. Visitors can stay 10 minutes or several hours.

Furthermore, successful parks and public spaces have a proven ability to increase values for properties from which they can be seen – even those 480 to 800 feet high and about 0.25 miles away. They also have a proven ability to improve adjacent property values to levels equaling the costs of initial construction or later renovation.



*Smaller towns that want to strengthen their downtown's CSD functions should make sure, early on, that they have an attractive, well-activated park or public space. They can be very popular and produce the best bang for the buck of any type of downtown entertainment venue.*

**Formal Entertainment Venues.** This is an area where smaller communities need to exercise considerable caution (33). The category of formal entertainment venues includes such attractions as museums, PACs, theatres, concert halls, stadiums, and arenas. They often are held in great esteem within their communities and especially among the local social, business and political elites. However, they also tend to be relatively expensive to build, maintain and operate. Many are venues for types of arts events that have suffered significantly decreased attendance in recent years. There have been a substantial number of failures among these venues and a much larger number that struggle financially each year because their true costs for each admission cannot be sustained by their ticket prices. They consequently need to constantly ask for lots of donations and grants to remain solvent. Too often, it is not a sustainable business model.

Many of them are seriously underutilized: closed during the days and only "lit" some of the evenings. Most performance venues in medium-sized downtowns probably will have under 80 events a year; fewer still in the smaller communities. They can have positive impacts on local eateries and watering holes to the degree that they are active. Their impacts on retail, if any, have an overwhelmingly indirect and contingent route – through the new residents they might attract. Conversely, dark cultural centers can actually be detrimental to a downtown's sense of vitality.

Ticket prices for these venues are usually relatively expensive – far above the price of local movie tickets, for example – so a substantial portion of middle income households are discouraged from attending their events.

There is little doubt that formal entertainment venues can be wonderful assets for a community. However, they demand a lot of resources and management expertise. Before a downtown decides to build one of these venues, local leaders must realistically assess whether they have the resources and management skills to not only build it, but also to maintain it and to run its programs without continued financial stress well into the future.

## **ENDNOTES**

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4) See Green in endnote 3.

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[http://www.americansforthearts.org/sites/default/files/pdf/2014/by\\_program/reports\\_and\\_data/toolkits/cultural\\_districts/issue\\_briefs/State-Cultural-Districts-Policies-Metrics-and-Evaluation.pdf](http://www.americansforthearts.org/sites/default/files/pdf/2014/by_program/reports_and_data/toolkits/cultural_districts/issue_briefs/State-Cultural-Districts-Policies-Metrics-and-Evaluation.pdf)

11) See: <http://www.americansforthearts.org/by-program/reports-and-data/toolkits/national-cultural-districts-exchange/cultural-districts-research-briefs>

12) Thanks to Isaac Kremer for pointing out this program to me.

13) "Danelle O'connell Named Selling To The World Initiative Director In Middlesboro." <http://www.ekcep.org/danelle-o%E2%80%99connell-named-selling-world-initiative-director-middlesboro>

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22) Information about firm is taken from Crazy Crow's website.

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24) Information about firm is taken from Townsend's website, Google Maps and a telephone call and from a family member purchasing from its website.

25) Information about firm is mostly from Missouri Quilt's website.

26) Information about the firm is from CR Gallery's website and several conversations with the owner since 1994, and several in-store purchases.

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