



Danville Compete

Developing a New Brand for Economic
Revitalization

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Executive Summary

The Dan River Region, despite its many assets, has faced persistent economic challenges throughout its history. In order to overcome these formidable economic tests—which manifest as unemployment, poverty, poor health outcomes, inequity, and so on—this region must pursue comprehensive, versatile approaches toward recovery and prosperity. In large part, this renewal will require marketing our region’s distinctive assets to *outsiders* and convincing *locals* of the value they possess as workers, citizens, and individuals. Our goal was to identify (1) a path to a new competitive advantage, (2) a brand that enables us to develop that competitive advantage, and (3) ways to transform the region from what it is today into the ideal represented by the brand.

We are a group of three undergraduates and one graduate student, studying in fields from Economics to Psychology. We define the “region” as the service area of the Danville Regional Foundation: Danville City and Pittsylvania County, Virginia, and Caswell County, North Carolina. Our perspectives do not implicitly reflect those of the Danville Regional Foundation. This report draws heavily from the ideas detailed in an existing economic development plan set forth by Danville City’s Office of Economic Development, the work of scholars in the field such as Michael Porter and Mark Drabenstott, and discussions with several community leaders. We base our final recommendations on valuable, transferrable ideas extracted from regional competitive advantage studies and works that identify the drivers of growth in a Twenty-first Century rural economy. We have identified seven **outcomes** that must occur in order for a region such as this one to successfully redefine its competitive advantage.

In order to apply our research findings to the region, we composed a list of ten success-defining **criteria** that an effective marketing campaign must satisfy. We used this list to filter through potential brands and identify which one would be most influential, adherent, accurate, and appealing. Regardless of the exact language we use, a regional brand must incorporate the salience of change, innovation, the region’s history, and its now-defunct economic engines in order to enable residents to take full ownership of their futures. The optimal brand could become the driving force behind an expansive, economic recovery initiative.

Improvements must be made in education, economic development policy, and physical infrastructure in order to create a new, regional, competitive advantage and to validate a brand that boasts of innovation and opportunity. Accordingly, we have identified **objectives** that target each of those broad areas and **strategies** that can facilitate the process of economic revitalization.

We have singled out three strategies with which the Danville Regional Foundation could generate the greatest regional impact:

1. Launch an internal and external marketing campaign,
2. Establish an agency to specialize in improving education and promoting the formation of a cohesive learning community, and
3. Make capital more accessible to small firm owners and entrepreneurs and support the creation of a venture capital fund.

We include an analysis of the estimated impacts of these recommendations as well as means of tracking change should the Foundation accept our suggestions.

A New Brand

“Home of Dan River Futures: Where Innovation Meets Opportunity”

At one point in time, some Danville natives might have boasted about the region’s innovative, entrepreneurial spirit: On July 22, 1882, six enterprising young men founded Dan River Inc.; it eventually became the largest single-unit textile mill in the world. Unfortunately, that spirit of innovation did not penetrate Danville’s culture; rather, a plantation mentality took hold and *still*, to some extent, defines the region’s culture and business environment. The mill has been inactive for nearly a decade, but a distinctive attitude remains. This mill culture, a phenomenon not unique to Danville, presents a formidable impediment to the deep-rooted economic and cultural transformation that requires the anticipation and acceptance of change.

In order for any lasting economic change to take hold, this mindset must first be uprooted. Additionally, in order for any such large-scale cultural change to adhere, the people who have clung idly to that damaging mentality for so long must be able to acknowledge its existence in order to move past it. When Dan River Inc. *did* control the region, a sign reading “Home of Dan River Fabrics” towered over the river. Recognizing that history with a brand name like “Home of Dan River Futures” enables residents to take ownership of an overwhelming past and lay claim to an even more promising future.

A brand that embraces innovation and opportunity would counter the prevailing regional mindset, breaking the centuries old notion that people here always and only work *for* someone. With a focus on innovation, entrepreneurship and business-ownership become natural and incredibly transformative employment options for the region’s citizens. A culture based on innovation, as well, ought to place at its core a notion of *civic* innovation that creates an infrastructure capable of leveraging market forces and innovation-enabling policy to achieve regional prosperity in an equitable fashion. This brand aims to satisfy the following **criteria**:

Economic Growth	Innovation is the key driver of growth in today’s economy. Merging that creativity with sufficient human, financial, and social capital would undoubtedly generate economic growth, attract more entrepreneurs, prevent further “brain drain,” and create more high-paying jobs in the Dan River Region.
Income Equity	A marketing strategy based on this brand would promote a foundational value of civic engagement. The prosperity that innovation is known to generate, then, should expectedly become progressively more equitably distributed.
Education (K-12)	Students who are prepared for today’s economy must be trained to think critically and adapt readily with the idea in mind that they might fill positions that have not yet been created. Where innovation is encouraged, a teaching style and educational system that emphasize soft skills and endow students with the skills to lead, inquire, and create would likely emerge. Adopting these educational values would enable educators to accommodate and adapt to students who learn differently, rather than ignoring their needs.
Higher Education	In the evolving Twenty-first Century economy, nimbleness—the ability to

	anticipate rather than react to changing conditions and demands—is required more and more by employers. Again, where innovation is encouraged, a teaching style and educational system that emphasize critical thinking and endow students with the skills to lead, inquire, and create should emerge. A place “where innovation meets opportunity” might also more readily attract foreign students, professors, and other visitors to become a part of the educational experience at regional educational institutions and contribute to the area’s cultural transformation.
Workforce Retraining	To sustain a community based upon innovation, a workforce must be created that possesses the technical skills and adaptable nature to do so. At the same time, the idea that some abstract, mythical “they” is responsible either for today’s poverty or the development that ought to come <i>must</i> be expelled. Enabling people to take control of their futures rather than depending on “the men at the mill” will require a re-education of sorts.
Health	It is widely known that with higher overall economic achievement comes a higher standard of living and better health outcomes: employed people are more likely to have access to health insurance, more time for exercise, and access to healthier foods. At the same time, however, business leaders must acknowledge the risk that with more small to medium fledgling entrepreneurial firms, providing health insurance might present a challenge.
Inward	This branding approach reaches inward by speaking to the entrepreneurial spirit that once defined the area’s history and acknowledging that the opportunity to <i>create</i> an individual’s own prosperity <i>does</i> exist here. It recognizes the value of existing resources—including history and people—that might be leveraged innovatively to create job opportunities and improve quality of life.
Outward	Given innovation’s tendency to promote growth, projecting an image characterized by that quality would be an easy, sure way to attract outside firms or individuals interested in capitalizing on and enriching a region that looks toward the future through an innovative framework.
Environmental Sustainability	Incorporating innovation into our regional economy could affect the environment. Innovation, as it involves developing a region, does carry with it the risk of damaging the environment to create space for growth. However, because quality of life factors are critical for stimulating investment in innovation and creating living-wage paying jobs, any economic development initiative—especially one facilitated by innovative thinking—ought to protect and preserve valuable natural assets; in doing so, the “ecology of place” could easily come to form another pillar of this region’s marketing strategy.
Sustainability	Intrinsic in the definition of innovation is the ability to invent and reinvent ideas—or, in this case, a region’s competitive advantage. The ability to adapt easily and the flexibility to anticipate change rather than to suddenly and ineffectively react is a skill necessary for success in the present economy. Assuming we can effectively cultivate a culture that enables that creative, adaptable quality, marketing innovation and opportunity will become a self-perpetuating strategy.

Other Potential Brand Names

- **“Entrepreneur Town, not Mill Town”:** This spinoff acknowledges the region’s past as a mill and tobacco region more explicitly than the main brand. It is also shorter and more direct; it could be used to advertise where space is limited.

- **“Entrepreneur Mill”**: This variation is a further play on the previous idea, acknowledging the past but also casting it in a positive light: instead of churning out textiles, the region now produces bright, creative, enterprising minds.
- **“Dan-o-vation!”**: A pseudo-portmanteau of Danville and innovation, this idea is silly and fun, yet still conveys the brand’s central tenet of innovation and entrepreneurship. This phrase is prime bumper sticker material.

Recommendations:

Objectives and Strategies for Developing a Regional Competitive Advantage

*After explaining how our brand satisfies all ten criteria, we identified the regional issues requiring the most attention. We found that the following three broad areas—education, economic development policy, and physical infrastructure—must be improved in order to recreate a regional, competitive edge and transform the culture. A long-term, comprehensive approach will advance on the task of revitalization from not just one critical sphere of influence, but will address each of the following **objectives by using the accompanying strategies**:*

Improve the education system in the Danville region to meet Twenty-first Century needs.	
Objectives	Strategies
Increase high-school retention rates, graduation rates, and the number of students going on to college.	Recruit new, passionate, and talented teachers to replace retiring faculty.
	Accommodate different learning styles by reevaluating how teachers are trained and allowing for greater flexibility in course curricula.
	Create opportunities to develop a multi-cultural college-going identity and enable the region’s students to see college-going as integral to their identities.
Expand opportunities for workforce development & reeducation.	Increase collaboration between educational institutions and local enterprises. Creating more partnerships such as the DCC-Luna nanotechnology program ¹ .
	Increase accessibility to retraining programs.
Emphasize New Economy <i>soft skills</i> and an entrepreneurial culture in classrooms.	Incorporate soft skills’ applications in all classes— interpersonal, problem solving, critical thinking and leadership skills and self-confidence.
Engage the region’s low-income citizens in financial management education in order to facilitate individual asset-building.	Incorporate financial management courses into high school curriculum.
	Facilitate a program for financial literacy counseling through PCCA.

¹ http://www.godanriver.com/gdr/news/local/danville_news/article/luna_dcc_partner_on_nanotech_program/10494/

Enhance Economic Development Policy	
Objectives	Strategies
<p>Supplement buffalo hunting by fostering more entrepreneurship: Improving job quality by recruiting high-paying, well-established firms to the region is a valuable, necessary way to create job opportunities in the Dan River Region. Sustaining economic growth, however, requires recruiting, training, and supporting <i>entrepreneurs</i> who will perpetuate a culture based on innovation and risk-taking in order to promote long-term economic vitality.</p>	Support the development of an entrepreneurial firm incubator in the downtown area.
	Promote the creation of a recruitment program to attract young, enterprising, civic-minded entrepreneurs.
	Facilitate workforce retraining programs that incorporate entrepreneurial skills.
	Make capital more accessible to entrepreneurs and support the creation of a venture capital fund.
<p>Launch an internal and external marketing campaign: A good brand is critical for the Danville region both to attract outside employers and good human capital and to change the local culture.</p>	Move the Danville Visitor Center downtown.
	Develop a well-designed Information and Communication Technology (ICT) system and make information about the region available to the public; make sure that information about the region is expanded, streamlined, regularly updated, and consistent.
	Protect and market the historic character.
<p>Promote the Dan River as a valuable resource for economic development: The region should ensure that the river, the river bank, bridges, and riverside facilities are maintained and upgraded to support economic development initiatives already in place.</p>	Improve the water quality of the Dan River.
	Attract more firms that have an environmentally conscious focus, i.e. environmental engineering firms.
	Enforce policies to control pollution in the watershed of the Dan River.
	Build up riverfront plazas to give the river more energy and liveliness.
	Develop additional boat slips to promote boating, kayaking, and fishing.

Improve Physical Infrastructure	
Objectives	Strategies
<p>Encourage the redevelopment and reuse of the vacant downtown buildings and warehouses.</p>	Develop and recruit retail and other appropriate businesses to Danville's downtown area and Tobacco Warehouse District.
	Create incentives for developers to purchase and redevelop the downtown area buildings while enforcing the appropriate zoning codes so that buildings retain their architectural character and historical significance.
	Promote patronage of downtown businesses using marketing campaigns and events.

	Promote the concept of adaptive reuse for former warehouses to be further transformed into mixed use spaces for working and living.
Develop regional transportation.	Promote the airport’s ability to accommodate planes of all sizes, up to a 737 aircraft.
	Seek funds through grants or other methods to further improve the runways and capability of the airport.
	Publicize local Averett University’s Aeronautics Department as an outlet to provide well-trained aviators to the region.
	Highlight Interstate 785’s development.
	Upgrade local highways and roads to ensure safety and navigability.
Improve the “quality of life” factors that appeal to a demographic of young professionals: In order to attract and retain a younger, more innovative population, the quality of life here must be appealing to that demographic.	Protect the rural character and environmental assets of Pittsylvania County and Caswell County through enacting TDR or PDR zoning codes.
	Provide incentives for housing developers to create affordable, livable housing communities for young people and young families.
	Make appealing social outlets available for young adults looking to locate in the region.

Suggested Actions for the Danville Regional Foundation

The Danville Regional Foundation should assume a leadership role in the following efforts:

Launch an internal and external marketing initiative.

While living and working in Danville this summer, we have observed that few residents recognize the wealth of resources at their disposal in this region. We have often discussed that one of the greatest impediments restricting the area’s progress is what appears to be a dangerously low sense of regional self-esteem. As a region, we desperately need to define a powerful, cohesive voice that boasts a positive, regional image. People outside the region have not acquired a clear idea of what this area has to offer, and oftentimes the image projected from within has been rather unflattering. In recent years, nonetheless, there has not been any intentional, organized, and effective effort to market the region to its citizens *or* outsiders.

Though *we* have observed, after quite a bit of research, a plethora of transformative, exciting activities taking place, the efforts of the people driving those positive movements could end up wasted if they are not projected in an optimistic, realistic, and uplifting light. A campaign that consists of branding, marketing to increase business investment, marketing to increase tourism, state-wide and national media relations, and regional marketing to increase pride and cohesiveness is needed to convey a consistent, positive message supportive of economic and cultural transformation. Ideally, a successful branding

campaign will become part of a self-perpetuating cycle: as the region promotes its brand, that brand will evolve to promote the region (Frost).

No single message can be expected to please each and every citizen or appeal to every outsider, so it is critical that we identify and develop a bundle of positive attributes that can draw the attention of several different target groups. A marketing campaign to support this brand, then, must help identify, develop and communicate the favorable components of the region's identity to target groups including citizens and leaders, business owners, entrepreneurs, and tourists.

The following actions could become part of a marketing plan:

- **Move the Danville Visitor Center downtown,**
- **Develop a well-designed Information and Communication Technology (ICT) system and then make information about the region available to the public; make sure that information about the region is expanded, streamlined, regularly updated, and consistent, and**
- **Protect and market the historic character.**

How could we measure the economic impact of a marketing initiative?

Tracking the economic benefit of this initiative would be difficult to quantify, but one might be able to observe changes in different indicators of economic growth and prosperity without attempting to attribute causality to the initiative alone. More specifically, we might be able to measure changes in tourism, income, entrepreneurial firm ownership, local website visitation rates, and so on to get a better idea of how such a marketing campaign would affect the region's economic health.

Establish an agency to specialize in improving education and promoting the formation of a cohesive learning community.

To date, many of DRF's grants have been relatively short-term and non-renewable, so they function mainly as backing for isolated though impactful initiatives rather than long-term support systems. In education, we find a long-term commitment to improvement not only ideal, but imperative for any deep-rooted transformation to occur. While we acknowledge that national and state educational standards do incorporate many of the qualities we define as innovative, we find it critical that our local government and educational structures emphasize those qualities as much as possible. From discussion with community leaders, we know that the regional government is relatively deficient in its support of local education. We recommend several strategies to facilitate an educational transformation, though true educational change will require much more time and resources than DRF could presently provide. We suggest that the Foundation establish a subsidiary agency or authorize and fund some existing institution that would specialize in improving education and promoting the formation of a cohesive learning community. The prospective agency might be expected to do some of the following:

- **Launch a campaign to encourage employers to collaborate with educational institutions,**
- **Subsidize institutions to offer low-cost school-to-work and apprenticeship programs that meet market needs,**
- **Streamline the flow of information among educational institutions, unions, and employers in the local region,**

- **Create a learning community,**
 - Create opportunities to develop multi-cultural, college-going identities and enable Dan River Region students to see college-going as integral to their identities.
 - Enable parents to be educational resources for their kids—offering courses on financial management, enable parents who might have dropped out of school or been unable to continue beyond high school to further their educations, etc.
 - Facilitate working relationships among all levels of learning—from Head Start to Return to Roots—and make sure that the transfer between levels is made smooth.
- **Foster relationships between educational institutions and local business,**
Fostering partnerships between Averett University, community colleges, or high schools and local firms is a means by which community businesses could have a positive impact on students’ learning experiences. Here, local business once *dominated* local culture, discouraged high-school graduation, and successfully stripped education of its value. Forging a *positive*, mutually enhancing relationship between education and business, then, could easily augment community engagement and implant a greater degree of accountability for educational success in our region’s business owners.
- **Recruit new, passionate, and talented teachers to replace retiring faculty,**
- **Accommodate different learning styles by changing how teachers are trained and allowing for greater flexibility in course curricula,**
- **Create opportunities to develop multi-cultural, college-going identities and enable Dan River Region students to see college-going as integral to their identities,**
- **Increase accessibility to retraining programs,**
- **Push for the incorporation of more soft skills’ applications in all classes,**
- **Push for the incorporation of financial management courses into high school curriculum, and**
- **Facilitate a program for financial literacy counseling through PCCA.**

How could we track the economic benefit generated by this agency’s progress?

The proposed agency could record the number of people served by their programs—students enrolled, employers participating, students attending college. Also, we could observe the number of local residents or students who find living-wage jobs locally, and the number of high-paying firms that locate here, and cite a well-prepared workforce as a motivator.

Make capital more accessible for entrepreneurs and support the creation of a venture capital fund.

When examining the region’s business climate, CFED cited one of the greatest impediments to entrepreneurship here as “lack of capital”: “The smallest bankable loan is \$250,000 while small businesses need loans of \$50,000 or less.” At the same time, they argue, firm owners are extremely risk-averse (“People have a hard time seeing beyond their present situations”). The presence of a venture capital fund would provide an attractive funding alternative to entrepreneurial startups with limited operating histories that are too immature or too small to raise capital in the public markets or secure suitable bank loans.

The Danville Regional Foundation should be involved in one or more of the following ways: engaging in venture philanthropy, financially supplementing another organization's venture capital fund, or funding individual entrepreneurs directly. DRF could take one of the following approaches to get involved in *venture philanthropy*.

The first approach, known as venture or **engaged philanthropy**, combines long-term grant making support with management assistance for nonprofit social entrepreneurs. The second, known as **social venture capital**, makes debt and equity investments to for-profit organizations focused both on social impact and financial return—sometimes called a “double bottom line. Venture philanthropy and social venture capital borrow heavily from the private sector's venture-capital practices where initial investment decisions are typically measured against the organization's past history, leadership, and a business plan that provides a clear roadmap of the next three to five (3 to 5) years of growth, with clear targets to measure success. Whether such investments take the form of philanthropy, debt, or equity, they are typically made over as many as three to five (3 to 5) years, with the expectation that if the organization meets its targets, it can expect re-investment for continued growth. The money is completely unrestricted, invested in an overall plan rather than a specific program.²

By engaging in venture philanthropy and supporting the creation of socially conscious businesses with a bottom line not dominated by profit, DRF could have an impact beyond job creation and economic growth. Fostering social ventures would encourage a civically engaged business culture to emerge, one that might highlight the salience of *equity* and environmental sustainability while creating living-wage jobs to rectify regional income disparities. By supplementing the city's venture capital fund, clearly, DRF would promote the creation of locally-owned firms employing local citizens at living-wage rates. By directly funding entrepreneurs, DRF would convey the message that it is willing to place its support behind individuals with a transformative regional vision rather than supporting large firms that could end up perpetuating the attitude that big business controls the area economy.

How could we measure the economic impact of supporting venture capital?

- Track the financial return on investment as firms financed by the city's venture capital fund begin to produce.
- Measure the social returns on investment of firms supported by venture philanthropy: equity, environmental sustainability, and community development, using a tool such as the Measuring Impacts Toolkit designed by the Community Development Venture Capital Alliance.³
- Track the number of startups created in a certain time period.
- Measure the success of supported startups by identifying how many startups are continuing beyond maturity in the region.

² <http://www.socialedge.org/blogs/government-engagement/topics/social%20venture%20capital>

³ http://www.cdvca.org/index.php?option=com_content&view=article&id=240&Itemid=87

Potential Opponents

Re-branding the region and redeveloping its competitive advantage will undoubtedly face opposition from some of the following parties:

- Those who seek to recruit industries with the only hope of providing quick, large numbers of short-term job opportunities;
- Those who put faith in or still benefit from the “mill” model of prosperity, which includes keeping segments of the population uneducated and capable only of low-skilled tasks; and/or
- People who would prefer a quick remedy to economic hardship may not see the long-term benefits of a plan that fosters development through entrepreneurship and innovation.

Impact

Socially, the brand and its strategies intend to encourage a cultural transformation from a “mill town” to an “entrepreneur town.” Strategies to improve physical infrastructure will likely advance the region’s infrastructure to a level that can sustain growth and attract business. Strategies targeted at improving economic development strategies will steer us in the direction of a forward-looking, transformed economy. Finally, strategies that revamp our educational system will prepare a creative, enterprising, culturally diverse generation of students.

Relating Research to the Region: Critical Outcomes

*Based on the studies we reviewed, the following seven **outcomes** must occur in order for a region to be wholly revitalized. Each of these influenced our branding decision and underline what we believe is required to redefine the region’s economy:*

- (1) Adopt a **Triple Bottom Line** approach that attempts to maximize **economic benefit** while doing the least harm to the **environment** in the most **equitable** way possible.

Areas with more agglomeration have grown most quickly in the Twenty-first Century and rural areas, which are typically small, remote, and disconnected, have presented a real challenge for creating a cluster-based economy. Furthermore, it is often assumed that agglomeration in rural areas tends to damage the environment and detract from human equity in the process of increasing economic profit. To remedy this, the “triple bottom line” approach has recently emerged in economic development strategy: maximizing economic benefit while doing the least harm to the environment in the most equitable way possible. In order for an economic development plan to exhibit sustainable results, it must be initiated with these three values at its core.

Ideally, embracing a brand that promotes innovation would convey a focus on building the entrepreneurial capacity of the Dan River Region. Innovation is the key driver in today’s economy, and merging that creativity with the availability of sufficient human, financial, and social capital should

undoubtedly generate economic growth, attract more entrepreneurs, prevent further “brain drain,” and create more high-paying jobs in the Dan River Region.

Because quality of life factors are critical for stimulating investment in innovation and creating living-wage paying jobs, any economic development initiative must protect valuable natural assets; the “ecology of place” could easily come to form another pillar of this region’s rural economy.

Achieving regional equity suggests that residents of all racial, ethnic, and income groups can, with equal opportunity, have access to living-wage jobs, affordable housing, good schools, and healthy environments. A regional culture that embraces innovation, then, ought to place at its core a notion of *civic* innovation that creates an infrastructure capable of leveraging market forces and policy to achieve prosperity and equity for the region.

(2) Address the drivers of population loss. Develop specific strategies for retaining and attracting residents.

The Dan River region’s population has steadily declined since the collapse of big fabric and tobacco businesses that, for a long stretch of time, sustained the region’s economy. The region’s best and brightest students and workers have fled the area in search of higher-paying jobs and better lifestyles. Given the potential for innovation to drive economic growth, it should follow that with better-paying jobs created in an innovation-fueled economy, more citizens will be inclined to remain in the region and engage in entrepreneurial activity.

(3) Invest in high-quality infrastructure. Invest in communication technology and improve transportation infrastructure.

In addition to education and development policy initiatives, a functional, high-quality physical infrastructure is crucial for attracting employers and assisting in economic revitalization. Such an infrastructure must be able to accommodate innovative businesses by providing them with access to real estate as well as physical transportation routes and digital network connectivity.

Commercial real estate projects, including the Airside, Cyber, and Danville/Pittsylvania County Regional industrial parks, provide competitively priced corporate real estate for prospective firms. The parks are assets; however, many of the region’s roads are not adequate for the use of the commercial, high-volume transport that occurs along routes in and out of these areas. An existing plan to connect Route 730 and US 29 should be pursued and completed as a safety priority. Innovation on the part of the city must play a leading role in rebuilding select roads to address this issue.

Communication capabilities are vital for attracting high-tech, high-paying IT firms to the region. Select areas, including Airside Industrial Park, already offer connectivity to extensive fiber-optic cable networks; however, much of the surrounding region—including Pittsylvania and Caswell—lags behind in connectivity. An innovative network strategy would be useful in distributing limited resources to achieve the greatest possible degree of connectivity and competitive advantage for the region.

(4) Invest in an educational system that will prepare the region’s citizens for the New Economy. Address all levels of education, including tertiary education *and* workforce retraining.

In the evolving Twenty-first Century economy, flexibility—ability to adapt to and effectively anticipate changing conditions and demands—is valued more and more by employers. The Danville region’s educational system—and the national system, for that matter—continues to prepare students for a Twentieth Century, textile- and tobacco-focused economy. Consequences include unemployment as well as a “brain drain” effect.

The region’s inability to educate its population to adapt to the new environment is clear thus far: nearly one-third of the population has not graduated from high school, and less than one in ten people have a Bachelor’s degree or higher; Pittsylvania and Caswell counties reflect similarly disappointing data. An educational system that utilizes innovation in reforming itself to meet the New Economy’s demands can effectively combat brain drain and reeducate its workforce.

(5) Support entrepreneurship and innovation. Create a premier location for innovation and new firm creation by both encouraging entrepreneurship and innovation from local residents and attracting aspiring entrepreneurs from outside the region; create a civic entrepreneurial culture to solve the region’s most pressing social problems.

The founders of Dan River Mills were entrepreneurs, and their business defined the area economy for decades. Now that the Mill is no longer here, the region must adapt and develop new economic engines; however, entrepreneurship must be emphasized as a catalyst for economic growth.

The Dan River region already possesses several advantages for entrepreneurial minded firm-owners: the Southside Business Technology Center and the Dan River Business Development Center both nurture start-up businesses and provide the needed tools and guidance for success. Utilizing these organizations’ services can be critical to entrepreneurial success; efforts should be made to ensure that these assets are maintained and expanded for area entrepreneurs.

In addition, a **culture** that fosters entrepreneurship must be created. *We must make sure that the community can provide enough financial capital to facilitate the transformation of innovation into entrepreneurship* by either (1) encouraging the existing private market to make financial capital available or (2) creating alternatives to the private market. Students should be taught entrepreneurial skills in elementary, middle, and high schools. By making the most of the existing tools that enable entrepreneurship and creating new outlets for innovation, this region can become one “where innovation meets opportunity.”

(6) Launch internal and external marketing campaigns. Improve the internal and external perceptions of the Dan River Region by communicating new, positive messages about the region’s assets and opportunities and the vast potential for growth given the adoption of forward-thinking strategies for economic development.

In order to market the region to outsiders and natives, one must convey the potential inherent in the region’s assets to outsiders while convincing a population with historically low self-esteem that those assets *are* indeed qualities they possess. In order for such a campaign to succeed, those living here must believe *and* espouse the potential the region promises.

The region has been viewed, historically, as one stuck in the ruts created by a mill culture—socially, economically, and especially culturally. The people here must acknowledge that domineering past in order to take ownership of and put forth a picture of a more promising future. For the region and outsiders, however, doing so will bring invaluable change. Firms, young people, and entrepreneurs will be much more likely to locate in the Dan River Region if presented with a positive, lively, welcoming image of a place where they might raise a family or operate a business. To attract and retain that population will require a comprehensive, believable, asset-based marketing campaign.

(7) Create a framework for the region’s citizens to build wealth and expand economic opportunity. Enable citizens to accumulate savings and wealth through vehicles such as affordable homeownership, children’s or college savings accounts, and employer-provided benefits.

“The community’s success will be measured by the opportunities available to people at the low end, not just the high end.’ There are many highly vulnerable individuals and families in the region. Danville’s leaders can make a real difference in their lives through initiatives on financial literacy, affordable home ownership, savings vehicles (e.g., Individual Development Accounts), protection from predatory lenders, and support to claim the Earned Income Tax Credit. Asset-building programs help low-income families to access the resources, necessary support, and opportunities to accumulate savings and wealth. They can be a catalyst for economic activity in low-income areas” (CFED).

Conclusion

DRF cannot feasibly implement all of the recommendations included in this report, but it *does* have the potential to lead a community-wide effort to transform the economy and culture with a few of those recommendations at its core. In the end, the brand and the recommendation to launch a marketing campaign should be able to provide an engine for recruiting and retaining wealth in the region, increasing the standard of living, increasing equity, and encouraging growth to continue in the future. By initiating programs to improve education and physical infrastructure, however, DRF would hopefully demonstrate to the community the degree of its commitment to economic and cultural transformation.

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Appendices

Appendix A: Summary of Existing Economic Development Plan

Jeremy Stratton, Director of the Danville Office of Economic Development (OED), shared with us a plan for “revamping and diversifying the regional economy” composed with the help of City Manager Lyle Lacy. When speaking at the Chamber of Commerce in September 2007, Mr. Stratton argued that “One of the major economic development strategies of Danville needs to be the recruitment of small technology companies that will grow to 30-50 employees and help diversify the local economy.” Accordingly, his plan for the next three years incorporates strategies aimed at attracting small, high-technology firms.

The OED will refocus its energy on creation of clusters with high growth potential in the initial stages of the product life cycle—focusing on firms in “introduction” or “growth” stages rather than “maturity” or “decline”—even if they create fewer jobs than a mature firm would. The OED will target the following technology-led firm clusters: (1) automotive, (2) aerospace, (3) advanced plastics and polymers, (4) pharmaceuticals and life sciences, (5) food and beverage, and (6) IT. These technology-led firms are being targeted because those are the sectors where the greatest potential for job growth and investment is now and will be in the future. In addition, the region is well-suited to accommodate them: “Danville’s building and site inventory is more conducive to small technology companies” and the region’s proximity to Research Triangle Park is advantageous as well. Recruiting for high-technology companies will also double as a recruitment tool of young professionals.

To realize this objective of attracting small, high-technology firms, the OED must meet the financing needs of clients and entrepreneurs and satisfy needs for high-technology building space. They are working to make Venture Capital and other funding sources available for young and growing businesses, develop a Revolving Loan Fund to help firms with working capital and equipment purchase, and take advantage of federal stimulus funding that is applicable to a given client. For example, Linwood Wright is collaborating with *LifeBatt* to secure federal stimulus funding from the Department of Energy to locate a manufacturing plant in Danville alongside their administrative offices. In terms of making the appropriate building space available, the OED is working with the Tobacco Commission to refurbish Old Belt One Building in the Tobacco Warehouse District, developing pharmaceutical lab space, making Main Street office headquarters start-up space available, and working with private and public developers on constructing shell buildings and the Dan River Business Development Center Incubator. The OED is continuing to develop Cyber Park, and is assessing the feasibility of locating a hotel near one of the existing business parks.

Appendix B: Article Summaries

Aldrich, Lorna and Kusmin, Lorin. “Rural Economic Development: What Makes Rural Communities Grow?” *USDA Agriculture Information Bulletin No. 737* (1997): 1-7.

This article discusses some factors that will foster growth over long periods. The authors believe that some factors are unique to a particular time or place; for example, some industries boomed just because of some fashions.

At the beginning, the article lists some potential factors such as taxation, wage levels, and energy prices, etc. without detailed demonstration. The authors’ emphasis was on the ERS empirical study, which was

based on the statistic data for non-metro counties during the 1980s. Then the authors argue that the study is still instructive. A main reason is that dispersion among non-metro counties in the growth rates was quite similar in the 1980s and 1990s. Meanwhile, the authors point out that there are some other factors contributing to growth being difficult to quantify and some factors are subject to varying their growth effects depending on the local conditions.

The major factors include:

- A. Economic growth was greater in counties with **more-educated population**: A difference of 10 percentage points in the high school completion rate among adults was associated with a difference of 3.3 percentage points in total earnings growth,
- B. **Greater public education expenditures** were conducive to higher earnings growth. An additional \$1,000 in annual per-pupil expenditures was associated with an additional 3.8 percentage points in growth,
- C. **Commercial airport**,
- D. **Access to interstate highway**,
- E. **(Negative) A higher percentage of goods-producing business establishments are small and independent**,
- F. **Industry structure**. Counties experienced significantly greater earnings growth if they had higher concentrations of employment in transport services, real estate, hotels, miscellaneous business services, education services, or state and local government. Besides, it mentioned that lumber and wood products had negative associated with growth, and
- G. Some variables yielded little or no evidence of a significant relationship with earning growth:
 - a. Total population of nearby metro areas,
 - b. Urban population within the county itself,
 - c. Population aged 25 to 64,
 - d. Labor force participation,
 - e. College completion rate,
 - f. High-school dropout rate, and
 - g. Topography.

By combining this article with the *Johnson Report* we have information demonstrating that education is a big weakness of the Danville region. According to American Census 2007, 27.6% adults (age 18 or older) in Danville city had not completed high school, while 23.8% in Pennsylvania County and 25.7% in Caswell County. In contrast, only 14.7% of statewide adults in Virginia had less than a high school education in 2007. Comparing this data with other factors means that education has a more urgent and important meaning in ensuing years.

According to *American Fact Finder 2006*, the industrial sectors associated positively with earning growth such as transport services, real estate, education services, and state and local government are all lagging behind the statewide average. Therefore, it is essential that higher priority is placed on transportation, education services, professional, and technical services.

The *Johnson Report* projects that the surrounding larger cities will cause “brain drain,” and consequently result in inappropriate “age composition.” However, the major factor “G” argues that surrounding larger cities and the “age composition” did not always pose threats to the local development.

Brown-Graham, Anita and Lambe, William. “Measures and Methods: Four Tenets for Rural Economic Development in the New Economy.” *Carsey Institute Policy Brief No. 9* (2008): 1-8.

Success in today’s economy relies on (1) a well-trained workforce, (2) access to technology and capital, cultural and natural amenities, and (3) a strong civic infrastructure—**local creativity** will determine how these factors collaborate to generate higher paying jobs and widely shared prosperity.

The following four tenets are central to rethinking and revising the methods used to promote effective economic development in the Twenty-first Century economy:

- **Innovation** is the key driver of growth in today’s economy:
 - The ability of rural regions to prosper in a knowledge-based economy relies on their workers’ and entrepreneurs’ abilities to prepare themselves for new-economy jobs while strengthening their traditional bases; and
 - For innovation to survive, the focus must go beyond just *firms* to encompass a more highly, differently educated workforce whose skill sets include both hard (technical) and soft (non-technical) abilities—greater human capital would yield both economic and social returns.
- Significant **capital investments** are necessary to put those innovations to use:
 - A competitive, innovative community supports capital investment in entrepreneurs, infrastructure, and educational institutions; and
 - Communities can either (1) encourage the existing private market to make financial capital available or (2) create alternatives to the private market.
- Economic development initiatives must seek to **protect valuable natural assets**:
 - Quality of life factors are critical in stimulating private investment and creating jobs and wealth; the “ecology of place” is often the basis of rural economies.
- Development is a “contact sport,” best pursued through dense **networks** of personal contacts:
 - A region rich in social capital—strong social networks—can more easily develop the capacity to deal with poverty and rebuild communities.

Drabenstott, Mark and Henderson, Jason. “A New Rural Economy: A New Role for Public Policy.” *The Main Street Economist: Commentary on the Rural Economy Vol. 1 Issue 4* (2006): 1-6.

Since 2003 the rural economy has experienced broad-based growth in income and jobs, facilitated, in part, by a leveling out in rural manufacturing. Though incorporating innovation into an economy is a challenge for any region, farming areas may face the greatest difficulty.

- **What is rural America’s development challenge?**
 - Building and maintaining a **competitive edge** in rapidly changing global markets involves three critical steps that would ultimately formulate a unique development strategy for every region:
 - To understand the region’s distinct economic assets,
 - To identify the best market opportunities for the region, and
 - To craft a strategy that exploits one to seize the other.
 - To carry out such a development strategy, two ingredients are necessary:

- Innovation and entrepreneurs, and
- Critical Mass includes sufficient human, financial, and social capital, which equals “agglomeration”:
 - Areas with more agglomeration grow more quickly in the Twenty-first Century economy, and
 - Rural areas are often small and remote, so they must partner across city limits and county lines to cater to this prosperity-producing trend of agglomeration.
- **What is the role for policy in rural development?**
 - Craft new competitiveness strategies.
 - Link ongoing federal investments in research to these strategies.
 - Build a more effective support system for rural entrepreneurs.

Johnson, James H. et al. *Assessing the Economic Competitiveness of the Danville, Virginia Region*, (2008). UNC Kenan Flagler Business School. Chapel Hill, NC.

Danville has high potential to become a regional business hub, because of its location and natural assets. However, it suffers from a litany of serious, chronic problems—many of which are historically inherited from the city’s old tobacco and textile industries—that must be addressed if its potential is to be realized.

These problems are primarily comprised of shedding an old image as a manufacturing center, addressing population decline and brain drain, resolving entrenched inequity, and rethinking its “buffalo hunting” economic development strategy.

The Johnson Report suggests six recommendations the city should pursue to resolve what it defines as the most pressing obstacles to revitalization:

1. Rebrand the Danville region as a sustainable community’
2. Develop an image-marketing campaign to promote the Danville Region in the economic development marketplace’
3. Promote traditional business venturing as one of the keys to future economic growth and development’
4. Create a civic entrepreneurial culture to solve the region’s most pressing social problems;
5. Re-engineer the K-20 education to include more training and experiential learning in entrepreneurship’ and
6. Devise strategies to resolve the Danville Region’s human capital problem.

Porter, Michael E. "Rural Clusters of Innovation: Berkshires Strategy Project." Institute for Strategy and Competitiveness. 1 June 2009

The following points follow the progress of the Berkshires in revitalizing their economy through the development of clusters.

The Berkshires saw the need to revitalize their business environment in order to:

- Become a magnet for entrepreneurs and business leaders, attracting experienced and ambitious executives to manage and build local companies;
- Develop a vibrant, well connected community that turns the county’s small size into an advantage by more effectively linking regional assets with the firms that need them;
- Become a nexus for a variety of firms and industries, rather than rely on one engine of growth such as manufacturing or tourism;
- Connect to nearby metros to enable companies to locate in the Berkshires but still access the assets of the big cities (e.g., suppliers, capital, customers, expertise, etc.);
- Install a high-quality communications infrastructure to enable access to global business partners.

In order to realize this new vision, Berkshire County will need to move in several new strategic directions:

- From a “one company” town—be it GE or Tanglewood—to a multi-faceted, entrepreneurial economy with activity in diverse sectors;
- From having an adequately large pool of undifferentiated labor, to offering a well-trained workforce, with specialized skills targeted to the specific needs of local firms and clusters;
- From defining the region along traditional political county lines to establishing stronger linkages with nearby metro areas; and
- From using the region’s quality of life to attract visitors and firms to marketing the lifestyle to also attract people and talent.

In order to move in these new strategy directions, the Berkshires Strategy Project suggests six distinct issue areas for Berkshire County on which to focus:

1. **Address the drivers of population loss.** Develop segment-specific strategies for retaining and attracting residents;
2. **Align education and training programs with cluster needs.** Upgrade the quality of workforce training and development programs so that these become a competitive advantage for the regional economy;
3. **Invest in high-quality infrastructure.** Invest in educational facilities, expand access to residential and commercial real estate, upgrade communication capabilities, and improve transportation infrastructure;
4. **Support cluster collaboration programs.** Support regional cluster activation, build networking organizations and assist in addressing funding needs;
5. **Support entrepreneurship and innovation.** Create a premier location for innovation and new firm creation by both encouraging entrepreneurship and innovation from local residents and attracting aspiring entrepreneurs from outside the region;
6. **Launch internal and external marketing campaigns.** Improve internal and external perception of the Berkshires by communicating new messages about the region’s differentiated tourism assets and the prosperity created by its multi-faceted, entrepreneurial economy.

Reading the challenges that faced the Berkshires is almost like reading the current challenges that Danville and the Dan River Region face. For too long, dependence on one industry and poor educational attainment hampered the region. By implementing the final suggestions listed in this paper, Danville and the Dan River Region could gain a stronger economy.

Porter, Michael E., Christian HM Ketels, Kaia Miller, and Richard T. Bryden. "Competitiveness in U.S. Rural Regions: Learning and Research Agenda." Economic Development Administration. Institute for Strategy and Competitiveness, Harvard Business School. 1 June 2009
<http://www.eda.gov/PDF/EDA_Rural_Regions_Final.pdf>.

While practical cases are relevant in offering ideas for progress, it is often the theoretical framework that provides the foundation for successful economic development plans. This article laid such a framework for rural economic development policy.

This report highlights the need for a rural economic development strategy while acknowledging that the various characteristics of a region will determine its special advantages. Notably, it says that economic development plans for rural regions need not be so different from others: *"While grappling with the implications of low density must be incorporated into thinking about rural areas; however, it does not suggest the need for a fundamentally different economic development approach"* (Porter, 5).

It also noted the advantages of rural areas in close proximity to larger metropolitan cities, a criterion which Danville meets. *"Distant counties registered the lowest average wages—94.5% that of adjacent counties (Figure 7), some evidence that proximity to a metropolitan area benefits rural competitiveness."* (Porter, 15)

As part of its framework suggestions, it included ideas on which sectors of the economy are the most promising for rural areas: *"A USDA study suggests that differentiated, non-commodity manufactured products with a low share of labor in total costs will offer the most potential for U.S. rural regions."* (Porter, 20)

Rosenfeld, Stuart. *Generating Local Wealth, Opportunity, and Sustainability Through Rural Clusters*. Regional Technology Strategies. 1 June 2009
<http://rtsinc.org/publications/ruralClusters_final_forWeb_NEW.pdf>.

As rural America became increasingly industrialized, clusters became a popular way to enhance economic development. However, with the rise in rural clusters came detrimental effects to the environment and human equity at the expense of increased economic profit. To remedy this, the "triple bottom line" approach has recently emerged as a key facet in any economic development strategy. This approach attempts to maximize economic benefit while doing the least harm to the environment in the most equitable way possible. These environmental, equitable, economic strategies must be incorporated into any newly developed economic plan for it to be sustainable into the future.

Stark, Nancy. *An Economic and Community Development Assessment of the Danville Region*, (2007). The Corporation for Enterprise Development, Washington, DC.

This report first presents specific findings regarding the Danville region's community, economic development capacity, and achievements. CFED conducted interviews with about 80 people, including 49 personal interviews and two focus groups with Danville Community College students. They present

both promising and problematic findings and proceed to set forth suggestions for how to address areas in which the region falls short:

Key Assessment Findings:

Promising

1. The region is home to several high-profile, new or reinvented institutions with exciting capacity.
2. An impressive number of religious congregations are present in the region.
3. Danville has tremendous financial assets.
4. Danville's economic base is becoming more diversified.

Problematic

1. Leadership is not believed to be inclusive.
2. Existing leadership programs are not producing diversity in the region's public and nonprofit institutions.
3. Unresolved racial conflict continues as a troubling legacy.
4. Young people are complaining there's nothing exciting to do, but the statement may be true in Danville.
5. Rise in property crime and a potentially growing drug problem.
6. Over a third of Danville children live in poverty compared to 19 percent in Caswell County, the next highest rate.
7. While efforts to develop the "next generation" economic base have been bold and often successful, much of the community has not yet been touched by the progress made in recent years, for example, by the Institute for Advanced Learning and Research.
8. The majority of new hires (59 percent) in Danville come from industries with the lowest wages
9. Danville's economic and social problems radiate out into Pittsylvania and Caswell Counties where many residents face basic infrastructure issues such as inadequate water and sewer, little or no transportation to jobs, and severely under-funded public schools.
10. While the region has made significant progress toward more collaborative, regional economic development, greater progress is needed.
11. Business recruitment is a necessary but insufficient strategy for economic development.

CFED states six **fundamental economic and community development strategies** that must exist in order for meaningful progress to take place within the next decade:

- Individual asset-building;
- Broad-based, "boundary crossing" participation in community decision-making and leadership positions;
- Nonprofit organization and capacity building;
- Collaboration among the region's economic development entities;
- Development of an entrepreneurial culture; and
- Balance the region's highly successful business recruitment strategies with a professional program of business retention, expansion, and modernization.

They also list specific recommendations for action, some of which DRF has already begun and many of which involve utilizing the rich network of religious organizations in the Danville region:

Short-Term

- Fund a few high-visibility projects that can make an immediate impact on residents' financial conditions and generate much needed good will for the DRF (EITC campaign).
- Invest considerable time and resources to strengthen and align the region's weak community development infrastructure.
- Strengthen existing and potential business and industry clusters.
- Support and expand the Neighborhood Leadership Program.
- Support IALR outreach initiatives.
- Create a more professional and transparent system for soliciting proposals for foundation support and awarding grants.

Long-Term

- Promote stronger collaboration among the region's economic development entities.
- Improve and expand the region's affordable housing stock.
- Engage citizens in developing a ten-year master plan for the region.
- Launch a comprehensive, asset-building program to help low-income individuals and families accumulate savings and wealth through financial education, etc.
- Initiate a comprehensive, entrepreneurship-development program.
- Initiate a comprehensive, business-retention, expansion, and modernization program.