

Small towns can prosper, says author/developer

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Rural towns face considerable challenges in surviving both economic upheaval and the siren song of big-city life.

But with passion, leadership and a can-do attitude, small towns across the country have found ways to thrive, industrial developer and author Jack Schultz told a gathering of economic development agents here Friday.

Schultz cited the classic example of Leavenworth, Wash., a small mountain town that had struggled for decades since a railroad headquarters moved away.

With the leadership of the 11 members of the Vesta Junior Women's Club, Leavenworth "reinvented itself as a Bavarian village even though no Bavarians were living in town," Schultz, author of "Boomtown USA," said.

Since then, Leavenworth's population has doubled and it attracts 1.5 million tourists annually, he said.

Speaking to the Kentucky Association for Economic Development Spring Conference here, Schultz outlined what he calls his "7 1/2 Keys to Big Success in Small Towns."

They include:

* Adopt a can-do attitude. Peru, Ill., had always been the little brother to neighboring LaSalle until Interstate 80 was built nearby.

LaSalle, Schultz said, assumed that business and industry would come on their own. But city leaders in Peru, three miles from I-80, spent \$100,000 to run water and sewer lines out to an industrial park it developed beside the interstate.

Eight manufacturing plants later, Peru's population vaulted past that of LaSalle, and it has six times more retail sales, he said.

* Shape your vision. Columbus, Ind., might have been just another small Midwestern city.

But a half-century ago, Cummins Engine Co. CEO J. Irwin Miller established the Cummins Foundation and pledged to pay the architect's fees for all new public buildings. That helped make Columbus a mecca for outstanding building, and Schultz said it has been ranked as the sixth most important U.S. city for architecture.

Closer to home, he noted the success in Paducah of converting Lower Town, which was a slum area riddled with drugs and crime. The city made it into a fashionable district of art galleries by selling run-down houses to artists for \$1 and persuading a local bank to make 100-percent loans for renovation.

To date, he said, Paducah has attracted 70 artists and galleries who have invested \$20 million in the city without defaulting on a single loan.

* Leverage your resources. Hannibal, Mo., capitalizes on being the hometown of Mark Twain. Western North Carolina markets the high concentration of artisans and craftsmen in 21 counties to attract tourists and buyers.

Years ago, Schultz said, Napa Valley, Calif., was known better for walnuts and prunes than wine. Then Robert Mondavi opened a large winery, and 30 years ago two of his former winemakers won first prize in a major tasting in Paris, showing the region's potential. Mondavi spent years promoting wine across the country, and Napa Valley has flourished.

* Raise strong leaders. "The beauty of a small town is that it only takes two or three leaders," Schultz said.

He cited the case of George McLean, who used his newspaper in Tupelo, Miss., to campaign for industrialization. The city became, and remains, a leading furniture-making area, and just last year was selected as the site for a Toyota auto assembly plant.

* Encourage an entrepreneurial approach. "I see a paradigm shift in economic development," Schultz said. "I see us spending less time hunting big elephants (factories) and more time cultivating entrepreneurs."

He lauded the entrepreneurial spirit of young people such as Mark Zuckerberg, the former Harvard student who created the social networking web site Facebook.com.

Or David Orr, who lives in Schultz's hometown of Effingham, Ill., and created a Web site, Fruper.com, that was selling thousands of mystery bags of merchandise — "Sack o' Scrap" — before he was old enough to drive.

* Maintain local control. Schultz noted the resistance that his own company faced when it conceived the idea of constructing the tiny Effingham Railroad, a two-mile long short line railroad that runs through Effingham Business Park and connects the CSX and Canadian National (formerly Illinois Central) railroads.

Schultz said the railroad has helped attract four new industries, including a Krispy Kreme plant and distribution center that ships prepared doughnut mixes to its many stores.

* Build your brand. Branson, Mo., has built on its theme of being "the live music capital of the world," today boasting 46 theaters with 60,000 seats — "more than on Broadway," Schultz said.

* Embrace the “Teeter-Totter Factor.” Understand that your town can be up, or down, as quickly as a kid on a playground see-saw.

“Does your town support visionary people,” Schultz asked, “or does it listen to curmudgeons who say, ‘That will never work here’ or ‘That costs too much money?’

“If you don’t resist curmudgeons,” he said, “you won’t have opportunities for your children and grandchildren.”