

Putting rural on the map



Area Development Site and Facility Planning

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Many of the most desirable location factors abound in America's rural areas, and site seekers are beginning to answer the call of the road less traveled.

THINK OF THE PERFECT SPOT for your next relocation project. Do you picture lots of cheap land, reduced crime, a loyal work force, clean air, reasonable housing prices, and low quality-of-life costs? What about good road access, high-quality telecommunications and power, and low taxes?

If this is what you're envisioning, you've just conjured the modern rural environment in America. Surprised? While this economic development secret is not always acknowledged by Corporate America, increasing numbers of small enterprises and multinational corporations are recognizing nonurban locales as the ideal places for their businesses.

Next to family farms and small-- town enterprises one can now find thriving industrial parks, regional headquarters, and major distribution centers. It's enough to make a company wonder: What's going on in the countryside these days?

"Now We're Celebrating"

Rural America is probably larger than you think. It contains 83 percent of the nation's land, encompasses 2,305 counties, and is home to more than 20 percent (55 million) of the country's population.

Mike Meissen has his finger firmly on the pulse of rural economic development. In addition to his position as an economic development consultant with the Iowa Area Development Group, he serves as president of the National Rural Economic Developers Association (NREDA).

NREDA is a thriving organization comprising more than 300 economic development

professionals representing rural communities, counties, utilities, and related groups. "In the early years we mostly talked about the challenges of promoting rural areas," Meissen recalls. "We used to get together and commiserate. Now we get together and celebrate!"

Over the last five to 10 years, members of this growing organization have begun talking about "successes" brought about mostly by changes in infrastructure. There are a few major reasons for this celebratory mood.

Rural America's communications technology boom is certainly tearing down relocation barriers. In Iowa, for example, business people needing video-conferencing services can make a 30- to 40-minute drive within one of the state's 99 counties to use the technology. "That [availability] holds true for a large number of rural areas," Meissen says.

"We always look at the type of infrastructure a company needs," he continues. "And in the 16 years I've been doing rural economic development work, I've never met a company that didn't need communications as part of the infrastructure... So developing a better, faster communications infrastructure is one of the biggest changes we've seen in a long time."

Of late, NREDA members have been hearing industry experts tell them that companies are increasingly seeking a better quality of life for their employees and great places to raise families. Rural locales definitely have an advantage there, Meissen says. Moreover, their quieter, community-- focused, safer environments also allow employees to work peacefully at home - yet still connect electronically to their offices a few miles away, or their company headquarters states away in a more urban area. Many of those seeking rural, family-friendly environments, he notes, are part of Generation X or at the tail end of the Baby Boomer generation.

In a post-September 11 world, some publications have reported on urban-dwellers moving to the Heartland or rural destinations to add a sense of security to their existence. "I'm not sure [September 11] helped or hurt rural America," Meissen muses, "or if we have more or different security. People might feel more secure in rural areas because they always have. In my particular specialization, agriculture, I haven't heard companies saying their number-one priority is a lock-down system. If there has been a change, it's been at the airports. But I don't think anybody complains about it; most are happy to have tighter security in those places."

Another positive for rural environments is the reputation of local work forces - particularly in the Midwest - as having exemplary work ethics and producing hard-

working people. Education and training are other major advantages of rural areas. Messien says it's inevitable that rural areas will have smaller class sizes when compared to the typical urban/suburban school, and a better student-to-computer ratio.

Generally, companies in rural areas can make a more direct impact within high-school and secondary educational institutions, and with area political processes, Meissen adds. For example, the John Deere company partners with a local community college on developing a very specific welding system to train its employees. The firm not only works closely with the college to fund it and provide expertise, but, in doing so, also shapes the training of its future employees.

Smokestack Chasing Loses Appeal

Meissen asserts that smokestack chasing - a development tactic in which incentives are used to lure companies to specific areas - isn't as popular as it once was, since about 80 percent of new rural employees now come from the existing customer base. That's a testament, he says, to the growing rural infrastructure that allows companies to grow, mature, expand, and create new jobs right where they are. "It's been like that for some time. I'd be surprised if any rural economic development professional would tell you something different."

He acknowledges that in tough economic times some rural firms will fold their tents and move to more urban settings. "Normally that's because they couldn't access what they needed or were ending a product line," he says. Other reasons why a company may not be suited for rural life include the shortage of nearby major universities. "Normally you don't find an MIT in the middle of a rural state," Messien notes. Another drawback is the longer driving distances required to access international airports, or major airports offering lower fares.

Meissen says the biggest site selection disadvantage for rural America is access to investment capital, of which, he says, "85 percent is found on the two coasts."

However, economic development professionals are working diligently to change all that by creating their own rural-based investment capital firms throughout the nation. That's a vital endeavor, he notes, especially for those low-density states whose governors can't easily write million-dollar checks to attract companies.

A Whole New Frontier

These days, according to rural consultants, the only thing keeping companies from considering a rural locale is misinformation about technology options. "Some

businesses still think rural areas communicate by carrier pigeon," says Dorrene Benthin of GVNW Consulting, a national telecommunications consulting firm located in Tualatin, Ore. "But these environments can offer broadband, high-speed access, digital connectivity - it's all there. Most also provide Internet services, so the rural customer has access to that, too."

What about cellular service? "Certain firms who own cellular interests have been good about putting towers in rural areas," she points out. "But not all companies have invested in cellular technology in rural places where the landscape is usually more difficult to serve. Instead, they'll place cellular towers on major interstates or [in] urban areas."

However, Benthin predicts that technology companies will find a more effective way to serve rural populations with state-of-the-art cellular or PCS technology within two years. "Although it might use a little different bandwidth, it will look and act the same to the basic customer," she says.

For example, in west Texas you won't find a lot of broadband or T1 landline capabilities, says Gary Hulse of the Texas Electric Cooperatives. However, he notes, help is on the horizon. Currently, the group is looking into using mostly federal grant money to fund a program that gives rural residents not only wireless broadband technology, but also college-level or continuing-education distance-learning opportunities.

In addition, economic development professionals need to better educate relocating companies by explaining that there are a multitude of adequate rural facilities available, Benthin notes. "And many of them are probably better facilities than what's found in urban areas because of their technology combined with the presence of a better work force.

Getting Power

Utility providers in rural areas have been integral in bringing their communities up to speed with more-populated areas. From providing power to helping companies procure phone, sewer, water, and telecommunications services, rural electricity providers have taken the lead in making their service areas business-friendly, Benthin says. "They want the same quality and type of technology found in urban areas.

LaDonna Boyd, economic development director of the Dakota Electric Association and president-elect of the NREDA, notes that much of Rural America, while off the beaten path, has the right paths for transportation. More than 80 percent of U.S. roads are now in rural areas, she says, and many of them provide access to main

roads important to commerce. "Our clients say they would rather go for less congestion and be outside of a central loop," she relates. "Companies involved with trucking or distribution activities tell me they're very excited about not having to go through a congested metro area due to good road networks."

Currently she is working with a client who is developing a 400- to 700-- acre industrial park in "the country." While the project has convenient rail access and good highway access, the client is spending extra time selling the rural area's multitude of features and benefits. Slowly but surely, Boyd sees corporate leaders understanding how rural advantages can help their businesses in the short and long term.

Jill Miles, for example, is making headway educating firms about the alternative definition of "acceptable commute" for rural residents. Employed as a regional development officer for the Oregon Economic & Community Development Department, she works on economic development projects affecting five counties in the northeast section of the state. "Out here we can draw from a 50-mile radius, knowing very well people will drive 35 to 40 miles to a job and not blink an eye," she explains. "And that trip may take half the time of driving in from an urban area. So we tell companies to expand that circle a bit wider" when estimating an employment base, she says.

Texas: Most-Favorable Status

Top corporate decision-makers view Texas as the state with the most favorable business climate in the United States. That's according to a survey of top corporate site selectors (employed by firms with annual revenues exceeding \$100 million) conducted this summer by economic development marketing firm DCI.

What attracts companies to Texas, a mostly rural region despite its ranking as the second-most-populous state? For infrastructure alone, the state boasts the following: Texas is home to America's largest road network; 90 percent of its population lives within 50 miles of its 27 commercial airports in 24 cities; 12,000 miles of mainline railroad track crisscross the land; and the Port of Houston handles more foreign cargo than any other U.S. port. Moreover, the state provides easy access to growing Mexican/Latin American markets.

While larger Texas areas capture the spotlight, smaller communities still struggle to get the word to Corporate America about rural benefits, explains Nicki Harle, executive director of the Texas Midwest Community Network. The solution? Regional cooperation in marketing, infrastructure, and other economic development areas that not only helps the communities, but also increases a company's relocation and

operating successes in rural environments.

Getting the Message Out

Developers, companies, and economic development professionals working closely with utility providers can overcome the vast majority of infrastructure or transportation issues, assert Boyd and Benthin. Most of the time, the main problem is perception - a company's belief that it needs to be in a metro area to succeed.

"We have to get the message out," Benthin says. "Rural communities have lots of low-cost land. Their infrastructure has state-of-the-art telecommunications. And their people are generally very eager to help a new company settle in. They're excited about new jobs that will stem the great out-migration of their young people looking for jobs."

Moreover, as metro areas continue to experience more problems of various kinds and their available space begins to dwindle, Boyd believes it is inevitable that companies once only accustomed to urban locales will relocate in rural settings. "We're seeing global companies working with other businesses around the world and moving to rural settings," she says. "They recognize these are truly dynamite places to do business, and pursue great opportunities."

[Sidebar]

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