



Rural Virginia Prosperity Commission

Briefing Paper

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Reconfiguring “Regionalism” in Rural Virginia

Rural development discussions have a recurring thought: regional strategies and why counties should work together. Reasons for regional strategies include spreading the fixed costs of infrastructure investments like water systems, roads, and waste treatment facilities. Working together can also provide the critical mass that is often missing in rural communities. The economies of scale and the critical mass that come from many businesses in the same general location give urban centers an advantage over rural communities. By working together, the regional advocates argue, disadvantages facing rural areas can often be eliminated.

Such reasons for regional strategies are legitimate and important, but they assume that counties are adjacent. Restricting the vision of regionalism to adjacent counties may overlook significant opportunities. Rural counties are, by definition, big in size relative to the number of people. The needed critical mass of potential workers, financial institutions, service and repair businesses, and numerous buyers needed to make a market are often missing. Creating a critical mass across jurisdictions could be important in efforts to improve rural economies.

Often, a particular rural county is more like a county or counties in another part of the state than counties within its own geographical region. When counties fit this pattern, it can make sense to bring together a set of counties with common attributes and common opportunities that are not geographically close. This new view of regionalism expands the opportunities to boost economic activity by working and planning together.

A variety of possible opportunities tends to jump out at people when they start thinking more broadly about regional opportunities. Two examples will help illustrate this expanded concept of what could be regional.

All rural counties have space, and many have scenery and related activities that support tourism. If a network

of scenic counties were put together, it might include a county in the mountains of Southwest, one in the Highland counties along the West Virginia border, a county with caverns in the northern Shenandoah Valley, and a county bordering the Chesapeake Bay. No one of these counties, perhaps, provides enough opportunity for a private firm to organize a tourism company with modern bus service, the popular bed and breakfast lodging facilities, and the overall attractive package for which vacationers would be willing to pay. But the entire network across different rural regions of the state, with choices on sites visited and total days involved, could be a major economic opportunity for a private, for-profit business. Tourists and vacationers spend money, and money will be spent in every stop along the route. This expanded view of regionalism gives the counties a way to sell to the outside world something they have in abundance—space, scenery, and a relaxed pace.

No major new investments would be needed. Much of the basic infrastructure, including the *Virginia Is for Lovers* program (www.virginia.org), is in place. New bed and breakfast accommodations might show up at popular stops on the tour, and new small business opportunities will develop at each stop to facilitate local scenic trips, offer regional dining fare, sell local wares, and serve the interests of the travelers in other ways. Selling access to local scenery and selling local skills and crafts can and does work, and it might work even better when spread across the variety of different rural areas of the Commonwealth.

A second example deals with an asset many rural communities have in common: timber. The type of timber is different in different regions, however. Some regions have quality stands of hardwoods such as oak, birch, and maple. Other regions have pine and yellow poplar, finish woods in some furniture applications and framing stock in others. What might a regional opportunity in timber look like?

Mass produced and relatively low priced furniture production and marketing is very cost competitive. Other countries, with far lower wage rates, mass produce furniture and sell it at prices below the costs of the most efficient U.S. firm. U.S. firms that have moved to plastics and laminates to reduce costs, while trying to maintain the look of natural wood, have been met in the marketplace by imported furniture items with the same style and look—in natural wood. This global market makes competition difficult for mass production of generic furniture items using Virginia's bountiful timber resources. The overseas competition is just too tough.

But the opportunity for success may be substantially different for high-value furniture, perhaps custom made for the upscale market. Custom orders could specify type of wood and design, with the buyer looking for items to fit a certain décor. A customized business of this type is not necessarily an opportunity for a large manufacturing facility that will have low costs because of size. Big volume is not likely, but big volume at one site may not be needed. Logs are bulky and costly to transport. Hauling different species of logs from different parts of the state to a common site to fill custom orders may not be feasible. But hauling costs are not the only problem. Many of Virginia's rural communities lack the roads and bridges to accommodate trucks with heavy loads of logs.

An alternative approach might be a small head office with sophisticated telecommunications to manage a network of micro-manufacturing units. The units would maintain cutting edge technology with computer-based capacity to select from a number of basic designs and employ flexible, high tech employees. Timber would be bought and processed locally, with high-value furniture being shipped by appropriate fee-based transport operations such as UPS. Multiple market outlets are possible. Both full- and part-time workers might be needed in a just-in-time inventory strategy.

Another possibility would be branded items, perhaps in the *Virginia's Finest* program, aimed at upscale custom-built homes. Could a brand name featuring Virginia's native timber grow and develop? Perhaps that

branded product could work, especially if the designs and woods could be tailored to exactly what the homeowner wants. Does Virginia have any prestigious custom builders who might wish to offer such a product to their buyers?

Home building is cyclical, which makes the demand for furniture tend to be cyclical also. Another market niche might be needed to maintain an even flow of orders and products. A line of office furniture might work, especially if the early emphasis were on Virginia business firms with pride in their Virginia roots. Volume could grow to a sufficient level that full-time employment would be justified for a number of employees in each region. A line of Virginia branded office furniture could be an e-commerce opportunity of importance to Virginia's rural communities.

The opportunities for such a new approach to regionalism could be numerous. The Bed and Breakfast Association of Virginia already has a start and serves as an example (www.bbav.org). Locations, rates, and descriptions of local attractions are available by county. A program of planned trips could add activity in each rural community and would likely enhance the value of the existing bed and breakfast businesses. Thinking about opportunities that do not need contiguous counties or cities could be a useful addition to our rural community development strategies. It could help communities find ways to sell assets they have in abundance and to take advantage of information and business technologies.

A state-level rural development center focusing on economic development in rural communities could facilitate this different way of thinking about regional strategies. Development experts operating in an environment that stresses broad, analytical thinking would be able to identify ways that rural areas could work together to be more effective and then help put the new ideas to work. Moving in this direction and getting local jurisdictions to work together will not be easy. Strong leadership and a new statewide rural development presence will be needed, but the payoffs could be big for our rural communities.

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