

**Remarks by ARC Federal Co-Chair Earl F. Gohl
Development District Association of Appalachia Annual Conference
Crystal Gateway Marriott, Arlington, Virginia
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Appalachia as the next great American investment opportunity

Good evening.....We have had a great couple of days starting with the conversation yesterday morning and continuing through today.

ACKNOWLEDGEMENTS

I would like to thank the leadership of the Development District Association of Appalachia including:

- DDAA President Sherry McDavid
- 1st Vice President Misty Casto, this year's conference planner
- 2nd Vice President Jim Dove
- Secretary John Hemmings
- Treasurer Steve Pelissier, and
- Immediate past President Danny Lewis

I also want to thank ARC's Dan Neff and the Commission staff for their efforts in helping to organize this conference.

I certainly appreciate the work that Joe McKinney and the National Association of Development Organizations (NADO) have put into their conference as well. It has been a good partnership with the DDAA.

And I also want to acknowledge that this year we have one of the ARC states alternates with us: Jim Byard of Alabama.

In addition, we have with us the following ARC program managers: Jimmy Lester of Alabama, James Thompson of Georgia, Al Feldstein of Maryland, Olivia Collier of North Carolina, Karen Fabiano of Ohio, Neil Fowler of Pennsylvania, Jill Francisco of South Carolina, Brooxie Carlton of Tennessee, Denise Ambrose of Virginia, and James Bush of West Virginia.

I appreciate the work of the state program managers. They are the ones who are caught between all of the competing demands of the NGOs, their bosses, and people like me.

I also want to acknowledge and thank the staff of the Federal Office: Guy Land, Jill Wilmoth, Wilson Paine, Ryan Flamerich, and Mary Merrick. In addition, I have the privilege of announcing that Angela Lyons has returned to be my office assistant.

I especially want to extend my appreciation to the Commission staff. This has been a challenging year for them considering the recession, the government shutdown, a never ending winter, and Executive Director Tom Hunter's retirement. They have done a great job through it all with professionalism and a good sense of humor.

That includes, Charley Howard, ARC's general counsel, who is now serving as ARC's interim executive director.

TRAVELS IN THE REGION

I have had the privilege of serving President Obama and the Region as the Federal Co-Chairman for four years now as of March 10th.

And you almost have me trained.

I have been to virtually every District at least once if not three or four times.

I have been to most of your offices or participated in some event within your District.

Some of you may think I have come too often.

For those of you who think I have come too often, the bad news is that I probably will be back.

For those of you who want me to visit and I still haven't, are you sure your District really is in the ARC?

Seriously, I am committed to an aggressive travel schedule. I think it is one of the most important parts of my job.

I want to see your work, know more about your region, and learn how your efforts have been instrumental to the Region's growth.

I want you to know how much I appreciate your work and the efforts of your staff.

Let me note here that 2013 was a very good year for ARC.

RETIREMENT OF EXECUTIVE DIRECTOR

In fact, it was such a good year that unfortunately our executive director, Tom Hunter, decided that it was time to retire.

Each of us could talk for a long time about the great work Tom did.

He is a great friend to us all, and we are going to miss him.

Jim Byard, the Alabama state alternate, and I both recognize that the hiring of the next executive director is going to be the most important decision that we will have to make while serving in our respective ARC positions.

I am committed to a process that brings to the Commission an executive director who is extremely capable and who is totally committed to the mission of ARC.

ARC'S 2013 ACCOMPLISHMENTS

As I just noted, 2013 was a very good year for us.

We created or retained 19,000 jobs, 23,000 students have participated in ARC funded jobs skills training programs, and the data points go on.

In addition, our congressional appropriation was restored with a bump.

ARC's work was recognized by the Clinton Global Initiative for its work in capital and credit and was also recently recognized by the Office of the Comptroller General.

ARC's food tour created an incredible amount of buzz and energy, and we learned a lot in the process.

The ARC fall conference that Governor Earl Ray Tomblin and Mary Jo Thompson hosted in West Virginia focused on the emerging opportunities of the Region and our entrepreneurial ecosystems.

And in eastern Kentucky, 1700 folks registered to sit down and begin planning for the future at the Shaping Our Appalachian Region (SOAR) conference.

THE CHALLENGES BEFORE US

The challenge we have before us now is to how do we build on last year?

A few weeks ago, the economist from the National Association of Manufacturers came to our ARC offices to give us a briefing of their view of the economy in 2014.

Let me say that they had a lot of charts, but two of his data points caught my attention. He said that:

- They expect the U.S. GNP to grow by three percent in 2014, which would be the first time since 2005 that GNP growth is projected at that level.
- Over the next six years there will be as many as 1.2 million new manufacturing jobs in the U.S.

I know what I thought right away. What do we need to do to make sure that the Appalachian Region reaches the national average of that three percent growth?

Can Appalachia get its share of those 1.2 million manufacturing jobs?

THE OPPORTUNITIES BEFORE US

I believe that Appalachia is ripe to be the next great American investment opportunity. And I believe it for three reasons:

- 1) We have entrepreneurs
- 2) We have emerging economic opportunities
- 3) We have entrepreneurial ecosystems that can marry the two; so that entrepreneurs can leverage and grow our opportunities.

(First point) **Entrepreneurs** are more than those folks in Silicon Valley, social media gurus, or people with big Internet payouts.

The Region's entrepreneurs are people like:

- Jim Snyder in Salamanca, NY, who received a loan from the Southern Tier West local development district to build a successful business that makes environmentally friendly Buffalo Pellet Stoves;
- Theresa Green, who uses the kitchen at Blue Ridge Food Ventures in Asheville, NC to make organic chocolate and sells it over the Internet;
- Tony Trigiani, who manufactures battery chargers in Piney Flats, TN;

- Scott and Kathy Green of Pucker Powder in Irondale, AL, who transformed a family arts and craft business into a candy dispenser for amusement centers with 20% of revenues from exports to: Mexico, Canada, France, Great Britain, India, Russia, China and the Middle East. They are making use of the Alabama International Trade Center to that end.

These are folks who practice what David Wilhelm described to the governors at our recent Quorum meeting as Appalachian capitalists.

- It is a brand of capitalism that involves the many, not just the few.
- It is the kind of capitalism that consists of businesses making real things that are sold to real customers and making real revenue and profit doing it.
- It is the kind of capitalism that stresses local ownership and local wealth creation. You might say it's the kind of capitalism that aims to build a true "ownership society."

The Appalachian Region definitely has entrepreneurs.

(Second point) Second, the Region also has **emerging and growing economic opportunities**, and these include:

Local Food Systems. All of us have seen and marveled at the growing local food markets. They provide growers with the capacity to expand their market. They give families healthier eating. And they create new economic activity in the Region's local economies.

It's not only a market with potential for growth, but it is a market that is being driven and developed by folks under the age of 40.

Energy. Not only are there opportunities in the natural gas markets, but wind and solar continue to develop and strides in energy efficiency provide incredible markets. FLS Energy in Asheville, NC is using ARC support for one of their first solar farms and was one of the fastest growing small businesses in the U.S. for two years running.

Health Care. Health care is a major economic driver in many areas of this country; but low insurance coverage rates have hindered its development as an economic engine in Appalachia. The result is that we have counties with some of the shortest life expectancies in the nation and the highest diabetes rates. Our strategies for these issues need to attract private enterprise. We need to harness our entrepreneurs.

Advanced Manufacturing. The resurgence in U.S. manufacturing is occurring for a broad range of reasons. And the key to winning those jobs isn't by having the cheapest labor but the most skilled labor, closest to vibrant markets with cheap natural gas close by. You are not going to get these jobs by stealing them from someone else but by working with folks like Tony Trigiani in Piney Flats, Tennessee.

And this is the short list of opportunities. When we sat down and talked with the states, their lists were much longer.

(Third point) And my third point is with regard to **entrepreneurial ecosystems**.

The entrepreneurs I mentioned owe their success to their own hard work, creativity, and determination.

And each one was touched at a critical time by an element of the Appalachia entrepreneurial ecosystem.

Every LDD has a piece of the regional entrepreneurial ecosystem and each of you plays an important role in the system, as does a strong bench of NGOs and nonprofits in the region.

- There is a strong group of incubators;
- Several LDDs operate revolving loan funds;
- The region's CDFI community is creative, collaborative, and growing; and
- The utilization of Angel Funds is growing.

Many of you have rigorous entrepreneurial training ranging from camps for elementary kids to programs for entrepreneurial wares.

There are trade centers and there are LDDs who see exports as a critical part of their program.

And one of the most exciting activities that is growing each year is the use of business competitions as a resource to grow and encourage entrepreneurs.

I can talk about the Region's entrepreneurial ecosystems for a very long time. But I think it is easier just to say that the probable reason five of 13 Rural Accelerator grants awarded nationwide in 2012 were in the ARC footprint was because of the entrepreneurial ecosystems of those winning communities.

There are impressive ecosystems in many of our communities.

LOOKING AHEAD

We have a story to tell and we have some work to do.

So what am I asking is that if you believe

- that Appalachia is ripe to be the next great American investment
- that we have entrepreneurs; and
- that we have opportunities....

Then this is the year to look critically at the entrepreneurial ecosystem in your region. Evaluate it. Look at its holes and what can work better. And look at what others do and how they do it.

Collaborate with the other leaders and contributors and develop a strategy that works for your community to make your ecosystem more competitive so that your District can earn its part of the three-percent growth in manufacturing jobs.

THE FEDERAL CO-CHAIR'S COMMITMENT

As for as me and what my commitment is this year, there are three elements:

1. To support your work in strengthening entrepreneurial ecosystems, building economic opportunities, growing the capital and credit available to the Region, engaging more philanthropies, and promoting opportunities to engage community colleges in entrepreneurial ecosystems.
2. To reach out and get advice from real Appalachian entrepreneurs such as David Wilhelm of Appalachian Ohio to assist in more fully developing an enterprise agenda.
3. To focus on Appalachia's next great American investment opportunity in my travels in the Region as well as on its entrepreneurs, its opportunities, and its ecosystems.

I would argue that if we work and are committed to this agenda in the 49th year of ARC, we will be prepared, relevant, and effective advocates of the Region in the Commission's 50th year.

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