



## Sparta, North Carolina

*Through a regional collaboration, Sparta and neighboring communities are laying the groundwork for a cluster of advanced materials businesses. As a key partner in the effort, Sparta is focused on workforce training, infrastructure development and private sector participation in the partnership.*

	Sparta
Population (2000)	1,817
Municipal budget (2006)	\$1.4 million <sup>115</sup>
Per capita income (2000)	\$14,240
Median household income (2000)	\$22,470
Poverty rate (2000)	18%
Minority population (2000)	6%
Proximity to urban center	72 miles to Winston-Salem, N.C.
Proximity to interstate highway	27 miles
Strategic approach	Cluster-based development
Time frame	2002-2006

Sparta's strategy is to join with its regional neighbors in a public-private partnership to develop the Northwest North Carolina Advanced Materials Cluster.<sup>116</sup> In 2002, after a major industrial employer closed its doors, officials from across the region lured an advanced materials manufacturer to Sparta. The company, Martin Marietta Materials, would become the hub in a regional cluster development strategy. "We're trying to do something people said couldn't be done," said Alleghany County Manager Don Adams. "We're creating a cluster instead of waiting for it to develop." To that end, Sparta and its neighbors worked together to create a workforce training program, update key infrastructure and institute collaboration between government and private sector actors. Today, the Northwest North Carolina Advanced Materials Cluster is taking shape, and Sparta, as part of the northwest region of North Carolina, is positioning itself to compete in the new economy.

### The community and its history

Sparta, located in Alleghany County, is situated in the northwest corner of North Carolina, just below the Virginia border. Textiles, agriculture and furniture manufacturing have been the dominant industries in and

<sup>115</sup> Interview with Peggy Choate, Town of Sparta, May 29, 2007.

<sup>116</sup> According to Michael Porter from the Harvard Business School, "Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers and associated institutions in a particular field that are present in a nation or region." Advanced materials is a general term that refers to highly engineered material products, including semiconductors, fiber-reinforced polymers, micro-electro-mechanical systems, ceramics, nano-sized particles, among others. According to the Northwest North Carolina Advanced Materials Cluster website ([www.advancedmaterialsnc.org](http://www.advancedmaterialsnc.org)), "The focus of the N.C. Advanced Materials Cluster Initiative is on fiber-reinforced polymers (FRP) otherwise known as reinforced plastics. FRP are stronger than traditional plastics because they are a composite material composed of strong fibers such as glass fiber and equally durable plastics. FRP are also lighter and less bulky than materials of similar strength, such as steel. The combination of these properties give FRP significant performance advantages over other more traditional materials."

around Sparta for most of its history. Over the last two decades, declines in these traditional industries have been pronounced. The three-county region around Sparta – Alleghany, Ashe and Wilkes counties – lost more than 10,000 jobs in the late 1990s.

The story of Sparta and its role in the development of an advanced materials cluster begins in 1993, when local officials lured Bristol Compressors to Sparta. Bristol Compressors received a \$15 million incentive package, a combination of state and local funds as well as individual donations from residents of Alleghany County. In 1995, Bristol Compressors opened a \$40-million, state-of-the-art facility and hired 450 local workers. After being in business for only five years, Bristol announced it was closing in August of 2000 and releasing all of its employees. Sparta and Alleghany County sued Bristol Compressors in an unsuccessful attempt to recover a portion of the incentives.

Another critical milestone in the history of economic development in Sparta came in 1999, when the community recruited a new textile manufacturer. The contrast between the operations of this new company, Magnolia Manufacturing, and more traditional textile factories was eye-opening. “This was not the textile firm of old,” Adams said. “Instead of a labor intensive operation, Magnolia used incredibly complicated and sophisticated looms to produce fabrics. As we saw it, the only way we were ever going to create jobs was to latch onto new-technology industries.”<sup>117</sup>

In 2002, a successful regional effort recruited Martin Marietta, a major manufacturer of advanced materials, to Sparta. During the recruiting process, Adams, John Hauser from Wilkes Community College and other local officials had the opportunity to speak with Grant Godwin, Martin Marietta’s CEO, about the company’s business model, vendor-supply relationships and growth plans. Godwin made clear that Martin Marietta was in Sparta for the long haul by explaining that he wanted to be a part of the town and region’s development. Impressed by Godwin’s commitment, Hauser began considering ways to use Martin Marietta to spark the regional economy. Quickly, Hauser realized that local officials and business leaders could add value to Martin Marietta’s product by working to surround it with businesses in its supply chain. By designing a strategy to grow and recruit businesses in the advanced materials manufacturing field, the community could help to lower the companies’ transaction costs. This conversation, between local officials and executives at Martin Marietta, was the jumping-off point for the regional cluster development strategy.

## The strategy

Sparta’s strategy is to play a leading role in the development of the Northwest North Carolina Advanced Materials Cluster. The goal of the cluster strategy is to build a regional concentration of interconnected advanced materials companies, suppliers and distributors that will propel

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<sup>117</sup> Interview with Don Adams, Alleghany County manager, May 29, 2007.

Alleghany, Ashe and Wilkes counties into the new economy.<sup>118</sup> At the outset, officials from across the region identified six strategies to lay the groundwork for the cluster. The six strategies are to 1) cultivate collaborations between and among business, government and education, 2) develop a workforce, 3) recruit new business, 4) increase business networking, 5) improve physical infrastructure for business sites and 6) infuse new technology ideas into industry. At the local level, Sparta has played a role in several elements of the cluster strategy. The town has served on the executive committee, helped to facilitate communication among regional partners and worked extensively to upgrade local infrastructure to support site development for the advanced materials industry.

In March of 2004, John Hauser created an advisory committee for the regional cluster. One of Hauser's goals for the committee was to spark dialogue and collaboration among leaders of Martin Marietta, Wilkes Community College and the governments of Ashe, Alleghany and Wilkes counties. The collaboration was formalized the next month when county officials entered into the region's first interlocal agreement. The document spelled out a 10-step process for how prospective cluster businesses would be recruited, ensuring that each county would benefit equally. Because of turf issues relating to municipal or county boundaries, Hauser's leadership proved critical to giving the interlocal agreement and regional approach credibility. At the time, Hauser was the industry liaison for Wilkes Community College and a neutral party who had earned the trust and respect of the region's town and county managers.

The creation of an advisory committee went a long way toward reshaping local perceptions about *how to do* economic development. "The committee planted the seed that as a region, we could do better by promoting each others' strengths," said Bryan Edwards, Sparta's town manager. "Ideas about traditional economic development have changed, and we see this cluster as more of a collaborative effort. We are demonstrating to businesses that we have synergies and leadership." To reinforce this new approach, Hauser teamed with Appalachian State University and the University of North Carolina at Chapel Hill in 2005 to hold a series of cluster development training programs for the executive committee.

Training a local workforce in industry-specific skills was another critical step in preparation for the advanced materials cluster. With funding from the North Carolina Rural Economic Development Center, the Golden LEAF Foundation and others, the advisory committee worked with Wilkes Community College to create a certified composite technician program at the college's campus in Sparta. The initial cohort of students in this program entered in the fall of 2007. The program is one of three in the country and is certified by the American Composite Manufacturers Association. In 2008, Wilkes Community College will launch a two-year degree program in advanced materials. Regional skills training in advanced materials manufacturing will ensure

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<sup>118</sup> From the website, [www.advancedmaterialsnc.org/clusters](http://www.advancedmaterialsnc.org/clusters). Accessed May 29, 2007.

an adequate labor force for Martin Marietta and other companies in the cluster.

Physical infrastructure to support new and expanding industries also was important for the strategy. Sparta has played a lead role in upgrading infrastructure, specifically water treatment capacity, to meet the needs of expanding industrial development. In an innovative partnership, Sparta's town manager facilitated an arrangement with the town of Independence, just over the border in Virginia, to build an \$8 million shared water treatment facility.

Prior to the initiation of the regional cluster strategy, businesses in the area were barely communicating. "Our businesses didn't have a clue what other businesses were doing," said Adams of Alleghany County. "Everyone was internally focused." But according to Harvard Business School's Institute for Strategy and Competitiveness, clusters thrive from strong business networks that enable innovation and competitiveness. So in the fall of 2004, Hauser instituted a regional business meeting that brought industry, education and civic leaders together to stimulate communication and knowledge sharing across industries, sectors, town and county lines. Hauser used the time to inform business leaders about the cluster and the committee's work but mainly focused the meetings on strengthening networks and fostering collaborations. These gatherings continue on a quarterly basis.

With the initial groundwork laid, the advanced materials cluster is beginning to take shape. A home-grown entrepreneur, Beyond Cargo, opened an advanced materials business in Ashe County recently. Over the next two years, Beyond Cargo expects to add 20 jobs. Smith Aerospace, another critical business in the cluster, recently announced it would expand its facilities and create jobs ahead of schedule.

### **What are the lessons from this story?**

***Cluster-based development can provide a framework for competitiveness and collaboration among industries and communities.*** In a sense, the cluster-based approach to development allows communities to collaborate while they compete. Communities and industries within an emerging cluster must collaborate, but they must also maintain a posture of competitiveness with other similarly situated regions. Further, collaborating to compete for industries in an emerging sector brings critical mass to any community's efforts, especially rural and low-wealth communities, where resources are limited and partners are critical.

***Economic development strategies must be focused on building a 21st century economy.*** By large measure, public officials and other civic leaders in Alleghany County were willing to part with older concepts of labor-intensive manufacturing to embrace the example of the new, more technology-intensive textile manufacturer that moved into the region. By doing so, Don Adams (and others) made possible the development of the advanced material cluster idea – recognizing that the region needed to build a workforce and infrastructure that would be

attractive to 21st century manufacturers. This focus on the future helped the region move from trying to replace traditional industries to building a world-class cluster around the emerging growth sector of advanced materials. Embracing the concept of higher tech manufacturing also required a strong belief (some might suggest a leap of faith) that the region could build the workforce, infrastructure, supply chain and collaborative leadership that this cluster requires.

*Building collaborative regional strategies requires a neutral, trusted facilitator.* Asking local officials to set aside years of competing for jobs and businesses to embrace collaboration requires a trusted and neutral power broker. In this case, John Hauser of Wilkes Community College was viewed by all parties in the northwest region as such a leader. This neutrality was critical to generating initial momentum for the advanced materials strategy. "I really believe local leaders accepted the cluster idea because it was driven by the community college, which was not partial to any of the three counties," Hauser said.

## Contact information

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