

Appalshop

*a nonprofit multidisciplinary arts & education center
in the heart of Appalachia*

Strategic Investment Plan

2015

Appalshop Strategic Investment Plan

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Appalachian Media Institute interns film the premiere of the Cowan Community Center's new play *The Homecoming*. Photo by Zhivko Illeieff, Roadside Theater.

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Appalshop Strategic Investment Plan

Background

Over the last 45 years, Appalshop has developed into central Appalachia's anchor cultural institution, and it has offered one of the few diversified economic opportunities in a region dominated by extractive mining. Under a 125-year regimen of absentee ownership by national and international energy corporations, Appalachia has come to be known as a rich land with poor people.

Appalshop is based in Letcher County in the 5th Congressional district, the poorest and sickest Congressional district in the nation. People in Letcher County live 10 years less than the average American citizen, and the disability rates for ages 21-64 in the 5th Congressional district are twice the national average (Appalachian Regional Commission, 2010). After relying on one extractive industry, coal, for the past century, central Appalachia has no alternative but to develop a new economy.

The 1960s War on Poverty brought to the attention of the nation the human consequences of such poverty. In the 1960s, eastern Kentucky's unemployment rates were 10-11%; today the average 24-month unemployment rate in eastern Kentucky is 15%. Over the past two years in eastern Kentucky alone, more than 8,000 coal mining jobs have been lost, and even the politicians admit they are not coming back. The 5th Congressional district has been designated one of five national "Promise Zones" to alleviate poverty, and Federal government agencies have been instructed to target communities in the district for investment and economic development—not only because of their chronic poverty, but also because of their promise. With its community- and media-based methodology, Appalshop is uniquely poised at this moment to make a critical difference in the life of the region.

Impact

Appalshop believes that the development of Appalachia's cultural assets is critical to the alleviation of Appalachian poverty. Appalshop brings to this development effort an array of resources: its expertise in citizen journalism, theater, multimedia production, and social networking; its honed community cultural development methodology and long history of working within the region and across rural America; its singular regional multi-media archive; and WMMT, its 24-7 radio station which reaches a tri-state broadcast audience of over 300,000 and streams online worldwide. Collaborating with the region's residents, the institution's staff has created the largest single body of documentary films (102), plays (60), and audio recordings (87 records plus scores of national radio features) about its homeland.

Appalshop artists and managers are deeply rooted in their Appalachian communities, which engenders a sense of trust among its audiences. The artistic and cultural experiences Appalshop offers allow ways of emotionally and spiritually connecting people across perceived differences. Appalshop's formal community development methodology taps this openness and trust to help community members voice the full range of their opinions on topics that concern them and their community. Issues that have benefitted from ongoing critical discussion include racial and class conflict and solidarity; environmental justice; cultural heritage; economic sustainability and diversification; cultural,

gender, and sexual bias; health; human rights violations in the criminal justice system; immigrant rights and citizenship; and exposure of the region's long, poisonous history of being negatively stereotyped in mainstream media. All of these issues are reflected in Appalshop's extensive body of work. As an example of its centrist role as a civic space, in October 2014 Appalshop had the written support of more than a dozen of its local and regional governmental and non-governmental agencies and organizations in its workforce development proposal to the U.S. Economic Development Administration. The future development of the region will require roles for art and culture that move beyond simplistic tourism formulations.

Transition and Opportunity

Like its region, Appalshop itself is undergoing a major economic and generational leadership transition. The institution faces a three-fold challenge not unlike other non-elite arts organizations dedicated to serving the majority of Americans, who are poor, working, and middle class: 1) creating opportunities for the next generation of artists and managers to lead; 2) fulfilling its mission in the face of new realities, including Appalachia's economic transition within the context of widening economic disparity and globalization; and 3) sustaining its local and national impact with diminished financial resources. The opportunity here is to work in tandem with stakeholders across the region and country to support and achieve a more vibrant region built on our strengths. To enhance Appalshop's capacity as a platform for community and economic development, the organization is partnering with experts from Lafayette College's Economic Empowerment and Global Learning Project (EEGLP), a multidisciplinary team of economists, faculty and students who engage in inclusive partnerships with communities and their institutions to map assets, challenges, and opportunities for value and wealth creation based on competitive market exchange.

Central to the Appalshop-EEGLP Partnership is a focus on the cultural processes and products of Appalshop over the last 45 years. In its initial phase, the collaboration focused on identifying and mapping the organization's assets (see Appendix A); assessing the strengths of its stakeholders' agency and ownership; and determining how improved entrepreneurial synergies could foster greater cooperation, healthy competitiveness, and economic wealth. This step allowed Appalshop to look at our long-term work and assets through a new lens, envisioning ways we can respond to the region's current economic moment and continue Appalshop's role as a regional leader. Using established economic impact tools that include Triple Bottom Line (TBL - Appendix B) and Impact Analysis for Planning (IMPLAN - Appendix C), project leaders have studied and simulated how increased production of the synergistic and synthetic cultural products of Appalshop might stimulate and energize sustainable economic development for the organization as well as economic growth for the region. (See Appendix D for definitions of these key terms.)

Culture Hub

Through the next phase of our collaboration, Appalshop will make strategic shifts and investments to act as a regional Culture Hub in order to more fully participate in change. We know culture shapes individual and collective identity, bounds or expands imagination, and influences micro and macroeconomic incentives and behavior. Communities and regions that value and support the role of arts and culture in development typically benefit from energized entrepreneurship and an expansion

of residents' ability to more fully participate in their economic and civic futures. Appalshop uses its regional culture to foster empathy, humanness, and implicit constitutive respect for cultural diversity and inclusion. We believe these are essential ingredients for igniting creativity along the path to sustainable development.

Central Appalachia in general, and Whitesburg, KY, in particular, forms the first circle of the Culture Hub (see our model of the Culture Hub in Appendix E). Centered within Appalshop, the Hub will offer activities related to the creation, development, production, protection, coordination, and distribution of Appalachian cultural and creative goods and services for local, regional, national, and international distribution on a commercial basis. In addition to its regional work, Appalshop artists, producers, and managers have collaborated with more than a thousand communities across the United States (and in more than a half-dozen countries internationally) wishing to develop their own cultural assets. The history of this exchange and the resulting web of relationships both in rural and urban America are another significant asset Appalshop brings to economic transition. The Hub will leverage Appalshop's core methodology and assets of Authentic Voice, Perpetuation of Culture, and Appalachian Humanness/Connectedness as a potent platform for designing new products based on Appalachian culture and competencies.

Implementation

When properly incentivized and made accessible to a wide cross-section of stakeholders in a community, and in this case, a region, Appalshop as a Culture Hub will foster organic, systemic, dynamic, and sustainable improvements in productivity and competitiveness, as well as equitable economic development and progress. In recent months, Appalshop has begun to imagine and enact our role as a Culture Hub through the following institutional initiatives:

- **Workforce Development:** Expanding Appalshop's training and education work in partnerships with its schools and local community colleges to provide workforce development within the region, especially for new high-tech careers that rely on culturally sensitive employees and products to make a profit and create jobs.
- **Business & Incubation:** Supporting the incubation of the first Whitesburg-based, for-profit diversified media and technology company. This opportunity is being propelled by the successful pilot of an artificial intelligence company, a partnership between Appalshop and Giant Otter Technologies based in Cambridge, MA.
- **Communications:** Increasing national recognition of the severity of Appalachia's economic plight and of Appalshop's role in addressing it through arts and culture. Recent news coverage of Appalshop's part in regional development includes Al Jazeera America, Yes! Magazine, and a CBS Sunday Morning feature.
- **Higher Education:** The potential for reinvigorating and growing Appalshop's educational market as evidenced by presenting the EEGLP partnership and its impact as the key case study at Imagining America's fall 2014 Presidents' Forum (see Appendix F). Imagining America is a consortium of 100 colleges and universities focused on the

democratic impact of publically engaged scholarship, especially in the disciplines of arts, design, and humanities.

- **Public Space:** Using its civic space and community media as a vehicle for imaginative solution creation, Appalshop recently partnered with Appalachian State University and Kentuckians for the Commonwealth to host an After Coal forum, featuring guests and video from South Wales discussing the lessons to be learned during Wales' transition from a coal-based economy that began over 30 years ago.

Capitalizing Opportunity

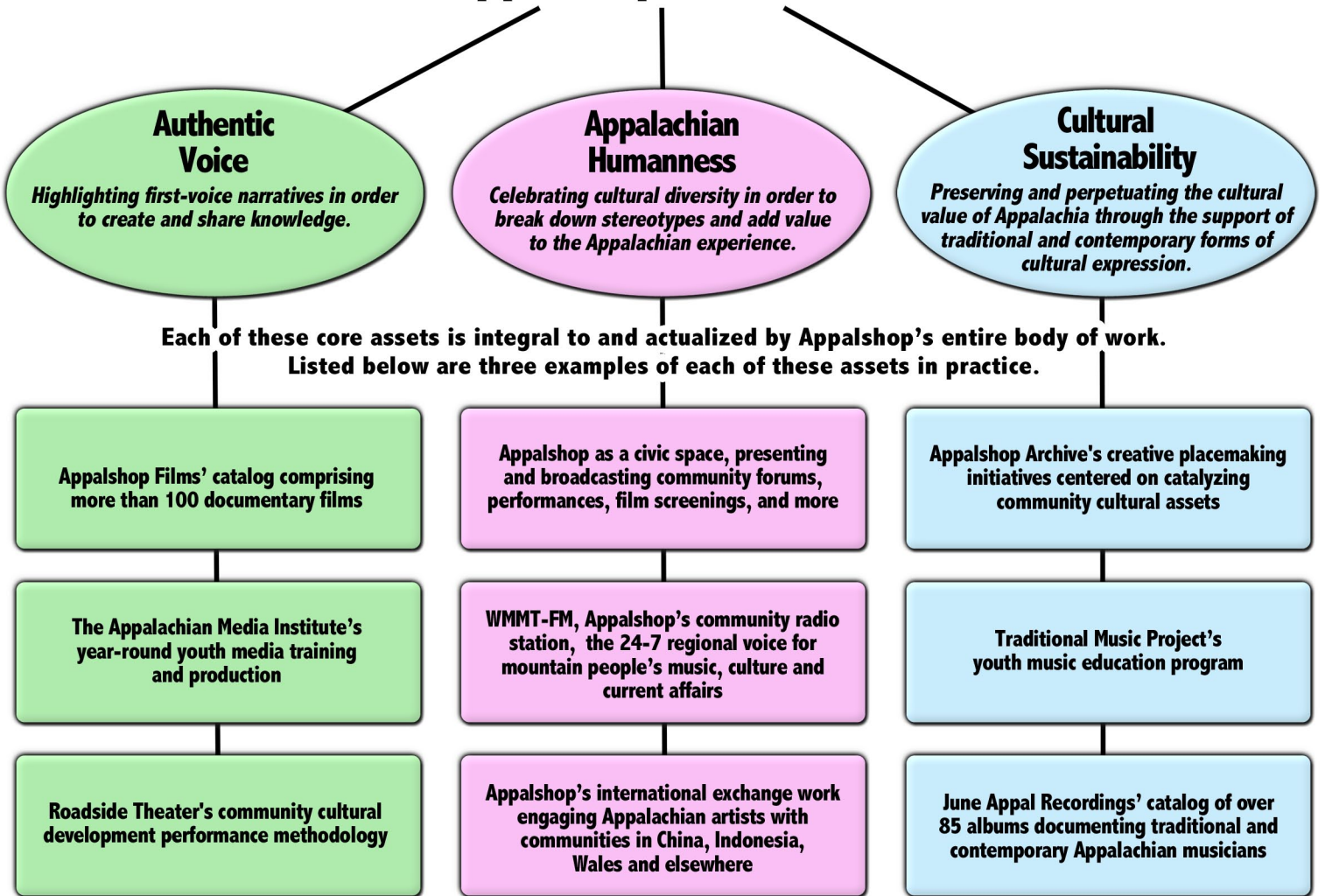
Appalshop's arts and culture development approach is bottom up whereas much of the standard U.S. development paradigm rests on top down intervention. Given that only one percent of all private foundation giving supports rural organizations, Appalshop needs an infusion of capital to remain creatively proactive in this moment of regional opportunity. Over three years, the institution plans to invest \$2.5 million in the following:

- **Working Capital** – \$750,000 will be used to replenish Appalshop's current working capital. This will allow the organization to recover funds that it has extended to its programs as well as regain flexibility around cash flow. For example, many of our grants are on a reimbursement basis.
- **Risk & Opportunity Capital** - \$200,000 will be used to create a fund within Appalshop to innovate, including undertaking research into emerging markets and developing business plans. In the past, such designated funds have supported expanding the range of work the institution is able to do in response to the region's needs, which was the genesis of the Appalshop Archive.
- **Change Capital** - \$1,200,000 over three years will anchor Appalshop's shift from a solely discipline-based program orientation to an institutional-based orientation that integrates the organization's deep discipline knowledge and pairs it with a fuller range of non-arts partners. To do this successfully, Appalshop is strengthening its core administrative, financial, and management processes and staff.
- **Buildings & Facilities Capital** - \$350,000 to improve and maintain the value of Appalshop's two public buildings.

Based on its 45 years of experience, Appalshop believes citizen agency, entrepreneurship, and imagination are keys to a better future for central Appalachia. Appalshop's training of a new generation of artists and managers are well underway. Now is the time to invest in the region's leading cultural institution as we work to re-make our world through expanding our possibilities.

Appendix A - Core Assets Concept Map

Appalshop Core Assets



Appendix B - Triple Bottom Line (TBL) Framework

Triple Bottom Line is used to explain and measure impact for development in economic vitality, natural resource stewardship, and community well-being.

TBL Value I: Quality of jobs created

Job creation strategies of the Strategic Investment Plan: Appalshop's education/training and partnership with local community college and high schools leverage the availability of under-employed and unemployed to participate in training for high tech careers that rely on the internet to deliver local product (software) to users who may be physically located far from Appalachia.

The quality of the high-tech career vastly improves the economic prospects for those who participate in the training due to the higher wages paid in this industry. Skills gained can be easily transferred to multiple industries, and the field promotes entrepreneurship.

There are few current jobs available to untrained and unemployed residents. Most of these jobs, when they are available, pay minimum wage and coexist with continued reliance on government subsidies (SNAP, Section 9 Housing) due to the low wages.

TBL Value II: Efficient use of scarce resources (or factors of production)

Appalshop resources in the Strategic Investment Plan: Appalshop is rich in cultural resources. Appalshop must develop strategies that embrace the efficient use of and effective development and deployment of these core assets. One part of this development strategy is to support incubation/partnership with the first Whitesburg-based, for-profit media and technology company that will employ residents trained in the high tech industry of software coding. Efficiently using currently available physical space to house the new company, while effectively recruiting employees to training programs, is a first step to efficient use of the cultural asset of authentic voice, used in the development of software. Another part of the efficient use of factors of production includes effective pricing strategies for the assets and development of revenue streams based on the current programming. Finally, communications and outreach through media outlets owned by Appalshop such as the radio station, WMMT, can increase visibility of Appalshop and promote its programming and job training initiatives throughout the region.

TBL Value III: Efficiency and Effective use of assets

Authentic voice, Appalachian humanness, connectedness and agency, Roadside Theater, WMMT 88.7 Mountain Community Radio, Appalachian Media Institute, and Archival preservation are some of the assets of Appalshop worthy of further exploration. Appalshop's goal of culturally grounded development encompasses use of these assets. Given a base line measurement of current integration within the Appalachian Community through these outlets, one can begin to expand upon the depth of knowledge and level of outreach by examining the ways these arenas can work together synergistically to maximize use of resources.

Appendix C - Impact Analysis for Planning (IMPLAN) Summary

IMPLAN Impact Summary - Appalshop's Baseline

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	18.3	1,278,567.8	1,174,202.4	2,499,999.9
Indirect Effect	2.9	106,808.0	200,522.5	404,382.6
Induced Effect	4.3	148,990.3	322,556.3	495,418.2
Total Effect	25.5	1,534,366.1	1,697,281.2	3,399,800.8

Sector	Description	Employment	Labor Income	Value Added	Output
36	Construction	7	\$81,834	\$93,559	\$350,000
425	Civic, social, professional, and similar orgs	6.2	\$986,489	\$830,385	\$1,409,586
348	Radio and television broadcasting	2.1	\$74,051	\$57,172	\$333,312
393	Other private educational services	2	\$134,875	\$172,295	\$300,137
346	Motion picture and video industries	1.5	\$16,582	\$34,334	\$159,060
413	Food services and drinking places	0.7	\$10,911	\$17,327	\$34,365
354	Monetary authorities and depository credit	0.5	\$19,271	\$89,404	\$132,909
382	Employment services	0.4	\$11,661	\$12,956	\$15,654
319	Wholesale trade businesses	0.3	\$16,108	\$36,285	\$56,070
324	Retail Stores - Food and beverage	0.3	\$11,632	\$14,227	\$18,906

IMPLAN Impact Summary - Appalshop with Investment

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	24.3	2,915,134.5	2,677,181.5	5,699,999.9
Indirect Effect	6.6	243,522.2	457,191.2	921,992.4
Induced Effect	9.7	339,697.9	735,428.4	1,129,553.4
Total Effect	40.6	3,498,354.7	3,869,801.1	7,751,545.7

Sector	Description	Employment	Labor Income	Value Added	Output
425	Civic, social, professional, and similar organizations	10.5	\$2,249,196	\$1,893,278	\$3,213,855
348	Radio and television broadcasting	6.5	\$168,835	\$130,352	\$759,950
393	Other private educational services	4	\$307,514	\$392,833	\$684,313
346	Motion picture and video industries	3.5	\$37,807	\$78,281	\$362,657
413	Food services and drinking places	1.5	\$24,876	\$39,506	\$78,352
354	Monetary authorities and depository credit	1.1	\$43,937	\$203,840	\$303,033
36	Construction of other new nonresidential structures	1	\$186,582	\$213,314	\$798,000
382	Employment services	0.9	\$26,586	\$29,541	\$35,691
319	Wholesale trade businesses	0.6	\$36,727	\$82,729	\$127,838
324	Retail Stores - Food and beverage	0.6	\$26,520	\$32,438	\$43,105

Appendix D - Glossary of Key Terms

Asset Mapping - the process of mapping an organization's core, instrumental and derived assets and their relationships in order to better understand, cluster, and activate synthetic and synergistic opportunities and create added value within the organization.

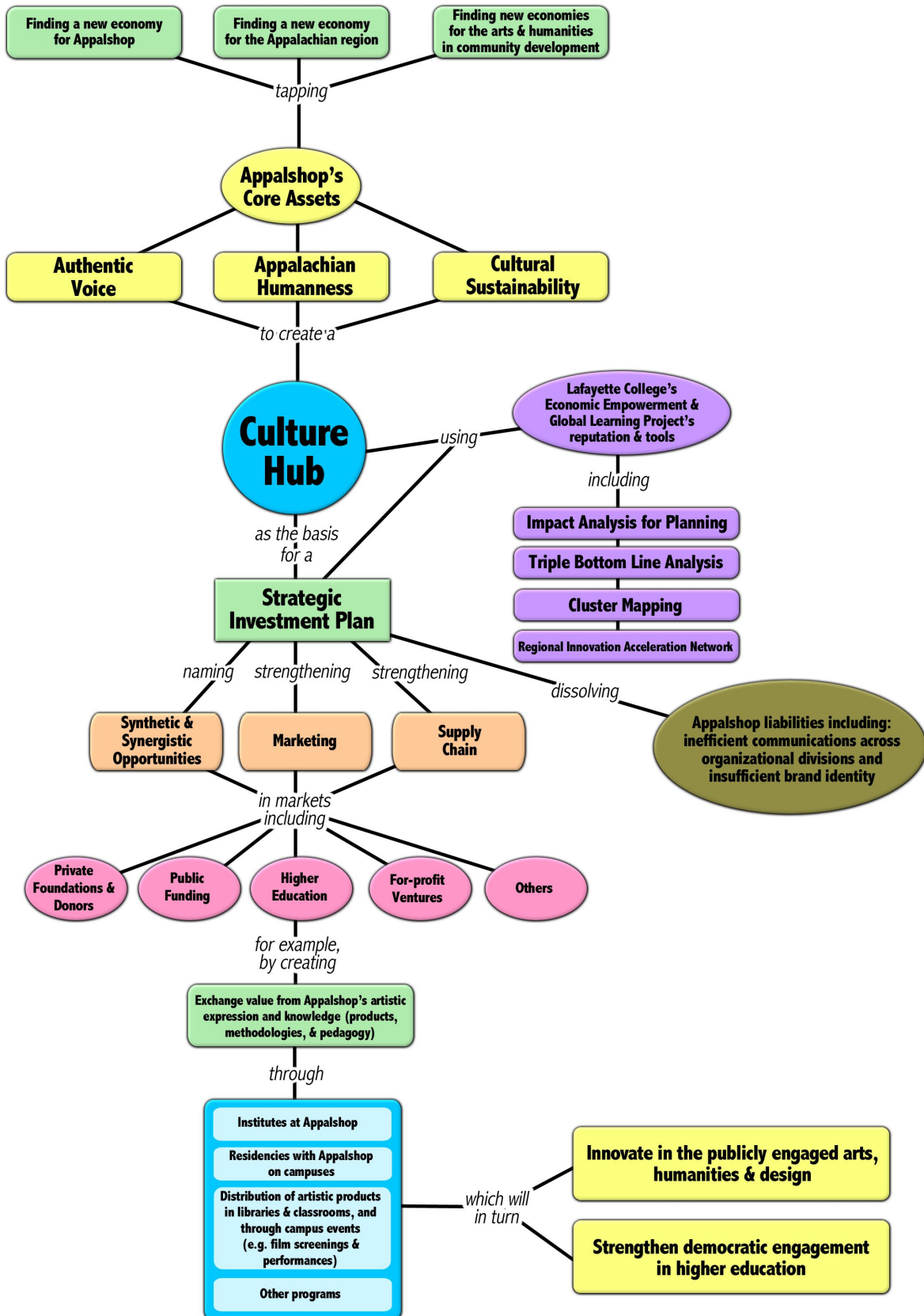
Impact Analysis for Planning (IMPLAN) - an economic impact analysis tool designed to measure the impact of an investment's direct, indirect, and induced effects, while combining geographical and census data to derive a multiplier effect based on the investment's scope of impact. Based on a variety of complex and well-vetted algorithms, IMPLAN analysis is widely recognized as an exemplary method for assessing economic development projects.

Synergistic Opportunities - opportunities created by combining an organization's existing assets.

Synthetic Opportunities - opportunities created by combining an organization's existing assets with assets outside of the organization.

Triple Bottom Line (TBL) - an economic development tool designed to estimate the value of an investment beyond what is reflected in financial reports and cash balance sheets. Instead, TBL measures the success of a project based on the environmental, social, and economic value that an investment creates. A Triple Bottom Line assessment considers how a project will affect economic vitality, environmental stewardship, and community well being within its area of impact.

Appendix E - Culture Hub Concept Map



Appendix F - Examples of Recent News Coverage

Imagining America's Presidents' Forum Report (January 2015)

<http://bit.ly/1Ad3CBf>

“Gladstone “Fluney” Hutchinson of the Economic Empowerment and Global Learning Project (EEGLP) at Lafayette College and Dudley Cocke of Appalshop, the arts and humanities institution in the central Appalachian coalfields, presented. By joining the expertise and knowledge of economists with that of artists, their project is developing an investment plan to simultaneously support the economic development of Appalshop and the Appalachian region.

By treating poverty as a problem that can only be solved by government and outside experts, Hutchinson and Cocke argue that the previous wars on poverty have not sufficiently supported the development of individual agency and a latent collective spirit of entrepreneurship. The Appalshop-EEGLP partnership represents an asset-based alternative that leverages the special ways in which cultural organizations create civic space and how culture, and its offspring art, shape individual and collective identity, bound or expand imagination, and ultimately contribute toward determining economic behavior.”

Al Jazeera America's 5 days in Kentucky: Small town conceives new life after mining (October 2014)

<http://america.aljazeera.com/articles/2014/10/10/5-days-in-kentuckypostcoalrevivalinwhitesburg.html>

“Whitesburg, Ky. — Kentucky’s voters could determine the balance of power in the Senate next month, and here in the eastern part of the state, the struggling economy is a top concern for most residents. With coal jobs disappearing, people are leaving to find work. Some communities feel like ghost towns.

Whitesburg, however, isn’t one of them. The small central Appalachian town (pop. 2,057) is using a mix of offbeat, independent businesses to turn things around and ensure life after coal. Some are run by entrepreneurs who grew up in eastern Kentucky and have returned after getting an education or experiences outside the region. Others never left — and never want to. One of the biggest forces behind the town’s turnaround is Appalshop. The arts, media and education nonprofit started 45 years ago with government funding from the War on Poverty initiatives launched by President Lyndon Johnson. Its mission back then was teaching filmmaking to youth, and locals viewed with skepticism the hippies who ran it. Now those locals’ children and grandchildren, who grew up benefiting from Appalshop’s programs, run the center.”

Yes! Magazine's Breaking the Grip of the Fossil Fuel Economy: If It Can Happen in Appalachia, It Can Happen Anywhere (July 2014)

<http://www.yesmagazine.org/commonomics/appalachia-s-post-coal-economy>

“Last year, at 26 years old, Ada Smith became Appalshop’s development director. She’s also a founding member of the Stay Together Appalachian Youth (STAY) Project a youth-led, multi-issue network. Her mission, she says, is “to build and keep wealth—and young people— here.”

Critical to that mission is creating an ecosystem of knowledge and experience. Appalshop offers local residents a chance to learn skills, take leadership, and develop projects—some of which, like the vault, have the potential to make money. The organization’s doing development work; it’s also doing the critical cultural work of changing the image outsiders have of Appalachia, and that Appalachians have of themselves.”