Sparking economic growth in eastern North Carolina

Research teams explore ways to spark economic growth in eastern N.C.

Eastern North Carolina's coastline helped Wilbur and Orville Wright launch the aviation industry in 1903 following their first powered airplane flight at Kill Devil Hills.

A hundred years later, kite boarders and hang gliders lifting off from those same sandy dunes support a burgeoning new industry based on water sports.

It is one of many new eastern N.C. industries that boast growing companies quietly earning millions in annual revenues and hiring thousands of workers.

Kenan Institute researchers believe these companies hold the key to shaping the region's economic future.

"The 40 counties in eastern North Carolina face well-known economic challenges from the decline of their traditional industries, particularly agriculture and textiles," says Brent Lane, executive director of the Kenan Institute's Carolina Center for Competitive Economies.

"What is less well-known and less understood is that there are many young but strong and growing companies all across eastern North Carolina — companies that have the potential to help the region create jobs," Lane says.

Learning from regional entrepreneurs

Lane's center is conducting a five-year research project to identify growing companies in eastern N.C. and find out from their founders what challenges they face, what opportunities they see and what they need to grow and create jobs.

Researchers aim to make their data and analysis available to economic developers and other partners who have economic development initiatives planned or under way in the region.

"The majority of new jobs don't come from behemoths, like Microsoft, or from mom-and-pop shops on the corner but from 'high-growth' companies - those that start small and grow slowly in the first five-to-10 years, then accelerate," Lane says.

"These companies don't get recognized because they tend to start small and they don't need a high profile for what they do," he says. "Very rarely do they get involved in the public debate about economic development. They're simply very busy running their companies."

Lane plans to change that by capturing the experience and views of the entrepreneurs who will shape the region's economic future and sharing that information with policy makers and others who can support their growth.
Growth companies revealed

The center’s recent analyses of Dun & Bradstreet data shows that eastern N. C. counties host more than 1,000 companies that currently earn more than $2 million a year. That's the threshold of financial success researchers know indicates a high potential for future growth.

Those 1,000-plus firms already earn on average $8 million-plus each year and collectively employ more than 60,000 people in the region. They represent the spectrum of industry sectors, including services (25 percent), construction (22 percent), retail trade (17 percent), manufacturing (12 percent) and wholesale trade (12 percent).

Center researchers will track data from these companies over five years to identify growth trends that can inform public policy and practice. Meanwhile, the center is sending teams of MBA students from UNC's Kenan-Flagler Business School to interview top executives and founders from a sample of these growing companies. Interviews began in the fall of 2007 and will continue through 2008.

Talent is key

Researchers already have learned a great deal from their entrepreneur interviews.

MBA '08 Betty Chung has been meeting with founders and executives of companies that provide information technology services and installation, such as Soundside Designs, headquartered in Plymouth, N.C.

Soundside sees great opportunity in the region because there is limited competition, she says. Many of the businesses in her area are small and don’t have IT staff, so they can use Soundside's services. But they need to be educated about the services the company can provide.

As with many of the businesses interviewed, Soundside's biggest challenge is hiring. It's difficult for them to attract young people with high-level programming skills.

Staffing also proves challenging for Kitty Hawk Kites, a retail chain with headquarters in Kill Devil Hills. The company offers water sports gear and lessons in hang gliding, kite boarding and other outdoor activities.

Because so much of the Outer Banks population is seasonal and housing is expensive, Kitty Hawk Kites has difficulty finding young people to become full-time employees. The company must recruit and train new employees every summer, often relying on international students because it can't find enough domestic students to lead outings and staff stores.

Insights like these, from people on the ground, should prove invaluable to the people who want to improve the region's economy. Lane says, "There are many fine economic development activities already under way. We just want to contribute."