

Pathways to Prosperity: Unlocking Wise's Tourism Potential

Applied Policy Project

Prepared by Savannah Hundley for the Town of Wise, Virginia

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Honor Statement

On my honor as a student, I have neither given nor received unauthorized aid on this assignment.

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Disclaimer

The author conducted this study as part of the program of professional education at the Frank Batten School of Leadership and Public Policy, University of Virginia. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by the Batten School, by the University of Virginia, or by any other agency.

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Executive Summary

In the face of economic transition and shifting community dynamics, the Town of Wise finds itself at a critical juncture. With traditional industries waning in significance, the town recognizes the importance of sustainable economic development. Embracing tourism as a primary driver of revitalization, Wise seeks to capitalize on its unique features and resources to attract visitors and stimulate local growth. This memo will explore what barriers the town faces including lack of wealth and knowledge as well as looking into possible assets and opportunities for growth and the building out of the tourism industry in the town.

The project explores a range of strategies to achieve this, drawing on recommendations from the Appalachian Regional Commission, which offers funding and conducts economic research in Appalachia. Additionally, it considers alternative approaches implemented in similar rural communities to assess their relevance and potential applicability to Wise. This comprehensive approach aims to identify viable solutions tailored to Wise's specific needs and context, ensuring a well-informed and strategic approach. The memo will discuss lots of different options and then go into detail about three of the most promising alternatives for Wise. These three alternatives are:

1.) Providing a tourism/ambassador certification program

- The proposed tourism certification/ambassador program would provide comprehensive training to residents and businesses, aiming to enhance tourism etiquette, customer service, and sustainability practices, while fostering community relationships and attracting tourists to the town.

2.) Partnering with a Community Development Financial Institution (CDFI) to run a tourism gauntlet

- Partnering with a Community Development Financial Institution presents an opportunity for Wise to access funding and expertise to implement a gauntlet program, to get funding and training to tourism related entrepreneurs. This collaboration aligns with Wise's goals of supporting local entrepreneurs and attracting market-based investment activities to retain wealth within the community.

3.) Implementing a version of Colorado's Rural Academy for Tourism (CRAFT) Program

- Implementing CRAFT Studio 101's approach involves hosting community workshops over four months, covering topics such as tourism marketing and sustainable tourism for business leaders in the community, followed by the opportunity for participants to apply for a \$10,000 implementation funding grant.

Each alternative will be evaluated on criteria including: cost-effectiveness, comparing program cost to increased tax revenue; cost to Wise itself, factoring in external funding sources;

political feasibility, gauging support from leaders and residents on a scale of 1 to 5; and capacity feasibility, determining if the project aligns with the town's current resources and knowledge, also on a scale of 1 to 5. These criteria ensure each alternative is vetted and provides value to the town.

The recommended course of action based on the outcome matrix is the implementation of the Tourism Gauntlet program, which exhibits high cost-effectiveness, political feasibility, and capacity feasibility, while having a low cost to the town. Despite challenges in securing a CDFI partnership, this alternative offers the most favorable balance of benefits. The implementation phase entails strategic steps, including a comprehensive report assembly, grant proposal drafting, CDFI partner engagement, and stakeholder recruitment. However, due to potential difficulties in forming a partnership, the Certification and Local Ambassador Program stands as the next best alternative, if the town faces challenges in securing a partnership. This alternative still adds a lot of value to the town and increases the institutionalized knowledge within the town greatly.

Project Overview: Introduction and Problem Scope

Introduction

The Town of Wise stands at a pivotal point in its history, facing significant shifts in its economic landscape and community identity. As traditional industries, such as coal, diminish in prominence and major employers prepare to pull out, the town recognizes the urgent need for reinvention and sustainable economic development.

Recognizing the inherent potential of its unique features and resources, the Town of Wise has decided to invest in tourism as a primary driver of economic revitalization. These resources include hiking and biking trails, ATV trails, the Clinch River, one of the most biodiverse rivers in the world, a local vineyard, and a diverse selection of arts and crafts indigenous to Appalachia. Leveraging these resources effectively presents an opportunity for Wise to attract visitors seeking outdoor time, scenic beauty, and authentic cultural experiences (Ezzell et al., 2020).

The town envisions itself as a central hub for the broader tourism offerings within the county, capitalizing on its strategic location and diverse attractions to attract visitors and encourage longer stays (Roberts & Hundley, 2023). Strengthening local partnerships and fostering entrepreneurial support are key priorities on the town's agenda, signaling a concerted effort to cultivate an ecosystem for small businesses and community-driven initiatives.

The town hopes to tap into tourism to create for itself a new course into a world of economic independence. This project will explore options on how the town may achieve this and how the barriers it faces to making this move can be overcome.

Problem Statement

In response to changing economic dynamics, the Town of Wise is proactively shifting its focus towards the tourism sector to address economic instability due to diminishing significance of historically important markets. However, the town faces the challenges in building up their tourism industry. Factors such as a high poverty rate, historical dependence on extractive industries like coal, and insufficient access to financial resources and education have compounded the issue. This has led to disinvestment, deteriorating infrastructure, and a lack of entrepreneurial opportunities. Furthermore, the region's cultural identity and aspirations have been affected, hindering innovation and growth. Despite possessing potential tourism resources, including natural landscapes and cultural heritage, the region struggles to leverage these assets effectively to stimulate economic development.

Understanding the Landscape: Client Synopsis and Background

Client Overview

The client is the Town of Wise. Currently, the town is in a transition period and a possible turning point. The town is facing the pullout of industries that have in the past been major employers. Specifically, the coal plant in the County of Wise will be closing within the next 5 years. The goal is to pivot away from the coal industry entirely and focus on an industry that will allow for wealth to stay in the area and allow families to begin to build up wealth. The town has decided to pivot to tourism in order to do this, given the town's unique features and the difficulty level of making tourism extractive.

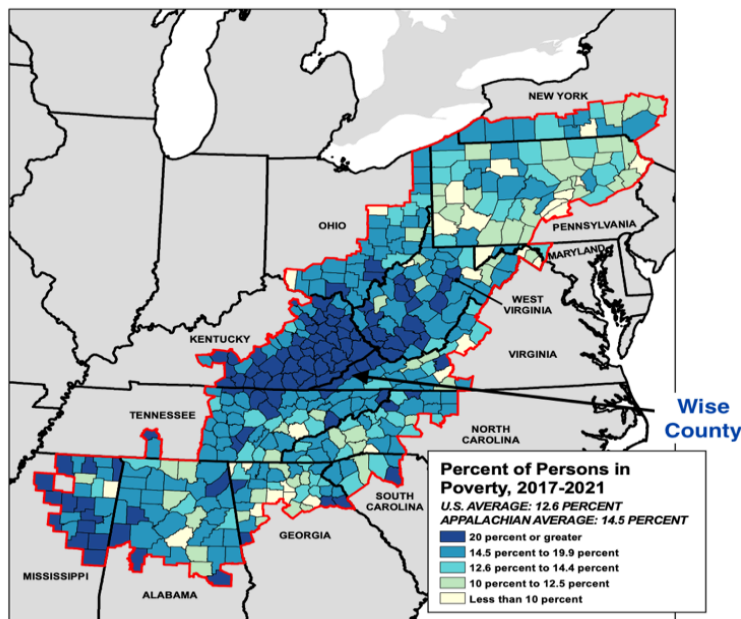
The town's tourism director, Natasha Proulex, highlighted the town's seriousness in investing in tourism by mentioning the town hired a consultant to rebrand the town's slogan. They are also investing in unique signage. The hope behind this is that if there are signs that create a unique look, the town will feel cohesive, enticing tourism. When discussing the goals and vision of tourism in the town, she highlighted that the goal is to be a central point for other tourist attractions that are in the county, hoping that people will want to stay and eat in the restaurants, before going out to ATV trails or hiking trails in other parts of the county. When discussing local partnerships, she discussed wanting those ties to be stronger, but they are not currently there. For instance, the town also wants to increase its connection to UVA at Wise, which they hope can be improved via improving students' connections to the town. One approach to this will tie into improvements made in regards to tourism. Increasing things to do in the area will encourage students to live on campus, infusing money into the local economy, instead of commuting. It could also allow for the recruitment of more students, also increasing the infusion of money into the local economy. There is also a desire to attract some students to stay indefinitely in order to increase the area's population and the skill level.

She also discussed entrepreneurial support is finally coming to the area with the board of economic development which has just begun. The board has just started and is already holding a gauntlet to provide economic support to small businesses.

When discussing major events the town hosts, there were two. The largest being a craft vendor attraction, which brings in around 3000 people. When discussing marketing, she noted the town is not currently investing in any kind of marketing. The only thing the town does is send out booklets to local schools right before the craft fair. The other event was a food competition, which does not currently attract a significant number of tourists.

Background

Wise county is located in a subregion of the Appalachian region called Central Appalachia. Central Appalachia has experienced a -3.4% population decrease between 2010 and 2021 (Pollard et al., 2023). In the 1980s, ages across Virginia were similar; now rural Virginia, including Wise, is much older than other places, even when compared to neighboring states (Yancey, 2022). The region lacks the ability to bring in new talent and young adults, while simultaneously losing some of its population to places that promise more economic opportunity (Yancey, 2022). The issue of age is seen through data points such as the region's median age of 42.2 years old and through population breakdowns, in which 19.5% of the population is over the age of 65. In both cases, they are higher than the national average (US Census Bureau, 2023). Without young adults, no long-term solutions can be implemented in the economic realm (Yancey, 2022).



Map Title: Percent of Persons in the Appalachian Region in Poverty, 2017-2021
Data Source: U.S. Census Bureau, 2017-2021 American Community Survey.

Note. Reprinted (with edits) from "The Appalachian Region: A Data Overview from the 2017-2021 American Community Survey Chartbook", by K. Pollard, S. Srygley, & L. A. Jacobsen, 2023, ARC Survey Chartbook.

Wise County also has a much higher poverty rate of 19.2% (U.S. Census Bureau, 2023), compared to the national poverty rate of 11.5% (Creamer & Shriver, 2023). This is consistent with historical trends of consistent poverty in the region (Americans Helping Americans, 2023). As this map to the left demonstrates, Wise county has one of the highest poverty rates in Appalachia, which consistently has higher poverty rates than the rest of the continental United States (Pollard et al., 2021). This demonstrates the dire need for economic growth and intervention in the county and the broader region.

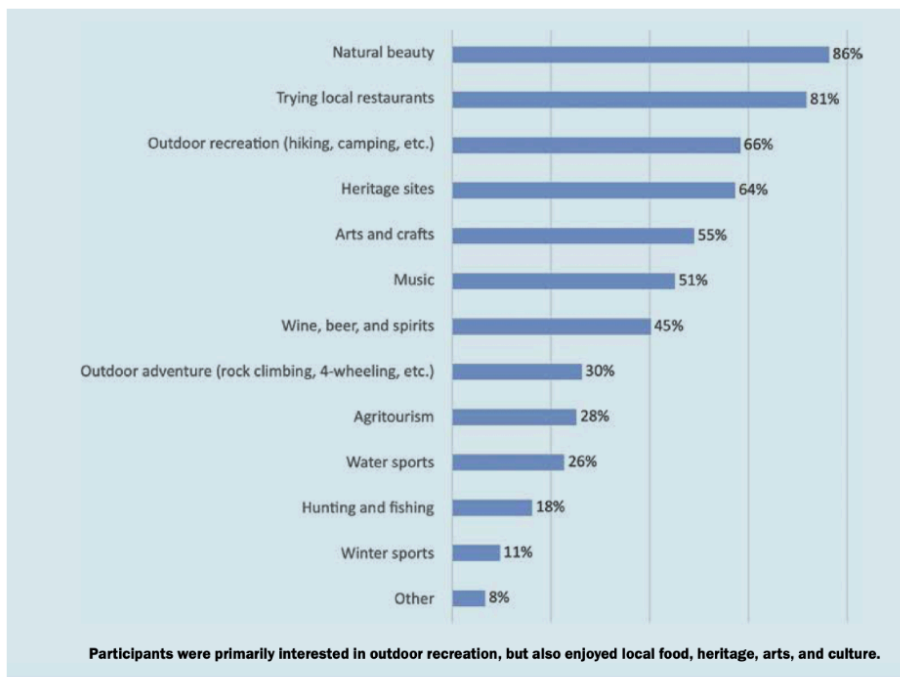
Wise County and Central Appalachia have suffered as historically important markets like coal have become obsolete in the region. However, extractive industries like coal were never truly helpful or sustainable for the region. The industries limited economic opportunities and increased structural inequalities (Americans Helping Americans, 2023). These industries made wealth building impossible and stripped the region of many of its natural resources. As a result, the population has become distrustful of outsiders and of risk such as debt (Shaffer, 2017). This makes investment and interest in the region low and has created harmful stereotypes, which continue to damage the region and decrease interest (Shaffer, 2017). The lack of generational wealth or wealth in general in the region means low-wealth entrepreneurs struggle to start up businesses (Klimas, 2022). They cannot typically start-up using typical means such as friends and family. They also fail to have collateral and low credit ratings due to lack of wealth, distrust in systems like banks, and have failed to receive financial literacy on how to do things like build

up credit (Klimas, 2022). Due to the region facing disinterest and disinvestment, there are aging buildings and housing, which continue to lose value. This creates an appraisal gap, meaning it would take more money to restore places than what they will be valued for after completion (Lyons, 2023). This makes creating thriving business markets and housing opportunities difficult. This is exacerbated by the region's physical features which make it difficult to access. These industries also caused a lack of emphasis on education (Americans Helping Americans, 2023). Some think this lack of emphasis impacted hearts and minds. One expert in the region interviewed stated, “Children do not dream of being astronauts or the president, but coal miners and grocery store workers (Tyree, 2023).” The focus fundamentally warped how people in the region think of themselves and their aspirations, stymying innovation (Tyree, 2023).

However, Central Appalachia also has many positive attributes, especially when looking at it from a tourism lens. Tourism is mainly an income generating activity for larger urban hubs such as Pittsburgh in the region; however, it is still important for smaller areas (Ezzell et al., 2020). The Appalachian Regional Commission states a tourism centric plan can “help smaller communities create important jobs and small business opportunities. They also help these areas develop and maintain important amenities, such as dining, lodging, and recreational venues. These, in turn, improve the quality of life for citizens and help attract and maintain new residents and employers (Ezzell et al., 2020).” This is where the Town of Wise would fit into the model. The ARC also highlights what resources these areas have that can be utilized. This included public lands such as state parks and forests, recreation areas, local parks, lakes, rivers, and streams. All of these resources the Town of Wise or Wise County has access too.

To the right, the results of a survey conducted by the Appalachian Regional Commission of more than 500 visitors to Appalachia and over 700 regional tourism stakeholders is shown (Ezzell et al., 2020). This graph shows outdoor recreation is Appalachia’s leading attraction, as visitors come for “natural beauty” and “viewing local scenery.”

The study found visitors also want authentic experiences such as “authentic local food and beverages, lodgings with local character, stores that sell local goods, and destinations that reflect local culture, arts, heritage, and traditions (Ezzell et al., 2020).” This feeds into another goal the town has highlighted, which is preserving its culture and history through tourism sites.



Note. Reprinted from “Extending Our Welcome: Trends and Strategies for Tourism in Appalachia”, by Ezzell, T., Benjamin, S., Wilt, C., Decker, B., Chen, R., Isaacs, E., Medley, G., Moore, A., & Wilkerson, J., 2020, Appalachian Regional Commission.

Consequences Due to Lack of Action

If no action is pursued to address the challenges Wise is currently facing, then economic instability will worsen, especially as historic industries leave forever, including the planned closure of the Virginia City Hybrid Energy Center, which has barely escaped closure in the past (Perhne, 2020). This will lead to a decline in the town's economy, hurting the town's ability to fund public measures through things like tax dollars. The town will most likely face stagnation or regression in terms of employment opportunities, business growth, and overall prosperity. Additionally, the lack of investment in tourism infrastructure could cause the town to miss out on opportunities for economic diversification and development that could be important later, as tourism in areas like Appalachia grows in popularity (Hennen, 2024). Without new and innovative changes in investment in new industries like tourism, the town may fail to adapt and thrive, failing to have long-term sustainability.

Literature Review

Evidence on Potential Solutions

The first section will focus on ARC recommendations for possible actions places like Wise could take. The Appalachian Regional Commission (ARC) is one of the biggest players in Appalachian funding. It also is one of the biggest providers of research on the region and individual counties in the region. It helps fund projects and receives congressional money to support its mission of helping the region. Wise County, Virginia is designated as a distressed county by the ARC in the fiscal year of 2024. It has been classified as distressed since 2007, when the classification system was created (Appalachian Regional Commission, 2023). The Appalachian Regional Commission uses median family income and the poverty rate of the county compared to the national average in order to classify counties. The ARC uses this measure to determine the amount of aid that can be provided (Appalachian Regional Commission, 2023), which helps support development in Wise County. Given its extensive influence and background in the region, it has produced many helpful insights from case studies and data collection in areas that are either in Appalachia or facing similar issues to small rural places like Wise. Given this, the first section focuses on their recommendations, while pulling in other studies that have found similar results to show consistency and reproducibility in the findings. The second part of the section will focus on other recommendations not issued by the ARC, but have been found to be helpful by other research teams.

ARC Recommendations and Supporting Evidence

A study conducted by the ARC in conjunction with the University of Tennessee makes many recommendations based on the data collected from multiple case studies to suggest best practices. This study is the only true current study into Appalachian tourism trends and possible growth avenues. Some of these recommendations could be very helpful to the Town of Wise, as they could be implemented by the local government. The success of these have been evaluated and found successful when using the United Nations' global standard for measuring tourism impacts in other locales similar to Wise. These findings are echoed in other research avenues and case studies across the country in areas that face similar issues of remoteness and lack of resources, which are also referenced below. The study also attempted to control for other outside influences, which could make a program seem more effective such as other interventions applied at the same time. However, in some cases the ARC references are very new, so the impacts of approaches are relatively unknown.

One recommendation was to create workshops and information sessions to sell to the public the direct and indirect benefits of tourism (Ezzell et al., 2020). This could increase public buy-in to spur development in the sector. The importance of local buy-in cannot be overstated. Without it, a welcoming environment cannot be created and the full resources and uniqueness of communities cannot be adequately utilized. Increasing local buy-in also opens up new opportunities. For instance, Lake Champlain National Scenic Byway created an "Ask a Local" section on its website (Briechle & Allen, 2011). This allowed for locals to interact with outsiders to ensure they received the best possible experience, while also increasing community buy-in (Briechle & Allen, 2011). This also feeds into an important aspect of what current tourists are looking for: authenticity (Ezzell et al., 2020). Allowing tourists to interact with locals creates this atmosphere. It also creates a sense of community and care for the area by allowing locals to share what they love about their home with people who have never visited, increasing attachment to

the area and willingness to visit. One issue when evaluating this approach is it is not made clear how much public buy-in increases with the intervention.

The ARC also suggests creating and implementing hands-on community training programs that include peer mentoring. The ARC highlights the need of small communities to have long term assistance programs to build the capacity local areas need to truly be successful. They highlight Colorado's Rural Academy for Tourism (CRAFT) program as a good model for this (Ezzell et al., 2020). This program includes different options based on the needs of different communities but can include up to 8 months of mentorship and grant money. This program has shown benefits in rural mountain communities (similar to place like Wise) including less job loss, less extracurricular industry intervention, and has increased marketing/marketing assistance applications (Colorado Rural Academy for Tourism (Craft), 2018). The changes have also led to increased foot traffic to tourist sites. These improvements were seen relatively quickly, with certain areas seeing improvements within the first year in regards to foot traffic, interest, and increased funding (Colorado Rural Academy for Tourism (Craft), 2018). This intervention worked well in Colorado; however, no studies have been done within the Appalachian culture to ascertain if the effects would be the same within the region given its adversity to government intervention due to historical distrust. It also requires state funding, which is beyond the purview of the Town of Wise, but it is possible a smaller program could be implemented.

Another suggestion is to provide diversity training for tourism workers and officials (Ezzell et al., 2020). This is suggested to ensure a welcoming environment is created and to ensure all demographics can be welcomed safely and enjoyably. In the minds of many Americans, Appalachia has become synonymous with ignorant or even bigoted. This is in large part due to media representation and the association of the "white working class" (most of Appalachia is white and below the area median income (AMI)) (Anton, 2023). This includes Wise County, which overwhelmingly votes Republican, has conservative views, and is largely white (The Virginia Public Access Project, 2023). This can put people ill at ease when thinking about equality and diversity (Anton, 2023). It can also make people feel unsafe, especially underrepresented groups. For this reason, in order for tourism to be successful these stereotypes must be overcome (Frater, 2001). It is also important to ensure that the actual attractions have a perspective that represents events and history in a way that includes outside perspectives to ensure evaluations are inclusive and respectful (Frater, 2001). This policy solution can be helpful, however, it could alienate locals by seeming to try to change long standing culture for political gain.

Another policy option is to create local ambassador programs to ensure all of those in the sector have a working knowledge of the town's resources (Ezzell et al., 2020). A study conducted by Clemson University, which looked at 27 different ambassador programs, found beneficial outcomes such as increased or better customer service, increased awareness of both the importance of tourism as an industry and local attractions, and strengthened relationships between local tourism stakeholders (Chancellor et al., 2021). One issue with this approach is that the ambassador programs evaluated relied on those in communities that had insider knowledge. Unfortunately, the Town of Wise does not have this built in knowledge, so the approach would need to be modified. Leveraging the resources of UVA Wise may be instrumental in this.

Another possible policy would be to integrate tourism considerations into the town's comprehensive community planning process (Ezzell et al., 2020). This could include the county of Wise investing in shared code enforcement services to help build up positive aesthetics in the county to combat negative perceptions about poverty and crime. This solution would allow for

revitalization of dilapidated properties, improving the aesthetics of the area and could elevate the overall feeling of the area. It could also help to address other issues such as the need for more housing when things like land hoarding and ancestral infighting over property is an issue (Center for Community Progress, 2023). In the case of the Town of Wise, this could also be useful in keeping up other places in the county (outside of the town's jurisdiction), which it is relying on to bring in tourists. This approach would allow for many of the positive benefits of participatory development (found especially in studies outside the U.S.) including the empowerment of the community, increased accountability, increased precision for local needs, social cohesion, sustainability, and increased level of capacity building (Mubita, Libati, & Mulonda, 2017).

Other Policy Recommendations

The ARC has done extensive research on how to improve tourism and increase tourism related industries and foot traffic in areas like the Town of Wise. Their findings could be applicable to Wise and offer many helpful insights. They are also echoed in other research findings that are less localized, as shown above. However, there are other policy alternatives available the ARC did not highlight in their report, which have been found to be successful in places like Wise. Specifically, the organization did not look into public/private partnerships or the leveraging of NGOs to create improvement. This caused certain avenues to be overlooked.

One option not discussed is the use of impact investing through things like CDFIs, entrepreneurial support programs, and certain NGOs to offer money to support the building of tourism related infrastructure or keep businesses afloat until they can gain a continuous revenue stream (Klimas, 2022). CDFIs and entrepreneurial support programs can also offer technical support. The use of these tools can help overcome issues in Wise such as lack of start-up capital or financial literacy (Klimas, 2022). Within this same vein of thinking, although outside the purview of the Town, there is research that suggests tourism incubation programs can act as a way to stimulate recovery from certain crises (such as the loss of key industry sectors) to stimulate entrepreneurial activity in regional areas (Moyle, Moyle, & Burgers, 2020). The biggest issue with this approach is the lack of these services in the area. The town also has a culture of distrust around formal institutions and lending money, which would be a barrier to these institutions being successful (Couto, 2004).

Another possible policy solution is to invest in downtown revitalization and facade improvements. Downtown areas act as “areas of concentrated commercial activity and serve as gathering places within communities with public spaces, cultural institutions, and amenities, where people go to work, shop, eat, and gather (Francis et al., 2022).” Investing in these areas can increase job opportunities and increase the amount of tourism a place receives (Francis et al., 2022). This is found to be true across all different places from small towns like Wise to large cities (Francis et al., 2022). Downtown revitalization can also mean access to new funding not normally available (Briechle & Allen, 2011). This can allow for projects such as a visitor center to possibly be funded, which can help increase the amount of tourism in an area (Briechle & Allen, 2011). This was highlighted as something the town would like to pursue but has not had funding for in the past. However, it should be noted that funding for downtown revitalization can sometimes be an indicator of other economic activities and upticks, which could account for some of the gains.

Potential Responses and Evaluative Criteria

Evaluative Criteria

The evaluation of alternatives will be guided by these criteria, which were crafted to encapsulate the diverse array of concerns held by the town. These criteria serve as a comprehensive framework, ensuring that each alternative is rigorously assessed in alignment with the town's overarching objectives and limitations. These criteria are:

- Cost-Effectiveness
 - This criterion will compare the cost of the program with the increased amount of tax revenue entering the town. This addresses Wise's concern regarding how effective the alternative will be compared to cost.
- Cost
 - This criterion is the cost of the program to Wise itself, after taking into account which funding would be through other organizations. Wise has a limited budget, making their bottom-line cost very important.
- Political Feasibility
 - This addresses Wise's concern regarding if it will be able to garner the support of its political leaders and its constituency. Local leaders feel strongly about their community and how to best serve it, which can cause debate about policies. In addition to town leaders, there is also concern around residents' support, especially if local leaders are unsure. This will be judged on a scale of 1- 5 with 1 being completely politically infeasible and 5 being completely doable with no concerns or pushback. This will help to understand if the alternative can be done and how likely it is to occur.
- Capacity Feasibility
 - This addresses the town's concern regarding their own capacity and financial constraints. Due to its limited resources, Wise wants to ensure it does not take on a project that is too large for it to handle. This will be judged on a scale of 1- 5 with 1 being completely infeasible for the town to do given its current resources and knowledge and 5 being completely doable with no concerns. This will help to understand if the alternative can be done with the town's current resources.

Alternative #1: Provide Tourism Certification Programs

This policy option would provide training to residents, business owners, and employees to ensure they possess comprehensive knowledge of proper tourism etiquette. This part of the program would be outsourced to a private company, possibly UVA Wise, if the school is interested, that offers certification. These certifications can be done online, at an individual's own pace. In addition, individuals would be required to attend an information session hosted by Wise's tourism department that goes over local attractions and resources that many are unaware of. Following the certifications, they would become ambassadors for the town. (There would be an honorary certification once all training was complete.) This would also allow local stakeholders to interact and create relationships. Those who complete the training would be asked to act as ambassadors, if they agree, then their contact information and specialization would be posted on the town website, so others could contact them to learn from them. They would also be encouraged to bring back the knowledge they gained from their certifications to others in their social circle including their families and friends. This spreading of knowledge would occur both formally and informally, ideally leading to higher awareness in the community as a whole.

The program would be managed by the tourism department in Wise, but the tourism certifications would be outsourced. The director of tourism would work directly with the management team who runs the training to personalize the training to the town itself, as a part of her regular duties. The funding would come from the town from their funds that are earmarked to bolster community development. The town will advertise the program using social media, the town website, newspaper ads, and radio advertisements. In the marketing, the town will ensure the benefits of these certifications are clear. The town will also specifically approach the tourism leaders in the town, like their local hotels and ATV trails company. The program would ideally reach all the small businesses in the county that could interact with tourists in some capacity. The program would run for 1 year, with the expectation that with success the businesses will keep their certifications up on their own.

Creating a local ambassador program would ensure all of those in the tourism sector have a working knowledge of the town's resources and some training on tourism expectations and etiquette (Ezzell et al., 2020). As mentioned in the previous section, these programs can lead to better customer service, increased awareness of both the importance of tourism as an industry and local attractions, and strengthened relationships between local tourism stakeholders (Chancellor et al., 2021). If the town contracted out the training and was able to get individuals and businesses certifications in tourism for free, then there are advantages associated including a better reputation and increased foot traffic (Northflash, 2020). The town could also take this certification process a step further and include in their program sustainability certifications. This also increases interest. One study found 76% of travelers want to travel more sustainably and 43% are willing to pay more to use certified sustainable travel options (Bennett, 2023).

Cost Effectiveness

Based on the number of tourism related businesses in the town and average participation rates, 20 organizations would participate and bring in about 300 people, suggesting 300 certifications would be provided (Small Business & Entrepreneurship Council, 2022). This would cost approximately \$14,700, as the average certification is \$49 (Certified Tourism

Ambassador, 2024). This would include the cost of the training and education service, in addition to the actual license.

The town would also have to pay for marketing the program. To market the event, via social media, the town website, local newspaper ads, and radio ads, the total marketing budget for the program would be \$1500.

If every tourism-related industry were to receive the training, then it could increase the total amount of sales and money entering by 31% (Zhou, 2024). This accounts for an increase in the total number of positive reviews and increased interconnectedness and knowledge of different businesses. This is an approximation from across the United States and averages different tourism related businesses and how that business changed and had increased sales with better reviews. The main goal of this alternative is to increase knowledge to incur better reviews, which in turn increases sales. However, since every business will not participate, given expected participation rates, the total increased revenue to the town would be around 12.4%.

On average, tourism makes up 6% of sales tax revenue and 100% of the transient lodging tax (Rafool & Jimenez, 2022). In Wise, for 2022, this would be \$27,100 of tax revenue collected that is directly related to tourism. If the town was able to maintain positive reviews, then they would be able to maintain growth for 5 years, which can be done with sustained positive reviews and experiences, then over 5 years, the town could reap a total revenue of \$168,000 in today's dollars. This would mean for every dollar invested, the town is getting approximately \$10.50 back in tax revenue over 5 years. (See Appendix A for more details on the cost breakdown and how numbers were derived.)

Cost

As mentioned above, the cost of the program would include paying for the marketing of the program and the certifications themselves. This would cost approximately \$16,000. (See Appendix A, under Cost Breakdown, for details.)

Political Feasibility

The low cost of the program helps with its political feasibility, as well as its relatively hands off approach, other than the actual contacting of stakeholders. This program will allow the town leaders to put substantive progress on the issue, with relatively low additional human resources. However, town leaders are not completely convinced by this approach, as it is not directly giving money to individuals. This is assessed from conversations with local leaders, as well as attitudes in the region about money investment (Tyree, 2023). However, there has been new interest from some locals to better understand all of the opportunities in the area as things like ecotourism has increased and the town has resources like the Clinch River, one of the most biodiverse rivers in the world. There also has been a big push recently to build up institutionalized knowledge, which this program would be a step towards.

Capacity Feasibility

Given the low amount of manpower and training needed to complete this program, the capacity of the town to complete it is extremely high. The town would be responsible for contacting stakeholders, all of whom they have had contact with in the past, marketing the program, ensuring access to the material is available on the town's website, and one in-person meeting.

Alternative #2: Partner with a CDFI (Invest Appalachia) to Run a Tourism Gauntlet

Due to the historic trends in Appalachia, its investability looks different. Investing in the region may mean being willing to take below market returns, in order to have impact (Invest Appalachia, 2023). Investors must be willing to make concessions, accepting below market returns on investment due to the highly risky nature of investing in high impact/high risk investments available in Appalachia. They also must be willing to leave their money in for a longer time than what would be expected if investing in places like the stock market, with the expectation the money will have a high impact (Tyree, 2023). Given all of these issues, it can be hard for places like Wise to find interested investors. This is where Invest Appalachia or another Community Development Financial Institution (CDFI) can intervene and partner with the Town of Wise. Invest Appalachia uses an impact investing model to gain investors and help communities like Wise.

The money that is invested goes into technical training for businesses, financial literacy courses, local entrepreneurs (especially BIPOC and female entrepreneurs), non-profits, facade improvement programs, other CDFIs that have closer ties to certain communities, and guarantees which allows for money to be unlocked for housing, infrastructure, education, and healthcare. The goal being that it will lead to increased small businesses in the area and interest in the region leading to market-based investment and increased activities like tourism that keep wealth in the region (Invest Appalachia, 2023).

Invest Appalachia's goal and model fits well with Wise's aspirations. When looking at partnering with a CDFI (in this case Invest Appalachia is suggested as it most closely aligns with Wise's needs and goals), the town can partner with them to gain access to money and expertise to be able to run a gauntlet.

A gauntlet typically works by a business or hopeful venture pitching their idea to judges or investors, in which they are evaluated on many different criteria including innovation, feasibility, market potential, and social impact. Winners are awarded financial grants and mentorship to support them and their goals. In the case of Wise, there would be an initial application process, which would be written. Then, the judges can give feedback and offer meetings to those who applied, in which the teams can accept as much or as little guidance as they feel necessary. From there, the team will put together a live pitch and the judges will decide who will be awarded grant dollars and mentorship time over the long run. They will evaluate based on their expertise and the criteria mentioned above. Invest Appalachia can offer funding sources, help create materials that can be used in the program, and act as some of the mentors. The town will also contribute judges/mentors through resources like its economic development board. Mentors will help individual businesses that are entering the contest to best understand what is needed from them and what they will need to be able to be successful. For instance, they will have the institutional knowledge to help draw up business plans and projections and create marketing plans. They can help tourism-related industries think through these models and find their strengths and weaknesses. They have the small business expertise on how to make a business flourish from the ground up with very little resources and Wise can help provide context to its community and its needs.

In creating the partnership, the grant coordinator or the tourism director would reach out to Invest Appalachia to gauge interest and put together a compelling argument for why Wise

would be a good investment. (They can also reach out to similar organizations, if Invest Appalachia is not interested.) The program would require \$150,000 investment from an organization, with prizes ranging up to \$30,000, plus mentoring from the tourism director and economic development board. (These numbers could change depending on the interest and commitment level of the partnering organization. For analysis, these will be the numbers used to evaluate the project.)

CDFIs are thought to be as effective, if not more effective than traditional financial services when providing funding to small businesses. In fact, they are thought to possibly be more effective given they typically operate in riskier areas, but have similar success rates to traditional financial institutions (Fairchild & Jia, 2014). CDFIs are best used in places that lack capital, financial literacy, and knowledge, as they can help build up skill sets and infrastructure, leaving behind trained individuals within a community afterwards that can continue on the work (Klimas, 2022). Within Wise, working with a CDFI could build up the knowledge of individuals in the community, both leaders and entrepreneurs, which can lead to high financial literacy, the ability to continue the program in the future, and the ability to access more money later through new skill sets such as business planning. These institutions are also typically clearer about expectations surrounding finance and how money must be used, monitoring how money is spent and not deploying it until they feel it will be used effectively (CNote, 2020).

Cost Effectiveness

In order to run the gauntlet, the town would need to market the event via social media, the town website, local newspaper ads, and radio ads; the total marketing budget for the program would be \$1500. (See Appendix B for a cost breakdown.) This would be to gain 5-8 organizations participation. (See Appendix B for more information on this estimation.)

The ARC did a comprehensive study of projects funding small business by the ARC in Appalachia in 2005. Its average investment was \$178,000 per project, in today's dollars, which is very similar to the proposed alternative. It found that this investment would create around 12 new small businesses and an additional 15 new jobs that could be maintained long-term (Markley et al., 2008). This was the average impact for these projects, but given these projects were performed in similar economic conditions and in a similar region to Wise, so the results should map well onto Wise. In these projects, there was financial and technical support given (Markley et al., 2008).

When looking at what revenue the town would see, it would see revenue in regards to sales tax for these small businesses and the additional income tax gained from new jobs created. Taking into account the average income of a small business and Wise's sales/income tax, the town would receive an additional \$310,000 over 5 years for this investment (Godlewski, 2023). This would suggest that for every dollar invested, the town is getting approximately \$207 back in tax revenue over 5 years. This takes into account only what the town would pay: the marketing cost. If the cost of the financial investment made by the CDFI was included in addition to the marketing cost, the return would be \$2.05 in tax revenue over 5 years. These impacts could also have greater ripple effects later, if the tourism industry is built out and foot traffic is increased. (See Appendix C for more information.)

Cost

Given the grants and partnerships, this program would actually cost the Town of Wise itself \$1500. This includes the cost of marketing and advertising the program. Although the cost

to Wise is relatively low, the cost to other organizations will be more significant. This level of investment was chosen based on the level of investment that is typically seen in programs like this through Invest Appalachia and similar programs. The total investment from the other organization would be \$150,000. It is enough money to start off programs, but still allows these nonprofits to work in other areas and make impact throughout their region versus as a singular location. This would make the total cost for everyone involved \$151,500. (See Appendix B, under Cost Breakdown, for more information.)

Political Feasibility

This option is extremely politically feasible. The town is currently running a gauntlet this year, although it is for any small business. The reaction from the community has been overwhelmingly positive and they already have several participants (Scarborough, 2023). This can be seen in the numerous positive press stories and the higher than expected participation rate in the program. Given its popularity and the town's hopes that it is successful, the town is pushing for the gauntlet to become an annual event. This gauntlet would tweak this idea and provide a funding source for another year, as well as outside perspectives and advice, which the town is always looking for. The only push back may be that the gauntlet is specifically targeted towards tourism; however, the guidelines for entering can be made loose enough that small businesses like coffee shops, for instance could still enter if they made their pitch relative to tourism. This gauntlet is about getting money into business that will increase the town's foot traffic. This can occur by helping people think about tourism and their marketing. This can help bring people in, if they see the town has amenities that make life more enjoyable. This will help temper any political push back. The largest hurdle with feasibility lies with getting Invest Appalachia, or possibly a separate organization, to agree to help with the program. This will be a little trickier but often these organizations have money they want to invest but have not found the correct partner.

Capacity Feasibility

The capacity of the town to complete the gauntlet is high. The town is currently completing a very similar program, the difference would lie with the dedication to tourism and the change in partnership. The program is currently being run with grant funding, this would stay the same. The main difference would be the source of the grant funding, which is currently through The Advancement Foundation, Opportunity Southwest and the University of Virginia's College (UVA Wise, 2024). The town would also receive technical support, which would be similar to what they are receiving now, but more tailored to tourism.

Alternative #3: Implement a version of Colorado’s Rural Academy for Tourism (CRAFT) Program

The ARC suggests creating and implementing hands-on community training programs that include peer mentoring. The ARC highlights the need for small communities to have long-term assistance programs to build the capacity local areas need to truly be successful. They highlight Colorado’s Rural Academy for Tourism (CRAFT) program as a good model for this (Ezzell et al., 2020). The program was broken into four parts. In this case, given the stage of development Wise is in and their resources, CRAFT Studio 101’s approach fits best, as it has had the most success in places that do not have a lot of tourism development and are in need of institutionalized knowledge to begin building out infrastructure.

CRAFT Studio 101’s approach was to address the need for community training programs by implementing workshops. These workshops were designed to gather stakeholders from various sectors including local government entities, destination marketing organizations, chambers of commerce, tourism industry associations, tourism boards, local businesses, and community members. Facilitated by trained professionals experienced in tourism development, these workshops spanned 4 months, including six in-person training sessions, online training, and group project work. They covered topics such as tourism marketing, cultural tourism, outdoor recreation, and sustainable tourism. During these sessions, participants would engage in group discussions to identify short, medium, and long-term strategies for advancing tourism products within the destination.

Additionally, within 90 days after completion of the workshop, participants could apply for a \$10,000 CRAFT Studio 101 Implementation Funding grant to advance one or more tourism strategies discussed during the program. In total, for the benefits, one county could receive a maximum of \$10,000 which could be applied to one or multiple projects. However, if more funding could be unlocked, project managers from CRAFT suggest bigger positive effects would be seen. These grants could be used to fund initiatives such as infrastructure improvements, marketing campaigns, events, or other projects aimed at enhancing the local tourism experience.

These workshops would be hosted in Wise at a nearby community venue conducive to in-person meetings for 6 sessions and the rest would be hosted virtually. In order to create this program, Wise would need to apply for grants to access funding to give out grants to individuals, apply for grants for marketing the program to town and county members, and find room in their budgets to hire a part time employee to create the workshop materials and train Natasha Proulex, the tourism director to lead workshops (this would not be able to be covered by grants, as most grants specifically exclude the ability to pay staff with grant money.)

Cost Effectiveness

The town would want to hire an outside consultant; they can either go through a travel consultant firm or attempt to recruit from UVA at Wise talent (which would be more ideal as they are more familiar with Wise’s resources and strengths) to help create materials. Given the workload, it is unlikely this time could be donated, so the town would need to budget pay for an individual. The program would require the development of approximately 12 hours worth of material, which would span over 12 weeks. In total, the consultant would cost around \$13,000. (See Appendix C for an explanation.) The training that is in person will be implemented by the

Director of tourism in Wise. This will be included within her regular schedule and will not cost the town additional funding.

In addition to creating the materials for the event, the town would need to market via social media, radio ads, newspaper ads, and posting on the town's website. This would cost about \$1,500. (See Appendix C, under Cost Breakdown, for more information.) This marketing should yield between 5-8 organizations to participate. (See Appendix C, under Participation Estimation, for more information.)

The program would also need a board to determine the winner(s) of the grant money. Ideally, this time would be donated by the Wise's economic development board. This is a plausible occurrence, as the board is donating time this year to judge a small business gauntlet.

When looking at the success of the program, there are two counties in Colorado, who implemented the program and had success. In these counties, they on average received an additional \$29,400 in grant funding, in today's dollars (MissonSpark, 2020).

If Wise was to receive similar results to the locations in Colorado, it would receive a large initial bump in tax revenue and then an additional higher than average growth rate for the next 4 years. Over a 5 year period, including the initial large bump, the tax would earn approximately an additional \$16,600 in tax revenue. This would mean for every dollar invested, the town would get approximately $-.32$ back in tax revenue over 5 years. (See Appendix C for more information on these calculations.)

Cost

Given the grants and partnerships, this program would actually cost the Town of Wise itself \$24,500. This includes the cost of marketing and advertising the program, as well the price of hiring an outside consultant. (See Appendix D for more information.)

Political Feasibility

This option is politically feasible, but it would be difficult to pass, given the cost of hiring personnel, even on a short-term basis. According to interviews I have done, the town does not want to hire another person, if it can avoid it. However, the town is looking for a way to invest in tourism in a way that is sustainable. This option increases institutionalized knowledge, which the town is highly prioritizing. It has a strong belief that one of the biggest reasons it cannot compete is because it lacks the insider knowledge needed to market and build up wealth and interest. This alternative would address this concern, while also having positive economic impacts on the town. The town has never looked at doing any kind of proposal like this in the past, which further demonstrates its political infeasibility, as it is not something that has ever been on the town's radar.

Capacity Feasibility

This alternative is feasible when looking at bringing in outside talent. Given the town's commitment to the issue, it would be able to prioritize paying a consultant to come in to tailor an approach for the town. Although, the town may have to offer sub-market rates to be able to afford the approach. It has done this in the past in regards to its marketing materials, but the bulk of the cost is coming from paying personnel to help create educational materials. This high cost and grants inability to cover the cost greatly lowers their ability to utilize this approach. With the help of outside talent, given the tourism director and the town's economic boards commitment and workload, it is feasible for this program to run, if funding does not hinder the process.

Moving Forward: Recommendations and Implementation Strategies

Recommendation

When looking at the outcome matrix below, the best alternative is the Tourism Gauntlet. Given the cost, the cost benefit, the political feasibility, and capacity feasibility, it is recommended to implement the program modeled after the Tourism Gauntlet. It is politically feasible, the cost versus benefit is high, and the town has the capacity to implement.

	Certification and Local Ambassador Program	Tourism Gauntlet	Program Modeled After CRAFT 101 Program
Cost for the Town	\$16,200	\$1,500	\$24,500
Cost-Effectiveness	For every dollar invested, the town is getting approximately \$10.50 back in tax revenue over 5 years.	For every dollar invested, the town is getting approximately \$207 back in tax revenue over 5 years. If the cost of the financial investment made by the CDFI was included, the return would be \$2.05 in tax revenue over 5 years.	For every dollar invested, the town would get approximately $-\$.32$ back in tax revenue over 5 years.
Political Feasibility	3	2 (This is low because of the partnership element, not town interest.)	3
Capacity Feasibility	3	4	2

When looking at the tourism gauntlet, it performs well in all of the criteria categories. It has the lowest cost to the town, and is the most cost-effective option when looking at what the town has to put into terms of resources. It also has a very high capacity feasibility, higher than the other options. This is because the town is currently running a program that operates in a similar manner to the program that it is being presented. Due to the similarities, the town has the institutionalized knowledge to be able to run the program effectively and give the best feedback. The reason the feasibility is a four not a five is because the town specifically has knowledge on small businesses and less knowledge on tourism specific related markets. The only category that the alternative performs worse than its counterpart is political feasibility due to the difficulty of being able to get a CDFI to agree to a partnership. These grants are very competitive and lots of

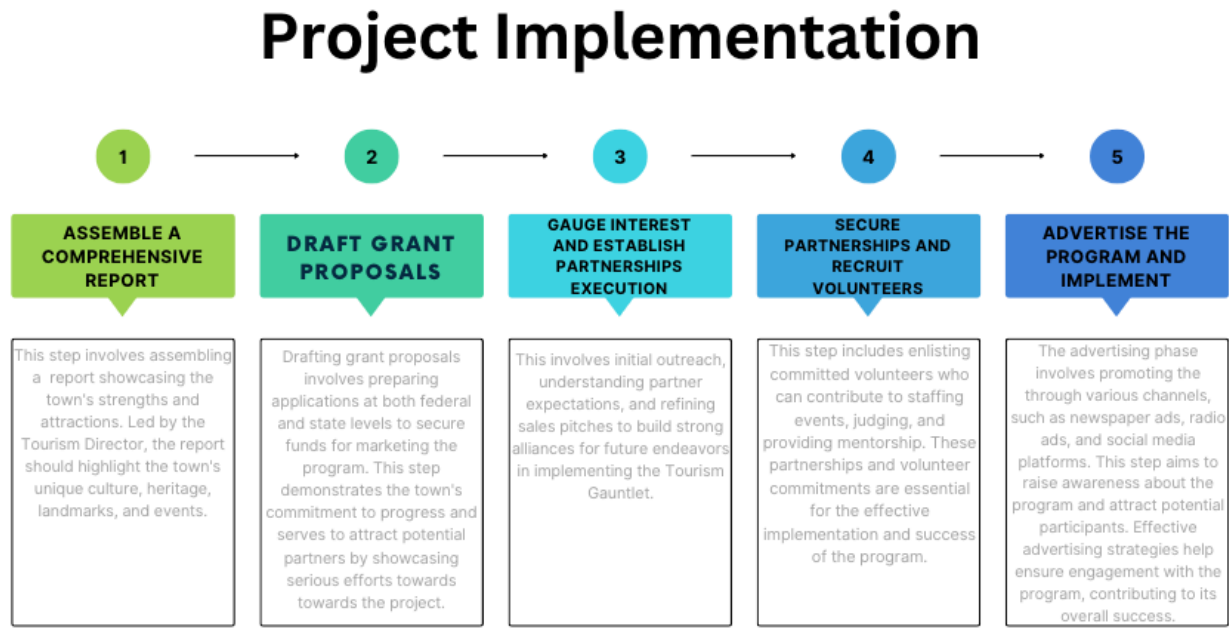
places in the region need help. This makes applying for such a high level of capital difficult because of the competitive nature of the field.

When looking at this alternative, the biggest trade off is when looking at alternative one. This alternative offers institutionalized knowledge to the broader population base instead of just local leaders. The other two alternatives specifically focus on local leaders and getting institutionalized knowledge to them in hopes that the knowledge trickles down. With the structure of the gauntlet, it is developed to work intimately with a couple of people who are the main leaders and thinkers behind a project. However, this does mean that fewer people will have access to the knowledge that is being presented initially.

The recommended course of action is the Tourism Gauntlet. It is the most cost-effective solution and helps build up the town's institutionalized knowledge. It has been well received by members in the community and individuals in the local government. The biggest barrier for the program is recruiting a CDFI to enter the venture. If this solution is not possible due to an inability to form a partnership, the Tourism Ambassador and Certification Program should be implemented.

Implementation

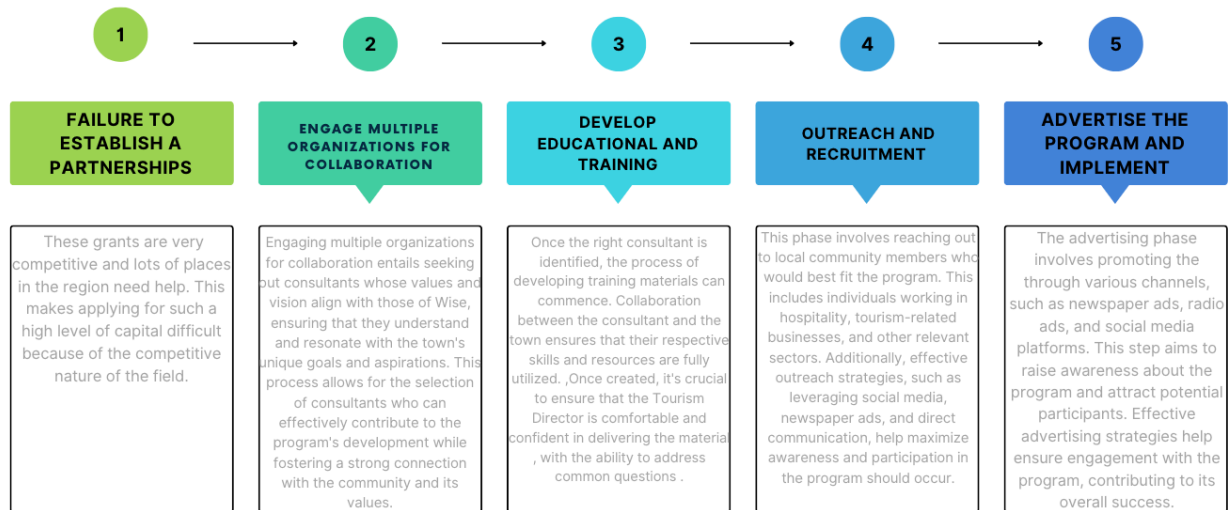
The graph below outlines the steps the town should take towards implementing the Tourism Gauntlet.



The implementation phase of the Tourism Gauntlet initiative involves a series of strategic steps aimed at leveraging the town's strengths and resources to attract investment and foster economic growth. Beginning with the assembly of a comprehensive report highlighting the town's unique culture and attractions, the process entails drafting grant proposals, gauging interest from potential Community Development Financial Institution (CDFI) partners, and establishing robust partnerships to support the program. Recruitment efforts target local stakeholders and volunteers, while outreach activities aim to maximize program visibility and participation. Through meticulous planning, collaboration, and outreach, the implementation phase sets the stage for the successful execution of the Tourism Gauntlet, driving positive economic impact and community development.

However, as the outcomes matrix found in the previous section demonstrates, there is a high possibility of an inability for the town to make a connection that leads to the gauntlet due to limited resources and high competition for funds. If this is the case, the graph below outlines the steps the town should take to move forward with the next best alternative, the Certification and Local Ambassador Program. This graph assumes all the steps up to Step 4 in the graph above are taken.

Alternative Plan



After the town begins advertising, the town can post in the asynchronous portion of the program at any time. The town will only have educational materials so it will be able to be open whenever the town once. They should be posted to the town website for individuals to be able to access and participate in. In regard to the in-person classes, the town should book the space they plan on using for the sessions. They should ensure that the location has the proper technology to present materials such as slides.

The grants that the town has already applied for would also be transferable, for the most part, to this program. This helps mitigate some of the risk the town incurs by spending extensive effort on grant writing for a program that may not occur due to lack of a partnership. (A comprehensive written implementation plan with more detailed advice can be found in Appendix D.)

Conclusion

Wise has the potential to create economic impact and decrease economic instability through implementing the alternatives above. Whether the town implements a tourism gauntlet with a CDFI or implements the certification and local ambassador program, they will be able to increase the amount of tourism the town receives and thus increase tax revenue. This will enable them to invest further in the town and improve the quality of life for the town's residents.

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Appendices

Appendix A

Participation Rate Analysis

There are 609 different employer firms in Wise County (U.S. Census Bureau, 2022). 2.6% of them are statistically likely to be directly related to tourism (Osborne, 2023). An additional 4.2% of the firms are related to Arts, Entertainment and Recreation (Statista Research Department, 2023). These would be the targeted industry, with other groups being free to partake in the training as well. This would be approximately 41 organizations that would be contacted and encouraged to participate. On average, each of these organizations employ approximately 15 people, and each of these employees would need to participate (Small Business and Entrepreneurship Council, 2022). The town has a business directory that lists businesses within the county; however, it does not capture every business, only the ones that sign up. There are 23 tourism related businesses listed on the site including lodging services, boutique hotels, locally made crafts and jewelry vendors, and a vineyard (Business Directory, 2024). However, there are notable tourism related businesses that are not listed such as the ATV rental company that brings in a lot of tourism to the town (Mountain View Trails-ATV Rentals, 2022). For this reason, the statistical approximation is what will be used for the calculations for participation.

In addition, there would be some take up from others, who do not fall in these specific categories. The participation rate of these programs are typically around 40%, when looking at the town's current participation rates in comparable programs like the current small business gauntlet, taking into account other firms that may want to participate, this would mean 20 organizations would participate and approximately 300 people, suggesting 300 certifications would be provided (Small Business & Entrepreneurship Council, 2022). This specific alternative would be targeting all levels of the business in order to be most effective. While the business could theoretically only send one person to the training, they would be highly encouraged to have as many team members as possible participate as the training would have interactive components and teach skills such as how to have the best customer interaction, which all employees need to know.

Cost Breakdown

Marketing Cost Breakdown:

Type of Advertising	Cost	Frequency
Social Media	\$0	As needed
Town Website	\$0	As needed (Constant link, in addition to spotlights)
Newspaper Ads	\$100 x12	12 times (Twice every month for 6 months leading up to sign up deadline)
Radio Ads	\$10 x 26	26 times (Every week for 6 months leading up to sign up deadline)
Total	\$1460 = (Rounded to 1500)	

The town would have to pay for marketing the program. To market the event, there would need to be marketing in social media costing \$0, which is ran by the tourism director, who would post about the program, posting on the town website costing \$0, local newspaper ads some of which will be free due to interest stories and others will cost \$100 (Wise County Messenger, 2024) which the town would do twice every month for the 6 months up to the event, and radio ads which cost \$10 for a 60 second spot which the town would do one two every week for 6 months up to the event. (DX Media Direct, 2024) This would make the total marketing budget for the program \$1500. (These rates can vary slightly depending on the date, as rates in the media industry fluctuate depending on location/time of the ad.)

These specific marketing numbers are based on the typical approach used by others in the region who have successful tourism events (Price–Love, 2023).

Total Cost of the Program:

Alternative #1: Provide Tourism Certification Programs Inputs	Cost
Cost for all Certifications	\$14,700 (\$49 x 300 people)
Advertising Cost	\$1500
Personnel for Training	Included in already established wages
No Additional Cost Due to 1 Time Investment	\$0
Total	\$16,200, rounded to \$16,000

As this graph shows when taking into account the cost of marketing and the cost of all 300 certifications, the total cost for the program to the town would be \$16,000.

Tax Revenue and Cost-Effectiveness Calculations

Given the number of participants that would most likely participate, especially if personally contacted, the number of licenses paid for would be 300. This would cost approximately \$14,700, as the average certification is \$49 (Certified Tourism Ambassador, 2024). This would include the cost of the training and education service, in addition to the actual license. If every tourism-related industry were to receive the training, then it could increase the total amount of sales and money entering by 31% (Zhou, 2024). This accounts for an increase in the total number of positive reviews and increased interconnectedness and knowledge of different businesses. However, since every business will not participate, given expected participation rates, the total increased revenue to the town would be around 12.4%. This number is derived from the 40% participation rate. It should be noted that studies show that places with certifications must take other actions if they wish to charge more for their services, so this will not be included in the analysis as an added benefit (Capacci et al., 2014).

When looking at which taxes are most directly impacted by tourism in Wise, it is sales and transient lodging tax. On average, tourism makes up 6% of sales tax revenue (Rafool & Jimenez, 2022). The transient lodging tax is assumed to be all tourism related dollars. In Wise, for 2022, this would be \$27,100 of tax revenue collected that is directly related to tourism. On average, the county experiences inflation at a rate of 3% (Ycharts, 2024). If the town was able to maintain positive reviews, then they would be able to maintain growth for 5 years, which can be done with sustained positive reviews and experiences, then over 5 years, the town could reap a total revenue of \$168,000 in today's dollars. This would mean for every dollar invested, the town is getting approximately \$10.50 back in tax revenue over 5 years. This includes the marketing cost and the cost for certification.

The chart below shows the exact calculations for how the increased tax revenue was calculated for the next 5 years. *All numbers have been rounded for the calculations.

Total Tourism Related Revenue in 2024, assuming no intervention has been taken would be approximately \$233,000. (This is derived from 2022 tax revenue of approximately \$220,000, this includes revenue from sales tax (6% of the total revenue) and the transient lodging tax (100% of the total revenue) and a 3% inflation rate was assumed to put the money into today's dollars.)

Year	Revenue (Given 12.4% Growth Rate) + Discounted back to 2024 Dollars
2025	(\$233,265.60 + 12.4% Growth) = \$29,000 Discount 3%: \$28,000
2026	(262092.1 + 12.4% Growth) = \$32,500 Discount 3%: \$30,500
2027	(294591.52 + 12.4% Growth) = \$36,500 Discount 3%: \$33,000
2028	(331120.87 + 12.4% Growth) = \$41,000 Discount 3%: \$36,000
2029	(372179.86 + 12.4% Growth) = \$46,000 Discount 3%: 40,000
Total after Discounting:	\$168,000

As this graph shows, the total revenue derived would be approximately \$168,000. This number would then be divided by the total dollar the town has invested. The total cost associated is approximately \$16,000. (As the graph shown in the previous section demonstrates.)

This would make the cost effectiveness $\$168,000/\$16,000$. This equation is equivalent to the number of tax revenue that would be generated for every \$1 spent by the town. This is equivalent to \$10.50 back for every dollar spent.

Appendix B

Participation Estimation

When estimating participation, the current small business gauntlet the town is running has 10 organizations that have signed up to participate. However, not all of these organizations are tourism oriented. When taking this into account participation rates would be around 5-8 organizations.

Cost Estimation

Marketing Cost Breakdown:

Type of Advertising	Cost	Frequency
Social Media	\$0	As needed
Town Website	\$0	As needed (Constant link, in addition to spotlights)
Newspaper Ads	\$100 x12	12 times (Twice every month for 6 months leading up to sign up deadline)
Radio Ads	\$10 x 26	26 times (Every week for 6 months leading up to sign up deadline)
Total	\$1460 = (Rounded to 1500)	

To market the event, there would need to be marketing in social media costing \$0, posting on the town website costing \$0, local newspaper ads some of which will be free due to interest stories and others will cost \$100 (Wise County Messenger, 2024) which the town would do one once every month for the 6 months up to the event), and radio ads which cost \$10 for a 60 second spot which the town would do one two every week for 6 months up to the event. (DX Media Direct, 2024) This would make the total marketing budget for the program \$1500. (These rates can vary slightly depending on the date, as rates in the media industry fluctuate depending on location/time of the ad.)

These specific marketing numbers are based on the typical approach used by others in the region who have successful tourism events (Price–Love, 2023).

When looking at the table below, the total cost of the program can be seen.
Total Cost of Program:

Alternative #2: Partner with a CDFI (Invest Appalachia) to Run a Tourism Gauntlet	Cost
Cost of Grants (not imposed on town)	\$150,000
Advertising Cost	\$1,500
Judges and Mentors	Volunteer and/or included in budget of CDFI for wages for their personnel
No Additional Cost Due to 1 Time Investment	\$0
Total:	\$151,500

The cost of personnel is already covered by salary and volunteer work different individuals have already agreed to and have shown interest in continuing, which is why there is not a cost associated with this portion of the project. When looking at total investment, the town would need to invest \$1,500 and a CDFI would need to invest \$150,000. This would make the total investment \$151,500.

Tax Revenue and Cost-Effectiveness Calculations

The ARC did a comprehensive study of projects funding small business by the ARC in Appalachia in 2005. Its average investment was \$112,000 per project, which is \$178,000 in 2024 dollars, which is very similar to the proposed alternative.

It found that this investment would create around 12 new small businesses and an additional 15 new jobs that could be maintained long-term (Markley et al., 2008).

The average revenue back for the town per small business is 5.3% of the small businesses earnings. The average revenue of a small business is \$71,813, which does not typically change over the first 5 years. The average small business would therefore produce around \$3,800 of tax revenue each. Since all the small businesses were about the same size and had about the same amount of revenue, this effect can be applied to all 12 of the new businesses.

In addition, 15 new jobs were created and maintained long-term. The average pay in Wise is approximately \$25,500, which will not vary much over 5 years. The income tax in Wise is 5.75%. This would make the tax revenue for each new job for the town approximately \$1,500. This tax rate is applied to all 15 of the new jobs and assumes that each of the jobs has an average pay of \$25,500.

The chart below shows the average tax revenue both the jobs and small businesses would produce over the next 5 years. The money is then discounted so that the dollars are in 2024 value terms. This assumes these businesses/jobs would not have occurred without the investment. *All numbers are round to include 2-3 significant figures.

Year	Revenue
2025	<p>\$3,800(revenue per small business) x 12= 45,600</p> <p>\$1,500 (revenue per new job)x 15= 22,500</p> <p>Total: 68,000</p> <p>Discount 3%: \$66,000</p>
2026	Discount 3%: \$64,000
2027	Discount 3%: \$62,000
2028	Discount 3%: 60,000
2029	Discount 3%: \$58,000
Total after Discounting:	\$310,000

As the chart demonstrates, the average tax revenue increase in 2024 dollars for the investment would be around \$310,000. This number would then be divided by the total dollar the town has invested. The total cost associated is approximately \$1,500. (As the graph shown in the previous section demonstrates.) This would mean that for every dollar the town invested, the town would receive back approximately \$207 in tax revenue.

If the town wanted to include the cost effectiveness for the town and the CDFI's investment then the amount of money the CDFI provided would need to be added to the marketing cost. This would be a total investment of \$151,500. This would lower the cost effectiveness to \$2.05 for every dollar invested.

Appendix C

Participation Estimation

When looking at the participation rates of the original CRAFT program in Colorado, .17% of the county participated (Mission Spark, LLC, 2020). When applying this to the Town of Wise, this would be around 5 organizations. When looking at the small business gauntlet, 10 organizations have signed up to participate. However, not all of these organizations are tourism oriented. When taking this into account participation rates the CRAFT program saw and the participation the small business gauntlet in Wise has, the Town of Wise can expect between 5-8 organizations to participate.

Cost Estimation

Marketing Cost Breakdown:

Type of Advertising	Cost	Frequency
Social Media	\$0	As needed
Town Website	\$0	As needed (Constant link, in addition to spotlights)
Newspaper Ads	\$100 x12	12 times (Twice every month for 6 months leading up to sign up deadline)
Radio Ads	\$10 x 26	26 times (Every week for 6 months leading up to sign up deadline)
Total	\$1460 = (Rounded to 1500)	

To market the event, there would need to be marketing in social media costing \$0, posting on the town website costing \$0, local newspaper ads some of which will be free due to interest stories and others will cost \$100 (Wise County Messenger, 2024) which the town would do one once every month for the 6 months up to the event), and radio ads which cost \$10 for a 60 second spot which the town would do one two every week for 6 months up to the event. (DX Media Direct, 2024) This would make the total marketing budget for the program \$1500. (These rates can vary slightly depending on the date, as rates in the media industry fluctuate depending on location/time of the ad.)

These specific marketing numbers are based on the typical approach used by others in the region who have successful tourism events (Price–Love, 2023).

Consultant Cost Breakdown:

In these programs, the material provided would be 12 hours long, approximately an hour's worth of material each week, but the actual lessons would last longer as they have discussions built in. To develop an hour's worth of material, it takes approximately 40-49 hours, so approximately 40 hours, given that these are experts in the field who have created material in the past, they can pull from (Austin, 2018). CRAFT has also published day by day basic outlines, which can help with development and to ensure similar materials and effects are seen (Corbin, 2019). The average pay for a tourism consultant in Virginia is \$27.30. So the town would need to budget around \$13,104. However, they may be able to get this at a cheaper rate if they offer a stipend for a lower amount or put out bids to consultants, who may offer a lower price. However, for this, it will be rounded to \$13,000 needed. The training that is in person will be implemented by the Director of tourism in Wise. This will be included within her regular schedule and will not cost the town additional funding.

Total Cost Breakdown:

Alternative #3: Implement a version of Colorado's Rural Academy for Tourism (CRAFT) Program	Cost
Cost of Grant	\$10,000
Advertising Cost	\$1,500
Wages for Expert to Develop Program	\$13,000
No Additional Cost Due to 1 Time Investment	\$0
Total:	\$24,500

As the table above shows, the total cost of the program would be \$24,500. (The cost of a board to determine the winner(s) of the grant money is not included because this time would be donated by the Wise's economic development board. This is a plausible occurrence, as the board is donating time this year to judge a small business gauntlet.)

In the next section, there are possible grants the town could apply for to make this option more feasible in regards to monetary constraints. (The grants used for marketing could be applied for by the town for the other alternatives, as well.)

Possible Grants

The town needs access to capital for the grants they will give out. There are a couple of grants the town could apply for that would be a good fit for this alternative. There is the Micro Business Marketing Leverage Program, which is a match grant that maxes at \$10,000 for Destination Marketing Organizations (DMOs), Virginia Main Street Organizations, and Chambers of Commerce. (Virginia Tourism Corporation, 2023) There is also the EDA Public Works and Economic Adjustment Assistance Programs, which has a grant floor of \$100,000 that can go to local government for discretionary spending to help their economy, specifically targeting former coal communities, which they also qualify for. These are just a few of the grants

they can apply for. As the year goes on, more grants will open up that they qualify for and could help fund the program (Grants, 2024).

The town would also need money to market the program to its citizens for the project to be successful. There are also grants they could apply for in regards to marketing. The marketing would target small business owners (especially those in the tourism sector) and those looking to enter into the entrepreneurial space. Grants such as the Virginia DMO Marketing Grants would be appropriate (Virginia Tourism Corporation, 2023). The town already applies for this type of grant, so an increase in the amount of funding asked for and/or a reworking of the tourism marketing budget to prioritize the program could be done, without costing the town extra financial buy-in. While applying to these grants would take time, Wise has a dedicated grant writer who is on salary, so it should not increase the budget because the number of grants applied to would be the same, but some of the grants would be seeking more money than what the town typically applies for.

Tax Revenue and Cost-Effectiveness Calculations

This program has shown benefits in rural mountain communities (similar to places like Wise) such as less extractive industry intervention and increased marketing/marketing assistance applications (Colorado Rural Academy for Tourism (Craft), 2018). When looking at specific economic return, the program has some metrics. However, these can be difficult to monetize. The following are what the CRAFT program experienced. These locations are relatively similar in regards to the level of urbanization, their economic development, and the level in which they operated at the beginning of the program. For instance, the counties evaluated by the CRAFT program had relatively similar population levels (within a couple thousand people of one another), the local governments had similar personnel levels (understaffed, but still completing required government documentation), and had demonstrated an interest in shifting to a tourism minded economy, with locals having mixed feelings about the change. They all had agreed to take steps towards a tourism driven economy but were in the early stages, much like Wise. However, they are by no means perfect comparisons. They are vastly different geographically, historically, and politically.

Both counties that participated in the program received increases in their average tax revenue in sectors that are related to tourism, which Grand County in particular linked directly to investment in their tourism industry. When taking into account the pandemic, which impacted lodging and sales tax rates, and then looking at the impact on the revenue for participating counties in the CRAFT program and taking into account their typical growth rate in the 5 years before, it can be seen that on average lodging taxes increased by around 28% and sales tax revenue remained relatively constant in growth (Grand County 2015-2023),(Alamosa County, 2015-2023).

In Wise, the total lodging revenue was approximately \$27,000 in 2022, which worth approximately \$29,000. (This assumes a 3% inflation rate per year.) The table below shows the initial bump in tax revenue of \$28,000 and then subsequent growth of 5.3%, above the normal growth that would not normally occur, in the years that follow.

Year	Revenue (+Growth Rate) + Discounted back to 2024 Dollars
2025	(\$29,000 + 28% Growth) = \$8,000 Discount 3%: \$7,800
2026	(\$37,000 + 5.3% Growth) = \$2,000 Discount 3%: \$1,800
2027	(\$39,000 + 5.3% Growth) = \$2,100 Discount 3%: \$1,900
2028	(\$41,000 + 5.3% Growth) = \$2,200 Discount 3%: \$1,900
2029	(\$43,000 + 5.3% Growth) = \$2,300 Discount 3%: \$2,000
Total after Discounting:	\$16,600

Over a 5 year period, including the initial large bump, the tax would earn approximately an additional \$16,600 in tax revenue. In order to find the cost effectiveness, this formula would be used $\frac{\$16,600 - \$24,500}{\$24,500}$. In this case, the town would receive less than they put in. For every dollar spent, they would receive back $-\$.32$.

Appendix D

When considering the implementation of the Tourism Gauntlet, the initial step the town needs to take is assembling a comprehensive report detailing the strengths of the town and the reasons why it would attract investment. This task should primarily fall under the responsibility of the Tourism Director, as she possesses an intricate understanding of the town's diverse resources that can potentially attract tourists. However, it should also incorporate input from other stakeholders, including local business leaders and elected officials. This report should include the town's unique culture, heritage, and traditions. It should incorporate local landmarks, historical sites, and cultural events to showcase the town's identity and foster appreciation for its heritage. When creating this document, it will be important to keep in mind that the person reading it may be extremely unfamiliar with the town and its culture. Being able to explain all of these different facets of the town and its uniqueness will be important to help people better appreciate the town as an investment and as a place that people would want to visit. This report could be pivotal in presenting to potential Community Development Financial Institution (CDFI). Additionally, it can serve as a primary source of information for drafting grant proposals aimed at securing tourism funds from entities such as the Virginia Tourism Corporation.

Drafting grants will be another important step that the town should take concurrently with drafting this report and beginning the steps of creating the partnership with the CDFI, as discussed in more detail below. Drafting grant proposals at both the federal and state levels will be essential for gaining funds to market the program. These funds could also potentially be used to match partial funds, which is sometimes something that a CDFI can request of a partner. Even taking steps to apply for grants can demonstrate commitment from the town and show potential partners that the town is serious about making progress and taking the next steps towards a new economy. This will primarily be done by the town's dedicated grant writer. However, the grant writer should draw on other resources and people in the town to ensure they have a good understanding of what the town has to offer and that they are setting the right tone for tourism investment.

While compiling the report, the town should also reach out to local leaders and stakeholders who participated in the small business gauntlet to gauge their interest in working on a tourism gauntlet. Nothing should be set in stone during these meetings, but gauging initial interest could be very important for demonstrating to a CDFI that there are local individuals who want to participate and that there is local buy-in. This can make a CDFI feel more comfortable if local individuals are already engaging in the process, and the town already has people lined up to take leadership positions in the program to ensure its success.

Once the report is compiled, the town should commence outreach efforts to potential CDFI partners, with a particular focus on initiating a partnership with Invest Appalachia. The initial step in this process involves establishing contact with Invest Appalachia's management team. Subsequently, the town should seek to understand the expectations of the CDFI to ensure that all necessary materials, including financial information and the comprehensive report detailing the town's resources, are provided. Every interaction with the institution should be approached as a sales pitch, with the aim of building strong partnerships for future endeavors.

Following these initial meetings, the town should gauge the interest level of the CDFI. If Invest Appalachia shows minimal interest, the town should explore reaching out to other CDFIs in the region to assess their interest levels. Paying close attention to any recurring concerns expressed by these institutions can help refine the sales pitch and address potential barriers to

partnerships. If a particular issue continues to arise, the town should ensure that it addresses it as a legitimate concern from the outset. Additionally, efforts should be made to ascertain whether there are any measures that can be taken to alleviate the concerns of a CDFI, whether through risk mitigation strategies or offering some form of backing to instill greater confidence.

If the town successfully secures a partnership with a CDFI to proceed with the Tourism Gauntlet, it should collaborate closely with the institution to meet its expectations and ensure a mutual understanding of the project's requirements. Subsequently, the town should begin recruiting the local community members it has reached out to to begin securing commitments for volunteer activities, which will be essential to ensure adequate manpower for staffing events, judging, and providing mentorship hours necessary for the gauntlet's success. The town at this point should also begin to book local spaces to have as a meeting spot. The meeting spot should have provisions for competitors to present anything they may need, including materials like a projector or a computer, so that individuals can use the tools they are comfortable with for their presentations.

Once commitments are obtained, the town should commence advertising the program through various channels, including newspaper ads, radio ads, and social media. Utilizing social media extensively to maximize outreach efforts due to its cost-effectiveness and wide reach.

If the town's efforts to secure a partnership with CDFIs yield minimal interest, it should explore alternative options, such as the Certification and Local Ambassador Program. This alternative is the next best option, as it offers a cost-effective solution that draws upon existing resources outlined in the initial implementation plan. The report detailing the town's resources can be provided to the chosen organization to develop educational materials. It is crucial to engage multiple organizations to find a consultant whose culture aligns with the town's ethos and is well-received by citizens.

Following the development of educational materials, the Tourism Director should ensure their thorough understanding and readiness to teach the program. Any questions or clarifications should be promptly addressed with the consulting company to ensure the program's efficacy.

Once the Tourism Director feels confident in the program's material, the town should reach out to locals who would most benefit from the program. People who work in hotels and local craft vendors would be a good place to start. Reaching out to them to firstly recruit them to participate and also to confirm the best time to execute the nonvirtual, in-person portion of the event would be beneficial. This will allow the town to plan around the optimal time when the most people will be able to participate. Once this is determined, the town can firm up the official date and then begin advertising, similarly to how the tourism gauntlet would have been advertised.

After the town begins advertising, the town can post in the asynchronous portion of the program at any time. The town will only have educational materials so it will be able to be open whenever the town once. They should be posted to the town website for individuals to be able to access and participate in. In regard to the in-person classes, the town should book the space they plan on using for the sessions. They should ensure that the location has the proper technology to present materials such as slides.