

## **Tupelo, Mississippi**

### **Entrepreneurial Community of the Month**

This entrepreneurial community story was commissioned during the Center's early years and is now part of its Heritage Resources.

# **Entrepreneurial Community of the Month**

## **Tupelo, Mississippi**

**Location:** Lee County, northeast Mississippi  
**Population:** Tupelo: 34,000; Lee County: 72,000  
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## **Social Capital Pays Big Dividends in Rural Mississippi**

*In Tupelo, community development came before economic development, and that ... has made all the difference.*

-Vaughn Grisham, from Hand in Hand: Community and Economic Development in Tupelo

Tupelo, Mississippi, may be best known for being the birthplace of Elvis Aaron Presley. But local residents pay their respects to another native son: George McLean, the king of community development.

A newspaper publisher, McLean used his presses to improve his community. His philosophy emphasized local leaders willing to give their time and money to develop the area.

One of his favorite ways to close a speech was, "There is no Santa Claus in Jackson or Washington or anywhere else for this community. If you want a better community, you will have to do it yourself. If you don't do it, it will never get done."

In Tupelo, things did get done.

Rising from the depths of poverty and hardship, Tupelo and Lee County have become a model for community development over the past half-century. The 1940 Census showed Lee County to be one of the poorest counties in the poorest state of the Union. Over the next decades, citizens banded together to bring industry and jobs to the area. But their first priority – following the lead of McLean – was community development.

Today, Lee County can boast of having almost 53,000 jobs in a county with a population of only 72,000. The County's poverty rate is approximately one-half the national average. Its high caliber school system has received numerous awards. And Tupelo has twice been cited as one of 10 All America Cities by the National Civic League.

Dr. Vaughn Grisham, director of The George McLean Institute for Community Development at the University of Mississippi, has studied Tupelo and surrounding areas for more than 30 years.

In a case study, Grisham said, "Social scientists are consistently finding that civic engagement is positively related to a strong economy and good government," further proving George McLean's instinct that local people are the epicenter in building local economies.

### **Civic Engagement**

Incorporated as a city in 1870 and named after the native Tupelo gum tree, Tupelo's modern history can be traced to the convergence of the Mobile & Ohio and the Kansas City, Memphis & Birmingham railroads in 1887. As a rail distribution and manufacturing center, Tupelo achieved several firsts, including the first city in the nation to provide its citizens with dependable, inexpensive electric power through the Tennessee Valley Authority.

But in the 1940s, not only was Tupelo labeled the poorest of poor cities, but also the city had been virtually destroyed by a tornado.

Then, in stepped George McLean with his ideas that transformed this town into a community and economic development powerhouse, worthy of study and held up us as a national model.

McLean and his “coffee-cup diplomacy” planted three fundamental ideas in the minds of Tupelo merchants and town leaders:

- Tupelo’s future lay as much in the countryside around it as it did in the town itself;
- It depended as much on Lee County’s poorest residents as it did on its most favored; and
- Citizens who could afford to do so ought to invest their money and time in raising the quality of life of all the area’s people.

Underlying these ideas was the lesson that, “Developing the community – connecting its people and its institutions – lays a base for balanced and sustainable economic development,” according to the Grisham.

To understand the power of this approach, contrast Lee County’s debilitated state in the 1940s with where it stands today: It is the second wealthiest county in the state; it hosts more than 200 highly diversified manufacturers, including 18 Fortune 500 companies and 45 international corporations; and the county has added 1,000 manufacturing jobs and more than one million square feet of industrial space, while the service sector has been growing at a pace of about 1,500 jobs a year.

Median annual family income has risen from among the lowest in the national to \$38,500, slightly ahead of the national median. Only 7 percent of the County’s families live below the poverty line, compared with the national average of 16 percent and a Mississippi average of 22 percent.

All this because George McLean and his contemporaries believed in the capacity of local citizenry.

As Grisham states in his case study, “Lee County may be the only place in the country where it is more difficult not to be involved in community affairs than to take part in them.”

## **Shared Goals**

McLean’s first task was to convince local business leaders that their success depended on the success of the area’s poorest residents – its farmers. If farmers made more money, McLean reasoned, they could in turn purchase more from local businesses, boosting economics from the bottom up.

McLean saw that farmers’ reliance on crops harvested once per year made it difficult for them to go beyond mere subsistence. They needed a product that could provide a consistent stream of income. After much research and consultation, McLean determined that dairying could be a solution.

With other local business leaders, McLean helped farmers buy a bull, hire a dairy expert and start an insemination program. When the offspring began producing milk, they added more than \$2 million (in 1940 dollars) to the local economy, much of which flowed right into the hands of the poorest farmers. Tupelo merchant’s recouped their investment many times over, and thus began a long-standing positive relationship between town and country.

“In many cases, only lip service has been given to partnerships between rural and urban areas. That’s not so in Tupelo,” Grisham said. “Rural areas have received tax benefits and jobs. There is not a great gap between the rural and urban populations.”

In subsequent years, town leaders made sure that factories were located in rural areas, not only so the city wouldn’t be overcrowded and infrastructure overburdened, but also so people could continue to live in rural areas without having to commute to town.

“Tupelo industrialized without urbanizing,” Grisham said.

And while attracting and retaining factories with infrastructure, tax incentives, and business support services, Tupelo did not put the interest of businesses above the well-being of its people. Town leaders ensured that recruited companies treated employees well and participated in community development themselves. McLean made sure of that.

After the success of McLean’s rural dairy program, both farmers and town leaders trusted McLean’s judgment. McLean forged ahead to creating a series of Rural Community Development Councils (RCDCs) in the area’s rural hamlets. These provided a structure for mobilizing farmers to develop their own communities.

But Tupelo and Lee County as a whole also needed a vehicle for investing in itself on a continual basis. So in 1948, 88 of Tupelo’s leaders got together to launch the Community Development Foundation.

### **Long-Standing Local Organizations**

As Grisham notes in his Tupelo case study, an early failure may explain why the Community Development Organization works so well.

Not long after the CDF was launched, its leaders set about trying to promote agricultural diversification. They developed plans to boost farmers’ incomes by growing strawberries, blackberries and sweet potatoes. But in drawing up the plans, business owners forgot to involve farmers, who had no interest in truck farming.

“They never developed another plan for the community without making sure they had grassroots participation from the very beginning,” Grisham noted.

Participation in the CDF has come from virtually every corner of the community. From bank presidents, newspaper editors and public figures to physicians, factory managers and farmers, the CDF pulled its members and leadership from all walks of life. Inclusivity bred success.

The CDF has cultivated networks to address virtually any business or community need.

But the organization also realized that Tupelo and Lee County did not always have all of the answers, so they looked beyond their borders as well. A majority of its human resources came from local sources. But it depended on federal sources for development of its physical infrastructure. The Tennessee Valley Authority and the Appalachian Regional Commission assisted with basic and industrial infrastructure needs.

A focus on projects over programs has also provided the CDF with a way to achieve concrete goals and garner community support.

When focus was blurred, the CDF would spin-off a new service association, such as CREATE (Christian, Research, Education, Action, Technical Enterprise).

Founded in the early 1970s by McLean, CREATE gave community members a chance to take advantage of tax laws by contributing to a local foundation that would steer their funds into education.

As early as the 1950s, Tupelo’s leaders encouraged strategies aimed at improving the quality of education in the area, which would in turn help workers find well-paying, meaningful jobs. They

built a community college, a new vocational building and improved standards of local schools, among other efforts.

As Grisham wrote, "...investment in education early on became one of the central components of economic development in Tupelo and Lee County, and the passing years have only reinforced that commitment."

## **Recent Developments and Future Challenges**

"Tupelo still depends very heavily on social capital," Grisham said.

In his case study, Grisham said the Community Development Foundation was beginning to rely less on volunteers and more on a trained professional staff in the late 1990s. This was a concern for Grisham and others who knew that Tupelo's development laurels rested on community involvement.

But since the new millennium, Grisham said he sees more grassroots support again taking shape in Tupelo, and community leaders are trying to reconnect with residents.

Another important achievement in the past five years has been the growth of neighborhood associations in Tupelo and surrounding areas.

"The city government now does not do anything without the support of these neighborhood groups," Grisham said. One of the most highly visible neighborhood associations has been Haven Acres, nationally recognized for its grassroots participation.

A predominantly African-American low-income neighborhood, Haven Acres was once so crime-ridden police officers were afraid to respond to calls unassisted. Today, the neighborhood shines as a beacon of how public-private partnerships were able to bring about physical, mental and social changes.

Along with revitalizing neighborhoods, Tupelo is taking on redevelopment of its entire downtown, along with the nearby fairgrounds.

Perhaps the most evident shift in recent years has been Tupelo's re-commitment to entrepreneurship.

While the city and Lee County have not given up on industrial recruitment – they've added a 3-county mega-site for new companies in the last three years – they are turning their focus to a new Idea Center to support entrepreneurs.

"This whole case (of Tupelo's development) has been driven by entrepreneurs," Grisham said. "George McLean and other early business leaders were very entrepreneurial in their thinking. McLean created business incubators back in the 1950s, building expensive warehouses with 750,000 square feet of entrepreneurial space."

The furniture industry – with more than 200 businesses in this area – has been carried by entrepreneurs, including V. M. Cleveland, a "poor boy who grew up without indoor plumbing," Grisham added, who now heads the largest Furniture Marketing Center, which has approximately 2 million square feet of space.

But the Idea Center, along with the new high-tech Advanced Education Center, re-emphasizes the need to adapt and change with the times. Tupelo's leaders hope both centers will help them retain young people, who generally leave town after attaining a good education in the local school systems.

After all, a community relying on human resources needs to protect them.

"People are envious of what Tupelo has done with its community," Grisham said. "But they have been and still remain devoid of any kind of natural resources. The only resource they have is people. There's a strong belief that local people must do the work. It's made all the difference."

## Guiding Principles of the Tupelo Model

1. Local people must address local problems
2. Each person should be treated as a resource. So the community development process begins with the development of people.
3. The goal of community development is to help people help themselves.
4. Meet the needs of the whole community by starting with its poorest members, not just as targets for top-down efforts but as full partners in helping design those efforts.
5. Community development must help create jobs.
6. Expenditures for community development are an investment – not a subsidy – and will return gains to the investors. So people with money have both the responsibility and an interest in investing in the development of their own community.
7. Community development must be done both locally and regionally if the full benefits are to be achieved.
8. Start with a few tangible goals, and measure your progress in meeting them.
9. Build teams and use a team approach.
10. Leadership is a prime ingredient, but community development cannot be achieved without organizations and structure.
11. Never turn the community development process over to any agency that does not involved the people of the community.
12. Persistence is essential, and programs must continually be updated.

-from Hand in Hand: Community and Economic Development in Tupelo, by Vaughn Grisham

### For more information on...

- ... the Center for Rural Entrepreneurship, go to [www.ruraleship.org](http://www.ruraleship.org)
- ... the Community Development Foundation, go to [www.cdfms.org](http://www.cdfms.org)
- ... the CREATE Foundation, go to [www.createfoundation.com](http://www.createfoundation.com)
- ... the Advanced Education Center, go to [www.iccms.edu/decs/AEC.htm](http://www.iccms.edu/decs/AEC.htm)
- ... the George McLean Institute for Community Development, go to [www.olemiss.edu/depts/soc\\_anth/mclidx.htm](http://www.olemiss.edu/depts/soc_anth/mclidx.htm)
- ... the City of Tupelo, go to [www.ci.tupelo.ms.us](http://www.ci.tupelo.ms.us)

## Questions & More Information

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**The Center for Rural Entrepreneurship's** mission is to help community leaders build a prosperous future by supporting and empowering business, social and civic entrepreneurs. With our roots and hearts in rural America, we help communities of all sizes and interests by bringing empowering research, community engagement and strategy development to you through our many Solution Areas. Our **Solution Area Teams** empower communities to discover their own answers to the challenges and opportunities they face:

- **Community Development Philanthropy:** Providing research and community engagement strategies that help communities build philanthropic capacity and create development resources now and in the future.
- **Youth Engagement:** Providing tools and a framework for communities to engage young people now and to bring them home in the future.
- **Measurement Research Policy:** Providing the tools to help communities define development goals, measure success and improve outcomes.
- **Entrepreneurial Communities:** Providing a roadmap for communities to design and deliver entrepreneur-focused economic development strategies that work.

To learn more about us, go to [www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org).

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