AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Agricultural Outlook Forum Presented: February 17, 2006

# CREATING E-BASED JOBS IN RURAL NORTH DAKOTA

Jim Belquist
Executive Director
Rural Economic Area Partnership for North Dakota

Presented: Friday, February 17, 2006

# CREATING E-BASED JOBS IN RURAL NORTH DAKOTA

Jim Belquist
Executive Director-Rural Economic Area Partnership
(REAP)

**Bio**: Based in Maddock, North Dakota, Jim Belquist has served as Executive Director of the Rural Economic Area Partnership (REAP) Investment Board since June 2004. The REAP Investment Board is a volunteer committee which manages the REAP Fund, Inc., a non-profit IRS 501 (c) 3 corporation. The primary goal of the Fund is to partner with others to improve the economic environment of communities located in fourteen counties and portions of three Native American Reservations within two Federal Designated Zones.

Prior to his current position, he worked for U S WEST, Inc., a telecommunications "Baby Bell" in Denver, where he analyzed, implemented and monitored investment programs for the $13 billion pension fund. After retiring as Vice President in 1999, Jim and his wife traveled and participated in volunteer work before returning to their home state in 2004. Jim graduated from Valley City State University and he has taken additional financial courses from Drake University, Des Moines, IA.; Wharton University, Philadelphia, PA.; and Berkeley University, Berkeley. CA.

**Speech**: Over thirty years ago, my career with Northwestern Bell Telephone Co. required us to move from our home state of North Dakota. When AT&T divested its assets and formed "Baby Bell" Companies in 1984, Northwestern Bell became a part of U S WEST, Inc., with headquarters in Denver, Colorado. From 1984 through my retirement as Vice President in 1999, I worked for U S WEST, Inc. in Denver, primarily in the investment business. Four years later, I decided to return to North Dakota and re-enter the workforce.

The most often asked question of me from non-North Dakotans, is "why"? Why move from beautiful Colorado to North Dakota? My answer is always the following:

- North Dakota is a natural "wild game preserve" with its many ducks, geese, pheasants, deer, elk and fish.
- North Dakota has only 642,000 people….which dispels the old "seven degrees of separation" notion for more populous states. In fact, I always tell others we are only one degree of separation in North Dakota, that's why residents care about each other.
- Rural North Dakota has a very low cost structure, particularly as it relates to wages. We're not exactly proud of that fact, but it's a reality today, so entrepreneurs should take advantage of it as quickly as possible.
- Several publications have ranked North Dakota the safest state in the nation.

One evening last summer, I was in a North Dakota restaurant sitting by myself at the bar when I was joined by a salesman from Omaha, Nebraska. We started visiting and he asked me where I was from. After I told him I had just moved back from Denver to my home state of North Dakota, he responded, "You did what? You moved from Denver to North Dakota? Why?" I went into my one degree of separation speech and I could tell he was not quite "getting it". I said, "Let me try something….see the

four individuals at the end of the bar. After we're done with our meal, I'll see if I can connect with an individual we both might know". I immediately connected with the first three…the fourth was from out-of state. Point Made!

Interestingly, all the above reasons I've mentioned are congruent with reasons E-based businesses might want to locate in North Dakota.

In 1995, two United States Department of Agriculture (USDA) pilot revitalization Rural Economic Area Partnership (REAP) Zones were created in southwestern and north-central North Dakota to address critical issues related to out-migration, constraints in economic activity and growth, and stagnant or declining employment. After operating for ten years, the REAP Zones' designations were recently extended for two more years, thanks to the efforts of North Dakota's Senator Dorgan, Governor Hoeven and USDA Rural Development State Director Clare Carlson.

The REAP Investment Board is an all-volunteer board which has fiscal responsibilities for the Zones through the 501(c) 3 company for which I work and has, as its Mission; "To research and to invest in opportunities to attain social and economic improvements in the fourteen counties and parts of three Native-American reservations located in North Dakota".

The three main objectives of the REAP Zones are to:

- Create jobs <u>or</u> wealth
- Attain new funding and partners
- Become self-sustainable

The self-sustainability issue has become more important due to continuing budget constraints and is driving our organization to look at <u>creating</u> or <u>investing</u> in "for profit" companies. As a result, we are actively researching and pursuing E-based companies for rural North Dakota.

High-speed broadband is available throughout North Dakota, including most rural communities. The investments in the IT infrastructure, coupled with the technology training completed by many state and local agencies and organizations, have prepared North Dakota for new E-based businesses.

North Dakota has over 400 firms in the Information Technology Industry, employing over 7,500 people. Again, the cost structure, primarily wages, is low; however, that factor should be attractive to new businesses.

One observation I've had since returning to North Dakota a little over 1 ½ years ago, is the network of people working on issues to make it easier for companies to locate within the rural communities. We know, for example, when an RFP requesting economic incentives to locate new business sites within the REAP communities is issued, the network of people from all the communities responds very quickly. The quick action is directly related to the motivation and trust rural North Dakotans have with each other.

In addition to the people at the local level, the infrastructure of government agencies within the state, such as the USDA and Department of Commerce staffs, as well as the telephone and electrical cooperatives, work extremely efficiently and effectively <u>together</u> in removing barriers for starting new businesses. Finally, the USDA Rural Development has been a major investor in our rural communities and has provided valuable leadership through its staff.

North Dakota's relatively remote location provides a natural barrier for "terrorism-sensitive" data. Does it make sense for companies to build data storage facilities within 100 miles of major metropolitan cities like Washington, D.C., Boston or New York, when remote locations with educated people willing to work already exist in rural North Dakota?

Our non-profit company owns a "For profit" company, TechLink, Inc. It's a data processing company which serves as a sub-contractor for two major Medicare contractors and is responsible for verifying, correcting and validating Medicare Part B forms. TechLink, Inc. is presently located in two rural communities, employing sixty-six employees and it plans to open another rural office in the near future.

Prime contractors scan the documents and transmit to TechLink via T1 lines. After accessing the documents from servers and completing the necessary verification and correction work, the company transmits the completed work back to the Prime contractor, usually within fifteen hours.

Although sixty-six jobs are insignificant to most large metropolitan areas, the number is huge in rural communities. At the new site, TechLink, Inc. expects to add fifteen to twenty new jobs in a rural community of approximately one thousand residents…. a significant event for a community that size….jobs which will provide salaries and benefits.

Our organization continues to research other E-based business opportunities for our rural communities.

Today, North Dakota has a business which located a sales office in a rural community. The office receives sales orders for bison meat via the internet from major markets throughout the United States. The orders are then transmitted to various bison ranchers, again via the internet, who in turn, ship the bison to the appropriate distribution center.

Other logical E-businesses for rural areas include Medical transcription, Data Storage, Data Security Systems and Call Centers.

In conclusion, I want to end with a description of a unique business starting in a rural North Dakota community later this year. Real-Life Doll Heads will sell high definition, three dimensional cameras to entrepreneurs in major market areas. The entrepreneur will take pictures of their clients' children; e-mail those highly sophisticated pictures to the rural community company, where the company will use patented software to create a transferable picture to a doll-head mold. The company will then mill the mold, paint the head and send the finished product, a replica of the child's head on a doll, to the customer. A small niche market which accesses major metropolitan markets and by utilizing the internet, allows a company operating in a low-cost structure environment to manufacture products.

The potential of E-based jobs for rural North Dakota and the rest of the country is unlimited! Hopefully, I've described an environment in North Dakota which is perfect for E-Based Jobs. WE ARE OPEN FOR BUSINESS!

# Creating

# E-Based Jobs in

# Rural North Dakota

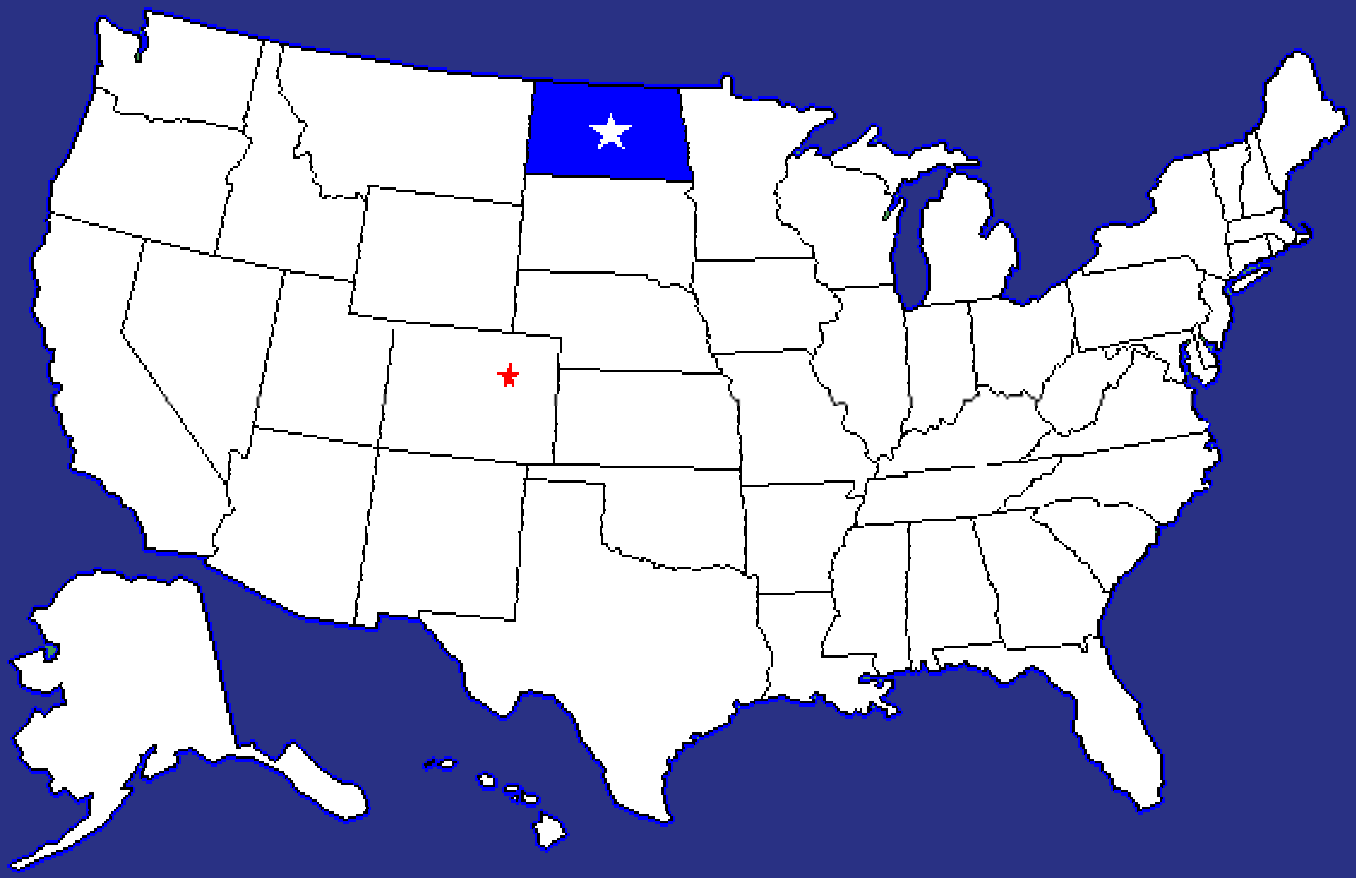
# Jim Belquist

## Executive Director

Rural Economic Area Partnership Fund, Inc. (REAP)

A Non-profit Company

# North Dakota



*"E" – Jobs in Rural North Dakota*

REAP Investment Board
Rural Economic Area Partnership

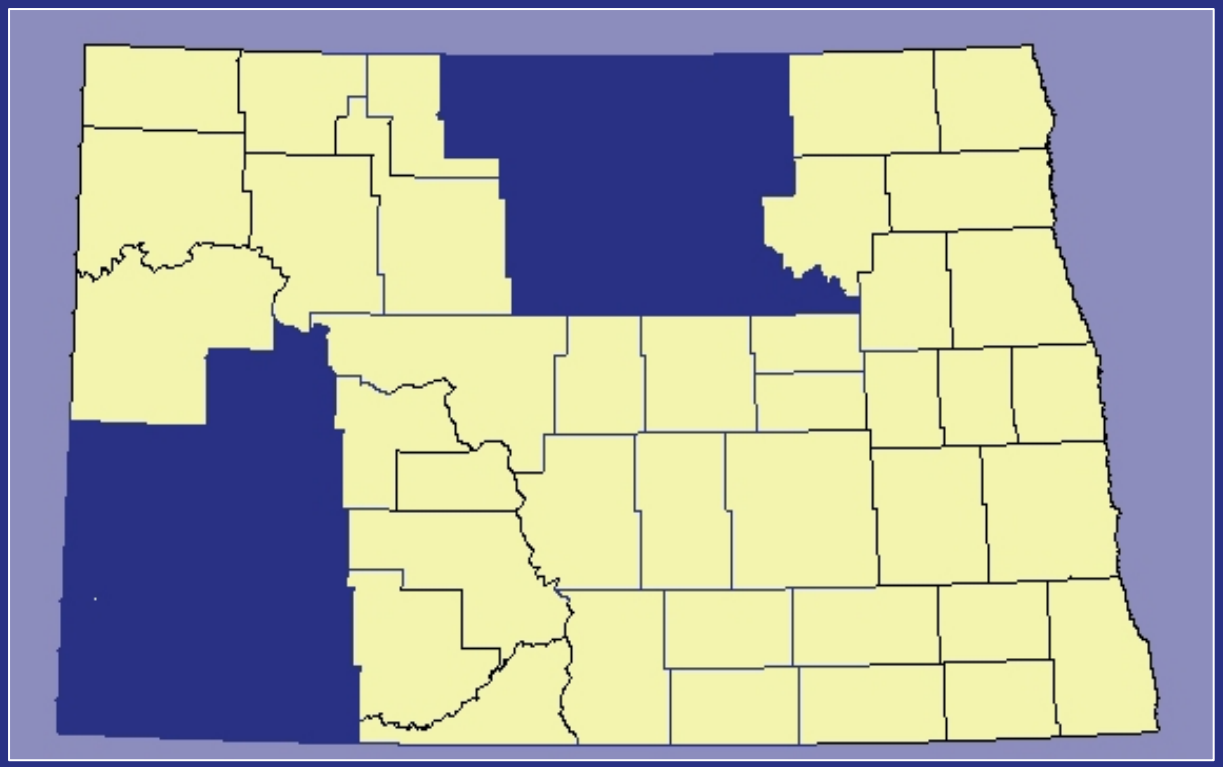
# Why Return to North Dakota?

- Outdoor Recreation Paradise
- People – People – People (642,000)
- Low Cost Structure
- Security (Safe)



REAP Investment Board
Rural Economic Area Partnership

# REAP Zones



*Research/ Invest in Opportunities to attain social/ economic improvements.*



REAP Investment Board
Rural Economic Area Partnership

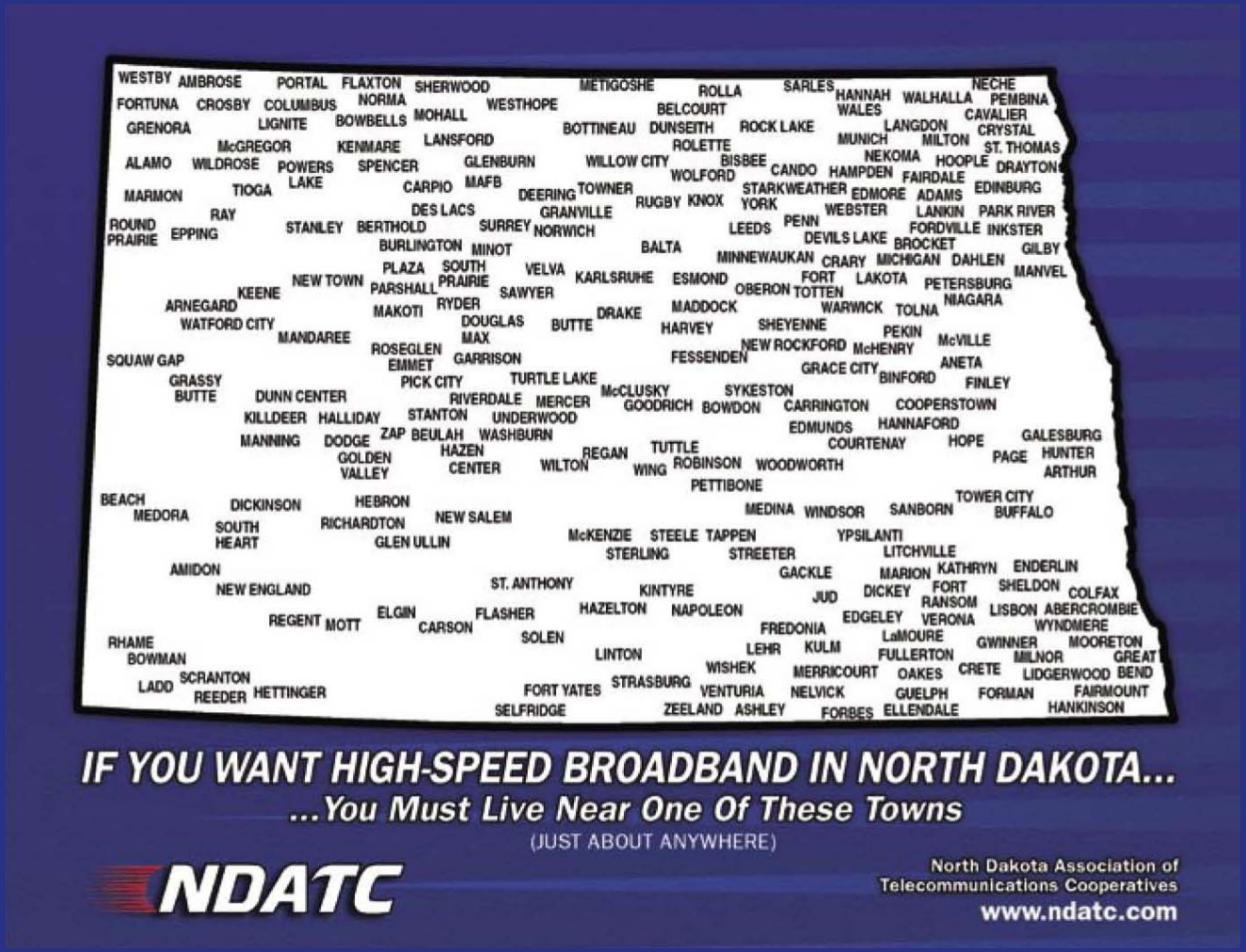
# Objectives

- Create Jobs <u>or</u> Wealth
- Attain New Funding and Partners
- Become Self-Sustainable



REAP Investment Board
Rural Economic Area Partnership

# Create E-Based Jobs in Rural North Dakota




*"E" – Jobs in Rural North Dakota*

REAP Investment Board
Rural Economic Area Partnership

# Information Technology Industries in North Dakota

- Number of Firms > 400
- Employment > 7,500
- Avg. Annual Wages > $40,000



REAP Investment Board
Rural Economic Area Partnership

# Why North Dakota?

- Motivated and Educated Workforce
- Cost-effective Environment
- Robust IT Infrastructure
- Security



REAP Investment Board
Rural Economic Area Partnership

- Sub Contractor – 2 Major Medicare Contracts
- Process Medicare Part B Forms
  - Verification
  - Correction
  - Validation

TechLink INC.

- Located in 2 Rural Communities
- 66 Employees
- Additional Site Opening Soon



REAP Investment Board
Rural Economic Area Partnership

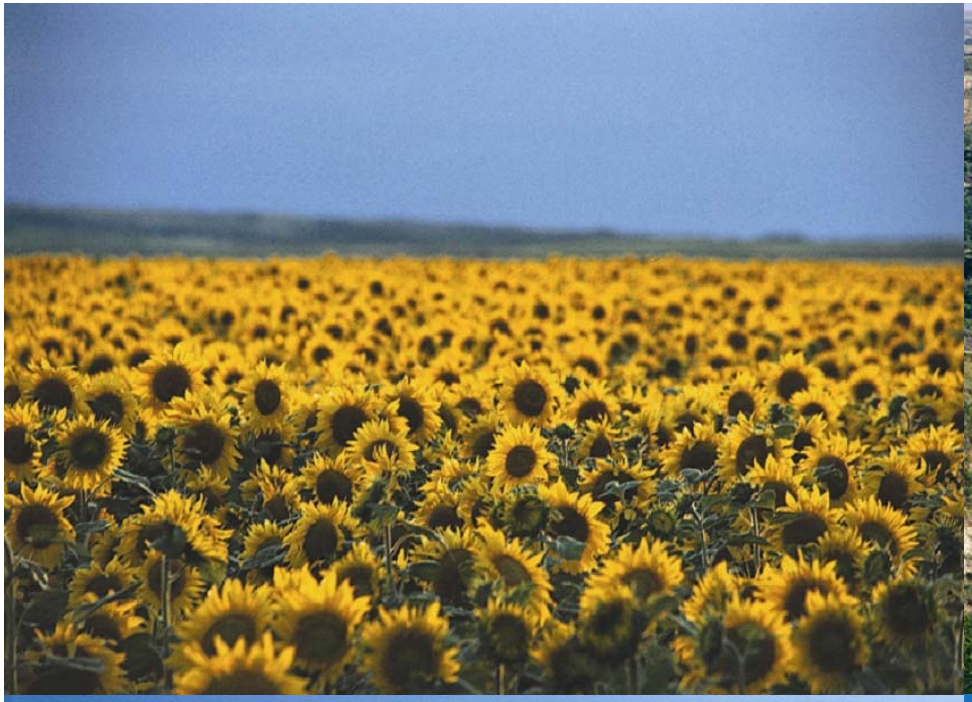
- File Transmitted via T1 Line
- Employees Access Documents from Server
- Contractor Scans Document
- Employees Verify, Correct, Validate
- TechLink Transmits Completed Work via T1 Line

# Other Potential Rural E-Businesses

- Sales Offices
- Medical Transcription
- Data Storage
- Data Security Systems
- Call Centers
- “Real-Life Doll Heads”



REAP Investment Board
Rural Economic Area Partnership

# North Dakota is Perfect for E-Based Jobs

- People – People – People
- Low Cost Structure
- Security