

# 2010 Marketing Plan

## City of Underwood, ND

### Introduction

In 2009, the Underwood Area Economic Development Corporation, through its participation in the Northwest Area Foundation's Horizons Program, developed a two-year Strategic Plan for the City of Underwood. The plan introduces five goals, which goals were first envisioned during the community's 2007 Visioning Session:

- (1) Increase the population of Underwood by five (5) families each year;
- (2) Increase the physical attractiveness of Underwood;
- (3) Increase levels of acceptance to instill a sense of belonging and pride by all community residents;
- (4) Partner with the Underwood School system to achieve and maintain world class status in helping students and community members lead full lives and reach their potential;
- (5) Retain and expand the quality and variety of retail, recreational, and human services to help diversify the local economy and respond to global change.

With the exception of Goal 4 (focus on the school will be discussed later), great progress has been made towards all goals one year into the plan. However, much still needs to be done, including the development of a marketing plan for the community so that it continues to grow despite the downturn in the national economy and its own history of allowing its retail economy to deteriorate.

Underwood is poised to pursue a program of vigorous economic growth. It possesses a number of assets which can provide the foundation of an economic development initiative that will result in the increase of jobs, investment, and economic vitality to Underwood and McLean County. The key to success is to ensure that all of these resources are utilized in a timely and well-coordinated fashion to realize the maximum benefits to the community.

### Current Picture

Underwood has two primary areas for economic development focus. The first is the **Downtown Area**. The Downtown Area consists of a three-block area on Lincoln Avenue west of the railroad tracks that bisect the Underwood business district. Twenty-two buildings currently occupy the Downtown Area. Seven of those buildings are used for storage, two of which are in extreme states of disrepair; and five of which are salvageable. Retail services in the Downtown Area include a lumberyard, with an affiliated construction company, a beauty salon, a grocery store, two insurance companies, a bank, a hotel, a restaurant, a bar, a funeral home, a hardware store, a pharmacy/gift shop, a business center, a body shop, a daycare center, a phone service center, a chiropractic and massage therapy center, and a senior citizens center. Services available to the east of the railroad tracts include a restaurant, a nursing home, a medical clinic, a

farm supply store, a grain elevator, a motel, a gas station, a bar, and the city hall, gym, and library. No buildings are currently available for sale or lease in this area.

The second area for economic development focus is **Highway 83**. This major north-south corridor currently hosts a wholesale agricultural products store, a small engine repair store, and a gas station. The Fronteer, an abandoned supper club that once did a thriving business, has fallen into disrepair and should be demolished to allow for further development of this area. The City is also close to completing the purchase of land just north of this business strip for use as an **Industrial Park**.

In surveys completed in 2007 and again in 2009, residents of Underwood indicated their interest in the establishment of the following additional retail services:

Recreation Center  
Coffee Shop/Bookstore/News Shop  
Thrift/Consignment Store  
Fitness Center  
Fabric/yarn/craft Store  
Computer repair/Electronics Store  
Laundromat  
Self serve car wash

Most of the small businesses listed above could be easily and cheaply located in existing buildings in the Downtown Area, leaving room along Highway 83 and in the Industrial Park for “Targeted Business Development” (see below). Recruitment of the targeted industries will provide the much-needed population growth needed to sustain a healthy retail sector in the Downtown Area.

## **Key Competitive Assets**

**Location on Highway 83** – Underwood is well-positioned on US Highway 83, located at the approximate mid-point between the two major trade areas of Bismarck and Minot, as well as at the intersection with ND Highway 200, which is one of the major roads to the recreational lake areas of Brush Lake, Strawberry Lake, Turtle Lake, and Long Lake.

**Easy Access to Markets/Customers/Suppliers** – Underwood is less than an hour’s drive on Highway 83 from Bismarck, and slightly more than an hour’s drive on Highway 83 from Minot. Both Bismarck and Minot have major airports and rail service. Bismarck also hosts the Northern Plains Commerce Center which is a large recently completed rail-served industrial park.

**Competitive Land Cost** – In comparison to Bismarck and Minot, Underwood industrial property cost is at least 30-50% less. This lower land cost can be a deciding factor on projects that require large tracts.

**Reasonable Property Taxes** – McLean County tax rates are at least 25% lower than Burleigh County. This rate difference is before any tax incentives.

**Access to Cutting Edge Energy Development** – Major energy employers, including Great River Energy’s Coal Creek Station, Falkirk Mine, Blue Flint Ethanol, and Great American Energy’s “Dry-Fining” facility, are located just six miles to the south of Underwood. These companies are positioned to lead the country’s research and development of “clean coal” and renewable resource technology.

**World Class School** – The Underwood School (K-12) has consistently attained state levels of academic achievement, while offering a full range of sports competition opportunities.

**Gateway to Parks and Recreation** – In addition to local recreation and leisure possibilities afforded by attractive city parks, Underwood also has convenient access to a number of parks surrounding Lake Audubon and Lake Sakakawea as well as in the lake region just east of town near Turtle Lake. Boating, fishing, hiking, hunting, as well as plenty of golf courses make Underwood an outdoor recreation paradise.

**Incentives** – Underwood has recently developed a number of new incentives to attract both business and residents. These incentives, many of them supplementary to one another, build on the already low tax rates and real estate costs mentioned above and may work in tandem with other state programs.

- **Renaissance Zone** – Provides property tax relief and state income tax exemption for a period of up to 5 years
- **Revitalization Fund** – Provides low-interest financing for new and expanding small business operators. Maximum loan amount is \$20,000.
- **Storefront Improvement Program** – Provides grant funding for exterior improvements, and on a limited basis, interior improvements, to buildings in the Downtown Area. Maximum grant amount is \$10,000 and requires a 50% match. Mini-grant amount is \$2,000 and requires no match.
- **Sales and Use Tax Fund** – The City of Underwood, on a limited basis, will grant funds from its Sales and Use Tax Fund to fund special projects.
- **Down Payment Assistance Program** – Provides up to \$10,000 in down payment assistance to residents desiring to build new homes and up to \$5,000 in down payment assistance to residents purchasing existing homes in Underwood.

## **Marketing Strategies**

### **Branding**

Community “branding” is a big first step in marketing a community. The UAEDC has already begun the community branding effort by developing the “Energized Underwood” logo, which appears on community brochures, all UAEDC correspondence, and will soon be visible on two billboard-type highway signs that will flank the east and west sides of US Highway 83 just north

and south of the entrance to Underwood. Because Underwood is surrounded by energy development, the “energized” brand is easy for people to connect with.

### *Leadership Training*

Leadership is the most important factor affecting the futures of small and rural communities. If local leadership does not demonstrate the “energized” notion the City of Underwood says it has, it is unlikely the town will ever live up to its name. Consequently, both official and unofficial leaders of the community need to reflect an entrepreneurial attitude and demonstrate a willingness to take risks. The status quo cannot compete in today’s economy.

The Northwest Area Foundation’s Horizons Program conducted a LeadershipPlenty training program for Underwood in 2009. The program was successful in identifying one person who now has taken on a natural leadership role in the business community. However, very few of the elected officials or Civic Club members chose to participate for the full program. Consequently, leadership training should be offered again to ensure that local leaders adopt the same attitude of positive change for their community. This leadership development is critical for internal marketing purposes.

### *Entrepreneurship*

The UAEDC hosted an 8-week entrepreneurial training course to Underwood residents in Spring 2010. Ten residents participated in the free training, and one has prepared a business plan and is preparing to launch a new business in the Downtown Area in Fall 2010. While the training was relatively successful in its premiere, more trainings need to be held to nurture entrepreneurship in the area. Involving youth in one or more community projects could generate more interest in entrepreneurship.

The UAEDC has applied to the USDA for a Rural Business Enterprise Grant to fund the establishment of a business incubator in conjunction with the Small Business Development Center.

### *Buy Local Campaign*

The “energized” concept can be expanded in a number of ways, including the community having the energy and the leadership to become a sustainable community. Because Underwood’s retail sector has experienced significant erosion over the past twenty years, most residents have become accustomed to driving to Bismarck or Minot for most of their shopping needs. A “buy local” campaign, initiated by the Civic Club a few years ago, is available to residents in the form of Merchant Bucks, but there is not widespread use of them or general community acceptance of the need to buy locally. A more structured buy local campaign, led by key stakeholders, that will build community awareness, will have greater success in creating a sustainable community.

## **Internal Marketing (Generating Community Pride)**

The greatest force for all types of change is belief in the change. In other words, belief in Underwood must precede any sales effort. A grassroots campaign built on internal marketing methodology will help Underwood:

- Provide support services for retention and expansion of existing businesses
- Develop personal and organizational partnerships for actions and initiatives
- Create greater public involvement and therefore trust
- Work with existing industries to facilitate expansions including identifying hiring and training needs
- Link local school lunch programs to area farmers
- Increase the awareness of and participation in education, training and internship opportunities available locally for health, finance, and social services
- Sustain and even increase the level of special events and activities in the Downtown Area to increase pedestrian traffic throughout the entire year
- Insure that future retail development fits with the goals and style of the community
- Develop a cultural/community/recreational center in the Downtown Area
- Create a Satellite Center for entrepreneurial and small business development

### **Action Steps**

The UAEDC staff and officials, civic, business, education, and cultural leaders should all take responsibility for internal marketing and fostering a positive local image. To help build this leadership, the following steps should be taken:

1. Identify and invite key stakeholders to organizational meeting
2. Circulate the Marketing Plan and 2010 UAEDC Annual Report to key stakeholders for comment
3. Distribute “Energized Underwood” decals to build “brand” loyalty; request key stakeholders to put on personal vehicles
4. Request key stakeholders to build network of contacts; build e-mail database for “U-flash” electronic newsletter; develop Facebook account
5. Designate a local project to generate community buy-in on economic development efforts (e.g. “Bring Back the Rose” theater renovation campaign)
6. Schedule a meeting with School administrators to discuss how to involve students in the internal marketing efforts of Underwood
7. Schedule a community meeting to discuss the Marketing Plan
  - a. Build awareness that change is inevitable
  - b. Spin the change in a positive way: “Think of the possibilities!”
  - c. Make it fun (provide entertainment)

Key stakeholders in Underwood would include: City Council, UAEDC, Civic Club, Park Board, Sales & Use Tax Committee, Renaissance Zone Authority, Underwood Commercial Properties, Inc., Ministerial Association, and the School Administration.

## **External Marketing (Business Recruitment)**

External marketing is no less important. As a result of local retail business closures and out-migration, it is essential that Underwood attract new residents, jobs and investment to grow the local economy.

Business attraction is one form of external economic development marketing. It is the practice of generating the interest of businesses located outside the region to expand or re-locate within the region.

Geographic areas to focus on for business attraction include:

- North Dakota (Department of Commerce sends out RFPs on new companies)
- Nearby Canadian provinces
- Mid-West

### **Targeted Business Attraction**

The key location assets identified above help to provide a basis for the types of industries which will be actively recruited to the proposed Underwood Industrial Park community. With this in mind, the industry targets are a mix which (1) will enhance and add to the diversity of the current business population; (2) increase essential tax base in the area; (3) pursue the highest quality of jobs and investment; and (4) provide an overall balanced approach to economic development for the City.

### **Targeted Sectors**

**Energy Industry & Related Activities** – Underwood sits on top of one of the state’s richest coal veins, is home to Great River Energy’s Coal Creek Station, the North American Coal Company’s Falkirk Mine, and Blue Flint Ethanol, is a stone’s throw away from the bustling Bakken Shale oil exploration, and is surrounded by wind farms. It is thus a “natural” for businesses providing the products and services associated with both the fossil fuel energy and mining industry and renewable energy companies. Firms in this category include:

- Research & Development
- Green Power Programs
- Engineering
- Environmental

**Agriculture & Related Activities** – The ADM-Benson Quinn elevator is located within the Underwood city limits, and Falkirk Farmers Elevator is a close neighbor. Surrounded by wheat,

corn, soybean, sunflower, canola, and flax fields, Underwood's economy is also obviously fueled by the generous amount of farmland in the region. The value-added potential from this crop production is enormous. Firms in this category include:

- Food manufacturing
- Transportation, distribution, and shipping
- Wheat straw paper products
- Export companies
- Temporary workforce supply companies

**Tourism Marketing** -Tourism marketing is another form of external marketing for economic development. It is important that Underwood focus its tourism marketing efforts with other communities in the region. While outdoor recreation and natural tourism are important components of all of the region's tourism promotion efforts, Underwood should also build on its relatively unique role within the region as an "energized" community. It is the vision of this plan that Underwood will establish a reputation as the "energized" community within the greater "Coal Country" region.

It is important to recognize that Underwood and the surrounding region are relatively small in terms of population and business base. Underwood needs to fit its "brand" into larger regional, county and state efforts to have maximum impact. An essential ingredient of all external marketing efforts including business attraction, tourism marketing and branding is narrowing the targets and the message, including the following:

- Target small firms seeking rural/outdoor recreation benefits
- Capture a higher percentage of current "pass through" visitor traffic for increasing retail sales
- Promote cultural tourism
- Move towards the creation of a "gateway to the lakes" development at the intersection of US Highway 83 and ND Highway 200
- Encourage the creation of cultural arts /performance center downtown (Rose Theater)
- UAEDC should continue the leadership role in regional business attraction efforts
- Work closely with the McLean Sheridan Small Business Development Center to integrate all communities in McLean and Sheridan Counties into County and State efforts
- The Underwood Civic club should take the lead role in tourism, event and cultural marketing
- The City of Underwood should work closely with both and take a lead on overall "Branding" of the community

**Outdoor Recreation and Tourism** – Underwood's proximity to parks, boat ramps, and other public sites along the Missouri River, Lake Audubon, and Lake Sakakawea as well as the smaller recreational lakes near Turtle Lake makes it the ideal location to cater to recreationists

frequenting both areas. In addition to providing more dining and drinking establishments, Underwood would be a perfect site for an outdoors outfitter to locate. In addition, the region currently offers only limited opportunities for those tourists who prefer window-shopping to hunting and fishing. By building on its already “well kept look,” “quaintness,” and small town “friendliness,” Underwood stands a good chance of drawing families from the lakes for rainy day activities. Suggested businesses include:

- Canoe rentals, hunting, and fishing supplies
- Art galleries and Specialty Gift Shops
- Dining and drinking establishments
- Spa
- Museum focused on the energy industry