

CHAPTER 1

ECONOMIC DEVELOPMENT TODAY

CHAPTER HIGHLIGHTS

Economic development is a planned, long term effort.

Economic development improves the overall economic health of the community.

Economic development is justified by:

- Economic Diversification
- Tax Base Development
- Job Creation or Replacement
- Decrease in Government Entitlement
- Supporting Existing Businesses

Economic development's primary output is the improvement of societal wealth.

Base industries are now defined as:

- Call Centers
- Distribution Facilities
- Manufacturing
- Professional Service Companies
- Tourism
- Healthcare
- Gaming
- Governmental Facilities



MADONNA & BOB¹

Madonna was a big city economic developer. Her community of Heartburn Hills had over 250,000 people and it provided her economic development agency a budget of over \$500,000 annually. Madonna had a staff of seven who reported to her. Along with her in-house staff she enjoyed complimentary services from local attorneys, accountants, engineers and finance professionals. When it came to economic development, she had it all.

Bob was also located in Michigan; however, he served Paradise on the Bay, a small lakeside community of 14,000 people. His operating budget was \$120,000, which provided for his salary and his part time administrative assistant.

A couple of board members offered assistance when they could; however, their career experience was limited to running the local pharmacy and funeral parlor. Although their hearts were in the right place, their experience was somewhat off-center.

Our story about economic development will highlight the escapades of Madonna and Bob as they address the responsibilities of their respective communities through the various facets of economic development expressed in this book. They will be used to show how a small town vs. large city program might tackle each topic. Through humor we thought that each scenario might highlight what to expect in your own local economic development efforts.

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¹ This section is where we will discuss the way that a small town economic developer and a big city economic developer would handle the various topics addressed in each chapter. In previous publications I used the name ED for obvious reasons. Since this is a book about Michigan I thought I would use Madonna and Bob (Seeger) in honor of two of Michigan's more famous rock stars.

What is Economic Development?

The International Economic Development Council presents the following definition of economic development:

Economic development can be defined as a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.

The focus on a program and the improvement of the economic well-being are two critical aspects to this definition that warrant emphasis. As a program, the definition mandates that the activities of the organization be planned rather than reactive. Time has shown that those economic development programs that are successful operate from a planned rather than reactive perspective. This premise about working from a planned basis has been proven true over time.

Also notable in this definition is the concept that economic well-being can be impacted. A program focused on improving the overall economic health of the community usually has the greatest return on economic development dollars invested.

Quality of life, while important, must be regarded with a degree of caution. It is here that many economic development programs lose focus. The economic development professional must stay targeted on those quality of life issues that result

in the ultimate goal of economic development: enhancing the economic well being of the community. The “big three” are housing, schools and major crime.

Why Economic Development?

To those of us in economic development, the concept is pretty straight forward. This is our community (or at least the one we’re working for at this time). Its future really has only two alternatives: we can let it develop in a *laissez faire* manner or we can create a vision for the future and do everything in our power to realize it. When you see it defined in this manner it is simple to see that the economic developer is going to choose the latter course of action.

Basically there are only three things that can happen to your economy:

- It can expand
- It can stagnate
- It can contract

Of the three, most economic developers would choose to facilitate economic expansion.

Assuming that that is the case, the challenge to the practitioner is to

- Explain and promote the concepts of economic development
- Identify any obstacles to success and opportunities to be capitalized

- Become the single best source of resources, people and programs in your community
- Be the most enthusiastic promoter of the vision for your community's future.

Justification for economic development often rests on one of these building blocks:

Economic Diversification. The economic development program is needed because the community wants to diversify its economy. For example, a lifetime dependence on the automotive industry may have allowed the community to experience periods of great boom and great bust. When times are good, they are very, very good. When times are bad, they are horrible. Eventually the community makes a conscious decision to fill the economic valleys by attracting companies in different economic sectors so that when things contract in their primary business sector, the other ones are working to offset the losses.

Tax Base Development. When investment occurs from the private sector, it is taxed by the public sector. As the public sector collects these tax revenues, their ability to provide necessary services that benefit the community as a whole increases. These services increase the overall quality of life in the community. As the community's quality of life is recognized, additional investment is facilitated by the private sector. As this investment occurs, the cycle repeats itself at

the next higher increment and the community continues to add to its tax base.

Job Creation. It is no longer enough to say that jobs are being created. The profession has learned that there is a vast difference in job quality. The true economic developer is focused on creating jobs that improve the median wage for that sector in the community. Time, effort, resources and incentives are all directed toward adding new and better jobs in the community(ies) being served.

Decrease in "Entitlement" Government Support. In general terms, the healthier the local economy the less dependency there is on state or federal funding sources. Because of the current municipal finance system utilized in Michigan, there will never be a total removal of state or federal support. However, one important indicator for economic development program success can be a marked reduction in grants and support based on economic distress.

Replacement of Lost Jobs. It is not uncommon for a community to initiate a business recruitment effort in response to a major plant closing. Often a community has benefited from the "800 pound gorilla" for many, many years. Generations have worked in the plant, and families have celebrated major life events part and parcel with the work schedule at the facility. One day economic conditions change, the plant is no

longer competitive and the product is moved to production overseas. When this is announced the community is devastated as job after job is lost at the factory. Eventually the situation reaches a critical point and an economic development recruitment effort is mounted to attract new jobs to the community. Historically, this was possibly the most common call to action for economic development efforts.

Support of Existing Businesses. Companies purchasing supplies or services from outside the community may be doing so because they have to, not because they want to. Economic developers who either bring in a new supplier to meet this need or help a local entrepreneur start or expand a business to accomplish the same goal can be successful on two fronts. The first is by reducing “leakage” of purchasing dollars out of the community. The second is by creating a new or expanded business that adds jobs and tax base to the local economy.

Underlying all of these reasons for pursuing economic development is the base job concept. Whenever and wherever the replacement or creation of base jobs can occur, economic development is driving its resources to help ensure that this is a successful undertaking.

Key Concepts that Underlie Economic Development

There is only one concept that matters in a successful economic development program. Somewhere, somehow the outcome of your efforts has to produce societal wealth. Everything else is busy work. Nothing more. Nothing less.

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Measuring societal wealth is where our justifications for economic development vary greatly. In the areas we can quantify (jobs, tax base, tax revenues, etc.) the metrics are quite easy to analyze and understand. In other areas, such as quality of life, the metrics are less easily read and not universally supported.

Possibly the most difficult of these “quality of life” metrics is environmental stewardship. In many cases doing nothing (in terms of development investment) is the best thing we can do to protect our local environment. However, the process of development requires trade-offs where economic gains are pitted against the environment. Well planned development strategies are most often successful in protecting or enhancing the environment, thereby creating a win/win scenario for the greatest number of participants.

There are five successful cornerstones to any economic development program:

- The Organization
- Product Development (i.e. Your Community)
- The Market
- Business Development
- Workforce Development

Here's how each of the five cornerstones contribute to successful economic development efforts at the local level.

The Organization. It is important that a community have a well organized, functioning and adequately funded economic development organization. While this may seem intuitive, it is surprising how many communities have under-funded and under-staffed economic development efforts. When this occurs the existing organization is little more than a store-front operation that provides a false sense of hope and security for the community.

Product Development. Once an organization is in place, the community needs to look at itself objectively and critically. What are its inherent strengths and weaknesses? How prepared is it to meet and facilitate new investment? How will it stand up to the scrutiny of a new investor? Will it entice new

investment or does it need to be spruced up to be prepared to meet its new suitors?

The Local Market. How big is the market the economic developer is trying to impact? In a small rural community, the market may need to be either redefined to include surrounding communities, or it may need to be grown by attracting more people that will create a critical mass where economic exchange can really occur. While larger communities may be more self-contained, they too operate in a regional environment.

Business Development. It is here that the economic development organization deals with some of the more traditional components of economic development. Business retention, entrepreneurial development and business attraction compose this core component of economic development. By providing assistance to the business community which results in new wealth, the greatest leverage of economic development dollars is achieved.

Workforce Development. It was not all that long ago that "jobs, jobs, jobs" was the battle cry of economic development. However, in today's world the focus has been changed to the creation of good jobs which raise the overall standard of living of the people who attain them. The

economic developer's role no longer stops there. In order for people to attain those better jobs, their skills must match the requirements those jobs demand. The economic developer's role today is to understand the skill requirements demanded of a modern workforce, to inventory the skills of the current workforce and to ensure education and training that fills in any gaps that may occur.

Economic Development Today

Some of the earliest examples of economic development go back to Thomas Jefferson. When he retired back to Monticello, his plantation home on the Virginia Piedmont, Jefferson spent a good deal of his time writing letters to friends and colleagues attempting to convince them to relocate to Virginia. His work is one of the earliest examples of a direct mail campaign in recorded economic development history.

Others know of the role of the railroads. As they forged their steel highway across the United States railroads often bought up more land than needed for the creation of the rail line itself. This land was sold off to prospective rail shippers. The early days of economic development were highly focused on bulk shipping of raw commodities. This program worked.

As the industrial revolution unfolded, the value of a base industry in the local economy became increasingly apparent. Large, expensive factories

were springing up all across America. They produced work for the uneducated and taxes by the wagon full. They were, in every sense of the word, the backbone upon which this country's wealth was established. Most of these early factories involved a boiler, furnace or process heat source of some type. They often had many smokestacks protruding from the plant. The focus on this industrial sector caused most early practitioners to be labeled "smokestack chasers".

Then an economic evolution started to occur sometime in the mid 1980's. The move from an industrial economy to a service economy was initiated. Our country's dependence on manufacturing began to shift to economies based more in service and technology.

By the 1990's this transition was well underway. In 1993 the North American Free Trade Agreement (NAFTA) was passed and we accelerated the change of our national economy to a global economy. Once passed, we saw a dramatic reduction in the competition between Michigan and, say, Arkansas. The competition then changed to Michigan vs. Mexico. NAFTA made it much easier for companies to move lower skilled, primary manufacturing jobs to low cost-of-doing-business countries. As they did so, the types of jobs available in the United States became more technology based and focused on finish work, both of which required a higher skill set.

In the late 1990's this shift to a technology/service economy was recognized through what was commonly called the "dot com boom". Although

primarily driven by Wall Street trading opportunities, the dot com boom drew attention to the technology and Internet driven nature of our economy. The transition from a manufacturing to a service economy accelerated during this time.

Meanwhile, other continents passed their own Free Trade Agreements. Europe organized into the European Union, adopted a single currency and standardized most of their trade and tariff agreements. China continued to awake to its economic potential and, along with sister countries like Taiwan, Hong Kong, India and Indonesia; it began to compete with countries like Mexico for the very jobs that were exported from the United States only 15 years earlier. The globalization of the world's economy continued to accelerate.

For the economic development professional, the roles continued to change as well. Base industries, those that brought new revenue into the community, continued to be a priority but their definition expanded. Manufacturing, both because of its ability to bring new capital into the community and its high tax revenue generating facilities, remained at the core; however new sectors were identified and recognized for their wealth generating capabilities. Some examples of the new economy could be seen in:

Call Centers. Using computers and communication technology a number of companies were successful in putting both inbound (customer service) and outbound

(telemarketing) centers into communities. These centers often house hundreds of people and provided an alternative to the lower skilled retail and service jobs available on Main Street.

Distribution Facilities. After goods are manufactured they need to be moved to the point of consumption. This necessitates setting up warehouses which aggregate and disseminate goods to the various destination points.

Professional Service Companies. Communities have found engineering firms, architects, attorneys, investment advisors and others bring in money from outside the community and provide well paying jobs for the people they employ.

Tourism. Recreational travelers and convention business offer huge opportunities to bring both small and large groups of people who spend short periods of time in the community purchasing goods and services during their visits. These visitors create jobs in hotels, restaurants, retail and recreation establishments as a result of this spending.

Healthcare. Some of the best paying jobs continue to be held in the healthcare industry. Doctors, of course, provide the most highly skilled and compensated professionals, however the pay and benefits flowing to the many other support positions in the hospital often exceed those in many other similarly skilled jobs in the community.

Today's base economy is much more broadly defined than our earlier focus on the smokestacks of the industrial age. Consequently, the modern economic developer is charged with finding economic opportunity in a much wider range of businesses, and with bringing that opportunity to the community they serve.

Communities began to look to the adequacy of their economic and social infrastructure for manufacturing and other businesses. They understood that appropriate transportation, approved industrial sites, sewer and water facilities, and energy connections were a must for business attraction. The whole concept of capacity building was taking place. Our communities began to prepare for investment.

Communities also began to discover that emergency health care, a wide range of health services, and adequate housing was necessary for employees and management of new and established businesses. Good schools for their children and opportunities for youth were important. Access to advanced education, including technical/vocational training, was vital. And opportunities for meaningful recreation, a friendly, safe, and attractive community, and a healthful environment also were sought by business and industry.

The “Traditional Approach” to Economic Development

During the 60s, 70s and into the 80s, the “traditional approach” for the economic developer, often called “industrial developer,” was to focus solely on industrial and business attraction. It was the major function of the economic developer in many instances, with almost no attention to business retention and expansion, or business creation, growing your own enterprises.

Attention to infrastructure was largely limited to physical infrastructure as might be needed directly by the new business or industry. These included industrial parcels or parks as well as adequate services for sewer, water and energy. Zoning was limited to industrial zoning. The labor pool was directed toward industrial uses. Police and fire concerns were limited to how well they could support the local manufacturing base. Social infrastructure was not part of the job description of economic developers at this time. The economic developer likely recognized that many other things were important for business and industry attraction to succeed. But their concern likely was limited to the extent that their insufficiency might stand in the way of securing the new industry or business.

The traditional economic developer was not disposed to deal with or even consider the array of ways that wealth could be brought into a community, region or state. As one economic developer in a prominent Michigan city explained

to an observer in the late 1970s, “Why should I be concerned about tourism for our community? That is, or should be, someone else’s responsibility.”

Movement beyond the Traditional Approach

Beginning long before the dot com boom and evolving to this day, practicing economic developers no longer were able to take such a narrowly focused view of their responsibilities. From experience in workable economic development, economic development professionals learned such a myopic orientation to industrial development was neither practical nor workable.

Furthermore, the communities, area organizations or other entities within which they served would no longer view the economic development professionals as effective or sufficient if they restricted their responsibilities to such a narrow set of industrial and business attraction functions. Thus, economic development was on a trajectory of change in at least three important respects:

1. The strategies employed by the economic developers were being materially modified
2. The practices being employed by the economic developers were changing
3. The roles that the economic developers were performing also were changing.

The combination of these changes in strategies and practices has taken the practicing economic developer far beyond the earlier traditional roles.

Ways that Economic Development Strategies Have Changed Over Time

Earlier in this chapter we talked about the change in economic development from a narrowly focused effort directed at smokestack chasing to a broader definition of wealth generation. As this change was implemented, a change in the priorities of the profession also was occurring. Attraction was not only the priority in economic development; it was frequently the only economic development the local professional practiced. Today, the profession has changed substantially and the priorities of emphasis have reversed.

<u>Then</u>	<u>Now</u>
1. Attraction	1. Retention
2. Expansion	2. Expansion
3. Retention	3. Attraction

In the past, the profession of economic development focused on attracting industrial development. Today, the definition of customers served has expanded to include any company with a base economic impact. In general, if a company has a base economic impact, the economic developer is highly interested in helping increase its contribution to the local economy.

The move from attraction to wealth and income creation, trade area capture, value added

opportunities, improvement in physical and technical infrastructure for business are all part of the basic job description. But it doesn't stop there. To an increasing degree, economic developers are finding themselves involved in the social infrastructure of the community: Education, healthcare, quality of life, recreation and a whole host of community specific needs fill the platter for the busy economic developer today. These broader definitions of the job pull the busy economic developer into different directions every day.

Broadened Economic Development Strategies

The strategies implemented by the economic developer have broadened considerably. For example:

BRE Emphasis. The recognition of the pay-off in business retention and expansion (BRE) has already been discussed. Where the economic development professionals of the past had spent a great deal of their time working to attract new business to the community, today they are spending a much greater proportion of their time drawing that investment from within the community. The recognition that these are low cost, high pay-off efforts was one of the ways communities were able to leverage their monies spent in economic development to a greater degree. This also results in a greater appreciation for the interaction among companies for both

intra-and inter-trade area relationships.

Supplies needed by some businesses are now new product opportunities. Likewise, opportunities to further process local business products or enhance local services are now viewed as new enterprise opportunities.

Greater Targeting. Much greater targeting of the attraction effort has occurred as well. In the end of the 20th Century, the common adage in the business was, "Shoot anything that moves, claim anything that falls." Through much greater experience and capabilities in the targeting areas, focusing limited spending dollars for attraction has been accomplished at a much greater degree. Today's mantra may be best described as, "Shoot only what makes sense, bag and brag if they fall."

International Focus. Although economic development is every bit a local issue, there is a much greater awareness of how national and global trends affect the local level, resulting in a greater appreciation for that supply and product markets can have impact on the local economy. This, in turn, results in a greater realization for the integration of various market focuses impacting the local economy.

Investment becomes wealth creation. The economic development profession focuses more on wealth creation now than before. In the past, the total focus

was on investment in tax generating physical assets. However, today the realization is that true value comes from intellectual assets. Through greater knowledge, whether about markets, processes or opportunities, comes the true opportunity to generate wealth in the community. The modern economic developer focuses a greater proportion of his or her time on this key concept.

Money. Today's economic developer is a wizard at finding capital for public and private sector projects that make dreams become reality. Reality is expressed as greater economic opportunity for both the entrepreneur and the employees they hire.

The above trends emphasize that economic development is a long-term process requiring a long-term community or area commitment and is, therefore, not a short-term fix. By taking a long-term perspective, those involved could produce measured actions that would advance their community's vision and the economic development goals and objectives developed within it.

Ways Economic Development Practices Have Changed Over Time

In recent decades, many changes have occurred in the professional practice of economic development. Fifteen of these changes are

summarized here, and others could be added to this list.

1. From attraction, first of manufacturing, then of any business—to encouragement of businesses that “fit” the community or area
2. From working largely alone with business prospects—to working with a variety of others, including volunteers, in dealing with business prospects
3. From more secretive and obscure approaches to economic development — to using processes and guidelines agreed to by others in the community, while respecting confidentiality of business clients
4. From going-it-alone economic development as a community and being highly competitive with neighboring communities—to cooperating and collaborating economic development with neighboring communities and being competitive with other regions or internationally
5. From creating any jobs at any wage—to creating jobs utilizing higher skills with higher resulting pay
6. From seeking employment for laborers available—to enhancing the labor pool, labor force training and retraining, and

working closely with educational/training institutions

concerns for all businesses and for the broader community and its residents and visitors

7. From focusing on employment in the community's existing industry base only—to deliberate efforts to diversify the employment base

13. From little role in community development beyond economic development projects—to substantial involvement in broader community planning and

8. From defining economic development narrowly as manufacturing—to defining it broadly to encompass all wealth creating opportunities and actions

community development processes, including leadership development

9. From having little to do with business climate—to substantial efforts on business climate improvement in the community and beyond

14. From having a base of support largely limited to business leaders and the local unit of government—to nurturing and

10. From shouldering little responsibility for business-community issues—to serving major roles in resolving business-community issues

receiving involvement and support from a broader group of stakeholders and other leaders

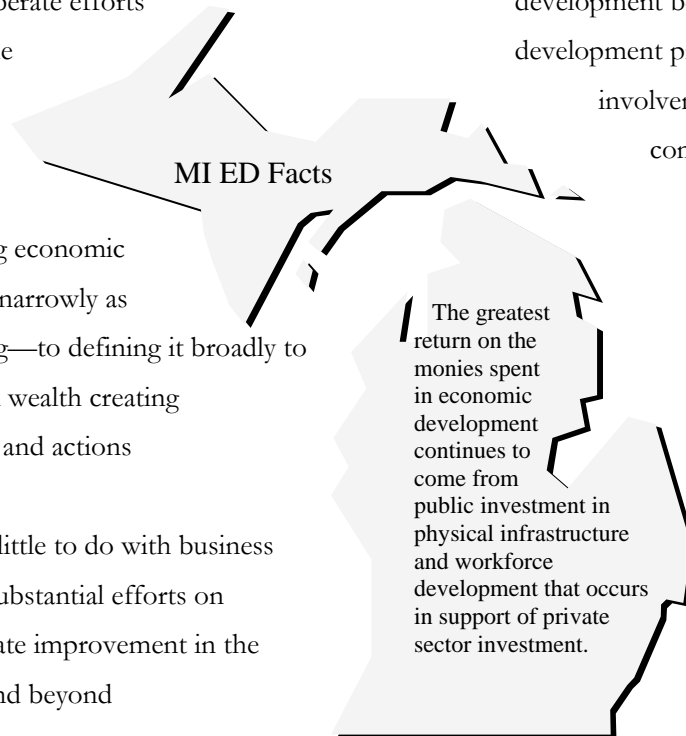
11. From working with businesses and few other stakeholders—to working with many stakeholders, including both those mutually benefited and others impacted and/or needing to be informed or involved

15. From largely a local or community orientation—to an orientation including regional, state, national and international aspects.

12. From little attention to “quality of life” beyond that needed for business and industry attraction—to quality of life

Broader Roles Implied

While the roles of the economic development practitioner will vary based on the nature of the position and the policies and expectations of the



economic development board, broader roles are strongly implied for nearly every economic development practitioner. Among the economic development practitioner's possible roles are likely to be the following:

Assessing community readiness for economic development. Various tools or models can be used to help the economic developer with an assessment. Use of these tools can serve to obtain vital information, while involving others in the process. This added involvement can yield broader interest in the findings and commitment to take positive remedial actions.

Creating a business friendly community and a supportive business climate. This is no small task. It requires a willingness to create such a climate and a deliberate dedication to efforts to bring it about and reinforce it. Creating a supportive business climate can be one of the most important objectives for the economic development board and office and it can be incorporated into the economic development operating plan.

Fostering community visioning and strategic planning. A community may be willing to address community visioning and the strategic planning necessary to advance toward that vision. But someone must be willing to spearhead the effort. Not to be overlooked is the need for revisiting the community vision and its strategic plan, sometimes called

“revisioning.” Revisioning is necessary to keep the future vision vibrant and up to date.

Creating an analytical capability and supporting data and information base. Such a capability will find many uses: Clarifying conditions, formulating plans, preparing project proposals, creating feasibility analyses, preparing business and industry brochures, justifying the upgrading of physical or social

Creating a supportive business climate can be one of the important objectives for the Economic Development Board and office.

infrastructure, design of training programs, leadership development programs and much more.

Helping build or enhance physical and social infrastructures for the entire community, not just businesses. Whether it is housing stock, transportation, utilities, and new high-speed internet access, or educational programs, health care, day care for children and or the elderly, or safety and law enforcement, the economic developer may find that achieving what is best for businesses may only be possible when addressing what is best for the entire community. Thus the economic development practitioner may find it necessary to help, if not spearhead, the analyses, plans and actions that result in the best conditions for the community, while encompassing business needs.

Helping with the creation and funding of community projects. The building and enhancement of physical and social infrastructure will not succeed unless specific projects are formulated, implementation plans are created, and funding is developed or secured. Action also may include establishing the organizational entity or legal mechanisms, such as tax increment financing districts, which will provide continuity to potential funding and future operation of the enhanced infrastructure.

Helping create and advance leadership capabilities. In many communities, one hears the observation that the same people seem to be placed in leadership roles over and over. One reason may be that the community has not addressed the creation of new leadership capabilities. The economic developer may find it necessary to join forces with an educational institution in creating and offering leadership development programs. A number of approaches are possible here and can be applied in both rural and urban environments. Further, there is exciting new information and new approaches for helping people who are not supervisors to take “leadership actions” in business and other private and public settings to advance an organizations goals and objectives.

Undertake or assist those special community analyses as may be required. These may be central to economic development, such as those concerning business retention and expansion, labor force availability and quality,

employability skills of graduates, vocational and technical training opportunities, transportation, and business and industry sites, to name but a few. Additional analyses may involve health care, emergency services, day care for children and elderly, citizen preferences or other conditions or issues.

Fostering celebration of business achievements. Practitioners have found that much good will and community loyalty is created by celebrating business achievements. There are various ways in which such celebrations can be undertaken. These celebrations can be across all economic sectors; public, private, and not-for-profit, and can serve to link components of the local economy that may not customarily work together. The possibilities here are numerous and most would serve to enhance the business climate as well.

In addition, the economic development practitioner may find it desirable or necessary to use her/his development skills in ways for which she or he was not trained. Among the possibilities are

- The economic developer as a workforce developer
- The economic developer as a community planner and community developer
- The economic developer as an educator, knowledge creator, consensus builder, negotiator, problem solver

- The economic developer as communicator, linker, organizer of resources, facilitator
- The economic developer as a community leadership developer.

the community as well as the economic development practitioner. Moreover, the economic developer's avocation of the benefits of economic development to the community should be second to none also.

The Role of the Economic Developer

As mentioned earlier, the role of the economic development practitioner is similar to that of a conductor who organizes a symphony of players into a harmonious production. In this regard, the practitioner has three key roles. One is to provide leadership to the elected and appointed officials in policy making. The second is to design sound strategies using the available resources to implement the economic development program. The third is to administer policy that effectively manages the programs identified in the organization's strategic plan.

Critical skill sets necessary for the success of the practitioner include:

- Analyst. A good economic developer must have a certain degree of analytical skills.
- Catalyst. Someone needs to kick the community into gear. Most often it is the economic developer's job to provide the jump start to action.
- Advocate. No other person in the community should be able to provide the level of promotion about the strengths of

Determining When and How to Take on these Various Roles

There is no pat answer or cookie cutter approach for the economic developer to use in determining when and how to take on these various roles. The decision he or she makes will be easier if the economic developer has created an open, honest, and sharing relationship with the economic development board. If the economic developer has made it a practice of surprising the board, possible new roles may be viewed with something less than objectivity, and possibly with doubt or hostility. If instead, the board and director have an open, sharing and trusted relationship, possible new roles are likely to be viewed objectively and considered in a positive manner.

Also important is the operating plan that the economic developer has created and the board has affirmed. Certain things will be highlighted as being of greater importance than others. The extent to which a new role will advance progress toward the important goals or objectives also will provide another basis for determining when and how to take on a new role.

Still another factor of importance is the extent to which the economic developer can make use of the talents represented on the board and other talented individuals or groups with whom the practitioner has cooperated. Many an economic development effort has looked at solutions through the expenditure of funds. While capital is an important component to any economic development effort, a resourceful developer will find ways to leverage the various assets of the community that already exist. In fact, that is the purpose of the Madonna and Bob scenario's in this book is to show how both problems can be addressed through the use of financial and non-financial resources in the community. It is not uncommon for economic developers to underestimate the range of human resources and talents that can be brought together to deal with a problem, issue, analysis or other action.

Strategies Employed in Economic Development

Bringing coalitions together allows the economic development professional to develop and build consensus on program strategies. Choosing the best strategy for the community is often one of the biggest challenges facing the economic development professional. There are four broad strategies that compose the fourth cornerstone which is generally identified as “primary” or “core” economic development:

- Business Retention
- Business Expansion
- Business Attraction
- Entrepreneurial Development

Other strategies such as tourism, government procurement assistance and export readiness are more focused on diversification. These specific programs help existing businesses expand into new markets and are often referred to as “secondary” economic development strategies.

Before undertaking a program focused on business assistance efforts, there is the need to prepare the first, second and third cornerstone, the organization, the product and in some cases, the market to be served. If the organization is under funded, often times the best economic development is to raise the level of support for the economic development entity so that it can make a true difference in the community that it services. If the community is not ready to meet its investors, i.e., the product development component of the economic development strategy, the programs in their early stages would be best served if they focus a greater percentage of their dollars on community development efforts. Occasionally, a community will rush head long into marketing itself without taking that critical look at the product, i.e. the community to see if it is ready to be sold. Preparing the community for investment is equally as important for attracting new, outside investment as it is for convincing the existing businesses they need to invest and expand as well.

And finally, the value and importance of the work force is critical to overall economic development success as well which is expressed by the emphasis placed on making the workforce the fifth cornerstone of economic development efforts.

Toward that end, the importance of the workforce as an asset to the community recognized as a priority focus for the economic developer.

In this book we will address both primary and secondary economic development strategies, with an emphasis on program and product development, along with workforce preparedness. This book will allow the economic developer to better understand and focus their role, to maximize their impact on the community and the tenure of service in their position.

