

Thinking Strategically About Your Economy & Your Future

Economic Development Strategic Planning



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

Lynn A. Knight, CEcD

Discussion questions

1. Does your community have a strategic economic development plan and/or a CEDS?
2. Go long:
Where would you like your economy to be in 10 years? 20? 50?



Strategic planning provides a living vehicle for community leaders to think strategically, to make sound decisions in a sea of game-changing circumstances, to focus efforts & to develop consensus for collaboratively solving problems.

- Engaging broad spectrum of people
- Inspiring people to work together
- Putting individual efforts toward best benefit of collective whole
- Process that requires one or more **CHAMPIONS**



An essential management tool to reach ED goals

- ▶ Helps visualize the outcome
- ▶ Defines direction for yourself and others
- ▶ Gives basis for allocation of resources
- ▶ Tool to motivate and mobilize community

Failing to Plan = Planning to Fail



What should be in your plan

- ▶ Vision, goals, objectives
- ▶ Analysis
- ▶ Market segments
- ▶ Target industries
- ▶ Strategies and tactics
- ▶ Performance benchmarks and evaluation
- ▶ Implementation plan (attached or separate)



Essential step: Understand Your Economy

▶ Economic conditions

- ▶ Unemployment, types and sizes of firms/industries, wages, income, new business starts, retail sales, housing prices, types of imports and exports, number of businesses closed

▶ Population characteristics

- ▶ Size and growth, age, education level
- ▶ http://quickfacts.census.gov/qfd/maps/arkansas_map.html

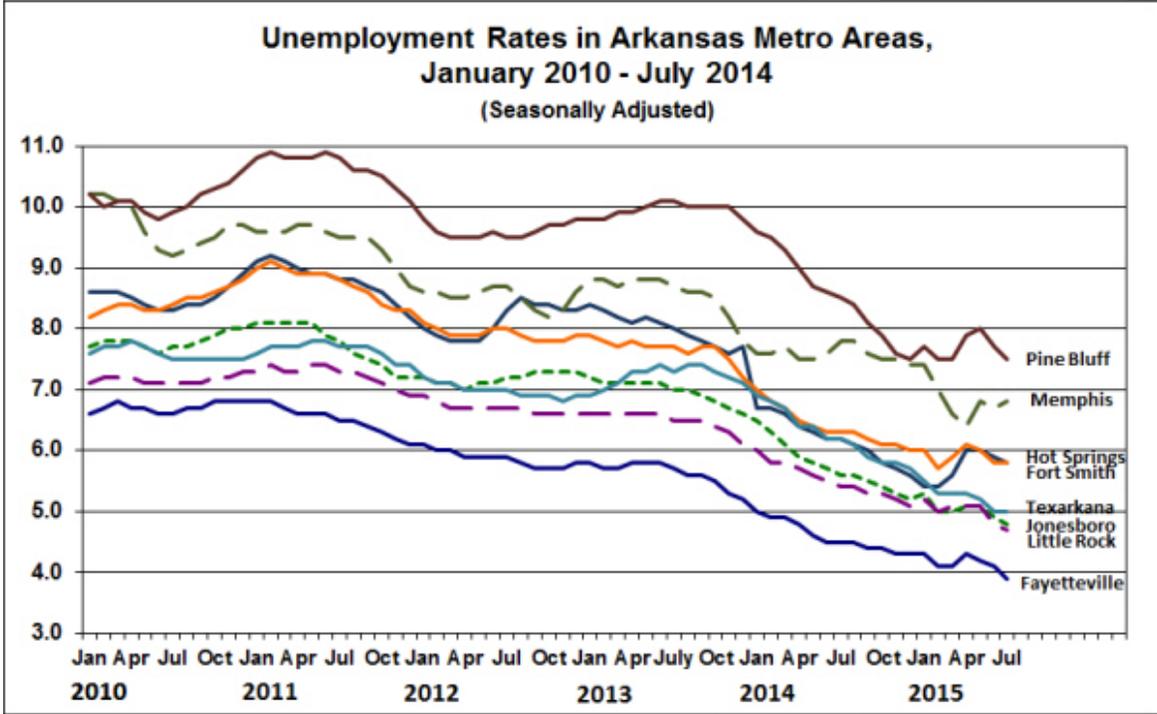
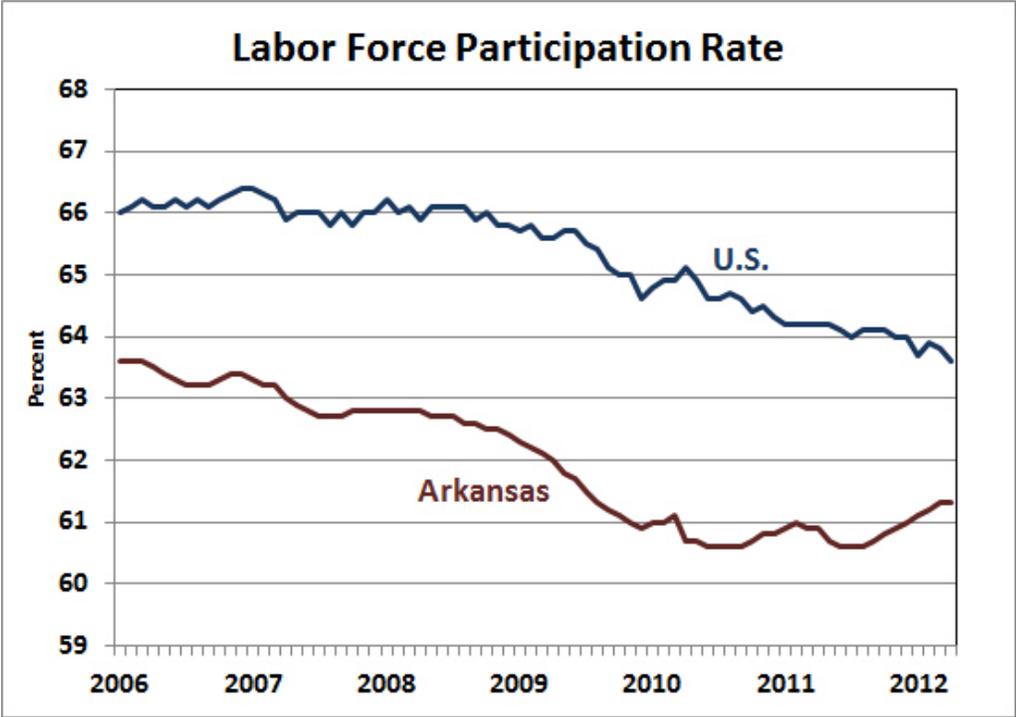
▶ Labor force characteristics

- ▶ Participation, occupations, skills, commuter characteristics
- ▶ <http://www.tradingeconomics.com/united-states/labor-force-participation-rate>

▶ Industry trends



Example of data to review: Labor Participation and Unemployment



Source: U.S. Bureau of Labor Statistics as graphed on ArkansasEconomist.com

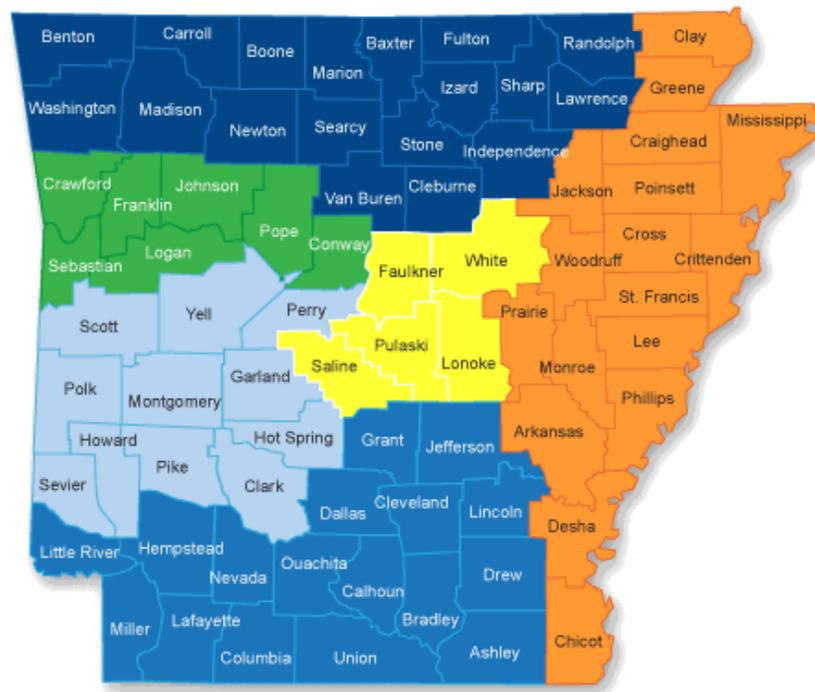
More things you should know

- ▶ Physical conditions
 - ▶ Land use, zoning, land values, condition of buildings, vacancy rates
- ▶ Business climate
 - ▶ Community attitudes, labor relations, taxes, regulations
- ▶ Knowledge-based resources
- ▶ Quality of life
 - ▶ Housing availability, public services, education system, crime rate, cultural and recreational activities



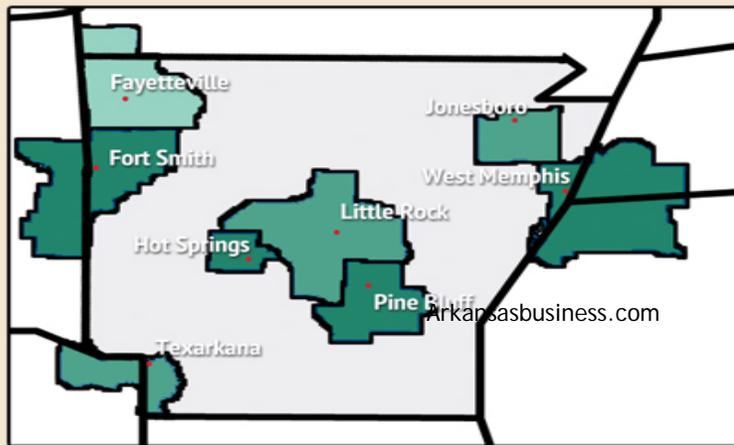
Your community's place in the regional economy

- ▶ How do you define your region?
- ▶ How does the strength of your community depend on or impact others?
- ▶ What assets do you contribute to the regional economy?
- ▶ How does your performance compare?



Benchmarking against other communities

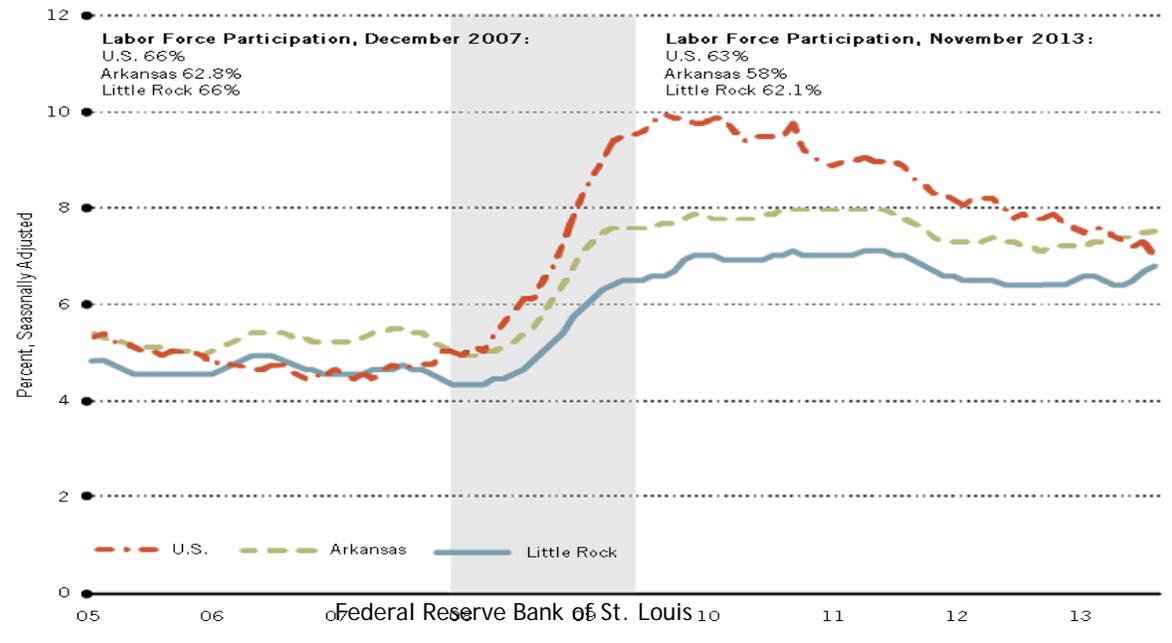
Unemployment Rates in Arkansas Metropolitan Statistical Areas (Dec. 2013)



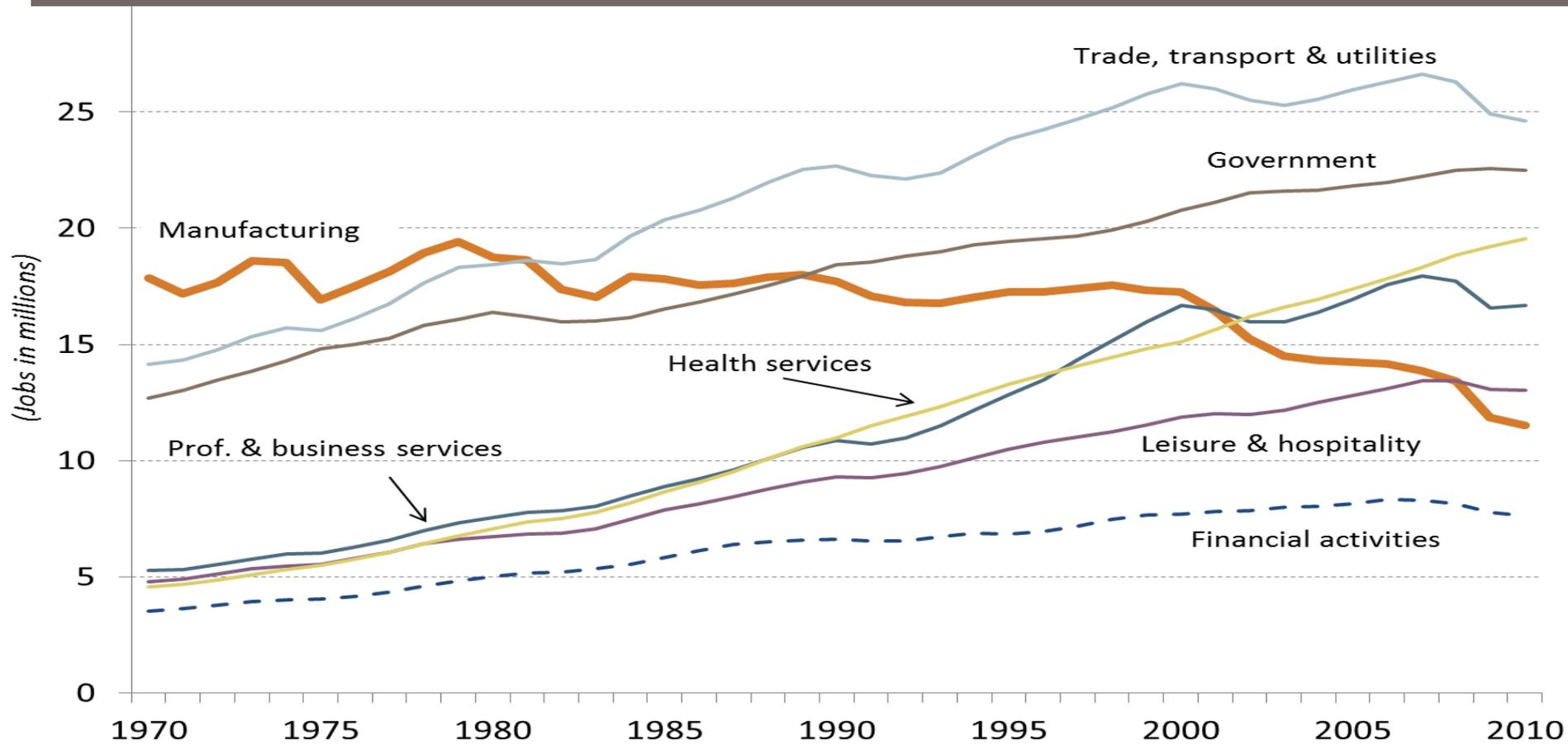
UNEMPLOYMENT RATE (%)	
Dark Green	10 +
Medium-Dark Green	7.0 - 9.9
Medium Green	6.0 - 6.9
Light Green	5.0 - 5.9
Very Light Green	4.0 - 4.9

Fayetteville-Springdale-Rogers, AR-MO	4.9
Fort Smith, AR-OK	7.6
Hot Springs, AR	7.5
Jonesboro, AR	6.6
Little Rock-North Little Rock, AR	6.2
Memphis, TN-MS-AR	8.6
Pine Bluff, AR	9.8
Texarkana, TX-Texarkana, AR	6.8

Unemployment Rate: U.S., Arkansas, Little Rock



Tracking industries: U.S. Employment by Industry Sector

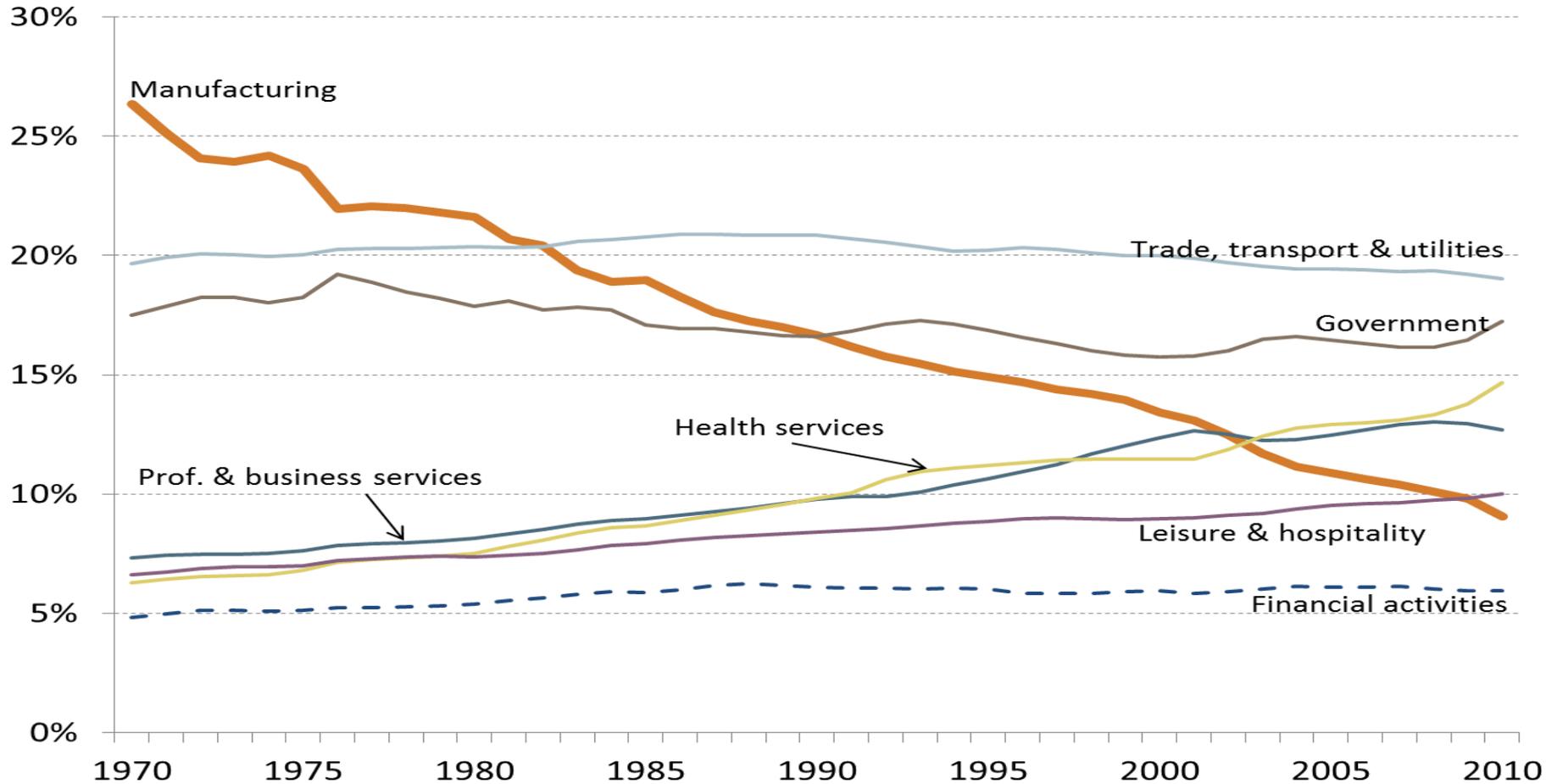


SOURCE: U.S. Bureau of Labor Statics



health services and professional & business services are major employment drivers

Shift-Share Analysis: Industry Share of Employment



SOURCE: U.S. Bureau of Labor Statics



This chart provides greater context for employment changes

Clusters

- ▶ Proximity of companies in the same industry
- ▶ Increases competitiveness
- ▶ The presence of clusters usually means presence of a workforce

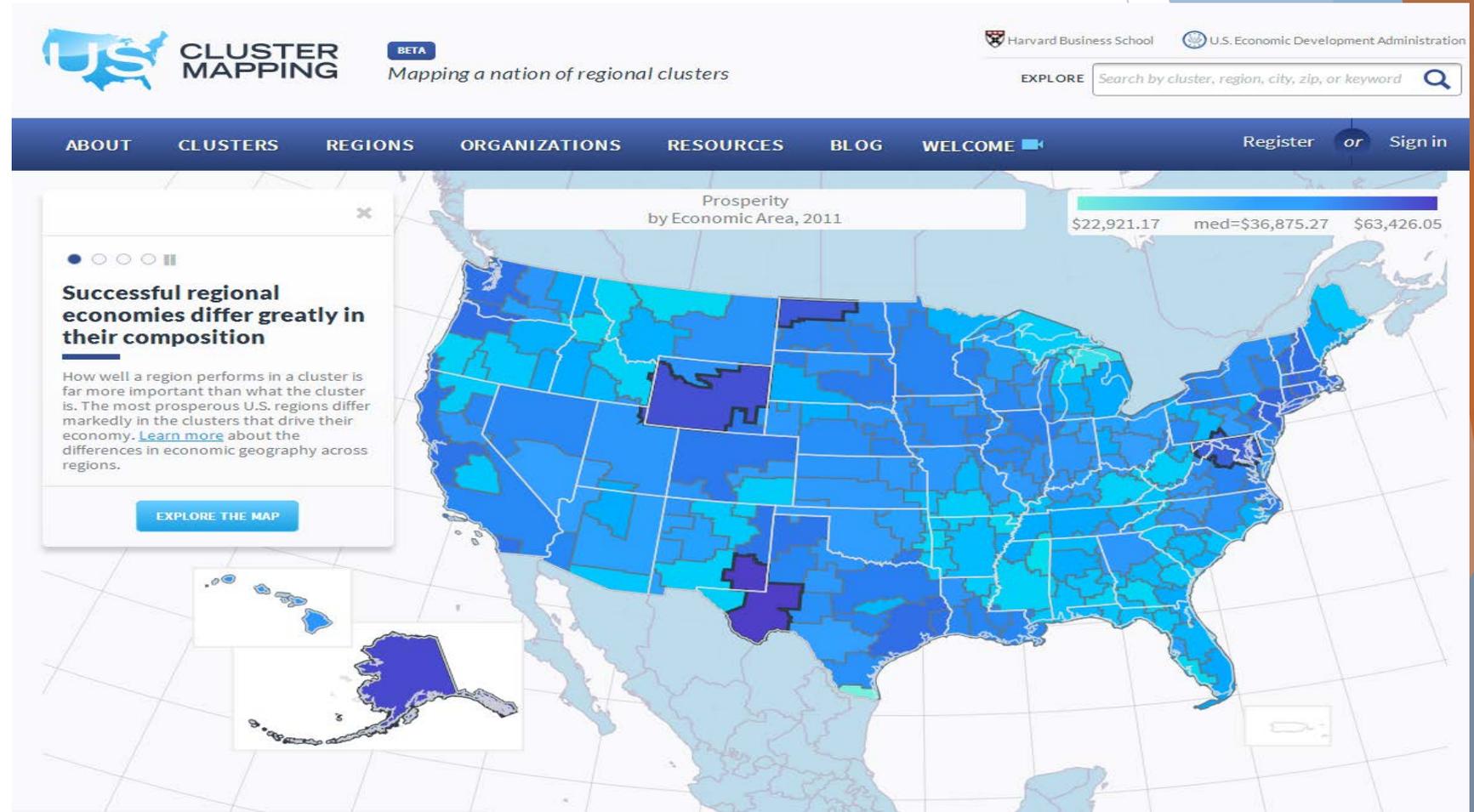
- ▶ Your role:
 - ▶ Understand that clusters exist
 - ▶ Help ensure the needs of the clusters are being met: conducive regulatory environment infrastructure, workforce training, research facilities



Tools: Cluster Mapping

✓ Interactive database with over 50 million open data records on industry clusters and sub-clusters.

✓ Comparable at the State, Economic Area, MSA or county level.



Tools: Cluster Mapping

Traded Clusters 51

- Aerospace & Defense
- Agriculture
- Apparel
- Automotive
- Biopharma
- Business Services
- Coal Mining
- Communications
- Construction
- Distribution & eCommerce
- Downstream Chemicals
- Downstream Metals
- Education
- Electric Power
- Environmental Services
- Financial Services
- Fishing
- Food Processing
- Footwear
- Forestry
- Furniture
- Hospitality
- IT
- Insurance
- Jewelry
- Leather Products
- Lighting
- Livestock
- Marketing
- Medical Devices
- Metal Mining
- Metalworking
- Music
- Nonmetal Mining

Recreational and Small Electric Goods

NUMBER EMPLOYED IN THIS CLUSTER

154,234

SUBCLUSTERS
Recreational and Decorative Goods, Games, Toys, and Children's Vehicles, Motorcycles and Bicycles, Sporting and Athletic Goods, Office Supplies, Electric Housewares

[Go to Cluster Dashboard](#)

Local Clusters 16

- Commercial Services
- Community Organizations
- Education
- Food & Beverage
- Health Services
- Hospitality
- Household Goods
- Industrial Products
- Logistics
- Motor Vehicles
- Personal Services
- Real Estate
- Retail
- Utilities



Tools: StateBook

More than 20,000 data points on U.S. communities, with a powerful map that gives you the ability to compare locations.



Tools: StateBook

Add/Change Region

Lehigh Valley Economic Development Corporation, PA ✕

Add/Change Region

Inland Empire Economic Partnership, CA ✕

Add/Change Region

Central Massachusetts Regional Planning Commission, MA ✕

- Summary
- Arts & Culture
- Climate & Geography
- Demographics
- Education
- Government
- Health
- Households & Income
- Housing
- Incentives
- Industries
- Taxation
- Transportation
- Utilities
- Workforce & Training

Industries Statistics	Lehigh Valley Economic Development Corporation, PA		Inland Empire Economic Partnership, CA		Central Massachusetts Regional Planning Commission, MA	
StateBOOK Stats						
Employment						
✕ Accommodation and food services	25,408	8.78%	120,919	12.33%	24,100	1.74%
✕ Arts, entertainment, and recreation	5,151	1.78%	26,041	2.66%	4,693	1.74%

SAMPLE



Strategic Planning Process

- **Organizing & pre-planning**
 - identify & recruit players & stakeholders
 - create organizational structure
 - determine necessary financial & technical resources
- **Visioning**
 - develop shared vision
- **Assessing the local community & economic competitiveness**
 - evaluate & define your situation
- **Identifying issues & formulating realistic goals, objectives & strategies**
- **Laying out the roadmap**



Importance of the leadership team



Your Role

- Defend the need to your community
- Fund the process and/or implementation
- Be a leading supporter of the process:
 - Give an interview
 - Attend meetings at key junctures
 - Sponsor public hearings



But don't micromanage!

Rely on your EDO team to...

- Manage team and costs of strategic planning process
- Take responsibility for deliverables
- Promote goals, strategies, projects & programs
- Carry out implementation, as required
- Monitor & evaluate - report back to you



Consensus matters

- Strive for a thorough 360 degree view
- Community involvement at every opportunity
- Few projects succeed/sustain without it
- Stakeholders should be involved & engaged



Participate in the community vision

- Concise statement
- Where community wants to be in definable future
- Informs economic development activities
- Encompasses worthwhile & important values
- Influence individual thought & action



Example of leadership vision: Riverside, California

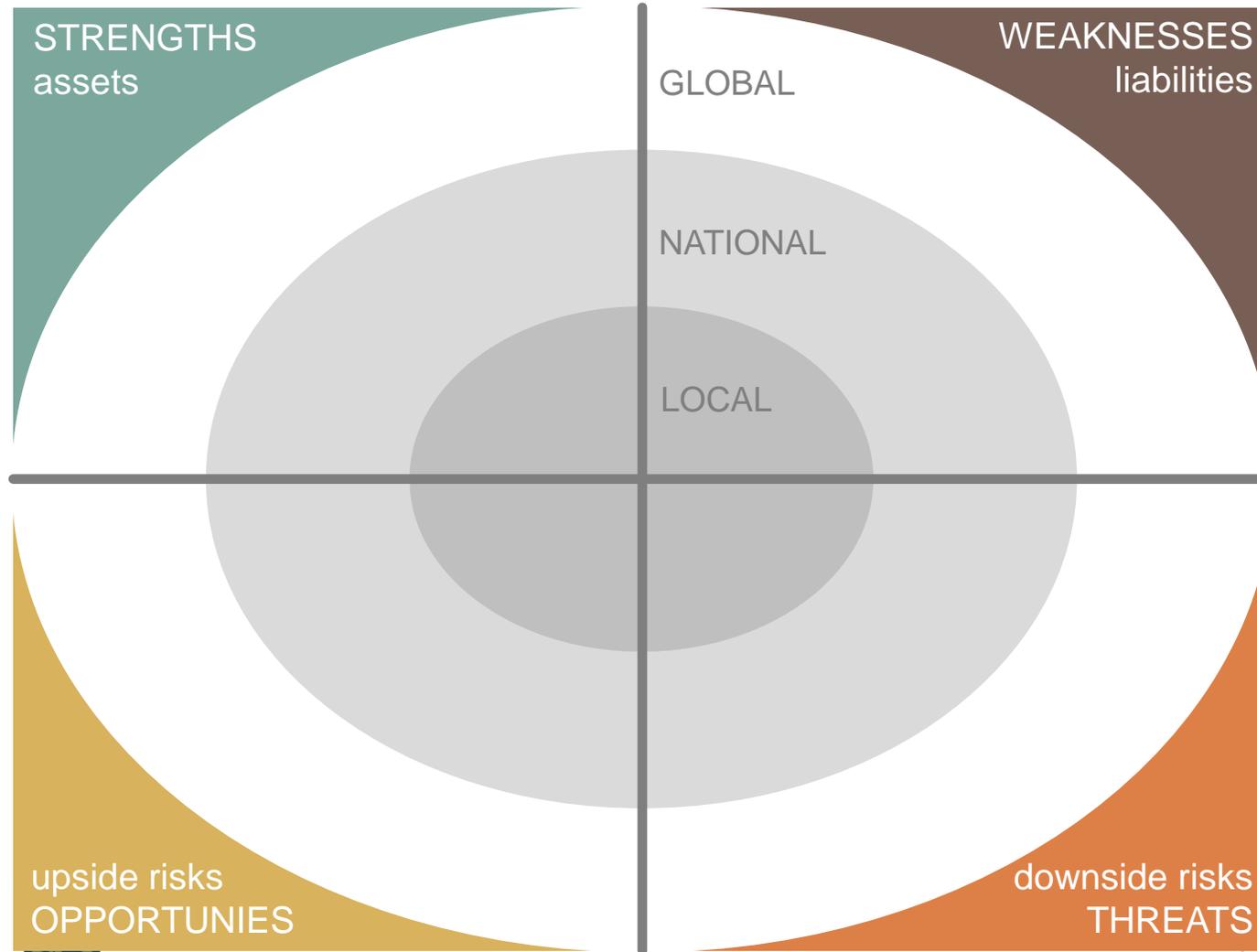
- ▶ Former Mayor Ron Loverage served 33 years
- ▶ Chairman, League of Cities
- ▶ Under his leadership, city named 7th in the nation as the best city - in terms of jobs and economic development - by the International Community Forum.

Also accomplished:

- ▶ The restoration and reopening of the Mission Inn—the city's iconic, downtown building, which helped revitalize downtown
- ▶ Restored the city's two major parks
- ▶ Achieving status as California's first "Emerald City" for Riverside's defined green action plan.



SWOT analysis



TIP maps strengths, weaknesses, opportunities, and threats in a geographic market.



Strengths

Factors that could serve as the basis for achieving the mission & vision of the strategic plan

Ex.

- available industrial, retail or office space
- intermodal transportation
- reputation as a “business friendly community”
- resources to support small businesses
- presence of clusters



Example of a Rural Economic Development plan: Loudoun County, Virginia

- ▶ Focused on strengthening the agricultural industry
- ▶ 15 sectors identified

Agribusiness

Tourism Business

Rural Credit/Banking

Traditional Livestock/Agronomy

Culinary Industry

Young/Beginning Farmer

Direct Markets/Farmers Markets

Wine/Grapes

Rural Based Business

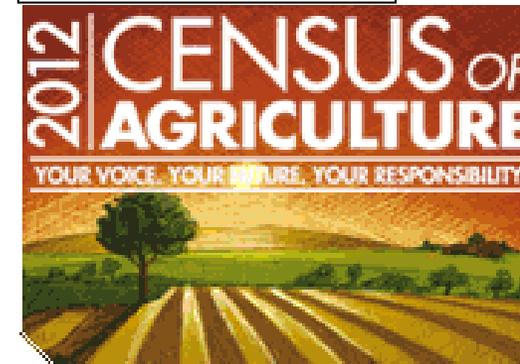
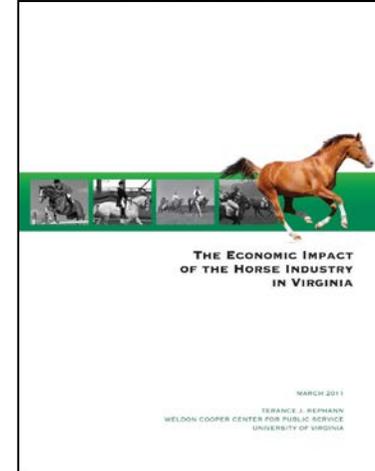
Arts

Education

Horticulture

Equine

Fruits/Vegetables



Weaknesses

Factors that may limit or hinder accomplishing the plan's mission & vision

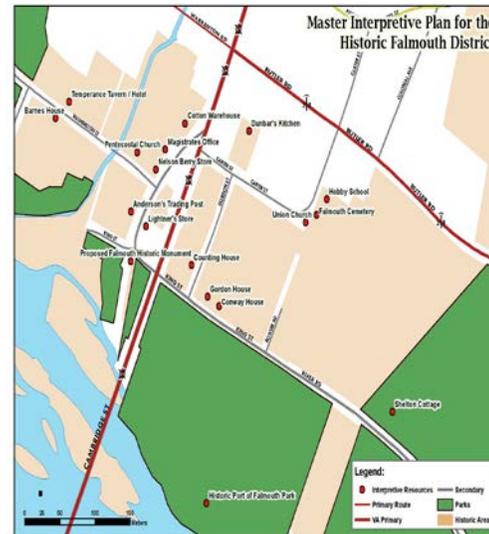
examples

- declining funding
- out-dated, vacant buildings
- shortage of skilled workers



Addressing weaknesses: Historic Falmouth, Stafford County

- ▶ Small town with many run-down, but historic buildings
- ▶ County wanted to revive it for economic development, cultural heritage and tourism
- ▶ Developed a strategic plan to revive the history and make improvements
- ▶ Engaged private building owners for their ideas and support



Opportunities

Areas where the application of resources could result in new developments beneficial to business and the community

Ex.

- historic or natural assets
- development of new facilities
- local expertise and good work ethic
- issues that have community interest or support



Example of vision and maximizing opportunities: City of Ogden, Utah

- ▶ Led by 2 mayors:
 - ▶ Former Mayor Matthew Godfrey - 3 terms
 - ▶ Mayor Mike Caldwell - 2 terms
- ▶ Changed from “dilapidated railroad town” -- to outdoor recreation R&D mecca
- ▶ Cluster: 9 sporting-goods companies and a dozen outdoor brands: Rossignol, Salomon, Atomic, Scott USA, Descente and others.
- ▶ The city conducts yearly meetings with these firms to discuss sustainability.
- ▶ Revitalized downtown with grants and bonds
- ▶ Added 10,000 new jobs



Former Mayor Godfrey, marathon runner, now an ED consultant for “Better Cities”



Mayor Caldwell, biker



Threats

Future events that could lead to negative impacts that are often beyond local control

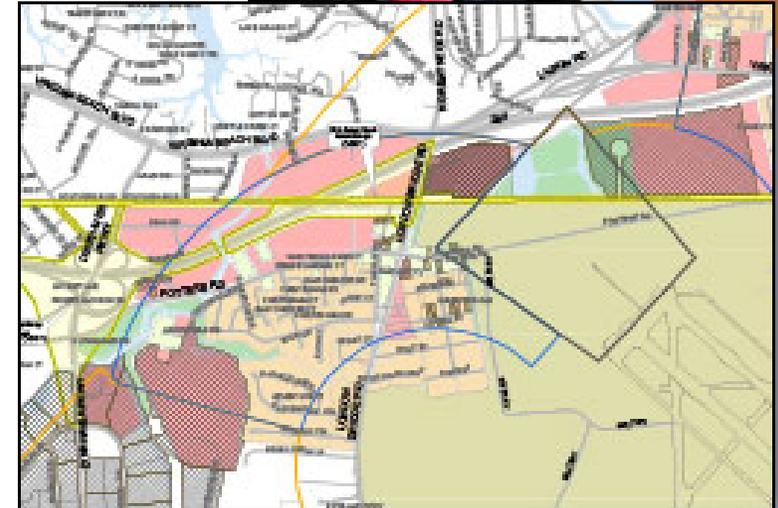
Ex.

- changes in funding
- economic factors that could limit growth
- competition for resources or services
- technological advances that make a product or service made in your community obsolete



Example of dealing with a threat: Virginia Beach, Virginia

- ▶ Mayor William D. Sessoms Jr.
- ▶ 2012 Elected Official of the Year for Military Base Communities
- ▶ BRAC Commission was planning to acquire \$15 million of property annually to roll back incompatible development adjacent to a Naval base.
- ▶ The Mayor was determined to find a better way. The city brainstormed with citizens, businesses and community leaders.
- ▶ The result is YesOceana.com, comprised of zoning and economic incentives to help nonconforming businesses become conforming ones. It has become a model in the U.S.



Strategic Goals



- Represent desired outcomes
- Provide identifiable points of reference
- Flow directly from vision or mission statement
- Should complement, not oppose each other



Examples of ED goals

Maintain the downtown as an attractive location for retail & office operations -- at least 90% occupied

Develop a new art center as a tourism landmark and to attract a "creative class" of art entrepreneurs

Diversify from just one or two traditional industries to improve economic resiliency

Boost target industries with efficient marketing efforts



Economic Diversification

Example: Chickasaw Nation, Oklahoma

Hon. Bill Anoatubby, Governor

- Took an innovative approach in directing the Nation away from gaming-central economy.
- By investing in new ventures, the nation has become a healthy, diverse, and self-sustaining economy.
- Industries include radio stations, a chocolate factory, a natural gas station and a \$147M hospital.
- Successful partnerships formed with a community college.
- IEDC's 2010 Award for Public Service



Strategies

- Re-state the problem to be solved
- Set out how to achieve established goals & objectives
- Answer the question
 - How do we accomplish the goal or objective?
- Encompasses projects & initiatives
- Define & set priorities
 - Should be realistic, i.e. not a wish list





Targeted Industries Strategy

What industries are the best prospects and best fit for the economic assets of a community and its overall economic development strategy?





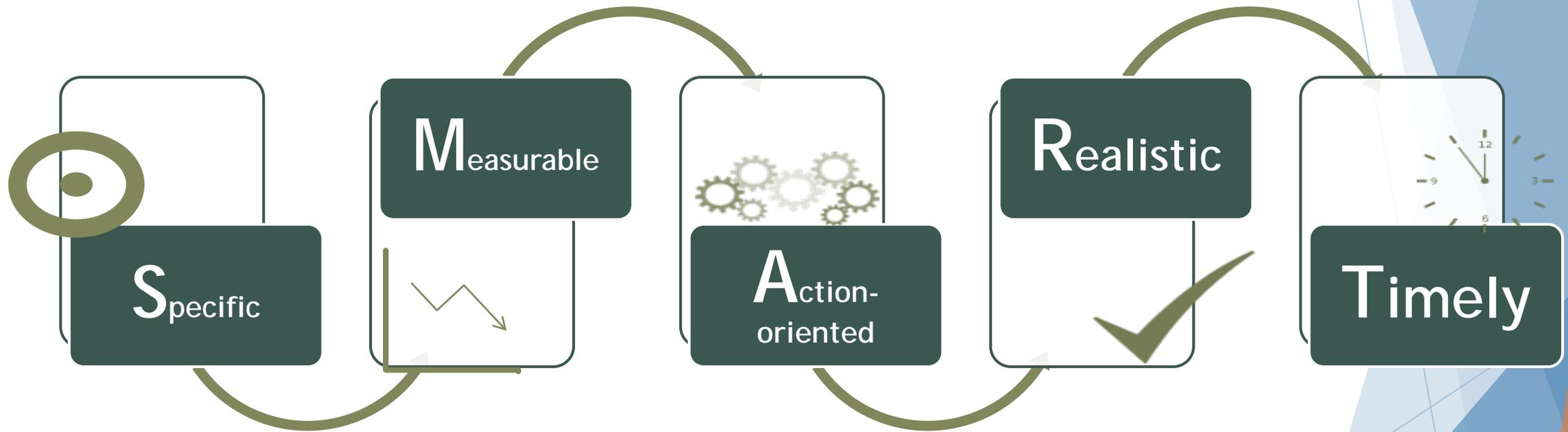
Target Industries

<http://www.arkansasedc.com/industries>

- ▶ Advanced Food Manufacturing
- ▶ Aerospace / Aviation
- ▶ Biosciences
- ▶ Data Centers
- ▶ Distribution & Logistics
- ▶ Firearms & Ammunition
- ▶ Paper & Timber Products
- ▶ Regional Headquarters
- ▶ Smart Grid Technologies
- ▶ Software Development & Data
- ▶ Steel Production
- ▶ Sustainable Building Products
- ▶ Technical Support Services



Targets should be measurable



Pitfalls to avoid with your strategic plan

- ▶ Too ambitious
- ▶ Not updated
- ▶ Not strategic
- ▶ Difficulty in engaging community
- ▶ Lacks resources
- ▶ Lack of political support
- ▶ Expectations of immediate results



Your Next Leadership Steps

- Public unveiling of plan - endorse or lead the charge, inspire the team
- Make the ask: appoint people to implement
- Monitor progress and promote achievements
- Support long-term initiatives



Questions?

