

Thinking Strategically About Your Economy & Your Future

Economic Development Strategic Planning



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

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Fundamental truth

Every community - no matter the size - has the potential to...support existing industries, grow start-up firms, lure new company locations, and attract new dollars...

...all of which will eventually improve the community's tax base...



Discussion questions

Raise your hand if your community or region has a strategic economic development plan and/or a CEDS.



Strategic planning = a living vehicle for community leaders to think strategically, to make sound decisions, 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 strategic planning is NOT...

- ▶ An event
- ▶ About planning meetings
- ▶ Developing a great, well-written report
- ▶ Fulfilling a grant or regulatory requirement



Instead, strategic planning is about...

- ▶ Understanding and optimizing your people equation
- ▶ Creating a culture for strategic thinking...for regularly and creatively reinventing your future together
- ▶ Developing your quality of place



What should be in your plan

- ▶ Vision, goals, objectives
- ▶ Analysis
- ▶ Market segments
- ▶ Target industries
- ▶ Strategies and tactics
- ▶ Performance benchmarks and evaluation
- ▶ Implementation plan
 - ▶ This can be attached or separate from the strategies document



Strategic Planning Process

- **Organizing & pre-planning**
 - identify & recruit players & stakeholders
 - create organizational structure
 - determine resources
- **Visioning**
- **Assessing community & economic competitiveness**
 - evaluate & define your situation
- **Identifying issues & formulating realistic goals, objectives & strategies**
- **Laying out the strategies and implementation plans**



Importance of the leadership team



Local Leadership Role

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



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



Essential first step: Understand Your Economy

- ▶ Gather as much data as possible on local and regional 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 Size and growth, age, education level
 - ▶ <http://quickfacts.census.gov/qfd/index.html>
- ▶ Labor Force Statistics
 - ▶ Participation, occupations, skills, commuter characteristics
 - ▶ <http://labor.mo.gov/data>

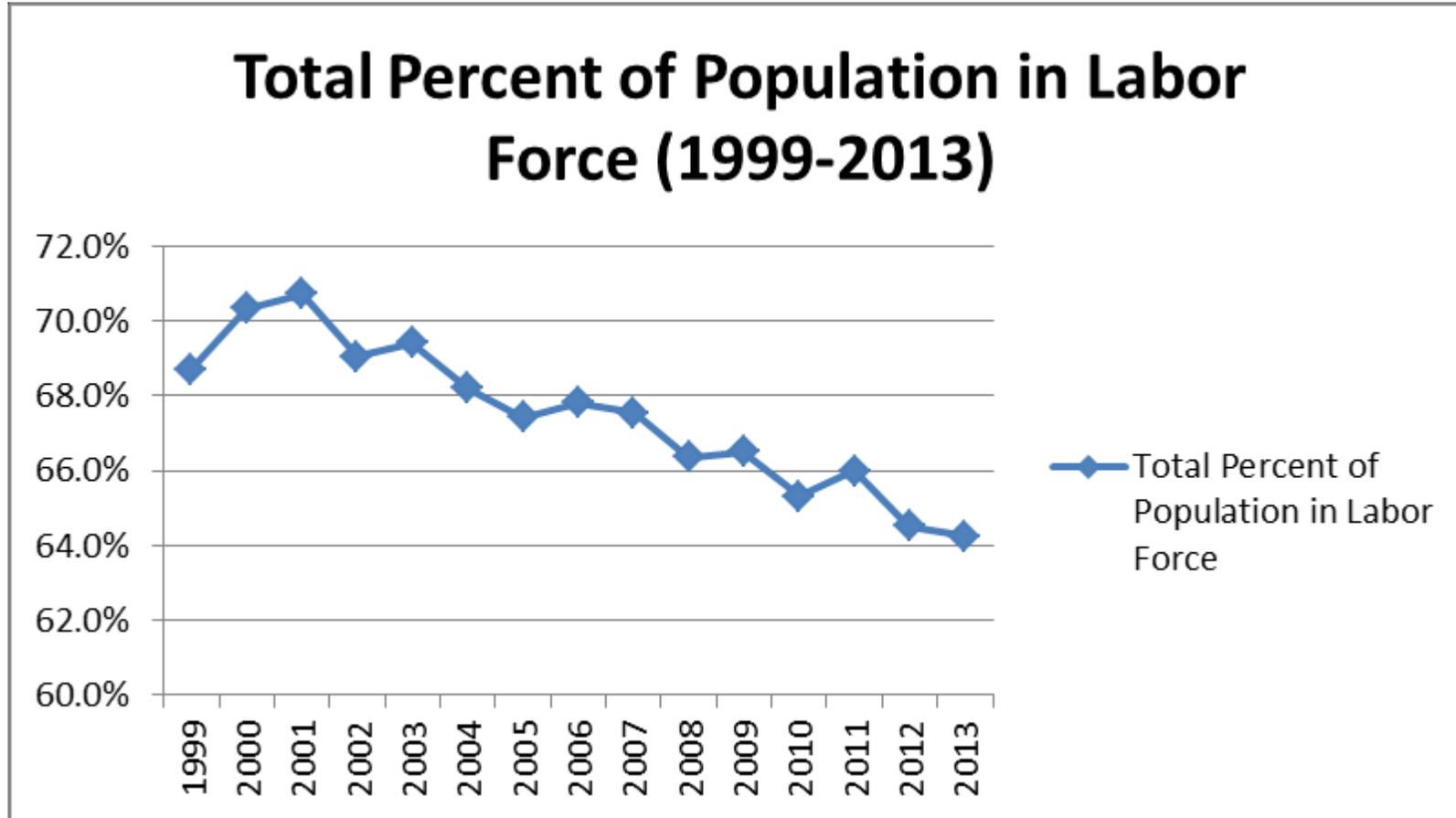


Your analysis should include

- **Provide qualitative and quantitative info**
 - Economic dashboard indicators
 - Explanation and interpretation of trends in the economy
- **Strengths and weaknesses**
 - SWOT analysis, discussion of assets
- **Recognize comparative advantages**
 - Location quotients, import/export data

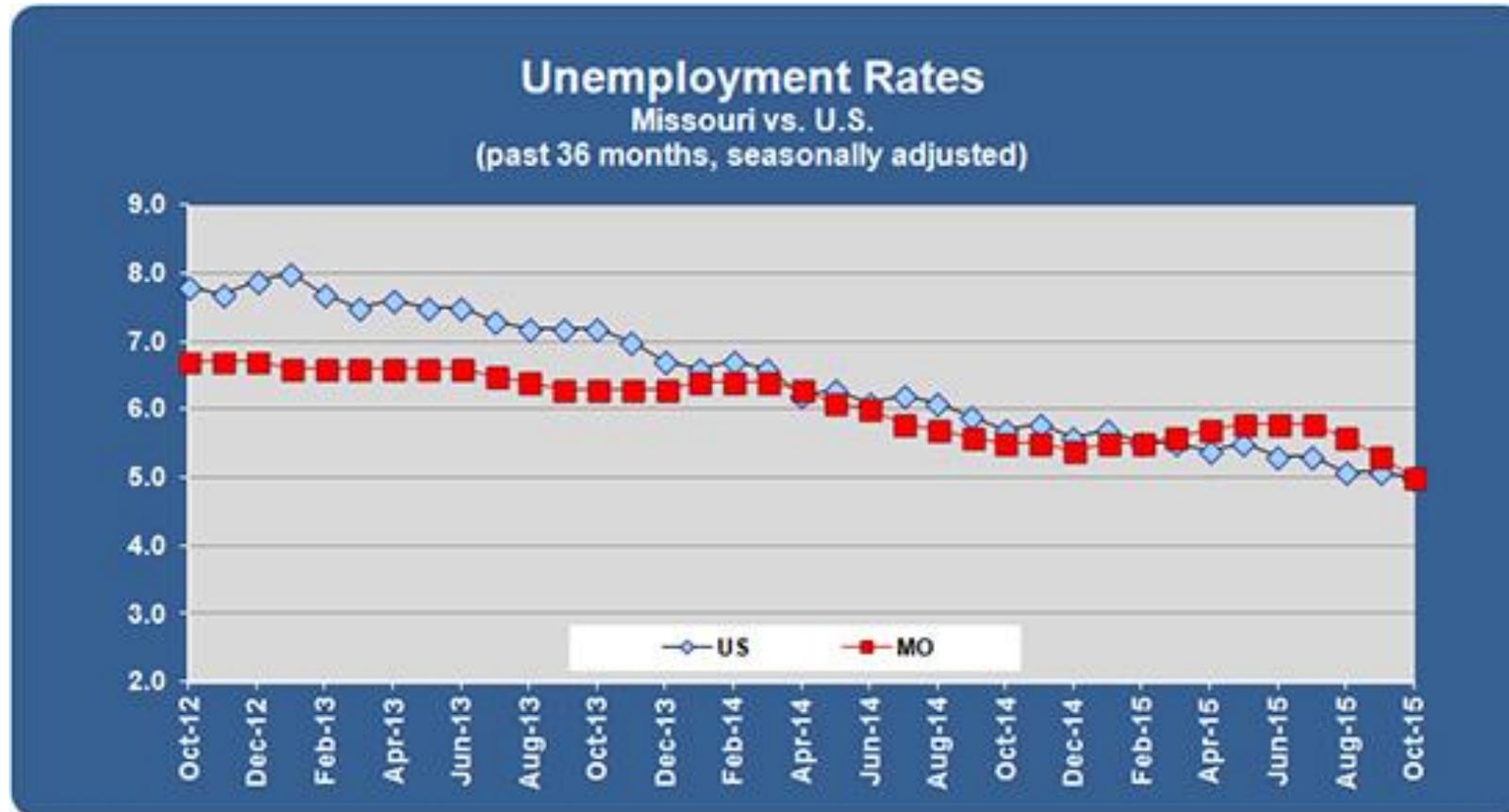


Labor Force Participation



Source: Show Me
Institute/Liberty Foundation

Unemployment Rate (%)



Source: Missouri Economic Research and Information Center

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?



Missouri Location Quotients

NAICS Title	Location Quotient	Employment
ISPs, Search Portals and Data Processing	1.91	10,306
Management of Companies and Enterprises	1.56	65,875
Electronic Markets and Agents and Brokers	1.53	26,627
Electrical Equipment and Appliance Manufacturing	1.44	10,665
Printing and Related Support Activities	1.44	12,727
Truck Transportation	1.37	37,587
Transportation Equipment Manufacturing	1.36	41,407
Food Manufacturing	1.32	38,008
Hospitals	1.30	120,455
Telecommunications	1.27	21,158



Source: Missouri Department of Economic Development

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



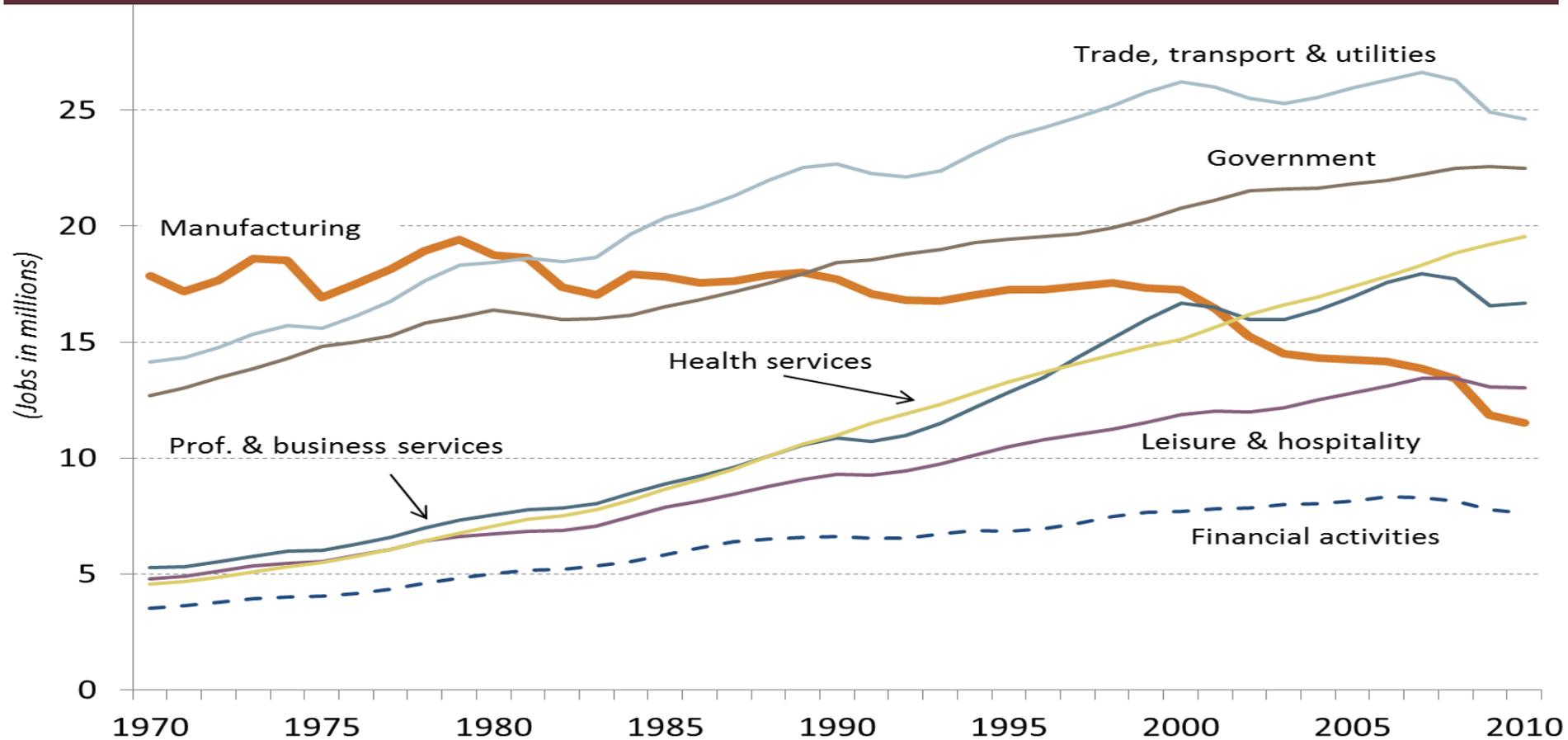
Missouri's Industry Clusters

- ▶ Agribusiness
- ▶ Automotive
- ▶ Defense/Homeland Security
- ▶ Energy
- ▶ Finance
- ▶ Information Technology
- ▶ Life Sciences
- ▶ Transportation/Logistics



Source: Missouri Department of Economic Development

Tracking industries: U.S. Employment by Industry Sector



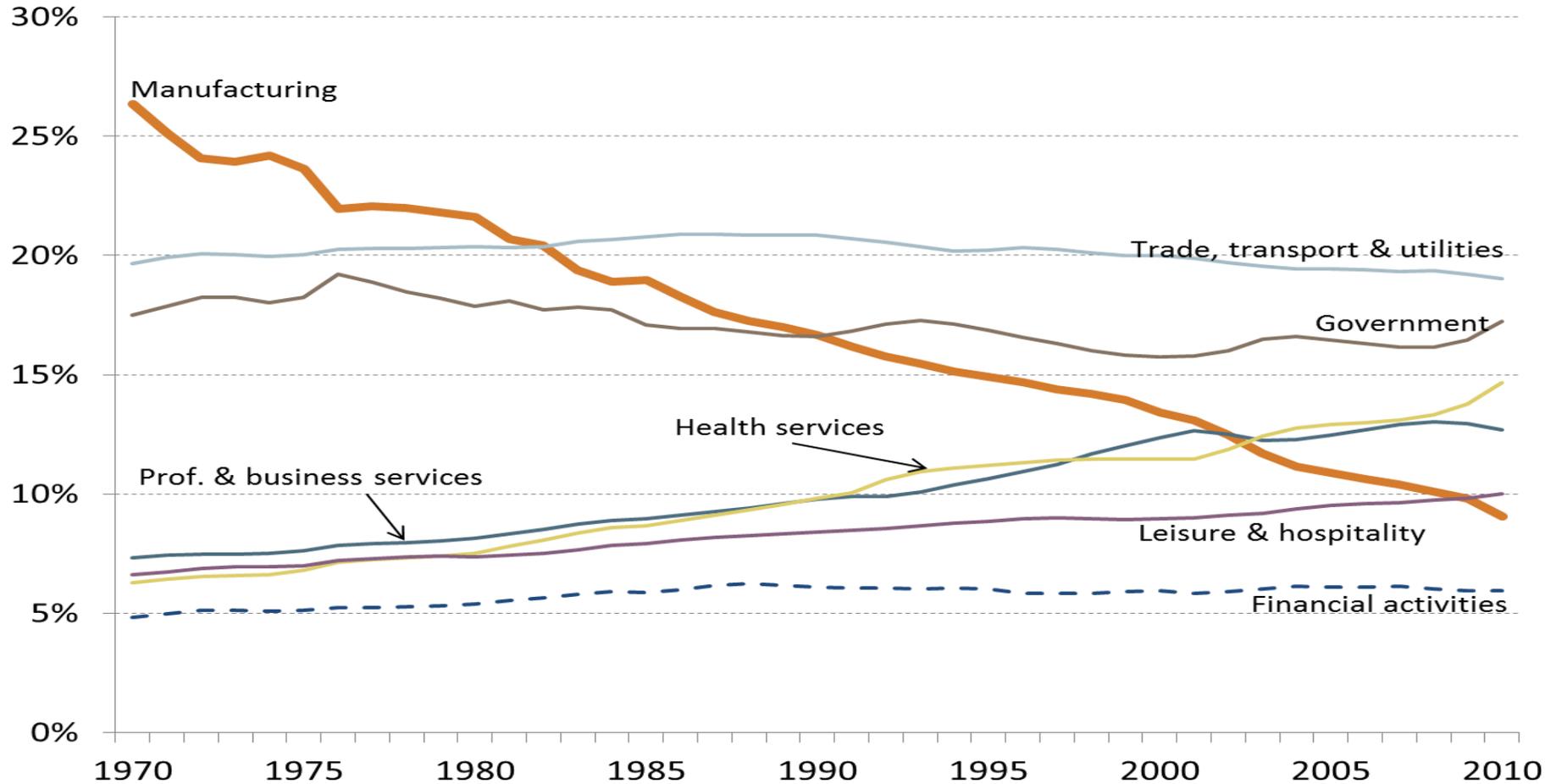
SOURCE: U.S. Bureau of Labor Statics



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health services and professional & business services are major
employment drivers

Shift-Share Analysis: Industry Share of Employment



SOURCE: U.S. Bureau of Labor Statics



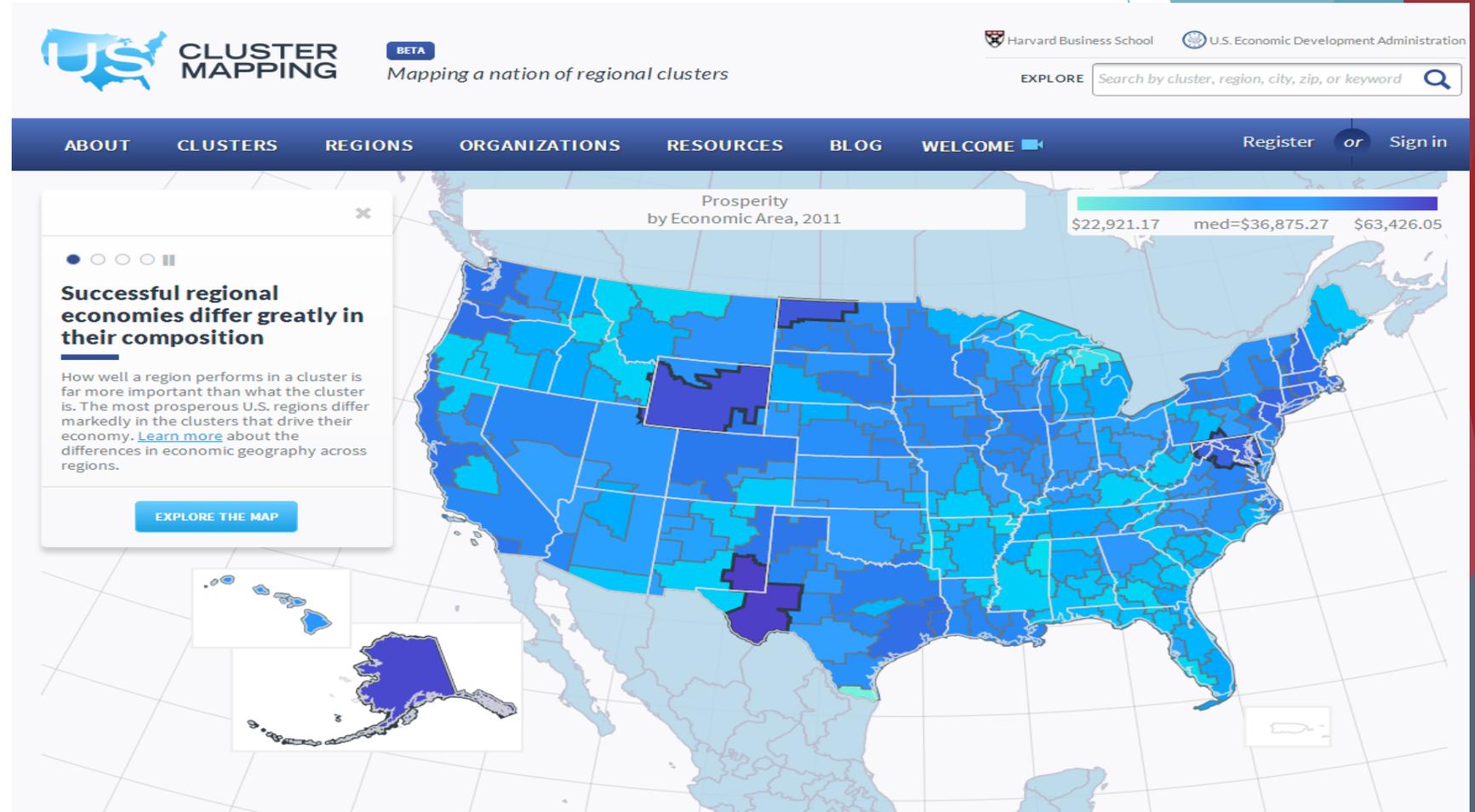
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This chart provides greater context for employment changes

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



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 - higher ed, research facilities
- ▶ Quality of life
 - ▶ Housing availability, public services, education system, crime rate, cultural and recreational activities



Learn from your stakeholders

- Town halls or public forums
- Surveys
- Focus groups
- One-on-one interviews
- Informal conversations



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

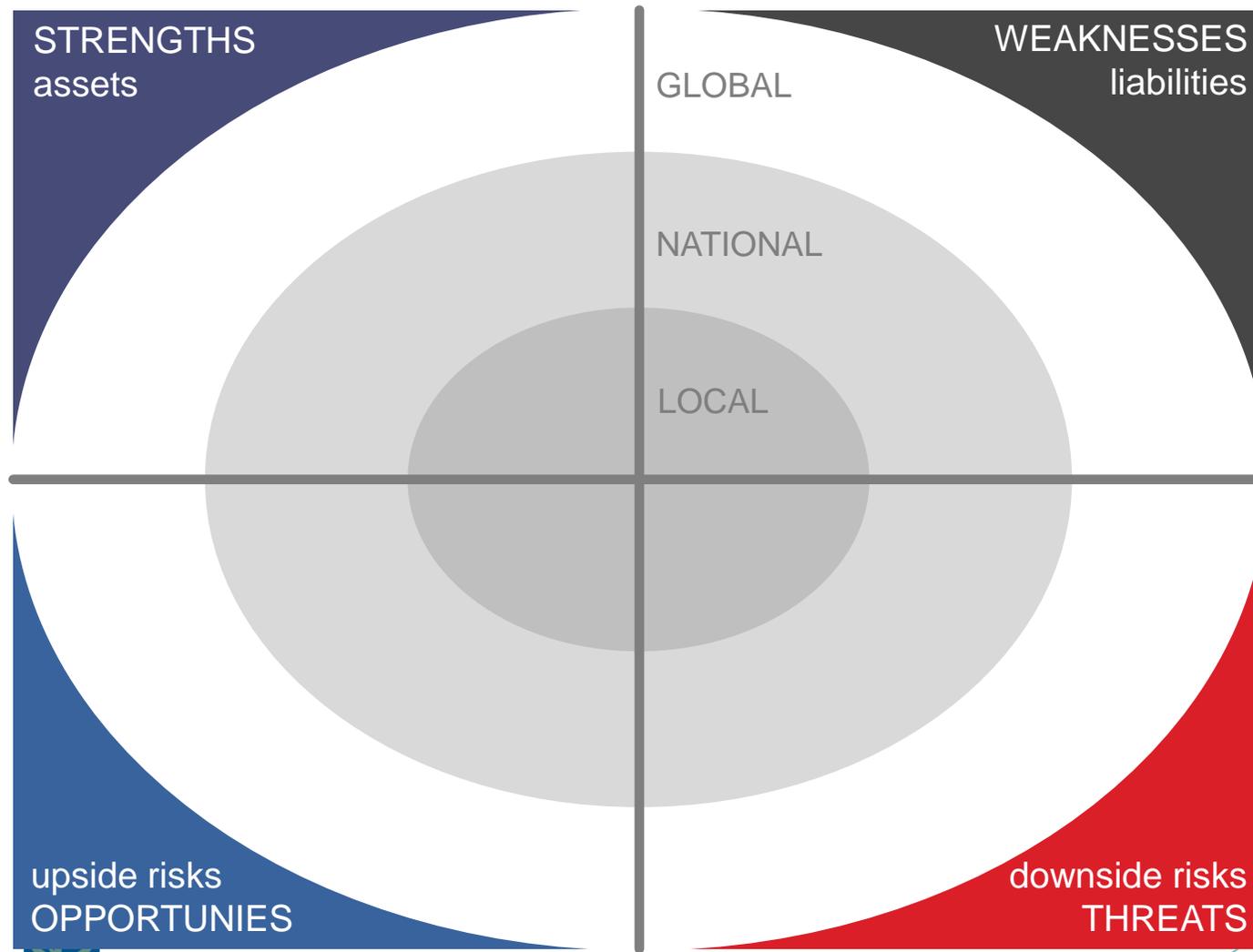


Example of leadership vision: Fannin County, Georgia

- ▶ In 2002, Fannin County learned it would lose its largest manufacturer - Levi Strauss & Company - and 400 jobs.
- ▶ Industrial properties were outdated for future use, community is landlocked
- ▶ A County Commission Chair and newly minted economic development official partnered to launch a community visioning and strategic planning process.
- ▶ More than 150 citizens provided input. 50 citizens volunteered to work on goals.
- ▶ Growing from within was part of their vision and supporting entrepreneurs was a major goal. During the great recession, Blue Ridge saw new businesses and job growth in its downtown area.



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

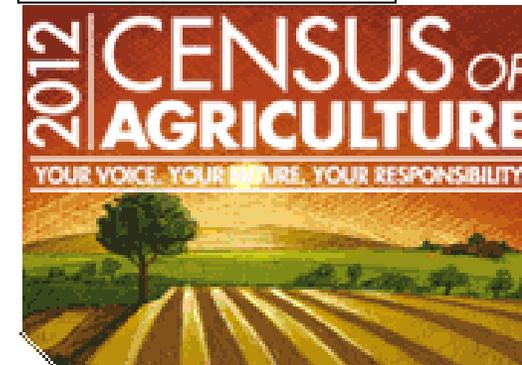
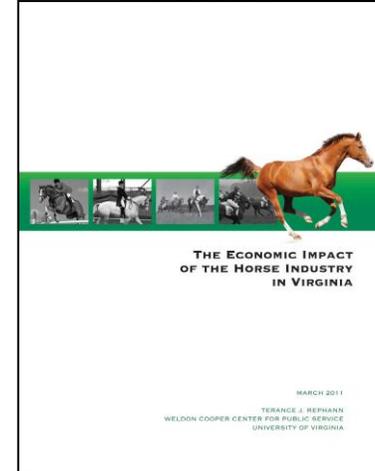
Arts

Education

Horticulture

Equine

Fruits/Vegetables



Weaknesses

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

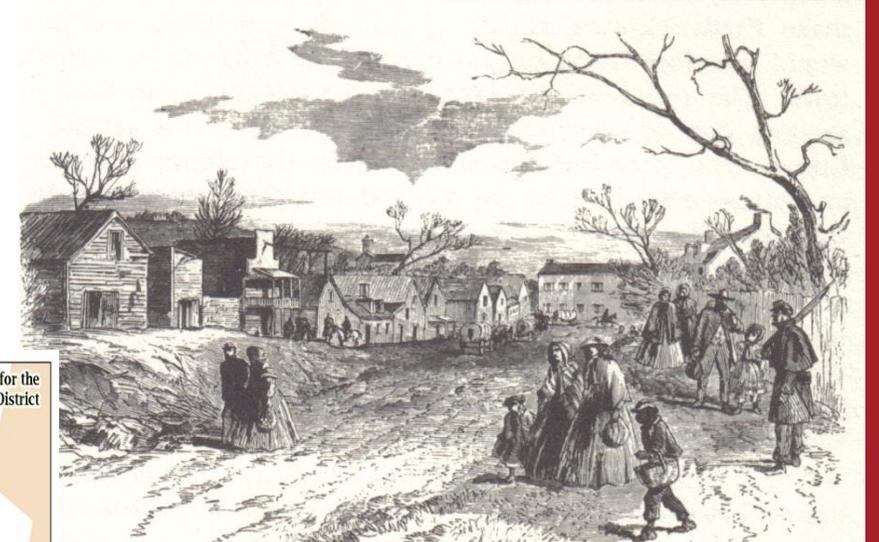
examples

- 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



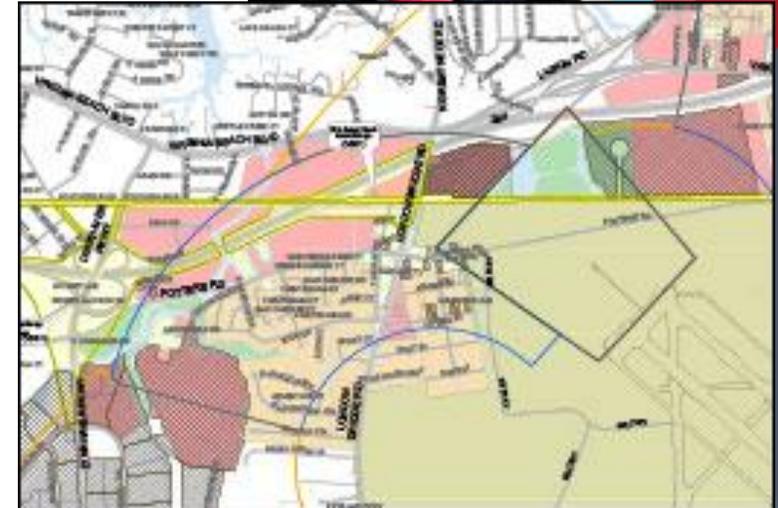
Example of dealing with a threat: Tattnall County, Georgia

- ▶ Small rural county with two cities and a long history of not working together; it cost them ED projects
- ▶ 3rd highest teenage pregnancy rate in the state at the time
- ▶ With more than 100 citizens providing input, decision was made to focus on building community solidarity
- ▶ Workgroups were formed, including one focused on youth development: a local high school student volunteered to chair this group
- ▶ Today, it is a “community in unity”



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



Discussion questions

For those of you with strategic plans in place, what is one goal your community or region is focusing on?



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?



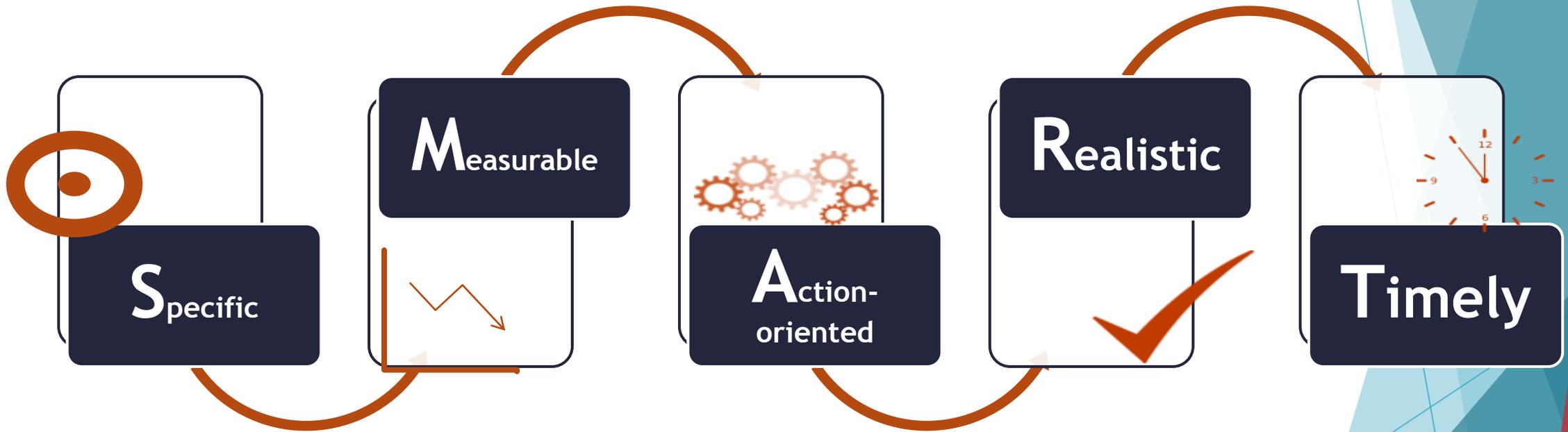
Missouri's Industry Clusters

- ▶ Advanced Manufacturing
- ▶ Bioscience
- ▶ Energy
- ▶ Finance & professional services
- ▶ Health science & services
- ▶ Information technology
- ▶ Transportation & logistics



Source: State of Missouri Economic Development

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



Next Steps in Your Leadership

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



In implementation, community engagement...is CRITICAL

- ▶ Engage people who are strategic thinkers and make this their joint “to do.” Make formal appointments.
- ▶ Meet regularly to share information, discuss challenges and opportunities, and brainstorm solutions that can be jointly pursued.
- ▶ Choose at least one person whose every day job is to be your Chief Intelligence Officer.
- ▶ Make developing new leaders an everyday priority and you will stretch your capacity.



“Time and talent can often compensate for lack of money; but money cannot ever compensate for the lack of the right people.”

Jim Collins



“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it’s the only thing that ever has.”

Margaret Mead

