Things You Should Know About Economic Development
About the International Economic Development Council

World’s largest organization for economic development professionals: 4,800+ members and network of 60,000+

Major emphasis is the U.S. and Canada, but also serving other nations

Mission: help people involved in economic development at all levels to do the job more effectively.

When we succeed, economic developers help improve the quality of life in their communities
IEDC’s Services

- Professional development & certification: CEcD
- Organizational certification: AEDO
- National research on the latest trends in economic development
- Advisory services and research for communities
- 4 conferences annually
- Webinars
- Economic Development Research Partners (EDRP)
- EDNow e-newsletter and EDJournal
Excellence in Economic Development

- International Economic Development Council’s Certified Economic Developer Program
- National Development Council’s Economic Development Finance Professional Program
- American Planning Association’s American Institute of Certified Planners Program
- American Chamber of Commerce Executive’s Certified Chamber Executives Program
Overview of Economic Development
What is Economic Development?

• A program, group of programs, or activities 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 creation, retention, and expansion of jobs, development of the tax base, and enhancement of wealth.
Economic Development at 3 Levels

• National government policies for tax, trade and monetary policies
• Policies and programs for infrastructure and services
• Policies an programs for improving business climate; finance, marketing, neighborhood development, small business development, business retention and expansion, technology transfer and real estate development
An economically healthy community...

- Has a sustainable tax base.
- Meets needs with income.
- Exports goods & services & imports cash.
- Provides opportunities for personal growth.
Why should you spend time on economic development?

- You can improve the tax base
  - Higher land values
  - More personal and corporate income
  - More personal property
  - More business sales

- You can diversify the tax base from residential property taxes to
  - Industrial property
  - Sales taxes
  - Payroll taxes
  - Hotel taxes
Know Your Role & Your Partners

- You may be the economic developer in your community
- Or you may be the local leader who acts as a champion and supporter of an economic development organization

**Partner**

**Law & Policy Maker**
- Develop local laws and policies that regulate the business climate
- Provide strategic vision and input into economic development plans
- Affect the business climate
What do Economic Developers Do?

- Analyst
- Catalyst
- Gap Filler
- Advocate
- Educator
- Visionary
- Ethics Champion
Community Leaders

- Local leadership = critical factor in economic development

- Local leaders have opportunities to:
  - Raise awareness
  - Help develop and communicate a common vision
  - Inspire your community to act
  - Provide the right level of resources
  - Impact the climate for doing business
THREE P’S OF ECONOMIC DEVELOPMENT

- Professional Development
- Planning (process of knowing the economic conditions happening around us)
- Practice (what we are doing to impact conditions)
Elements Of Planning

➢ Economic Development Theories
  ➢ Neoclassical
  ➢ Economic Base Theory
  ➢ Location Theory
  ➢ Spiral/Causation Theory
  ➢ Product Life Cycle Theory
  ➢ New Growth Theory
  ➢ The Creative Class
Elements Of Planning

➢ Data Driven Economic Development
  ➢ Knowing Your Demographics - Community Profile
  ➢ Challenges and Obstacles
  ➢ Competitive Advantage
  ➢ Resources
  ➢ Workforce
  ➢ Trends
  ➢ Quality of Life
  ➢ Opinions and Perceptions (Influencers, Allies, Naysayers)
Elements Of Planning

➢ Analyzing and Profiling Tools
  ➢ Focus Groups
  ➢ SWOT (Strengths, Weaknesses, Opportunities & Threats)
  ➢ Target Industry Analysis
  ➢ Retail Leakage Analysis
  ➢ Land Use Demand Forecasting
  ➢ GIS Mapping
  ➢ Fiscal Impact Analysis
Retail Leakage Analysis

$\rightarrow$ Mortgage

Business Purchases

Consumer Purchases
What you need to know

1. Your community’s economic strengths & weaknesses
2. Your community’s place in the regional economy
3. Your community’s vision and goals
4. Your strategies to attain these goals
5. How economic development is affected by local policies
6. Your regulatory environment
7. Your economic development stakeholders and partners
8. The needs of your business community & how you can help shape the business climate
9. Your community’s economic development message
10. Your resources for staffing economic development

In this course we’ll talk about all of these things
Economic Development is a verb, an activity

- It takes work!
- It takes time!
- It takes strategy!
- It takes leadership!
Leadership, Leadership, Leadership

Your community’s key competitive advantage is you.

~Somebody has to answer the phone!
Flexibility of “vision” – one that matches interests and assets of community

Strong understanding of local economy

Stimulate co-operation

Design programs around your community’s comparative advantages

Success factors of economic development leadership
Why Regionalism in Economic Development?

- Businesses look at regions
- Opportunities for joint marketing, branding, pooling scarce resources for greater impact
- Larger cities and counties and adjacent smaller populations complement each other to bring up regional performance
- Regions can often command greater attention from State and Federal governments.

*Trend in Economic Development to form regional PPP organizations*
Key Functions of Economic Development

(The Practice of Economic Development)
Key function

Strategic Planning

• Designing where economic development efforts will go
• Documenting & implementing action plans
Key function

Business Retention & Expansion (BRE)

- Building relationships with existing companies
- Assisting local business and industries to solve problems so they can stay in your community and grow
- Keeping track of data about your businesses so you understand and can support positive trends
- Core economic development program
Key function

Marketing & Attraction

• Building positive community image
• Recruiting new industry and business
• Using new marketing technology to attract attention to your community
• Working with site selectors
• Closing deals to bring new companies in
Key function

Entrepreneurial & Small Business Development

- Strategies designed to assist small business
- Programs that encourage new investment
Key function

Workforce Development

• Programs to ensure that businesses have an adequate pipeline of skilled workers
• How to encourage people in your community to prepare for the jobs your businesses are creating
• Attracting talent to your community
• How to use federal programs to meet your workforce objectives
Key function

Real Estate Development and Reuse

• Building new facilities
• Using and rehabilitating existing buildings
• Successfully dealing with contaminated properties
Key function

Economic Development Finance

- Evaluating deals
- Providing gap financing to enable good projects to move forward
- How to use finance and loan programs to meet your development goals
Key function

Neighborhood Development Strategies

- Understanding the neighborhood economy
- Tools to revitalize distressed communities that are struggling with vacant and blighted buildings
Key function

Economic Resiliency

- How quickly your community can recover from natural or manmade crises
- Programs you can put in place to help ensure your businesses can survive and people can remain employed after an event
- Long-term strategy: Is your economy diverse or solely dependent on one or two industries?
Sorry, there is no silver bullet

- You win with singles, doubles, bunts, steals and great defense.

- It’s OK to swing for grand slam, but this does not win seasons year in and year out.
THE PROCESS OF ECONOMIC DEVELOPMENT

New or Expanded Business in the Local Economy

New jobs, Additional Income to Area, Increase in Tax Base

Additional Linked Jobs, Income, Taxes

New Public & Private Investment in Infrastructure & Services (+Jobs/Income/Taxes)

Economic Development (Wealth Creation)

New Regional/Local Threshold
Organizational Structure

Single or multi-person department

- Often housed at the County or Mayor’s Office or City Manager’s or in conjunction with Planning function

Arms-length

- Partnership of several municipalities or counties
- May or may not have a board
- “Fee for service” to outside organizations

Blended model
What is your role?

- Organizing community
- Assembling professional services
- Coordinating finances
- Promoting community
- Acting as co-developer, manager, investor
- Performing as a lending institution
Financing the Planning and Practice

The quality of an economic development program is greatly impacted by the adequacy of its resources and knowledge of staff.

Funding through a combination of local, state and federal appropriations:
- Share of tax revenues
- In-kind services
- Public private partnerships
- Regional alliances
- Funding may be more than money
Finding (Making?) a Leader

- Analysis and Decision-Making Skills
- Industry Understanding
- Leadership and Influence
- Communications Skills
- Responsibility and Achievement (Self Management, Ethical Integrity)
- Relationships and Teaming
Board Member Skills

Knowledge & expertise (ED & corporate world) + Leadership & management techniques + Access to financial capital (local, regional, national, and international networks) + Status & political clout
Other Partners in Economic Development
Partners

- Federal, state, and regional economic development organizations
- Development authorities
- Ports authorities
- Chambers of commerce
- Industry associations
- Universities and community colleges
- Neighborhood groups and residents
- Downtown associations
- Utility companies
- Financial institutions
State Government ED Resources

Incentives
- Tax credits, tax abatements

Loan funds

Technical assistance

State enterprise zones
Federal Government Resources

**Department of Agriculture**
- Rural Business Cooperative Services
- Office of Community Development
- Economic Research Services

**Department of Commerce**
- Economic Development Administration
- Minority Business Development Agency
- Trade Adjustment Assistance Centers (TAACS)
- SelectUSA
Federal Government Resources

Department of Housing and Urban Development
- Community Development Block Grant Program
- Section 108 Program
- Renewal Communities, Empowerment Zones, Enterprise Communities

Small Business Administration
- Numerous financial assistance programs
- SBDCs and technical assistance services
Federal Government Resources

- Department of Labor
- Department of Health & Human Services
- Department of Defense
- Department of Energy
- Federal Reserve
- Community Development Financial Institution Fund
- Federal Home Loan Bank
Montana Resources

- Department of Commerce
- Governor’s Office of Economic Development
- Department of Agriculture
- Department of Labor
- Montana Economic Developers Association
- Montana Board of Investments
Financial Institutions are a Key Resource

- Banks
- Bank CDCs
- Community Development
- Financial Institutions
  - Community Development Banks
  - Community Development Credit Unions
  - Community Development Loan Funds
Local Leadership in Economic Development
Local Government

Local governments typically play a role in economic development by:

• Providing essential local data
• Facilitating community involvement
• Supporting a positive business climate
• Assuming some front-end development costs
Economic development needs local leaders as Champions

Understand the basics of ED

- Core functions of economic development
- Knows what successful economic development looks like and how to measure its effectiveness

Understand trends and how to respond

Local commitment to help transform communities and your economy
Example: City or County Councils as economic development champions

- Should play a supportive role to mayors or county executives
- Work as partners to improve the business climate
- Support policies that complement and support economic development
- Serve as ambassadors for the community
- Value community-wide well-being above their own constituencies
Good leaders are ethical

If ethics are poor at the top, that behavior is copied down through the organization.

Robert Noyce
inventor of the silicon chip

Reputation

An organization's ethical philosophy

Bottom line of the organization

Productivity
Advice for leaders working with business “prospects”

- Political instability is a nightmare for investors
- Build positive relationships but keep them professional
- Be transparent
- Keep records
- Respect confidentiality requests
- Diligently manage conflicts of interest
  - Financial disclosures such as Statement of Economic Interest
- Beware of offers of gifts, honoraria, travel and loans
ED Building Blocks

Recruiting New Business

Existing Business Development

Entrepreneur Development

Quality of Life

Workforce Development

Infrastructure Development

Leadership/Civic Development and The Role of Public Policy
Level 1 – Leadership & Policy
The Foundation of Community and Economic Development

- Recruiting New Business
- Existing Business Development
- Entrepreneur Development
- Quality of Life
- Workforce Development
- Infrastructure Development

Leadership/Civic Development and The Role of Public Policy
Leadership and Policy Development

- Leadership Institute?
  - Youth leadership development
- How “Business Friendly” are current town ordinances?
  - Ease of obtaining information
- Local examples
Level 2 – Quality of Life
Everything we like about our community

- Recruiting New Business
- Existing Business Development
- Entrepreneur Development
- Workforce Development
- Infrastructure Development

Leadership/Civic Development and The Role of Public Policy
Quality of Life

- Generational
- Tie between QOL and public infrastructure
- Local Quality of Life projects
Level 2 – Workforce

Without good employees, job creation is not possible
Workforce Development

- Local school programs
- Online/Distance Learning
- On the job training
- Apprenticeship Program
- Workforce housing
- Local workforce development projects
“Shovel Ready” Land

- Available building inventory
- Zoning
  - Planned development
- Spec building
- Local examples
Level 3 – Existing Business
Where 50% - 80% of new jobs are created
Existing Business

- Happy and healthy
- Potential for growth
- Transition strategies
- Rural growth comes primarily from this sector
- Local examples
Level 3 – Local Entrepreneur
The lifeblood of most economies
Entrepreneur Development

- Technical assistance programs
- Ways to connect with each other
- Incubator programs
  - Co-Work Space
- Already know the area
- Examples
Level 4 – New Businesses
Part of a successful ED program
Business Recruitment

- Time to full operation critical
- Rapid Response Team
- Role of strong tourism to attract
- Other examples
  - Chamber and Town websites
  - Links to available information
Economic Development is a process, not an event

RURAL
ECONOMIC DEVELOPMENT SUMMIT
Locally Driven. Building from Within
Thank you for joining us today!

Kim Morisaki      Jim Atchison      Sue Taylor