

# Building Sound Economic Development Strategies

*Mike D. Woods*



## Objectives

The general purpose of this module is to provide an introduction and overview to options available for communities wishing to diversify and enhance the local economic base.

Participants will....

1. understand what economic development is and note the broader picture of a “healthy community” including equity and environmental concerns,
2. identify sources of jobs and income for the local economy including strategies such as creation, attraction, retention and expansion, and
3. approach economic development with a broader strategic planning philosophy to increase chances for success.

## Total Time Required

1.5 to 2 hours

## Materials Needed

A comfortable workshop setting is desired. Arrange the tables and chairs to enhance discussion and face-to-face interaction. Sometimes a classroom setting is all you have and that will work as well.

- PowerPoint slides
- Toolkit
- Handout

## Audio/Visual Equipment

- Overhead projector
- Easel, flip chart and markers

## Directions and Training Tips

1. Be aware your audience will have a varied background when it comes to economic development. Some will be knowledgeable and experienced while others will be novices. The intent of this module is to bring everyone “up to speed” so all are thinking of economic development in the same way.

2. Tell those with experience you are going to review a bit and to not worry if they have heard some of this.
3. Explain this is a starting point and specifics will come later.
4. If you build a strong foundation with the CARE model, specific action steps will make more sense in future sessions.
5. Utilize the powerpoint presentation (visuals) and the handouts to work through the options for local economic development.
6. The first section of the PowerPoint presentation deals with definitions of economic development. Point out the idea that economic development can mean different things for different people. Definitions from the U.S. Department of Commerce are included. Various definitions from the perspectives of economists to community-based leaders are presented. The key point is that we all need to have a common understanding if we are to move ahead as a group.

The two slides on sustainable development emphasize the notion that economic development should be considered in a broader “sustainable” context. Issues of equity and the environment should also be considered. The slide referencing Scott Campbell notes one definition of “sustainable development” might include the intersection of concerns with fairness, profitability and environment (green). There will always be trade-offs, but all three points of view need to be considered. The key point is that economic development (jobs and income enhancement) does not occur in a vacuum, but must also consider issues of fairness and the environment.

The next two slides deal with strategic planning and the structure of a sound planning effort. The benefits of strategic planning are presented. A strategic planning format is presented including values, vision, goals, objectives, etc. Refer to previous materials presented for a detailed discussion of strategic planning. The key point is that communities have limited resources and should utilize a sound planning process when considering economic development options.

The CARE model is presented in the next few slides. Emphasize the idea that there are multiple sources of jobs and income. Choosing a specific strategy - Creation, Attraction, Retention or Expansion - leads to specific action steps and specific community strategies. Specific sector targets like home-based business, Main Street business or tourism can also be identified, and the CARE model applies here as well. The key point is that jobs and income can be generated from a wide variety of activities and options including Creation-Attraction-Retention-Expansion.

The final slides are utilized to emphasize the need for a strategic approach to economic development. Observations and lessons learned from “successful” community efforts are included. Finally, a ten-step approach to community planning titled “CARE for Your Future” is presented. This ten-step approach is detailed in the handout attached to this training module. The key point is to build a sound plan utilizing unique community assets in your search for appropriate economic development options.



## **Additional Background Reading**

Refer to these useful websites for additional reading and resource materials:

<http://srdc.msstate.edu/> - The Southern Rural Development Center website (includes rural development research and educational resources on economic development and other topics)

<http://www.rd.okstate.edu/> - The rural development website for the Oklahoma Cooperative Extension Service (includes programs, publications, links and data on community economic development and other topics)



## TOOLKIT

### Targeted Economic Development: Providing Care For Healthy Communities

This toolkit is designed for those educators and assistance providers who are working with communities desiring to enhance their local economic base. Community leaders are often overwhelmed with the options facing them. The handout and PowerPoint presentation reviews the CARE model which presents alternatives for economic development. Time is also spent defining economic development and emphasizing “sustainable development” as a broader term concerned with equity and environmental issues as well as profitability.

The benefits of successful planning are outlined as well as examples of mission statements, goals and objectives.

Instructors may use the handout and accompanying PowerPoint presentation to address three issues:

1. What is economic development, and how do we consider the broader picture including equity and environmental concerns?
2. What are sources of jobs and income for our local economy? (Creation-Attention-Retention-Expansion).
3. How can we begin to consider a planning approach with vision and specific goals to enhance our local economic base?

The survey instruments presented in this toolkit can play three very important roles in developing an economic development strategy. First, they will help identify strengths and weaknesses in the community. Second, the survey will help set priorities for economic development. Third, and perhaps just as important, soliciting opinions from a cross-section of the community will inform them of the economic development effort and may gain their support if they feel that they have had the opportunity to voice their opinions.

Exhibit 1 provides an overview of the CARE model, which reviews economic development options. Exhibit 2 pictures the ten steps to utilize in strategic planning for local economic development. Exhibit 3 is a checklist covering key concerns for community planners involved in economic development

Exhibit 4 is a quality of life survey that many communities have used to identify strengths, concerns, possible goals and influential leaders. Exhibit 5 is a survey, “What’s Good About Your Community,” analyzing items which may be important to a town. Items can be ranked good fair or poor by the survey respondents.

Potential users of these surveys should note these forms are only a model or suggestions. Individual communities may want to modify the questions to suit specific needs. Thought should be given to who is surveyed and how the results will be tabulated and reported.

After the assessments and surveys, a community vision should be developed. Exhibit 6 describes three scenarios related to possible visions (or lack of shared visions). Exhibits 7, 8 and 9 are worksheets to utilize as community goals and objectives are formed.



## HANDOUT

# Targeted Economic Development: Providing Care For Healthy Communities

Rural areas and communities are changing. Some are experiencing positive change while many are dealing with negative trends such as population decline, job loss and a smaller tax base. These rural areas are searching for viable options to diversify and expand the local economic base.

Organizations and supporting groups offer much through training, technical assistance and support for capacity enhancement. Capacity enhancement refers to the ability of local leaders and residents to access data and information to enhance the economy and quality of life in their local community and region.

There are many issues and events impacting rural areas and communities. The information era brings new challenges and opportunities to local communities. Technology may allow new or expanded business opportunities and enhanced quality of life in rural areas. But these rural areas will have to insure adequate investments in physical digital infrastructure and workforce preparation for this to occur. Even if we have the required infrastructure, will our rural residents and workforce receive the required training to effectively utilize the new technology?

The globalization and economic restructuring of our national economy is also important. World markets offer new opportunity for rural businesses – conversely, there will be enhanced competitive pressures as well. The evolving structure of our economy means new economic sectors will emerge. Hopefully, rural areas will be in position to build on past strengths and participate in the growth of new economic activities.

Changing household and family patterns have also emerged. More families have two incomes and multiple wage earners. Businesses in rural areas often compete with large discount retailers who offer diverse selection and 24-hour (or extended hour) service. Another demographic trend is the maturing of America. Americans are living longer, and the older population controls much of the nation's wealth. Retirees have been identified by many rural areas as a source of economic activity. Of course, services such as health care and public safety will be required to attract these wealthy and mobile retirees.

A final issue is the increased concern with environmental stewardship. Rural areas contain much of our nation's natural resources. Traditional extractive industries such as mining or agriculture are generally located in rural areas. Growth in rural areas will have to balance profitable enterprise with society's concern for our environment and the benefit of future generations. Clearly, these are major issues facing those of us who care about the future of rural America. In fact, the term CARE provides a good economic perspective.

### CARE For Healthy Communities

Healthy communities share several characteristics:

- ❖ a vibrant and diverse economy providing jobs and income for residents;
- ❖ available services and facilities to insure a high quality of life for residents and visitors; and
- ❖ informed and trained local leaders equipped to deal with the complex issues of the coming century.

These characteristics require care and attention. The term CARE provides a useful approach to considering economic development options.

- **CREATION** refers to all local efforts to encourage the formation of new business. In the age of the entrepreneur, concern with emphasis on a local climate helpful for new job formation may lead to greater dividends in the future.



- **ATTRACTION** refers to the traditional business recruitment efforts many states have pursued. Community preparation, industrial parks, tax incentives and other attraction strategies are familiar tools. This is highly competitive arena – few businesses relocate every year, and there are thousands of local development organizations seeking this relocation or expansion. However, this may be a viable option in some cases.
- **RETENTION** refers to activities targeted to existing firms. Retaining 100 existing jobs in a community is as important (or more so) as attracting 100 new jobs.
- **EXPANSION** takes the concept of retention one step further. Why not encourage expansion of existing firms? After all, there must be a competitive reason for those firms locating there in the first place!

There you have it: The CARE model refers to creation, attraction, retention and expansion of local jobs. These are the principal methods or avenues for bringing jobs to a locality. Of course, local areas can target specific sectors such as tourism, retirees, main street businesses, manufacturing or home-based businesses. Depending upon the local circumstances, you may desire to create, attract, retain or expand across these specific sectors. Well thought out strategies will utilize the resources of rural areas most effectively.

Communities have limited resources (both volunteer/professional time and funds). It is critical that some form of strategic planning be utilized so these resources are utilized in the most effective manner. The CARE model offers alternatives - the community must decide which alternative(s) provides the greatest opportunity. Before reviewing the steps for planning, possible additional benefits of planning are reviewed

### Benefits of Strategic Planning

As noted earlier, strategic planning is the process of identifying future goals and deciding how to achieve them. Successful efforts in strategic planning will not be easy for local communities. Limited funds and precious volunteer hours will be expended. Communities should be clear on the possible benefits of strategic planning before committing to this serious effort. Time spent in developing an economic development strategy will pay big dividends because it will [1]:

1. **Outline the steps to follow.** Economic development does not just happen. It requires the community to identify a number of intermediate steps to reach its final goals.
2. **Promote efficient use of scarce resources.** A significant amount of money, time, and people will be required for economic development efforts and these limited resources must not be wasted. The plan will provide rationale for resources allocation.
3. **Improve coordination.** Many programs, activities, groups, and individuals will be involved in the development effort and it is important that they not overlap or conflict. The plan will serve as a vehicle for communicating developing activities.
4. **Build consensus.** The public and the private sector must agree on the major issues involved. The general public should be aware, engaged, and supportive. This will lead to support and in implementing the plan.
5. **Increase public awareness.** Without public support, economic development cannot happen. It is important that the public know how development occurs and how it affects the community.



6. **Strengthen the community's competitive position.** A community with a strategy will not only be inherently more likely to succeed, it will appear more attractive to potential business or industry than a community without a plan.
7. **Encourage forward-thinking.** The strategy will encourage community leaders to think about the future and to not overlook opportunities for development as they arise.

It should be emphasized that this publication is only intended to provide local leaders with information about strategic planning for local economic development and not as an exhaustive procedure on how to complete such a plan. Sub-state planning and development districts, the Cooperative Extension Service, Departments of Commerce, and other agencies and groups are available to assist communities in developing strategic plans for economic development. Then, once the plan is developed, the real work begins! Implementing the plan includes all the hard work necessary in carrying out the identified action items. Once a community has determined a strategic planning effort is desirable, there are steps which can be followed to build a positive future. Those steps are reviewed in the next section.

### Ten Steps to Your Community's Future

There are many methodologies available to follow when building a strategic plan. The following model is modified from an excellent approach developed and presented by Mark Peterson [2]. Steps or stages that the planning process should pass through are described by Peterson. In the real world, the steps are not always followed in sequence, and some steps may not even be included. However, taken together, the steps form a very sound basis for local planning efforts. These ten steps presented are typically found in one form or another in strategic planning efforts (Exhibit 2).

1. **Begin/Continue the Process.** Someone or some group must make the initial decision to build a community strategy. At this point, the community decides the benefits of such a process are worth the effort. Often this is the time when an outside resource provider such as the Cooperative Extension Service is contacted.
2. **Engage the Community.** Plans are not successful if only a few individuals are involved. Broad community support is critical. The wider the range of participants, the greater the pool of talent is available to help. Public sector groups, private sector representatives and volunteer organizations should all be encouraged to participate.
3. **Form an Organized Structure.** Utilize an existing organization or form a new one. Someone and some group needs to be responsible for the effort. If a new group is formed, a more formalized structure with by-laws may be desired as the process continues.
4. **Conduct Community Assessment(s).** Data and information provide useful perspectives for planning. Communities should assess local assets and determine what resources are available to move forward. There are many tools available to assist in assessing community resources. A later section of this report presents some tools that can help.
5. **Develop a Strategic Plan.** Communities should identify goals and measurable objectives. Often a common language is useful. This report provides definitions for mission statements, goals and objectives.
6. **Seek Community Feedback and Commitment.** Share the initial draft of community goals and objectives. Involve the local media and let local residents know of the effort. Be prepared for new ideas and receptive to additional suggestions.



7. **Implement the Plan.** Hopefully, adequate resources and volunteers have been identified to follow-through and successfully implement the planned objectives. This is the stage where most plans falter and end up “sitting on the shelf.” Lack of adequate resources will probably insure failure and disappointment.
8. **Evaluate the Effort.** Continue to monitor and evaluate to determine when you are successful. If you set benchmarks to measure achievement, then you will be able to document success.
9. **Celebrate Successes.** Reward yourself and the entire community when objectives and tasks are accomplished. Organize a community-wide celebration to acknowledge both short-term and long-term achievements. This is one way to insure continued interest and excitement.
10. **Create an Ongoing Process.** The effort does not end but is to be continued and evaluated annually. Each year or two you need to re-evaluate and possibly modify or add to the plan. Of course, you will be removing goals and objectives which are accomplished.

Step five above deals with development of a strategic plan. Initial groundwork to be prepared includes assurance of community participation, formation of an organizational structure, and assessment of community resources. After the groundwork, the community is ready to begin development of a plan. Agreement on strategic planning concepts will help the process along.

### Strategic Planning Concepts

The following discussion presents definitions and examples for common planning terms including mission statement, goals and objectives. Communities need to agree on the concepts utilized in local planning efforts.

#### Mission Statement

- Community philosophy for development
- Broad goals
- Examples of Mission Statements:
  - ❖ To make Clinton a better place to live, to work and to conduct business.
  - ❖ To create an environment that allows Stroud to provide reasonable business growth and employment opportunities for Stroud residents.
  - ❖ To re-establish Oklahoma as a strong economic entity with a more stable economic environment.
- A mission statement defines the range and limits of activity for the total organization. Questions such as the following are answered.
  - ❖ Who are we serving?
  - ❖ What markets will be served?
  - ❖ What are the major outputs or products of the organization?
  - ❖ What are the major commitments of the organization?
  - ❖ What defines the organizations’ constraints?
  - ❖ What functions does the organization perform?
  - ❖ For whom does the organization perform these functions?
  - ❖ How does the organization fulfill these functions?



## Goals

- Specific statement of what the community would like to be.
- Based on more than wishful thinking.
- Must contain sense of economic reality.
- Provides specific direction for the planning process.
  
- Examples of Goals:
  - ❖ To bring customers back to the downtown shopping area.
  - ❖ To become a retirement destination community.
  - ❖ To expand the agricultural processing industry in the southwestern part of the state.
  
- A goal is an end-state or result to be achieved. The more explicit the goal, the more helpful it will be.

## Objectives

- While goals are aspirations, objectives are targets.
- Performance targets allow progress to be measured.
- Actions that will help the community reach its goal(s).
  
- Goal: bring customers back to the downtown shopping area.
  
- Examples of Objectives for this goal:
  - ❖ Make the area more attractive to customers by June of next year by adding street amenities (benches, planters), bringing in new stores, cleaning up the downtown area, and making shopping more convenient by June of next year.
  - ❖ More short-term on street parking by providing access to alley parking and adding a parking lot in a specified location.
  - ❖ Give the area a town center feeling by January of next year by renovating the library and making it a focal point as well as scheduling town events such as parades.
  
- Objectives should ideally describe...
  1. the key result to be achieved,
  2. numerical measures of progress, and
  3. target date for completion.

## Strategy

A strategy or strategic action is a project or activity undertaken to accomplish the defined objective. For example, adding street amenities, bringing in new stores and cleaning up the downtown area all help to make the area more attractive to customers.

Key concerns in selecting strategies:

- How much will the proposed program cost?
- What are the relative costs and benefits of various options?

Even if the community can agree upon strategic planning concepts, there is no guarantee of success. Some planning efforts prove to be successful and useful while others do not. The following sections describes characteristics of successful planning endeavors.



## Successful Planning Efforts

Sears and Reid [3] reviewed rural development strategies and current rural development research. They found evidence of success based on several types of strategies and reached the following three conclusions:

1. No strategy for development should be dismissed automatically as inappropriate. This supports the notion that some successful communities have learned to think and reason “outside the box” and have adopted new approaches.
2. There is no unique formula that works in all places under any conditions. Rural development applies to broad and diverse social and economic regions of the country.
3. Patient and careful analysis of unique local situations is required for success in development efforts. In other words, a strategic visioning process is a good starting point for local development efforts.

Recently, program activities that lead to potential success were identified based on survey results. Several states with visioning programs were surveyed to determine keys for success. Also, the literature on factors leading to community success supports these activities, which are listed below:

- **Local Commitment.** If local residents and leaders do not endorse the effort, it probably will not work. Outside forces cannot drive effort, but should be resources.
- **Broad Community Involvement.** The effort should involve more than a few community leaders. Wide participation from many groups within the community is essential; otherwise, the resulting plan will not be “owned” by the community.
- **Community Ownership.** The community should take an active role in planning the program. Outsiders can be facilitators, but the final plan must come from the community if successful implementation is to follow.
- **On-Site Visits.** Successful strategic visioning programs must include the service providers in the community. Events, activities, people who reside in the community, and much of the training and assistance, should be available there.
- **Reliable Survey and Secondary Data.** Good planning requires good information. Communities need access to reliable up-to-date data and assistance in interpreting and analyzing that data.
- **Exposure to New Information.** The program should challenge community participants. Old assumptions should be challenged and new ideas explored. The community participants should begin to think strategically about the future.
- **Timely Response.** Often there is a “teachable moment” in the community. Service providers must be flexible and reasonably responsive to community requests for assistance.

There is no single solution for all community problems, thus each strategic visioning plan will be unique. Programs offering assistance in strategic visioning must be flexible and innovative in dealing with these communities.



## Tools to Aid in Developing a Strategy

Many techniques and tools are available to aid communities in building a strategy. Survey instruments are often used to identify issues and concerns the community may have. Several references [1-9] were utilized to build the lists, survey instruments and checklists that follow.

The survey instruments can play three very important roles in developing an economic development strategy. First, they will help identify strengths and weaknesses in the community. Second, the survey will help set priorities for economic development. Third, and perhaps just as important, soliciting opinions from a cross section of the community will inform them of the economic development effort and may gain their support if they feel that they have had the opportunity to voice their opinions.

Exhibit 1 provides an overview of the CARE model which reviews economic development options. Exhibit 2 pictures the ten steps to utilize in strategic planning for local economic development. Exhibit 3 is a checklist covering key concerns for community planners involved in economic development.

Exhibit 4 is a quality of life survey that many communities have used to identify strengths, concerns, possible goals and influential leaders. Exhibit 5 is a survey, “What’s Good About Your Community,” analyzing items which may be important to a town. Items can be ranked good, fair or poor by the survey respondents.

Potential users of these surveys should note these forms are only a model or suggestions. Individual communities may want to modify the questions to suit specific needs. Thought should be given to who is surveyed and how the results will be tabulated and reported.

After the assessments and surveys, a community vision should be developed. Exhibit 6 describes three scenarios related to possible visions (or lack of shared visions). Exhibits 7, 8 and 9 are worksheets to utilize as community goals and objectives are formed.

## References

- [1] Tennessee Valley Authority. (1986). “Focus on the Future.” *Red-Ark Symposium on Economic Development Leadership*. Ada, OK.
- [2] Peterson, Mark. (1996). “Harnessing the Power of Vision: Ten Steps to Creating a Strategic Vision and Action Plan for Your Community.” Cooperative Extension Service, University of Arkansas.
- [3] Sears, David W., and J. Norman Reid. (1992). “Rural Strategies and Rural Development Research: An Assessment.” *Policy Studies Journal*, 20, 2, pp. 301-309.
- [4] DeLuca, Edward. “Organizing and Operating a Development Department,” in *Shaping the Local Economy: Current Perspectives on Economic Development*. Cheryl Farr, Editor, Washington, DC: International City Managers Association. 50-58.
- [5] Texas Advisory Commission of Intergovernmental Relations. (1983). *Comprehensive Planning for Small Texas Cities*. Austin, TX.
- [6] Nelson, James R., Gerald Doeksen, and Jack Dressen. (1978). *A Guidebook for the Planning of Economic Development in Rural Communities*. Cooperative Extension Service, Oklahoma State University, AE 7829.



- [7] Bowen, George E. and Joseph Prochaska. (1978). *Community Goals for Knoxville - Knox County*, Volume IV, Community Goals and Game Instruction Manual, Knoxville: University of Tennessee, Graduate School of Planning.
- [8] Kolzow, David. (1988). "Strategic Planning for Economic Development." American Economic Development Council.
- [9] Woods, Mike, and Gordon Sloggett. (1989). "Strategic Planning for Economic Development in Rural Areas and Small Town of Oklahoma." OSU Extension Facts, Number 859.



