

Stronger Economies Together Participants' Guide

Module Two: Regional Economic Development 101

Worksheet 1: Mega-Trends in the Global Economy

Slide 8

- Growth of service industry: Service has become (and will remain) the dominant competitive differentiator in much of the economy.
- Expanded importance of creative and knowledge economies: Knowledge-intensive activities have the highest value and demand increasing knowledge, skills and abilities. The future health of local economies may well be linked to a community's ability to attract creative and knowledge-based workers, or to generate jobs that seek these types of talented individuals.
- Polarization of work reflecting knowledge, skills and abilities: Work is polarizing in which wages tend to reflect knowledge, skills and abilities.
- Outsourcing divides "value-chain" functions into more productive, interdependent activities.
- Expanded growth of entrepreneurs and the self-employed: Across the world, a growing number of people are starting their own businesses, many as self-employed people. For example, over the past two decades, the number of people who are self-employed in rural America has grown by 2 million and now represents 20 percent of its workforce. Estimates suggest that this rate will continue to accelerate over the next decade or more.
- Specialization of regions and communities: Regions and communities are becoming more specialized and connected to other non-contiguous places.
- Connections between places having complementary specializations or resources: Places are more frequently connecting to places with complementary specializations

MEGA-TRENDS FOR ECONOMIC DEVELOPMENT

- Ongoing emphasis on job creation as the key goal: Leaders continue to emphasize job creation as the ultimate goal for economic development.
- Continued focus on companies rather than industries or people: Many public sector leaders still understand economic development strategies in the three “waves” – which focus on companies rather than industries. Many are still focusing on attracting a major company to the community instead of seeking ways to further strengthen or add value to one of the existing key industrial sectors.
- Loss of private sector leadership due to:
 - Loss of corporate headquarters and priorities of branch plants
 - Focus on the global “value-chain”
 - Difficulty in engaging entrepreneurial leaders
 - Traditional economic development doesn’t work well with fewer “large” opportunities.
- Workforce talent is an important competitive factor: In order to survive in today’s global environment, manufacturing plants have had to raise the skill requirements of their workers and introduce technological innovations.
- Public economic development investments are under greater scrutiny (i.e. business incentives). The debate about the benefits and costs of offering incentives to companies to locate to a state or community remains pretty heated.
- Economic developers require new skills...
 - Focus less on making “sales” and more on conducting “market intelligence”
 - Facilitate linkages among a fragmented network of participants
 - Focus on the community or region “product”

Stronger Economies Together Participants' Guide
Module Two: Regional Economic Development 101

Worksheet 2: Three Waves of Economic Development

Slides 14 & 15

Goal	<i>Industrial Recruiting:</i> Attract outside businesses	<i>Cost Competition:</i> Retain and expand existing businesses	<i>Regional Competitiveness:</i> Enhance regional resources to promote regional collaboration and clusters
Strategies	<ul style="list-style-type: none"> • Provision of financial incentives • Building of industrial parks 	<ul style="list-style-type: none"> • Reduction of taxes • Deregulation • Industry consolidation and cost cutting (i.e., lean manufacturing) 	<ul style="list-style-type: none"> • Entrepreneurship • Regional collaboration • Identification and development of regional clusters and import substitution activities
Keys to Success	<ul style="list-style-type: none"> • Offer government funds for subsidies and tax breaks • Develop an industrial infrastructure 	<ul style="list-style-type: none"> • Develop training programs • Strengthen the health of existing firms • Provide social and physical resources 	<ul style="list-style-type: none"> • Build on unique regional assets (such as human capital, amenities, creative economy; innovation) • Focus on leadership development • Develop/maintain quality environment • Bridge economic and community development

Source: Blakely & Ted Bradshaw (2002); Drabenstott (2006); Hembd (2008)

Stronger Economies Together Participants' Guide

Module Two: Regional Economic Development 101

Worksheet 3: Your Current Economic Development Strategies

Slides 14 & 15

Current Strategies (List below)	Which “Wave” (1st, 2nd or 3rd)?