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Regionalism, Networks, and Partnerships: A Leadership Approach to Economic Development

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Regionalism, Networks, and Partnerships:

A Leadership Approach to Economic Development

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Goal of this Curriculum

Provide assistance to the EDA's Economic Development Districts in their efforts to create and implement effective strategies that will lead to new economic development opportunities for their businesses and residents.

Overview of the Curriculum

1. Identifying the characteristics of an effective Economic Development District
2. Selecting the right leadership model for the task
3. Enhancing regional thinking
4. Developing effective networks
5. Developing effective partnerships
6. Building a living CEDS

Basic Beliefs

- ***No EDD stands alone***
 - Outside opportunities and threats abound.
 - Industry clusters and networks cross boundaries.
 - Many beneficial resources and partners are located outside the region.
- ***Economic development does not happen in a bubble***
 - Effective partnerships and networks are required for the development of successful economic development programs and investments.
- ***Every EDD is unique***
 - No two regions face the same challenge nor the same road to success.
 - Success builds on distinctive strengths and resources.

Words from the Front

Many of the recommendations included in this curriculum come from the site visits of effective Economic Development Districts. *Words from the Front* are observations and thoughts from the site visits, not necessarily attributable quotes from the leadership and staff at the EDDs.

I. Identifying the Characteristics of an Effective EDD

Key Characteristics of Effective Economic Development Organizations

Adapted from the Baldrige Criteria for Performance Excellence

1. A dedicated, stable, knowledgeable, and professional staff

- A stable staff helps in developing key relationships and partnerships.
- It is key for staff to be in the field as much as possible so that they are knowledgeable about the region's attributes.
- With longevity, the EDD's director and staff become more aware of the strengths and assets of the region.

Words from the Front

While its technical and data knowledge is critical, it is the “on-the-ground” knowledge that is essential to its efficiency and success. According to respondents, Bear Paw appears to have its “pulse on the region” and a sense of what is going on across the region.

Bear Paw Development Corporation, Havre, Montana

Key Characteristics of Effective Economic Development Organizations

2. Visionary leadership

- A shared vision of what the region can be must be developed and, more importantly, accepted across a wide range of stakeholders.
- EDD leaders must stay current on the changing landscape of the region and clearly communicate the facts necessary to build understanding and sway entrenched opinions.
- A strong and widely recognized reputation must be established over time in order to motivate regional stakeholders and establish a position as a leader within the region.

Words from the Front

The EDD's staff is on the “cutting edge” of economic development thought and practice, and is able to communicate this to its constituents within the region. Among those interviewed, staff and assets were perceived to be equally available across the region, with robust quality data and excellent technical assistance that is well integrated into the community—“a credible source and repository of data and information.”

Capital Area Council of Governments (CAPCOG), Austin, Texas

Key Characteristics of Effective Economic Development Organizations

3. Responsive to customers and partners

- It is the EDD's many customers and partners who judge its quality and performance
 - Business community
 - State and local government
 - Economic development agencies
 - Workforce development
 - Nonprofits
 - Higher education
 - Residents of the region
 - Others
- Excellence in customer responsiveness is no accident. Excellence demands constant sensitivity by the EDD and its partners to the changing and emerging economic situation of the region and an eye to the future to ensure that the EDD is aware of future customer concerns.

Words from the Front

First and foremost, this EDD has a “customer first” attitude and approach: to listen to customer needs, including public and private customers, while seeking and developing creative and cutting-edge solutions and programs.

Three Rivers Planning & Development District (TRPDD), Pontotoc, Mississippi

Key Characteristics of Effective Economic Development Organizations

4. Value employees

- Organizations are only as good as its staff; it is key to establish a workplace environment where the staff are challenged and appreciated.
- The same is true with the EDD partners. Effective partnerships effectively expand the reach of the organization and enhance the quality and depth of regional services.

Words from the Front

Find staff with a passion for the EDD's mission—let them do their jobs and allow them to exhibit their passions. Developing people takes time and trust.

Land-of-Sky Regional Council, Asheville, North Carolina

Key Characteristics of Effective Economic Development Organizations

5. Agility and managing for innovation

- The ability to move quickly, maintain flexibility, and take reasonable risks. For EDDs this task is twofold:
 - Internal innovation
 - Changing the products and processes of the organization to better meet regional needs
 - Internal collaborations
 - External innovation: nurturing an innovative business environment for the region

Words from the Front

Many of the region's economic development successes have come as the result of finding innovative solutions to problems that are unique to the area. For example, the Superior Suppliers Network was created as a way to help the region's small fabrication shops band together to bid on projects that would be too big for one firm to handle on its own. The network also created a shared sales rep to help find work for members.

Western Upper Peninsula Planning & Development Region, Houghton, Michigan

Key Characteristics of Effective Economic Development Organizations

6. Management by fact

- Through the preparation of a well-researched and constructed CEDS, EDDs are in the position to have their economic development efforts be fact driven and goal oriented.
- Decisions should be based on research and what is known, not what is thought to be known.
- The CEDS should have project-performance measures.

Key Characteristics of Effective Economic Development Organizations

7. Develop strong partnerships

- Effective EDDs:
 - Listen carefully to the concerns and ideas from partnering organizations
 - Convene partners and manage the decision-making process
 - As appropriate, let the other person take the credit: understand that building and maintaining partnerships is sometimes more important than getting all of the credit

Words from the Front

Interviewees lauded the ability of MCEDD to bring together diverse interests and to focus on having “one voice” as a region when going after projects. Additional leadership traits mentioned included a long-term orientation and an openness to trying innovative projects or ideas that might be risky.

Mid-Columbia Economic Development District, The Dalles, Oregon

II. Selecting the Right Leadership Model for the Task

The EDDs need to generate a clear vision of what their regions are and what they can be.

While leadership is required for the EDD to take on a proactive role, a vision for the region is required to set the course. All efforts should have the end in mind.

The vision should be inclusive and build upon the strengths of the region's other organizations.

Leadership

- There are many types of leaders.
 - Top-down commanders
 - Spark plugs: Throwing new ideas in the air and/or organizing new economic initiatives
 - Servants: listeners who respond to needs
 - Spear catchers: Individuals/organizations willing to introduce and advocate for actions that may have strong regional opponents
- There is a time, place, and use for all of these types.

Leadership

Leaders share the following attributes:

- They are knowledgeable about their regions and have a desire to move the region forward.
- They work in teams and form partnerships, thus, leadership may not fall to one person. As a community or project moves forward, new challenges call for different skills and capabilities, requiring new stakeholders to take the lead.

EDD leadership should express a clear, unified vision based on the region's strengths that can be supported across political lines to serve the best interests of the region.

They are also realistic about what the region can and cannot do, based on its strengths and weaknesses.

This vision should be expressed through the CEDS.

It is through the leadership of the EDD that determines if CEDS takes on a wider meaning.

Is the CEDS just an EDA planning document or a region's call to action?

EDD Leadership Role

For EDDs to become proactive requires that they take on a leadership role that:

- **Champions**—promotes a vision and mission for the region.
- **Catalyzes**—mobilizes efforts that cut across existing silos and geographic interests. The partnerships that the EDDs have already developed could serve as a strong base for this activity.
- **Integrates**—creates programs that build on and leverages local assets. Again, the EDDs' wealth of regional knowledge and experience puts them in a position to play this role.
- **Partners**—join a team and are ready to work with and give/share credit with others.

Selecting the Right Leadership Model for the Task

- What are the preconditions and success factors for an economic development project based on research?
- Leadership style will differ to meet the needs of the challenge and the moment.
 - Sometimes you lead, sometimes you provide support, sometimes you punt.

Preconditions for Collaboration

- The existence of a clear threat or opportunity
- A shared vision to address the threat or opportunity
- A clear demonstration that collaboration can benefit all key stakeholders
- The presence of a political and working environment conducive to collaboration
- The existence of trust and long-term relationships

Success Factors for EDA Projects

- The project is a part of an existing regional economic development plan that is based on the region's strengths and potential.
- The project has strong leadership involvement and financial commitment from the private sector.

Success Factors

- There is a regional approach that is supported by state and local government leaders.
- The EDA-funded project is part of a greater plan for development.
- The project has strong support from the region's major economic development organizations that have developed strong regional reputations.

Success Factors

- Leadership is able to build strong financial support, both public and private.
- Laying the initial groundwork is also the job of regional leadership. All of the regional stakeholders—public and private—should be represented, and all necessary regulatory and property-ownership issues resolved before moving projects forward.

Key Elements of Effective Leadership

- **Awareness** – Through the CEDS process and by its continuing communication with governmental entities and economic development partnerships, EDDs are in the position to gain a comprehensive understanding of the issues.
- **Listening** – Again, EDDs are well situated to be the facilitator or convener of regional economic development stakeholders.

Key Elements of Effective Leadership

- **Supportive**—EDDs can provide the research and do the groundwork necessary for the project to be completed
- **Persuasive**—EDDs are seldom in the position to dictate the action plan. Instead, they must be able to persuade other stakeholders to pull their resources into the plan.
- **Long-term thinking or foresight**—Leadership is not about pushing one project; its working toward a larger goal.
- **Stewardship**—There should be a dedication to sustaining and nurturing the region.
- **Building community**—EDDs should lead by convening and stressing common bonds.

Words from the Front

Specifically, interviewees lauded the ability of the region to bring together diverse interests and to focus on having “one voice” as a region when going after projects. Additional leadership traits mentioned included a long-term orientation and an openness to trying innovative projects or ideas that might be risky.

Mid-Columbia Economic Development District, The Dalles, Oregon

Words from the Front

Engage in transparency and trust with all parties, but particularly the local communities and their representatives.

Land-of-Sky Regional Council, Asheville, North Carolina

As the EDD, the COG engages the region in regular and frequent meetings and dialogues about issues and needs.

Mid-Region Council of Governments, Albuquerque, New Mexico

Words from the Front

Regions need an impartial convener. The EDD has adopted multiple approaches to consensus building that works well within this type of environment.

Capital Area Council of Governments (CAPCOG), Austin, Texas

III. Enhancing Regional Thinking

First Steps

- Understanding your economy:
 - What are the economic drivers?
 - Emerging
 - Traditional
 - Regional influences
 - Identify regional assets and nonregional assets that are available to the region.
 - Identify the region's economic development players.
 - Goals
 - Resources
 - Existing leadership role

Enhancing Regional Thinking

- Identify the key elements of the region
 - What are your base industries? What are your key employers and occupations? Location quotients can be used to identify the concentration of activities, but it is more important to know the health of the region's core industries.
 - Identify possible clusters.
 - Develop an inventory of unique institutions in the region and their relationships: hospitals, universities, prisons, national forests, etc.

Cluster Analysis

- For a “true” cluster to exist, it should have the following elements:
 - A core industry, though the core establishment(s) may be external to the region, e.g., auto parts suppliers
 - Clear linkages between two or more regional industries
 - A developed identity within the region as a cluster
- Key questions regarding the cluster:
 - Is it innovative or producing a standardized product that could be threatened by outside competition?
 - How much of it is locally owned?
 - What is the outlook of the core industry?

What about Unique Institutions?

Questions to ask:

- How stable are they?
- What assets do they bring to the table that could benefit the region?
- What are their current relationships within and between regions?
- What could cause the relationships to change?

What about Your Labor Force?

Analyze and profile your labor force:

- Educational attainment
- Quality of K-12 system
- Occupations and skills of residents
- Training facilities
- Workforce boards
- Alignment of current workforce and employer needs
- Forecasts of trends and needs

Data Sources: College and University Resources

- Colleges and universities within the region can be an excellent source of both data and expertise.
- EDA-funded University Centers are partners in economic development and can play a strong role in assisting EDDs with data collection and analysis.

Data Sources: The U.S. Census Bureau

- The decennial census remains the standard for population.
- The American Community Survey (ACS) offers information on age, educational attainment, occupation and industry, employment status, poverty, and more.
 - Multiyear averages even allow detail on sub-region areas and in rural regions.
 - If the region is large enough, PUMS microdata may be available that allows the user to build a highly detailed profile of the region's workforce.
- Longitudinal Employer-Household Dynamics (LEHD)
 - Community Economic Development HotReport provides a variety of data in one spot.
 - LEHD data can be used to analyze business openings and closings, job expansion and contraction, and more by industry, age, and size. Availability varies by state and region.

Data Sources: The Bureau of Labor Statistics (BLS)

- Local area unemployment statistics (LAUS) are the most widely known series.
- Quarterly census of employment and wages (QCEW) provides industry-level employment and weekly wages for every county.
- Current employment statistics (CES): detailed employment numbers for metro areas.
- Occupation-Industry matrix: estimate the occupational needs of your region's industries.

Data Sources: Bureau of Economic Analysis (BEA)

- Best known as source of national data: GDP.
- REIS data offers data on every county in the U.S. from 1969 forward (with a 2-year lag).
- Consistent source of major industry employment and earnings is good for long-term trend analysis.
- Local income: per capita, by industry.
 - Unique breakdowns include transfer payments, social security, farm income
- RIMS-II provides a simple input-output model for economic impact analysis. Available on county level. Small cost, takes some skill to use.

Data Sources: Other Options

- Economy.com—Detailed, historical, customized to local needs, expensive.
 - Woods & Poole, D&B are other well-known, costly options
- National Center for Education Statistics (NCES)—Detailed data on K-12 school enrollments, demographics, completions.
 - IPEDS system offers similar data for colleges.
- State Labor Market Information (LMI) Offices—Usually offer data similar to the BLS. May offer more detail, e.g., employment forecasts, occupation and wage data.
- U.S. DOT Federal Highway Administration—State and some local transit data.
- IRS Migration Data—Track population in-flows and out-flows by source and destination.

Help from Your Partners

- Partnerships don't always have to be local; broaden your inventory to include outside institutions that may offer services that can be helpful to your region:
 - State and federal government agencies
 - Universities and EDA-funded Economic Development Centers
 - Nonprofit organizations and foundations
 - Manufacturing Extension Partnerships
 - National economic development organizations (IEDC, NADO, etc.)

IV. Developing Effective Networks

Effective Networks

- Networks—formal and informal—are key components in the development of a strong entrepreneurial environment.
 - Discussions must be open, transparent, and conducted in an environment of trust.
 - The goal of the effort should be made clear.
 - Even effective networks (formed around initiatives) may have short lives; once the initiative is complete, the network may become dormant. The relationships from these networks may carry forward into new initiatives.
 - Regions need to generate an environment that nurtures new associations.

Effective Networks

“Although more stable networks reduce the transaction cost of information and knowledge exchange, it is likely that such information and knowledge will become increasingly homogenous and, therefore, less useful across the network members.”

Huggins and Izushi (2007), *Competing for Knowledge*

Looking for Linkages

Possible business networking opportunities

Industries	Agriculture	Manufacturing	Mainstreet	Medical
Agriculture	Moving from commodities to fresh	Food processing	Farmers' markets	??????????
Manufacturing	Farm equipment testing and innovation	Local supplier base	??????????	Medical instruments
Mainstreet	Agriculture theme streetscape	??????????	Common theme, coordinated store hours	More local, integrated health services
Medical	Healthcare for farm families	Healthcare for manufacturing	??????????	Improve regionalized health care

Expand the Region's Networks

- These networks could reach outside of the region and include:
 - Universities and colleges
 - State and local governments
 - Foundations
 - Neighboring EDDs
 - Businesses in clusters that cross regional boundaries

An Opportunity for EDDs

- If local sources of knowledge are key in driving the success of new product and process development, then success depends on the region's ability to generate and regenerate dynamic networks of information flows.
- The EDD can play the role of trusted intermediary and ensure information is openly transmitted across stakeholders.

An Opportunity for EDDs

- EDDs can act as a central repository of regional information and as a neutral party that can cross political and social boundaries for the good of a larger development strategy.
- Unlike local governments or private economic development organizations, EDDs do not face the same incentives to “compete” and win business only for one area, but can instead work in a more neutral way to benefit the entire region.

Words from the Front

Economic development is a long-run game often with many political players. Land-of-Sky (LOS) is good at staying neutral in regional discussions, and is a gathering place for leaders and decision makers to “learn, talk and collaborate.” In this role of neutrality, LOS is able to take a bigger picture and more regional approach to its activities and service to the region, as it tries not to “get in the middle and [need] to play politics.” Staff are considered “creative and humble, they don’t pretend to know it all...this empowers people” to be successful.

Land-of-Sky Regional Council, Asheville, North Carolina

V. Developing Effective Partnerships

Developing Partnerships

Partnership development expands the region's abilities to address new opportunities by effectively pooling existing resources and expertise into a common strategy.

Partnerships are both vertical (e.g., economic development organizations) and horizontal (e.g., workforce training, financing initiatives).

Partnerships

“True region-wide partnerships emerge when regional leaders painstakingly build new habits of collaboration within the unique institutional landscape of a given region.”

Center for Regional Development, Purdue University, et al. (October 2009),
Crossing the Next Regional Frontier

Possible Roles for EDDs in the following Scenarios

No regional organization with many local efforts	One major regional organization	Multiple competitive regional organizations
Innovation	Support role – what is missing ?	Facilitation
Facilitation	<ul style="list-style-type: none"> - government involvement - data analysis 	Identify common concerns and shared resources
Coordination	Bringing assistance from the outside	Development of shared regional plans
Bringing assistance from the outside		

Expanding Partnerships

	Private economic development organizations	Business community and chamber	City, county, and state agencies	Workforce investment boards	Community colleges and universities
Provide a regional focus					
Bring regional and nonregional resources					
Add legitimacy and buy-in					
Possible linkages					

NOTE: Each EDD should look at how they can partner with these types of organizations and what value it adds to the process.

VI. Building a Living CEDS

Effectively use the CEDS in supporting a data-driven regionally-focused economic development strategy.

Effective leadership would use the CEDS as an opportunity to build partnerships, set the region's goals, promote a regional strategy, and doggedly push for action.

Key Topics/Questions to Address in Producing a “Living” CEDS

Participation

- Was a dialogue about the new economy facilitated?
- Was a summary data report prepared for stakeholders?
- Were the region’s economic development stakeholders involved in the preparation of the report?

Key Topics/Questions to Address in Producing a “Living” CEDS

Quality of the CEDS Committee

- Does the CEDS committee include representatives of government, business, economic development, and the public?
- Does the committee include members from key regional partners?
- Was the committee active at the beginning of the planning process?

Key Topics/Questions to Address in Producing a “Living” CEDS

Economic Analysis

- Is a global perspective provided to identify macro trends that can impact the region’s overall economy?
- Is a regional perception provided that identifies national/state trends that can impact the region's overall economy?
- Does the document provide analysis and interpretation of the data?
- Does the analysis identify the region’s core or base industries?
- Does the economic analysis examine the competitiveness of the region’s core activities?
- Were key representatives of the region’s core industries interviewed?
- Was an industrial- or occupation-cluster analysis completed?

Key Topics/Questions to Address in Producing a “Living” CEDS

Economic Analysis

- Does report use appropriate methodology and interpret the results of the analysis reasonably?
- Is there an analysis of the region’s skill/talent base?
- Was an assessment of possible labor shortage of key occupations prepared?
- Was an asset map of the region’s education/training institutions included?
- Does the plan explore possible linkages between the region’s schools and training institutions?
- Are current employers’ needs discussed? Is an assessment of the region’s entrepreneurial environment presented?
- Are possible emerging industries identified?

Key Topics/Questions to Address in Producing a “Living” CEDS

Strategies and Planning

- Are the strengths, weaknesses, opportunities, and threats facing the region examined (a SWOT analysis)?
- Are the data prepared in the economic analysis directly tied to the SWOT analysis?
- Does the strategy consider global and international issues?
- Does the strategy consider important regional/state issues that are outside of the EDD’s borders?
- Does the plan connect or link itself to the state’s economic development strategy or any other regional plans? Does the strategy call for leveraging investment commitments?
- Does the strategy extend beyond the immediate term (i.e., the outlook is more than a few years, a long-term goal or vision is identified)?

Key Topics/Questions to Address in Producing a “Living” CEDS

Strategies and Planning

- Does the strategy prioritize future development projects for the region?
- Is the methodology used in setting the priority of the future projects explained?
- Is the plan’s investment priority setting consistent with the plan’s analysis findings?
- Are the priority public investments supportive of the development of a regional knowledge-based innovation economy?

Key Topics/Questions to Address in Producing a “Living” CEDS

Performance Measures

- Does the plan provide clear expected outcomes for each investment initiative?
- Does the plan include performance measures that monitor the strategy’s impact?
- Are performance measures showing the progress of previous activities included?

Key Topics/Questions to Address in Producing a “Living” CEDS

Economically Distressed Populations

- Does the plan identify or discuss the region’s economically distressed populations (e.g., unemployed workers, low-income residents)?
- Does the plan discuss the type of resident and worker targeted by the plan?

Key Topics/Questions to Address in Producing a “Living” CEDS

Implementation: Does the plan include a course of action?

- Are the required steps for implementation of the plan’s strategy outlined in the plan?
- Are organizations or agencies identified in the plan as having specific responsibilities for implementation?
- Are specific resource commitments from organizations or agencies detailed?
- Is an implementation timeline included in the plan?

Words from the Front

Lessons from the Treasure Coast Regional Planning Council, Stuart, Florida

Lessons from the Treasure Coast Regional Planning Council CEDS Process

- Recommends a regionally acceptable vetting system that has the following criteria for projects:
 - Be market based and results driven
 - Have strong organizational leadership
 - Advance productivity, innovation, and entrepreneurship
 - Look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy
 - Demonstrate a high degree of local commitment

Lessons from the Treasure Coast Regional Planning Council CEDS Process

- Set priorities that identify projects having a regional impact.
- The process should focus on a regional return on investment, have regional buy-in, and should be shovel ready.
- The number of projects should be limited to a relatively small number and be targeted to regional priorities.
- There should be a clear set of evaluative criteria used and the investment should meet at least one of four “core criteria.”

Lessons from the Treasure Coast Regional Planning Council CEDS Process

Core criteria:

- Investment that supports a long-term, coordinated, and collaborative regional economic development approach
- Investment that supports innovation and competitiveness
- Investment that encourages entrepreneurship
- Investment that support strategies that link regional economies with the global marketplace

To keep these data as fresh and useful as possible, a continuous scan of the region's economic landscape should be conducted.

Closing Thoughts

EDDs should be regional conveners of economic development stakeholders.

EDDs can be a regional data resource, but there is room for them to play a more involved role too.

Possible Steps for EDDs

- Offer training sessions for the regions' governmental and nonprofit organizations on finding economic and demographic information on the Internet.
- Educate newly elected officials on how their entity fits into the regional partnership.
- Organize and facilitate economic development strategic planning sessions for the region's economic development stakeholders. Most importantly, in doing so the EDD should make clear its new leadership role in the region as a convener.

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- Mid-Columbia Economic Development District, The Dalles, OR
- Mid-Region Council of Governments, Albuquerque, NM
- North Country Council, Bethlehem, NH
- Northwest Regional Planning Commission, Spooner, WI
- Three Rivers Planning & Development District, Pontotoc, MS
- Treasure Coast Regional Planning Council, Stuart, FL
- Western Upper Peninsula Planning & Development, Houghton, MI