

Economic Gardening
*An Entrepreneurial Alternative to
Traditional Economic Development Strategies*

Boosting Laborforce Competitiveness
in Wayne County, North Carolina
The Wayne Occupational Readiness Keys for Success Initiative

Entrepreneurial Success
The Purdue Research Foundation Finds the Right Formula

A Crisis Is a Terrible Thing to Waste
*How Economic Development CEOs Add Value
in a Down Economy*

Beyond the Research Park
Diversifying Economic Development in College Towns

Strength in Numbers
*The Coastal Bend Region's Efforts to Prepare
Its Workforce for Tomorrow*



IT PAYS TO BE A MEMBER

The savings that membership brings on conference attendance, publications and member services more than covers the cost of membership. Member dues are prorated according to the organization or company type. Don't miss out on the value and savings of becoming an IEDC member. Join the premier economic development association today.

Call IEDC TODAY to sign yourself up as a member or to receive further membership information: (202) 223-7800.

Or visit our homepage at www.iedconline.org.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

ABOUT IEDC

The International Economic Development Council (IEDC) is the premier international association dedicated to leadership and excellence in economic development. IEDC can equip you with the tools and resources that are helping to shape economic development throughout the country and around the world. Our services include:

- *ED Now*, a twice-monthly newsletter
- *Economic Development Journal*, a quarterly publication
- Improved access to resources and information
- Enhanced educational choices
- Stronger advocacy and access at the Federal level
- Expanded networks and alliances
- Industry-leader publications
- Expanded research and technical assistance
- An international presence

THE IEDC Economic Development Journal

International Economic Development Council
734 15th Street, NW Suite 900 • Washington, DC 20005 • www.iedconline.org

Chair: William E. Best, FM
President & CEO: Jeffrey A. Finkle, CEcD
Editor: Jenny Murphy

Editorial Board: Ronnie Bryant, CEcD, FM, HLM, chairman; William Beyers, Ph.D.; Janet Cypra; Donald Haider, Ph.D.; Rick Loessberg; Phillip D. Phillips, Ph.D.; Karin Richmond, Ph.D., FM; Ronald Swager, Ph.D.; Mark D. Waterhouse, CEcD, FM; and Charles H. Wood

Manuscripts are invited and should be addressed to the editor. Articles contained in *Economic Development Journal* represent the authors' views and not necessarily those of IEDC. No articles may be reproduced without permission from IEDC. Copyright (c) 2010, the International Economic Development Council (202) 223-7800. Fax: (202) 223-4745. mail@iedconline.org. ISSN 1539-1922. Subscriptions \$60 per year; for individual issues – \$20. Advertising is available. Contact IEDC for details.

OFFICERS AND BOARD OF DIRECTORS

Officers

William E. Best, FM
Chair
Dennis G. Coleman, CEcD, FM
Vice Chair
Lynn Martin Haskin, Ph.D.
Paul Krutko, FM
William C. Sproull
Jay C. Moon, CEcD, FM
Secretary/Treasurer
Ian Bromley, MA, MBA, FM,
FRSA
Immediate Past Chair
Jeffrey A. Finkle, CEcD
President & CEO

Board of Directors

Scott D. Adams, CEcD
Charles S. Alvey, CEcD
Rita Athas
Ivan Baker, CEcD, AICP
Mark Barbash, FM
Howard C. Benson
LaDene H. Bowen, CEcD, FM
Dyan Lingle Brasington, CEcD,
FM
Tedra Cheatham, CEcD
JoAnn Cray, CEcD
Kenneth E. Dobson, FM
Maurice D. Ewing, CEcD

Robert Fine
Thomas M. Flynn, CEcD
Raymond Gilley
Gerald L. Gordon, Ph.D., FM,
HLM
Todd Greene, CEcD
Daniel C. Gundersen
Don A. Holbrook, CEcD
Donald E. Jakeway
Barbara K. Johnson
Kevin D. Johnson, CEcD
James R. Kinnett II, CEcD, FM
Thomas A. Kucharski, CEcD
Gail Lewis
Diane C. Lupke, CEcD, FM
William G. Mannix, CEcD
Barry Matherly, CEcD
Judy McKinney-Cherry, CEcD
Janet M. Miller, CEcD, FM
James E. Mills
Fred Morley
Phillip D. Phillips, Ph.D., CEcD
Joy M. Pooler, CEcD, FM
Craig J. Richard, CEcD
Karin Richmond, Ph.D., FM
Wayne Schell, FM
Gary L. Skoog, CEcD
Walter C. Sprouse Jr., CEcD,
CCE, FM
Klaus Thiessen
Allison J.H. Thompson, CEcD,
EDFP

Anatalio Ubalde, FM
Richard C. Ward, CEcD, AICP, CRE
Steve Weathers, CEcD
Holly Wiedman
Joy S. Wilkins, CEcD
Roy H. Williams
Gregory H. Wingfield

PAST CHAIRS

Frank Birkhead, CEcD, FM, HLM
Thomas D. Blanchard, Jr., HLM
M. Ross Boyle, CEcD, FM, HLM
Ian Bromley, MA, MBA, FM,
FRSA
Ronnie L. Bryant, CEcD, FM, HLM
Steven J. Budd, FM
Robert B. Cassell, CEcD, FM, HLM
Kurt Chilcott, CEcD, FM, HLM
John P. Claypool, HLM
Gary Conley, HLM
James A. Covell, CEcD, FM, HLM
George Cregg, Sr., CEcD, FM,
HLM
Walter D'Alessio, HLM
James A. Devine, CEcD, FM, HLM
Donald G. Dunshee, CEcD, FM,
HLM
Murray A. Elder, HLM
Harry G. Foden, CEcD, FM, HLM
Jay A. Garner, CEcD, CCE, FM,
HLM

James A. Garver, CEcD, FM, HLM
Victor S. Grgas, HLM
James W. Griffin, CEcD, FM, HLM
James H. Gullyes, HLM
James C. Hankla, HLM
Emery D. Hoenshell, FM, HLM
Robin Roberts Krieger, FM
Ronald C. Kysiak, HLM
Robert E. Leak, Sr., CEcD, HLM
Marilyn Swartz Lloyd, HLM
Joseph A. Marinucci, FM
William J. McDermott, CEcD,
FM, HLM
Paul W. Miller, FM, HLM
John D. Morand, CEcD, FM, HLM
Ioanna T. Morfessis, Ph.D., HLM
Edward A. Nelson, Jr., CEcD,
FM, HLM
D. Kenneth Patton, HLM
James O. Roberson, CEcD, FM,
HLM
Judie A. Scalise, CEcD, FM, HLM
Bill R. Shelton, CEcD, FM, HLM
Wayne Sterling, CEcD, FM, HLM
David C. Sweet, Ph.D., FM, HLM
Rick Thrasher, CEcD, FM, HLM
Mark D. Waterhouse, CEcD, FM,
HLM
Rick L. Weddle, FM
April Young, Ph.D., HLM

dear colleague



William E. Best, FM
IEDC Chair

Helping communities assess their recovery needs and develop recovery strategies for dealing with these economic impacts is not new to IEDC and its members. We have been doing this for many years. However, I have been especially gratified at the recent response from our members to assist the organization in aiding local communities impacted by the oil spill along the Gulf coast. This event, unfortunately, serves as an unhappy reminder of the sudden and severe impact on communities when disaster strikes.

IEDC has now conducted economic recovery needs assessments in 21 communities in Louisiana, Mississippi, Alabama, Florida, and Texas, with funding from the U.S. Economic Development Administration and in partnership with the White House's National Incident Command's Economic Solutions Team (NIC-EST) for the Deepwater Horizon Oil spill.

As part of these assessments, IEDC has sent teams of economic development and disaster recovery specialists with assistance from a federal delegation team to the communities to gather valuable input from local stakeholders. I want to thank the more than 80 members who participated in these assessments. The value that our members provided supported by our able staff was invaluable to the many communities that were visited.

Two IEDC site visits were initially completed in mid and late July, while the remaining 19 teams visited the Gulf in August. The teams worked with local leadership from regional government, chambers of commerce and economic development organizations, business representatives from key industries, and others.

This continues IEDC's support for the Gulf coast communities that have been battered by hurricanes ranging from Katrina, Rita to Gustav and Ike. For our Katrina and Rita work, over 150 volunteers supported the many impacted communities. Today IEDC is still supporting the region dealing with the recovery of these events.

Many of you may or may not be aware that IEDC was also on the scene after the San Diego wild fires and the flooding in Cedar Rapids, Iowa. I could not be more proud of our profession as we support our fellow members in these circumstances.

I am looking forward to seeing many of you in Columbus at this year's Annual Conference, "New Paradigms: The Practice of Economic Development in a Changed Landscape." As we all know, the old ways of doing business and making deals will no longer be relevant and likely be replaced by more innovative approaches. Join IEDC at the world's largest gathering of economic developers as we discuss new tools, new uses, new ventures, and new directions.

William E. Best, FM
IEDC Chair

The IEDC Economic Development Journal

TABLE OF CONTENTS



PAGE 12

Economic Gardening..... 5

An Entrepreneurial Alternative to Traditional Economic Development Strategies

by *Christian Gibbons*

The idea that economies can be grown internally by nurturing second stage (10-99 employees) growth companies has caught the imagination of many economic development agencies that are finding it increasingly difficult to be effective. The actual program, however, has much more depth and complexity than many realize.



PAGE 18

Boosting Laborforce Competitiveness in Wayne County, North Carolina..... 12

The Wayne Occupational Readiness Keys for Success Initiative

by *Lawrence Bivins*

A powerful partnership is yielding measurable progress in elevating the competitive posture of Wayne County, North Carolina – showcasing the value of determination, collaboration, and the right tools in tackling workforce readiness challenges.



PAGE 49

Entrepreneurial Success 18

The Purdue Research Foundation Finds the Right Formula

by *Joseph B. Hornett*

The Purdue Research Foundation provides the important amenities like a shared business center, business diagnostic program, venture capital opportunities, human resources, communications and marketing, and tech transfer activities to help entrepreneurs succeed.

A Crisis Is a Terrible Thing to Waste..... 27

How Economic Development CEOs Add Value in a Down Economy

by *Tim Chase, CEcD, FM*

This article takes a hard look at current prospects for job creation, suggests new value propositions, and examines six new ways to compete including specific action steps.

Beyond the Research Park..... 39

Diversifying Economic Development in College Towns

by *John L. Gann, Jr.*

Many college communities have been single-purpose company towns, making them potentially as vulnerable as towns built around steel or auto plants proved to be. Fortunately, their special nature offers other economic opportunities.

Strength in Numbers 49

The Coastal Bend Region's Efforts to Prepare Its Workforce for Tomorrow

by *Kyle Talente and Sean Pink*

The Coastal Bend region is enhancing and improving its job training and industry outreach efforts in a coordinated and comprehensive manner, based on the economic diversification strategy developed through a multi-jurisdictional planning authority created as a result of the BRAC process.

IEDC News..... 37

IEDC Calendar of Events 38



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

economic gardening

By Christian Gibbons

Economic Gardening has become a hot topic in economic development circles over the past several years. There are over 100,000 references to the term on Google and over 350,000 hits on Yahoo. The idea that economies can be grown internally by nurturing second stage (10-99 employees) growth companies has caught the imagination of many economic development agencies that are finding it more and more difficult to be effective. The actual program, however, has much more depth and complexity than many realize.

This article addresses the history of the idea, the tools and concepts that form its foundation, key factors in successful programs, what makes it different from other business assistance programs, and lessons learned. This new approach was created in Littleton, Colorado, in 1987. Using one of the very first economic development programs focused on entrepreneurial development, Littleton's job base has grown from 15,000 to 30,000 over the last two decades and the sales tax base has grown from \$6 to \$20 million. The community has not recruited a single company during that time period and has not spent a single penny on incentive packages.

AND NOW FOR SOMETHING COMPLETELY DIFFERENT....

The Monty Python segue line seemed apropos to the birth of Economic Gardening. When the program was conceived in 1987, the idea that you could grow your own companies instead of recruiting them from other communities was such a radical departure from professional norms that there were no guidelines, no models, and no colleagues to discuss the idea. Such was the world



Entrance to downtown Littleton, Colorado

when (now) Littleton City Manager Jim Woods and I met Phil Burgess and Kent Briggs who worked at the Center for the New West, a Denver based think tank.

Both Woods and I were intensely interested in economics as a subject matter and especially the entrepreneurial world. After hearing a speech given by Burgess in which he exhorted economic developers to focus on local entrepreneurs – “stick to your knitting” and “focus on bunts and singles instead of homeruns” – I returned to city hall and told Woods, “We could have written that speech! Everything we’ve discussed was packed in there.”

Within a couple of weeks, we made a trip from Littleton (a south central Denver suburb) to the Center for the New West offices in downtown Denver to meet Burgess and Briggs. Within an hour, the four of us agreed to develop a pilot project around the idea of “economic gardening.” The term was

Christian Gibbons is director of the Business/Industry Affairs department at the city of Littleton, Colorado. (cgibbons@littletongov.org)

AN ENTREPRENEURIAL ALTERNATIVE TO TRADITIONAL ECONOMIC DEVELOPMENT STRATEGIES

Economic Gardening is an entrepreneurial alternative to traditional economic development strategies. This new approach, created in Littleton, Colorado, in 1987 in response to massive corporate layoffs, uses high end corporate level tools and cutting edge scientific concepts to help entrepreneurial growth companies identify markets, monitor competitors, track industry trends, locate customer clusters on maps, and use search engine optimization/Google Adwords/social media for marketing and various customized research. Entrepreneurs have increased the job base in Littleton from 15,000 to 30,000 and the sales tax base from \$6 million to \$20 million. The model has been picked up by a number of communities and states including Wyoming, Oregon, and Florida.

coined by Burgess who said, “We have all these economic development agencies running around hunting for businesses. They really should just stay at home and work with local entrepreneurs. They should get out of the economic hunting business and into the economic gardening business.”

The terms of the partnership were loose but would last more than a decade: The Center agreed they would introduce us to the best thinkers on the subject and Littleton in turn would be a road test of those ideas. We knew we wanted to focus on growing entrepreneurial businesses but we also wanted a deep understanding of how the entrepreneurial eco-system worked. Starting with conversations with David Birch who wrote the 1979 seminal book on where jobs were created – through phone calls to Paul Romer, the Stanford economist who contended economies were driven by ideas, to the discovery of the new science of Complexity at the Santa Fe Institute – the foundations for a new approach to economic development were being carefully built from the best of science and research.

Resisting the temptation to chase every “flavor of the month” consulting idea and business book, Littleton focused on deep underlying principles like:

- Power laws (80/20 rule) that revealed a few companies made a whole lot of difference and a lot of companies made a little bit of difference;
- Network theory that described a critical factor in business success;
- Commodity traps which explained why standards of living weren’t rising in agricultural areas and “business friendly” manufacturing areas;
- Temperament which turned out to be a big factor in company growth; and
- Complexity science which said that economies were not in equilibrium and in fact were far from equilibrium – which in turn nicely explained the turbulent “gales of creative destruction” identified by Schumpeter a half century before.



Littleton’s job base has grown from 15,000 to 30,000 over the last two decades and the sales tax base has grown from \$6 to \$20 million.

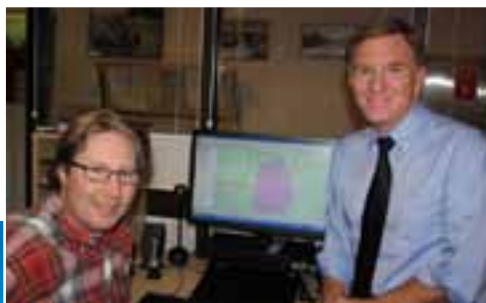
The learning curve that first decade was steep and occurring at three different scales: the entrepreneur at the micro scale, the politics of the local community at the mid-scale, and the strangeness of self-organizing economies at a large scale. By the late 1990’s, however, best practices were starting to emerge.

WHAT MAKES IT DIFFERENT

Many communities have made the comment, “Oh, we do economic gardening; we just didn’t call it that.” Usually inherent in this comment is some perception that helping local businesses is Economic Gardening. We would contend there are clear boundaries between Economic Gardening and two other economic development activities: recruiting and business assistance.

A running list of what Economic Gardening is and what it isn’t might help distinguish the boundaries of this new approach to economic development. First, what Economic Gardening is:

- An idea that economies are driven by entrepreneurial growth
- The public has three major roles: information, infrastructure, and connections
- It is focused on growth companies, especially Stage II (10-99 employees)
- It uses sophisticated corporate tools
 - Database searching
 - Geographic Information Systems
 - Search Engine Optimization
 - Web marketing
 - Social media and research tools
 - Network mapping



Chris Gibbons (r), co-creator of Economic Gardening, confers with Eric Ervin, the Geographic Information Systems and Search Engine Optimization expert in Littleton’s Business/Industry Affairs department.

The learning curve that first decade was steep and occurring at three different scales: the entrepreneur at the micro scale, the politics of the local community at the mid-scale, and the strangeness of self-organizing economies at a large scale. By the late 1990’s, however, best practices were starting to emerge.

- It uses cutting edge scientific theories
 - Complexity science
 - Network theory
 - Temperament
 - Systems thinking
 - Core strategy analysis
 - Getting things done in the public arena
- It focuses on front end, strategic issues of business
 - Core strategy
 - Market dynamics
 - Marketing
 - Teams
 - Finance
- It is driven by innovation rather than the cheapest place to do business
- It depends on a highly skilled, elite Economic Gardening staff working in an iterative manner with business owners
- The EG organization is as entrepreneurial as the companies with which it works

And maybe even more helpful, a short list of what Economic Gardening is not:

- Recruiting
- Standard business assistance (keeping books, buying insurance, succession plans)
- BRE (business retention and expansion)
- After hours networking
- An annual business climate survey
- A financing program
- A buy local program
- A business appreciation dinner
- A “local bucks” program
- Counseling
- Consulting



Neal Rosner and Rick Emmelhainz (l to r) display church related products that their company ChurchPartners sells nationwide. The company has used many services of Littleton’s Business/Industry Affairs department.

KEY SUCCESS FACTORS

Setting up a successful Economic Gardening program requires close attention to some key factors. As we gain experience beyond the original Littleton model, patterns are starting to emerge. First and foremost, the need for fidelity and full implementation is critical. Some communities do not provide sufficient budget, or shuffle the work off to a database researcher in a library, or invest in only one tool or do not get professional training or drift back into business assistance with Stage I companies. It is difficult for these half hearted measures to show many results.



Karen Padget, second from left in front row, and employees of Novus Biologicals celebrate being named to the “50 Colorado Companies to Watch” list. The company sells research proteins and has grown steadily through the recession.



Vince Geary of SetPoint Systems shown with the various building controls sold by the company.

High quality staff is first and foremost. This includes not only a passion for all things entrepreneurial but a high level of skills in one of the technical areas and a deep understanding of the principles of business and economics.

Political support and political champions are key to long term success. Getting the appropriate budget level to fund staffing and tools and ensuring the project has time to mature through a long term commitment is vital. Someone at the top political level needs to be a guardian angel.

Get training in EG principles. Economic Gardening is not business assistance. That’s not a knock on business assistance programs which are important and needed, but Economic Gardening is founded on scientific principles and focused on strategic issues. Without an un-

ONLINE DATABASES AND INFORMATION RESOURCES USED IN THE ECONOMIC GARDENING PROGRAM

10KWizard: up-to-the-minute SEC filings.

Adology: research reports and primary demographic research for marketers and advertisers with consumer product focus.

Business Analyst Online: (ESRI) Web-based GIS package and service includes an easy to use, business oriented front end with nationwide business data including demographic, expenditure, and lifestyle information. Output comes in the form of maps, tables, and reports.

Choicepoint (Lexis-Nexis) nationwide public records, legal, and credit information; must be used for permissible purposes such as official government business.

Claritas PRIZM: Psychographic/lifestyle information.

DialogPRO: scientific, technical, medical, business, news, and intellectual property information from 600 databases. Dialog provides company and industry intelligence covering nearly a half million companies worldwide as well as market share and sales figures, business directories, and financials on 17 million U.S. and international companies.

Dodge Construction Reports: commercial construction activity for bidders.

Dun & Bradstreet: profile of 18 million companies, including: financial information, payment history and trends, history of a business, ownership details, operational information, and details on related firms and special events (such as business moves, fires and other disasters, and quarterly performance).

Factiva.com: 8,000 local, national and international newspapers; leading business magazines; trade publications; and newswires in 22 languages. Businesses can monitor competitors, customers, and industry, while also conducting in-depth research and gathering company financial data.

Harris InfoSource: complete coverage of all 14 million U.S. businesses along with significant Canadian firms. Includes products such as the Selectory online, which allows you to create targeted lists of prospects using employment, SIC or NAICS codes, geography, D&B® Credit Class Ratings and other factors.

Hoover's: 12 million companies, with in-depth coverage of 40,000 major companies.

IBISWorld: 700 US industry market research reports. Each report contains data on key statistics, industry structure including market size, supply/demand chain, market

segmentation, major players and market share, industry analysis including current and historical performance, 5-year forecasts, key management and industry success factors, and other facts.

Jigsaw: online directory of free, downloadable company information and more than 16 million business contacts.

Lexis-Nexis: 14,000 news sources ranging from news or journal articles to intellectual information, financial reports, international and journalism reports, broadcast transcripts as well as 4,800 legal materials such as senate bills and house reports. Public records comprise 3.3 billion documents. State regulatory tracking is also available via the Lexis-Nexis services.

MarketPro: real estate database that provides over 50 data categories relating to property and ownership. Data includes owner address, parcel number, lot size, building square footage, and sales information.

OneSource: public and private company profiles, executives, corporate families, industries, financials, news, analyst reports, and trade and business press articles from over 2,500 information sources.

Plunkett Research Online (Plunkett Research, Ltd.) provides industry sector analysis and research, industry trends, and industry statistics.

PRO-Net: Internet-based database of information on more than 195,000 small, disadvantaged, 8(a), HUBZone, and women-owned businesses.

Reed Construction Data (Reed Business Information) supplies national, regional and local construction data; building product information; construction cost data; market analytics; and advertising channels to construction industry professionals in the U.S. and Canada.

ReferenceUSA: 14 million U.S. and 1.5 million Canadian businesses searched by location, type of business, business size, credit rating, phone/fax number, and executive name.

SkyMinder: aggregates information sources from many different international providers and locally-based sources, and supplies online credit and business information on over 50 million companies in 230 countries.

SRDS Direct Marketing List Source: online directory of marketing list rental information.



Alcohol Monitoring Systems employee Vanarun Chhay tests one of the company's alcohol monitoring ankle bracelets used by courts nationwide.

Understanding and application of these new ideas and language, it will be difficult to duplicate the results.

Use the full set of tools. One of the most basic mistakes made is the assumption that you can hire a database searcher and go into business. EG relies on a full set of high level corporate tools. Having only one tool would be like a carpenter building a house with only a hammer.

Implement at an appropriate scale. Because the program is elite and fairly expensive, it is not feasible to undertake it on a small scale. For smaller communities and rural areas, regional approaches are a much better use of resources. The state of Florida, for example, has centralized the technical capabilities at the University of Central Florida, which provides services to six different regions across the state. This arrangement means that entrepreneurial assistance is immediately available to any company in any community without having to find a political budget, hire and train staff, buy and install software, and create an outreach program. If the company calls on Monday, the regional team goes to work on Tuesday.

Focus on second stage companies. The Edward Lowe Foundation developed a web site called YourEconomy.org which took all the business data from the Dun & Bradstreet files and organized it into four categories of business growth (stage I includes 1-9 employees, stage II includes 10-99 employees, stage III includes 100-499 employees, and stage IV which is 500 employees or more). The data in this web site consistently showed that stage II companies created more jobs per company than any of the other stages.

A second reason to focus on stage II companies is that it serves as a nice screening mechanism. The sheer fact that a business person can grow the company to ten employees is an indication of some type of market demand and some level of management skills.

This stage II focus is the area where mission drift is most likely to occur with an economic development agency. Without a laser focus on stage II companies (10-

99 employees, \$1-50 million in sales), the tendency is to drift toward startup, lifestyle and stage I companies (1-9 employees). Stage I companies create the most total number of jobs but they do so at a onsey-twosey rate. Furthermore, stage I companies are often retail, personal services, and "Main Street" types of businesses working under commodity pressures and offering low pay with minimal benefits.

Stage II businesses create more jobs per company and generally create more wealth per employee, especially if the company is innovation oriented.

The project director must be skilled at three scales: entrepreneur, community politics, and economy. The project director needs a deep understanding not only of business principles but entrepreneurial growth companies. The director must also be politically skilled to keep the project funded and alive. Economic Gardening cannot be buried deep in an organization with people who have no political experience or power. Finally, the project director needs an understanding of the economic environment in which entrepreneurial companies are embedded.

The project director needs a deep understanding not only of business principles but entrepreneurial growth companies. The director must also be politically skilled to keep the project funded and alive.



Royce Heck explains to the author the laser measuring process used by his company, Adapted Prosthetics.

LESSONS LEARNED

Littleton paid a stiff tuition in the school of hard knocks in the early years. Many of the early efforts at creating good paying jobs and wealth led to a dead end and simply didn't work. Much of our knowledge about entrepreneurial growth companies at the time was only the surface knowledge of small businesses and it took years to tease out the special characteristics of growth companies. The "Book of Mistakes" in Economic Gardening is a two volume set but some of the more striking lessons learned are presented below.

High growth companies are scarce and you can't create them on demand. Regardless of your predilection in the ongoing argument about whether enterprise builders are born or made, past data says this: there are not very many of them. The person who can build a major enterprise is rare.

If our analogy was sports where millions of kids play little league and fewer play high school ball and one or two make it to college and 1 percent of those get to the minors and even fewer to the big leagues – and a Michael Jordan or Tiger Woods pops out the top – no one would even raise an eyebrow. We would conclude some people are blessed in that area and if you combine it with good coaching and opportunity, Michael Jordan will always be a superstar. But you can't coach Jimmie Jones enough to get him to that level.

That same identical process goes on in business and simply looking around would confirm that an extremely small number of us are in the “Bill Gates” class. The huge majority of us have not built great enterprises. The issue for Economic Gardeners is not turning everyone into Bill Gates but rather being able to spot Bill Gates as he comes through the system and provide a nurturing environment so he can blossom.

Keeping the EG program alive is as important as helping the entrepreneurs.

EG is a slow start/long haul type of program – much more of a marathon than a sprint. If the decision makers live in a sprint world, Economic

Gardening will lose in the first hundred meters.

It takes a while to build the infrastructure, to get a critical mass of assistance, and to start getting results.

You need politicians with patience who are willing to defend the idea and create opportunity space around the program until it hits full stride.

The entrepreneurial world is strange. For one thing, it is at the edge of chaos. If you come from the corporate world where stability and the ability to forecast are prized, this world is a little unsettling. If you come from Main Street retail or any small business struggling to pay the owner a salary (much less a profit), it's downright scary. Entrepreneurial growth companies know more than anyone that the volatility is always there; on any given day it's only a matter of degree.

Keeping the EG program alive is as important as helping the entrepreneurs. EG is a slow start/long haul type of program – much more of a marathon than a sprint. If the decision makers live in a sprint world, Economic Gardening will lose in the first hundred meters. It takes a while



Sam Garcia of Novus Biologicals, an antibody supplier to scientists around the world, prepares samples in the lab.



Savory Spice owner Janet Johnston stands in front of fresh herbs at her Littleton, CO, store.

to build the infrastructure, to get a critical mass of assistance, and to start getting results. You need politicians with patience who are willing to defend the idea and create opportunity space around the program until it hits full stride.

It's not just information. Although this is the highly visible part of Economic Gardening, there are two other legs: infrastructure and connections. The question that drove all the creation of these core principles was “what nurtures entrepreneurs?” If the focus is on lowest cost environment for business, it leads you down an entirely different path. Open space and bike trails and Christmas lights and flowers in the medians all translate to higher taxes. That makes no sense to a company if it has to be the lowest cost producer. Putting money into education only drives up the cost of labor. Zoning regulations drive up the cost of land. All of this creates a “poor business environment.”

However, if the orientation is building an environment for entrepreneurs and innovation, all of a sudden these things make sense. Of course we want to build an attractive town, even if it requires tax expenditures, because that's where entrepreneurs want to live. Of course we pour money into education because entrepreneurs want a talented workforce that can produce even more innovations. Of course we will regulate land use because talented people don't want to live next to a belching factory or have their streets lined with endless billboards.

SUMMARY

There have been questions about whether Economic Gardening is appropriate for rural areas or whether it can scale up for large jurisdictions. Models for rural communities are being tested in Wyoming and at Western Washington University and initial results are good.

A year long, \$10 million pilot project in Florida will answer the question about scaling up in size. The project is intended to provide intensive assistance to 300 companies and enroll another 700 in related entrepreneurial services. A national JumpStart team of specialists in database searching, geographic information systems, and search engine optimization/web marketing are working intensively with stage II companies vetted by the state of Florida.

As the concept of Economic Gardening is being tested all across the nation, the need for standards, professional training, and program certification are becoming apparent. Program fidelity is critical for success. The issues are all being addressed in the formation of a national center in cooperation with the Edward Lowe Foundation.

Economic Gardening is not a quick fix – it is not a silver bullet. It is a long term strategy. It is not a fad diet;

it is a lifestyle change. It takes a while to put the infrastructure in place and to get to a scale large enough to make a difference. It also takes a while for a company to start to grow and add jobs. However, with patience and commitment it has proven to be a viable alternative to the traditional practices of economic development. 🌐

Economic Gardening is not a quick fix – it is not a silver bullet. It is a long term strategy. It is not a fad diet; it is a lifestyle change. It takes a while to put the infrastructure in place and to get to a scale large enough to make a difference. It also takes a while for a company to start to grow and add jobs. However, with patience and commitment it has proven to be a viable alternative to the traditional practices of economic development.



NOTICE OF INTENT TO REQUEST PROPOSALS ECONOMIC DEVELOPMENT SERVICES • RFP NUMBER: 11-11

The County Commissioners of Charles County, Maryland will be soliciting proposals from qualified entities to select a contractor to promote Economic Development in Charles County. The successful bidder will manage and coordinate Economic Development activities for Charles County Government, and will essentially assume the functions previously conducted by the Charles County Department of Economic Development.

Charles County is uniquely positioned as a hub for Washington, DC, Richmond and Baltimore. The strategy for successful economic development has changed over the years. The Charles County Government Department of Economic Development was created in 2004. Prior to that time, the Economic Development Center was a private development association. This association was sponsored by the local government and received a financial grant to offer services. At the present

time, the County seeks to outsource economic development services, expecting to attract enthusiastic, professional talent interested in working with a local government to meet their objectives.

The County's intent is to achieve a balance in commercial, industrial, and residential growth as measured by the assessable tax base, per capita income and average County wages. The firm selected will work in close coordination with the Economic Development Advisory Council to promote economic development in Charles County through innovative business retention, expansion and location policies; promoting a favorable regulatory climate for business; and maintaining a thriving business climate and high quality of life where citizens can live, work, and prosper.

It is anticipated that the Request For Proposals will be published within the next 60-90 days, and this Notice Of Intent

is intended to provide advance notice of the RFP to allow interested parties to register with the Charles County Purchasing Division. Notice of the RFP will be published in the Maryland Independent, and will be placed on the County Bid Board (<http://www.charlescounty.org/apps/bidboard/public/index.jsp>), and E-Maryland Marketplace (<https://ebidmarketplace.com/>).

Interested parties may register their desire to be informed when the RFP is published with the Charles County Purchasing Division by email only, to: puradmin@charlescounty.org. Reference RFP 11-11 in the email.

The County Commissioners reserve the right to reject any or all proposals and to waive any informality in the proposals received when such waiver is in the best interest of Charles County. Qualified small, local, and Minority Business Enterprises are encouraged to respond to this solicitation.

CHARLES COUNTY GOVERNMENT | P.O. Box 2150, 200 Baltimore St | La Plata, MD 20646 | 1.877.807.8790 | Fax 301.645.0560 | www.charlescounty.org

boosting laborforce

COMPETITIVENESS IN WAYNE COUNTY, NORTH CAROLINA

By Lawrence Bivins

In good economic times or bad, laborforce quality is one of a small handful of factors distinguishing successful communities and regions from those falling behind. The issue is especially challenging for economic developers, who, while having no formal role as educators, are nonetheless accountable to businesses when workforce deficits impede progress toward productivity and profit goals. In most cases, local development professionals play the role of advocates and facilitators – using their leadership positions to forge partnerships that embrace challenges and opportunities surrounding the quality of labor assets.

In the past three years, few have done this more effectively than the Wayne County Development Alliance (WCDA), a public/private partnership charged with leading job creation, industry recruitment, and business retention strategies for Wayne County, NC. WCDA's central role in the Wayne Occupational Readiness Keys for Success ("WORKS") initiative made it the 2009 winner of IEDC's Excellence in Economic Development Award in the Human Capital category.

Located 50 miles southeast of Raleigh, Wayne County, North Carolina, is a predominantly rural community of 115,644 residents spread across 553 square miles. Its eclectic economic terrain features a large agribusiness and consumer foods sector, as well as manufacturers, distribution operations, a sizable state healthcare facility, a private liberal arts college, and Seymour Johnson Air Force Base. Such diversification, along with the presence of



Automotive component manufacturer Uchiyama America is among the industrial employers taking part in WORKS.

large public-sector employers, keeps the county's unemployment rate at or below state and national joblessness figures.

BUILDING A NEW-LOOK WORKFORCE

In mid-2006, with the U.S. and North Carolina economies growing at healthy clips, Wayne County employers had begun noting the difficulty of filling vacant positions with qualified workers. County leaders – led by Mike Haney, WCDA's existing industry specialist – soon began conversing about the scarcity of skilled, available workers. Also taking part were County Manager Lee Smith; Wayne Community College President Kay Albertson; Bill Pate,

Lawrence Bivins is founder and principal of Evensong Communications, Ltd. in Raleigh, NC and author of *North Carolina: The State of Minds* (Cherbo Publishing: 2004). (bivinsl@bellsouth.net)

THE WAYNE OCCUPATIONAL READINESS KEYS FOR SUCCESS INITIATIVE

In the span of only three years, a powerful partnership is yielding measurable progress in elevating the competitive posture of Wayne County, North Carolina – showcasing the value of determination, collaboration, and the right tools in tackling workforce readiness challenges. The Wayne Occupational Readiness Keys for Success ("WORKS") harnesses an increasingly popular set of skills assessment and enhancement tools developed by ACT, Inc., the Iowa-based standardized testing organization, to minimize the risks employers face in hiring, while giving both newly minted and more seasoned participants in the workforce a widely recognized, portable credential that can lead to job-placement success and higher wages.



A student sharpens his machining skills at Wayne Community College, a key partner in WORKS.

head of the local office of the North Carolina Employment Security Commission; Steve Hicks, president of the Wayne County Chamber of Commerce; and others. In all, about 20 leaders from business, government, education, community, and economic development organizations agreed that a new, bold workforce solution was needed.

The answer would lay in the widespread acquisition by Wayne County workers of Career Readiness Certificates (CRCs), an assessment-based credential that gives employers, educators, economic developers, and new and existing members of the workforce a uniform measure of key employment skills. CRCs are based on WorkKeys® tests, the industry standard for employee assessment developed by ACT, Inc., a longtime not-for-profit leader in college-admissions testing that also provides workforce development solutions. North Carolina, along with a handful of other states, adopted CRCs in the mid-2000s as a means to measure – and boost, where needed – a job applicant’s prospects for success in a given position or career choice.

Though WorkKeys® offers an array of nine separate tests, the CRC is granted based on performance in three core areas: locating information, reading for information, and applied math. CRC seekers scoring at the “Gold” level are considered qualified for 90 percent of the jobs that have been profiled and entered into a national database maintained by ACT, Inc.; those with a “Silver” CRC satisfy requirements for 65 percent of those jobs, while a “Bronze” level certification indicates workers and students are ready for 35 percent of profiled jobs. With CRC in hand, workers have a credible and portable seal of workplace readiness that gives them an advantage in regional and national employment markets.

Dramatic increases in the number of CRC holders in Wayne County – the “supply” side of the workforce innovation equation – was paired with efforts to boost the number of employers in the county seeking applicants with the credential. The “demand” side involved convincing companies to invest time and

effort in job “profiling,” a process whereby positions are exhaustively deconstructed into a list of tasks and matched against specific skills and competency levels. Companies are able to express preferences for CRC holders when recruiting, reducing legal and business risks associated with hiring, trimming workforce turnover rates, and enabling keener customization of in-house training programs.

SHARED INTEREST. SHARED VISION.

Powerful as it is, CRCs and WorkKeys® would be only the means, not an end, to the WORKS strategy. They have been the tools county leaders use to support existing industries and sharpen distinctions between Wayne County and competing business destinations. Making WORKS work required, first and foremost, leadership.

By January 2007, after meeting monthly since the prior summer, a core group of four county leaders had its WORKS plan in place. The plan set forth a strategy for transforming the county’s workforce assets by elevating both the supply and demand for workers holding CRCs. At the heart of the supply strategy was a “pipeline” approach that concentrated heavily on high school students who would soon be moving into the laborforce.

Officials of the Wayne County Public Schools volunteered to pilot the systematic WorkKeys® testing of all seniors at three of the county’s seven public high schools. The move was a bold one: traditionally, public schools are the entities most often singled out for criticism when a rural community’s workforce is found wanting. But Wayne County’s secondary education officials were

The answer would lay in the widespread acquisition by Wayne County workers of Career Readiness Certificates (CRCs), an assessment-based credential that gives employers, educators, economic developers, and new and existing members of the workforce a uniform measure of key employment skills.



Those hoping to earn Career Readiness Certificates undergo testing at Wayne Community College.



CRC hopefuls in Wayne County include longtime members of the workforce, as well as high school juniors and seniors.

confident their students would hold up well. What's more, WorkKeys® could be used to help educators identify opportunities for improving secondary curricula, reduce dropout rates, and spark interest in career advisory programs.

Out of a pool of some 50 applicants, county leaders selected Diane Ivey to coordinate the WORKS program. A 25-year veteran of the North Carolina Community College System, Ivey had a rich background in eastern North Carolina workforce development programs in general and, more specifically, job profiling. The coordinator position would include promotion, community outreach, grant-writing and program review responsibilities, in addition to an obvious leading role in conducting job profiles.

Though some might have found such an eclectic array of responsibilities daunting, Ivey did not. She immediately saw WORKS as more than just another joint exercise between economic and workforce developers. With leadership coming from the school superintendent, community college president, economic developers, and county commissioners, there was a clear commitment to doing more than “scratching the surface” of Wayne County's long-term labor-force challenges.

ASSEMBLING THE FINANCIAL RESOURCES

Funding would also be needed. WorkKeys® testing comes with a \$10 price tag per person for each of the three exams. On the demand side, job profiling also has its costs: a qualified profiler expends about 40 hours gathering input from employee “subject matter experts” about tasks required of them, undertaking job “shadowing,” gauging skills levels, and creating the final reports detailing the profile. Job profiling typically costs around \$1,500, and that figure may increase as positions become more technically complex.

Collaboration among community college and K-12 educators, economic developers, business leaders, and others did not go unnoticed by the county's elected officials. Impressed with the blueprint for WORKS, the Wayne County Board of Commissioners approved an initial appropriation to the program of \$100,000 in 2007-08 – underwriting the full-time WORKS coordinator position at Wayne Community College and covering some of the costs of program promotion and job profiling.

North Carolina's Eastern Region, the 13-county regional economic development partnership based nearby in Kinston, also saw early on the promise of what Wayne County leaders were doing – both inside the county and as a potential model similar communities in the region might replicate. As part of its own grants program to encourage workforce innovation and other capacity-building efforts throughout its largely rural landscape, the Eastern Region invested \$58,500 in WORKS in 2008 to defray the costs of WorkKeys® testing and job profiling.

As WORKS gained traction, it was able to sustain financial support. For 2009-10, Wayne County provided \$150,000 for the program, while North Carolina's Eastern Region also stepped up its support as part of a leading role Wayne County now plays in a multi-county CRC initiative known as “ASPIRE” (Assessing Skills for Performance in a Rebounding Economy). For 2009-2010, the Eastern Region, one of North Carolina's seven state-funded regional development organizations,



Machinists at insulation manufacturer Reuel, Inc. in Goldsboro have taken part in the WorkKeys initiative.



Machinist positions such as this one at Reuel, Inc. were among the first to be profiled under WORKS.

allocated \$225,626 in grant funds to ASPIRE, pursuant to a multi-year strategy to vertically and horizontally integrate workforce and economic development service providers and employers in the region.

Regional developers have been eager to tailor CRCs to fit industry cluster targets. The Eastern Region, for instance, has recently seen new momentum behind efforts to cultivate an aerospace cluster as Spirit AeroSystems ramps up production of a new 500,000-square-foot manufacturing site at the Global TransPark in Kinston. As the firm begins hiring for what will ultimately be a 1,031-person workforce in the region over the coming five years, Spirit intends to give priority consideration to CRC holders. Similarly, defense-aviation supplier AAR Corp., which opened a manufacturing facility in Wayne County in 2006, was an early participant in the WORKS initiative.

MARKETING THE VISION

Eastern Region officials, like their counterparts in Wayne County, have viewed CRCs as a common platform for employers, workers, educators, economic developers, and human resource professionals to identify, assess, and improve labor assets – both as a means of supporting the success of existing industry and a strategy for boosting overall marketability for arriving businesses.



Defense and aviation industry supplier AAR has participated in the WORKS initiative.



Worker at aviation supplier AAR, which employs 200 in Wayne County.

Making the market for WORKS – stoking both the supply and demand sides of the program – has largely been a function of aggressive promotion. County commissioners allocated \$5,000 for advertising the CRC in local media, a sum matched by the Wayne County Development Alliance. The program team purchased radio spots and utilized airtime on public access cable television. Their most effective advertising format: ads placed in the Sunday classified pages of the local newspaper, the *Goldboro News-Argus*, a locally owned daily which has written extensively and supportively about the program through its coverage of business and education news.

As in building demand for any product or service, WORKS leaders found success through persistence. High school students did not immediately appreciate the program’s relevance to them and were slow to embrace it. That was especially true for college-bound seniors, as well as their parents. Such reluctance was behind the decision of Wayne County Public Schools to initially require WorkKeys® testing by high school seniors. After the program’s first year, the requirement was extended to juniors, too, in an effort to give those students achieving modest scores a full year to sharpen their skills before re-taking WorkKeys® prior to graduation.

Ongoing outreach also was necessary in making the WORKS case to employers. Program leaders maintained a busy schedule of speeches and presentations to local business, community, and civic organizations. At first, interest was limited, with only a few firms willing to go first on a program that was largely untested. But their positive experiences, combined with regular appearances at Rotary Club and chamber of commerce functions, stirred participation among a long list of Wayne County businesses. Non-industrial employers such as the local hospital system are also now exploring participation in WORKS.

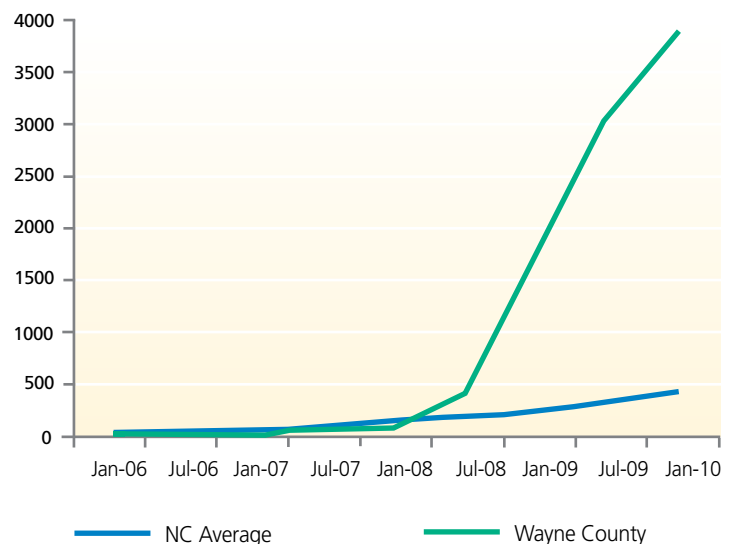
As in building demand for any product or service, WORKS leaders found success through persistence. High school students did not immediately appreciate the program’s relevance to them and were slow to embrace it. That was especially true for college-bound seniors, as well as their parents.

BUILDING A REGIONAL PIPELINE OF CERTIFIED WORKERS

In assessing the impact of WORKS, numbers easily tell the story. As of November 2009, no North Carolina county had more workers with CRCs in hand than Wayne County. In fact, though the county represents just 1.16 percent of the state’s workforce, Wayne County’s 3,652 CRC holders accounted for more than ten percent of North Carolina workers earning the designation (see graph).

Though WORKS officials have yet to collect hard data regarding direct benefits derived by CRC holders, similar programs elsewhere have begun reporting evidence that workers earning certifications enjoy advantages over those who do not. Florida’s “Ready to Work” program, begun in 2007, tracked wage levels for early classes of participants. It found that certificate earners achieved comparably higher wage increases than survey participants without certificates. Similarly, job seekers holding certificates were placed into desired positions at measurably higher rates. A 2010 survey by workforce development officials in Georgia revealed that fully 93 percent of those who had participated in the state’s “Work Ready” program, a WorkKeys®-based credentialing system akin to WORKS, would recommend the program to others.

COMPARISON: Wayne County Actual & North Carolina Average CRCs Awarded



In explaining the success of WORKS, those intimate with the program and its evolution believe there is no substitute for leadership and a spirit of collaboration. They cite the strong strategic support the project won early on from Wayne County commissioners and the county school board – elected officials who are in many communities often mired in disagreement. A generous appropriation from the county – by 2009-10, a total of \$399,000 had been allocated by county government – along with the risk school officials undertook in mandating student WorkKeys® testing, were both clear and visible indicators that local leaders understood the significant rewards WORKS could bring the county's economy. Sustaining the WORKS initiative in the years ahead will require an ongoing financial commitment by Wayne County, along with grants from state and federal government sources and philanthropic entities. Fees collected

by the program for job profiling and other business services constitute another revenue channel that can help sustain WORKS into the future, its leaders say.

The program's success also is a product of its committed tactical management. The centrality of the Wayne County Development Alliance, which employs a full-time existing industry support position, is another critical factor in WORKS' success. WCDAs Mike Haney gave



The participation by Mt. Olive Pickle Company in WORKS helped convince other large employers to join the initiative.

AT MT. OLIVE PICKLE CO., WORKS AIMED HIGH

For the past 84 years, Mt. Olive Pickle Co. has kept ahead of its competitors by staying current with changes in consumer tastes and utilizing the latest production technologies. The company, the largest privately-held pickle maker in the U.S., also has a reputation for embracing workforce innovation. When Wayne County, NC, launched its WORKS initiative, the firm was among the first employers to enlist.

"Our company has very low turnover," explains Chris Martin, human resources manager at Mt. Olive. The tenure of most of the company's 500 year-round employees easily outpaces the 12- to 15-year life cycle of the plant's production equipment. "As technology changes, we have to do a lot of internal training," says Martin. In 2009, Mt. Olive Pickle spent \$175,000 on in-house training. WORKS, in addition to other benefits, has enabled the firm to pinpoint its training budget around specific skill deficits uncovered through WorkKeys® testing. "The program has shown us where we need to focus," says Martin, who was president of the Wayne County Human Resources Association in 2008.

As WORKS got underway, Martin collaborated with WORKS program coordinator Diane Ivey in profiling two specific jobs at Mt. Olive: machine operator and machine operator mechanic. Both jobs are critical to the smooth operation of the company's computer-driven pasteurization, fermentation, jarring, sealing, labeling, and sorting systems. Martin assembled a cross-section of 12 to 15 employees engaged in those jobs, known in WorkKeys® parlance as "subject-matter experts" (SMEs). SMEs logged several hours with profilers zeroing in on precise tasks and skill levels required of jobs.

"Profiling is fairly labor-intensive – companies thinking about doing this have to be able to front-end load it," Martin explains. She advises those undertaking profiling to urge SMEs to focus on skill levels that ensure the *highest* level of employee success. "When we were profiling our first job, our SMEs wanted to look at the absolute *bottom* level you could accept, when what we were really looking for was what a really good employee should have," Martin recalls. "That was more a matter of communications."

Once profiles were complete, employees at Mt. Olive began taking

WorkKeys® tests in applied math, reading for information, locating information, and applied technology. "We assured all our employees that there would be no negative repercussions from any of the testing," says Martin, who also completed the exams. "What stood out to us was that a number of machine operators needed help with the technology end of it," she recalls. "So we are designing in-house training programs to bring those skills up."

The positive experience at Mt. Olive Pickle and other early WORKS participants helped encourage other Wayne County employers to take part in the program. Company president Bill Bryan, a longtime local business leader, regularly and visibly talked up the program's real-world value. Once facility managers and industry executives saw Bryan and other known, respected business people supporting the program, they began getting in touch with either the Wayne Community College's Diane Ivey or Mike Haney, existing industry specialist at the Wayne County Development Alliance, in order to learn more. "In the end," Martin says, "you have to generate momentum and excitement."



Existing employees and new-hires at Franklin Bakery, a consumer foods industry employer in Wayne County, have participated in WORKS.

the project a reliable, ready-to-go bridge to the county's industrial community, in addition to his pivotal position on the WORKS Steering Committee. But more was needed, and county officials were quick to understand that such a sweeping initiative required full-time execution by a designated program manager, and all agreed that the local community college would be the ideal place to house and support such a person. In their selection of an experienced job profiler with deep knowledge of the region's economy and strong skills in outreach and communications, county officials gave WORKS the credible face and confident voice needed to solidify a broad base of community support.

Regional network-building is now pushing the success of WORKS out to neighboring counties in eastern North Carolina – most of which look out at a similar economic landscape and a comparable array of workforce challenges. Under the auspices of ASPIRE, Wayne County business and educational leaders are now guiding counterparts in nearby Carteret, Craven, Duplin, Greene, Jones, Lenoir, and Pitt counties, which are moving forward regionally to boost the CRC-holding workforce as new and expanding marine trades, logistics, life science, aviation and aerospace, and consumer foods industries seek to build, grow, and maintain globally competitive operations in the region in the coming years. 🌐

Sustaining the WORKS initiative in the years ahead will require an ongoing financial commitment by Wayne County, along with grants from state and federal government sources and philanthropic entities. Fees collected by the program for job profiling and other business services constitute another revenue channel that can help sustain WORKS into the future, its leaders say.

HIRING?

Seek a Certified Economic Developer (CEcD).

As an employer, you can be assured that the Certified Economic Developers you hire will be well-connected and well-informed of innovative strategies and industry trends. Select your next employee from among the best candidates – add “CEcD preferred” to your next job posting!

Working on staff development? Encourage your staff to become Certified Economic Developers.



You have talented employees that you want to retain. By supporting your staff in obtaining the Certified Economic Developer designation, you provide an opportunity for them to achieve recognition for their proficiency in economic development.

For more information contact Kobi Enwemnw at kenwemnw@iedconline.org or (202) 942-9483 or visit our website www.iedconline.org



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

entrepreneurial success

By Joseph B. Hornett

INTRODUCTION

In *Acres of Diamonds*, entrepreneur and business leader Russell Conwell wrote about a story he heard while traveling along the Tigris and Euphrates rivers with a group of Englishmen. A Persian owned a very large farm with orchards, grainfields, and gardens and was, by all accounts, a contented man. Then one day, an old priest told the Persian that diamonds were so valuable that if he had a diamond the size of his thumb, and if he had a diamond mine he and his children could have great wealth and influence around the world.

The farmer sold his home and left his family while he went to search for diamonds. He did not find any diamonds and died penniless in Spain.

The story does not end there for it continues with the man who purchased the Persian's farm. One day, the man picked up a curious looking stone that seemed to shine. He put the stone on his mantel and forgot about it – until the old priest came to visit again. The priest looked at the stone and said: "Here is a diamond! Has [the Persian] returned?"

"Oh no, [the Persian] has not returned, and that is not a diamond. That is nothing but a stone we found right out here in our own garden," said the man who owned the farm.



Photo credits: Andrew Hancock, Purdue News Service



The Herman and Heddy Kurz Purdue Technology Center is the newest building to be dedicated in the 725-acre Purdue Research Park in West Lafayette, Ind. The park is home to more than 165 companies and provides 364,000 square feet for new companies, making it the largest business incubator in the state.

More than 200 people gathered for the dedication of the Herman and Heddy Kurz Purdue Technology Center in the Purdue Research Park. The 105,000-square-foot facility will house the Purdue Research Foundation offices, provide space for up to 26 companies and support up to 275 jobs.

"But," said the priest, "I tell you I know a diamond when I see it. I know positively that is a diamond." Then the two men went into the garden and found many diamonds. This is how the "diamond-mine of Golconda, the most magnificent diamond-mine in all the history of mankind" was discovered.

Conwell wrote: "Had Ali Hafed remained at home and dug in his own cellar, or underneath his own wheat fields or in his own garden, instead of wretchedness, starvation, and death by suicide in a strange land, he would have had 'acres of diamonds.'"

Joseph B. Hornett is senior vice president, treasurer and COO of the Purdue Research Foundation, which owns and operates the Purdue Research Park network. (jhornett@prf.org)

THE PURDUE RESEARCH FOUNDATION FINDS THE RIGHT FORMULA

Entrepreneurs are some of the hardest working and motivated individuals you will ever know, and they need the right environment, support system, and professional guidance to be successful. Entrepreneurs must have an avenue for technology transfer to protect their intellectual property through patents and licensing, they need space to work and opportunities to network, and venues to secure venture funding and angel investments. This article explains how the Purdue Research Foundation provides the important amenities like a shared business center, business diagnostic program, venture capital opportunities, human resources, communications and marketing, and tech transfer activities to help entrepreneurs succeed. The Foundation won the International Economic Development Council's 2009 award in regionalism and cross-border collaboration.

Conwell told this story more than 6,000 times around the world and it was first published in 1890 by the John Y. Huber Company of Philadelphia. But the story does not end there, for Conwell made so much money from telling the story that he was able to establish Temple University and many other civic projects.

That is what the greatest entrepreneurs do – they look for diamonds in their own backyards. Conwell took a story and turned it into a life-changing experience. Thomas Edison took his interest in electricity and helped change the way we live. Henry Ford took a love



Mary Rusek, president of Swift Enterprises, discusses research with John Rusek, vice president and chief engineer for Swift, which is based in the Purdue Research Park of West Lafayette, Ind. The Ruseks co-founded the company that is developing a high-octane biofuel for the general aviation industry.

of engines and “horseless carriages” and helped change the way we travel. Amelia Earhart took her desire to pilot aircraft and changed the way we view gender roles. Bill Gates took his talent in electronics and helped change the way we work.

Helping entrepreneurs find the diamonds in their own backyards is what we’re trying to do in technology parks and incubators. In less than a decade, officials in the Purdue Research Park have worked directly with nearly 200 successful business owners and provided guidance for countless others to meet those challenges. In just eight years, the 725-acre Purdue Research Park of West Lafayette has grown into the largest university-affiliated business incubation complex in the country. The Park, which is managed by the Purdue Research Foundation, is home to more than 165 companies. About 100 of these are technology-related and another 39 are traditional startups.

In addition to the Purdue Research Park of West Lafayette, the Foundation has

established technology parks in other locations across Indiana including the Purdue Research Park at AmeriPlex-Indianapolis, the Purdue Research Park of Northwest Indiana (Merrillville), and the Purdue Research Park of Southeast Indiana (New Albany). Combined, these parks support nearly 200 businesses with about 4,000 employees earning an average annual wage of about \$54,000.

The Purdue Research Park of West Lafayette is not alone, for it is one of many outstanding university-affiliated parks in the world. Others in North America can be found in Wisconsin, Florida, Pennsylvania, North Carolina, California, Utah, Iowa, Vancouver, and other locations. These successful parks all have several goals in common including:

- Moving discoveries from the university to the public through technology transfer avenues.
- Protecting the university’s intellectual property through patents and licensing of new innovations.
- Providing the optimal infrastructure and environment for entrepreneurs to succeed.
- Implementing an array of amenities to help entrepreneurs.
- Encouraging collaboration among the university, other companies, and public entities.
- Offering avenues to secure angel investments or venture funding.

Discovering a problem that needs to be overcome and creating a solution might be accomplished by a single person, but those are only the first steps an entrepreneur must take in delivering that solution to the marketplace. Fortunately for entrepreneurs, especially those based at or near a research university, research and industrial parks affiliated with a university provide ample assistance in developing and delivering a discovery to the marketplace.



With over 165 companies, the Purdue Research Park of West Lafayette is the largest university-affiliated incubator in the country.

In just eight years, the 725-acre Purdue Research Park of West Lafayette has grown into the largest university-affiliated business incubation complex in the country. The Park, which is managed by the Purdue Research Foundation, is home to more than 165 companies. About 100 of these are technology-related and another 39 are traditional startups.

STRONG FOUNDATION

The Purdue Research Foundation was founded during the height of the Great Depression when David E. Ross, president of the Purdue University Board of Trustees, had a vision. He believed that there would be great benefits to industry if we increased partnerships and access to university knowledge and aid. Along with trustee board member Josiah K. Lilly, founder of Eli Lilly and Co., and combined financing of \$50,000, they created the Purdue Research Foundation. The purpose of the Foundation as established by David Ross and Josiah Lilly is to “Advance the Mission of Purdue University.” That includes accepting gifts, administering trusts, funding research scholarships and grants, acquiring property, and negotiating research contracts on behalf of the university.

A new goal of the Foundation/Purdue University partnership was launched in the 1990s when the Foundation was charged with helping the university in the realm of economic development. Thus, we began to attract businesses to the Purdue Research Park network, launch new startups powered by Purdue-generated innovation, and cultivate high-tech collaborations with the university.

Purdue Research Park’s successful incubator model that combines technology transfer and business acceleration programs, flexible leasing plans and human resources, and media relations and marketing assistance have led to explosive growth for individual companies and the largest cluster of technology-based companies in the state. Those services are combined with top-notch business plan competitions, job fairs, internship programs, and entrepreneurship academies.

The secret to the success of the entrepreneurs in the Purdue Research Park network goes well beyond the services we offer. Clustered together, our firms create an entrepreneurial spirit amongst themselves that is conducive to information sharing through networking, as well as a larger pool of highly skilled labor. Clustering also encourages the development of additional on-site amenities such as trail systems, fitness centers, child care, and restaurants.

UNIVERSITY-AFFILIATED FIRMS

There is no doubt that the affiliation with Purdue University is a cornerstone in the success of the Purdue Research Park network. Of the nearly 200 companies, 64 have a direct link to a discovery or innovation of a Purdue professor that was patented, licensed, and led to the creation of a company. Cook Biotech Inc. and Endocyte Inc.

are two examples of a discovery made at Purdue University, developed through the Foundation’s Office of Technology Commercialization, and then licensed to a company.

Cook Biotech Inc. was one of the first companies to be based on a Purdue University technology. Founded in 1995 by Cook Group Inc., Cook Biotech licensed a technology discovered in the laboratory of Leslie Geddes (1921-2009), the former Purdue University Showalter Distinguished Professor Emeritus of Biomedical Engineering. The technology developed from porcine small

The secret to the success of the entrepreneurs in the Purdue Research Park network goes well beyond the services we offer. Clustered together, our firms create an entrepreneurial spirit amongst themselves that is conducive to information sharing through networking, as well as a larger pool of highly skilled labor.

Clustering also encourages the development of additional on-site amenities such as trail systems, fitness centers, child care, and restaurants.



A scientist with Purdue Research Park-based company Cook Biotech Inc. holds the SIS technology developed by Cook Biotech. The SIS technology was developed at Purdue University and helps repair and regenerate soft tissues in the human body. The product has been used on more than a million patients across the globe.

intestine submucosa, or SIS, is one of the most well-known biomedical technologies to come out of Purdue University. The technology is used for tissue repair and has more than 15 FDA clearances for use in hernia repair, fistula repair, plastic surgery, staple line reinforcement, continence restoration, Peyronie’s disease, dural repair, and pelvic floor repair. Cook

Biotech’s other well-known tissue repair product, OASIS® Wound Matrix, is used to treat bed sores, burns, and disease-induced skin ulcers.

The technology uses a scaffold-life matrix that can be surgically implanted to help wounds heal faster. It has been used in nearly one million people around the world. Doctors are using it on injured soldiers and civilians in Afghanistan, Iran, and other places.

In 2004, the Cook Biotech technology was used during an operation to separate conjoined twins, Carl and Clarence Aguirre, by surgeons in the Children’s Hospital in Montefiore, New York. The boys were joined at the top of their heads. After the surgery, a product was needed to repair the dura mater (covering of the brain). Durasis, the Cook Biotech SIS technology, was used instead of a plastic material to allow the dura mater to grow with the children.

In a 2009 example, the Cook Biotech SIS technology helped a 15-year-old boy who was injured while hunting with a friend in southern Indiana. He was a good

basketball player and the season was just beginning. While resting the gun barrel on his foot, it fired, creating a penetrating wound – skin and bones were destroyed. A surgeon carefully cleaned the wound of debris and then packed the SIS technology into the wound. There was a concern that the boy might have a permanent impairment. In January, the foot had healed without significant scarring and without any physical deficit and the young man rejoined the basketball team.

To accommodate a rapidly increasing demand for its products, the company built a 55,000-square-foot, clean-room manufacturing facility at Purdue Research Park of West Lafayette, Ind. in 2004. Today, Cook Biotech has about 130 employees.

Another example of a Purdue University technology discovery that led to the founding of a successful company is Endocyte Inc., a privately held biotechnology company developing a new generation of receptor-targeted



Chris Leamon, vice president of research for Endocyte Inc., does research on a drug that could help target and find new ways to treat cancer. The technology was discovered at Purdue University and the company is based in the Purdue Research Park of West Lafayette.

therapeutics, or “smart drugs,” for the treatment of cancer and autoimmune diseases.

Endocyte was developed from a discovery by Phil Low, the Joseph F. Foster Distinguished Professor of Chemistry. Endocyte founders are Dr. Low, who serves as the company’s chief science officer, and Ron Ellis, the company’s president and CEO.

Around the country, doctors are treating people like Susan Umberger, who has drug-resistant ovarian cancer, as part of Endocyte’s clinical trials phase. Susan retired in 2007 and discovered she had ovarian cancer one month later. After trying conventional therapy treatments including surgery and chemotherapy, she became part of Endocyte’s Precedent study. The drug, often called the “Trojan Horse” drug, is designed to target cancer cells while avoiding normal cells. It does this because of the folate used with the medicine. After six months in the study, Susan said, “Every time we do a CAT scan – which

is every 8 weeks – (the cancer is reduced). And the first one was the most dramatic. It went down about 50 percent.” Endocyte has a broad pipeline of drugs in development for the treatment of various cancers and inflammatory diseases, including six cancer drugs in clinical trials. In 2009, the company closed on \$26 million equity financing. Overall funding is more than \$100 million.

In June 2009, company officials announced a major milestone when they presented their data from the Phase II PRECEDENT study before the American Society of Clinical Oncology at its annual meeting held in Chicago.

The examples of Cook Biotech and Endocyte have one important aspect in common: both companies developed after discovering a solution to a problem. The

Fortunately for entrepreneurs, especially those based at or near a research university, research and industrial parks affiliated with a university provide ample assistance in developing and delivering a discovery to the marketplace. Such is the case with Cook Biotech and Endocyte, for they use the resources at the university and at the research park to further their companies’ strategic goals.

entrepreneurs of both companies realized that they could not stop, but also worked to deliver that solution to the marketplace. Fortunately for entrepreneurs, especially those based at or near a research university, research and industrial parks affiliated with a university provide ample assistance in developing and delivering a discovery to the marketplace. Such is the case with Cook Biotech and Endocyte, for they use the resources at the university and at the research park to further their companies’ strategic goals.

TECHNOLOGY TRANSFER, INTELLECTUAL PROPERTY

One of the first essentials that entrepreneurs need is the knowledge of the quality of their intellectual property and how to protect it. At the Purdue Research Foundation, the Office of Technology Commercialization acts as an important catalyst in the success of the Foundation/University partnership. The office operates one of the most comprehensive technology transfer programs among leading research universities in the United States. Services provided by this office support the economic development initiatives of the university and benefit the university’s academic activities.

Based in West Lafayette, Ind., Purdue faculty, staff, and student entrepreneurs can work hand-in-hand with technology managers in the Office of Technology Commercialization. These managers help entrepreneurs

ascertain if there is a market niche for the intellectual property. If there is, they help the entrepreneurs better understand state and federal policies related to intellectual properties.

The Office of Technology Commercialization strives to protect, market, and license intellectual property developed at Purdue University. The office works closely with Purdue faculty, staff, and student entrepreneurs to provide the resources needed to better understand Purdue policies related to intellectual property and the processes whereby this intellectual property – patents, copyright, trademarks, and tangible research property – can become an actual product or service. Startups and established companies alike use the property to ascertain and protect their market niche, resulting in job creation and other economic development advantages. To ensure the long-term success of the innovations, the office often helps inventors form startups complete with investor support and qualified management teams.

The numbers are impressive. From 1996 to 2009, the Office of Technology Commercialization filed 1,827 invention disclosures and 380 patents from discoveries made at Purdue, and 40 startups have been created from Purdue technologies. Most of the startups are in life sci-

ences, biomedical devices, engineering, advanced manufacturing, information technology, and agriscience.

We recognize the hard work of the Purdue faculty with the annual Purdue Research Foundation Inventors Recognition Dinner, where we honor one faculty member with the Outstanding Commercialization Award, and all faculty who filed patents receive a plaque during the black-tie awards dinner. In 2009, we recognized 31 faculty members and awarded Karthik Ramani, a professor of mechanical engineering, with the Outstanding Commercialization Award for his work with a Purdue Research Park-based company, VizSeek, which provides online visuals for search engines and databases.

ACCESS TO INFRASTRUCTURE

Once the market niche for the entrepreneur's intellectual property has been determined, the entrepreneur then needs access to a variety of assets including infrastructure, business services, networking, and more. The Purdue Research Foundation provides these to all entrepreneurs located in its four-city park network.

Comprised of uniquely designed buildings, the Purdue Technology Centers provide flexible office/laboratory facilities. State-of-the-art conference rooms equipped with

LICENSING A TECHNOLOGY

A good example of a discovery moving through the licensing process is a Purdue University technology that uses a monitoring system similar to those used by earthquake seismologists to detect tiny cracks in bones. The technology was recently licensed through the Office of Technology Commercialization. The technology could help prevent fractures in humans and racehorses.

The new monitoring system records "acoustic emission data," or sound waves created by the tiny bone fissures. The same sorts of acoustic emissions are used to monitor the integrity of bridges and mechanical parts like helicopter turbine blades, according to Ozan Akkus, an associate professor in Purdue University's Weldon School of Biomedical Engineering who discovered this technology. Researchers at Purdue have designed wearable acoustic emission sensors, which could be used to monitor the formation of these "microcracks" in bones that can lead to hairline stress fractures unless detected in time.

The technology might help prevent serious fractures in racehorses that could cause lameness and lead to more serious catastrophic bone failure. There is a huge investment in thoroughbred and standardbred horses, and a thoroughbred racehorse can cost between \$4,000 to \$10 million and cost thousands more each month for training. About 70 percent

of young thoroughbreds develop microcracks in their cannon bones known as bucked shins. About 10 percent of horses with bucked shins will have radiographic evidence of stress fractures. One of the technology's goals is to prevent stress fractures and curtail catastrophic fractures.

Estimated losses attributed to bone fractures in thoroughbred or standardbred horses used in the horse racing industry exceed \$10 million annually. Such a technology also might protect soldiers, athletes and dancers. Akkus visited West Point in summer 2009 to test the monitoring system on cadets going through basic training.

"Strenuous military exercises subject soldiers to prolonged physical activity in which relatively small forces are repeatedly exerted on bones," Akkus said. "The forces are not initially strong enough to break a bone, but it's the repetition that poses the most danger by causing microscopic cracks to accumulate over time and eventually result in stress fractures." Depend-

ing on the service branch and type of training, five percent to 20 percent of U.S. basic training recruits experience stress fractures of the lower extremities, with the highest incidence in women recruits, Akkus explains.

About five percent to 10 percent of athletes experience stress fractures. A stress fracture occurs because cracks form when mineralized collagen fibers in bone fail, producing sound waves that cause a rippling motion on the skin's surface. "This is the same thing that happens during an earthquake, but on a microscopic scale and at a higher frequency," Akkus said. "Instead of an earthquake-size opening, these cracks are about a tenth of a millimeter wide." One reason it's difficult to diagnose the hairline fractures is because they are caused by the gradual accumulation of microscopic cracks, which are not detectable with conventional imaging technologies.



Photo credit: Andrew Hancock, Purdue News Service.

David Kennedy, president of IKOTECH LLC, sits in the Bindley Bioscience Center in Purdue's Discovery Park beside an advanced magnetic cell-sorting machine. His company is using the technology for cancer diagnostics, diabetes therapeutics and other health-care applications. IKOTECH has relocated from Cincinnati into the Purdue Technology Center of Southeast Indiana in New Albany, Ind.

FIVE TIPS FOR ENTREPRENEURS TO SUCCEED

1. **Get a strong finance manager:** Few visionary entrepreneurs are good finance managers, and many companies with a great product and strong clientele have failed because of poor money management. Choose wisely so you can focus on your product and client.
2. **Pick the right location:** Make sure your work environment is conducive to creativity and a place where you can invite clients. Consider an incubator or research park that provides the necessary amenities to support your needs such as a shared business center, human resources guidance, conference space, welcome center, marketing assistance, close restaurants and shopping, and networking opportunities.
3. **Protect your IP:** It's your technology and your product. Secure patents and/or licensing agreements. Have potential clients sign confidentiality agreements if you are sharing trade secrets or letting them into your facility.
4. **Make friends:** Join economic development organizations in your area; accept speaking engagements; join social media outlets like Facebook and Twitter or start your own blog; get to know the economic development leaders in your area; and attend functions where you can network.
5. **Believe in yourself and your product:** Any successful entrepreneur has faced challenges and choices. Keep focusing on your professional goals and don't forget that you started this business because you have a product or service that fills a need.

audio, visual, and computer systems are available free of charge to tenants and affiliates. Shared office equipment such as two-way video, postage meters, photo copiers, fax, high-definition scanner, and extra-wide printer are available on a usage-basis. In addition, Purdue University offers access to its broad array of research equipment to client companies for a usage fee. This valuable asset allows companies to defer the purchase of expensive equipment.

The Purdue Technology Centers' affiliate program is designed for startups not ready to lease office space. Affiliate clients have access to the same services as tenant clients, only without a physical presence in the center.

AMENITIES FOR SUCCESS

An entrepreneur with a company based in the Purdue Research Park network doesn't have to worry about hiring a receptionist to take calls, putting together a human resources policy manual, or writing news releases and distributing them to media outlets. But the services go beyond that to office essentials like a copy machine, fax machine, mailing services, and even a place to grab a cup of coffee. What this means is that entrepreneurs can concentrate on their business during those critical first years that can make or break most companies and for the duration that their company remains in the park.

Human resources assistance is provided to clients by the Purdue Research Foundation's Human Resource Services Department. The department assists client firms in writing job descriptions; facilitating and funding pooled advertising for park-based positions both online and in the newspaper; screening résumés; and assisting clients with the interview process.

The Foundation's Communications and Marketing Department assists clients with the creation of marketing materials; the editing, marketing, and distribution of news releases; the production of company profiles, brochures, and informational videos; television/radio placements; and media workshops.

The PRF DataStation, a Purdue Research Foundation-managed data center located at Purdue Research Park of West Lafayette, supports the park's technology-based and compliancy-regulated companies. The DataStation is

Human resources assistance is provided to clients by the Purdue Research Foundation's Human Resource Services Department. The department assists client firms in writing job descriptions; facilitating and funding pooled advertising for park-based positions both online and in the newspaper; screening résumés; and assisting clients with the interview process.

an energy-efficient, high security facility built to house mission-critical computer and network equipment. Serving as a central point for fiber connectivity, the DataStation also features redundant power and cooling as well as access to low-cost, high-availability internet bandwidth. Customers include Purdue Research Park-based companies and any company connected to the center by fiber, copper or wireless network infrastructure. Companies located in other Indiana cities, especially those with Purdue Research Parks – Merrillville, Indianapolis, and New Albany – benefit from the DataStation’s virtualized applications, managed services, and off-site data storage capabilities.



Photo credit: Andrew Hancock, Purdue News Service.

The Purdue Technology Center of Southeast Indiana, located at 3000 Technology Ave. near the southeast corner of Interstate 265 and Charlestown Road in New Albany, is one of four Purdue Research Park centers around the state that serve as incubators for startup or expanding companies. It also is home to most of the classrooms, labs and faculty offices for Purdue’s College of Technology at New Albany location, the Purdue Extension Office for Floyd County, and an office for Purdue’s Technical Assistance Program.

ENCOURAGING COLLABORATION

Business coaching and advisor services are provided to incubator clients and emerging startups through the Purdue Portals program. This program is designed to accelerate new business growth by creating vital links between product research and commercial application.

The program provides tangible assistance that can significantly reduce the entrepreneur’s time, effort, and resources needed to commercialize their product, service or process. Principal areas of assistance include business plan development, seasoned counsel, test marketing, financial and technical input, and direction from market-specific mentors. Purdue Portals utilizes a “stage-gate” methodology to identify, evaluate, and assist commercial business opportunities. The program employs seven development features critically important to the commercial development process, including:

1. Establishing a clear pathway of development structured to employ three phases of review and assistance;
2. Forming a team to evaluate and guide the development process;
3. Selecting a mentor and advisory board representing special technical market knowledge and access;

4. Accelerating the business development timetable;
5. Placing the products and services into an initial “trial-sell” in the marketplace;
6. Developing financing strategies that address early stage gap financing resources, attraction of angel investors, and identification of sustainable financial resources; and
7. Assisting with the formulation of a management team.

These seven features, when combined, form the type of matrix that is necessary to launch today’s new products and services successfully. In accelerating the development of technology-based businesses, the program functions as a hands-on strategic advisor, helping negotiate, implement, and manage all phases of the acceleration process.

Other programs include the educational opportunities provided through the university. A number of venues are used to assist clients with training and education on a wide range of business topics. Three industry-based clusters – the Life Sciences Research Council, the Department of Defense Cluster, and TechNet (an IT cluster) – meet monthly to discuss industry-specific business issues and provide a forum for educational speakers. Monthly seminars are held to present business topics to all client companies. Educational topics include company formation, gaining access to investors, grant opportunities, commercial lending, and other pertinent subjects. In addition, clients have access to seminars and programs offered by the Purdue University Krannert School of Management and the Burton D. Morgan Center for Entrepreneurship.

The access to networking and synergy through Purdue University gives entrepreneurs a unique avenue of working and collaborating with researchers in a world-class research institution. The university encourages faculty to be engaged in the Purdue Research Parks. At present, the parks have 64 faculty members highly engaged in park companies. Along with this there also are 275 university students employed at park companies who provide a wealth of knowledge as well as information sharing, which adds to the workforce development for park companies. In turn, the students gain invaluable working experience that often leads to career opportunities upon graduation.

A critical networking opportunity for company presidents is an Executive Summit during which leaders discover what is happening in the park, share ideas and expertise, provide best practices, and learn about the state and national initiatives that may be applicable to their businesses.

A less structured program, but just as important for collaborations and networking, is the quarterly “Party in the Park” events in which all client company employees are invited to mingle. These after-hours topical events are normally sponsored by local service providers, and also facilitate networking between clients and providers. The Purdue Technology Centers also leverage Purdue University sporting events to create after-hours networking

opportunities. Purdue University football tailgate parties provide an informal venue for client companies to network with Purdue University faculty, staff, and administrators. These events provide clients and startups with the opportunity to gain access to a network of local professionals and experts.

ACCESS TO CAPITAL

Another metric used to track the performance of the Purdue Technology Centers is the attraction of capital investments to client companies. Since 2004, combined total investments from private, institutional, and governmental sources exceed \$100 million.

Strong financial support enables the Foundation to bring new opportunities to new innovations. Through strong community relationships, we have been rewarded with the backing of the city of West Lafayette; Tippecanoe County; the Indiana Economic Development Corporation; the Lafayette/West Lafayette Development Corporation; Greater Lafayette Commerce; and local, state, and federal government. In addition, other funding has been put into place to help our companies reach their goals.

Strong financial support enables the Foundation to bring new opportunities to each of its locations. In Merrillville, federal support of \$9 million to date has aided the construction of the Purdue Technology Center. Locally, the city of West Lafayette has provided \$4.1 million for the creation of the Ross Enterprise Center to attract Butler International's Sikorsky Engineering and Technology Center; \$1.5 million to build the Innovation Center to attract HP Enterprise Services (formerly EDS); and numerous tax abatements and training dollars.

At the state level, the creation of the Indiana Certified Technology Park Program also has provided funding. This program returns incremental sales and income



Photo credit: Purdue Research Park

M4 Sciences CEO and founder James Mann works on a computer numerically controlled lathe machine used for the company's Tri-boMAM™ ultraprecision drilling technology. The design of the device provides greater precision and increases the speed of mechanical machining processes. The device can be used in the electronics, health-care and manufacturing industries. M4 Sciences just signed an agreement with Fukuda Corp. in Tokyo to market the device to machine tool manufacturers.

tax for reinvestment in our Purdue Research Parks. These funds, \$450,000 to date, have provided fiber infrastructure for the Purdue Research Parks. The balance of the funds, \$4.5 million, has been committed to the Purdue Technology Center through the efforts of the city of West Lafayette. The state has also worked closely with the Purdue Research Parks for grant funding in excess of \$2 million.

The local, state, and federal dollars granted to park projects have been matched by the Purdue Research Foundation as well as friends of Purdue. In New Albany, property worth \$10 million was donated to the Foundation. An additional \$3 million was committed to the Herman and Heddy Kurz Purdue Technology Center in West Lafayette.

The Foundation-managed Trask Fund is designed to assist in the commercialization of the university's intellectual property by funding the research in Purdue laboratories and emerging companies in the very early stages of development. Two programs exist under this fund: The Trask Technology Innovation Awards and the Emerging Innovations Fund.

The objective of the Trask Technology Innovation Awards program is to support short-term projects that will enhance the value of intellectual property disclosed to the Foundation. The goal is to create a strong technology position for the intellectual property and increase its value to potential licensees. Awards in this program are up to \$100,000 for a period of one year.

In 2008, Purdue Research Foundation introduced the Emerging Innovations Fund, an integrated approach to research innovation, development, and commercialization. A partnership between the Purdue Research Foundation and

10 SITES TO HELP ENTREPRENEURS SUCCEED

1. **Resources for entrepreneurs by state:**
<http://www.gaebler.com/resources-for-entrepreneurs-by-state.htm>
2. **Entrepreneurs Great Web sites:**
<http://www.gaebler.com/web-sites-for-entrepreneurs.htm>
3. **National Business Incubation Association:**
<http://www.nbia.org/>
4. **Social networking site list:** <http://www.careeroverview.com/blog/2009/100-best-social-sites-for-entrepreneurs/>
5. **Business link to the U.S. government:**
<http://www.business.gov/>
6. **Kauffman Foundation of Entrepreneurship:**
<http://www.entrepreneurship.org/>
7. **Industry statistics and financial ratios:**
<http://www.bizstats.com/>
8. **Market research:** <http://www.nielsen.com/>
9. **Financing business sites:** <http://www.businessfinance.com/>
10. **U.S. Patent and Trademark Office:** <http://www.uspto.gov/>

Discovery Park at Purdue University, the Emerging Innovations Fund is a unique, self-sustaining initiative that brings together money, people, and ideas to accelerate the commercialization of early-stage technologies in the Purdue community.

The Emerging Innovations Fund was initially capitalized with \$1.5 million in donations, and will be a \$5 million evergreen fund. Ventures formed by Purdue faculty, staff, students, and Purdue Research Park-based companies are eligible to apply for program funding in amounts of \$20,000 to \$200,000 over 12 to 18 months.

The Emerging Innovations Fund is one with strings attached. Funding is made on a competitive basis based on the quality of the application. Selections are made after a stringent review process during which technology, preliminary models, business plans, and budgets are arduously tested. Securing an award from the Emerging Innovations Fund is a starting place in itself, because funding is dependent upon the startup meeting specific milestones, a structure that promotes measureable process.

The Emerging Innovations Fund is designed to bridge the gap between the lab and the marketplace by infusing funds and management expertise at critical junctures. The fund helps Purdue entrepreneurs develop prototypes, assess patentability issues, ensure solid business plans, and improve the probability of attracting the next

level of funding for nascent companies based on Purdue technologies. The ultimate goal of the fund is to create “investor-ready” companies, thus improving the probability of attracting additional funding and market interest.

The Foundation also has established a new organization for angel investors called the P3 Alliance. The invitation-only association provides members with information about new patents, licensing options, and other investment opportunities from Purdue University-based technologies earlier than the general public receives it

CONCLUSION

The lessons for success that we’ve learned are pretty simple: Entrepreneurs are some of the hardest working and motivated individuals you will ever know, and if you provide them with a supportive environment to help them succeed, then they will make you look good.

Other important lessons are that innovations and discoveries need an avenue for technology transfer, entrepreneurs’ technologies and intellectual property need to be protected through patents and licensing, entrepreneurs need a space to work and opportunities to network, and venues need to be provided to secure venture funding and angel investments.

We’re helping entrepreneurs find their diamonds. 🌐

WHAT'S ON YOUR READING LIST?

Visit IEDC's Online Bookstore for the very best offerings of industry-related publications from major publishers, plus our own technical reports and education course manuals.

You will find the latest titles to give you the edge you need to stay at the forefront of the economic development profession.

Go to www.iedconline.org

Questions or Title Suggestions – Call (202) 223-7800.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

*The Power of
Knowledge and Leadership*



a crisis is a terrible thing

TO WASTE

By Tim Chase, CEcD, FM

INTRODUCTION

How long the current economic condition will last is a great debate and one in which we have all engaged. However, we need to move past this guessing game and on to dealing with the current set of facts as we know them.

For the past 50 years, economic developers have found satisfying and well-paying careers in stimulating individual wealth and increasing revenues to taxing districts by marshalling resources to achieve a set of results faster than if left to natural forces. The simple measures of this business have been quantity and quality of jobs created and incremental advances in tax revenues, primarily in income, property, and sales taxes. The purpose of this article is to frame the current economic conditions and to delve into fresh ideas for how community economic developers cannot just cope with these conditions but make significant improvements.

CURRENT AND FORECASTED ECONOMIC CONDITIONS

Sometime in the fourth quarter of 2008 the economic momentum most of us were experiencing began a sharp decline, which has resulted in increased scrutiny to our profession. For the foreseeable future, we must face the truth that net job growth, capital investment, and particularly new income to local and state governments may be a reality but only if we change the way we operate. The most sophisticated prognosticators are saying employment will return to pre-recession levels somewhere between 2014 and who knows when.

LENGTH OF RECESSION AND EMPLOYMENT RECOVERY

Begins	Ends	Length of Reces.	Unemp. Peak Post Reces.	Emp. Resumed to Pre-Reces. Levels
1981 July	1982 Nov.	16	12	24
1990 July	1991 March	8	6	36
2001 March	2001 Nov.	9	12	72
2007 Dec	???	22	??	???

In February 2010, 14.9 million Americans were unemployed. True unemployment - the number of people who are of working age and have marketable skills - was nearly 18 percent. One study showed 44 percent of families experienced a job loss, a reduction in hours, or a pay cut in 2009. By mid 2010, the average unemployed American will have been out of work for 12 months, the longest since 1948 when the Bureau of Labor Statistics began tracking this statistic.

The recap above shows that following the official end of the last three recessions, returning to pre-recession employment levels has taken longer after each time. If this trend continues, it could conservatively mean we will return to pre-recession employment by 2017. This presumes there is not a double-dip recession waiting to hit in 2011.

The tax revenue picture for local, county, and state coffers is discouraging as well. Municipal governments are wrestling with decreases of 5 percent and up to 20 percent and the National Conference of State Legislatures projects that 57 percent of states will see another reduction in revenues for FY

Tim Chase, CEcD, FM, is president/CEO of the Wichita Falls, Texas, Chamber of Commerce and Industry. (tchase@wff.net)

With acknowledgements to Ronnie Bryant, CEcD, FM; Vicki Gerbino, CEcD; Don Iannone; Ed Morrison; Bill Sproull; Anatalio Ubalde; and Rick Weddle, FM.

HOW ECONOMIC DEVELOPMENT CEOS ADD VALUE IN A DOWN ECONOMY

During a crisis such as the worst economy in recent history, finding new and innovative ways to succeed becomes the norm rather than the exception. Economic development activities have been punctuated with all manner of deal making and ultimately consummate in a transaction which must be blessed by government and community leadership. The extent to which these entities are willing to work together to embrace change, equates to their level of success. This article begins with a hard look at the current prospects for job creation, suggests new value propositions, and examines six new ways to compete including specific action steps. The six ideas resulted from three work-sessions at IEDC conferences over the last 18 months in which 200 practitioners provided direct feedback or assisted in the writing of this article.

2010, following an even higher number in 2009. Only those states that raised taxes last year are forecasting an increase over 2009 revenues. After three decades of tax payers telling government administrators and politicians to do more with less, the new reality is they can only do less. Some economists have announced that if and when the economy returns, millions of shoppers will have made the switch to buying non-perishable items almost exclusively online or via catalogs – which eliminates sales tax collections. The impact of this switch in shopping habits could leave government budgets crippled.

In March 2010, Don Peck, deputy managing editor of *The Atlantic*, wrote an article entitled “How a New Jobless Era Will Transform America”. He writes, “The great recession may be nearing an end (two consecutive quarters of GDP growth) but the era of high joblessness is probably just beginning. Before it ends, it will likely change the life, course, and character of a generation of young adults. It will leave an indelible imprint on many blue-collar men. It could cripple marriage as an institution in many communities. It may already be plunging many inner cities into a despair not seen for decades. Ultimately, it is likely to warp our politics, our culture, and the character of our society for years to come.”

As economic developers, we are comfortable with the terms used to describe our workforce. Terms that we all understand are: unemployment, underemployment, dislocated workers, entry level skills, full employment, and talent war. Here is a new term: chronic unemployment. In his article, Peck called unemployment a brief and relatively routine transitional state that results from the rise

As economic developers, we are comfortable with the terms used to describe our workforce. Terms that we all understand are: unemployment, underemployment, dislocated workers, entry level skills, full employment, and talent war. Here is a new term: chronic unemployment.

and fall of companies in the economy. However, chronic unemployment is defined as 12 continuous months without being gainfully employed. It is all-consuming and life-changing. Peck said, “The former is a necessary lubricant in any engine of economic growth. The latter is a pestilence that slowly eats away at people, families, and, if it spreads widely enough, the fabric of society. Indeed history suggests it is perhaps society’s most noxious ill.”

Chronic unemployment leads to the devastating erosion of “self confidence” and “self esteem,” two critical soft skills for a healthy workforce. Obtaining and then maintaining these two skills requires constant vigilance and hard work. Once they are gone, some believe they will never return.

City	Fiscal Year	Budget Reduction	% of Total Budget
Detroit	2010	\$300,000,000	20%
Columbus	2009	\$114,000,000	18%
Phoenix	2010	\$201,000,000	17%
Kansas City	2010	\$87,100,000	15%
Chicago	2009	\$769,000,000	13%
Los Angeles	2010	\$528,720,000	12%
New York	2010	\$6,600,000,000	11%
Philadelphia	2010	\$428,000,000	11%
Atlanta	2010	\$56,000,000	10%
Boston	2010	\$140,000,000	6%
Baltimore	2010	\$65,000,000	5%
Seattle	2009	\$44,300,000	5%

SOURCE: The PEW Charitable Trusts, Philadelphia Research Initiative - May 2009

IMPACTS OF CHRONIC UNEMPLOYMENT

To some extent the cycle of chronic unemployment follows the reciprocal of the accounting principal First In, Last Out or FILO. Chronic unemployment is a function of First Out, Last In or FOLI. Consider the analogy of a flower shop. When buying a bunch of flowers, customers will generally choose the freshest, least wilted bunch. This has the unfortunate consequence of making the remaining flowers look even sadder, making them even less likely to be chosen by the next customer.

This is comparable to employers choosing from among the most recently unemployed when they begin interviewing for replacement employees. Employers believe those candidates who have been unemployed the longest have the least desirability and therefore will remain unemployed the longest. In fact many of these dislocated workers will simply become unemployable.

Over the last 18 months in work sessions at IEDC conferences, economic developers across the country have gathered to discuss the implications of these changes. Some in the groups convincingly defended the idea of a turnaround to a normal economy within 12 to 24 months; others say it will be closer to two or four years; yet others forecast a better picture will take at least seven years. Another segment truly believed our ability to build wealth year after year may have been permanently damaged. Furthermore, the group acknowledged that in a shrinking economy, an economic developer’s definition of success must incorporate the notion that “year-on-year growth is no longer a given.”

The single note on which the participants were all in tune was “economic developers who pursue a business-as-usual strategy will be looking for new employment, and likely very soon.” All agreed that our world has changed vir-

tually overnight and we must be willing and prepared to meet these changes head-on. A pervasive theme has repeatedly surfaced over this time which has almost reached a unison chord, “We need to be shifting away from measuring the number of transactions completed as our primary measure of success and towards building new capacity and systems.” Many felt they are still responsible to deliver transaction-based economic development, heavily vested in creating new wealth, while at the same time designing and delivering new systems for success.

SHIFTING FROM TRANSACTIONS TO SYSTEM AND CAPACITY BASED ECONOMIC DEVELOPMENT

In 2004, Don Iannone, president of Donald T. Iannone & Associates, began advising the economic development profession to make a shift from transactions to systems. Fortunately or unfortunately, back then we were all too busy doing deals to pay much attention. Iannone understood that the value proposition we have been using would need to shift. Here is how he forecasted the shift nearly six years ago:

Strategic Dimensions	Current Value Proposition	Future Value Proposition
Final Outcomes	Competing for jobs, business investment, taxes, quality of life	Helping businesses, communities & institutions create economic value globally
Organizational Model/Approach	Local, regional and state EDOs	Inter-organizational networks & teams with national & global reach
EDO Key Roles	Catalyst, deal-maker, climate-shaper, individual organizational strategist	Change leader, team builder, network manager and strategist, system solution builder
Service Intervention Focus	Facilities, workforce, financing, physical infrastructure	Human capital, technology& knowledge infrastructure, investment capital
Geographic Focus	Within communities, regions, states	Within & between communities, regions, states, nations

Source: Advanced EDI Strategic Planning presented at OU/EDI by Don Iannone (2004)

Even without empirical evidence, we intuitively understand entrepreneurship takes large amounts of time, creativity, and money to generate even a tenth of the wealth-impacts common to attraction and expansion. That said, successful entrepreneurial projects are enormously valuable to local economies because they are “home-grown” and far less likely to pick up and move.

FOCUS AND ACTIVITIES

This article explores six ways economic developers can add value in a down economy and hopefully improve their organizations, communities, states, and personal futures during these truly difficult times.

1. Stimulate Entrepreneurship
2. Re-think Visioning and Planning
3. Get Serious About Workforce Development
4. Add Alignment to Your Partnerships for Significantly Increased Results
5. Speak Truth to Powers
6. Identify Subject Matter Experts on New Federal Legislation and Pending Issues

1. Stimulate Entrepreneurship

In traditional economic development, there are only three ways to create wealth in our current model: 1. attraction, 2. retention and expansion (BR&E), and 3. new start-up. Attracting new primary employment is at best on hold. Retention is a function of consolidation with more losers than winners. Entrepreneurship, while an excellent objective, simply will not produce the same growth and economic impacts within the same time line as attraction and expansion. For those facing truly difficult times, each day brings another layoff announcement and the possibility of more closures. While attraction and BR&E still pay dividends, many location decisions are on hold for the indefinite future and most decisions regarding BR&E are not within our sphere of influence.

This makes new start-up, the business of helping fledgling companies find their strides and become true entrepreneurs, as our most effective local strategy. While we are all ready, willing, and able to shift our focus to entrepreneurship, the resource-to-results ratio is problematic when compared to attraction and expansion.

Even without empirical evidence, we intuitively understand entrepreneurship takes large amounts of time, creativity, and money to generate even a tenth of the wealth-impacts common to attraction and expansion. That said, successful entrepreneurial projects are enormously valuable to local economies because they are “home-grown” and far less likely to pick up and move. Like the White Cedar tree (thought to be the slowest growing oldest plant in the U. S.), home-grown companies grow very slowly but have unusually long lives.

Even without empirical evidence, we intuitively understand entrepreneurship takes large amounts of time, creativity, and money to generate even a tenth of the wealth-impacts common to attraction and expansion. That said, successful entrepreneurial projects are enormously valuable to local economies because they are “home-grown” and far less likely to pick up and move. Like the White Cedar tree (thought to be the slowest growing oldest plant in the U. S.), home-grown companies grow very slowly but have unusually long lives.

Economic Gardening is a 23-year-old overnight success story made popular by Christian Gibbons, director of business/industry affairs for the city of Littleton, Colorado. Gibbons advocates that economic hunting sustains economies for the short-term but Economic Gardening will feed local economies for decades.

Action Steps

- Openly address the resource-to-results ratio and gain consensus on a redefined set of expectations by all stakeholders.
- Most folks involved with this aspect of economic development say the biggest challenge is in match-making. Add value by becoming the intermediary between the inventor/entrepreneur and the potential source of capital or consumer.
- Advocate for public policy changes that benefit entrepreneurs (e.g., policies that let early-stage companies preserve cash or grant local tax benefits for angel investors).
- Build more meaningful innovation networks, including higher education research centers, government laboratories, tech transfer offices, and established companies in need of new technology and those with stranded technologies.

2. Re-think Visioning and Planning

Economic developers have spent the last 20 years perfecting consensus-building among divergent community entities and helping them reach a common vision. Now it is time we step up and kick these skills into high gear.

Economic developers are among the best “thought leaders” and need to find common denominators our community leaders can embrace, helping them articulate new solutions and craft action steps on which to build a refreshed definition of local economic development. Just as before, each community’s definition will be unique to its environment. Ed Morrison, staff member with the Center for Regional Development at Purdue University and economic policy advisor for the WIRED initiative in North Central Indiana, calls this “strategic doing” in his new program of Open Source Economic Development. Strategic doing, a set of disciplines developed at the Purdue Center for Regional Development, guides civic leaders in new ways to think and act strategically.

Unlike traditional approaches, strategic doing is fast, low cost, and focused on “learning by doing”. The lessons of strategic doing evolved from open source software development. Specifically, people engaged in loosely joined networks can accomplish very complex projects by following some simple rules.



Now a familiar mantra: The number one product we all have to sell is the availability, talent, and cost competitiveness of our labor force. Economic developers must be an integral part of the talent solution by understanding and forecasting where each generation will find itself on the workforce continuum.

Action Steps

- Introduce a vision analysis, rather than a situational analysis, to your next strategic planning process. Start from zero rather than look to past results for the measure of future success.
- Shift the current matrix used to measure success (jobs, investment, low-cost provider, incentives, and growth) to finding, building, and benefiting from innovation networks; defining a new matrix for measuring sustainable competitive advantages; and enhancing the alignment and thereby the acceleration of new collaborations.
- Convince your leadership that open regional networks learn faster, spot opportunities faster, and are able to align resources faster, all of which is necessary to gain a competitive advantage.
- Champion the idea that a small number of “command and control” leaders can no longer produce added value fast enough to meet new demands. There must be a conscious shift towards distribution and sharing of leadership roles.

3. Get Serious About Workforce Development

Now a familiar mantra: The number one product we all have to sell is the availability, talent, and cost competitiveness of our labor force. Economic developers must be an integral part of the talent solution by understanding and forecasting where each generation will find itself on the workforce continuum. Several organizations have taken the step of creating a new position dedicated to helping align the many existing local workforce development, education, training, and social service programs to achieve greatly improved results.

The Workforce Investment Board (WIB) system was designed to provide rapid response, one-stop introduction to all programs, and dislocated worker training. It is the local conduit through which many federal social service programs are administered. WIBs are not designed to handle the enormous increase in re-employment activities they are seeing and the demand is only going to grow. To maximize local workforce initiatives, there must be a sharing of the burden with employers, educators, government policy makers, and economic developers.

To truly make an improvement in this area, all entities must have better information: WIBs, employers, employees, education and training providers, and social service administrators. The WIB in Wichita Falls, Texas, has created a one-of-a-kind survey tool that will revolutionize workforce data gathering. The survey allows respondents to forecast their workforce needs in addition to the more typical employer data.

The unusual feature of this survey is that it automatically summarizes the data entered by all respondents. Respondents can instantly view the aggregated results from all previous respondents to determine if they are paying competitive wages, offering competitive benefits, forecast skill-sets in short supply, and generally become experts on local workforce issues.

When all the players have equal access to in-depth workforce information, your locale will be better able to compete. Visit the New Workforce Survey Tool website (<http://www.wfemployers.com>) for more details.

Action Steps

- Re-employment to pre-recessionary levels will take years. Get smart fast on what this means to your local workforce supply/demand equation.
- Design a way to inventory and catalogue transferable skill-sets of newly unemployed individuals.
- Help local employers restate their job requirements from occupational titles to skill requirements. This will allow you to add value by being a better match-maker.
- If you have not already done so, create a full-time vice president of workforce development. If you have this person in place, assemble the resources for him or her to be truly successful.

4. Add Alignment to Your Partnerships for Significantly Increased Results

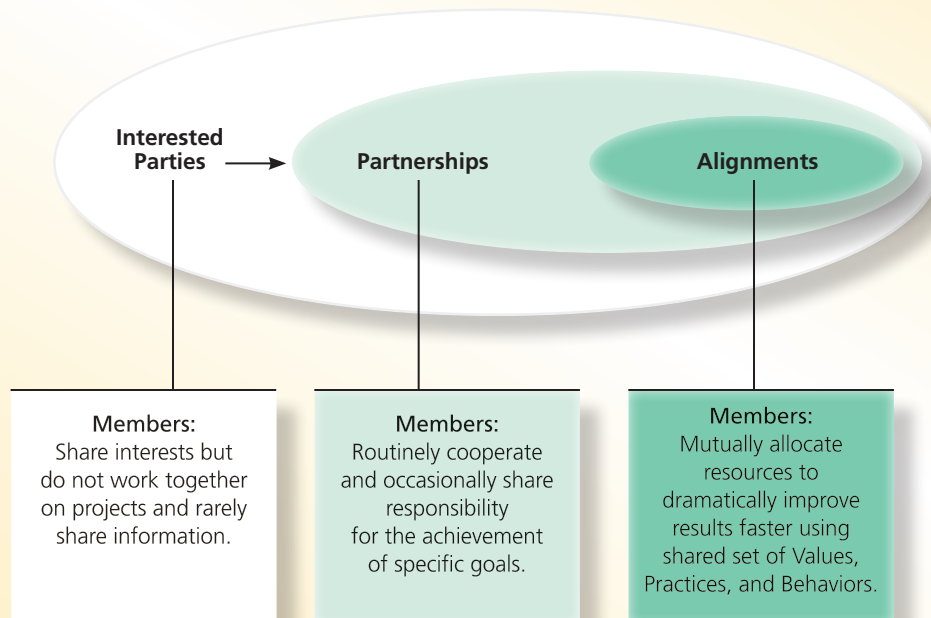
To understand the need to make such a shift, we first need to understand the differences between partnerships and true alignment. In recent years, economic developers have been satisfied with a role of creating and then maintaining organizational, community, and regional partnerships.

We have spent countless resources seeking out and counting the currency each partner uses to get what he or she individually wants. The selfish practice of mutually agreeing to limit actions or dumb down results, because it is in the best interest of each partner, must give way to a true alignment of a shared scope of work. A partnership is a relationship between a group or groups that is characterized by mutual cooperation and shared responsibility for the achievement of specific goals, objectives, and actions.

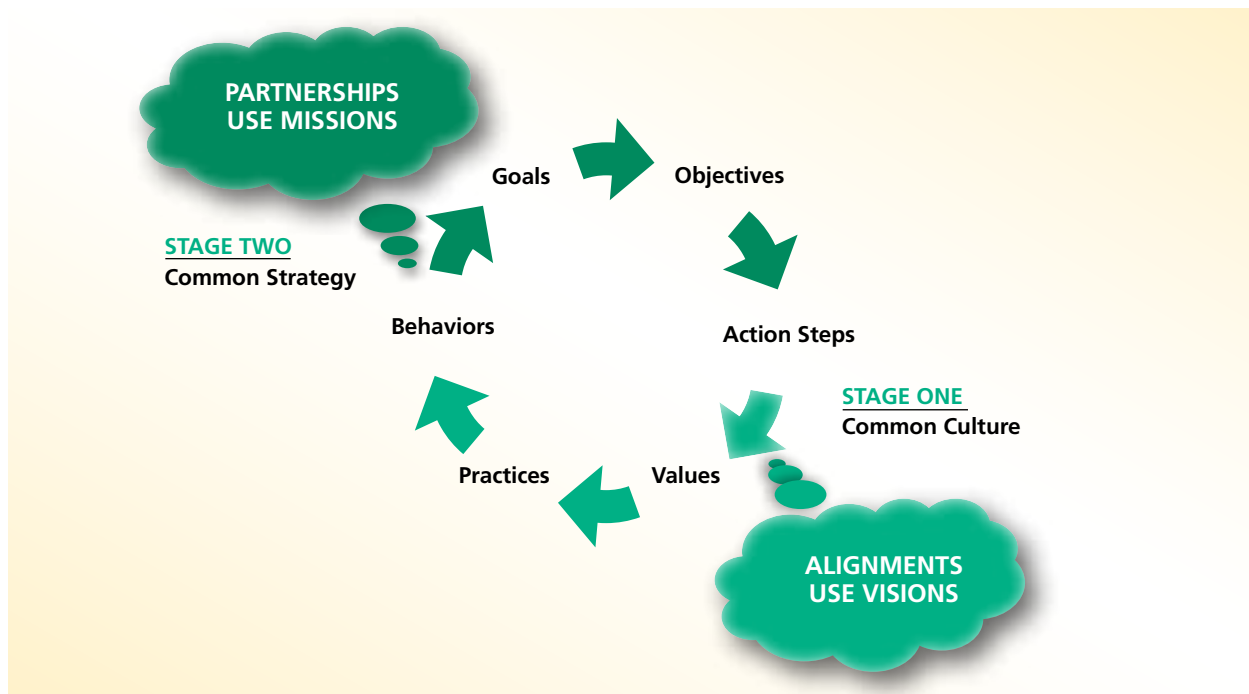
A Chamber of Commerce and an Economic Development Organization (EDO) will easily form a partnership with the mission of retaining and expanding businesses as a goal for building wealth in the local economy. The same Chamber and EDO partnership will not be truly aligned when it comes to recruiting businesses that could compete with the Chamber's existing membership base unless they have agreed on a common set of values to focus recruitment efforts exclusively on export businesses.

True alignment, however, requires an enhanced arrangement between groups or forces which is built upon a common set of values, practices, and behaviors. Organizations that have redesigned the way they engage one another by first establishing a common set of values, practices, and behaviors can achieve significant improvements in the ratio of resource allocation to results.

MOVING FROM PARTNERSHIPS TO TRUE ALIGNMENTS



THE TWO STAGES OF SHIFTING FROM BEING PARTNERS TO TRULY ALIGNING



Interested Parties – The typical evolution of organizations striving to achieve more and better results has three distinct phases. In the first phase, seemingly random individual parties are introduced to one another through the discovery of shared interests. Interested parties are aware of each other and will acknowledge a similarity in functions but they do not attempt to engage in joint projects nor do they see value in sharing information and ideas. In some instances these organizations barely tolerate each other, expending significant resources in an attempt to draw a distinction and perhaps even secretly wish the competition would go away.

Partnerships – As mentioned previously, partnerships are formed when two or more organizations seek to remedy an undesirable situation that might prove to have negative ramifications to all. This is not to say that all partnerships are born from adversity. Rather it is an observation that the formation of partnerships is typically an effort of convenience. Potential partners seek the lowest common denominator on which both entities can share responsibility, create strategies, and achieve limited, specific results.

Alignment – A logical next phase in this process is to truly align organizations but it will not become a reality without participants in the partnership pledging to seriously investigate and consider changing. Changes include the way they generate resources and rethink the mutual allocation of resources to dramatically improve results faster using a shared set of values, practices, and behaviors.

First, a shared understanding of values, practices, and behaviors is agreed upon, and second, diverse organi-

First, a shared understanding of values, practices, and behaviors is agreed upon, and second, diverse organizations collectively and aggressively pursue a common mission using goals, objectives, and actions. Success is ultimately linked to this two-stage concept. This is, of course, hugely easy to say but difficult to implement.

zations collectively and aggressively pursue a common mission using goals, objectives, and actions. Success is ultimately linked to this two-stage concept. This is, of course, hugely easy to say but difficult to implement. Wars are fought over differences in values and the difference in values is at the heart of all partisan political debates. However, from adversity can come substantive change, and we are a people that have the ability to set aside casual differences for the betterment of a cause. Economic developers need to capitalize on this historically proven condition and maximize the cross-pollination of networks, agencies, organizations, and governments to achieve a better set of solutions.

The Round Table Process – If your situation has multiple and complex organizations, each with an economic development connection, there are no doubt many implied partnerships. In some cases, there may actually be formal partnerships with the terms spelled out in writing. To shift these partnerships to true alignments will be extremely difficult especially if one of the organizations attempts to position itself as the Alpha Organization (AO). Understandably, the other entities may immediately feel they are being treated as second-class citizens and will swiftly throw up a variety of obstacles. Depending on lo-

cal conditions, this adversarial culture between organizations may be so deeply entrenched that on the surface it appears impossible to effect a change without destroying one or more existing partners.

This is where the roundtable process can be helpful. Here is how it works:

1. Identify the highest-ranking peace keeper in the area and ask him or her to convene a special meeting.
2. The purpose of this meeting is simply for the leading volunteer or CEO to give a briefing on what his or her organization is, how it operates, and what its current economic development initiatives are.
3. There is no chair for this group, hence the roundtable concept.
4. The group should find value in this non-threatening environment and will want to come together several more times.
5. About the third month the group meets and shares, some in the group will begin to run out of current economic development activities and others will begin to realize their efforts closely align with another group's such that there may even be direct duplication.
6. Along about the fifth meeting, the group will be comfortable enough to openly discuss formalizing a way to document progress and in doing so, reach the conclusion that several organizations either have mirror images of each others' values, practices, and beliefs, or they could align these attributes with minor tweaks, thereby achieving stage one of true alignment.
7. The participation of the roundtable will change to those groups who share identical or relatively identical values, practices, and beliefs.
8. Stage two, the creation of goals, objectives, and action steps, is relatively easily achieved given the general acceptance and understanding of standard strategic planning processes.

It should be noted this roundtable process has an expiration. No one needs endless meetings and the number of meetings this activity consumes can vary widely from the example above.

The final meeting of this group will be when it has established common values, practices, and agreed upon behaviors which in turn will give birth (and thereby joint ownership) to a collective set of goals, objectives, and unified actions and the responsibility and necessary resources for each has been allocated across participating organizations. This is the key point to understand. The participants do not just go back to business as usual, they are now truly aligned.

With true alignment comes the reallocation of community-wide responsibilities and resources. The assign-

ments must make sense and must capitalize on each organization's sweet spot.

If conditions in your locale are less adversarial in nature, the following steps may make more sense.

Action Steps

- Position your organization as the most neutral facilitator of current community development organizational partnerships. If this is not realistic, find the resources to engage a neutral third-party facilitator to get this process started.
- Asset-map your community development partnerships with the goal of understanding where collaborative opportunities exist.
- Develop bridges to cross-pollinate existing technical networks, leadership networks, personal networks, and clusters with each other. Then hunt for specific core actions these newly aligned groups should undertake.
- Mutually agree on the assignment of resources (people, money, and time) to implement these core actions. There is no need to reallocate or attempt to rearrange existing assignments and resources. This will only derail the effort by pointing everyone to a defensive command and control posture.
- At least in the beginning, these newly agreed-upon assignments will likely be in addition to each organization's existing scope so as not to jeopardize or encroach on each other's turf.

5. Speak Truth to Powers

Leadership is in high demand and short supply. Economic developers are thrust into leadership roles by the very nature of our job and, as in any business model where demand out paces supply, the price goes up. During the last two decades, economic developers' incomes have grown significantly during and immediately following economic downturns.

As facilitators of political influence and assemblers of resources, hardly a day goes by without interacting with the top leaders in our respective locales. This daily interaction puts economic developers at the absolute center of a significant leadership network. We are surrounded by leaders and must position ourselves as a leader of leaders. This pivotal position in the leadership landscape carries with it a huge obligation. Some might even say burden.



As facilitators of political influence and assemblers of resources, hardly a day goes by without interacting with the top leaders in our respective locales. This daily interaction puts economic developers at the absolute center of a significant leadership network.

There is very likely no one in your community or region who spends more time thinking and strategizing about the local economy than you do. While this concentration of thinking may not make you the expert on the subject, your opinion will be frequently sought.

Embrace this opportunity and use it to tell your leadership what they truly need to know. Most of us believe telling our leadership the truth could be considered disruptive and might even put us in a negative light. However, in reality, speaking the truth to your leadership is an integral part of your job. The trick to being able to candidly discuss the realities of your local situation is to create an environment of safety where discussions are kept confidential. Whether this environment is continuous or is for short periods of time on a scheduled frequency is a function of your relationship with your leadership.

No matter how disruptive the truth may be, allowing your leadership to make decisions without having given them your perspective on the urgent topics at hand is doing them and yourself a huge disservice. Here are a few of the topics we need to share:

- Where do you think your local economy is headed?
- What strategies should leaders be prepared to undertake in the event current circumstances take another downward turn?
- After years of “doing more with less,” the reality is we can only do “less with less.”
- Returning to pre-recession employment levels will take years.
- Chronic unemployment will impact a generation of workforce.
- Technology changes make retaining 100 percent of our existing businesses impossible. Losing businesses is inevitable, so why are we surprised and dismayed when it happens?

6. Identify Subject-Matter Experts on New Federal Legislation and Pending Issues

Partisan politics inside and outside Washington have created a tsunami of change and economic developers have an opportunity to position ourselves as a clearinghouse for accurate information. The ends of the spectrum are so venomous as to not be believable, and local leaders need accurate and timely information to make smart decisions.

Business advocacy groups such as the U.S. Chamber and most state Chambers are forecasting that businesses will be crushed under the pending burden of taxes and regulations headed their way. At the other end of the spectrum are groups advocating growth in social programs and entitlements as the only way to improve

quality of life for all Americans. As is typically the case, neither extreme represents a true and accurate picture. Economic developers need to find credible and knowledgeable sources of information and design a system for disseminating this information to leadership.

As an example, in 2009 IEDC President and CEO Jeff Finkle at the organization’s Leadership Conference explained the government’s *fix du jour* when he briefed attendees on the American Recovery and Reinvestment Act.

In addition to positioning your organization as a clearinghouse for accurate, timely information, it is important to be able to take full advantage of new programs. The abundance of money being channeled into existing federal agencies to fund new and old programs may well find its way to your community without your help. However, the first time your leader-



Business advocacy groups such as the US Chamber and most state Chambers are forecasting that businesses will be crushed under the pending burden of taxes and regulations headed their way. At the other end of the spectrum are groups advocating growth in social programs and entitlements as the only way to improve quality of life for all Americans. As is typically the case, neither extreme represents a true and accurate picture. Economic developers need to find credible and knowledgeable sources of information and design a system for disseminating this information to leadership.

ship reads about the community down the road receiving benefits, you’d better be prepared to answer the question, “What did they do that you didn’t?”

The following are examples of pending issues: American Recovery and Reinvestment Act, Healthcare and Education Affordability Reconciliation Act of 2010, Hiring Incentives to Restore Employment Act (HIRE), and Workforce Investment Act-reauthorization, Immigration, Energy & Environment.

Action Steps


- Identify someone in your area to become the subject-matter expert on the ARRA, HIRE, and Healthcare and forecast how funds will be allocated and distributed in your area.
- Create a clearinghouse through which business and political leaders can review eligible projects and rank them as to feasibility for success.

- Convene community leaders to assess their willingness to accommodate the “strings” that are typically attached to acceptance of state and federal program funds.

IN CONCLUSION

Regardless of your locale, some or all of these six ideas can improve your value proposition and thereby add value to your organization. On our way home from work each night we all like to think we spent the day “doing things right.” The more important question we need to ask on our way to work is are we going to spend the day “doing the right things?” This simple reverse of phrase is at the core of this article. The way we know we are doing the right things is to determine if our actions are adding value or if they simply perpetuate more of the same marginal results.

A crisis is a terrible thing to waste! Economic developers have an opportunity to exhibit true leadership virtually every day and we need to do our job with a bias towards action rather than reaction. Engag-

ing our business and community leadership is the most important task we have. Economic developers’ span of control is often limited but our sphere of influence is virtually unlimited. As Ronnie Bryant, president and CEO of the Charlotte Regional Partnership, is fond of saying, “When economic developers make decisions to keep our jobs rather than how to best do our jobs, we have done a disservice to those who have hired us.” 

Engaging our business and community leadership is the most important task we have. Economic developers’ span of control is often limited but our sphere of influence is virtually unlimited.



THE ECONOMIC DEVELOPMENT RESEARCH PARTNERS (EDRP) PROGRAM

DESIGNATED FOR INNOVATIVE LEADERS IN THE ECONOMIC DEVELOPMENT COMMUNITY

THE ECONOMIC DEVELOPMENT RESEARCH PARTNERS (EDRP) PROGRAM

Economic Development Research Partners Program membership opens doors to concepts and schemes that assist economic development professionals in operating at a higher level.

AIMS OF THE EDRP Through the EDRP Program, IEDC is taking its mission to a new level, assisting practitioners to successfully compete in the global economy and increase prosperity for communities at an accelerated pace, empowering ED professionals to better define their vision and voice.

METHODS AND BENEFITS OF THE EDRP PROGRAM The Partners meet 4 times a year, sometimes with experts in the field, to coordinate activities and focus agendas on pertinent and practical issues. This innovative program provides an incredible opportunity to strengthen the communities in which we operate and the profession as a whole.

FOR FURTHER INFORMATION on membership details, please contact:

Mary Helen Cobb, Director of Membership and Development at
202-942-9460 or mcobb@iedconline.org





2010 CONFERENCE SPONSORS & EXHIBITORS

IEDC would like to thank the sponsors of the 2010 How You Build It Conference for demonstrating their commitment to the important work of economic developers. It is through their generous support that IEDC has brought leaders of the profession together for this forum of professional development, peer networking, and discussions of the most imperative issues facing economic developers today. We proudly recognize the following sponsors as partners in helping economic developers to build strong, more vibrant communities.

CO-SPONSOR:



CHAIRMAN'S CLUB SPONSORS:



GOLD SPONSORS:



SILVER SPONSORS:



BRONZE SPONSORS:



EXHIBITORS:



NEWS FROM IEDC

IEDC ASSISTS GULF COAST COMMUNITIES

The oil spill in the Gulf Coast serves as an unhappy reminder of the sudden and severe impact on communities when a disaster occurs.

Per the request of the Economic Development Administration and the White House, IEDC has been assisting communities impacted by the Deepwater Horizon oil spill along the Gulf Coast throughout the summer of 2010. IEDC is providing assessments of economic recovery needs as well as outlining short and long-term recovery strategies for dealing with those economic impacts.

To date, IEDC has assisted 21 communities along the entire Gulf Coast throughout July and August.

IEDC DEVELOPING AN ENTREPRENEURSHIP TOOLKIT FOR ECONOMIC DEVELOPERS

Under the guidance of its Economic Development Research Partners (EDRP) Program, IEDC has prepared a handbook on entrepreneurship to introduce the economic development profession to the growing and increasingly urgent need to support entrepreneurship in all its guises as a necessary component of an economic development strategy. The handbook explores what is entrepreneurship, who are entrepreneurs, and elucidates ways to best support entrepreneurship in the community.

A toolkit is also being developed as part of the handbook that will help economic developers strengthen the entrepreneurship culture in their community and build a resilient, vibrant economy. The handbook and the accompanying toolkit will be released in September during the IEDC Annual Conference in Columbus, OH.

UNDERSTANDING SOCIAL MEDIA: THE WHAT, WHEN, WHY, AND HOW OF SOCIAL MEDIA AND ECONOMIC DEVELOPMENT WEB SEMINARS

Everyone's on Facebook, Twitter, LinkedIn, and YouTube these days, or at least it seems like it. Ever wonder what tweets or fan pages are? Have you wanted to start a group on LinkedIn or post a video on YouTube, but had no idea how? Do you wonder how different social media outlets are used and what the benefits are?

In October and November, IEDC will offer a series of web seminars that take an in-depth look at five common social media platforms. Each web

seminar will show how to use the platform and help you better understand how to leverage each tool to support your economic development goals.

REAL ESTATE DEVELOPMENT AND REUSE TRAINING COURSE OFFERED

IEDC's Real Estate Development and Reuse training course is being held November 4-5 this year in Tampa, FL. Typically, the economic developer works to balance the dynamic between the profit orientation of the private developer and the public objective to be met by the real estate project. This course provides an overview of the real estate development and reuse process, with an emphasis on the role of the economic developer.

Learn about market and site analysis, assessing political feasibility, and the various financing tools that are available at the local, regional, and state level, including tax increment financing, bond financing, land assembly, and brownfield redevelopment. Visit our website and register today (www.iedconline.org).

WEBSITE DISSEMINATES ECONOMIC RECOVERY INFORMATION

With funding from the U.S. Economic Development Administration, IEDC has developed a website, www.restoreyoureconomy.org, devoted to disaster preparedness and post-disaster economic recovery. The website's purpose is to disseminate economic recovery information in a timely manner such as best practice knowledge, training resources,



events, news items, etc. to public and private stakeholders in disaster-impacted communities. The website will provide an opportunity for individuals to network with other communities to share resources, etc. via social media such as Facebook, LinkedIn, and Twitter.

This resource will also seek to complement and link to existing websites devoted to economic recovery (such as federal and state agencies) and other important nonprofit organizations focused on disaster preparedness and post-disaster economic recovery.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

CALENDAR OF EVENTS

RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

Fulfill a recertification requirement without tapping into your budget!

Earn two credits towards your next recertification by having an article published in the Economic Development Journal, IEDC's quarterly publication.

This is one of a number of ways that you can pursue recertification credits. Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at murp@erols.com **[703-715-0147]**.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and web seminars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

For more information about these upcoming conferences, web seminars, and professional development training courses, please visit our website at www.iedconline.org.

CONFERENCES

2010 Annual Conference
September 26-29
Columbus, OH

2011 Leadership Summit
January 23-25
San Diego, CA

2011 Federal Forum
March 20-22
Alexandria, VA

2011 Spring Conference
June 5-7
Indianapolis, IN

2011 Annual Conference
September 18-21
Charlotte, NC

TRAINING COURSES

Entrepreneurial & Small Business Development Strategies
October 7-8, 2010
Atlanta, GA

Economic Development Marketing & Attraction
October 14-15, 2010
Baltimore, MD

Real Estate Development & Reuse
November 4-5, 2010
Tampa, FL

Business Retention & Expansion

November 18-19, 2010
Kansas City, MO

Technology-led Economic Development

December 2-3, 2010
Atlanta, GA

CERTIFIED ECONOMIC DEVELOPER EXAMS

December 11-12, 2010
Lansing, MI
(Appl. Deadline: October 11, 2010)

January 22-23, 2011
San Diego, CA
(Appl. Deadline: November 22, 2010)

March 19-20, 2011
Alexandria, VA
(Appl. Deadline: January 17, 2011)

June 4-5, 2011
Indianapolis, IN
(Appl. Deadline: April 4, 2011)

September 17-18, 2011
Charlotte, NC
(Appl. Deadline: July 19, 2011)

WEB SEMINARS

Understanding Social Media: Part 1

Introduction to Facebook
October 6, 2010

Understanding Social Media: Part 2

Introduction to LinkedIn
October 13

Understanding Social Media: Part 3

Introduction to Twitter
October 20

Understanding Social Media: Part 4

Introduction to YouTube and Flickr
October 27

Understanding Social Media: Part 5

Introduction to Blogging
November 3

beyond the research park

By John L. Gann, Jr.

INTRODUCTION

For decades the economically bullet-proof locale in this country has been the college town.

Because of massive and growing demand for higher education and its support by parents, government, philanthropy, and student loans, universities and college town businesses depending on them have done well even in economic slumps. So few college towns have seen much need for developing other mainstays for their economies.

After more than a half-century of burgeoning growth that started after WWII, mass-market higher education is now a mature industry. And there are now signs of vulnerability in the traditional economic models for both colleges and their communities. But there also appear to be new opportunities for college towns not only to hold their own but to become economically even stronger.

Economic Challenges Facing College Towns

The 12 percent drop in giving to higher education for fiscal year 2009 was the worst in 53 years¹. This was on top of an average 2009 decline of 18.7 percent in the value of universities' endowments². Support of state universities from state capitols has been dwindling for years.

Between 1990 and 2008, college tuition and fees rose 248 percent above inflation, more than any other component of the Consumer Price Index³. Loan debt per graduate in 2008 averaged \$23,300⁴. But says higher education author Anya Kamenetz,



Photo credit: Gann Associates.

The concept of college towns as exclusively places for young people and strictly for a four-year stay may become obsolete given 21st century changes in higher education. This is Oberlin College in Oberlin, Ohio.

"If you look at median incomes by education since 1970, there's no increasing return to a college degree to go with the increased cost⁵."

A December, 2009, survey found 60 percent of Americans think colleges care more about their finances than about educating students⁶. Last year 53 percent of college students said they were willing to borrow to support their education, a precipitous drop from 67 percent the year before⁷. More colleges are offering three-year programs that cut student time in college towns by 25 percent. And

John L. Gann, Jr., is president of Gann Associates. He is the author of *How to Evaluate (and Improve) Your Community's Marketing*, published by the International City/County Management Association. (citykid@uwalumni.com)

DIVERSIFYING ECONOMIC DEVELOPMENT IN COLLEGE TOWNS

Changes affecting higher education are likely to challenge the unusual economic strength of the nation's college towns. And mixed past results together with increased competition disfavor exclusive reliance on research parks for off-campus job creation. But college communities can add to their successes as a Place to Learn and a Place to Research by more fully developing and marketing their advantages as a Place to Visit and a Place to Live. They can expand their roles as visitor destinations for business meetings, family vacations, spectator sports weekends, and domestic medical and wellness tourism. And the emotional significance of their role as a Third Lifetime Place for the baby boomers and subsequent generations can make them competitive as long-term residential choices for knowledge workers and retirees, as can their unusual advantages as settings for a rich and fulfilling life.

with a growing number of institutions now offering both courses and degrees online, college towns are no longer the only places for either higher learning or credentialing.

Because higher education is likely to have to change to meet these challenges, college towns might do well to concern themselves more with economic development. But in the past when they have done so at all, the interest has usually taken a single form: the university-affiliated research park.

The Research Park Formula

In 1980, there were 20 university-related research parks in North America. By 2007, the numbers had swelled to 174. Over ten years ago one park director referenced “over ambitious development plans” for research parks in a “now somewhat bloated market⁸.”

More recently, Peter B. Calkins of developer Forest City Enterprises confirmed that “Every city and state with a university wants to jump on this bandwagon. Not all are well-conceived⁹.” And jumping on the same bandwagon are places around the globe. Together, China and India award twice as many higher degrees in engineering and computer science as we do, and their holders work for a lot less money. The Internet, video conferencing, and other technology now make physical proximity much less of a requisite for researchers to collaborate.

Blake Gumprecht, chair of the University of New Hampshire Department of Geography, studied research park efforts in college towns and came away dismayed at the lack of success. He cited difficulties in recruiting workers as tech companies grow, remoteness from sources of venture capital, and a lack of understanding of and political hostility to business he finds peculiar to college communities¹⁰.

Results of a survey for the Association of University Research Parks nonetheless claimed significant accomplishments for these efforts. But they also acknowledged heavy competition among research parks being built here and internationally. And they confirmed Gumprecht’s warnings about college towns’ ability to access capital and attract and retain workers and the problematic differences between the objectives of academia and those of business¹¹.

So even to fully sustain tech, single-purpose economic development plans dealing only with research operations may not be enough. “It is a given that other complementary strategies for community economic development must also be pursued in conjunction with a [research] park,” advises Eileen Walker, CEO of the Association of University Research Parks, “to make both the community and the park itself as successful as possible.”



Photo credit: Gann Associates.

Photo credit: Gann Associates.



Research parks have been a popular economic development strategy in university towns, but experts have warned that in a crowded market not all can succeed.

The lakeshore terrace at the University of Wisconsin-Madison Memorial Union is the kind of almost resort-like, high-amenity gathering place that can give college towns special appeal as places to live or visit.

Because higher education is likely to have to change to meet these challenges, college towns might do well to concern themselves more with economic development. But in the past when they have done so at all, the interest has usually taken a single form: the university-affiliated research park.

But perhaps the most limiting factor for the research park strategy is that at best it works only for towns with large research universities and not for the much larger number of communities hosting smaller institutions.

Benefits to College Towns

Diversifying beyond traditional education and research functions may accordingly be advantageous to multiple stakeholders in college towns.

1. The college

A college in an economically diversified college town can benefit from visibility to more prospective students, parents, alumni, and investors. That can mean a better quality student body and more successful fund raising. And it can lead to greater local political support for the college as a wider range of unaffiliated residents and businesspeople enjoy benefits from the presence of the institution.

The college can also make more efficient and greater revenue-producing use of its physical plant, especially during summer and break periods. With the funding crisis that hit colleges hard beginning in 2008, colleges must find new sources of revenue. No factory, office, or store operating only nine months out of the year would ever imagine it could not do better financially.

2. Local government

Local government tax bases that suffer from the exemption of high-value college property can be strengthened. This can mean less of the tension between municipal and college administrations that was famously dramatized recently by a mayoral proposal in Pittsburgh to impose a city tax on tuition.

3. The business community

The local business community can benefit not only from a larger population and less dependence on a single industry but also from less seasonality in its trade. Like vacation areas, college towns are unique in providing stores, rental housing, entertainment, and services that are intensively used only part of the year.

4. Students

Students desiring to stay in town after graduation benefit from more non-academic jobs locally, the shortage of which forces college towns every year to expel their best and brightest. And while they're still in school, more and better-paying part-time jobs could help students pay the increasingly high cost of their educations.

New Place Roles

Many college communities have been single-purpose company towns, making them potentially as vulnerable as towns built around steel or auto plants proved to be. Fortunately, their special nature offers other economic opportunities.

There are four place roles for college towns that can be sources of economic benefit:

1. A Place to Learn
2. A Place to Research
3. A Place to Visit
4. A Place to Live.

The first two roles assume the important economic asset is knowledge translated into formal pre-career instruction or into research findings. But this concept may now be too limiting. New opportunities may lie in the college town as a place to visit and a place to live.

A PLACE TO VISIT

College towns can play multiple roles as A Place to Visit. They can function as A Place to Meet, A Place to Vacation, A Place for Sports and Entertainment, and A Place to Heal.

A Place to Meet

College towns have always hosted scholarly gatherings, but now campuses are branching out to non-academic meetings.

Prompting this extension has been the downturn that compelled companies to economize in their meeting planning¹². Colleges and universities are well-endowed with facilities – seminar rooms, lecture halls, and arenas and stadiums – able to accommodate gatherings of different sizes in addition to lodging and food service facilities. Their smaller towns offer less costly off-campus lodging,

restaurants, and entertainment than popular convention cities. And the austerity once associated with their meeting spaces, recreation facilities, and residential complexes has been dispelled by more luxurious accommodations as colleges have competed to attract the best students.

The depressed economy, moreover, has made companies also sensitive to the appearance to the public and to legislators of holding meetings at luxury resorts in glamorous sun-and-fun locales. Even good-time Las Vegas has incongruously rebranded itself as a no-nonsense choice for serious business meetings. There may be no conference venue appearing more sober and unostentatious than a university campus. On-campus hotel conference centers are already found at Ohio State, Georgia Tech, and other schools.

Campus towns do have a number of drawbacks for meetings relating to location, parking, capacity for large events, and free-hours attractions. Some conference planners will always prefer the advantages of traditional destinations. But others wanting to cut costs or offer attendees a different experience may find the college town an appealing venue.



The youthful vibe in college towns can be a tonic for retirees and a stark contrast with age-restricted retirement communities. This is The Commons in Ithaca, New York.

A Place to Vacation

The hospitality industry is beginning to see advantages in combining vacation with education, especially for families. Upscale hotels and resorts including the Ritz-Carlton, Hyatt, and Rosewood chains offer summer educational programs to both occupy youngsters while parents relax and to give them a competitive edge when they go back to school¹³.

Family trade can help make up for the falloff in business travel occasioned by the economic downturn. Educational offerings attract affluent parents with aspirations for their youngsters. Many parents travel with their children these days, and families tend to stay longer and spend more.

This activity is a natural for college towns. Unlike at resorts, educational experiences are built-in as a special-

ization rather than having to be added on as a sideline. Learning about nature at Hyatt doesn't expose a high schooler to a prospective campus choice nor bring him or her advantageously to the attention of important faculty. Some schools already sponsor summer camp experiences for youngsters. Cornell University in Ithaca, New York, offers a Sports School for teens and pre-teens. For all but freshman high school students, the campus offers three- and six-week college courses for credit as well as special one-week engineering academies.

Ithaca has already made its mark as a vacation destination. It was included in *Money* magazine's "Best places to vacation" list in April, 2002. *Travel & Leisure* magazine named it one of the top ten of its 100 Great Escapes. And in 2008 the Adventure Travel Trade Association named it a top 10 global travel destination.

With a number of former college students in the population that is larger than ever before and continues to grow, such recreational-educational programs might well be extended to parents and adults without young children as well. College Days 2010 at the University of Wisconsin-Madison offered a three-day "education vacation" bringing

dorm rooms to non-student vacationers during summer months. And having attracted international students, many college towns have become diverse places with ethnic restaurants and international cultural events that can make them even more interesting to visit.

A Place for Sports and Entertainment

Sports are a prominent part of our economy. Today we have sports bars, sports channels like ESPN, and sporting goods superstores anchoring our malls. Season tickets and team-branded apparel and other merchandise sell well.

Local governments have enthusiastically built new stadiums, and corporations have just as eagerly paid well to put their names on them. Cities now vie to be chosen as Olympics or Super Bowl sites. Indianapolis has made itself into a sports center as an explicit economic development strategy.

Largely empty of students, college towns can be relaxing places just when summer vacation hubs are becoming crowded. Their hotel rooms, going begging during sleepy summer months, are less costly than in resort towns. And the sophisticated dining spots, book stores, and shops geared for demanding faculty and student populations and excellent college athletic, recreational and other facilities are still there even when their usual customers aren't.



Photo credit: Gann Associates

More and more enterprises benefit from associating themselves with sports, but few have as strong a tie as colleges do. This "sports" eatery is appropriately near the Penn State campus in State College.

adults the complete undergraduate redux experience. Included were dormitory accommodations, dining hall food, and lectures and tours relating to a variety of disciplines.

Largely empty of students, college towns can be relaxing places just when summer vacation hubs are becoming crowded. Their hotel rooms, going begging during sleepy summer months, are less costly than in resort towns. And the sophisticated dining spots, book stores, and shops geared for demanding faculty and student populations and excellent college athletic, recreational and other facilities are still there even when their usual customers aren't. Some smaller institutions like Hope College and College of the Atlantic have rented

College towns are exceptionally well-positioned to take even greater advantage of the economic payoff from sports. College athletics rival professional sports in popularity. Universities have already-built stadiums and athletic fields. Varsity games are played in cities too small to support major league baseball, NBA, NFL, or NHL teams.

College teams are now even spurring condominium developments for alumni coming in for football weekends but unable to find scarce hotel rooms or unhappy with their high prices. Condos allow ticket holders to spend the entire weekend (a plus for the local economy) while the team shares a percentage of the sales. Football weekend condos serve the University of Georgia, Kansas State, the University of Kentucky, and Louisiana State, among other institutions.

And of course, it's not just the game. Football weekends also mean getting together with old college friends for pre- and post-game tailgating activity. Nor need the action be confined to game days or even the season. The National College Football Hall of Fame – open year-round – is located in South Bend, Indiana, home of the quintessential college team, Notre Dame's Fighting Irish. UNC's Chapel Hill, North Carolina, hosts the Carolina Basketball Museum.

Other entertainment both on- and off-campus can draw visitors to college towns. Campus departments produce dramatic performances and concerts open to the public, and a large population of young people assures an ample provision of popular entertainment as well. These events are, however, seldom marketed beyond the local area.

A Place to Heal

As A Place to Visit, college towns might also carve out a role as A Place to Heal. Health care, 16 percent of the national economy, has enormous economic development potential. College towns can be pre-eminent health centers as well as knowledge centers. The market for health is vastly greater even than the massive market for higher education and is becoming more so as the huge baby boom cohort that swelled our campuses decades ago reaches old age.

Domestic Medical Tourism

In recent years, both insured and uninsured patients needing major medical work have been having it done overseas. There, costs can be a fraction of those in this country, care is often of high quality, and patients are treated as preferred customers. Six million are expected to be medical tourists this year, eight times the number just three years ago¹⁴.

Two of the factors in both the low cost and high quality of medical tourist care are a scale and super-specialization seldom seen on our own shores. At the 1,000-bed Narayana Hrudalaya Hospital in Bangalore, for example, open-heart surgery is billed at an average of \$2,000, one-twentieth to one-fiftieth the tab in the U.S. Massive volume for particular procedures (600 heart operations a week at Narayana) allows surgeons to specialize, equipment and facilities to be used more intensively, and supplies' costs to be cut through volume purchasing¹⁵.

And it's not just low-cost labor. Better management, specialization, and volume account for much of the success. Uwe Reinhart, Princeton health care economist, says foreign competition "has the potential of doing to the U.S. health care system what the Japanese auto industry did to American car-makers¹⁶." But elements of the competitiveness of overseas care can be applied over here as well, just as Detroit learned to build better cars from Honda and Toyota.

Towns with university schools or departments of medicine, dentistry, psychology, nursing, pharmacy, public health, veterinary medicine, athletics, or nutrition may be especially well-positioned to do this. These schools and associated hospitals and clinical practices can be more open to innovation than other providers. They can use their knowledge and cutting-edge research to develop efficiency and exceptional proficiency in par-

ticular therapies and procedures, thereby becoming able to draw patients from all over. And they can avoid the downsides of international medical tourism. Campus business schools can help with management innovations to improve performance and reduce costs.

Patients and their families visiting college towns for specialty medical services can mean more business and jobs not only for health workers but also for other local businesses. Depending on their condition, they may be able to spend recuperation time visiting and spending money at the same places as other tourists. And trips for health care expose more people to localities they might later find appealing destinations for other purposes.

Other entertainment both on- and off-campus can draw visitors to college towns. Campus departments produce dramatic performances and concerts open to the public, and a large population of young people assures an ample provision of popular entertainment as well. These events are, however, seldom marketed beyond the local area.



Photo credit: Gann Associates

The populations of college towns and neighborhoods support cultural events that make them stimulating places to live in or visit. The 57th Street Art Fair is held annually a stone's throw from the University of Chicago campus.

Health Innovation

Innovative approaches to health – both treatment and prevention and both conventional and alternative – are more commonly found at universities than elsewhere. Both the well who seek to be healthier and the ailing for whom standard therapies haven't worked may seek to visit the sources of such innovation.

Dr. Andrew Weil, nationally-known author and advocate of a combination of orthodox and alternative approaches he calls integrative medicine, teaches and researches at the University of Arizona College of Medicine. Mind-body medical analyst and author Dr. Kenneth R. Pelletier directs a unit at the same college.

Dr. Dean Ornish, clinical professor of medicine at the University of California-San Francisco, has shown that a low-fat diet can reverse heart disease. And Dr. T. Colin Campbell, professor emeritus at Cornell University, headed a study of the salutary effects on health of the

diet of the rural Chinese. Other breakthrough findings on nutrition have come out of state universities' schools of agriculture and human ecology.

Such innovators and their teachings and practice might with development and marketing turn university towns into destinations for the ill seeking leading edge expertise. They could also appeal to well people seeking to preserve or improve their health or appearance, lose weight, boost fitness, pursue sports training, or just better enjoy life. Consultations with national experts, adult instruction, clinics, wellness regimens, or weight loss treatments can add new dimensions to vacations or weekends.

A Healthy Leisure Environment

The essence of the vacation or holiday weekend is a time to refresh and replenish mind and body. That may best happen in a special place that, being more than just a change of scene, actively supports such restoration.

Much like resorts, many colleges and universities are found in quiet rural areas. But unlike popular vacation locales, in many college towns the local ethic is greener, tourists are fewer, and the pace of activity more relaxed.



Photo credit: Gann Associates.

Good walking environments that promote fitness and weight control are hard to find in contemporary suburbs but not on college campuses or in their environs. This is Michigan State University in East Lansing.

Penn State University in State College, for example, is nestled in mountains of north central Pennsylvania that lack the crowds of the state's resort-oriented Poconos to the east. Cornell University in Ithaca, New York, treats students and visitors to hills, waterfalls, gorges, stunning views, and the south end of a 38-mile-long lake not found in the Catskill Mountain tourist hub a hundred miles away.

Health food stores, organic produce, vegetarian and ethnic restaurants, and farmers markets are more available in college towns than in most vacation spots. College towns are more likely to boast cycling, fitness, and jogging trails. Colleges have facilities for participation sports and fitness, and their communities commonly offer classes in self-help techniques like yoga and meditation. According to the International Spa Association,

health-oriented spas are a \$10 billion business and have replaced golf as the most popular leisure activity at meetings and corporate events.

"Green" lifestyle enhancements, including earth-friendly vacation trips, are becoming big business. College town environments can offer a destination that reflects environmental values and supports recharging physical and mental batteries. And they're typically less crowded, costly, and commercialized than resort and tourist venues.

A PLACE TO LIVE

The idea of the college town as A Place to Live reflects the broader choice of a residential location that transportation and technology are giving us. It also affirms the idea that human capital is the ultimate economic resource. The number and kind of people working, earning, spending, and supporting institutions locally is the real wealth of any community.

The Third Lifetime Place

According to sociologist Ray Oldenburg, we all need a Third Place in our daily lives: a comfortable spot of refuge – tavern, lodge, coffee house, or country club – that is neither home, our First Place, nor workplace, our Second¹⁷.

Over the course of a lifetime, there are typically also three places of significance that might be called Lifetime Places. The First Lifetime Place is the home town, the place where you grew up. The Second Lifetime Place is where you lived for the better part of your adult life. Like Oldenburg's Third Place, the Third Lifetime Place (TLP) is a place not associated with life's regular responsibilities but that has served as a temporary respite from them¹⁸.

In the past for many families the TLP has been the regular vacation locale – the site of the revealingly-named "second home" or of the resort they came back to year after year. This TLP was emotionally significant enough to exclude the many competing vacation destinations and, for many, to eventually become the retirement locale as well.

But starting after WWII and growing phenomenally since, the important TLP in many of our lives has been not the vacation spot but the college town. There are likely more Americans alive today who have spent part of their lives in such communities than ever before in history.

The College Town TLP

Like the vacation retreat, the college town is associated with freedom from job responsibilities and with good times in a beautiful setting. Both are typically places for meeting and associating with interesting people from other places. But in emotional significance that spot in the mountains or on the shore doesn't compare with the college town.

The college town TLP was a place for living year-round (except summers) rather than a couple of weeks a year. For four or more years, it was more of a home

than home was. And it is the place associated with some of life's most meaningful and fondly remembered years. The college years were a time of transition from childhood dependency to adult independence. A relatively carefree place of youthful exuberance, it reflects a time when we did things we'd never do again and so created memories unlike any others.

And the college town was a place of achievement, where one's abilities were developed and recognized with academic or athletic honors. Ending a vacation never gave the ego boost that completing college did. And it was a place where life directions were set in work and nonwork interests, sometimes in the choice of a lifetime partner. It was a place where we made friends that may have lasted for decades. Vacation areas don't have alumni associations or reunions.

Customers' emotional involvement is known to be a competitive advantage in business success, and it can also be potent in economic development. Former students' attachment to the college towns of their youth can be used advantageously for purposes other than attracting alumni financial support and selling football tickets.

Associated with pleasurable if fleeting times, vacationland TLPs like those in Florida have often had the edge as a choice of a new place to live full-time--whether in retirement, in changing jobs, or in starting a business. And transportation and technology promise to give more people that choice than in the past.

Some "knowledge workers" and telecommuters with loosened physical ties to traditional work locales have made their homes in beautiful but isolated vacation ar-

eas. But not set up for many year-round workers, such locales have limitations in their ability to support such lifestyles. Having always been both preserves of knowledge and homes for hundreds or thousands of demanding outsiders year round, college towns don't face the same constraints. They can be delightful and productive places to live and work for those who are neither students nor professors. Blake Gumprecht notes the phenomenon of city workers choosing long commutes in order to live in outlying college towns rather than close-in suburban subdivisions¹⁹.

An example may again be Cornell's Ithaca, New York. The city was ranked as the number one green commuter city in September, 2008, by *AARP Magazine*. It placed second in *Country Home* magazine's "Best Green Places to Live" in April, 2007. The following April, its EcoVillage made *Forbes* magazine's top eight "ecotopias." The city was also named one of the "12 Hippest Hometowns for Vegetarians" by *VegNews* magazine in July/August, 2006. And *Organic Style* found it the "best healthy city in the Northeast" in its September-October, 2003, issue.

A Place to Retire

The baby boom generation made higher education big business as they flocked to the campuses in the 1960s and 1970s. The next boom industry they will create will be retirement.

Retirement will be the next big thing in our economy not only because of the massive size of this generation but also because boomers' retirements are apt to be the lengthiest ever. Their retirement locale is likely to amount to a commitment of 20 to 30 years, almost as long as their working life. And rather than fading away, boomers will probably enjoy the most active retirements ever.

Aware of these prospects, states seeking economic growth like Alabama, Arkansas, Utah, and the Carolinas are challenging the pre-eminence of Florida by courting retirees with marketing programs. But a fourth characteristic of the 78 million prospective boomer retirees offers special opportunity to college towns: fully 57 percent of this generation went to college.

Retirement will be the next big thing in our economy not only because of the massive size of this generation but also because boomers' retirements are apt to be the lengthiest ever. Their retirement locale is likely to amount to a commitment of 20 to 30 years, almost as long as their working life. And rather than fading away, boomers will probably enjoy the most active retirements ever.



Photo credit: Gann Associates.

As the marquee of an old movie house near the University of Iowa campus in Iowa City suggests, university towns are often rich with educational and entertainment opportunities non-students can enjoy as well.

Developers, often working in conjunction with universities, are already catching on, building near-campus retirement destinations around Dartmouth, the University of Michigan, Stanford, Iowa State, Oberlin, Notre Dame, and other institutions. Campus Continuum, one such developer, surveyed people of retirement age and found 58 percent expressing interest in retiring in or near a small college campus²⁰.

Localities see retirees as economic assets because they often buy expensive homes and spend pension and Social Security checks locally but neither compete with younger workers for jobs nor add youngsters to the public schools.

Developers, often working in conjunction with universities, are already catching on, building near-campus retirement destinations around Dartmouth, the University of Michigan, Stanford, Iowa State, Oberlin, Notre Dame, and other institutions.

Throughout their lives, boomers have been trend-setters. Never content to drive “their father’s Oldsmobile,” they are unlikely to be as partial as dad was to a traditional sun, golf, and bingo retirement lifestyle. And a good college town can offer much more in a number of ways.

1. Retiring in a college town can mean being close to college-age grandchildren. Grandparents often have a special relationship with grandkids that even the parents don’t have.
2. Retired alumni back in town can strengthen their ties with the alma mater. Reconnecting with youthful pleasure and achievement can be uniquely satisfying to alums as well as financially advantageous to the college. Retirees are no longer spending on children, often have substantial assets, and are good prospects for donations and bequests. And college town retirees can best see, and even benefit directly from, where their gift money is going.
3. Seniors – alums and non-alums alike – in many college towns enjoy a unique perk. They can go back to school and audit regular college classes free or for greatly reduced tuition. Research has confirmed the value of later-year intellectual stimulation in forestalling cognitive decline. There may be no more pleasurable way to achieve that than regular association with scholars and bright young people.

WHAT ECONOMIC DEVELOPERS CAN DO

In localities without a research park to administer or any ambitions for one, the idea of a college town economic developer or economic development consultant may seem just a bit oxymoronic. It shouldn’t. There are benefits to broadening even a college town’s economic base, and there are things economic developers can do to that end.

Resourceful economic developers can find the non-obvious higher-hanging fruit that college-bred economic security has left unpicked. One good place to look is on campus. Academia can be a world unto itself, but enterprising economic developers can penetrate the sheepskin curtain by talking (and listening) to college leaders, going beyond the community relations office. Reading the alumni magazine and the campus newspaper, going to the game and to homecoming, connecting with B-school students, and interfacing

with the college’s development people can pay off with ideas. Just because tenured professors may not be primarily concerned with creating off-campus commercial value doesn’t mean it can’t be found. You seldom find what you’re not looking for.

College town politics can be a challenge, being diffident about if not hostile to business, development, and growth. In college towns, economic development advocates had better be good persuaders. And because college towns are often small, little-known, and out of the way, economic developers may need to enhance their visibility with strong marketing efforts.

College towns need more than literal or figurative “smokestack chasers.” Of course, no one in college towns wants actual smokestacks. But just as trying to import industrial plants hasn’t been the economic development answer for every community, a single-minded quest for the scientific

“smokestacks” of research laboratories can also fall short due both to its narrow focus and to the intense competition that the latest well-publicized tech-of-the-month usually attracts. In college towns, economic developers do well to be entrepreneurial, turning over every rock to find not-so-usual ways to create jobs and grow tax revenues.

Perhaps most significantly, in college towns there can be a unique opportunity to apply intelligence and discerning analysis, the local stock in trade, to economic development by harnessing campus brainpower on official commissions or advisory committees. Ineffective practices often survive and multiply elsewhere as places mindlessly copy other places. But in college towns, prescriptive formulas can be put under the microscope both before adoption and after an initial trial and discarded if they don’t measure up. That might not be a bad thing to do in other kinds of communities as well.

Students who give new meaning to the term “senior class” can audit classes at Princeton, Penn State, the University of Pennsylvania, and Boston University. Classes are gratis at the University of Georgia in Athens for the 62-plus crowd, while Brunswick, Maine, retirees have their choice of audits at three different colleges. Free instruction is sometimes a perk coming with the retirement residence. Retired alums and emeriti of the University of Michigan living at University Commons condominiums are free to resume their studies on campus. Not so free, however, are retirees living in Lasell Village in Newton, Massachusetts. As a condition of their residency, they are required to enroll in a minimum number of courses every year at affiliated Lasell College, writing papers and submitting to quizzes just like the undergrads.

4. College towns are geared to the lifestyles of students, which counterintuitively have much in common with those of many seniors. Singles or couples without dependent children, working part-time or not at all, free from career and suburban social status strivings, seeking often to get by on limited budgets yet having time and taste for entertainment and recreation: are we talking about students or retirees?

College towns have small, affordable rental housing units, low-cost eating places, inexpensive entertainment, and public transportation for those who don't drive. They can work as well at age 71 as at age 21.

5. College town traditions of social activism yield unusually rich opportunities for volunteer pursuits. These can be perfect for retirees wanting to stay active and feel needed without the burdens of a job. Social idealism having been part of the experience of boomers who were in college in the '60s, late-life involvement in causes can serve to rekindle youthful fires.
6. The least tangible benefit of college town retirement may also be the most pleasurable. Life in a college town can be youth serum.

College town traditions of social activism yield unusually rich opportunities for volunteer pursuits. These can be perfect for retirees wanting to stay active and feel needed without the burdens of a job. Social idealism having been part of the experience of boomers who were in college in the '60s, late-life involvement in causes can serve to rekindle youthful fires.



Photo credit: Gann Associates

Corporate “campuses” intended as agreeable environments for businesses’ employees seldom offer the beauty of the sites of older colleges and universities, such as that of Northern Illinois University in DeKalb.

In traditional age-restricted retirement developments, residents see and associate with age and infirmity. Daily life is an incessant reminder of the old and the declining. Even seniors who remain in the old homestead often see the population of the neighborhood age with them. What we see and experience every day affects both our outlook and, some think, even our physical functioning.

College towns are by contrast disproportionately young places. Walk their streets or visit their parks or restaurants and you are surrounded by active, vigorous, laughing young people enjoying life rather than waiting languidly for its end. Alums were once like them, and living in a college town they can feel that way again.

7. Seniors seeking traditional retirement desiderata can also find them in college towns. There are excellent golf courses in many such communities. Austin, Ann Arbor, Madison, Fort Collins, and other university cities offer a choice of well-regarded fairways. And towns with medical schools tend to have outstanding health care facilities.

CONCLUSION

With electronic technology and increasing competition making their stock in trade of knowledge, organized instruction, and even formal credentialing available almost anywhere, college towns will need a new economic strategy. A good model may be that of Starbucks.

Coffee was a commodity product available almost everywhere until Starbucks changed the rules of the game. Part of what made the company successful was selling the point of sale itself as a place and an experience. Starbucks became a comfortable Oldenburg Third Place refuge and not just a caffeine fix that can be procured from any drive-through or supermarket shelf.

College towns may now similarly have to sell themselves as distinctive Third Lifetime Places to live in or just special places to visit, not only for the acquisition of knowledge or credentials but also for other purposes.

But this strategy will entail marketing college towns in ways few have done heretofore. And there are obstacles

posed by academic culture and college town politics to be overcome in launching more comprehensive economic development efforts. But the potential economic payoff for places with a future that is apt to be very different from their past is likely to be worth many times the new investment that will take. 🌐

ENDNOTES

1. Tamar Lewin, "Sharp Drop Is Seen In Gifts to Colleges and Universities," *The New York Times*, February 3, 2010, p. A19.
2. Tamar Lewin, "Investment Losses Cause Steep Drop in University Endowments, Study Finds," *The New York Times*, January 28, 2010, p. A13.
3. American Institute of Economic Research, *The AIER Cost-of-Living Guide*, p. 2.
4. Project on Student Debt, *Student Debt and the Class of 2008*, p. 1.
5. Anya Kamenetz, *DIY U: Edupunks, Edupreneurs, and the Coming Transformation of Higher Education* (White River Junction, VT: Chelsea Green Publishing, 2010) p. 28.
6. Tamar Lewin, "Study Finds Increasing Public Discontent With the College System," *The New York Times*, February 17, 2010, p. A11.
7. Sue Shellenbarger, "Weighing the Value of That College Diploma," *The Wall Street Journal*, December 16, 2009, p. D1.
8. Ellen Wiggins, "Small Universities, Big Ideas," *CUED Commentary*, Summer, 1999, p. 40.
9. Pete Engardio, "Innovation Goes Downtown," *Business Week*, November 30, 2009, p. 51.
10. Blake Gumprecht, *The American College Town*. Amherst: University of Massachusetts Press, 2008.
11. Batelle Technology Partnership Practice, *Characteristics and Trends in North American Research Parks: 21st Century Directions*. Columbus, Ohio: Batelle, October, 2007.
12. Roger Yu, "Meetings Cut Back to Bare Minimum," *USA Today*, April 13, 2010, p. 1B.
13. Andrea Peterson, "Sun, Sand, Surf and a Pop Quiz," *The Wall Street Journal*, April 14, 2010, p. D1.
14. "The Power to Disrupt," *The Economist*, April 17, 2010, p. 16.
15. Geeta Anand, "The Henry Ford of Heart Surgery," *The Wall Street Journal*, November 2, 2009, p. A1.
16. Unmesh Kher, "Outsourcing Your Heart," *Time*, May 19, 2006, p. 44.
17. Ray Oldenburg, *The Great Good Place*, 3rd Edition. New York: DaCapo Press, 1999.
18. John L. Gann, Jr., "Pulling Back the Boomers," *Syracuse (NY) Post-Standard*, July 27, 2008, p. E1.
19. John L. Gann, Jr., "Higher Education," *Ithaca (NY) Times*, August 5, 2009, p. 9.
20. "Are Boomers Eager to Relive Their College Days?" *Nation's Building News Online*, July 3, 2006.



NEED A CHANGE? MAKE IT HAPPEN WITH IEDC'S JOB CENTER!

Whether you are looking to hire or looking to be hired, take advantage of IEDC's Job Center. You can access job postings in our IEDC News electronic newsletter, our Economic Development Now electronic newsletter, and our Job Center Online.

JOB SEEKERS – register to receive IEDC News online at www.iedconline.org

EMPLOYERS – reach a network of more than 20,000 professionals. Check out our reasonable advertising rates online at www.iedconline.org

QUESTIONS? CALL (202) 223-7800.



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

*The Power of
Knowledge and Leadership*

strength in numbers

By Kyle Talente and Sean Pink

DEFINING THE ISSUES

a confluence of changes to its two primary employers – the petroleum industry and the military – has provided the greater Corpus Christi, Texas region, known as the Coastal Bend region, with the opportunity to redefine its employment bases through targeted training of its workforce and recruitment of new industries. The Coastal Bend is defined as the Counties of Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, and San Patricio. With Naval Station Ingleside (NSI) scheduled to shut down operations by the end of 2010, additional realignments at Naval Air Station Corpus Christi and the Corpus Christi Army Depot, and significant consolidations and changes to the petroleum sector over a number of years, the Coastal Bend is facing the very real need to diversify its economy and create jobs in industries that offer competitive wages and benefits in a coordinated and deliberate manner.

Historically, the Coastal Bend found economic development success as a petroleum production area. At the core were the corporate operations in downtown Corpus Christi and the oil refining operations located along Corpus Christi Bay. Between these two operations, the Coastal Bend has a reasonable mix of white-collar and blue-collar jobs in the petroleum sector. In addition, the steady expansion of military presence assisted in creating stability for the local economy, providing a consistent economic



Downtown Corpus Christi has experienced substantial vacancy since the oil industry consolidation.

engine, albeit a smaller one, that did not ebb and flow with local, national or global economic cycles. Corpus Christi Army Depot (CCAD), the Naval Air Station Corpus Christi (NASCC), and Naval Station Ingleside (NSI) combined to account for more than 8,000 direct military and civilian jobs in the local economy.

Up through the 1980s, the Coastal Bend region experienced substantial economic growth but did not benefit from a truly diversified economy. This situation was exacerbated by the sweeping consolidation efforts that occurred within the petroleum manufacturing market sector during the mid-1980s. Where the region had once held a mix of white-collar and blue-collar jobs, corporate operations were relocated to the Houston area. The production component and those services that directly and indirectly supported these jobs remained in

Kyle Talente is a vice president and principal at RKG Associates, Inc. of Alexandria, Virginia (kst@rkassociates.com) and **Sean Pink** is a market analyst/planner at RKG Associates, Inc. (sjp@rkassociates.com)

THE COASTAL BEND REGION'S EFFORTS TO PREPARE ITS WORKFORCE FOR TOMORROW

The Base Realignment and Closure (BRAC) process has impacted dozens of communities that depend heavily, and even solely, on their military bases as their economic engine, forcing them to redefine their economy and reinvent the local workforce. The Coastal Bend region of Texas recently experienced a similar event, with the closing of Naval Station Ingleside and the personnel reductions at Corpus Christi Army Depot and Naval Air Station. The following case study provides insight into the steps required to make the regional workforce more competitive in business recruitment and retention. The lessons learned from this example have a global application for any community that is overly dependent on a single employer or industry for its economic sustainability.

the Coastal Bend. This impact substantially reduced the overall market activity and depleted the region of much of its white collar, primary workforce.

Now, changes are coming to the military presence in the region which has been the other base of primary employment. The 2005 Defense Base Realignment and Closure (BRAC) Act downsized the military operations in the Corpus Christi region. The closure of Naval Station Ingleside and realignment of activities at Naval Air Station Corpus Christi and the Corpus Christi Army Depot will impact both military and civilian jobs. A recent study estimates that 2,900 military and 3,700 indirect civilian jobs will be lost in the region as a result of this BRAC action with a total loss of nearly \$346 million in annual wages.

COMMUNITY RESPONSE

In response, the Coastal Bend community formed the multi-jurisdictional Ingleside Local Redevelopment Authority (LRA) to undertake a regional economic diversification strategy. The specific powers of the original Local Redevelopment Authority were to plan for the reuse of part of NSI and to sponsor the Economic Diversification Strategy for the Coastal Bend. Through the LRA, the community



The Ingleside LRA hosted a summit engaging the community in identifying needs and opportunities.

Through the LRA, the community sought to help mitigate the loss of military and civilian jobs in the region by identifying new opportunities for business recruitment in market sectors not dependent on the petrochemical manufacturing industry.



The Port of Corpus Christi (oil storage field) is an integral part in the petrochemical industry within the Coastal Bend region.

sought to help mitigate the loss of military and civilian jobs in the region by identifying new opportunities for business recruitment in market sectors not dependent on the petrochemical manufacturing industry.

The creation of the Ingleside LRA in itself is a case study in regional economic development practices. The LRA, created as a requirement of the federal Base Realignment and Closure (BRAC) process, is comprised of eight members, two from each affected jurisdiction. These four jurisdictions historically have not enjoyed a consistent, positive working relationship. As with most regions

throughout the U.S., jurisdictional boundaries and political aspirations had created intra-regional competitiveness. As a result, previous larger-scale regionalization efforts have provided limited, and inconsistent, success levels. However, the four lead jurisdictions (San Patricio County, Ingleside, Nueces County, and Corpus Christi) recognized the importance of developing a strategy to mitigate the potential losses that likely were to impact the region. The regional leadership acknowledged that the long-term success of the Coastal Bend required that economic development recruitment and retention efforts capitalize on the assets of the local economy.

The Ingleside LRA retained a consultant team led by RKG Associates to analyze the current economic climate and develop an implementation strategy geared towards the recruitment and retention of industries independent

of the petrochemical manufacturing market sector. The analysis was guided by three primary principles.

First, encourage the continued growth in primary job creation, particularly for industries that offer competitive wage rates and benefits. New jobs mean new or expanding business, new capital investment, and a more secure fiscal situation within the metropolitan statistical area (MSA). The Ingleside LRA's goal is to focus recruitment and retention efforts on attracting primary jobs that bring in revenue to the region from outside sources. While community serving jobs are important, they usually reflect a recirculation of existing wealth, rather than creating new wealth.

Second, establish a consistent, long-term strategy that will guide economic development efforts for the entire Corpus Christi MSA in a unified, clear way. To this point, economic development efforts among the different communities have been done in relative independence.

Finally, develop tools to effectively manage the various efforts related to business recruitment and retention. These include regular communication and interaction among all of the region's economic development stakeholders and existing industries.



The Electromagnetic Reduction (EMR) facility is a focal point for the redevelopment strategy of Naval Station Ingleside.

WORKFORCE AND DIVERSIFICATION

One of the many issues analyzed during this process was workforce preparedness. Simply put, availability and quality of a regional workforce is a primary influence on the type of industry and employer that will be most attracted to an area. The Ingleside LRA wanted a determination about how well the current workforce was prepared for the types of jobs being proposed through the target industry study as well as how well prepared the local workforce providers are to meet the potential needs of existing and new employers within the Coastal Bend.

For a region of its size, the Coastal Bend has a significant number of workforce training providers and institutions of higher learning. Most of the training programs in the region provide programs that teach skills related to occupations in the health care industry, an industry projected to grow substantially over the next six years. However, the remaining training programs are not necessarily focused on current needs of or geared towards local target industries.

For example, the Texas A&M University, Corpus Christi campus has a continuing education component focused on workforce development in addition to extensive undergraduate and graduate programs in business, education, liberal arts, nursing and health sciences, and science and technology. The workforce development center provides non-credit training programs that prepare students for highly-skilled and managerial positions within occupational fields that are believed to be in demand. However, “demand” is established by those classes that draw the most individual interest (and therefore attendance). While these training programs are comprehensive and effective in their mission, it was reported that very little interaction occurs with area businesses or the regional economic development corporation to tailor programs to current or projected needs.

Based on information provided during the assessment, current training programs are selected using projected employment demands of the region rather than local industry targets or addressing the current shortages. The local workforce development board, Workforce Solutions, utilizes a list of occupations that are projected to be in demand. This list is currently composed of 50 target occupations and training programs based on these projections and are eligible to receive funding through the Workforce Investment Act. These occupations are deemed in demand after examining occupational information obtained through the Bureau of Labor Statistics and regional surveys.

As a result, many of the region’s training programs were enacted to meet the needs of a “top-down” approach to workforce training, rather than identifying actual local needs and augmenting those programs with efforts to bolster economic development efforts by providing customizable programs suited to prospect needs.

For a region of its size, the Coastal Bend has a significant number of workforce training providers and institutions of higher learning. Most of the training programs in the region provide programs that teach skills related to occupations in the health care industry, an industry projected to grow substantially over the next six years. However, the remaining training programs are not necessarily focused on current needs of or geared towards local target industries.

FINDINGS

The large, low-skilled and semi-skilled workforce in the region combined with training programs that primarily position residents for entry-level jobs not necessarily in demand by existing and potential new employers, put the local population at greater risk of being uncompetitive for new job creation. While the local population receives a variety of training services, this training often does not correspond with regional needs. For example, the labor shortages in some specific trade skill occupations, such as pipefitters and welders, have contributed to regional wage levels in these occupations exceeding state levels, but awareness of this remains minimal due to local training providers and colleges focusing largely on education tailored for white collar employment. If stronger emphasis is placed on current employment demands, which happen to be associated with high wages, the region’s tax base has the potential to grow substantially.

In the short term, there are unmet needs for existing regional employers that could be addressed through mi-

nor alterations in training program development methods. While the training programs focus on the target occupations for funding purposes, the Coastal Bend faces a consistent shortage of technical and skilled laborers. The shortage is such an issue that the local chapter of the Associated Builders and Contractors created its own facility, Craft Training Center, to train the labor force in these needed trades. Expansion of outreach to local employers to determine and identify workforce needs would be a substantial first step in meeting the needs of existing businesses.

On the positive side, much of the infrastructure already exists for the region to better position its workforce training needs for existing businesses and potential needs from target industries.

More strategically, the analysis revealed the need for the larger workforce training providers, such as the local workforce investment board and the institutions of higher learning, to become more proactive in combining the economic development efforts within the region to training program development. Increased communication and coordination between the regional economic development corporation and the workforce group is critical to ensure new prospects will be served by an appropriately well trained labor force.

For example, Del Mar Community College has a Center for Economic Development that works closely with local employers and industry associations to assemble programs that meet the most pertinent occupational needs in the region. Over the last five years, the College has worked with 150 companies representing almost all industry sectors to set up programs to address specific needs, according to a school representative. The school has a marketing group that often makes the initial contact with employers regarding their needs. Typically they target and work with larger companies that have bigger employment bases such as Sherwin Alumina, Corpus Christi Army Depot, and DuPont while smaller companies will usually contact the College themselves for any needs.

UNIFIED APPROACH

There are several workforce training providers within the Coastal Bend providing training programs in a variety of fields. The providers range from individual, industry-specific continuing education facilities to an established four-year accredited university. However, these providers appear to be focusing attention on expected growth in job needs, as defined by the Texas Workforce Commission, rather than on the current needs of existing residents and businesses. The training programs offer varying degrees of support for soft skills and job placement, but there is little or no evidence of coordination between programs. Furthermore, there are opportunities to improve communication and coordination of these training providers

through the established presence of the regional workforce board, Workforce Solutions.

There are opportunities to improve coordination between organizations involved in developing the workforce that will result in improved efficiency of programs and an increase in the broad reach and effectiveness of these programs. Without better cooperation among these entities, issues such as the duplication of training programs and inward reliance will persist. Most of the organizations interviewed stated that they have advisory boards consisting of local employers or persons working in a particular field providing guidance for the direction of their programs. Relying on these proprietary boards potentially serves to neglect other workforce development programs that are operating concurrently.

On the positive side, much of the infrastructure already exists for the region to better position its workforce training needs for existing businesses and potential needs from target industries. Most notably, many of the region's workforce training providers already have established relationships with each other, minimizing the need to cultivate new relationships



Photo Credit: Todd Vates/Caller-Times

Dr. Ridge Hammons, project organizer for the Petrochemical Mentor Program. The program serves youths who are enrolled in the Workforce Solutions Youth Program, and will expose them to a variety of career options in the petrochemical industry.

and build trust and understanding within the industry. However, the full complement of tools and outreach has not been fully realized.

Based on the assessment performed, Workforce Solutions is best positioned to lead the transformation of the region's workforce development focus and serve as the coordinating body to ensure existing and potential future training needs are addressed. In addition to its state-recognized function in local workforce training, the organization already has two ongoing initiatives that are aimed at accomplishing this goal: [1] assemble educational programs geared toward training residents to fill voids in the workforce, and [2] provide services that focus on teaching the soft skills necessary for job seekers to

obtain employment. Furthermore, Workforce Solutions also has an existing network of training facilities and one-stop centers located throughout the Coastal Bend. These facilities already offer services including workshops focused on resume writing, mock interviews, and basic computer skills. At least one center is located in each county except McMullen, Duval, and Kenedy.

However, the effort will require a greater outreach to the various other non-workforce entities within the region to be successful. Communication with local industry leaders and with the region's economic development corporation is inconsistent. As noted earlier, some training providers have strong connections with certain industries, but not others. Others develop training programs based on state-level objectives or through enrollment performance. The internal coordination of workforce training through Workforce Solutions offers the opportunity to bridge these gaps and establish a cohesive approach.

TOOLS TO MOVE FORWARD

In order to effectively recruit and retain businesses, the regional economic development approach will need competitive financial and regulatory tools to entice investment in the region within industries where market forces are not strong enough to support that type of growth independently.

Create Industry Roundtables With All Industries in the MSA

Several of the larger industries within the Corpus Christi MSA have established open communication with various workforce training providers. Most notably, the Associated Builders and Contractors and the Coastal Bend Business Roundtable helped to create the Craft Training Center of the Coastal Bend to address shortages of qualified labor. The Training Center now partners with Del Mar Community College and Workforce Solutions to ensure all facets of training needs are met at the facility.

On a smaller scale collaborative note, the medical industry has been working closely with Del Mar and Texas A&M – Corpus Christi to increase the training programs within job types they have difficulty in finding qualified applicants. While these are excellent examples of the type of coordination required to allow local industries to continue to thrive, not all local industries have this level of access or coordination with local training providers.

One method to meet the goals of the region is to create roundtables for a wider variety of industries operating in the Coastal Bend to address the needs and concerns of these companies. For example, there may be a need for specific hospitality training, as tourism is among the region's biggest and fastest growing industry sectors. While not related to primary industries, meeting needs such as these improves the overall skill set of the local workforce, and improves the marketability of the region. This is particularly important within industries that are targets to improve the diversity of the local economy but currently do not have the presence of the petrochemical, metal fabrication or health services industries.

Improve Access to Vocational Programs for Middle School and High School Students

One of the most common and emphatic suggestions put forth at the BRAC Summit roundtable, organized by the LRA and the consulting team to give the community an opportunity to provide input on the needs within the community, was to increase the number of programs available to middle school and high school students that provide them credit towards earning a certification while also providing them with credit towards their diplomas. It was noted that students not interested or qualified for the traditional college track needed realistic alternatives to earning a good living at their schools to encourage them to finish their education. In coordination with this, there were suggestions to provide more information to these students about income levels of workers in the labor intensive fields, as there appears to be a relative disconnect among students between skilled labor jobs and income potential.

There are several options that could be made available to students in addition to simply more programs. These include job shadowing programs, on-site internships (for high school students) and classes at Del Mar college. Specifics for each program would need to be customized based on the program, the capacity of the Board of Education and the workforce providers, and participation from the industries themselves.



The Craft Training Center was started by local industry leaders to provide customized training programs for Coastal Bend industries seeking skilled labor.

Early Childhood Intervention

Furthermore, there have been efforts in other states to improve the education system as early as at the pre-school. Studies indicate that pre-school facilities that provide a learning component as well as the childcare services offer access to more supportive relationships and good learning experiences. This improved early developmental period resulted in children that typically were able to learn at a faster pace and achieve well scholastically. To this end, there is an opportunity to promote and develop childcare facilities that include a dedicated curriculum as well as babysitting services. These facilities could be made available to the general public, or as part of the benefits of participating in a certified workforce training program.

Cross-Industry Training Programs

Given the strong presence of certain industries, and therefore trained workers, some portion of the local labor force is well trained at certain tasks that may be transferable to other industries with little additional investment and training. For example, it was reported that persons who work as pipefitters in the petrochemical field, have many of the necessary skills to be trained for careers in marine-related manufacturing, production, and repair. These particular workers were reported to need comparatively minor training assistance to become more familiar with common marine-related job requirements.

In this instance, the Coastal Bend region has a substantial transient pipefitter employment base required by the petroleum industry and the attributes conducive to developing a marine-industry employment cluster. The development of a training program to offer pipefitters (and other heavily concentrated occupations with similar skill sets) the opportunity to cross-train for jobs in a potential growing industry in the region benefits both the local workers as well as target industry recruitment, as these programs can be marketed to prospects.

All communities heavily dependent on a single industry, or on a small concentration of industries, are vulnerable to unforeseen economic shifts and industrial change.

SUMMARY

As a result of its historical dependence on the petrochemical and military sectors, and systemic changes that are occurring in those industries as a result of base closures and commodity shifts, the Coastal Bend region of Texas saw the opportunity to begin to “fine tune” its employment training and economic development programs to meet the changing needs of the future. Based on the economic diversification strategy developed through a multi-jurisdictional planning authority created as a result of the BRAC process, the region is now moving ahead with enhancing and improving its job training and industry outreach efforts in a coordinated and comprehensive manner.

All communities heavily dependent on a single industry, or on a small concentration of industries, are vulnerable to unforeseen economic shifts and industrial change. This finding is not news. Areas such as Flint, Michigan (automotive industry) and Pittsburgh, Pennsylvania (steel industry), are lasting examples of the potential devastation that changing markets can have on a community. The Coastal Bend experience is a strong example of how a community can be impacted by shifts in government policy as well. Whether dependent on a major industry or a government entity to fuel the local job market, communities that have disproportionate employment concentrations should be actively seeking to diversify their economic base; and in doing so, providing training and educational programs to match the local labor force with identified economic opportunities. 🌐



“Designation by IEDC as an AEDO has greatly assisted our organization in its fund raising efforts. The recognition of excellence serves as a source of pride to our economic development program, contributors, and community.”

– Terry Murphy, Ec.D, CED
Munci-Delaware County Indiana
Economic Development Alliance

ACCREDIT YOUR ECONOMIC DEVELOPMENT ORGANIZATION

THE BENEFITS OF IEDC'S ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION (AEDO) PROGRAM INCLUDE:

- ★ **Heightened visibility** of your economic development organization's efforts in the community and region
- ★ **Independent feedback** on your organization's operations, structure and procedures
- ★ **An excellent marketing tool** to help promote your organization

FOR MORE INFORMATION
GO TO www.iedconline.org
OR CALL **(202) 223-7800.**



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL