



Building on Your City's Economic Strengths

A Municipal Action Guide

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THE CHALLENGE

In a world of competing metropolitan economies, which will be the leaders and which will lag behind? Increasing numbers of city officials and economic development experts believe they know the answer. The leaders, they say, will be those cities that understand and act on a simple fact: PLACE MATTERS.

Despite the widely held belief that technology and globalization have made place irrelevant, it matters in today's economy what individual cities and towns do to make their communities attractive as places to live and work and grow businesses. It matters because the leaders in the 21st-century economy will be those places that become centers of knowledge, innovation, and ideas.

STRATEGIES

Success in today's economy requires local elected officials to think in new ways about the practice of economic development. Instead of competing for business by offering generous tax incentives to targeted businesses, cities should focus on strategic assets, including people and existing businesses, that emphasize and promote their unique strengths.

According to Joseph Cortright, vice president and economist with Impresa Consulting, cities and regions need to position themselves as "first, best, or only" instead of competing exclusively on the basis of cost. This means paying attention to what distinguishes your city or region from

others. What can your region offer that other metropolitan areas cannot? What can it do better than any other place?

These questions will lead cities to an array of action steps for asset-based economic development, such as:

- **Identify and build on your city's distinctiveness.**
- **Support home-grown businesses.**
- **Build and grow business clusters.**
- **Develop the talents and skills of the local workforce.**

ACTION STEPS

Identify and build on your city's distinctiveness. "Places ought to revel in their distinctiveness," according to Joseph Cortright. Businesses (and individuals) decide where to locate for many reasons. Business decision-makers are looking for communities with world-class attributes, including the availability of cultural and recreational resources that will help companies attract and retain the best employees.

Richard Florida, author of "The Rise of the Creative Class," uses the term "quality of place" to define what makes cities and regions attractive to the highly-educated, well-paid workers who are a linchpin of business success in today's knowledge-based economy. A crucial aspect of quality of place, Florida says, is the vibrancy of the city's cultural and community life.

Local elected officials can lead the way in seeking input from residents and business and community leaders about a city's unique characteristics that can contribute to successful economic development. Possible steps include:

- Conduct a survey of local businesses (perhaps in coordination with the chamber of commerce) to solicit their opinions on the strengths of your city or town as a business location — and how to build on those strengths.
- Convene community dialogues with local residents to tap their views about the city's key strengths, and how to nurture them as the basis for economic development.
- Compare your community to national averages in critical areas that inform business decisions, such as: the education level of local workers; the quality of

schools; migration rates; housing costs; the diversity of the population; availability of high-speed internet service; and more.

- Develop a “quality-of-life profile” for your city or town — identifying unique recreational and cultural opportunities, shopping, and other amenities that make your city stand out.

After developing a better sense of what makes your city or town unique, work with business and community leaders to build on those strengths. Among the possible areas of focus:

- *Arts and Culture.* Arts and culture can be a driving force in economic development. City officials can work with partners in business and education to make the city known as a center of “right-brain thinking” that sparks creative problem-solving.¹
- *Historic Preservation.* Economic development expert Donovan D. Rypkema says the historic built environment is more important than anything else in creating a sense of place. He advises local officials to encourage the “adaptive reuse” of historic buildings and to make preservation a centerpiece of a community’s revitalization efforts.
- *Sustainability.* For many businesses and workers, local attitudes toward the environment are a crucial element in determining the desirability of a city or town. Cities can stand out to the extent that they make a determined effort not to allow economic development to threaten the resources needed by future generations.
- *Diversity and Inclusiveness.* Cities that embrace racial and ethnic diversity as a strength and that celebrate the cultural and economic contributions of all residents will have the upper hand in the globalized economy. City officials can take a range of steps to promote diversity as an asset, including celebrating the community’s racial and ethnic diversity and working with community and business leaders to nurture vibrant neighborhoods. Also, by making affordable housing a priority, local officials can ensure that residents at all income levels are able to live in and enjoy the city.
- *A Vibrant Downtown.* A downtown area that serves as a center of community life can connect people to the community while creating a sense of vitality. Investing in your city’s downtown is one of the most important steps cities can take to create a unique sense of place.

Support home-grown businesses. In addition to seeking new investment from outside, many city leaders are setting out to support businesses and entrepreneurs who are already *local*. Locally owned businesses create a sense of community pride, a sense of place. They also can create steady jobs that don’t go away. Growing what you have requires a focus on neighborhood-based strategies that support local initiative. Among the action steps cities can take:

- *Giving entrepreneurs greater access to capital.* Cities can work with foundations and financial institutions to build interest in investing in equity funds. Local officials also can work with others to expand existing institutions and support new institutions to develop these funds.
- *Educating and training entrepreneurs.* City officials can take the lead in convening entrepreneurs and educational leaders to assess the need for entrepreneurial education and training in the region, to develop new programs as needed, and to alert businesspeople about what’s available.
- *Providing strategic support for business incubators.* Business incubators are facilities set up for the express purpose of helping small businesses grow and prosper during the critical start-up phase. They provide everything from affordable rental space to technical assistance. Local elected officials can take the lead in bringing small business incubators to their communities, strengthening those that exist, and assisting incubators as they set out to acquire funding from a range of government and private sources.

Build and grow business clusters. Cluster strategies have become a popular economic development approach for cities and regions. What’s a cluster? It is a group of businesses and supporting institutions that are located near each other, and that get a competitive boost because they are all in the same place. Silicon Valley is the ultimate example of a business cluster, but there are many others: oil and gas in Houston; telecommunications in the Denver region; information technology in Raleigh-Durham.

Local officials can take a number of steps to build and grow clusters of related businesses, including:

- Reach out to businesses that are part of an existing cluster to identify their competitive strengths and needs.

¹ Neal Peirce and Curtis Johnson, “Can the Creative Arts Strengthen Regional Economies?” *Global Urban Development*, Volume 2, Issue 1, March 2006.

Looking Into the Future...

Cities don't stand out only because of what they are now; they also stand out because they have a unique vision of what they want to become. Local officials can engage residents and community leaders in a process to develop a compelling picture or description of a preferred future for their city or town. According to futurist Bob Treadway, a well-designed visioning process should result in:

- A clearly and simply stated description of the desired future.
- A vivid enough picture to excite interest and inspire action.
- A specific enough illustration of the future so there is no mistaking the end result.
- A specific answer to the question, "What do we want to create?"
- A prescription for the future along with the description.
- A set of useful forecasts that cover a range of probabilities.

Treadway says that a well-crafted vision can be elegantly stated in just a few words.

Adapted from a presentation by Bob Treadway to the NLC Advisory Council, May 2006.

- Maintain an ongoing dialogue with cluster members and private-sector cluster organizations and trade groups.

EXAMPLES OF PROGRAMS

Lexington, Tennessee (pop. 7,667) Through its vigorous efforts in industrial recruitment, job development, and downtown beautification, Lexington demonstrates how small cities can thrive economically. The city initially focused on recruiting a wide range of industries that provide services for manufacturers. Lexington's investment in its own infrastructure fueled the industrial growth. The city established a Main Street Project to beautify the downtown area and ease traffic flow. Other efforts have included a \$3 million expansion of local schools, a \$2.5 million satellite campus of

- Figure out the unique policy approaches that will help make specific clusters successful. For example, a technology cluster may need help with research or capital, while a metals industry cluster may require assistance with job training or technology deployment.
- Foster an environment that helps new clusters emerge rather than creating a specific cluster from scratch.

Develop the talents and skills of the local workforce. Human capital, according to many experts, is now the most important asset in the global economy — and it is inherently local. As a result, what cities do to develop their "human assets" is crucial to their economic success. It's not just about attracting and supporting the highest-paid segments of the labor force. Based on the premise that poor people are "underutilized assets," many government and business leaders are adopting strategies to tap this enormous and underused resource.

It is clear from NLC's work that municipal leaders have many opportunities to play an influential role in the local workforce development system — for example, by participating in local workforce investment boards; by making sure the local workforce development system is responding to local and regional priorities and needs; and by convening key public and private players.

Municipal governments also can partner with local schools to make sure K-12 students are developing the knowledge and the skills they need to succeed in today's economy — and to encourage more high school graduates to get a post-secondary education. In addition, local elected officials can play an important part in bringing businesses together with institutions of higher education (including community colleges) to create new and expanded programs emphasizing key skills and job requirements.

Jackson Community College, and a planned widening of highways to make access to Lexington easier.

Downers Grove, Illinois (pop. 49,094) A strategic multi-disciplinary team within the Downers Grove Economic Development Commission synthesized a wealth of data to develop a marketing campaign to publicize positive aspects of the village. The resulting "Come Home" campaign is promoted via a variety of channels: brochures, Web sites, flyers, premiums, newsletters, CDs, videos, and even ice

sculptures. Businesses, civic organizations, residents, and the village incorporate the message into their activities, effectively creating a unified voice.

Redding, Connecticut (pop. 8,646) The Gilbert & Bennett Wire Mill Redevelopment plan in Redding calls for the transformation of a brownfield site into a mixed-use neighborhood. The town has a partnership with a developer who paid the tax lien in full and cleaned up the 55-acre contaminated industrial site. The town hosted a week-long public workshop to develop the design for the new neighborhood. Plans include a variety of housing styles, shops and restaurants, office space, a performing arts center, and a health facility with a public pool. Fifteen of the site's historic buildings are slated to be rehabilitated, and 21 new buildings are to be designed in a historically sensitive manner. Trails, wide sidewalks, short blocks, and narrow streets make the plan pedestrian-friendly. Redding expects that the neighborhood will create more than 1,700 permanent jobs and provide the town with \$4.7 million in new annual property tax revenues.

Fresno (pop. 461,116) and **Clovis** (pop. 86,527), **California** The Regional Jobs Initiative was started in 2003 by the towns of Fresno and Clovis and now includes hundreds of private and civic organizations. All are dedicated to the ultimate objective of generating long-term, sustainable economic development in the Fresno Region by diversifying the industrial and economic base to combat chronic, double-digit unemployment. Task forces identify existing and emerging industry clusters where the region has a competitive advantage, and then devise strategies that improve the region's climate in each cluster for innovation, business creation, expansion, and retention.

Boston, Massachusetts (pop. 559,034) TechCtr@Boston is an office center that provides state-of-the-art technology infrastructure for new high-tech businesses. The idea for the center came from an advisory group made up of city and private interests. It was decided that the city would act as a catalyst to get the project started, but the private sector would quickly take it over. The group found an appropriate building for the project. As the site was being redeveloped, the group marketed the new center at technology expositions and on the Web. By the time the center was completed, it was already two-thirds occupied.

Kenai, Alaska (pop. 7,464) As part of a larger economic development plan, Kenai developed the Alaska Regional Aircraft Fire Training Center. The Center provides training for airport, aircraft, and support personnel in the areas of fire suppression and safety management. Trainees come from all fifty states and Canada for courses that range in length from three days to eight weeks. The constant influx of trainees brings in tax dollars from housing, food service, car rental, public transportation, and various retail expenditures. The facility employs five full time and 40 or more part time instructors and support staff. It was developed with \$3 million from the City of Kenai Airport Fund, \$9 million from the Federal Aviation Administration (FAA), and \$3 million from private sources.

Portland, Oregon (pop. 533,427) Portland State University's Business Outreach Program assists minority entrepreneurs in the Albina neighborhood to start and grow their own businesses. Albina is one of Portland's poorest neighborhoods, with a majority African American population, and growing Native American and Southeast Asian communities. University students and faculty, in partnership with local economic development agencies, provide services such as training and long-term mentoring, as well as resources including computer access and business software. In two years, the program served more than 80 small businesses.

Denver, Colorado (pop. 557,917) Denver's Scientific and Cultural Facilities District, covering seven counties in the metropolitan area, was created by voters in 1988 to provide a consistent source of unrestricted funding to scientific and cultural organizations. The voters' approval ratified legislation passed by the Colorado State Legislature in 1987 that outlined eligibility definitions and the district funding formula. Since then, the district has provided more than \$480 million to more than 300 organizations in the arts and natural and cultural history via a 0.1-percent retail sales and use tax.

For more information, please visit the Economic Vitality page on NLC's web site at http://www.nlc.org/inside_nlc/7253.cfm or contact Melissa Germanese or Katie Seeger at 202-626-3000.

