Economic Development Strategies for Small and Mid-Sized Cities

2016 Leadership Summit

Trainer(s):

Mark Goodman
President
Goodman and Associates, Economic Development Consulting

Emily Brown
Director of Applied Research
International Economic Development Council
Economic Development Strategies for Small and Mid-Sized Cities

8:00 am – 9:00 am  Registration

9:00 am – 9:15 am  Welcome
Host’s welcome, introduction of topics, speakers, and participants

9:15 am – 10:45 am  Introduction to Economic Development – Mark Goodman
An overview of the key topics in the system and practice of economic
development. A discussion of your role as a local leader, as well as that of
partners in the region, state, federal government and private sector. Key
competencies of economic developers. Discussion questions will include:

- What is economic development and who does it in your community?
- What makes your community a good place to invest?
- What are you hoping to gain from this course?

10:45 am – 11:00 am  Break

11:00 am – 12:00 pm  Thinking Strategically About Your Economy and the Future – Emily Brown
The economic development strategic planning process, what should be in your
plan, key economic indicators and metrics for your state, determining targeting
industries, cluster development, engaging your community, pitfalls to avoid in
the planning process.

12:00 pm – 1:00 pm  Networking Lunch

1:00 pm – 1:45 pm  Business Retention & Expansion: Growing from Within – Mark Goodman
Where does local business retention and expansion fit in with regards to
planning and practice in your community? How do you engage your business
community? The importance of BRE in economic development and your role.

1:45 pm – 2:30 pm  Understanding the Marketing & Attraction and Site Selection Process – Mark
Goodman
Being prepared for business, marketing your community, the site selection
process, community development concepts. Understanding the retail attraction
process. The site selection process, community development concepts.

2:30 pm – 2:45 pm  Networking Break

2:45 pm – 3:30 pm  Promoting Entrepreneurship & Supporting Small Businesses – Emily Brown
Why it’s so important to promote entrepreneurship. How to measure
entrepreneurship and small business growth: a demonstration of the
YourEconomy.org tool. Entrepreneurship support networks and your role.
<table>
<thead>
<tr>
<th>Time</th>
<th>Session Title</th>
<th>Description</th>
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<tbody>
<tr>
<td>3:30 pm – 4:15 pm</td>
<td><strong>Workforce Development for Sustained Economic Growth – Emily Brown</strong></td>
<td>The importance of the workforce development in business attraction and retention. What is your role in workforce development? Building a workforce pipeline involves seeking out employers’ workforce needs and coordinating regional resources and federal programs.</td>
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<tr>
<td>4:15 pm – 4:30 pm</td>
<td><strong>Wrap Up</strong></td>
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Business Retention and Expansion: Growing from Within

Mark Goodman, President, Goodman & Associates
What is Business Retention and Expansion (BRE)?

- Core program of economic development

- Designed to
  - retain or keep existing businesses in a community
  - provide assistance for businesses to expand

- Primarily implemented at local community level
Key Facts About BRE

80%+ of growth comes from expansion of existing firms

BRE is essential intelligence gathering

BRE can help speed up local investment

It can also slow down, or even stop businesses from leaving
Why Businesses Relocate

- Unfavorable changes in costs
- Expansion and need for additional facilities
- New products that require different infrastructure
- Trouble with workforce
- Better opportunity in another location
TEAM BUILDING

RELATIONSHIP BUILDING

RESPONDING TO NEEDS

MANAGEMENT AND FOLLOW-UP

BRE Program Components
BREAKOUT GROUP DISCUSSION:

1. As leaders of your community, how do you build relationships with your businesses?

2. What issues have you encountered and how have you solved them?
Properly Implemented BRE Programs

- Increase competitiveness, maximize growth potential
- Remove or mitigate local obstacles
- Develop contingency plans
  - Company closings & economic changes
- Maintain confidentiality, follow code of ethics
BRE Program Partners

- Economic development organizations
- Workforce organizations
- Local and county government
- Chamber of commerce
- Local business associations
- Utility companies
- Educational institutions
- Individual business leaders
BRE Program Example: O’Fallon-Shiloh, Illinois Chamber

Village of Shiloh – pop. 11,000

City of O’Fallon – pop. 28,201

The O’Fallon-Shiloh Chamber has a formal BRE program that puts out a business survey with 25 questions.

The purpose is to learn about local businesses, identify challenges and opportunities to help them stay in the community and grow.

2014 results and key issues were organized into a SWOT analysis:
Red Flags/Responding to Needs

• Analyze data and information from businesses
  o Immediately respond to red-flag issues
  o Develop long-term programs, policies and strategies that address concerns

• Develop customized solutions
Best Practice: NW Missouri’s Early Warning and Support System

In 2006, 19 businesses closed leaving 236 unemployed.

As a result, the Northwest Workforce Development Board which serves 18 counties created “Business Retention Early Warning Network” (NW-BREW).

County and city officials, public service organizations and the private sector created a team to focus on problem solving for and support for businesses in trouble.
Importance of the Right Response
Technical Assistance

• Creates tremendous goodwill
• Increases competitiveness in wider marketplace
• Assists with expansions that add new jobs
• Hinders relocation to other areas
• Helps biz survive economic difficulties
Technical Assistance Examples

- Economic Gardening Initiatives, Analytics Programs
- Continuity Planning, Pre/Post-Disaster Planning
- Partnerships, Angel Networks
- Site Selection Assistance
- City, County & State Incentives
Utility-related Assistance

- Information on available land & facilities
- Free or subsidized energy audits
- Access to engineers
Incentives

• **Important tool in BRE programs**

• **Rationale**
  o It’s easier to keep jobs than create new ones
  o Companies that have invested are more likely to stay

• **Can be linked to significant new investment dollars for equipment & machinery or creation of jobs**
Financial Incentives
Major Industry Losses

Support is often available from these federal agencies:

EDA
U.S. Economic Development Administration

Department of Labor
United States of America
From simple, individual efforts to structured, regional programs, building relationships with your businesses – BRE makes a difference.

Some examples...
EX: Recognizing Local Business Achievements: Montgomery, Alabama

• “Success Starts Here”: The Montgomery Area has a business retention and expansion initiative featuring its target industries.

• Local elected leaders, businesses and media formally tour expanding industries and acknowledge local firms that are growing.

• The effort won an IEDC economic development award in 2011.
EX: Solving Business Problems: Scottsburg, Indiana

Mayor William Graham – 6 terms

By communicating with local businesses, the Mayor learned that the town faced losing 2 employers with over 60 employees because of the lack of high speed internet.

The town of 6,000 pop. couldn’t afford it.

He researched federal grants and identified a strategy to bring a high-speed web to the community.

He later started a science and technology center in the town to drive innovation, and undertook downtown beautification efforts.

Founded Scott County Economic Development Commission
In summary:
What BRE Can do for Your Community

Impact on Businesses → Informed response = Jobs created or retained

Leveraged Resources → Community Pride

Questions?
Economic Development Strategies for Small and Mid-Sized Cities

November 16, 2016
Mark Goodman
President
Goodman and Associates, Economic Development Consulting

#NLCU
Introduction to the Practice of Econ Dev: A Conversation

Mark Goodman, President, Goodman & Associates
Local Leadership and Effective Economic Development

• What is Local Economic Development?
• Who is “doing” Economic Development in/for your community?
  • Who is the POC?
  • Do you know what others are saying about your community on your behalf?
  • Impact of Local Competition
  • Is there Transparency?
• What are the Greatest Threats to the Practice of Local Economic Development? (Group Discussion)
• Options for Local Economic Development Representation

NLC NATIONAL LEAGUE OF CITIES
Local Leadership and Effective Economic Development

• What issues / topics would you like to see discussed in this program?

(handout)
Economic Development Strategies for Small and Mid-Sized Cities

November 16, 2016
Mark Goodman
President
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#NLCU
Economic Development Marketing and Attraction

*Mark Goodman, President, Goodman & Associates*
True or False?

We can handle all our economic development needs alone.

Any new business is right for our community.

Our local economic development director will turn our economy around.
True or False?

**True: Toyota will locate here if we provide enough incentives.**

**False: One big manufacturer will solve all of our economic problems.**

**True: The State (or utility partners) controls where businesses locate.**
True or False?

A community’s best business recruiters are their existing businesses!

Site consultants increasingly expect community $ participation on projects!

Incentives should be a negotiating tool that provides a “Return on Investment”!
Business Development

- Wholesale
- Hospitality
- Retail and Services
- Gov’t
- Manufacturing
- Extraction
- Tourism
- Housing
- F.I.R.E.
- Community (Product)
Economic performance is measured by...

Exports

Surplus vs Deficit

Goods

Services
Basic vs. Non-Basic Industries

Basic Industry

Export Industries

Manufacturing
Selected Services
Tourism
Basic vs. Non-Basic Industries

Non-Basic Industry

- Dependent on basic industries
- Re-circulates imported $$ such as retail
- May be a mix of basic and non-basic activity
- Essential to
  - creation of “quality of life”
  - preventing leakage

Everything else

“Service”
The Multiplier Effect

- New basic sector income and employment
  - Generates new basic and non-basic sector income and employment
  - Local and regional economy grows more than the original basic sector growth
Economic Impact

**Identify**

- Jobs, payroll, and taxes collected in and around the community
- Capture / leakage of impact effects to / from the community
- Community costs associated with development

**ANALYSIS!!**
Example:

A company with approx. $20m payroll

<table>
<thead>
<tr>
<th>Jobs Affected</th>
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<tbody>
<tr>
<td>Direct</td>
<td>800</td>
</tr>
<tr>
<td>Indirect</td>
<td>2,834</td>
</tr>
<tr>
<td>Induced</td>
<td>730</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,364</strong></td>
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</table>
Leakage

Money injected into local economy through the basic sector

Leaves the local economy

Try to minimize!
How does your economy grow?

Start-ups and entrepreneurship
Growth of existing companies
New business attraction

- American companies that want to relocate
- Direct foreign investment
Characteristics of a local program

- Competitive and frustrating
- Expensive
- Success takes time
- Technology impacts selection process

- Target-focused and incentive-based
- Based upon community assets
- Needs due diligence
- Easily quantifiable
- Unpredictable
How businesses assess locations

- Access to markets
- Skilled workforce
- Availability
  - Raw materials, adequate utilities
  - Intermediate goods & services
- Transportation access and type
- Quality of life factors

- Infrastructure
- Cost of doing business
- Overall business climate
  - How friendly is the community?
  - Are elected leaders supportive and approachable?
  - Ease of doing business
  - Taxes and fees

WHAT CAN YOU IMPACT??
Understanding marketing requires understanding the site selection process

Define Requirements
Broad Screening and Cuts
Identifying a Short List and Conducting Site Visits
Negotiating Incentives (OPTIONAL)
Finalizing the Project
Retail Analysis

- Retail Sales
- Retail Trade Areas
- Business Directory
- Retail Capture / Leakage
- Demographics
Your focus should target companies that:

- Match your assets
- Coincide with your economic development goals
- Have investment and growth potential that will help to diversify your economy
Essential marketing techniques for areas with a small population and budget

- Website and social media
- Press releases
- Building relationships
  - Through your local businesses and their contacts
  - Targeting supply chain linkages
    - Who is doing business with your businesses?
...For Larger Communities and Regions

- E-Newsletter
- Hire a professional firm to manage publicity & newsletter
- Printed brochure
- Advertise in site selector or industry magazines (if budget allows)
- Trade shows
- Site selection or industry conferences
- Local programs or events you host
ED Marketing Advantage: A Distinguishing Brand

Must be...
1. based in reality
2. believable
3. simple
4. appealing
5. distinctive
How rural counties are describing themselves in websites

“Cozy”
“Historic”
“Hub county”
“Recreation”
“Bedroom community”

Would these attributes attract businesses?
Is there a way to describe your community that would be more memorable?

Source: International Place Branding Yearbook
Western Illinois University, Frank M. Go, Robert Govers, 2012
EX: Place Branding
Pella, Iowa

- Memorable brand based on cultural heritage, “A Touch of Holland”
- Known for tulips, charming heritage sites
- Strategy for attraction of residents, visitors and businesses
EX: Place Branding Vancouver, Canada

- Vision: Be a leader in comprehensive environmental sustainability as a means of attracting residents, businesses, visitors who value this quality of life.
- Share Vancouver’s image globally as a mecca of green enterprise
- Targets: Double green jobs by 2020
  - 35,000 green jobs
  - Double companies engaged in green business by 2020
  - Attract world-class, environmentally conscious, businesses
Lessons Learned in Attraction

- **Do not** rely on attraction as the only approach; taking care of your existing businesses should be the first priority.

- Investments in attraction must be "patient money".

- Attraction is not based solely on marketing.
  - Competitiveness & comparative advantages are essential = *Value Proposition*
Trends in Incentives

- Used widely in the U.S. – seen by some as necessary to compete, but often controversial
  - $70-80 billion in state and local incentives awarded annually
  - Illinois’ Governor has cut incentives from the state budget

- Legality of incentives varies among jurisdictions
First Course of Action: Offer Non-financial Incentives
Common Non-Financial Incentives

1. Data
2. Available building/sites listings
3. Detailed information on certified sites, available sites and buildings
4. Introductions to community leaders
5. Permitting guidance
6. Logistics assistance
7. Assistance with regulatory issues
8. Labor market analysis
9. Inventory of educational programs
10. Peer-to-peer employer experience interviews that allow prospects to speak with other community businesses

Holly Hill, Florida, Pop. 11,700

Mayor John Penny and Chamber get involved in encouraging motor sports businesses – taking advantage of proximity to Daytona Beach

Incentives: detailed business information, free workforce training, business-to-business introductions, a special zone for motor sports businesses

Attracted 6 new firms over 2 years

EX: Workforce Development Non-financial Incentive

- Louisiana “FastStart” program - award for the best workforce program in the U.S. - Business Facilities magazine
- Free customized employment screening, interviews, training for targeted industries
- Companies must commit to adding 15+ full time jobs
Loans

- Industrial Development Bonds (IDBs)/ Private activity bonds (PABs)
- Revolving loan funds (RLFs)
- Forgivable loans
- Loan guarantees
- Interest rate subsidies
Other “Incentives”

- Grants
  - Training grants
  - Wage subsidies
  - Export promotion grants
  - Deal-closing funds
- Equity investments
- Government fee discounts
- Hybrids
  - Tax increment financing (TIF)

Source: Just the Facts: Kentucky Business Investment (KBI) Program
Site Selection and Incentives

- Goal is to select best location to do business

- Many site selectors are paid commissions on incentives negotiated. This means they will push for them.

- However, incentives are usually not the most important selection factor to the business long-term.
Before you consider an incentive...

Identify
- Goals
- Targets

Design
- Strict written guidelines

Measure
- Cost-benefit
- Rate-of-return
Examples of Criteria

- But-for conditions
- Minimum private investment (ratio to public)
- Maximum public investment (ratio to private, per job)
- Local purchases/capital expenditures
- Number of temporary and permanent jobs created
- Minimum pay/benefits per worker
- Local hiring requirements
- Increase in the tax base
- Contribution to a cluster
- Minimum return

**Number of jobs created**
- Vary according to company size
- May be linked to amount of capital investment

**Quality of jobs**
- Measured in terms of the wages and benefits
- E.g. at or above the median for the municipality

**Minimum investment requirements**
Monitor and Evaluate

- Critical in use of incentives
- What are expected returns to community and government? What are costs?
- What are the ideal, expected, and minimum acceptable returns?
Transparency

- Prepare regular reports on the incentives you have given
- Audit when possible
- Communicate value of incentives to taxpayers:
  - How incentives support ED strategy
  - Public dollar commitments
  - Private investments and jobs
  - Returns
EX: Best Practice in Regional Cooperation: Ohio

- Identified key community objectives via strategic planning
- Agreed to cooperate regionally and not poach from one another
- Set a business-friendly tone through non-financial incentives
  - Training, rapid permitting, technical assistance
- Trained staff and acquired software to manage incentive portfolio

Cleveland and other cities in Cuyahoga County forged an anti-poaching agreement
EX: Best Practice in Monitoring
ROI: Maine

- 2014 evaluation by third-party consultants
- Cost-benefit model on impact of incentives to the state
- Estimated rates of return
  - Best performing program: 19% per year return
  - Worst performing program: -22% per year return
- Recommendations to reform incentives by increasing effectiveness, transparency, accountability, evaluation capacity
EDRP Reports: Alternative Incentives

“More than Money: Alternative Incentives that Benefit Companies and Communities” (2014)

- Results of a North American study
- Discusses 40 types of non-financial incentives
- Findings: alternative incentives are common and effective
- Case studies
- Available at www.iedconline.org
EDRP Reports: Using Incentives Strategically


- Talent attraction and development
- Brownfields
- Entrepreneurship
- Small business development
- Placemaking
- Smart growth
- Export development

Available at www.iedconline.org
Ask these questions when considering incentives...

- Is this incentive necessary? (BUT-FOR test)
- Have we used non-financial incentives first?
- Can we leverage state incentives?
- Do incentives support the community’s growth strategy?
- Are we monitoring and reporting on our incentive investments?
- Are incentives strengthening our economy?
At the end of the day, businesses shouldn’t come for incentives. They should come and stay for all the other factors. Ask yourself:

...stay here?

Why would anyone...

...move here?
Quality of Place

- Crime
- Retail/Services
- Culture
- Schools
- Recreation
- Health care
- Entertainment
- Housing
- Churches
EX: Leadership
Tulsa, Oklahoma

- Mayor Susan Savage, 2003-2011
- Focused on neighborhood revitalization, improving infrastructure, public safety, cultural and correctional facilities
- Results: unprecedented job and personal income growth, outpacing the U.S.
- Tulsa ranks 3rd among 44 U.S. cities for government services
- One of the nation’s 25 “mayors to watch” 1996, Newsweek
EX: Leadership
West Sacramento, California

- Mayor Chris Cabalden, 2004-present
- Pop. 50,000
- His work on economic development, housing, transportation, land use and climate change – a model for collaborative community action
- Led “Sustainable Growth Through 2050,” a multi-county sustainable economic development plan for an inclusive, age-friendly community with target industries that provide high-paying jobs
In summary...

1. Market your location to your businesses first
2. Establish a positive image and attitude
3. Continually strive to improve your community’s assets
4. Market your unique assets to the kinds of companies that are looking for more than just a bargain

Questions?
Economic Development Strategies for Small and Mid-Sized Cities

November 16, 2016
Emily Brown
Director of Applied Research
International Economic Development Council

#NLCU
An Economic Developer’s View of Entrepreneurship and Small Business

Emily Brown, Director of Applied Research, IEDC
The value of small businesses and entrepreneurs
Programs that make a difference
Measuring growth
How you can make a difference
Small businesses make up a whopping 99.7 percent of U.S. employer firms, accounting for 63% of the net new jobs created between 1993 and mid-2013. Since the end of the recession, small firms accounted for 60% of the net new jobs.

 Nicole Mueller of Startup Production was awarded the 2015 Home-Based Small Business Advocate of the Year award
Stats & Realities

- **US has 28.4 million small businesses**
  - 5.7 million have employees
  - 56 million people are employed by small businesses
- **97.7% of US exporting firms are small**
  - 1/3 of the nation’s total export value
- **Realities**
  - Most start-ups fail within 18 months
  - 40% survive 5 years of operation
  - 10% survive a decade

*Sources: SBA 2015 Small Business Profiles; ITA*
Small Business and Jobs

Index, January 2008=100

Sources: ADP, LLC; Moody’s Analytics; BLS
Note: All size data included in the ADP National Employment Report is based on size of business, defined as an entity with a unique Employer Identification Number, which may include multiple establishments. Sum of components may not equal total due to rounding.
EX: Small Businesses in Alabama

Alabama’s small businesses employed about half of the state’s private workforce in 2012.

Almost all firms with employees are small (96.8 percent).

Figure 1: Alabama Employment by Size of Firm

- 500+ employees: 17%
- 1-19 employees: 17%
- 20-99 employees: 14%
- 100-499 employees: 52%

Source: SBA Small Business Profile
Value of Small Business and Entrepreneurs

➢ Employers – create new jobs and hire part-time workers
➢ Tax revenue generators – broaden the tax base, thus generating more tax revenues
➢ Economic supporters – buy and supply local products and services
➢ Innovators – bring new products and services to the market

*Think of this as the next generation of our economy.*
Roles of Small Business and Entrepreneurs (cont.)

➢ Property owners and renters – lease local space and fill vacant storefronts

➢ Providers of economic stability – often have a personal stake in the community, and are more likely to remain
What is a Small Business?

➢ SBA threshold = 500 employees
   ➢ Many analysts use 20 employees or less

➢ Microenterprises = fewer than 5 people
   ➢ Often home-based operations
Small Business Development Stages

- Creating the Business Idea
- Formalizing the Business Plan
- Opening the Business
- Expansion and Growth
Second Stage Companies

- Second-stage companies are those that have grown past the startup stage but have not yet grown to maturity. They have enough employees to exceed the comfortable control span of one owner/CEO and benefit from adding professional managers, but they may not have a full-scale professional management team.
SMALL BUSINESSES ARE EXTREMELY OPTIMISTIC ABOUT 2015.
95% EXPECT REVENUE GROWTH IN 2015; 51% EXPECT TO GROW BY OVER 20%

51% UP 20%+
44% UP 5-20%
3% FLAT
1% DOWN 5-20%
1% DOWN MORE THAN 20%

Source: Kabbage Inc. 2015 Small Business Growth Index survey
Key Challenges for Entrepreneurs & Small Businesses

1. Determining form of enterprise they should start
2. Deciphering legal regulations and codes
3. Understanding tax requirements
4. Writing a business plan
5. Access to capital
6. Financial management techniques
6. Market and competition analysis
7. Workforce development
8. Commercialization and technology-transfer programs
9. Exit strategies when owner wishes to sell
Promoting the Creation of Small Businesses

Connect the dots: Promote opportunities between small and large firms

Talk with your small businesses about their views

Recognize small businesses through awards and appointments
How to support entrepreneurs

➢ Leaders need not be experts, but can act as nurturers, conveners, and resource brokers

➢ Ensure entrepreneurial development is integrated into your ED strategy

➢ Business incubators provide essential networking functions

➢ Dialog – host forums where you talk with small businesses
Improving Access To Capital

First, understand available financing options

Determine why there is a problem

Decide what role your community and EDO will play
Financing for Entrepreneurs

Debt financing
• Offer loan program based on ability to repay & borrower collateral
• Owner does not lose any ownership/non-dilutive

Equity financing
• Owners give up portion of ownership/dilutive
• Does not require repayment
• Capital used to leverage debt
• Typically from venture capital firms & angel investors
What You Can do to Help Close the Lending Gap

➢ Encourage local lenders to launch a small-business lending program

➢ Persuade banks and investors to invest in a CDFI
   ➢ ensure that technical assistance is included

➢ Encourage local financial institutions to establish a bank CDC

➢ Support the establishment of a Revolving Loan Fund (RLF)
Closing the Lending Gap

➢ Support the creation of microenterprise lending programs

➢ Advocate for local access to a Small Business Development Center and U.S. SBA programs
Mayor Antonio Villaraigosa

Small dollar loans are accelerating job growth in LA, where there are 325,000 small businesses employing nearly 2 million people. This is the nation’s largest small business community.

Kiva City LA is a collaboration between the Mayor’s Office of Small Business; VEDC (Valley Economic Development Center), Kiva, and Visa Inc.

Anyone with access to the internet can support small business owners, local economies, and local jobs in LA. The initiative promotes microfinance opportunities among small business owners and entrepreneurs.
Best Practice: Incorporate Youth Entrepreneurship into Local Schools

➢ Instill entrepreneurial spirit in the community’s young
➢ Entrepreneurs tend to start businesses between the ages of 25 and 40
➢ Training can incubate new firms that will remain in the community
➢ “Retirees” are another good source of entrepreneurs
Example: Rural Entrepreneurship through Action Learning (REAL) – North Carolina

➢ Began in North Carolina in 1985
➢ Students learn how to plan, open, create, and operate small businesses
➢ 12,000+ entrepreneurs have received intensive training
➢ 500+ high school, college and community-based organizations have completed professional development seminars, institutes.
➢ 1,500+ entrepreneurs, bankers, accountants, and others have assisted participants through REAL’s Community Support Teams.

Source: http://www.entrekeys.com
Technical Assistance for Entrepreneurs

➢ Help determine best form of enterprise
➢ Decipher legal regulations and codes
➢ Understand applicable tax requirements
➢ Help write a business plan
➢ Teach financial management techniques

➢ Workforce development
➢ Commercialization & technology-transfer programs
➢ Exit strategies
➢ Market and competition analysis
➢ Marketing plans

Louisiana Small Business Development Center
Economic Gardening

➢ Provides competitive business intelligence as a way to help companies grow
➢ Sophisticated data mining assistance
➢ Geographic information systems (GIS)
➢ Economic developer acts as facilitator
   ➢ Leveraging public and private sector resources

Chris Gibbons, founder of Economic Gardening concept
Business Incubators

 ➢ Used to encourage and support young companies
 ➢ Provide new firms with affordable space
 ➢ Give technical and managerial support
 ➢ Assist in securing financing
 ➢ Help locate qualified employees
Discussion Questions:

1) How would you rate your business climate for entrepreneurship and small business?

2) What is your community doing to help entrepreneurs and small businesses?
Key ways elected officials can spawn and support new businesses

- Simplify licensing procedures
- Streamline rules and regulations
- Ensure there are small business programs in your community
- Make resources available:
  - Educational programs for youths
  - Training and technical assistance
  - Financing
Example: Memphis, Tennessee

➢ Former Mayor A.C. Wharton Jr.

➢ In a program designed to reduce crime and revitalize neighborhoods, Memphis launched a program for small business.

➢ The city launched a Small Business Center, restructured Neighborhood Business Development Centers, launched a microlending program, and appointed the city's first Chief Small Business Officer.

➢ A pop-up market was established in Southern Memphis, part of MEMFix, a program that empowers neighborhoods to transform city blocks into temporary community gathering places -- through pop-up shops, marketplaces and painting projects, or by improving street design to increase walkability and biking.
Business Acceleration Example: Philadelphia, Pennsylvania

➢ Mayor Michael Nutter

➢ 2014 Public Official of the Year, Governing Magazine

➢ Oversaw the city’s first comprehensive plan in more than 50 years -- takes into account the growing number of young professionals and small and innovative businesses drawn to the city.

➢ Small business is thriving: 73% expect to meet or exceed revenue goals. 54% are projecting a growth in sales and revenue. 13% of expect 2015 to be their best year to date.

➢ Established new city procurement process allowing new small businesses to respond to RFPs. The program is helping to accelerate business growth
How do you measure progress?

• Number of small businesses assisted
  • type of assistance, $ value of assistance provided
  • Ratings of the business climate
  • Amount of financing provided
  • Number of individuals trained in entrepreneurial training programs
  • Events/programs launched

• www.YourEconomy.org
  • Sustainability and growth of locally grown companies
  • Number of jobs created or retained
  • Tax revenues grown
Long-term Goal for Business Creation and Entrepreneurship

➢ More business starts as compared to population over time
➢ Diversity of entrepreneurs and small businesses

Thank you!
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#NLCU
Thinking Strategically About Your Economy and Your Future

Emily Brown, Director of Applied Research, IEDC
Raise your hand if your community or region has a strategic economic development plan and/or a CEDS.
Discussion Questions

What is one goal your community or region is focusing on from the strategic plan?
Strategic planning = a living vehicle for community leaders to think strategically, to make sound decisions, to focus efforts & to develop consensus for collaboratively solving problems

• Engaging broad spectrum of people

• Inspiring people to work together

• Putting individual efforts toward best benefit of collective whole

• Process that requires one or more CHAMPIONS
An essential management tool to reach ED goals...

- Helps visualize the outcome
- Defines direction for yourself and others
- Gives basis for allocation of resources
- Tool to motivate and mobilize community

Failing to Plan = Planning to Fail
What should be in your plan?

➢ Vision, goals, objectives
➢ Analysis
➢ Market segments
➢ Target industries
➢ Strategies and tactics
➢ Performance benchmarks and evaluation
➢ Implementation plan
  ➢ This can be attached or separate from the strategies document
Strategic Planning Process

• Organizing and pre-planning
  • identify and recruit players and stakeholders
  • create organizational structure
  • determine resources

• Visioning

• Assessing community and economic competitiveness
  • evaluate and define your situation

• Identifying issues & formulating realistic goals, objectives and strategies

• Laying out the strategies and implementation plans
Importance of the Leadership Team

- **Guide**
  - Setting overall direction

- **Organize**
  - Structuring the process

- **Manage**
  - Identifying & maintaining resources

- **Bridge**
  - Connecting people with people & resources

- **Oversee**
  - Providing ongoing oversight
Local Leadership Role

• Defend the need for planning to your community

• Fund the process and/or implementation

• Be a leading supporter of the process:
  • Give your own input and vision
  • Attend meetings at key junctures
  • Sponsor public hearings

Monroe, LA
Consensus Matters

• Strive for a thorough 360 degree view

• Community involvement at every opportunity

• Few projects succeed/sustain without it

• Stakeholders should be involved and engaged
Essential First Step: Understand Your Economy

➢ Gather as much data as possible on local and regional economic conditions
  ➢ Unemployment, types and sizes of firms/industries, wages, income, new business starts, retail sales, housing prices, types of imports and exports, number of businesses closed

➢ Population Size and growth, age, education level
  • http://quickfacts.census.gov/qfd/index.html

➢ Labor Force Statistics
  • Participation, occupations, skills, commuter characteristics
  • Louisiana: http://www.bls.gov/eag/eag.la.htm
Your analysis should include:

• Provide qualitative and quantitative info
  • Economic dashboard indicators
  • Explanation and interpretation of trends in the economy
• Strengths and weaknesses
  • SWOT analysis, discussion of assets
• Recognize comparative advantages
  • Location quotients, import/export data
EX: Labor Force and Employment in Louisiana

http://www.louisianacommercialrealty.com/2012/11/believe-it-or-not-louisiana-unemployment-better-than-national-rate/
Unemployment Rate (\%)
Your Community’s Place in the Regional Economy

How do you define your region?

How does the strength of your community depend on or impact others?

What assets do you contribute to the regional economy?
## EX: Ouachita Parish Location Quotients

<table>
<thead>
<tr>
<th>Industry</th>
<th>Ouachita Parish, Louisiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Industry: Total, all industries</td>
<td>1.00</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>0.26</td>
</tr>
<tr>
<td>Construction</td>
<td>1.03</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.86</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>0.98</td>
</tr>
<tr>
<td>Information</td>
<td>1.19</td>
</tr>
<tr>
<td>Financial activities</td>
<td>1.23</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>0.77</td>
</tr>
<tr>
<td>Education and health services</td>
<td>1.36</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>0.95</td>
</tr>
<tr>
<td>Other services</td>
<td>0.80</td>
</tr>
<tr>
<td>Unclassified</td>
<td>0.10</td>
</tr>
</tbody>
</table>

http://data.bls.gov/location_quotient/ControllerServlet;jsessionid=897198E2811989BDD0048CBE610C98F.tc_instance3
Clusters

- Proximity of companies in the same industry
- Increases competitiveness
- The presence of clusters usually means presence of a workforce

Your role:
- Understand that clusters exist
- Help ensure the needs of the clusters are being met: conducive regulatory environment infrastructure, workforce training, research facilities
Targeted Industries Strategy

What industries are the best prospects and best fit for the economic assets of a community and its overall economic development strategy?
Louisiana’s Industry Clusters

➢ Business Services
➢ Distribution/Electronic Commerce
➢ Construction Products and Services
➢ Oil and Gas Production and Transportation
➢ Hospitality and Tourism
➢ Water Transportation
➢ Education/Knowledge Creation
➢ Insurance Services
➢ Financial Services
➢ Production Technology/Heavy Machinery
➢ Food Processing and Heavy Manufacturing

http://www.clustermapping.us/region/state/louisiana/cluster-portfolio
health services and professional & business services are major employment drivers
Shift-Share Analysis: Industry Share of Employment

This chart provides greater context for employment changes.

Source: U.S. Bureau of Labor Statistics
✓ Interactive database with over 50 million open data records on industry clusters and sub-clusters.

✓ Comparable at the State, Economic Area, MSA or county level.

Tools: Cluster Mapping

[Image of cluster mapping tool showing a map of the United States with various clusters depicted in different colors.]

NATIONAL LEAGUE OF CITIES
Tools: Cluster Mapping
More Tools: OnTheMap

Louisiana Inflow/Outflow Analysis

http://onthemap.ces.census.gov/
OnTheMap Continued...

Louisiana
Work Area Profile Analysis
More Things to Know

➢ Physical conditions
  ➢ Land use, zoning, land values, condition of buildings, vacancy rates

➢ Business climate
  ➢ Community attitudes, labor relations, taxes, regulations

➢ Knowledge-based resources – higher ed, research facilities

➢ Quality of life
  ➢ Housing availability, public services, education system, crime rate, cultural and recreational activities
Participate in the Community Vision

• Concise statement
• Where community wants to be in definable future
• Informs economic development activities
• Encompasses worthwhile & important values
• Influence individual thought & action
Former Mayor Ron Loverage served 33 years

Chairman, League of Cities

Under his leadership, city named 7th in the nation as the best city - in terms of jobs and economic development - by the International Community Forum.

Also accomplished:

The restoration and reopening of the Mission Inn—the city’s iconic, downtown building, which helped revitalize downtown

Restored the city’s two major parks

Achieving status as California's first "Emerald City" for Riverside's defined green action plan.
SWOT Analysis

TIP maps strengths, weaknesses, opportunities, and threats in a geographic market.
Factors that could serve as the basis for achieving the mission & vision of the strategic plan

Ex.
- available industrial, retail or office space
- intermodal transportation
- reputation as a “business friendly community”
- resources to support small businesses
- presence of clusters
EX: Rural Economic Development Plan
Loudon County, Virginia

➢ Focused on strengthening the agricultural industry

➢ 15 sectors identified

- Agribusiness
- Wine/Grapes
- Tourism Business
- Rural Based Business
- Rural Credit/Banking
- Arts
- Traditional Livestock/Agronomy
- Education
- Culinary Industry
- Horticulture
- Young/Beginning Farmer
- Equine
- Direct Markets/Farmers Markets
- Fruits/Vegetables
Factors that may limit or hinder accomplishing the plan’s mission & vision

Examples:
- Declining funding
- Out-dated, vacant buildings
- Shortage of skilled workers
Small town with many run-down, but historic buildings

County wanted to revive it for economic development, cultural heritage and tourism

Developed a strategic plan to revive the history and make improvements

Engaged private building owners for their ideas and support
Areas where the application of resources could result in new developments beneficial to business and the community

Ex.
- historic or natural assets
- development of new facilities
- local expertise and good work ethic
- issues that have community interest or support
EX: Maximizing Opportunities
City of Ogden, Utah

➤ Led by 2 mayors:
  ➤ Former Mayor Matthew Godfrey – 3 terms
  ➤ Mayor Mike Caldwell – 2 terms

➤ Changed from “dilapidated railroad town” to outdoor recreation R&D mecca

➤ Cluster: 9 sporting-goods companies and a dozen outdoor brands: Rossignol, Salomon, Atomic, Scott USA, Descente and others.

➤ The city conducts yearly meetings with these firms to discuss sustainability.

➤ Revitalized downtown with grants and bonds

➤ Added 10,000 new jobs
## Threats

Future events that could lead to negative impacts that are often beyond local control

<table>
<thead>
<tr>
<th>Ex.</th>
</tr>
</thead>
<tbody>
<tr>
<td>o changes in funding</td>
</tr>
<tr>
<td>o economic factors that could limit growth</td>
</tr>
<tr>
<td>o competition for resources or services</td>
</tr>
<tr>
<td>o technological advances that make a product or service made in your community obsolete</td>
</tr>
</tbody>
</table>
EX: Dealing with a Threat
Virginia Beach, Virginia

➢ Mayor William D. Sessoms Jr.
➢ 2012 Elected Official of the Year for Military Base Communities
➢ BRAC Commission was planning to acquire $15 million of property annually to roll back incompatible development adjacent to a Naval base.
➢ The Mayor was determined to find a better way. The city brainstormed with citizens, businesses and community leaders.
➢ The result is YesOceana.com, comprised of zoning and economic incentives to help nonconforming businesses become conforming ones. It has become a model in the U.S.
Strategic Goals

• Represent desired outcomes

• Provide identifiable points of reference

• Flow directly from vision or mission statement

• Should complement, not oppose each other
Examples of ED Goals

Maintain the downtown as an attractive location for retail & office operations -- at least 90% occupied

Develop a new art center as a tourism landmark and to attract a “creative class” of art entrepreneurs

Diversify from just one or two traditional industries to improve economic resiliency

Boost target industries with efficient marketing efforts
EX: Economic Diversification
Chickasaw Nation, Oklahoma

Hon. Bill Anoatubby, Governor

• Took an innovative approach in directing the Nation away from gaming-central economy.

• By investing in new ventures, the nation has become a healthy, diverse, and self-sustaining economy.

• Industries include radio stations, a chocolate factory, a natural gas station and a $147M hospital.

• Successful partnerships formed with a community college.

• IEDC’s 2010 Award for Public Service
Strategies

• Re-state the problem to be solved

• Set out how to achieve established goals & objectives

• Answer the question
  How do we accomplish the goal or objective?

• Encompasses projects & initiatives

• Define & set priorities
  • Should be realistic, i.e. not a wish list
Targets Should be Measurable

- Specific
- Measurable
- Action-oriented
- Realistic
- Timely
Pitfalls to Avoid

Too ambitious
Not updated
Not strategic
Difficulty in engaging community
Lacks resources
Lack of political support
Expectations of immediate results

Downtown Monroe, LA
Next Steps in Your Leadership

- Public unveiling of plan – endorse or lead the charge, inspire the team
- Make the ask: appoint people to implement projects and programs
- Monitor progress and promote achievements
- Support long-term initiatives

Questions?
NATIONAL LEAGUE OF CITIES
CITIES STRONG TOGETHER
#NLCU
Economic Development Strategies for Small and Mid-Sized Cities

November 16, 2016
Emily Brown
Director of Applied Research
International Economic Development Council

#NLCU
Workforce Development for Sustained Economic Growth

Emily Brown, Director of Applied Research, IEDC
Perspective

Likelihood of an adequate “pipeline” of talent = #1 factor in locating businesses

Challenge: workforce and economic development have not traditionally been aligned

• Higher education and workforce development organizations have tended to cater to student preferences
• People engaged in economic development are more attuned to business needs
Challenge: Concern Regarding Quality and Quantity of Workforce

- America’s labor pipeline is changing
  - Older, highly skilled “Baby Boomers” are retiring with fewer workers to replace them

- Businesses are complaining about a mismatch in worker training
  - 60% of all new jobs created will require skills that only 20% of the current workforce possess
Many say the American workforce development system needs re-thinking.

American innovation requires new job skills that are changing rapidly.

**TABLE DISCUSSION:**

1. *What feedback to you hear from businesses in your community?*
2. *What challenges are you facing?*
3. *What is your level of involvement in workforce development?*
It’s important to understand employment data on your community

Where can you find it?

Missouri Economic Research and Information: https://www.missourieconomy.org/

Federal data offers individual parish profiles: www.bls.gov
It is important to understand employment data on your community.

Example: State of Missouri

Source: U.S. Department of Labor
Bureau of Labor Statistics – State of Missouri
Data you should understand

- Presence of industry clusters
- Workforce participation
- Employment, unemployment
- Commuting patterns

Your data sources:

- Missouri Dept. of Labor & Industrial Relations – [www.labor.mo.gov](http://www.labor.mo.gov)
Example: Commuting Patterns in Howell County, MO

What insights do commuting patterns give you about the economy?

Source: http://onthemap.ces.census.gov/
Top Industry Clusters in Missouri

Existing Industries:

Advanced Manufacturing
Bioscience
Energy
Finance & Professional Services
Health Science & Services
Information Technology
Transportation & Logistics

Targeted for Growth:

Agribusiness
Automotive
Defense & Homeland Security
Energy
Finance
Information Technology
Life Science
Transportation & Logistics

Source: Missouri Dept. of Economic Development
Moving towards a “job-driven model” - the federal approach to workforce policy has changed from a structure focused on individual preferences to one that takes into consideration the needs of business.

A lack of education about career options leads students, the future workforce, to make choices that are not aligned with business need.

Workforce development programs must change to bridge demand and supply gap.
Policy Environment: WIOA

- **Workforce Innovation & Opportunity Act (WIOA) was signed into law July 22, 2014**
  - First major overhaul since 1998
  - Regulations will begin in January 2016

- **Advantages**
  - Advancements in program administration, planning, and accountability
  - Calls for alignment of state and workforce plans with regional economic development strategies

- **Disadvantages**
  - Involvement of economic developers in planning is encouraged, but not guaranteed
**Hot topic**

Demand-Driven Workforce Development

- Workforce development is essentially supply chain management

- How to forecast?

- How to market the needed jobs to workers?
Strategies In Workforce Development

+ Demand-driven workforce development
+ Incumbent training
+ Better integration of workforce & economic development activities
Example of Workforce Development Leadership: Louisville, Kentucky

- **Mayor Greg Fischer**
- Since 2011, initiated SummerWorks, a program that helps businesses find youth employees in a 7-county region.
- 4,000 youths placed in 2015
- KentuckianaWorks raised $4.2 M in workforce development funding
- 5,344 people placed in jobs in the past year

Pop. 30,452

Mayor and County Executive teamed up “hands on” to create workforce programs for young workers

Program called “One Smart Cookie”
https://www.onesmartcookie.jobs/about-us/

Job Board, matches candidates with employers, offers job search tips and helps individuals develop job ready skills.

Jeff Lukken,
Former Mayor for 16 years

Former County Commission Chairman Ricky Wolfe
Sector strategies in workforce development

- Brings people with common interests together to address job needs for a certain industry
- Makes sure specialization & standardization of training takes place
- Helps employers...
  - Improve jobs, skills, & opportunities
  - Effectively reach disadvantaged workers
- Your role: Leaders should help engage businesses
The Challenge of Equity

- More and more we hear that providing employment for all is a significant challenge for many communities.


- Have you seen any promising programs to ensure there’s opportunity for historically disenfranchised populations?
Workforce Development Leader: New Orleans, Louisiana

- Mayor Mitch Landrieu
- The city historically suffered from high crime
- 52% of African American working-age men don’t have jobs
- The city launched “NOLA for Life,” an Economic Opportunity Strategy to connect disadvantaged job seekers with some of the region's largest employers and anchor institutions.
- The program is showing promise in reducing crime.
Takeaways

- Workforce data should be a key element to inform your planning – know your labor force
- Your workforce is regional
- Fulfilling business needs is the core target of a successful workforce development program
- As community leaders, recognize your role in convening stakeholders and advocating for economic development strategy in workforce development programs.

Questions?
What are your economic development challenges & priorities?
(check as many as apply)

*Business retention & expansion*

- [ ] Helping existing businesses to grow / survive
- [ ] Ensuring sustainability of farms or agriculture

*Entrepreneurship & Small business*

- [ ] Encouraging start-ups within our community
- [ ] How to measure entrepreneurship and small business growth over time

*Marketing & Attraction*

- [ ] Attracting new businesses (industry)
- [ ] Attracting new retail stores
- [ ] How to attract or work with foreign investors
- [ ] Building or image or brand as a community
- [ ] Deciding whether or to use incentives and how

*Real Estate Development / Revitalization*

- [ ] Reviving a declining downtown
- [ ] Filling vacant buildings
- [ ] How to deal with contaminated properties
- [ ] How to fill or best utilize an industrial park
- [ ] Whether to allow more development of green spaces
**Economic Development Strategic Planning**

_____ Diversifying our economy so we’re not dependent on just one business or industry
_____ Defining industries so we can target our marketing
_____ How to achieve balanced growth and economic sustainability

**Economic Recovery**

_____ Recovering from a natural disaster
_____ Recovering from the loss of a major business or industry

**Workforce Development**

_____ Creating more job opportunities for local residents, reducing unemployment
_____ Building skills of our workforce to better meet needs of businesses
_____ Retaining our workforce so they won’t go elsewhere
_____ Attracting needed workers to our community

**Community Development**

_____ Improving community attractiveness
_____ How to prioritize infrastructure needs
_____ How to fund infrastructure (build, lacking or in need of maintenance or repair)
_____ Achieving a more inclusive economy / equity issues

**Managing economic development**

_____ How to fund it?
_____ Building capacity to manage projects
_____ Improving our knowledge
_____ What metrics should we use to measure economic development?

_____ Other

___________________________________________________________________________

___________________________________________________________________________