

Managing Economic Development Organizations

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Outline

- Economic Development Organizations
- Economic Development History
- Economic Development Strategies
- Finding Purpose
- Growing Talent
- Building Teams
- Managing Up
- Policies and Procedures
- Financial Management
- Performance Measures
- Communications & Public Relations
- Fundraising
- Leadership
- Class Exercise
- Bringing It All Together

Types of Economic Development Organizations

- ▶ Economic Development Organizations (ADO's)
 - ▶ Ports
 - ▶ Municipal
 - ▶ State and Feds
 - ▶ Chambers
 - ▶ Visitor and Convention Bureaus
 - ▶ Downtown Redevelopment
 - ▶ Small Business Development
 - ▶ Technology
 - ▶ Workforce Development
 - ▶ Universities
 - ▶ Utilities/Railroads
 - ▶ Industry Groups
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Economic Development History

- ▶ Joseph Schumpeter, coins the phrase economic development in 1911
- ▶ From 1929 to 1933 Unemployment jumped by 22% from 3.1% to 25.2%, gave rise to the New Deal (WPA, CCC, 'stimulus')
- ▶ 1948's Marshall Plan used a strategy to rebuild the war torn European economy
- ▶ 1964 to 1968 LBJ had the Great Society – introducing 87 bills, with 84 becoming law. Along with notable social programs the Great Society also created economic development as we know it today, sort of.
- ▶ 1970's saw the rise of specific local and regional organizations that pursued economic development.
- ▶ There are now somewhere around 10,000 economic development organizations in the United States

Economic Development Strategies

- **Recruiting New Companies**
 - **Business Retention and Expansion**
 - **Tourism**
 - **Economic Gardening**
 - **Technology Lead**
 - **Talent Attraction and Retention**
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Philosophy of Economic Development

- ▶ Wikipedia – Economic development generally refers to the sustained, concerted actions of policymakers and communities that promote the standard of living and economic health of a specific area. Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives.
- ▶ IEDC – The main goal of economic development is improving the economic well being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life. As there is no single definition for economic development, there is no single strategy, policy, or program for achieving successful economic development.
- ▶ Harvard Professor Michael E. Porter – long-term process of building a number of interdependent microeconomic capabilities and incentives to support more advanced forms of competition.
- ▶ Garyism – The job of the ED organization is to encourage investments in the community, either new investments or giving existing investors opportunities to make their investments locally (reducing leakage). Like any investment portfolio, diversification is important.

Finding Purpose



- Need vision and direction from a broad swath of the community
- Need vision and direction for the organization – from Board and stakeholders
- What needs to happen to meet that vision
- Identify gaps and determine roles
- Be flexible – philosophies, strategies and opportunities change
- Be consistent – don't follow economic development fads

Over 10 million
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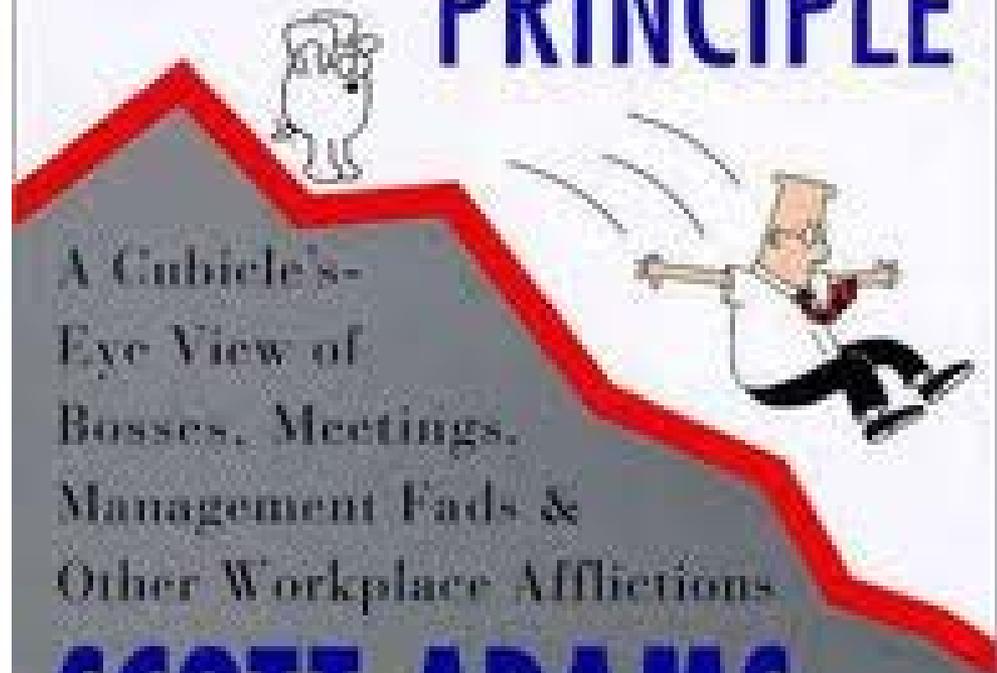
co-author of

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THE DILBERT PRINCIPLE

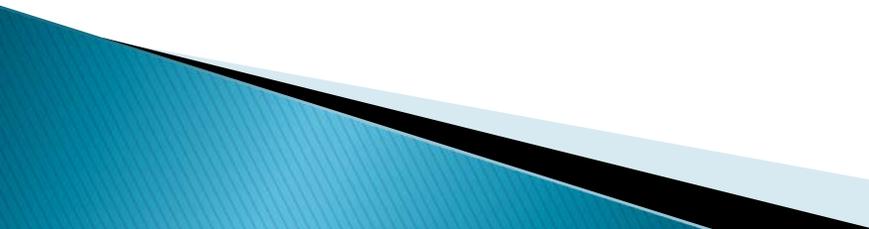


A Cubicle's-
Eye View of
Bosses, Meetings,
Management Fads &
Other Workplace Afflictions

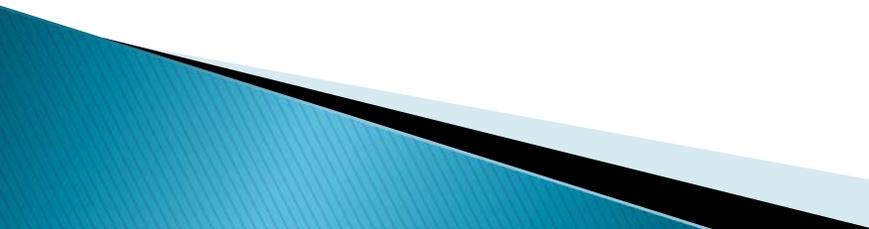
SCOTT ADAMS

Creator of Dilbert

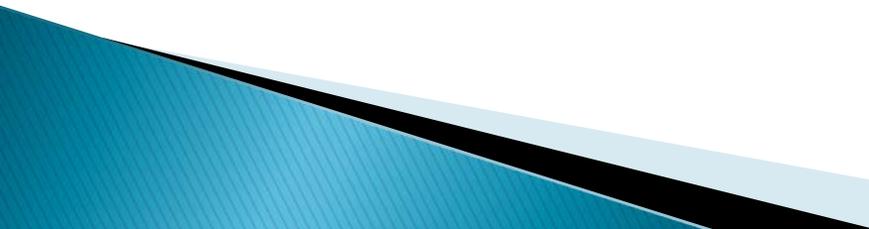
Growing Talent

- ▶ Core staff competencies
 - Analysis and Decision-Making Skills
 - Industry Understanding
 - Leadership and Influence
 - Relationships and Teaming
 - Responsibility and Achievement (Self Management, Ethical Integrity)
 - Communications Skills
 - Buying Talent
 - When to bring in a consultant
 - Tips on working with consultants
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Building Teams

- ▶ Economic Development is a team sport
 - ▶ Creating effective teams where visions and values are not shared
 - ▶ Creating effective teams with generational differences
 - Traditionalists – pre 1946
 - Boomers – 1946–1964
 - X–ers – 1965 – 1983
 - Millennials – 1983 to 2001
 - ▶ Knowing when to be the leader and when to be a member
 - ▶ Regionalism
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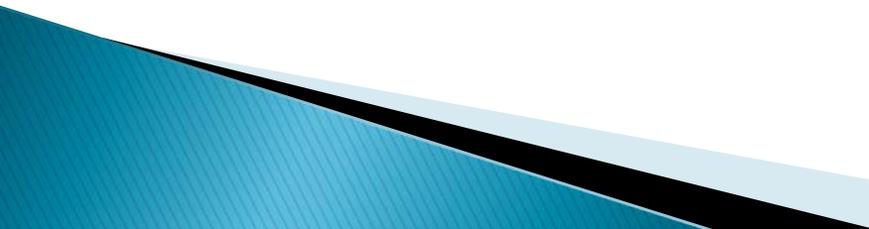
Managing Up

- ▶ Whether you are public or private you need your board/commission/council support
 - Nurture and grow the relationship
 - Understand boundaries
 - No surprises
 - Engage at every opportunity
 - ▶ Dealing with the not so helpful helpers
 - ▶ Dealing with the Glum's
 - ▶ Avoid Machiavellian scheming and other courtly games
 - ▶ Retreats – a useful tool if the Board's committed
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Managing Up

- ▶ Boards perform the following
 - Set policy
 - Provide financial oversight
 - Community relations
 - Monitoring & Evaluation
 - Counsel
 - Hiring and Firing of Executive Director
 - Fundraising
- ▶ Subcommittees
 - Executive (Chair, Vice Chair & Secretary/Treasurer)
 - Finance
 - Marketing
 - Local Industry
 - Government Relations

Policies and Procedures

- ▶ Formation Documents
 - Charter & Bylaws
 - ▶ Policies
 - Ethics
 - Personnel
 - Record keeping/document retention
 - Conflict of Interest
 - Whistleblower
 - Financial
 - ▶ Standard Operating Procedures (SOP's)
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Financial Management

- ▶ Financial Management Tools
 - Budget, Budget, Budget
 - Balance Sheet
 - Income Statements
 - Cash Flow Statements
 - Proformas
 - ▶ Financial Management Practices
 - Regular audits
 - Separate oversight
 - Checks & balances
 - Required vacations
- 

Performance Measures

- ▶ Good Performance Measures Should
 - Be measurable
 - Have industry standardization
 - Be comparable
 - Be repeatable
 - Measure outcomes, not activity
 - Show cause and effect
 - Not overly burdensome
- ▶ You can measure the economy, but can you measure your impact to it (butterfly effect)

Communication and Public Relations

- ▶ Need to have your message out there
 - Most people don't understand the economy, much less how to develop it
 - ▶ Embrace social media
 - Media is lightning fast, no control
 - ▶ Engage traditional media
 - You may not be that interesting until something goes wrong
 - ▶ Eat a lot of rubber chicken
 - Best way to go one-on-many with a diverse audience
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Fundraising

- ▶ Creating the Value Proposition
 - ▶ Fundraising in the Public Sector
 - ▶ Fundraising in the Private Sector
 - ▶ Striking a Balance
 - ▶ When World's Collide
 - ▶ The Myth of Sustained Funding
 - ▶ Unique Approaches
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Leadership

- ▶ Leaders of Economic Development Organizations are also leaders in the community
 - ▶ Proselytize
 - ▶ Taking the Bullet
 - ▶ Quiet Leadership
 - ▶ Mentoring
 - ▶ Ethics
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Class Exercises

- ▶ Four case studies for small group discussion
 - Case 1 – A powerful local business group is seeking a tax credit that will negatively impact the public entities in the region.
 - Case 2 – You have identified through your strategic plan the need for a targeted marketing campaign to recruit tech companies.
 - Case 3 – You have been hired to turn around an EDO that was racked by a series of mistakes, fraud, and bad luck.
 - Case 4 – You are 1 year from retirement and there are a couple of younger people in the organization and community that show promise to replace you.

Bringing It All Together

- ▶ Great job for someone with a short attention span
 - ▶ Best job in the world for a local guy
 - ▶ Thank you and remember to tip you waitress
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