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# **NEW REALITIES** **for Economic** **Development Organizations**

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The EDRP Program is the “think tank” component of IEDC, designed to help economic development professionals navigate today’s rapidly changing economy by sponsoring and guiding practice-oriented research on critical issues. EDRP members represent the leaders in the field of economic development, working through the program to improve the knowledge and practice of the profession.

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**Alfie Meek**

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**Jay Moon**

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Mississippi Manufacturers  
Association

**Deidre Myers**

Director, Research and  
Economic Analysis  
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## Primary Author

Shari Alana Nourick

## Editors

Louise Anderson

Swati A. Ghosh

Elizabeth Thorstensen



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734 15<sup>th</sup> Street NW, Suite 900

Washington, DC 20005

202.223.7800

[www.iedonline.org](http://www.iedonline.org)

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## Executive Summary

Economic development organizations (EDOs) are operating in a new landscape due to shifts in the 21<sup>st</sup> century economy and an uncertain recovery from the Great Recession. The new landscape is complex and uncertain, marked by heightened global competition, an urgent need to increase efficiency, more stringent demands for accountability from investors and stakeholders, and pressure to create and retain jobs in a severely impacted labor market.

As economic changes and other factors challenge EDOs and communities across the nation, these shifts also have pushed practitioners to become more strategic, creative and nimble, and in some cases have enabled them to enhance their leadership position in the community.

This paper, developed under the guidance of IEDC's Economic Development Research Partners (EDRP) program, identifies factors shaping today's economic landscape and how economic development business practices are adapting in response.

The most notable shifts that have impacted EDOs in the 21<sup>st</sup> century include globalization, the recession of 2007-2009, shifting energy markets, and natural and man-made disasters. The collective effect of these shifts has prompted EDOs to revise traditional approaches and develop new ones.

### *Coping with new realities in funding*

With budget cuts at the local, state, and federal levels, many EDOs have been challenged to do more with fewer resources. As traditional economic development funding sources have diminished, practitioners are seeking support from the private sector and previously untapped sources. Building relationships with new investors requires raising awareness of the EDO's role in the community and constantly engaging stakeholders.

### *Articulating new realities in performance measurement*

EDOs are under pressure for greater accountability to investors. The ability to measure and articulate what success means has become more complicated as traditional metrics change and long-term improvement in broader community well-being has become a greater priority. Today, having a cost-effective plan that will establish a robust and resilient economy is critical.

### *Balancing new realities of organizational structures*

An overlapping of economic development missions and the decrease of resources has been driving the consolidation of economic development organizations and a surge in public-private partnerships. While enhancing efficiency makes economic sense, balancing differences in cultures, politics and priorities requires local

stakeholder support and dedication among organizational leadership.

#### *Adjusting to new realities in strategic partnership management*

EDOs are increasingly forming strategic partnerships with regional stakeholders to enhance economic growth. These partnerships are marked by a common set of values around by cooperation and shared responsibility. Investment of time and manpower is vital to nurturing and managing these partnerships.

#### *Focusing on new realities in strategic planning*

The events of the last decade show that community circumstances can shift quickly from growth to decline. In order to stay relevant, strategic plans need to be treated as living documents, refined and updated to adjust to the realities of the community at any time. The economic downturn and other shifts have led some EDOs to delve into quality-of-life issues previously outside the domain of economic development, as they strive to create long-term value in the community.

#### *Fostering new realities for leadership development*

Communities today need leaders who are skilled in balancing the demands of varied stakeholders. Economic developers in the 21<sup>st</sup> century will need a myriad of skill sets to collaboratively implement a vision that supports regional economic growth. The pending retirement of many senior-level economic development leaders has magnified the need for economic development organizations to have transition plans in place.

The prevalent theme of this research is that 21<sup>st</sup> century realities have pushed economic development business practices to adapt and change. EDOs' strategies must evolve in response to global demographic, economic and social shifts in order to stay relevant and effective. It is our hope that this paper provides readers with a framework to compare their business practices with broad national trends and use this information to further the creation of quality jobs and wealth in their communities.