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IEDC Chair, 2005-2006
Interview conducted with Tye Libby on January 10, 2011

How have you seen the economic development profession evolve/change over the course of your career?

I would reflect on a couple of changes. First, there used to be a limited number of people who were active in the economic development profession. But a lot of smaller communities, that historically weren't very active in the field, became active because of the pressure to create jobs that every municipality and governmental entity experiences. Economic development may have been the bailiwick for a handful of institutions in the metropolitan area, but now there are dozens of people employed—sometimes by parochial communities—who are looking to create jobs.

Second, there is a tremendous pressure to create jobs on a short-term basis. There is less patience for creating scenarios that may yield jobs long-term or create the environment for jobs over a longer threshold. Again, there is a lot of pressure on communities to create jobs and to create them very quickly. From my perspective, I think those are probably the two most significant changes in the profession that I have seen over the last decades.

How has technology changed the economic development field?

Technology has really done two things. It has accelerated the pace of information and it has geometrically increased the volume of information. People can now access a significant amount of information online, and they can also access a significant number of people online almost simultaneously. So, firms that are interested in a particular investment can explore three, four, or five states simultaneously. In the past, that took a great deal of time and human energy. Now you can access information almost instantaneously and use it as a first-filter before even talking with anyone in the prospective communities or states. So again, I think it has significantly increased both the amount of information that is available and the pace at which that information is available.

How have you seen financing change within the economic development profession?

I've been involved in the profession for close to thirty years, so there has been an ebb and flow in terms of how financial packages are put together. When I began, you tended to have a bit of a "raider" mentality. You would knock on doors in adjoining states or adjoining communities and try to put together an incentive package based upon that business attraction model. Nowadays, incentives are much more surgical and much more directed toward a particular cluster of industries.

From that perspective, I think the world has changed. There is much greater emphasis on providing support for softer investments within companies, whether it is increasing the knowledgebase or sharing job creation strategies. It used to be that you only got money for "bricks and mortar." Now, the reality is that you are getting money for much earlier phases in the

job creation process. You are getting money from across a much broader spectrum of companies that you're helping.

Having said that, some of the underlining assumptions are still dominated by real estate. Fundamentally, most of the time the question still remains: "What is my collateral, and how do I get paid?" But again, I think that has changed a lot as venture capital, angel funds, and other types of dollars have become available in the marketplace.

Can you describe your personal career path? How did you become involved in economic development?

My first job was at the county level here in Ohio. I got involved in a program where I coordinated the distribution of Community Development Block Grant (CDBG) dollars to municipalities within the county outside of the City of Cleveland and the larger suburbs like Lakewood and Cleveland Heights. In that role, I tended to be more suburban in my orientation simply because that was the jurisdiction for the urban county. Having said that, it was evident early on that a lot of those types of dollars were being distributed on a "peanut butter" basis…meaning that every municipality that participated in the programs tended to get their allocation. Then, as long as they met CDBG regulations they were able to use those dollars in an eligible way.

When I first got involved with the urban county there was a shift towards a more competitive environment. Communities had to compete for dollars, infrastructure, housing, and other eligible uses under the CDBG program. That was a great learning step for me, because I later took a job doing the "balance of the state program" for the State of Ohio. I brought that same philosophy and turned away from that peanut butter approach whereby everyone got a cut of the CDBG dollars. We created competitive housing and economic development programs. So, for me, that local government experience was a good learning point and a good way to test some of my own theories on how we ought to use public dollars for economic development and community development. Later, when I joined the State of Ohio's Department of Development, I was able to take those same philosophies and reorient the program toward a competitive scenario.

It was during that period, early in the 1980s, when I first met Jeff Finkle. He was working for the US Department of Housing and Urban Development (HUD). HUD was promoting a program, called the Small Business Revitalization Program, which recognized that a lot of economic development activities were actually done through small businesses. Jeff, with his mentor Steve Ballinger, was promoting business revitalization using small businesses. That also opened up an avenue for me. Traditional development tended to be centered more on greenfield sites that were promoted by utility companies. The emphasis shifted more toward small businesses and urban development.

Can you talk a little bit about your current job?

I spent eight years with the State of Ohio. I was initially working in the community and economic development field and then I moved to the business attraction and financing field. I

came back to Cleveland and spent four years as the economic development director for the City of Cleveland.

For the last ten years or so, I have really concentrated on downtowns. In my role with the Downtown Cleveland Alliance, I work exclusively in trying to promote investment in downtown Cleveland. My goal here is to create a mixed-use environment. Although I use a lot of historic tools that we all use in the field, my approach is a little more diverse. For me, a bridge infrastructure project is just as important as landing an office tenant. Attracting housing into the core of downtown is just as important as having an office strategy. My day-to-day work allows me to work not only in the commercial market, but also in housing and in retail, which some of my counterparts in other types of economic development offices tend not to get involved with.

What skills did you come to acquire over time? Did certain skills become more important as your career progressed?

My original degree work was in political science. As I really began to work in the economic development field, I went to the National Development Council's ED certification program. That gave me a better understanding of how to read balance sheets, income statements, revenue statements, and sources and uses statements. That really opened things up. I could fully understand how a business was approaching a project, and I could also understand the underlying business strength of the company that we were looking at. It taught me the underlying financial basis that you would need. Also, it obviously indoctrinated me, if you will, into the NDC approach to identifying gap financing opportunities for companies, and it ultimately allowed me to move in that direction. All of my subsequent coursework has really been designed to build on that. Now, I probably spend as much time marketing as I do looking at financial statements and putting together financial packages. The reality is that the financing base was key, because it gave me the ability to fully understand deals and how they are put together. Subsequently, I could help companies with their financing needs and move things forward.

During your career, did you learn certain skills that have enabled you to succeed in your various leadership roles?

I had an opportunity to have a leadership role in CUED. I think I was serving as the CUED Treasurer when CUED and AEDC merged. Subsequently, I had the opportunity to take a leadership role in IEDC. The IEDC Board is actually a fairly diverse group of people. The reality is that economic development is a fairly diverse profession. Being the Treasurer, Vice Chair, and Chair gave me a good understanding of how to navigate the organization. On the surface it seems like a fairly consistent group of people with a consistent philosophy; but, underlining it are some really different perspectives. It also gave me a great insight into colleagues from around the United States, Canada, Europe, and other parts of the world. It was a great learning experience for me.

The key was marrying two separate corporate cultures—the old CUED culture and the old AEDC culture—into what now has become the IEDC culture. When I was IEDC Chair, there were still a lot of bumps and bruises related to the cultural difference of the two organizations. My tenure as IEDC Chair gave me great insight into how to work with people from different

regional perspectives and business perspectives, and I think I helped the organization move forward in terms of marrying those two cultures. I think we have come to a point now where the organization has moved well beyond those merger years. However, it's going to be nice to celebrate the tenth anniversary of the merger that is coming up.

Can you talk about some of the major challenges that you have had to overcome throughout your career?

In our profession, there tends to be two halves of the coin, if you will. There are people who tend to be more marketing oriented and there are people who tend to be more project oriented. My strength is that I am much more of a project person than I am a marketing person. My challenge was making myself comfortable in a marketing situation when my strength was project management and puzzle solving. As I matured in the profession, I have become much more comfortable in that marketing sphere and in balancing those two roles. I think I have matured in the profession to the point where I can communicate very effectively and do so with a passion. That makes people feel comfortable on that marketing, but I am still able to roll my sleeves up and do the project-related work like getting investments made and creating jobs.

How did you see CUED evolve throughout your participation with the organization? How did you see IEDC evolve throughout your participation with the organization?

I became involved with CUED right about the same time that Jeff Finkle assumed his role as CUED President. For a long time, CUED was a fairly sound organization that dealt with public policy as it related to the urban core. The reality was, a lot of CUED's work concentrated on older big cities and their challenges. I think an important thing occurred in 1996 when CUED brought its national conference here to Cleveland. The conference not only was very large in relation to prior conferences, but it also became an important financial driving force for the organization. In other words, the annual conferences became one of the keys to the financial stability of the organization. That was coupled with CUED's expanded focus beyond the traditional major urban centers. It opened itself up to a little bit more of a rural and ex-urban environment. Those were the two evolutionary steps that I saw occur during my tenure with CUED.

I think IEDC has a really good balance now. Although I did not have a lot of involvement with AEDC, that organization tended to be more rural in terms of its membership. For the first few years, there was a cultural change in terms of how IEDC did business. But, there was also a philosophical difference between an organization that historically had its roots in the older urban centers in America, and AEDC, which tended to have its roots in the more rural elements of the industry. Bringing them together and balancing them has really been a neat evolution to watch. I think that there is now a recognition that the core is very important, but, at the same time, the rural areas are also very important. That strategic approach has brought about the transformational approach by IEDC.

The other thing is that regionalism, as it exists today, really didn't exist decades ago. We are seeing much greater emphasis on economic development offices that are multi-county or metropolitan area-oriented in a way that historically did not happen. That is another area in

which we have seen much change within the last thirty years. In the old days, the only people who did economic development were on the staffs of utilities or chambers of commerce. There was a disconnect between their strategies and those of traditional economic development organizations. Now, we see a lot of that embedded in regional organizations, whether it's the Greater Cleveland Partnership or the Allegheny Commission in Pittsburg. We are seeing a lot more of that. We are also seeing a much greater balance between traditional urban needs and rural/suburban needs.

You mentioned you were the CUED Treasurer. Can you describe your role in more detail?

It was a pretty traditional Treasurer role. I worked with the finance staff and the CEO on the annual budget. I did everything from approving Jeff Finkle's expense accounts to tracking the monthly revenue and income statements for the organization. Essentially, it was a budgetary oversight role from. I helped make sure we were on target from a budget perspective.

Can you talk about your role as IEDC Chair?

I was Chairman the year we had the Annual Conference in New York City. There were a couple of things of note that were pretty significant that year. First, New York really created a new threshold for our Annual Conference. It was a very large and well-attended event. Although it was expensive to be in the metropolitan area, it gave us a great deal of national prestige and recognition in terms of the program that we created. In my mind, it really catapulted our organization to another level. We had been to major cities like Philadelphia and Chicago before; but, we had never put our toe in the water in New York because of the expenses associated with being in that marketplace. The reality is that we did it, we did it well, and we did it in a way that pushed the envelope and set standards for the Annual Conference.

Second, we also experienced a significant budget shortfall that year. Unfortunately, we had some serious financial issues in terms of revenue projections that didn't materialize. We were forced to take some fairly aggressive actions that began in the board meetings in New York and really culminated with very aggressive board oversight in working with Jeff and his staff to deal with that. The good news is that a lot of the strategic decisions that we made in New York—in regard to the financial shortfall and holding ourselves to a fairly conservative budget—we were able to "right the ship." Over the next few years, the board worked closely with Jeff and the staff to build a strong fund balance. That balance is now a strong reserve, and the organization is in a good economic state. It was very difficult for us at the time, and it was a stressful time as the chair. But, we were able to really step back and work with the staff to reorganize, control costs, and expand new revenue sources. In, essence it really transformed the organization, from a financial perspective, to where it is today. Although it was a difficult period to be Chair, I think it was also a fairly rewarding one. We took on a significant challenge and were able to make effective changes.

That financial crisis actually helped bring the two cultures together. Everybody began pulling in the same direction, and I think that really caused a lot of those cultural differences to become less challenging than they had been in the first few years after the merger. Sometimes there is great reward in dealing with crisis effectively. In addition to gaining financial stability, I think we

came closer together. That has been a great benefit since then. Right now you could sit in on a board meeting and you would have a hard time knowing the historical background of the individuals at the table. I think everybody now seems to be on the same page. Everybody is philosophically moving the organization in one direction.

What were some of the most pressing economic issues during your time with CUED and IEDC?

Being from a state like Ohio, we have experienced a significant outflow of companies, jobs, and population. It is a challenge to be an economic developer in a place where it is a struggle to attract and retain jobs and investment. You can track that with a state like Florida or Texas. There is massive migration into those states, and the economic development deals that they are doing are not gap-finance based. They tend to be more incentive based. Again, the underlying approaches sometimes cause problems. The economic development strategy for a community managing its growth will be different than that of a community that is struggling to attract any investment at all. There are value-added strategies, and clawback provisions, that force a developer who is building office buildings to also construct housing. Those provisions might make sense in a town like San Francisco. But, in a town like Cleveland, you are lucky to have someone make any investment. It wouldn't make sense to require them to construct housing at the same time that they are investing in offices. When you are struggling to attract investment, you really have to approach things much differently than if you are managing investments or growth. That dichotomy unfortunately tends to be the Sunbelt versus the old industrial Northeast, or parts of the Midwest versus some of the Southern states. In one situation you are managing growth and people are knocking on your door. In another situation you're struggling to get people to return your phone calls. That is the biggest philosophical challenge to me.

This goes back to the point I made earlier about economic developers coming from different parts of the country. When you bring a board of fifty-five people together, everyone is coming at this issue slightly differently. Economic development policies and strategies vary somewhat depending on the experiences of those people. In the last ten years, I think IEDC has been able to navigate across that broad continuum of how communities are approaching these issues. In the past, it tended to be more secular. That philosophical tension is difficult at times to deal with. I think that we, as an organization, have done a great job in navigating and balancing that over the last number of years.

Were you actively involved in the merger between AEDC and CUED?

I was involved, but I was not a part of the steering committee that navigated the final negotiation. I sat out for about a year after the merger. I was on the board, but did not have a leadership role. I was then asked to take a leadership position about after about the first year.

Can you talk about what brought about the initial discussions of the merger?

There was some market overlap in terms of the individuals who were involved in both organizations. I think a number of people asked, "Should I be an AEDC person? Should I be CUED person? I really don't want to pay dues to both organizations." I think there was some

enlightened leadership at the time. Jim Griffin, Rick Weddle, and Jeff Finkle recognized that the long-term viability of both organizations lied in their ability to come together. Although CUED was not struggling from a financial perspective at the time, I know AEDC did have a more difficult financial portfolio. Yet, I think, Jim Griffin, Kurt Chilcott, and some of the others who were in leadership positions at the time said, "Look, we have an opportunity here that has been talked about for a number of years." I think Jim Griffin, Kurt Chilcott, Jeff Finkle, and some others said, "Hey, let's really roll up our sleeves and see if we can make this work." It probably took about eighteen months of negotiation to come together. This year we are going to be celebrating the anniversary of that meeting in St. Louis.

Can you talk about some of the positives and the negatives you saw come out of the merger?

I would view the ledger much more on the positive side. First, I think we have been able to create a fiscally very strong organization and one that is member driven. Our membership base is extremely strong. I think we have been able to navigate a broad spectrum of different economic development interests and incorporate them into a fairly diverse organization. At times some of the old tension—in terms of rural versus urban—does pop up; but, I think the progress that we have made over the last few years has dealt with it in a very constructive way. It's no longer an "us versus them" situation. If we have an issue, we discuss how to tackle it.

Second, our conferences and programs have been strong. Based on a unified approach, the conferences and programs remain a very fundamental underpinning of both the educational strategy and the financial strategy for the organization. That seems to have worked very well. Unifying the certification program and creating the CEcD has worked very well. To be frank, one of the other cultural differences was that AEDC tended to be very oriented toward their certification program, and CUED was not. It took a while for those cultural differences to meld together. Now, I think we have great unanimity in terms of the certification and its impact upon the profession. We are moving very concisely in terms of building on that foundation. So again, when I look at the ledger, I think it's much more positive than negative. It seems we have a comprehensive group of people at the table that are guiding us right now and that is really the key.

During your career, was there anyone who inspired you? Did you have a mentor?

One of the instructors at my NDC training course was Mark Barbash. He was sort of my financial guru for many years. Mark and I go back a long time, and I had the opportunity to work with him at the State of Ohio. Now he serves on the board of IEDC. That mentor-colleague relationship has been one that I have felt very strongly about. I have gotten to know people like Rick Weddle and Jim Griffin very closely and in a way that I didn't know them prior to the merger. I consider them colleagues, mentors, and advisors in the field. In addition to Jeff Finkle, I consider people like Steve Budd and Kurt Chilcott to be people that I look to and interact with very closely. They are people that I can go to if I need advice. Those are the guys I tend to turn to. As I went through the leadership of both CUED and IEDC, I created friendships as well as professional relationships. They stuck with me a great deal over the years and continue to do so now.

Did you mentor anyone in the economic development field?

That is a difficult question. If he were sitting across from me, the person that might say yes to that would be Paul Krutko. Paul is a current member of the IEDC Board and part of the leadership team. I had an opportunity to hire Paul when I was at the City of Cleveland, and Paul and I have had a close relationship over the years. Paul always was fantastic on the financing side, and I think I was able to help him in terms of navigating the "big picture economic side" pretty effectively. I would probably put him into that category.

Where do you see IEDC now, and where do you see the organization going into the future? Do you see any emerging trends or have any predictions?

I mentioned earlier that the regional economic development organizations are going to become the dominating force in the field. In many ways, we are going to take a much stronger role in nurturing those larger organizations.

Secondly, I think we are entering an era in which we will be trying to work with companies and investors when there are going to be much fewer public dollars available. It is an environment of scarce resources…especially now with the tremendous financial struggles that state and local governments are encountering as a result of the recession. Also, it looks like there are going to be some significant changes in terms of the federal incentives that may be available for economic development. That is probably going to force us to look at more nontraditional and private sources of capital—like equity investors, angel investors, and other types of opportunities—to identify capital that is going to be necessary to get some of the deals done. I don't think the public financing that we historically counted on to get deals done is going to be available for the foreseeable future.

Thirdly, we as an organization need to turn to more nonconventional sources in our dialogue about community investment. Let me give you an example. We traditionally have not spent a lot of time talking about the federal gas tax and its impact on highway construction, highway maintenance, and those types of things. We haven't spent a lot of time talking about mass transit and its impact on communities. I think we are going to need to begin dialoguing about that more aggressively at the national level and also in our respective communities. Going forward that is probably where a lot of the capital that may be available for those developments is going to be hidden. We are going to need to be much more verse in Information Communication Technologies (ICT) and different types of infrastructure programs that, for the most part, have not been controlled by local or state economic development agencies. They have been controlled by other aspects of the government. That is probably an area that we need to understand and anticipate better than we have historically.

How will the economic development field deal with globalization in the next decade or two?

I'll be honest with you…there is a lot of talk about globalization. It's interesting and a number of my colleagues in the profession have written books about it. But the reality is that we can only control is how we go about making strategies locally. For example, I'm in downtown Cleveland.

On a day-to-day basis, I need to work on creating the type of environment that people want to invest in. In particular, I need to create an environment where young professionals want to live. Twenty years ago, companies tended to make decisions and employees blindly followed to wherever those companies decided to locate a facility. That world has changed. Now, we can control the environment that is going to attract young professionals, young entrepreneurs, and people who are going to create jobs and ultimately make investments.

Globalization is important, but I think we are going to be missing the mark if we simply talk about regions competing with other regions. Yes, we have to do all those things. But, if I can't convince a student graduating from Ohio State University that he or she should come to Cleveland because of the city's nurturing environment and entrepreneurial spirit, then I am going to fail. I can pretend like I am competing with China or with anyone else, but the reality is that I can only control and make some inroads more locally. The global economy dwarfs considerations that we, as local economic development professionals, deal with. Am I showing my prejudice there? That doesn't mean that the "mega regions" shouldn't compete globally. I just think that's an overborne argument. If I am sitting in Zanesville, Ohio— or Newark, where Jeff Finkle was born and raised—I can't be thinking about globalization. I have to be thinking about how to nurture an environment that allows entrepreneurs to come into the community. At the end of the day, if a company is lost to globalization…God bless them. Going forward, the key is, "Can I create the type of environment that replaces a lost company with another entrepreneurial investor?"

Do you have any other anecdotes or stories from you career that you would like to share?

This profession has brought me a lot of good friends and a lot of good colleagues. In fact, it was at a regional conference in Phoenix where my wife and I celebrated our twenty-fifth wedding anniversary. We were with my colleagues when I presented her a very beautiful anniversary ring. My wife has known some of these guys for twenty years. When we get together at some of these conferences, it's like getting together with family. It's nice and it's very comforting to me and my wife that we have made these friendships. We have people who we count on as both business colleagues and as good friends. We celebrated our twenty-fifth anniversary with our good friends from IEDC.

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