

## **Mr. Kurt Chilcott**

Interview conducted with Nancy Moorman

### **Can you give an overview of how you've see the economic development field evolve over the course of your career?**

Sure. I've always questioned whether we really are a profession or not. And the reason I question that is because economic development encompasses so much, and has grown over the years to encompass more and more...different disciplines, different knowledge, different programs and services. It's an extremely broad term. As a result of being a broad term, there [are] a lot of different people that are involved in pieces of economic development. While we certainly do have people that are certified and professional economic developers, I still think that economic development is the job of many different institutions and people who are not necessarily part of the profession.

I've experienced [the] increasing scope of what economic developers do—[what they] are responsible for—and the capabilities that they need to have. Also, the connections to different types of institutions, systems, networks, programs, and services has also expanded. I was somewhat fortunate in my career, which started in the early 1980s, [because] I worked in a lot of these areas that were just [starting] to be considered “economic development.” As history indicates, there are really two tracks [in] the profession: one [is] represented by AEDC, which really had its roots in industrial development in particular...attracting a manufacturing base to the rural and Southern United States. And [the other was] a later development that really evolved around urban economic development, and how we [could] address the challenges of urban poverty and revitalization. This was the genesis [of] CUED.

I started my career with the State of California working on [industrial] plant closures. This would not be a traditional area that you would think of [using] as a way of starting your economic development career. But the whole concept of business expansion and retention evolved out of that. When we started to work on plant closures, we started to ask questions not only about the plants closing, but how to keep them from closing. And the immediate response was that we need to know early on that there are problems. Then we asked how we could figure out if there were problems, and we decided that we should be talking to existing businesses. And that evolved into not just talking to existing businesses about their possible troubles, but also talking to them about possible expansion and other opportunities.

So business expansion and retention, I believe started in the early 1980s...and the utilities were involved in starting that type of outreach program...became the foundation for most local economic development programs. And that was a big shift from, in essence, “smokestack chasing.” And that provided a much different foundation for local economic development than merely attracting jobs from the outside. When you start that foundation of learning—what your business base is, what they're doing, what their problems are, what the trends are—you suddenly become involved in a lot more than [just] helping to

figure out the factors that would attract a specific plant to a location. You get into problems of land use, workforce, and technology. A whole lot more opens up in terms of [the] way that local economic development professionals can be of assistance to the firms and industries that are in their jurisdiction.

**What exactly do you mean when you say that “institutions” are responsible for economic development?**

First of all, you have the levels of government. When CUED was founded, there was a tremendous amount of federal money flowing to the cities. Economic development has become much more of a local phenomena that is not as dependent on federal funding as it was in the 1960s and 1970s. Institutions like local government, state government, federal government, but also universities, utilities...

Let's take the example of San Diego, where I [moved] in 1989 to take over the city's economic development function. We started to work with the biotechnology [sector] that was just emerging at that point in time. The [main] people involved in the promotion and development of the biotechnology industry certainly [included] the universities and the research labs. But [it is important to realize that] patent attorneys, architects, and other professionals provided support to that industry [as well]. And they were instrumental in forming the first organization that supported biotechnology. So it wasn't the biotechnology companies themselves, it was actually professionals in law, architecture, accounting, and lending that saw this opportunity and came together to promote it. None of those people were economic development professionals. But all of them played a critical role in supporting the emergence of that particular industry in San Diego.

Many institutions are involved in economic development. The innovation that Cluster-Based Economic Development provided was that it recognized the growth of these industries, and that the cluster of the activities surrounding them involved much more than just the companies themselves. I was also involved [with] one of the first major cluster-industry analyses at the metropolitan level in the early 1990s in San Diego. That innovation was really just about recognizing that there are a lot more entities, institutions, and support mechanisms, both in the public and private and nonprofit sector, which support economic development.

**Can you go into more detail about your career?**

I've been fortunate to hold a fairly small number of jobs, all of which have been very instrumental in the evolution of the industry. All of them were very good jobs, so I'm lucky in that way. I started with the State of California in the early 1980s, and as I said, I started working on plant closures. But following that, I worked for the Office of Local Development. We helped to try to build capacity in both urban and rural geographies in California for economic development. We [developed] programs [to address] plant closures, business retention, and [business] expansion and the California Main Street Program. We helped to package small-business financing, industrial development bonds, and small-city community development block grants.

I ran the State Enterprise Zone Program and established the first State Enterprise Zones in the State of California in 1986. We got into helping with public real estate development and [became] a clearinghouse for information on how local jurisdictions could develop their own publically-owned real estate for the benefit of economic development. I worked in the most rural areas of California [including] Modoc County, in northeast California, with a population of 9,000. [I also worked in] the most distressed urban inner-city areas [to] establish Urban Enterprise Zones in Watts and South Central Los Angeles. In a period of about six years I was really able to work in a wide range of communities and in a very diverse range of programs that were designed to broaden the economic development profession.

When I started my career the Business Attraction people used to make fun of us and call us the “industrial morticians.” The fact of the matter is that we became the basis for most local economic development programs, which were really about business retention and expansion, and less about business attraction. I worked on incubators...you name it. So that became a very strong grounding.

I then moved on to take on economic development for the city of San Diego. At the time I started with the city it was the fifth largest in the country. It had not really had a comprehensive economic development strategy. The economic development function was located, if you can believe this, in the property department. I was with the city for nine years. In 1991 the city adopted its first comprehensive economic development strategy. We moved the economic development function to work directly for the City Manager. We were able to secure funding from EDA as part of the transformation of the San Diego economy from a defense-based economy to one that was much more diversified and more reliant on the new technologies, including: bio-tech, telecommunications, software development, advanced composite materials, environmental sciences and services, and a number of others that really are today much more the foundation for San Diego’s high-tech industries. Defense is still important, but it’s much more important [for] smaller firms and less [important for] the hardware providers. We basically lost all of General Dynamics, so a lot of the old-line defense...missile and plane construction...left [with] that. So the city was a regional leader in Cluster-Based Development, the emerging tech arena, and in comprehensive economic development (which included environmental quality, affordable housing, and infrastructure). It was a much more comprehensive approach to economic development than the city had before. We were able to place significant low-income areas into redevelopment, expand our Office of Small Business and Business Improvement Districts and establish numerous new partnerships.

That was a very exciting time because San Diego was really on the cusp of a lot of these emerging technologies. So the ability to understand and learn about these emerging industries, then provide a strong base of advocacy for those industries in terms of what they needed in order to grow and be successful...and basically raise the per capita income in the region...was a big challenge.

The last couple of years at the city I took over as a Deputy City Manager. I had responsibility for planning, code compliance, arts and culture, communications, and development (including both economic development and redevelopment). That was a much different job than being in charge of just economic development.

I left the city in 1998 and came to CDC Small Business Finance. I had been on the company's Board since I [moved] to San Diego. It was then, and continues to be, the largest SBA 504 lender in the country. [In] the twelve years that I've been here, we've expanded throughout California, Arizona, and Nevada. We have six remote offices and we have a SBA 504 portfolio that's approaching \$2 billion. This experience has been much less a traditional economic development job and much more of a small business development job. But 504 is the largest economic development finance program that the Federal Government has. We have been a leader in developing new small business loan products and services that traditional private sector, for-profit lenders are unwilling or unable to provide in terms of capital.

**What skills did you acquire throughout your career? Did certain skills become more valuable as your career progressed?**

I've been in management for so long that I know a little bit about a lot of things <laughs>. I know a lot about small business financing, government programs, redevelopment, and economic development. But my point is that the evolution of my skills is really about getting to be a better leader...a better manager...and getting to be better at taking ideas and translating them into programs that work. I believe we need more people that know how to implement well. It's easy to have the idea; it's much harder to make it work.

I believe there are several things that economic developers do that continue to be critically important. Economic developers are advocates. You have to be a strong advocate, which means you have to communicate well and translate between [the] private sector and [the] public sector. This is a very important skill. You have to understand enough about how the private sector works and speak their language...and you need to understand how the public sector works and speak their language. By [knowing] that, you can bridge the gap and actually be effective. You can be a good ombudsman, good advocate, and a good translator.

I also believe that it is increasingly important for economic developers to be [able] to understand and project what's happening with particular industries, or types of businesses, in their community. [The better they are able to do this], the more value [they have for their] city and for the profession. In the economic development profession it is critical to research, understand local businesses, and be aware of the trends in those industries.

Lastly, one of the real skills of economic developers is "bridging silos." That's related to being a translator, but it's more than that. We get progress in our profession, and we get innovation, when you connect the dots between institutional silos...when you bring

people together who maybe haven't been brought together before. [You try] to create something new, or create a connection or an opportunity, by bringing those types of people together. So networks, events, and services that tend to bring people together that might not have gotten put together without the economic developers are critically important skills for economic development organizations. And the reason they are undervalued is because it's difficult to measure. That applies to everything from matching an investor with a company (at a micro scale) to putting [a] university together with the city in order to solve a [macro] problem. And when those silos get bridged, and people start to work towards a common goal that they weren't working towards before, you see innovation and progress. And the economic development profession bridges those kinds of gaps and breaks down walls between silos to make things happen.

**Can you go into detail on how you can understand the businesses in your community? Is this through BRE efforts? How can you understand the business clusters in your community?**

There are a variety of ways.

1) You get out and talk to your businesses. That's fairly obvious. There's now this term called "economic gardening" that takes this concept and translates it into much more proactive action. What economic gardening says is that you need to do your own research [in order to] understand the trends within that industry. [You need to] read publications, [attend] industry events, and engage both universities and organizations that are involved [in order to] bring them on as allies and partners in economic development. Part of the cluster-based methodology led to the startup of industry associations, and those are clearly institutions that need to [be better] understood.

2) You need to use your knowledge of other industries to connect people. You need to immerse yourself in that industry, spend time talking to them, and be very aware of their issues. Then you need to be able to translate those issues and get their support for programs and services together.

[Here is] an example from the bio-tech industry: [San Diego] had created a land use zone called the Scientific Research Zone. It was created around the university because we wanted to cluster research-type uses around the university. We learned by talking to the businesses that this was problematic when it came time for these bio-tech firms to do their manufacturing, because [manufacturing] wasn't allowed in that zone.

So you're able to learn about that problem, put together industry support to [address] that problem, connect that industry support to the city land use folks, convince them that there needs to be a change made (because the current code does not fit the evolution of that industry and the way we want to support it), and get the elected officials to support a change in order to support that industry. None of that would have come about without a strong understanding of how bio-tech companies evolve over time.

3) And you really need to use research and data to help you better understand your local economy and your competitive advantages in the global economy. This needs to be forward looking, and not just use historic metrics

**Was there anyone who inspired you during your career?**

I was fortunate to have a couple of very good bosses. I had a boss at the State named Al Gianini who ran the Office of Local Development. He went on to run the Sacramento Area Commerce & Trade Organization. He was a great boss and great leader. He allowed us to do new and different things under the rubric of local development. At the city I had a boss named Maureen Stapleton who has gone on to lead the San Diego Water Authority. Basically she did the same thing. She gave me the freedom to go out there and do the job of economic developer for the city and make the city a leader for economic development in the region. And then while I did not work for him directly, the gentleman who started CDC Small Business Finance and ran it for twenty years, Art Goodman, was really the founding entrepreneur of my current organization, and the guy who really laid the foundation for the [organization's] success.

Those 3 people, in looking back, if they weren't inspirational, they were certainly instrumental in my success.

**Where you involved in CUED or AEDC at all?**

Yes, I was very involved with CUED. I started getting involved with CUED when I started with the City of San Diego. Although I had been aware of them prior to that when I was working [for] the State. I got very involved with CALED. I was chair of that organization in the early 1990s. After I was Chair of that organization I asked a former chair of CALED, and a former chair of CUED, Victor Grgas, to nominate me for the Board of CUED. I think I got on the board in 1993 or 1994, something like that. I moved up in the Board structure of CUED and was Chair after Ed Nelson. I was the lucky Chair to be there when we started the merger discussions and consummated the merger. I was the last Chair of CUED and the first Co-Chair of IEDC.

**When you were with CALED did they work with CUED at all?**

I don't think they did as much [then] as they [eventually] did. Wayne Shell had gotten on the Board of CUED a while ago. They were working together some, but I don't recall that it was a close working relationship. Although, again, there were connections between personnel that were on the boards of both organizations. But at that time, CUED was still a Washington-based organization. A lot of the conferences were still held in Washington, D.C.. It was just before they started to go out and have the annual conferences in [other] cities. There was a lot of focus at the federal level, and CALED was similarly [very] focused on the State [of California]. And I think as the reliance on federal and state resources has declined over the years the organizations have come closer together, because they're more similar in terms of less reliance on the government side of the equation in their [respective] state and federal roles.

**Can you discuss the merger in more detail? What were the reasons for the merger, and how did it work exactly?**

I'm still missing a couple of internal organs from that experience <laughs>. I got a call from a gentleman who had been on the CUED Board who I respected a lot, his name was Dave Kreitorr, and he was in charge of economic development in Phoenix. He went on to run the airport there. Then he was the Assistant City Manager out there. He told me I'd be getting a call from a gentleman by the name of Jim Griffin from New York, a small town called Hornell, and I should talk to him about a possible merger.

Mergers had been talked about before, and there had been some attempts, but they had not been successful. CUED had been in the process, under the leadership of April Young, of establishing its own education and certification program, which had sort of been AEDC's bailiwick. So I think there was some question about whether we needed two different certifications. How should that work? I basically got a call from Jim Griffin saying, "Hey, we think we should sit down and talk about this and see what we can do." That was November 2000, maybe. I think I started my term in September of that year. Whenever I started my term, shortly thereafter I got that phone call.

We decided to have the leadership from both organizations meet. We met in the Dallas/Ft. Worth Airport Hotel. We sat down and talked about how we might enter into discussions. That was the first meeting, and as a result of that, we formed a merger team. That was representatives from both organizations. We then proceeded to meet on a fairly frequent basis over the next four or five months. It was called "The Merger Design Team."

Jim Griffin had found this little book that was a guide to nonprofit mergers, and it actually gave some excellent advice. It said to figure out the deal points that are going to be deal breakers. What are the things that—if they don't get worked out, or if we can't come to agreement, or if they don't go a certain way—are going to kill the merger. Because once you address and solve those everything else is a detail. As a result of that approach, we were able to work out the major issues over the next five or six months. In St. Louis in May we actually signed the merger documents that merged the organizations. We immediately had a board of 80 people because we merged the two boards. So every board member...CUED had [about] 30 and AEDC had [about] 50...signed that agreement in St. Louis.

In some ways, the hard work really began then. Because then it was all about the details. And a tremendous amount of details had to be worked out. AEDC had several different organizations. They had the Economic Development Institute, which was a separate entity. And they had several programs like that AEDO, a certification program, which needed to be figured out. The most contentious arena was education and certification and how we were going to come to agreement on how that'd be done. There were a lot of people, particularly on the AEDC side, who had put a lot of time and energy into that certification and education curriculum and process. There were a lot of difficult

discussions. We had to continue to meet to ensure we had good representation from both sides. We had to scale down the Board of Directors over several years to get it to a more manageable size. We had to wind down AEDC, and CUED became the new organization, so of course we had to change all of the bylaws to create the new name. It was a tremendous amount of work.

We had the last CUED conference in Philadelphia and 9/11 occurred while we were at that conference. We were recognizing that this was the last CUED conference after 34 years of being in existence, and I was sitting up at the front, and I got a message that said a plane had been flown into the World Trade Center. I then had to stand up and make the announcement in front of the entire annual conference. We then had to figure out what everybody was going to do. It was a very surreal experience to watch that, to see the skies being empty, to watch the hotel slowly empty out as people tried to figure out how they were going to get home. I wasn't able to get out until several days after the conference ended. And there were probably only 20 people left in the hotel, because nobody new was coming in, and everybody had left. The poor international folks were the last to be able leave, because getting an international flight was even more difficult.

And the last AEDC conference was in New York that fall, if I remember correctly. Because all these conferences had been planned before the merger started, and all the contracts had been signed, so we needed to continue to do those. I attended that conference and we did the same thing for AEDC that we'd done for CUED – celebrate a final conference.

It was a tremendous amount of work and it challenged a lot of the board members, but I don't know anyone who doesn't say it was the right thing to do. The emergence of IEDC, and having one trade association, was a very good decision by the leadership of both organizations.

**How frequently did you meet when you were discussing the merger?**

I think we had formal meetings monthly. But of course there was a tremendous amount of email traffic. After we did the merger we were broken down into committees that had to work on and deal with a lot of the details. There was a lot more meetings than what you would typically have during the year.

**Were there any areas other than education and certification that could have been deal breakers for the merger?**

I could probably go back and find some of that information. I don't think it's anything that you'd want to put in the history, but it wasn't an easy time for Jeff. We did have to figure out who was going to be the CEO of this new organization and what we were going to do with the CEO of AEDC. Their headquarters was in Chicago at the time, so we had to figure out personnel decisions about staff, and those are never easy. I'm sure that governance was something that had to be worked out and was a potential deal breaker.

I probably still have that Merger Design Team document somewhere <laughs>. I spent too much time on it to get rid of it.

**When was the first IEDC conference?**

I think it was September 2002, and I believe it was in Oakland. If I can find that little PowerPoint you might find that amusing. I'm not sure all of the members found it amusing, but those of us involved in the merger probably appreciated it more. I'll see if I can find that and give [it to] you [for historical purposes], because I did a little presentation [with] a more humorous look at the merger.

**Where do you see IEDC going into the future?**

I think we continue to evolve to be less about government programs and more about how to ensure that local economic developers are really evolving, keeping up-to-date, creating sustainable organizations, and remaining relevant in terms of their role in the local economy.

There's a continued emphasis on international...and can we expand that and how the best practices can be shared [in that area].

I believe that IEDC needs to continue to have a role in the education of, not just its members, but certainly [in the] education of others about the importance of economic development.

[We should also] continue to ally with organizations that are doing research [in the field].

Even though I'm not much involved with it, I think the work of the EDRP is very important. I was one of the first folks to come up with the partners concept. There is a segment of our membership that is willing to put in more resources for the purpose of furthering the profession. I was one of the first to commit to EDRP. Even though I don't actively participate in that, it gives me and my organization a way to support—at a higher level—the work of IEDC...[other] than just being a member. I don't need to be a sponsor. The sponsorship opportunities don't necessarily provide an opportunity for me; but, EDRP provides me an opportunity to support IEDC, and important research for the profession, at a higher level than just my membership dues.

**Where do you see the ED profession going in the future?**

I'm not currently active in the traditional aspects of the profession, so I'd probably defer to some of my [colleagues]. But I think some of the things I said earlier still apply. I think that economic developers need to be experts in their local businesses and their local economy. [They must] increasingly understand and tap into networks of people and institutions that can help [them] do [their] jobs as economic developers. Those networks are not just local, by any means, in fact they're international. Those boundaries are

breaking down. Since the boundaries of distance are breaking down to some of these networks, local economic developers need to be aware of these. There are resources and opportunities that come from tapping into these kinds of networks that connect businesses and provide opportunities that traditionally have not been utilized.

**Did you have any other stories or anecdotes that you'd like to share about the profession or your career?**

There is one interesting thing that I'd like to share. It might be important to be captured. Right around the time of the last CUED conference, CUED had made a commitment through a contract with the Adams Mark Hotel in St. Louis. Shortly thereafter, Adams Mark became a target for boycott by the NAACP. When we were in Philadelphia, at the board meeting, this issue came up. Was CUED going to "cross the line" on the boycott? A number of our African-American board members clearly believed that they could not do that. So, we made a decision that day that we were going to get out of that contract. We could not honor it, even if it cost us money, because it was the right thing to do. That may not show up in the history of the profession, but I think it is indicative of the values and commitment of CUED then, and IEDC now, and it ought to be noted somewhere.

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