

what's the difference

BETWEEN GOOD AND GREAT ECONOMIC DEVELOPERS?

By Ted M. Levine



In this tourism timeline swift access and variety of attractions are combined in only six words.

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In 1960, I started Development Counsellors International with an associate, Millie Brown; it was then the first firm anywhere exclusively specializing in economic development marketing and sales.

It's now almost 45 years since then, and DCI is in a real sense still in the same niche position. The big difference, though, is that since then we've worked with some 376 development-driven clients including 38 of the 50 states; around 200 cities, regions, and counties; and a good many Canadian provinces and foreign countries.

In terms of their economic development programs, a sizable number of our past and present clients (maybe 40 percent) could be classified as "good," perhaps an equal number (40 percent) as "fair," and a lesser figure as "poor" (about 15 percent).

But only a relative handful (approximately 5 percent) or perhaps 15 to 20 could be considered "great," including North Carolina's Research Triangle, Puerto Rico's Industrial Development

Company, the Greater Jacksonville Chamber of Commerce, and the Greater Phoenix Economic Council.

In preparing this article, I thought it might be interesting to look hard at these *crème de la crème* developers and see how they were or are different from their literally 10,000 to 12,000 competitors.

Here are a dozen of those differences that seem significant to me:

1. UNDERSTAND AND APPRECIATE YOURSELF

Many good and fair development communities have the updated and relevant statistics on their economic base, but only the best know what are their respective Unique Selling Propositions, where they're both better and different. And they can do this no matter what size or budget.

Take, for example, our smallest current client, Schuyler County (population 19,000) in New York's upstate Finger Lakes Region. Yes, like other less populated places, it has a top-drawer quality of life. Yes, it also has a strong work ethic, and yes, it has a relatively low crime rate and a high regard for social and political integrity.

But it also has other special qualities that set it apart and place it at a higher level and to us are exciting and full of business potential. Schuyler County has relative proximity, for example, to more populous locations like Elmira, Corning, and Ithaca and also to the Cornell University Research Park, with a strong possibility of technology spillover. It also has a sparkling new business park of its own. And also, perhaps most interesting of all, it has at least three major streams of often affluent visitors via wine tours, Watkins Glen International raceway, and one of the country's most glorious state parks.

These are characteristics upon which Schuyler County can build much and additionally characteristics of which it should not only be aware, but also feel justifiably proud.

SURPRISINGLY LITTLE IF YOU FOLLOW THESE 12 STEPS

This article takes a look at those crème de la crème developers considered great by the author. How are they different from their literally 10,000 to 12,000 competitors? The article offers a dozen described and prescribed best practices for development organizations.

2. GET EVERYBODY INTO THE ACT

Fair quality development groups often have a highly professional president and a dedicated board of directors. Good groups often add a mix of people whose self-interest depends in major part upon successful economic development: bankers, utilities, real estate brokers, and construction companies.

But great development organizations go a step further. They mobilize their whole citizenry in the cause of smart and continuous development.

A case in point: The Savannah (GA) Development Authority once drew up a 40-foot-long petition in which 5,000 citizens from every income group and walk of life pledged themselves to back economic development. The authority hung it out of the top floor of City Hall and it reached down to the ground and was a tremendous incentive for the whole community to become development-minded. A photo of the petition was also featured in a national news weekly which added to the community's pride and excitement.

The long time comedian Jimmy Durante had a famous line, "Everybody wants to get into the act!" That's a good slogan for any economic development group especially if it wants to get great!

3. MOBILIZE BEHIND A THEMELINE

Most development groups in this country have a themeline and most are pretty ineffective because they don't tell you anything new about the place:

"Anytown means business" for example, really says and means nothing because it could be attached to any location anywhere.

A good themeline encapsulates your community's special advantages for outsiders and further serves as an inspiring banner for local people to parade behind.

Here are three themelines DCI helped develop and that we are proud of:

- For Dayton, Ohio, "*The innovation location*" which not only rhymes but underlines the fact that since the time of the Wright brothers there have been more patents filed per capita than in any other city in the U.S.
- For Ocala, FL, "*Join the Winner's Circle*," which is an allusion to the community's long heritage of horse breeding and actually helped make its citizens feel like winners instead of losers. And Ocala is now according to one report the ninth fastest growing city in the U.S.
- For Tacoma, WA, "*America's No. 1 Wired City*," described one important high tech advantage and helped to attract an awful lot of entrepreneurial companies from the outside. It also marked a point of superiority to Seattle, its better-known Big Sister only a short distance away.

Let me now tell you about the worst themeline we've ever seen. It was launched by the Democrats in New Jersey in advance of a gubernatorial election, and it was only four words long: "New Jersey Has It," and "New Jersey Has It," appeared like mushrooms all over the state on billboards, road signs, in the airport, train terminals, and all kinds of other places.

Here's how the smart Republicans undermined that themeline. Wherever they came upon "New Jersey Has It," they stuck on a small note which said, "but at least there's a cure for it."

In our judgment, most communities should at least consider a themeline not only to underline their comparative advantages to investors, visitors, and new residents but to build at home a sense of pride of place.

4. TARGET WITH A TELESCOPE

Second rate development groups try to get everybody to come to or expand to their respective communities, but the best outfits figure out where they have a strong competitive superiority and then they place their chips there.

That's one of the things we often do with our clients – try to figure out what new and expanding target activities might yield the greatest return for the smallest investment. Wherever possible, we try to select at least some targets that are different from the usual vague wishful thinking categories such as "high technology" and "bio-science."

Here are just a few targets that seemed to us intriguing for one of our current clients: certain types of light manufacture, upscale tech-



A leadership claim is often important in projecting a tagline nationally.

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nically oriented call centers and shared services facilities; alternative energy sources; hotels and related enterprises; and a special experimental thrust at the local university business graduates to get them to consider starting, relocating or expanding their enterprises in a region they already know and in the main like.

Some of these and other targets came from DCI itself and our experience in many places, but some of the best of them have come from our clients who always know who they are a lot better than we do.

5. MARKET TO THE RIGHT PEOPLE ONLY

It's right here that I think a lot of development organizations go wrong. They want to "tell the world" about themselves and often try to do so through what I feel are usually overly expensive and largely unnecessary so-called "branding programs," which work fine for Coca Cola or General Electric but seldom for Podunck USA.



The notion of local or regional unity is often attractive to outside investors.

But fortunately, it isn't necessary to reach "the world" in economic development when you really want to reach only a relative handful of people who might expand and invest in your country, state or community, along with their pivotal advisors.

What I think this means is that many marketing tactics in economic development tend not to work very well or cost-effectively. Here are three of these tactics: general purchased space advertising (too unfocused); exhibits at large national trade shows (too competitive); and glossy color photo filled booklets and brochures (too easy to throw away).

On the other hand, here are tactics that are sometimes less expensive and tend to work better and cheaper: a good website (increasingly the place site selectors go to first); individualized direct mail and especially e-mail because in its nature it is tightly targeted; and probably most important of all a relatively simple 130-year-old technical device called the telephone, because that's often the best place to register your sales points and overcome a target's sales objections.

Happily in economic development the least expensive forms of marketing often tend to be the most effective.

6. FOLLOW-UP, FOLLOW-UP, AND ALSO FOLLOW-UP

I sometime analogize economic development to an iceberg; the one-sixth above the surface is marketing, and that's the basket where most economic development groups put their eggs. But the really smart ones emphasize the follow-up sales that tend to differentiate great developers from merely mediocre ones. For many, that may mean mobilizing a team of volunteer salesmen and women who can deal with company decision makers who show definite interest, following up with phone calls, or hosting them on red carpet tours and helping to answer the literally hundreds of questions that may arise in choosing a location. This makes sense

because prospect business people tend to listen to local business people more avidly than to professional developers who after all have a special ax to grid.

And believe me this process can take lots and lots of time; for one of our clients, the Government of Puerto Rico, it took almost seven years for a New York-based communications company to decide to build a huge branch facility there, but it also became one of the most profitable operations in that island Commonwealth.

7. PARTNER WITH ANYBODY AND EVERYBODY

I stated previously that there are 10,000 to 12,000 economic development groups and that is probably too many. The less successful development outfits either go it alone or actually compete with nearby counterparts, but the super smart ones create a network of partnerships to pool talent, resources, and budgets.

In economic development today, partnership is literally the name of the game: partnership between communities, between communities and one or more utilities, also with the state, the banks, the real estate brokers, the construction companies, the academic community, and in a few cases even the labor unions.

And the trend is all toward matching private, public, and civic funds under all manner of formulae.

Here's a prediction: ten years from now most of the state development programs will be funded and financed by at least 50 percent private money.



The dot on this "i" is an upward arrow suggesting improving prospects.

8. PICK SMART SPOKESPERSONS

Again, there's a difference among developers. Most use their development officials as their official spokespersons, but the great ones also ring in private business leaders who can in essence say to fellow entrepreneurs: "This worked for me, and it might also work for you." Thus in our assignment for the Austin, TX, Chamber of Commerce awhile back we selected a 21-year-old fellow who happened to be named Michael Dell as a private enterprise spokesperson, and he surely went places after that, not only for himself but for Austin.

For Charleston, SC, we found a pioneer in the field of non-profit softwear. For Dayton, OH, we



A graphic triangle here symbolizes the Research Triangle.

managed to locate a sort of successor to the Wright brothers—a man named Ernie Fraize who in 1952 invented the pop-top soda and beer can and who actually collects a royalty every time anybody rips up the tab anywhere in the free world.

In every country, county, and community there are business leaders that in their own self-interest should be playing a more active role in the economic development process.

9. MARRY TOURISM WITH ECONOMIC DEVELOPMENT

Unfortunately in economic development this is too seldom done. But it can work beautifully. Let me give you two examples:

- **Example A:** In Watkins Glen, NY, I was talking to Craig Rust, president of Watkins Glen International Raceway, one of the biggest in the country, and he pointed out that at some of the vintage automobile races, a good number of the participants are literal Captains of Big Time industry. This led us to the notion of a couple of wine parties sponsored by the county development organization, SCOPED, to talk to these important people about profit opportunities including their new business park.
- **Example B:** For Puerto Rico, the tourism people built a special campaign to attract the Annual Conference of the Young Presidents' Organization comprised of CEOs under the age of 40. It was very expensive to lure them to the island Commonwealth, but part of the deal was for pre and post convention tours of three industrial and research parks near San Juan. The net result was that four companies actually set up manufacturing facilities in Puerto Rico worth many times the cost of the whole promotion.



Here's a logo that really "asks for the order."

One simple way of doing this is by a scorekeeping system that measures such evolving steps as these:

- Initial inquiries,
- Qualified inquiries by companies in an indicated state of expansion,
- Projects in active discussion,
- Projects in negotiation, and
- Projects established.

A system like that will help you build your future marketing and sales program not on hope or hypothesis but on proved experience.

11. SIMPLY DON'T GIVE UP

Pressured by a political need to get fast bottom-line results, too often development groups give up on projects that could yield huge returns with proper and persistent cultivation such as the Puerto Rico example previously cited.

On this point here's something to keep in mind: the famous Research Triangle in North Carolina and the even more famous Silicon Valley in California's San Jose region didn't arise fully formed like the Phoenix. Instead they each took about 30 years to evolve.

Rome wasn't built in a day and

your own development program won't be either.

And finally:

12. CELEBRATE SUCCESS

We now end right where we started with the importance of local understanding and pride. Both CEOs of expanding companies and their trusted advisors and consultants tend to favor competitive communities that seem on-the-way-up and who project a strongly positive self-image.

So celebrate your successes as loudly and proudly as possible: new resources and funding sources, new and expanded companies, improvements in the economic climate, and recognition by writers and editors in the local, regional, and national press.

Finally, here is a key question: if a development organization follows these dozen described and prescribed best practices, will its program of economic development and diversification necessarily succeed?

The answer is absolutely not. But if the whole community joins up and if it really believes in itself, if it can blend tourism and development advantages and efforts, and if it's in it for the long run I would think it would be pretty tough to stop.

10. KEEP SCORE EVERY STEP OF THE WAY

Again, here is a difference: a dichotomy between good developers who move ahead aggressively and achieve both successes and failures, and great developers who keep painstaking records of what works and what doesn't work.

As the Schuyler County development program emerges and matures, I suspect it's awfully important to measure the record of every respective marketing tactic and technique.