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Strategic Execution in Economic Development

By Jerry Mallot

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strategic execution

IN ECONOMIC DEVELOPMENT

By Jerry Mallot



Fortune 500 company Fidelity National Financial relocated its headquarters to downtown Jacksonville during the Cornerstone III era, creating more than 2,000 jobs.

economic development's primary goal has traditionally been the creation of jobs, although today we often broadly define economic development to include other elements.

GETTING THE RESULTS YOU WANT

All job growth is not created equal. This lesson was put into practice with much success by the Northeast Florida economic development agency, Cornerstone Regional Development Partnership, winner of the IEDC 2006 award for a multi-year economic development program for populations over 200,000. By concentrating on targeted industry, high-wage job growth, quality of life and prosperity would increase for the entire region. First implemented during Cornerstone III, a five-year funding campaign between 2001 and 2005, economic development practitioners utilized many tactics including regional collaboration, a research-based approach, a dynamic marketing plan, and high-wage focused incentives.

The Jacksonville and Northeast Florida region has always experienced strong annual job growth, but the history of the region is also one of low per-capita income, with many of the job opportunities lacking in quality.

As Northeast Florida's economic development organization, the Cornerstone Regional Development Partnership, contemplated its vision of Jacksonville's future development in the late 1990s, it began to see troubling patterns in its study of other communities. Cornerstone noted that many cities highly touted for their success reflected results that were not nearly as attractive as initially perceived. Rapid job growth often resulted in a diminished quality of life. Alternatively, some regions utilized their assets and resources in focused recruitment of quality jobs to achieve significant growth in income, thus attaining much greater prosperity and wealth with a seemingly similar commitment of resources.

A new vision began to emerge that ultimately changed Jacksonville in both its perception and its reality of quality job growth.

Led by a strategic proposal from then Mayor John Delaney and committed involvement by business leaders, the vision revolved primarily around the notion that bigger is not better – only better is better. To Cornerstone that meant that all growth should no longer be seen as positive – only growth

Jerry Mallot is the executive director of the Cornerstone Regional Development Partnership, the organization that facilitates the creation and retention of quality jobs and significant capital investment, resulting in a higher standard of living and a better quality of life in Northeast Florida.



Cornerstone works to retain 80 percent of the technically trained workforce that comes from the annual separation of 3,000 Navy members from regional bases.

The necessary buy-in to achieve these results came easily with the top levels of government and business agreeing on the quality versus quantity approach. The city, Cornerstone, and its partners concurred on this longer-term strategy and committed the various investments that were required. With funding in place, Cornerstone took the next steps in executing the tactical elements of the new approach.

that brings greater benefits, prosperity, and quality of life.

The effect of this strategic positioning took many forms. Mayor Delaney observed that growth in some cities destroyed natural resources that could never be replaced. By putting a priority on protecting natural resources and preserving them for current and future generations, the quality of life for Northeast Florida residents could be permanently impacted. This is especially relevant to a community like Jacksonville whose assets include an ocean, a major river, the Intracoastal Waterway, beautiful marsh lands, and pine forests.

In partnership with federal, state, and local agencies, the Jacksonville Preservation Project was introduced as a way to secure land for conservation. This plan was collectively funded and resulted in 60 square miles of property being permanently reserved for parks and green-space. The plan set aside opportunities for citizens to appreciate and utilize enormous amounts of land, ensuring a strong sense of engagement with nature and pristine properties to enjoy recreationally.

Within the consolidated city of Jacksonville, this preservation of nearly 10 percent of all available land created a new direction for the development of the city. Urban sprawl would be limited because the method of land purchase created a ring around the central population core, which encouraged better utilization of roads, utilities, and infrastructure, thereby lowering development costs and increasing efficiency. It also meant that neighboring counties would more quickly qualify for new business opportunities and development growth,

which traditionally had focused on the urban county of Duval.

A critical infrastructure investment of more than \$2.2 billion followed in the form of The Better Jacksonville Plan. With the leadership of the mayor and support of the local business community, this initiative passed a public vote that increased the local sales tax by a half cent. Once the additional sales tax revenues were bonded in 2001, Jacksonville's quality of life was elevated quickly. Two-thirds of the new revenue was directed towards enhancements to the transportation infrastructure. Rather than building new roads, the quality and capacity of existing roads were improved to move traffic efficiently while providing a more pleasant driving experience with major new landscaping enhancements.

The balance of funds was designated for community facilities that would impact everyday life for many citizens. These included a new arena to bring in sports and entertainment events, a new baseball park, a new state-of-the-art

main public library and significant enhancements in the library's community branches, an equestrian center and associated services.

HIGH-WAGE JOBS

Last, but certainly not least, was the direct benefit to economic development. The concept was to focus on higher-wage economic base jobs – those that export products and services outside the region and import dollars to increase prosperity and provide opportunities for all citizens. Recruiting high-wage jobs meant that economic developers needed to rework incentives at both the state and local levels. This evolving process produced the desired result and ultimately became a matrix of evaluation to determine 'how' and 'to what extent' the return on investment was being achieved if incentives were included.

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CORNERSTONE III

Cornerstone's economic development efforts are funded through a series of five-year campaigns, with Cornerstone III spanning the years 2001 through 2005. Cornerstone was formally established in 1991, with

planned five-year commitment terms from investors, allowing for consistency in budgeting and staffing the economic development effort. Cornerstone I represents the five-year campaign between 1991 and 1996, and Cornerstone II represents the five-year campaign between 1996 and 2000. This article focuses on Cornerstone III. Cornerstone III is significant as it marked the start of the new strategy. Employers were targeted that offered higher than average wages and capital investments that increase prosperity and wealth of the Northeast Florida region.

The Cornerstone III strategy encompassed six tactics:

- A more complete public/private partnership,
- Regional collaboration,
- A research-based approach to economic development,
- A dynamic marketing plan,
- Aggressive outreach to achieve results, and
- High-wage focused incentives.

PUBLIC/PRIVATE PARTNERSHIP

Cornerstone III focused primarily on raising private sector funds with an expected involvement of the public sector based on the private commitments achieved. A total funding commitment of more than \$16 million was achieved with two-thirds of the funds coming from the private sector and the balance from the public sector. Leadership from both business and government assisted in developing strategies included in the Cornerstone III economic development agenda. This team approach was critical for securing each project announcement and achieving the desired goals.

Cornerstone is the lead organization for marketing and prospect development in Northeast Florida. Within the city of Jacksonville, the primary partner is the Jacksonville Economic Development Commission that represents the mayor and engages the City Council in decisions about public support or actions needed on a project. Many other partners, including the electric authority, the marine port, the airport, and the transportation authority are also part of the Cornerstone economic development team. Within the region, each of the economic development organizations that make up the seven-county Cornerstone Partnership agreed to the approach along with WorkSource, the regional workforce board.

The funding campaign developed around a series of aggressive priorities that aimed at quality as the theme. The priorities included:

- Attracting 25 national headquarters to the area,
- Developing 20,000 direct, targeted, high-wage jobs that would impact the direction and quality of the region and the economy,



Cornerstone conducted a Megasite study to identify larger sites for major projects and has assisted in moving them to a shovel-ready status. Cecil Commerce Center on the Westside of Jacksonville is one of those sites ready for development.

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CORNERSTONE III STRATEGIES

- Public/Private Partnership
- Regional Collaboration
- Research-Based Approach
- Dynamic Marketing Plan
- Aggressive Outreach
- High-wage Focused Incentives

SELECT GOALS FROM CORNERSTONE III

- Attract 25 new national or regional headquarters to the Jacksonville area.
- Develop 20,000 direct, targeted, high-wage jobs that will impact the direction and quality of the regional economy.
- Add \$2 billion in capital investment in buildings and equipment bringing \$400 million in local tax revenue over 10 years.
- Retain 80% of 3,000 technically trained persons leaving the Navy each year.
- Recruit a fair share percentage (8%) of Florida college graduates to work in the Jacksonville area.

- Adding \$2 billion in capital investment in buildings and equipment aimed at dramatically increasing the tax revenues during the next 10 years,
- Retaining 80 percent of the technically trained workforce that comes from the annual separation of 3,000 Navy members from regional bases, and
- Recruiting a higher percentage of Florida college graduates to work in the Jacksonville area.

REGIONAL COLLABORATION

Regional collaboration was achieved because the needs addressed were consistent with the strategies of the partnership. The economic development practitioners from the seven-county Northeast Florida region meet twice monthly to consider both prospects and strategy, making it easy to achieve a consensus on issues. Shared research, prospect management information, and real estate databases, along with regular issues forums, developed a high level of trust and engagement to make the partnership function at a high level. Other partners including WorkSource, regional universities and community colleges, as well as the Jacksonville authorities, came together because of common interests and a history of collaboration. Working together allowed for streamlined information and use of common technology to provide immediate response capacity for regional recruitment and retention activities.

RESEARCH-BASED APPROACH

Cornerstone utilizes research as a primary tool in business recruitment as it demonstrates value and a competitive advantage. Research began with a targeted industry study to better identify companies that would meet the higher-wage interests of the Jacksonville region. Developing a new targeted industry approach was most critical to ensure the campaign focused on the kinds of industries that would achieve the desired results. In addition, greater use of research with industry-specific companies most likely to be in an expansion mode was another step needed to narrow the focus and gain greater success.

Much more research was needed in other areas in order to be successful when competing for the best business opportunities.

- A commute zone analysis undertaken by an outside research company determined the level of workforce available in 20-, 40- and 60-minute travel increments from many sites within the region. This allowed potential companies to assess the total available workforce for their chosen location, including data about

the quality of the workforce such as educational attainment and the expected income requirements. This quality data helped the region stand out from its competition.

- A megasites program identified larger sites for major projects and assisted in moving them to a shovel-ready status.
- The real estate inventory database was expanded to include photography and more in-depth information.
- For a more accurate comparison with other cities, a thorough analysis of the regional and private educational system was broadened to include the entire region instead of only the city of Jacksonville's public education program.
- The Cornerstone website, www.expandinjax.com, provided more in-depth county demographic analyses to showcase the region more fully.

A commitment to specialized research for individual prospects with an accompanying budget allowed us to be even more methodical to win major projects.

TARGETED INDUSTRIES

- Headquarters
- Finance and Insurance Services
- Aviation and Aerospace
- Medical Products, Services, and Research
- Information Technology
- Distribution and Logistics
- Specialized Manufacturing
- Electronics and Semiconductors



Preservation Project Jacksonville ensures Northeast Florida residents will always enjoy the recreational benefits of parks and greenspace nestled on the St. Johns River and Intracoastal Waterway.

DYNAMIC MARKETING PLAN

With a budget commitment of \$1 million per year, funds were available to effectively market the region through the Cornerstone program. More than ever before, this program executed the strategy of research and targeting, as well as more personal engagements with clients and site consultants. It included a variety of elements with a particular emphasis on direct contact through special marketing programs, e-mail, and personal visits.

Public relations also played an important role in telling the Jacksonville story in both targeted and mainstream media outlets. Efforts to attract broader national attention also took shape through events like hosting a Super Bowl in Jacksonville.

In the ensuing years, the campaign invested in major Web site enhancements, new branding, and execution of advertising in industry-specific publications along with an expanded approach in the public relations arena. Focus groups with site consultants and industry executives helped develop elements like a regular newsletter to site consultants and the formatting of information to help increase the likelihood that it would be read.

AGGRESSIVE OUTREACH

Long-time memberships in organizations such as CoreNet Global and IAMC became more strategic during Cornerstone III. The commitment to engage staff members in more events with a focus on the targeted industries and key site consultants accelerated the interaction with clients over the five-year period. Regular missions to New York, Atlanta, and other locations resulted in the region becoming better and more widely known and helped build relationships that resulted in substantial projects.

An important part of this new equation consisted of international recruitment which significantly enhanced efforts in Europe and Asia. Cornerstone's International Department concentrated more on business recruitment than on trade development to take advantage of the substantially greater return on investment.

In Jacksonville, most clients welcomed an opportunity to see a Florida city firsthand by making site visits. But Cornerstone and its partners renewed the commitment to go anywhere, anytime to advance or make a deal. And it paid off.

Cornerstone expanded showcase events and increased the frequency and size of familiarization tours for corporate decision makers and site consultants. These included visits to attend Jacksonville Jaguars games and opportunities to capitalize on the excitement of The Players' Championship golf tournament that is held annually in the region. The designation of Jacksonville as the host site for Super Bowl XXXIX set the community on fire with determination to make the best of this unique opportunity to showcase the Northeast Florida region. Super Bowl XXXIX brought more attention to the market than any other single event. Cornerstone had learned 10 years earlier when Jacksonville was selected as the home for the 30th NFL franchise that the NFL brought an amazing spotlight to a mid-size market and knew that a Super Bowl would bring even more.

HIGH-WAGE FOCUSED INCENTIVES

Working with the state of Florida, Cornerstone reworked incentive programs to make high wages the primary factor by which incentives could be gained. This meant the qualifying wage would increase each year and that it

must be \$40,000 or more in order for a company to qualify for significant incentives. Capital investment played an important role that utilized different incentives and virtually all of them moved to a performance-based approach rather than cash up front for a project.

The strategy on incentives was competitive, but not excessive. Seldom was Jacksonville the highest bidder, but combined with an engaging and attractive business environment, a very low tax burden, and a quality workforce, it was positioned to achieve success. As the Cornerstone III timetable unfolded between 2001-2005, a more complex matrix was developed by the city of Jacksonville to guide the incentive evaluation and ultimate award.

CORNERSTONE III PERFORMANCE

The years 2001-2005 were not stellar in the economy of the United States. This made the economic development process more difficult and the focus on high-wage jobs seemed almost impractical. Nevertheless, by working as a partnership with an aggressive program, Cornerstone and its partners announced more than 24,000 total jobs with more than 20,500 reaching the high-wage standard. The actual average wage topped the \$45,000 mark with an average closer to \$50,000 the last two years. Capital investment fell short of the goal during the period when companies were pulling back on constructing new buildings and expending capital.



Working
with the
state of
Florida,
Cornerstone
reworked

The Better Jacksonville Plan, a voter-approved \$2.25 billion comprehensive growth management strategy, helps fund both infrastructure upgrades and the construction of new public facilities such as the Baseball Grounds of Jacksonville ballpark.

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The headquarters program proved exceptional with the recruitment of 30 new regional and national corporate headquarters, including two new Fortune 500 headquarters locations – something no other city had accomplished. Ultimately, 85 percent of all jobs gained through Cornerstone and its partners were high-wage and more than 91 percent fell into one of the targeted industries.

Top-tier corporate names entered the Jacksonville regional market including the headquarters of Fidelity National Financial with 2,000 new jobs, 1,000 new jobs with Merrill Lynch, a 550,000-square-ft. Citibank campus which netted more than 900 new jobs, and two Wal-Mart distribution center projects that are creating more than 1,500 new jobs. Announcements in all the targeted industries, which included financial services, logistics, aviation, and life sciences, produced thousands more jobs.

Third party endorsements poured in from reports like Expansion Management's "Hottest Cities for Expansion and Relocation," Good Morning America's list of the top

five "Up and Coming Cities," Best Cities for Favorable Tax Climate, and, of course, the NFL selection of Jacksonville as one of only 12 cities to ever host a Super Bowl. The marketing programs under Cornerstone won many honors including the top honors from IEDC for a multi-year economic development program, "Deal of the Year" award at the Florida Economic Development Council, and several other annual Florida awards. Based

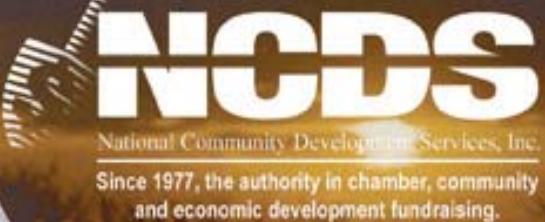
on this success, CoreNet Global selected the Cornerstone III program for the Leadership and Innovation Award in 2006. The Cornerstone partnership's decision to strive for quality and excellence energized all facets of our economic development process.

More importantly, Jacksonville and Northeast Florida found itself ahead of the curve on this issue

of growth, recognizing that not all growth is good. Building a quality region with visionary planning and recruitment of high-wage jobs is now the guiding principle for development. Communities making smart choices will receive more opportunities to create a better future. 

Cornerstone III Performance

2001 – 2005	
New Targeted Jobs	24,178
High-wage jobs created	20,544
Average Wage	\$45,070
Capital Investment	\$1.19 billion
New Headquarters	30
Percent jobs high-wage	84.9%
Percent jobs in targeted industries	91.3%



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