

The New Economic Development Playbook

Focus on Talent, High Growth Companies & Competitive Advantages

Your Major Employer Leaves – Now What?

Nine Steps to Economic Recovery

Responding to Globalization

NEOTEC Initiatives Connect Northeast Ohio to the World

Serving Second-Stage Companies

A Different Approach to Cluster Development

It Takes a Village

How The Idea Village Is Stimulating an Entrepreneurial Movement in New Orleans

The Early Roots of San Diego's Innovation Economy

The Role of Civic Leadership and Land Use Decisions in the Region's Economic Transformation



IT PAYS TO BE A MEMBER

The savings that membership brings on conference attendance, publications and member services more than covers the cost of membership. Member dues are prorated according to the organization or company type. Don't miss out on the value and savings of becoming an IEDC member. Join the premier economic development association today.

Call IEDC TODAY to sign yourself up as a member or to receive further membership information:
(202) 223-7800.

Or visit our homepage at www.iedconline.org.



INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

ABOUT IEDC

The International Economic Development Council (IEDC) is the premier international association dedicated to leadership and excellence in economic development. IEDC can equip you with the tools and resources that are helping to shape economic development throughout the country and around the world. Our services include:

- *ED Now*, a twice-monthly newsletter
- *Economic Development Journal*, a quarterly publication
- Improved access to resources and information
- Enhanced educational choices
- Stronger advocacy and access at the Federal level
- Expanded networks and alliances
- Industry-leader publications
- Expanded research and technical assistance
- An international presence

THE IEDC Economic Development Journal

International Economic Development Council

734 15th Street, NW Suite 900 • Washington, DC 20005 • www.iedconline.org

Chair: Dennis G. Coleman, CEcD, FM

President & CEO: Jeffrey A. Finkle, CEcD

Editor: Jenny Murphy

Editorial Board: Ronnie Bryant, CEcD, FM, HLM, chairman; William Beyers, Ph.D.; Janet Cypra; Donald Haider, Ph.D.; Rick Loessberg; Phillip D. Phillips, Ph.D.; Karin Richmond, Ph.D., FM; Ronald Swager, Ph.D.; Mark D. Waterhouse, CEcD, FM; and Charles H. Wood

Manuscripts are invited and should be addressed to the editor. Articles contained in *Economic Development Journal* represent the authors' views and not necessarily those of IEDC. No articles may be reproduced without permission from IEDC. Copyright (c) 2011, the International Economic Development Council (202) 223-7800. Fax: (202) 223-4745. mail@iedconline.org. ISSN 1539-1922. Subscriptions \$60 per year; for individual issues – \$20. Advertising is available. Contact IEDC for details.

OFFICERS AND BOARD OF DIRECTORS

Officers

Dennis G. Coleman, CEcD, FM
Chair

Jay C. Moon, CEcD, FM
Vice Chair

Lynn Martin Haskin, Ph.D.

Barry Matherly, CEcD

William C. Sproull, FM

Paul Krutko, FM

Secretary/Treasurer

William E. Best, FM

Immediate Past Chair

Jeffrey A. Finkle, CEcD

President & CEO

Board of Directors

Scott D. Adams, CEcD

William Allen

Charles S. Alvey, CEcD

Rita Athas

Ivan Baker, CEcD

Mark Barbash, FM

Howard C. Benson

David Berzina, CEcD

Dyan Lingle Brasington, CEcD, FM

Tim Chase, CEcD, FM

Tedra Cheatham, CEcD

JoAnn Crary, CEcD

J. Vann Cunningham

Kenneth E. Dobson, FM

Maurice D. Ewing, CEcD

Neil Everson, EcD

Jacques Evrard

Robert Fine

Kristen Fish, CEcD

Thomas M. Flynn, CEcD

Raymond Gilley

Gerald L. Gordon, Ph.D., FM,

HLM

Todd Greene, CEcD

Daniel C. Gundersen

Don A. Holbrook, CEcD, FM

Donald E. Jakeway

Barbara K. Johnson

James R. Kinnett II, CEcD, FM

Thomas A. Kucharski, CEcD

Andrew T. Levine

Gail Lewis

Diane C. Lupke, CEcD, FM

Judy McKinney-Cherry, CEcD

Janet M. Miller, CEcD, FM

Fred Morley

Phillip D. Phillips, Ph.D., CEcD

Joy M. Pooler, CEcD, FM

Craig J. Richard, CEcD

Wayne Schell, FM

Mike Schwenk

Walter C. Sprouse, Jr., CEcD,

CCE, FM

Klaus Thiessen

Allison J. H. Thompson, CEcD, EDFP

Anatalio Ubalde, FM

Steve Weathers, CEcD

Holly Wiedman

Joy S. Wilkins, CEcD

Roy H. Williams

PAST CHAIRS

William E. Best, FM

Frank Birkhead, CEcD, FM, HLM

Thomas D. Blanchard, Jr., HLM

M. Ross Boyle, CEcD, FM, HLM

Ian Bromley, MA, MBA, FM, FRSA

Ronnie L. Bryant, CEcD, FM, HLM

Steven J. Budd, FM

Robert B. Cassell, CED, FM, HLM

Kurt Chilcott, CEcD, FM, HLM

John P. Claypool, HLM

Gary Conley, HLM

James A. Covell, CEcD, FM, HLM

Walter D'Alessio, HLM

James A. Devine, CEcD, FM, HLM

Donald G. Dunshee, CED, FM,

HLM

Murray A. Elder, HLM

Harry G. Foden, CEcD, FM, HLM

Jay A. Garner, CEcD, CCE, FM,

HLM

James A. Garver, CEcD, FM, HLM

Victor S. Grgas, HLM

James W. Griffin, CEcD, FM, HLM

James H. Gullyes, HLM

James C. Hankla, HLM

Robin Roberts Krieger, FM

Ronald C. Kysiak, HLM

Robert E. Leak, Sr., CEcD, HLM

Marilyn Szwartz Lloyd, HLM

Joseph A. Marinucci, FM

William J. McDermott, CEcD, FM, HLM

John D. Morand, CEcD, FM, HLM

Ioanna T. Morfessis, Ph.D., HLM

Edward A. Nelson, Jr., CEcD, FM, HLM

D. Kenneth Patton, HLM

James O. Roberson, CEcD, FM, HLM

Judie A. Scalise, CEcD, FM, HLM

Bill R. Shelton, CEcD, FM, HLM

Wayne Sterling, CEcD, FM, HLM

David C. Sweet, Ph.D., FM, HLM

Rick Thrasher, CEcD, FM, HLM

Mark D. Waterhouse, CEcD, FM, HLM

Rick L. Weddle, FM

April Young, Ph.D., HLM



Dennis G. Coleman,
CEcD, FM
IEDC Chair

dear colleague

I have been privileged to represent the IEDC membership over the past year as chairman of the Board of Directors. This has been a dynamic year for IEDC. I had three priorities in 2011: create a blueprint for a new prosperity; support and enhance the management and leadership capabilities of economic development professionals; and further the implementation of IEDC's three strategic initiatives – entrepreneurship, sustainability, and globalization.

In regard to my first priority, IEDC has continued to provide the information and tools to transform and grow your local economy. For the first time, the organization offered this past June a conference on "Understanding Tomorrow's Industries Today: The Landscape of the Future." And this June in St. Louis, the spring conference on "Driving Innovation and Prosperity: Transforming Industries and Communities for the Next Economy" will address many of the issues that communities are facing in terms of mitigating the impact of the global recession on people, firms, and places. These conferences are providing information, emerging trends, and tools for supporting high-growth industry sectors in your local economy.

This past year we have been working with a task force of our members and a consulting firm to develop leadership competency models for executives and professional staff of economic development organizations. These models will help future economic development leaders to assess the skills and experience they need to develop in order to grow professionally within our industry. The final models will be released to the IEDC membership at the 2012 Leadership Summit in San Antonio.

My final priority was the implementation of IEDC's strategic initiatives, which includes the following highlights. For the goal of entrepreneurship, the organization launched the publication, "Unlocking Entrepreneurship: A Handbook for Economic Developers," which spotlights the importance of an entrepreneurship strategy and includes a toolkit for practitioners to assess and implement strategies in their communities. Concerning globalization, IEDC contributed to a special supplement in CNBC Business Magazine on "Invest in America," which spotlighted trends in foreign direct investment in the U.S. and best practice case studies from around the country. Finally, IEDC produced "Powering Up: State Assets and Barriers to Renewable Energy Growth," which provides a current snapshot of what states see as their assets for renewable energy development and the policies they are using to develop it.

Recovery has become an ever important issue. IEDC continues to focus its outreach – through its publications, conference tracks, web seminars, and other resources – on providing information about federal funding opportunities, innovations at the community level, and other news and research to help communities adapt and recover from the economic crisis. In addition, thanks to an EDA grant, IEDC has developed and launched a new web portal, RestoreYourEconomy.org. This is a one-stop-shop of information to help stakeholders prepare in advance to mitigate a disaster's economic consequences and to rebuild their local economies after a disaster strikes.

To celebrate the 85th anniversary of IEDC – spanning from the American Economic Development Council to the Council for Urban Economic Development – and the 25th anniversary of service for Jeff Finkle, first as CUED's executive director and now as IEDC president and CEO, we conducted a History Project this past year to commemorate these anniversaries. The project documents the history of the economic development profession through interviews, historical photos, and audio clips that were displayed at this year's Annual Conference and can be accessed on IEDC's website.

I could not have achieved all these goals alone. None of these are individual achievements. The entire Board, Jeff Finkle, and all the staff have been outstanding in supporting me throughout the year. I especially want to thank the Governance Committee for its commitment and support: Bill Best, FM; Jay Moon, CEcD, FM; Paul Krutko, FM; Lynn Martin Haskin, Ph.D.; Barry Matherly, CEcD; and William Sproull, FM.

It has been a great pleasure to serve the organization this past year. I look forward to seeing many of you at future IEDC events.

Dennis G. Coleman, CEcD, FM
IEDC Chair

The IEDC Economic Development Journal

TABLE OF CONTENTS



PAGE 5



PAGE 11



PAGE 31

The New Economic Development Playbook.....	5
<i>Focus on Talent, High Growth Companies & Competitive Advantages</i>	
<i>by Christian S. Johansson</i>	
This article lays out a plan to grow jobs by attracting and retaining talented workers; targeting resources on high impact, fast growing companies; and developing an economic development plan around core advantages and assets.	
Your Major Employer Leaves – Now What?	11
<i>Nine Steps to Economic Recovery</i>	
<i>by Steve Vierck, CEcD</i>	
An increasingly large number of communities are dealing with the loss of one of their major employers. Fortunately, there are valuable assistance programs in place as well as instructive lessons to be learned from regions that have successfully recovered.	
Responding to Globalization.....	20
<i>NEOTEC Initiatives Connect Northeast Ohio to the World</i>	
<i>by Ron DeBarr</i>	
Through collaboration and proactive solutions to changing economic needs, the Northeast Ohio Trade & Economic Consortium (NEOTEC) is helping to define Northeast Ohio as a wellspring of business opportunity for companies around the world.	
Serving Second-Stage Companies	31
<i>A Different Approach to Cluster Development</i>	
<i>by Penny Lewandowski and T.J. Becker</i>	
Industry clusters have long been a hot topic in economic development circles. Yet there's an alternative view of cluster development: Targeting growth entrepreneurs not by industry but according to their stage of business development.	
It Takes a Village	37
<i>How The Idea Village Is Stimulating an Entrepreneurial Movement in New Orleans</i>	
<i>by Henry Mautner</i>	
Though The Idea Village has a solid track record of providing technical assistance to local entrepreneurs, the organization's greatest accomplishment is its success at defining, creating, and sustaining an entrepreneurial movement. This investment has helped reposition New Orleans as a city of renewed hope and opportunity.	
The Early Roots of San Diego's Innovation Economy	44
<i>The Role of Civic Leadership and Land Use Decisions in the Region's Economic Transformation</i>	
<i>by Mary Lindenstein Walshok</i>	
Academic research is underscoring how important cultural values and social dynamics are to turning R&D into regional economic development. San Diego, California, the home to some of the nation's most robust technology clusters, is an interesting example of how early regional land use decisions by the public sector, coupled with "venture" investments and a collaborative culture, have jump-started the growth of the new economy.	
IEDC News.....	29
IEDC Calendar of Events	30

the new economic DEVELOPMENT PLAYBOOK

By Christian S. Johansson

SEARCHING FOR ANSWERS TO AN ECONOMIC DEVELOPMENT RIDDLE

at the beginning of 1939 with the world on the precipice of war, Winston Churchill famously said, "I cannot forecast to you the action of Russia. It is a riddle, wrapped in a mystery, inside an enigma." What Churchill, nor anyone else at the time could have foreseen were the years of war, suffering, and record economic growth that followed, as well as the role that Russia would inevitably play in changing the course of U.S., and our world's, history.

Today, more than 70 years later, our world faces a different kind of enigma, but one that is equally challenging to forecast – a global economic struggle that is dramatically redefining our collective prosperities as countries, as companies, and as citizens. While we cannot predict with certainty when or how we will emerge from the economic malaise, I believe there are several axioms we can employ that will help our nation prepare for better days ahead.

- First, talent drives innovation, which then drives economic growth. The single most important economic performance "input" is a smart and talented workforce.
- Second, successful "organic gardening" is the most significant contributor to sustained economic growth. Moreover, small businesses have historically been the key drivers of the vast majority of job creation and investment.
- Third, the speed of globalization is rapidly forcing the need for specialization and a focus on core regional competitive advantages.



The BioMaryland Pavilion at the BIO 2011 International Conference in Washington, D.C.

FOLLOWING A NEW ECONOMIC DEVELOPMENT PLAYBOOK

Recognizing what successfully drives economic growth fundamentally changes the approach that economic developers use to build place-based economies. Observing and quantifying them allows us to shape policies and best practices that position our states' and our country's economies for success today and tomorrow.

After three years as Maryland's chief "jobs" executive, I believe the most important role an economic development agency can play is as convener, coordinator, and collaborator. Having run a number of start-up companies and worked in strategic consulting and regional development prior to government, the strategies put forth in this article originate from proven practices of venture-backed entrepreneurs more so than those traditionally practiced by economic development organiza-

Christian Johansson was appointed Maryland's secretary for business and economic development in 2009. Before joining the agency, he served for six years as CEO of the Economic Alliance of Greater Baltimore. An entrepreneur and management consultant, he also served on President Obama's transition team. (Cjohansson@choosemaryland.org)

FOCUS ON TALENT, HIGH GROWTH COMPANIES & COMPETITIVE ADVANTAGES

Job creation is the top priority in our nation today. This article lays out a plan to grow jobs by attracting and retaining talented workers; targeting resources on high impact, fast growing companies; and developing an economic development plan around core advantages and assets.

tions or officials. A three-pronged strategy focused on talent, high-growth companies, and core competitive advantages is what I call “The new Economic Development Playbook.”

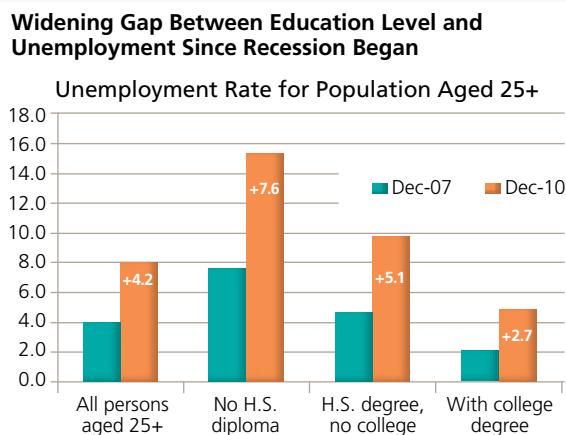
1. MAKE ATTRACTING, DEVELOPING, AND RETAINING TALENTED PEOPLE IN YOUR COMMUNITIES YOUR TOP ECONOMIC DEVELOPMENT PRIORITY

Investing in education is one of the single most effective ways to lower long-term unemployment, retain companies, and attract new ones. Surveys of corporate executives consistently find that a strong workforce and talent are major factors in site selection. From 2007-2010 (see Chart 1), the gap between education levels and unemployment rates has widened even further.



Students gather on the campus at Salisbury University.

CHART 1 Unemployment Rates by Education Level



Source: Bureau of Labor Statistics, Current Population Survey

At the same time, higher education affordability is becoming an issue for many students. Over the past five years, while states' support for higher education has increased an average of 8 percent, tuitions have gone up nearly 50 percent. This trend looks likely to accelerate as, according to the National Conference of State Legislatures, at least half of the states cut funding for higher education in their 2011 legislative sessions.

In Maryland, we continue to make public education investments a state budget priority. As a result, *Education Week* named our public schools the nation's best three years in a row. Maryland also tackled the high cost of getting a college degree by freezing tuition at our state colleges and universities four years running. Bearing in mind that not everyone will go to college, states need to have an aggressive plan to focus resources on developing middle skills. With many of today's jobs requiring more than a high school diploma – but less than a bachelor's degree – we launched *Skills2Compete* to increase Maryland's skilled workforce 20 percent by 2012. We are working with employers to align degree programs

to market demand and translate those requirements through our Workforce Investment Boards.

In the end, it is not only about developing talent, it is important to recruit and retain talent. To build successful innovation hubs, states must become attractive destinations for global talent. After all, top talent is infinitely more mobile than companies. Like many states with an extensive network of universities, Maryland exports talent as graduating students pursue opportunities in other states rather than retaining the talent that can generate new entrepreneurial ventures and innovations. Aggressive campaigns to integrate student populations into local communities can have a meaningful impact in retaining them post-graduation. For example, Baltimore's Collegetown Network was founded in 1999 and over the last decade has been successful in increasing the retention rate of students from 19 percent in 2003 to 31.5 percent in 2009.

The flip side of retaining talent is creating relevant marketing campaigns to attract new talent into the state. In a global economy, we need to increasingly market to global talent. *Contact Singapore* and *I Am Young Detroit* are two current campaigns designed to attract global talent to work, invest, and live in Singapore and Detroit respectively. A key component of Detroit's revitalization involves attracting talent from across the nation. As part of this effort, the Wayne State's Detroit Fellows Program will recruit and develop up to 25 outstanding mid-level candidates in the nonprofit and economic development spheres to relocate to Detroit for two years of grant-funded professional work. Also contributing to the strategy

In the end, it is not only about developing talent, it is important to recruit and retain talent. To build successful innovation hubs, states must become attractive destinations for global talent. After all, top talent is infinitely more mobile than companies.

is *I Am Young Detroit*, a blog that profiles the city's young up-and-comers and growing entrepreneurial ecosystem.

At my agency, we launched the *MaryLand of Opportunity* campaign in January 2010 to profile successful, smart, and savvy entrepreneurs based here. Their base may be Maryland – but their markets are world-wide. Today, the award-winning campaign has been viewed by millions and is helping to educate, inspire, and build confidence within Maryland's business community.



The *MaryLand of Opportunity* Campaign featuring Chesapeake Candle founder Mei Xu.

2. FOCUS RESOURCES ON HIGH-IMPACT, IN-STATE COMPANIES FOR GREATEST JOB GROWTH & BUSINESS CREATION POTENTIAL

With recent studies shedding new light on prior assumptions about the source of job gains, we learn that a state's economic performance is driven by how successful it is in building world-class businesses inside its borders, not in importing businesses from elsewhere. Particularly in mature economies, almost all job growth is organic, due to the expansion of existing firms and the birth of new firms. A 2010 study by the Public Policy Institute of California, "Business Relocation and Homegrown Jobs, 1992-2006" found that job relocations at the state level accounted for 1.9 percent of job gains.

Moreover, a small number of firms in every jurisdiction are outsized contributors to economic growth and job creation (see Chart 2). Studies vary in their findings about the size and the age of these businesses. Nevertheless there is clear evidence that successful startups are an important source of jobs. For example, research by the Kauffman Foundation shows that young businesses generate a disproportionate share of new jobs. The U.S. Small Business Administration and others show that it is high-impact "gazelles" that account for the largest share of job growth. Google and Facebook are well-known as outsized



The *I Am Young Detroit* campaign, which profiles Young Detroiters who are making their mark on the city of Detroit through their accomplishments and service to the community.

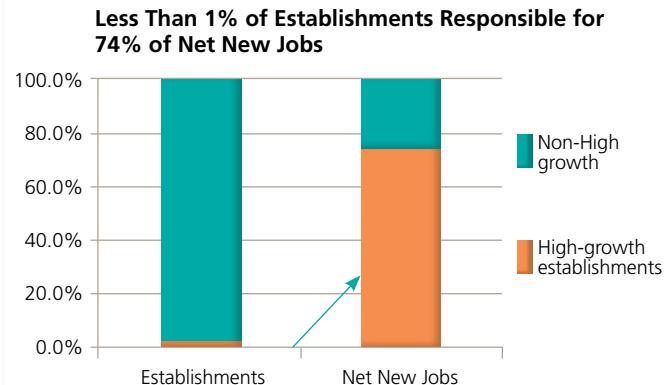
contributors to job growth, while in Maryland, industry leaders like Under Armour and Sourcefire are playing a similar role, adding jobs at a rate of 30 percent a year.

Making the Case with Targeted Data & Information

Economic development professionals need targeted strategies to help propel these high-growth firms further, faster. The challenge is that high growth firms are less likely to proactively seek assistance and in many cases have had little interaction with state or local government. States need to develop protocols to identify these rapidly growing firms, proactively develop relationships with their leadership, and provide targeted resources to help them manage expedited growth. States also need better data to target high growth firms.

The Kauffman and Edward Lowe foundations have conducted important research in this arena to help build support for tools that track outsized contributors. We need the continued involvement and thought leadership

CHART 2 Outsized Contributors to the Economy



Source: Outlier LLC for Team Pennsylvania Foundation

of these organizations together with state-based labor departments to identify the most promising companies.

Pennsylvania is one state examining the potential of targeting high growth companies. A recent study by Dr. Gary Kunkle for the Team Pennsylvania Foundation shows that less than one percent of a state's companies have the potential to generate more than 70 percent of new jobs annually. Through this research, Dr. Kunkle identified the state's fastest growing companies from 2004 to 2009. The Pittsburgh Impact Initiative has implemented an economic development strategy using this data which identified 150 high growth companies in a 10-county region. The Pittsburgh Initiative will help those companies with market research, permitting assistance, and other services.

Building an Entrepreneurial Infrastructure

Another key tenet to building a better organic growth engine is developing the entrepreneurial infrastructure to generate a more vibrant pipeline of new companies. In 2010, the Kauffman Foundation released *The Importance of Startups in Job Creation and Destruction*, which concluded that virtually all net job creation in the United States between 1977 and 2005 was driven by startups. The key to a successful entrepreneurial infrastructure is not only the creation of startups, but the nurturing of them as well. Only one in 20 entrepreneurial firms is high growth in terms of adding jobs, but firms that survive the first few years spur jobs and often create innovative goods, services, and processes, according to a 2008 U.S. Small Business Administration study.

In Maryland, we face a unique challenge as well as an opportunity in that we are the top state for federal sponsored research, rank 2nd in the Milken Institute's State Technology and Science Index, and 3rd in Kauffman's State New Economy Index, but lag behind to 42nd in business starts. This delta between funding and business start-ups is driving us to strategically invest in the 'entrepreneurial infrastructure' to narrow the gap between R&D and commercialization.

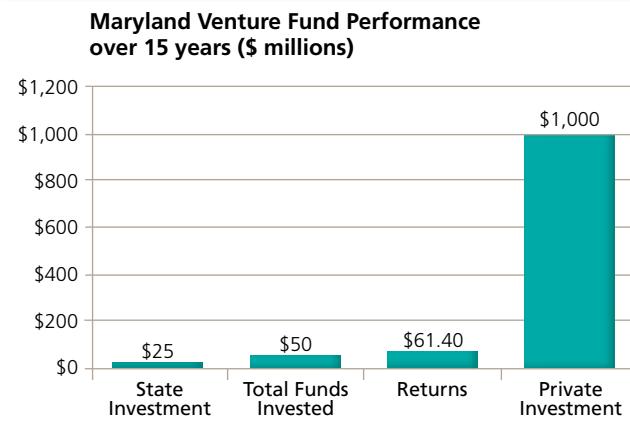
To close the gap, Maryland is implementing a program called *InvestMaryland*, which will infuse a minimum of \$70 million through venture capital investments into promising early stage companies. The program emerged from the tremendous success of our state-backed venture fund. Launched in 1994, the Maryland Venture Fund invested \$25 million and returned \$61 million, which

Only one in 20 entrepreneurial firms is high growth in terms of adding jobs, but firms that survive the first few years spur jobs and often create innovative goods, services, and processes, according to a 2008 U.S. Small Business Administration study.

resulted in the creation of 2,000 jobs and more than a billion in private funding invested into the companies we helped to seed (see Chart 3).

The goal of *InvestMaryland* is to not only create jobs and attract billions in follow on capital, but also to support organic growth and commercialize some of the innovative research being conducted at our universities and private companies and move it into the marketplace. The program is structured as a public-private partnership with two-thirds of the funds raised to be invested by private venture capital firms and one-third by the Maryland Venture Fund.

CHART 3 Maryland Venture Fund Investments



Source: Maryland Department of Business and Economic Development

SUPPORTING HIGH PERFORMING GAZELLES

Under Armour Founded in 1996 by University of Maryland football player Kevin Plank, the company created a line of moisture-wicking athletic apparel. Launched in Plank's mother's basement, the company now employs 4,000 employees world-wide and 1,000 at its Baltimore headquarters – and generated revenues over \$1 billion in 2010. Since 2003, Maryland has provided \$18 million in tax credits and training funds to help the company expand and upgrade the skills of employees.



A bridge that spans over Under Armour's south Baltimore campus.

Sourcefire, located in Columbia, was founded in 2001 by Martin Roesch, author of open source Snort®, the world's most downloaded intrusion detection and prevention technology with over 3.7 million downloads to date. Sourcefire grew from a venture-backed startup and went public in 2007. Maryland was an early investor in Sourcefire through our state-backed Maryland Venture Fund. The company is consistently recognized as a world leader in network security, protecting thousands of commercial customers. The company's real-time adaptive solutions and open source technologies are deployed in every military branch, more than 50 percent of the Fortune 500 companies, and in the largest civilian government agencies. Sourcefire's federal business almost tripled from \$6.2 million in 2007 to \$15.8 million in 2008.

3. DEVELOP BUSINESS PLANS AROUND COMPETITIVE ADVANTAGES & ASSETS

Global markets are changing the very fabric of how business is done. Along with the opportunity to attract billions of customers for American companies, we are at the same time faced with the parallel threat of an increase in global competition. With high speed broadband dramatically improving infrastructure to manufacture and deliver goods to market, and rising skills, China and other developing nations are fundamentally changing the concept of a modern day supply chain. This new interconnectivity of markets and the speed of globalization require a renewed effort on core competitive advantages. Cities, regions, states, and countries need to prioritize investments that build on strengths and, equally important, have a plan to market those competencies nationally and internationally.

Investing in Maryland's Core Advantages:

Cyber, Space & Life Science

In Maryland, we have laid out a plan around our core advantages – focusing on being world leaders in life sciences, cybersecurity, and space/aerospace. In each area, we assessed our assets and developed detailed plans to move forward. Key to each one of these strategies is creating a pipeline of talented workers, promoting commercialization and innovation, and making the necessary investment in infrastructure.

Home to flagship federal institutions such as the National Institutes of Health, the Food and Drug Administration, and National Institutes of Standards and Technology, along with premier research institution and top NIH recipient Johns Hopkins, it is no surprise that between

Global markets are changing the very fabric of how business is done. Along with the opportunity to attract billions of customers for American companies, we are at the same time faced with the parallel threat of an increase in global competition.

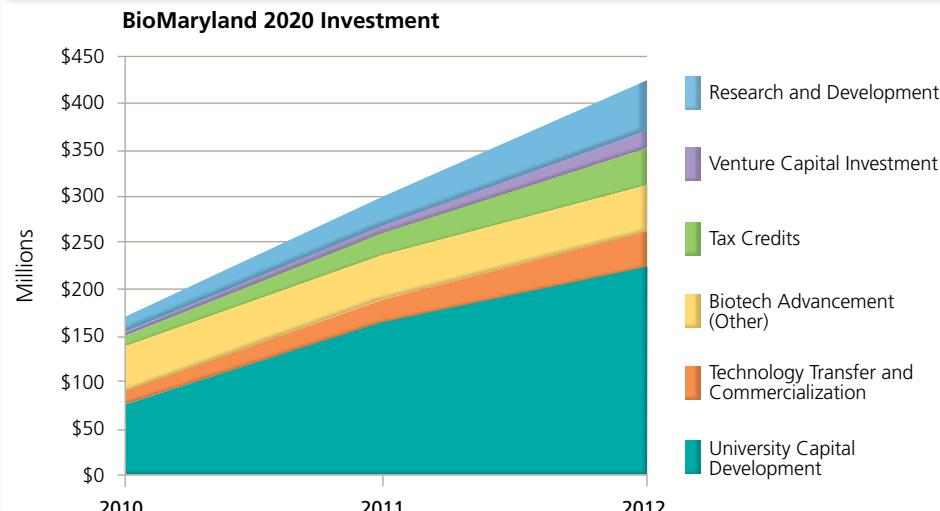


Maryland Governor Martin O'Malley at Lockheed Martin's Next Generation Center.

2002 and 2010, one third of all net new jobs in Maryland were created in the life sciences. Coupled with 500+ biotech firms, representing the 5th largest concentration of life sciences establishments in the US, there was a compelling case to have the state significantly invest in this industry.

In 2009, Governor O'Malley proposed a record \$1.3 billion, 10-year investment, to propel the life science sector even further, faster. As of July 2011, we have invested well over \$300 million in areas such as strategic research like stem cells, provided grants and tax incentives to commercialize and develop biotech companies, and committed dollars to key infrastructure such as bioparks and incubation space next to our flagship universities. Our end objective is to position Maryland to be a leading global region for the discovery and commercialization of life sciences products and services (see Chart 4).

CHART 4
Investments in Maryland's Life Sciences Industry 2010-2012



Source: Maryland Biotechnology Center

WINNING THE RACE FOR TALENT & CAPITAL

Much of the last century was defined by ideological struggle whether between fascism or the cold war that Churchill comments seemed to foreshadow in 1939. The 21st century appears to be much more defined by global markets fueled by **unconstrained movements of capital and talent**. This new world is full of challenges and uncertainty. Although it is impossible to predict tomorrow's economic success story, we identify key trends and as a result make impactful policy decisions.

As economic development professionals, we need to realize that policy steps ahead require us to think beyond the realms of our own agencies and build a broader coalition of state and local government to move our economies forward. Our profession is already evolving from simply being driven by attraction and retention of business to a more ex-

pansive view. More than ever before, this will require us to serve as conveners, facilitators, and cheerleaders of diverse interests that all play critical roles in propelling our economies forward.

The *new* Economic Development Playbook key tenets - whether it is attracting global talent, building support for entrepreneurship, or making priority investments in a state's most competitive industries - hold amazing promise for states willing to embrace change. In the end, the lion's share of benefits will be bestowed on those communities that are willing to lead and win the race for talent and capital. ☺

The *new* Economic Development Playbook key tenets - whether it is attracting global talent, building support for entrepreneurship, or making priority investments in a state's most competitive industries - hold amazing promise for states willing to embrace change. In the end, the lion's share of benefits will be bestowed on those communities that are willing to lead and win the race for talent and capital.



**THE ECONOMIC DEVELOPMENT
RESEARCH PARTNERS (EDRP) PROGRAM**

**DESIGNATED FOR INNOVATIVE LEADERS
IN THE ECONOMIC DEVELOPMENT COMMUNITY**

THE ECONOMIC DEVELOPMENT RESEARCH PARTNERS (EDRP) PROGRAM
Economic Development Research Partners Program membership opens doors to concepts and schemes that assist economic development professionals in operating at a higher level.

AIMS OF THE EDRP Through the EDRP Program, IEDC is taking its mission to a new level, assisting practitioners to successfully compete in the global economy and increase prosperity for communities at an accelerated pace, empowering ED professionals to better define their vision and voice.

METHODS AND BENEFITS OF THE EDRP PROGRAM The Partners meet 4 times a year, sometimes with experts in the field, to coordinate activities and focus agendas on pertinent and practical issues. This innovative program provides an incredible opportunity to strengthen the communities in which we operate and the profession as a whole.

FOR FURTHER INFORMATION on membership details, please contact:
Mary Helen Cobb, Vice President Membership and Partnerships at
202-942-9460 or mcobb@iedconline.org



your major employer

LEAVES – NOW WHAT?

By Steve Vierck, CEcD

an increasingly large number of communities and economic development professionals are dealing with the loss of one of their major employers. Within the past five years alone, there have been more than 5400 industrial plant closures across the United States, an average of more than 1000 closures per year according to BuildCentral.com. In addition, more than 400 military installations have been closed through the five rounds of the Base Realignment and Closure Commission (BRAC) process which started in 1989.

The news that a major employer is leaving can send shock waves throughout the community. All for good reason, as the repercussions can be immense, with many jobs and lives adversely affected and the economic future of the entire community often at stake. The so-called “ripple” effect of economic impact from a closure sometimes feels more like a tidal wave.

The loss of jobs and income not only affects the lives of the laid off workers and their families but also reverberates through many other businesses as lower incomes result in fewer purchases. As sales decline and property valuations plummet, tax revenues are slashed. This compression of tax revenues comes right at the time when public resources are most needed. For example, Moraine, Ohio, which experienced the closure of a General Motors plant in 2008, lost roughly one-third of its local income tax collections and has been forced to downsize its city staff.

Many manufacturers, such as automobile assembly facilities, have extensive networks of nearby suppliers that are unable to stay open once their primary customer closes. The Moraine region, with



The Phoenix-Mesa Gateway Airport has emerged from the closure of the former Williams Air Force Base during the 1991 round of BRAC. The airport's scheduled air service has rapidly expanded to almost 1 million passengers annually.

over 90 GM suppliers in 14 Ohio communities, lost over 800 additional jobs at larger suppliers in addition to the 4200 jobs that were lost when General Motors closed. Several companies, such as Jamestown Industries, Johnson Controls, and Plastec closed their local facilities, while others have been forced to downsize.

The following article examines the experiences of four communities impacted through closures and offers nine recommendations on the best ways to recover from the loss of a major employer. Two communities are contending with relatively recent closures – Moraine, Ohio, which had a General Motors assembly plant close a few days before Christmas in 2008, and Parsons, Kansas, which is coping with the shuttering of the Kansas Army Ammunition Plant during the last round of the BRAC process. Its site is transitioning into the 13,727-acre Great Plains Industrial Park.

The other two examples, which are located in Arizona's two largest metropolitan areas, Phoenix

Steve Vierck, CEcD, is president/economic development of AngelouEconomics, a national economic development consulting practice. (svierck@angeloueconomics.com)

NINE STEPS TO ECONOMIC RECOVERY

An increasingly large number of communities are dealing with the loss of one of their major employers. Such closures can be devastating. Fortunately, there are valuable assistance programs in place as well as instructive lessons to be learned from regions that have successfully recovered. This article examines the experiences of four communities impacted by the loss of one of their major employers and offers nine recommendations on ways to help ensure recovery.

and Tucson, have had many years to try to develop new economic activity. Phoenix-Mesa Gateway Airport has emerged from the closure of the former Williams Air Force Base during the 1991 round of BRAC. The University of Arizona Science and Technology Park resulted from the closure of most of IBM's Tucson operations and reduction in its workforce from more than 6,000 to less than 800 employees and the acquisition of the company's campus by the University of Arizona in 1994.



The former Kansas Army Ammunition Plant has transitioned into the Great Plains Industrial Park.

1. QUICKLY FORM A RECOVERY LEADERSHIP TEAM - AND THINK REGIONALLY

It is essential to immediately form a strong recovery leadership team. Closures of large facilities often impact large regions, so it is imperative that a regional approach be undertaken with broad regional representation from city, county, and state leadership; economic/community development organizations; education/workforce development; and the private sector. Representatives of state and congressional offices should be on the team as they can access grant funds and other governmental assistance to help rebound from the closures.

It is important to include organizations such as regional foundations that can provide philanthropic resources to assist with the transition. In addition, communities should seek the active involvement of "subject matter experts" with acumen in fields that will be critical to the recovery such as commercial real estate and development, manufacturing, and workforce development.

Moraine and the Dayton region have taken a strong regional approach to the GM plant closure recovery process. According to Michael Davis, the city of Moraine's economic development director, their community has been fortunate "to have a strong consortium of regional partners who realized the importance of not letting the former GM Moraine assembly plant sit idle or be acquired by a metal scrap company leading to demolition." The recovery planning and implementation of initiatives have benefitted from the active participation of the adjacent communities of Dayton, West Carrollton, and Kettering as well as Montgomery County, the Dayton Development Coalition, and the state of Ohio.

Parsons has had to pull together as a community before in order to recover from the 1987 closure of the Katy Rail Shops and a devastating F3 tornado in 2000, which destroyed more than 800 homes and 100 businesses. According to Parsons' economic development director Carolyn Kennett, the lessons that had been learned from responding to the 1987 closure of Union Pacific's Katy Rail Shops have helped the community cope with the Kansas Army Ammunition Plant closure. "We found with the closure of the Katy Rail Shops that quickly starting communication with key people in the community and working with them to develop a plan was very beneficial. Getting buy-in from this group helped develop a war chest for future economic development efforts."

2. PURSUE FUNDING SOURCES FOR EACH STEP ALONG THE WAY

Successfully recovering from a major closure often requires a significant outlay of resources at a time when local revenues may be declining, so it is important to identify and pursue sources of grants, loans, and other resources. These resources can come from all levels of government, businesses, and philanthropic sources such as foundations. Having representation on the recovery leadership team of those potential funders will help with identifying potential funding sources, as well as with gaining "buy-in" to ensure that requests are championed.

There are three main federal funding sources for closed facilities: the Department of Commerce's Economic Development Administration, the Department of Defense's Office of Economic Adjustment and the U.S. Department of Labor.

The Economic Development Administration (EDA) is a primary source of federal funding, with high prioritization awarded to communities affected by employer closures. "Special Needs" regions (which include those suffering from the closure of a major employer) are eligible for both *Public Works Investments* and *Economic Adjustment Assistance Investments*. The EDA investment assistance rate for such projects is usually 50 percent, with a possible additional 30 percent available based on the relative needs of the regions.

FREQUENTLY USED GRANT/FUNDING SOURCES

- Economic Development Administration/
U.S. Department of Commerce
- Office of Economic Adjustment/ U.S. Department of Defense
- U.S. Department of Labor and Local Workforce
Investment Boards
- State Government
- Local Government and Planning Authorities
- Departing Employer
- Regional Foundations
- Purchaser of Facilities

The Public Works Investments can fund activities that seek to either acquire/develop land, or those that improve facilities for use in public works, public service, or other types of developmental facilities. *Economic Adjustment Incentives* are especially relevant for communities experiencing the sudden loss of a major employer and can be used for a variety of tools, including the development of a Comprehensive Economic Development Strategy (CEDS); expanding the capacities of public officials and EDOs to work with business; assistance with overcoming obstacles identified in the CEDS; or the development of innovative public and private approaches to economic restructuring and revitalization. Completion of a CEDS is generally a requirement for further funding. Moraine, for example, was able to secure 75 percent of its CEDS development funding through the EDA with a “disaster” designation.

The Department of Defense’s Office of Economic Adjustment (OEA) has been the primary source of assistance for many former military facilities. The OEA’s mission is to assist communities impacted by Department of Defense (DOD) changes, including those that result from defense cutbacks and base closures. This includes both financial and technical assistance in providing new employment opportunities and ways of re-using the vacated physical facilities.

OEA has contributed almost \$3 million towards planning and facilities conversion to date to the Phoenix-Mesa Gateway Airport in addition to providing a professional representative who has helped guide the community through the BRAC process. The closure of the former Williams Air Force Base came as a shock to many in the East Valley of the Phoenix metropolitan area when it came in the 1991 round of the Base Realignment and Closure (BRAC) process. Williams had served as the foremost pilot training facility since World War II, graduating more student pilots than any other base in the country and supplying 25 percent of the Air Force’s pilots annually. When it formally closed in 1993, there was a loss of 3800 jobs and \$300 million in economic activity.

The former Air Force base initially needed to establish an Intergovernmental Agreement Group and a Local Redevelopment Authority (LRA), the Williams Gateway Airport Authority, which works with both the Department of Defense and local public and private leaders in preparing and implementing redevelopment plans. An LRA needs to be recognized by OEA in order to receive property and assistance funding.

OEA has contributed almost \$3 million towards planning and facilities conversion to date to the Phoenix-Mesa Gateway Airport in addition to providing a professional representative who has helped guide the community through the BRAC process.

The Department of Labor’s Workforce Investment Act provides funding for training programs aimed at creating employment opportunities for adults, youth, and “dislocated” workers (those affected by layoffs). Such funding is allocated to state and local Workforce Investment Boards. In the case of dislocated workers, 60 percent of funds are allocated to local boards and 40 percent are reserved for the state, of which 25 percent must be reserved for rapid response activities. Workforce Investment Boards work through “One Stop Shops” which provide customers with information about and access to a wide variety of job training, education, and employment services. Local and state Workforce Development Boards are good sources of additional assessment and training funds for laid off workers.

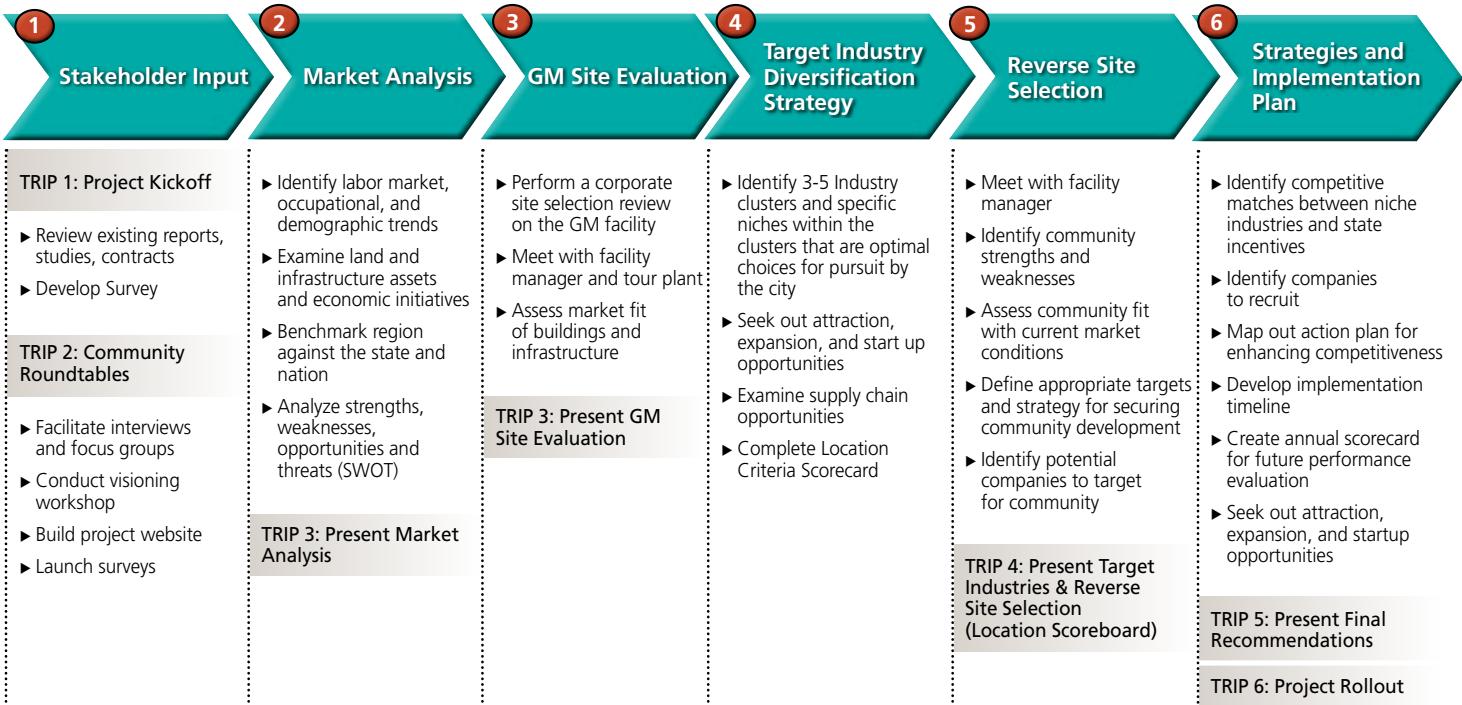


Embraer is one of an increasing number of aircraft service operations located at Phoenix-Mesa Gateway Airport.

Those businesses vacating a facility will sometimes help with recovery costs. Following closure of its Katy Rail Yard, the Union Pacific railroad provided \$1 million in funding to Parsons and Labette County to help with recovery efforts. Some businesses are generous in their support. Others are not supportive beyond any mandated closure notification or support. Intervention of state or federal officials can sometimes be of help in encouraging departing businesses to assist with costs of the recovery. It is not unusual for departing entities to donate their facilities to the community.

Funding and other assistance should be identified for each step in the revitalization process. All three main federal government sources can assist with funding for the development of recovery strategies and action plans while EDA and OEA also provide grants for infrastructure improvements. The DOL and Workforce Development Boards provide grants for workforce assessment and planning as well as retraining to assist laid off workers with the transition to new industries. Local and state governments often support the cost of marketing the impacted region and facility to prospective employers.

MORAIN CEDS EXAMPLE



Source: AngelouEconomics and Foote Consulting; Moraine, Ohio Comprehensive Economic Development Strategy

3. COLLABORATIVELY DEVELOP A STRONG PLAN OF ATTACK

An effective Comprehensive Economic Development Strategy (CEDS) can provide a game plan to ultimate success and is often required in order to receive certain types of federal funding. Development of a CEDS should broadly engage the community and affected parties in assessing the situation and identifying solutions. According to Phoenix-Mesa Gateway's director, Lynn Kusey, the strategy needs to "have a long range vision that resonates with leadership."

An example of the framework used by AngelouEconomics and Foote Consulting in working with the community and region on developing the Moraine/Greater Dayton regional CEDS is shown above. The strategic economic development planning approach generally follows these major steps:

- Stakeholder Input,
- Market Analysis,
- Target Industry Identification,
- Strategies and Implementation Plan, and
- Performance Measures.

Several additional facets that are often employed in communities recovering from closures include in-depth facility assessment, a reverse site selection exercise to evaluate facility and regional appropriateness for certain types of economic development projects, detailed workforce assessment and identification of specific companies that could be appropriate fits for the vacated site or building.

Bruce Wright, University of Arizona associate vice president for economic development and chief operating officer of the University of Arizona Science and Technology Park, said that although developing their reuse planning entailed a "huge upfront investment," it was a valuable one that has "served the park well over the years."

Carolyn Kennett summed up the approach that Parsons took: "Getting an accurate evaluation of our potential, an initial baseline assessment was completed. From that assessment, target industries were recommended based on current industry trends, the strengths of our existing industries, and the community's vision. Recommendations and action strategies partnered the city of Parsons with the Great Plains Development Authority, creating a synergy that could strengthen the region. With combined efforts, we can focus our recruitment on recommended target industries, build and expand on the existing industrial base, and expand our entrepreneurship program."

Development of a CEDS should broadly engage the community and affected parties in assessing the situation and identifying solutions. According to Phoenix-Mesa Gateway's director, Lynn Kusey, the strategy needs to "have a long range vision that resonates with leadership."

The evaluation of any impacted region needs to be frank in its assessment of the region's competitive advantages and disadvantages as this is the starting point from which recommendations are developed. It is important to think outside of the box. For instance, the CEDS process revealed that the Great Plains Industrial Park is notable not only for its prime industrial space, but also as a nature lover's paradise with hunting and fishing tourism potential that is now being capitalized upon through tourism marketing. Over 3,000 acres have been set aside for the Kansas Department of Wildlife and Parks, and deer and turkey have been allowed to thrive for the last 50 years. Native prairie grasses and wild flowers surround wetlands and 162 fishing ponds.

4. DO A FRANK ASSESSMENT OF THE FACILITY AND TAKE CORRECTIVE ACTION TO MAKE IT "MARKET READY"

There are a large and growing number of vacated industrial, commercial, and military facilities on the market. Hence, it is crucial to frankly assess the condition and market readiness of the site and buildings in order to best position the vacated site for desirable projects. According to Deane Foote of Foote Consulting, "Availability of large industrial buildings will continue to rise and prices will fall as supply continues to outpace demand due to the still sluggish economy. Specialized facilities that are properly priced, match growth target company needs, and are in good shape will have the best potential for sale or lease in this uncertain market."

To help facilitate an expeditious evaluation of the facility, even if it is still occupied, Michael Davis of Moraine emphasizes working closely with the departing employer. "Our historically strong relationship with GM played a significant role in our efforts to keep momentum in the reutilization and acquisition and the ultimate success of having the facility in a private developer's hands within 2 ½ years from the date of closure."

An objective "reverse site selection" exercise was conducted which favorably compared the former GM facility and other community attributes with those provided by other communities containing vacated automotive plants. The plant site was recently acquired by the Industrial Realty Group (IRG), which is conducting an in-depth assessment of the property. Redevelopment is preferable to demolition for Davis and Moraine. "By having the facility owned by an experienced and successful industrial redeveloper, our region is in a position to offer a site with extremely low pricing and all existing infrastructure."

Market-based reuse generally involves some combination of demolition, modification, and new construction,

"Our historically strong relationship with GM played a significant role in our efforts to keep momentum in the reutilization and acquisition and the ultimate success of having the facility in a private developer's hands within 2 ½ years from the date of closure."



The Moraine, Ohio, site formerly occupied by General Motors was recently purchased by the Industrial Realty Group (IRG), which is conducting an in-depth assessment of the 386-acre site.

as well as the provision of new or upgraded infrastructure. Phoenix-Mesa Gateway Airport needed to make substantial investments in infrastructure, including construction of an access road and water and sewer improvements, in order to successfully redevelop the site. Along with filling most of the vacated buildings on the former base, it has also supported the construction of 17 new buildings by the private sector on land leased by the LRA.

Older industrial facilities may not be attractive to current users as characteristics that were once very common, such as low ceiling height and multiple floors, are not conducive to modern operations. However, vacated buildings often contain valuable equipment and features that are too expensive to move but of substantial value to certain industries. Overhead cranes, reinforced floors, rail sidings, and telecommunications infrastructure are examples. Equipment left behind is often applicable to a far wider array of industries beyond that of the departing company.

5. LOOK FOR CROSS-CUTTING COMPETENCIES OF LAID-OFF WORKERS AND MARKET THOSE "STRANDED" WORKFORCE SKILLS WHICH ARE TRANSFERABLE TO EMERGING INDUSTRIES

Many regions don't fully capitalize upon the skills of the laid off workers, even though those skills can often be a powerful lure for replacement employers. Sometimes the best "re-employment" opportunities are found within other industries that require similar skills. For instance, the graph below depicts many of the skills found in the automotive industry that are readily transferable to the clean energy industry.

Brevini, an Italian corporation with a long history in the renewable energy field, took advantage of this skill transferability. It had a pressing need for workers familiar with gear box production for application to the manufacturing of wind turbines. They found ample expertise in place in Muncie, Indiana, a long-time center of automotive gear box development and production, which had lost employment opportunities due to the decline of the automotive industry. Brevini opened a production facility there and plans to hire 450 workers at an average salary exceeding \$45,000.

Sometimes the best "re-employment" opportunities are found within other industries that require similar skills.

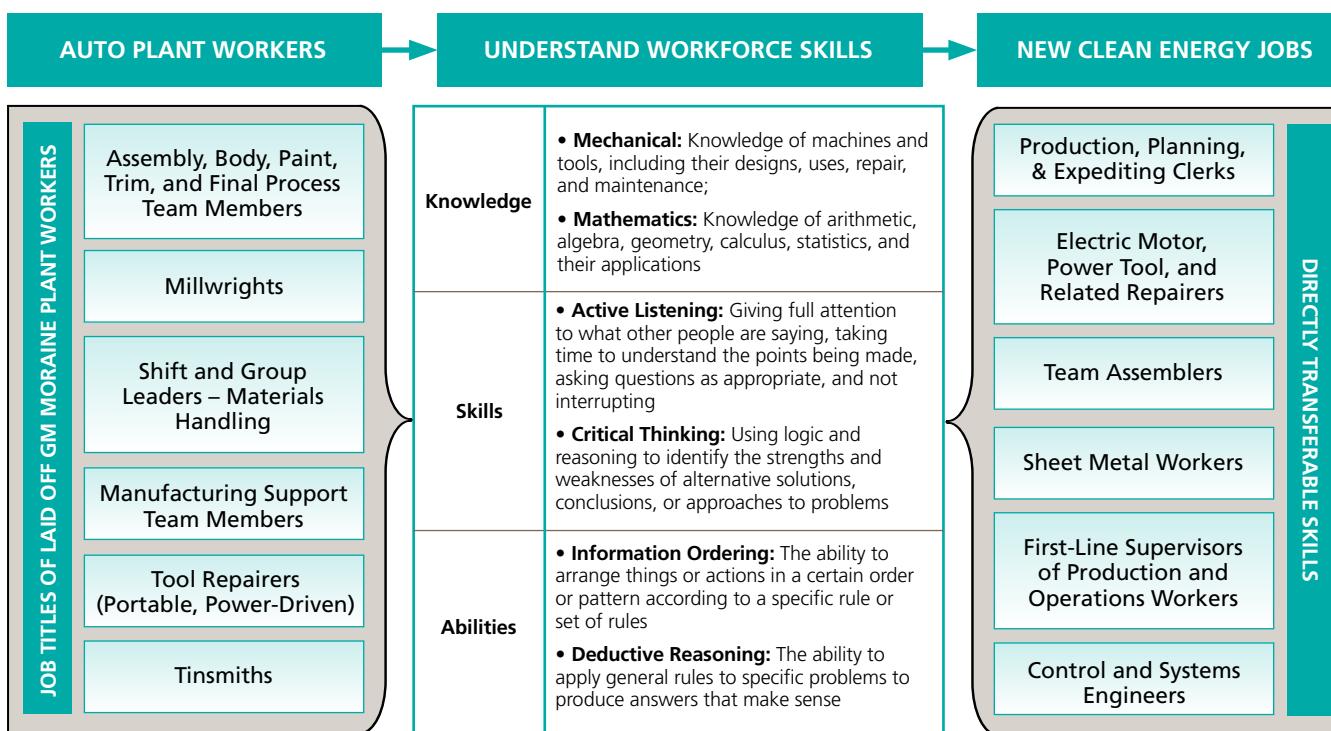
The U.S. Department of Labor and local Workforce Development Boards have substantial funding to assist with the transition of laid off workers into emerging industries. These funds can be used for the assessment as well as the education and training of laid-off workers. "Retooling" of the workforce is often critical to the success of any recovery effort.

6. UNDERSTAND WHAT INDUSTRIES ARE EXPANDING WITHIN THE REGION AND THE COMPETITION INCLUDING SIMILAR VACANT FACILITIES

With so much at stake, it is imperative for impacted communities to understand in depth the market for the types of projects locating and expanding within the region. Yet some communities are oblivious to market trends and changing opportunities. It is important for impacted communities to carefully research the types of businesses that have been locating facilities within their region as well as their specific facility requirements. It is revealing to map these locations in order to better discern those industries which favor locations similar to that of the impacted community, i.e. industries which locate in smaller rural communities versus metropolitan areas.

Conway Data is one source of such economic development locations information. The industry analysis table, which is based on Conway Data information, shows

WORKFORCE SKILLS TRANSFERABILITY EXAMPLE



Source: AngelouEconomics, Moraine Comprehensive Economic Development Strategy

that even in the first two quarters of 2009, a period with a drastically reduced level of economic development activity, there were still opportunities for Parsons and the Great Plains Industrial Park judging from locations within in the surrounding four-state region.

It is also important for impacted communities to identify the competition for projects including those communities that can offer similar vacant facilities and the attributes of those facilities.

7. BE CREATIVE ABOUT REUSE OPPORTUNITIES

A multitude of diverse economic development uses have gone into the sites and facilities left behind by departing employers including research and development, manufacturing, higher education/technical training, incubators, distribution, retail, and customer service centers. Impacted regions should look for traditional *and* non-traditional users that would benefit from the special assets of the site and region.

Consideration should be given to those emerging industries resulting from convergence of one or more target industries as these often are areas of special competitive strength. For instance, the historically-strong acumen of Moraine and the Dayton area in advanced materials, machining, and aerospace lends itself well to emerging industries such as wind turbine and unmanned airborne vehicles development.

Examples of successful facility reuse have frequently involved drastic change in usage from the previous tenant. Gene DePrez of Global Innovator Partners cites the example of the transformation of the former New England Confectionary Company (NECCO) candy manufacturing plant in Cambridge, Massachusetts, into the

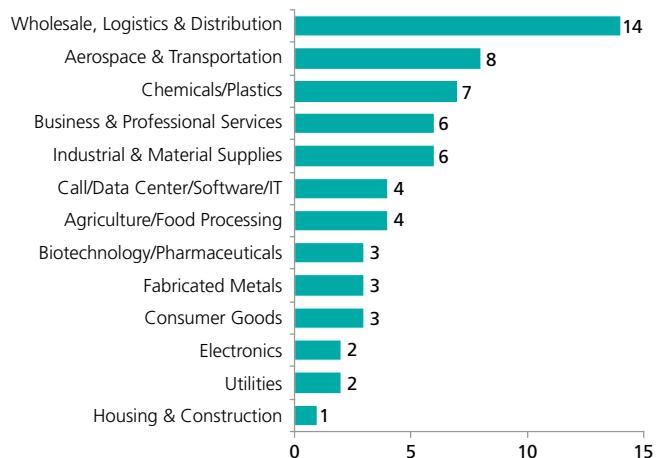


The University of Arizona Science and Technology Park is home to 43 companies and organizations with over 7,000 employees.

PARSONS EXPANDING INDUSTRY ANALYSIS

FOUR-STATE REGION LOCATIONS AND EXPANSIONS

Locations/Expansions In KS, MO, NE, OK, 2009 - Qtr. 1 & 2



Source: AngelouEconomics analysis of Conway Data New Plants data base

Novartis Institutes for Biomedical Research world headquarters. More than 3,000 scientists and technologists are now employed there.

The University of Arizona Science and Technology Park has successfully developed over time a diverse range of employers with heavy emphasis on technology and entrepreneurship. The former IBM campus has grown from two tenants and 1,200 employees to 43 companies and business organizations with over 7,000 employees. It seeks to “support high technology companies in all phases of development” according to Bruce Wright. Its tenant base includes a diverse range of employers including four Fortune 500 companies (Canon USA, Citigroup, IBM and Raytheon) and many emerging technology companies such as NP Photonics, and DILAS Diode Laser. It also houses the Arizona Center for Innovation, a technology business incubator which has incubated almost 50 companies since 2003.

SELECTED UNIVERSITY OF ARIZONA SCIENCE AND TECHNOLOGY PARK TENANTS

- **Raytheon Missile Systems** – engineering, finance, supply chain and sub-assembly of missile systems
- **Citigroup** – global financial services support center
- **IBM** – storage development, global services, and software
- **NP Photonics** – single-frequency fiber lasers and ASEs
- **DILAS Diode Laser** – high power diode laser manufacturer
- **EMCORE Solar Arizona** – high-efficiency CPA array systems for utility and large scale commercial solar power generation facilities
- **First Light LLC** – utility-scale solar project developer
- **Aria International** – surveillance and communications equipment and solutions



The recently opened 200-acre “Solar Zone” at the Science and Technology Park will provide solar energy, house solar companies, and serve as a leading center of research and education about renewable energies.

The Park contributes approximately \$3 billion annually to Pima County’s economy and is one of southern Arizona’s largest employment hubs. It recently opened “The Solar Zone,” a 200-acre center that will provide the Science and Technology Park with solar energy, house solar companies, serve as a leading center of industry research, and raise education about and awareness of renewable energies. Bell Independent Power Corporation will construct a 5-MW solar plant with a thermal storage system that will be the first of its kind in the world.

Phoenix-Mesa Gateway Airport is developing into an international aerospace center with more than 35 companies in aircraft maintenance, modification, testing, and pilot training. One specific area of concentration is as an aircraft service center with tenants Embraer, Cessna, and Hawker-Beechcraft. A major competitive draw for the service centers is the aircraft maintenance programs offered by Chandler-Gilbert Community College, another Airport tenant.

The former Air Force base has developed into a major educational center with Arizona State University’s Polytechnic Campus and its more than 10,000 students serving as a significant asset for employers. The former base has also capitalized upon its three long runways to become a reliever airport to Phoenix Sky Harbor International Airport with rapidly expanding utilization. Allegiant Air provides scheduled commercial service to 27 cities with more than 900,000 passengers annually.

8. AGGRESSIVELY MARKET TO TARGETED INDUSTRIES AND SPECIFIC COMPANIES

Unfortunately, impacted communities often follow up strong planning efforts with weak implementation and marketing for replacement employers. It is imperative to not only identify target industries but also specific companies within those industries (note the depiction of that screening process on the right) and to connect to them through a proactive marketing program. This requires ensuring that adequate personnel and other resources

are in place to aggressively communicate both regional and facility message points to prospective companies. A long range effort needs to be put in place as recovery efforts can take a long time.

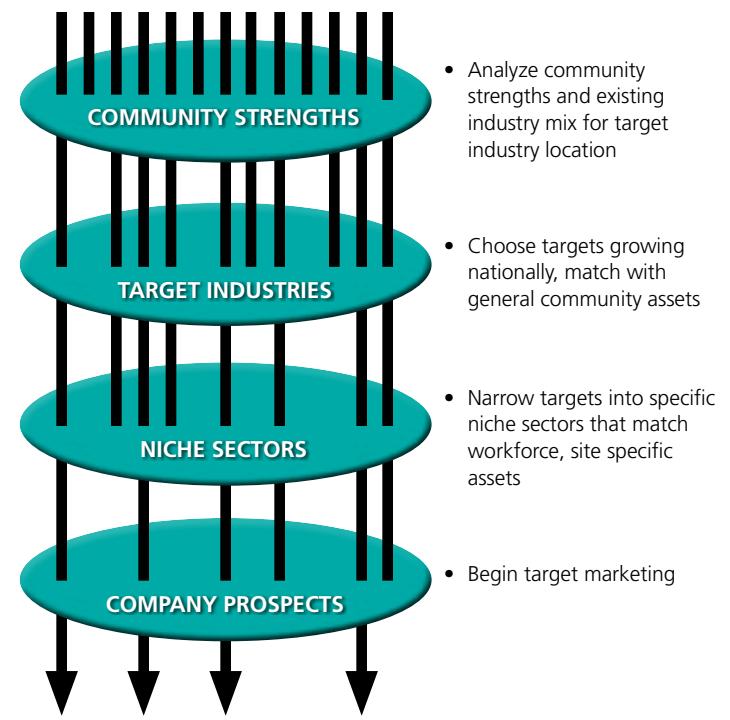
If the facility is privately owned, the property owner and leasing agents are natural allies for external marketing initiatives. Effective relationship marketing programs should also focus on decision influencers such as site consultants and tenant representative brokers that concentrate on the types of projects targeted within the strategy. Local brokers can help to gain national/international exposure through their national networks.

Sometimes opportunities are present to quickly re-fill the facility and should be vigorously pursued with in-depth research, aggressive marketing, and innovative incentive programs.

The state of Delaware responded expeditiously to the closure of a Valero refinery in Delaware City by supporting the acquisition of the refinery by another group. This is an example where the replacement employer will directly benefit from the skill sets of the dislocated workers.

Marketing and support to existing businesses and entrepreneurs through retention and expansion programs should not be neglected. Business start-ups can replace many of the lost jobs from the closure, building

TARGET INDUSTRY AND COMPANY SELECTION



Source: AngelouEconomics

upon the acumen of laid off employees who choose to remain within the region. Many existing businesses are severely stressed by the major firm's closure and support to them needs to be increased. With appropriate support, some firms will successfully maneuver into new markets. This has been the case in Moraine where some automotive suppliers have successfully transitioned into other markets such as aerospace, composite materials, and medical equipment.

9. DISPLAY OPTIMISTIC LEADERSHIP ... AND PERSIST!

Positive leadership is crucial when dealing with challenges such as that presented by the closure of a major employer. The shock of the closure combined with uncertainty about the future often fosters pessimism. In such environments, positive leadership can provide the spark for communities to move forward. Not all the answers will be known, but a shared sense of purpose and hope is a critical starting point for any recovery.

Persistence has been a key to Phoenix-Mesa Gateway Airport's development. Air cargo was initially one of its primary target industries but did not develop as hoped due to shifts in global logistics markets. Fortunately, other areas such as aircraft modification and servicing and passenger air service have grown. Due to economic conditions and market shifts, some areas of economic opportunity will grow and others will diminish over time. It is important to retain flexibility and responsiveness to new opportunities. According to Lynn Kusey, it is important to "keep the big vision, but stay flexible on the details."

PUT IT ALL TOGETHER AND MOVE FORWARD

Successful economic recovery often takes a long time, so a realistic and commonly shared sense of purpose, approach, and timing is important. Speed and focus are critical with the need to expeditiously form a regional recovery leadership team, identify appropriate funding sources, and jointly develop a strong plan of attack. Frank market-based assessment of both the facility and workforce should accurately pinpoint key differentiating assets. Planning and implementation need to be focused on real market requirements gained through in-depth assessment of market opportunities as well as understanding of the competition for desirable projects. Positive leadership can often provide the spark to help turn the situation around.

The closure of a major employer can be devastating to a community. Fortunately, there are many valuable programs and other resources in place to assist with the transition. There are instructive lessons that can be learned from communities that have successfully recovered and generated new economic activity far in excess of what was lost. ☺

Positive leadership is crucial when dealing with challenges such as that presented by the closure of a major employer. The shock of the closure combined with uncertainty about the future often fosters pessimism. In such environments, positive leadership can provide the spark for communities to move forward.

HIRING?

Seek a Certified Economic Developer (CEcD).

As an employer, you can be assured that the Certified Economic Developers you hire will be well-connected and well-informed of innovative strategies and industry trends. Select your next employee from among the best candidates – add "CEcD preferred" to your next job posting!

Working on staff development? Encourage your staff to become Certified Economic Developers.



You have talented employees that you want to retain. By supporting your staff in obtaining the Certified Economic Developer designation, you provide an opportunity for them to achieve recognition for their proficiency in economic development.

For more information contact Kobi Enwemnwa at kenwemnwa@iedconline.org or (202) 942-9483 or visit our website www.iedconline.org



responding to globalization

By Ron DeBarr

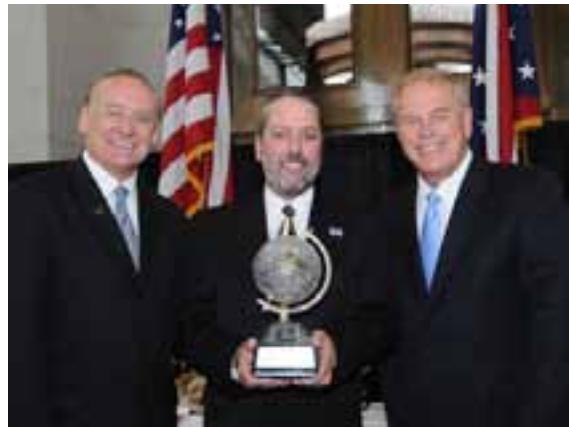
before regionalism became a buzzword, a visionary group of government leaders in Northeast Ohio chose a path of collaboration that united them in ongoing efforts to elevate their region on the global stage. The year was 1996, and this group of commissioners and a county executive from six Northeast Ohio counties entered into an agreement to form the Joint Office of Economic Development (JOED)...a public-private enterprise that put competition aside in the name of collaboration in order that the entire region would prosper.

At the time, it was a relatively new model of economic development, but one that has proven especially prosperous and valuable for Northeast Ohio. The organization was established with the following guiding principles:

- One county, one vote;
- Enhance existing development efforts without duplication;
- Develop private sector input;
- Define county interests within regional goals; and
- Share benefits.

THE ROLE OF NEOTEC

To carry out its economic development efforts, the JOED formed the Northeast Ohio Trade & Economic Consortium (NEOTEC), a partnership dedicated to enhancing the region's global competitiveness through a variety of strategic programs. In addition to providing business support services



The Northeast Ohio International Trade Assistance Center, hosted by NEOTEC, received the Governor's Excellence in Exporting Award in 2008. Chuck Keiper (center), then chairman of the Joint Office of Economic Development, accepted the award on behalf of NEOTEC from former Lt. Governor Lee Fisher (left) and former Governor Ted Strickland.

to the member counties, it collaborates with other economic development organizations and with private and public sector organizations to leverage resources and professional expertise. This enables the organization to provide the most efficient programs and services possible in efforts to promote Northeast Ohio as a business location.

NEOTEC is governed by appointees to the JOED board, which is comprised of one of the three commissioners from each county along with the Summit County executive – Summit County being different in that it has an executive/council form of government.

As a fledgling organization, NEOTEC quickly determined that its areas of focus were promoting international trade through the administration of Foreign-Trade Zone (FTZ) 181 – for which it

Ron DeBarr is president and CEO of the Northeast Ohio Trade & Economic Consortium (NEOTEC). (rdebarr@neotec.org)

NEOTEC INITIATIVES CONNECT NORTHEAST OHIO TO THE WORLD

Through collaboration and proactive solutions to changing economic needs, the Northeast Ohio Trade & Economic Consortium (NEOTEC) is helping to define Northeast Ohio as a wellspring of business opportunity for companies from around the world. This regional economic development organization oversees a variety of initiatives and support services that have proven successful in Northeast Ohio in helping to attract and retain businesses – from the Foreign-Trade Zone program to logistics initiatives to export development and foreign direct investment attraction efforts. NEOTEC offers these important tools for companies to utilize as they set up shop in Northeast Ohio and capitalize on the region's many assets, including technological innovation, access to markets, a productive workforce, educational excellence, and low business taxes.

received the grant of authority in 1997 – and through the formation of the Northeast Ohio Logistics Network, which serves to assist the region in its growth as an international multimodal transportation hub.

Much has been accomplished in NEOTEC's first 15 years. The organization has grown substantially through expansion of membership and programs, and greatly expanded its global perspective in recent years. It became the host site of the Northeast Ohio International Trade Assistance Center (ITAC) in 2004 and launched its Global Business Development Initiative (GBDI) in 2007 to attract foreign direct investment in the region and further position Northeast Ohio as a leader in the global marketplace.

ITAC and GBDI have successfully evolved into award-winning programs that continue to create global opportunities for Northeast Ohio companies. ITAC was recipient of the Governor's Excellence in Exporting Award from the state of Ohio in 2008 and also was presented with the Top Performance Award in 2010 from the Ohio Small Business Development Center. The GBDI program earned NEOTEC an Excellence in Economic Development Award from the IEDC in 2010 in the *Responding to Globalization* category for communities with populations greater than 500,000. All of these achievements are a testament to the organization's ongoing work and commitment to the success of the region.

NEOTEC: SEASONED PROFESSIONALS, REGIONAL COLLABORATION

Originally, the organization was run by volunteers from public and private economic development organizations from the six founding counties, with an office maintained in Akron (Summit County). In late 2000, however, the counties made the decision to incorporate NEOTEC as a nonprofit 501(c)3 organization and hire permanent staff. With this change, the counties ensured that NEOTEC could operate as a true public/private enterprise with a wider scope, working on behalf of all of Northeast Ohio. At that time, officials at Kent State University in nearby Portage County accepted the opportunity to participate in a partnership role, by offering the organization a new campus home with office space.

With the new nonprofit status, members and staff worked to identify specific objectives to avoid duplicating other economic development efforts in the region. As the organization evolved over the years, it established itself as a unique "go to" organization with four distinct global business support programs serving the region: FTZ 181, the Northeast Ohio Logistics Network, ITAC, and the Global Business Development Initiative.

The old adage "There is strength in numbers" really applies in this case. The organization is now nine counties strong and draws upon the expertise and dedication of seasoned professionals in almost 40 different economic development, government, and private sector organizations on a regional, state, and federal level. The staff, which now numbers seven, works closely with these professionals, pooling knowledge and resources to carry out the mission of the organization.

Through several standing committees – marketing/logistics, foreign-trade zone and executive – they develop and implement strategies and initiatives which are



Ron DeBarr (center) accepts the IEDC's Excellence in Economic Development Award for 2010. NEOTEC received the award for its global marketing initiative in the category "Responding to Globalization."

NEOTEC MISSION STATEMENT

The Northeast Ohio Trade & Economic Consortium (NEOTEC) is a multicounty

regional economic development partnership that works collaboratively in the region with the goal of attracting capital investment and jobs to Northeast Ohio through the administration of Foreign-Trade Zone 181, by providing international trade assistance to promote international commerce, through the development of a world-class logistics system, and through the attraction of foreign direct investment.



The fruition of a strong collaborative effort from a Northeast Ohio team of officials, economic development professionals, and area chambers was the March 2011 groundbreaking of a new manufacturing facility in Akron for Röchling Automotive USA. The new plant has brought more than a hundred new jobs and a payroll of \$5 million to Northeast Ohio.

then reviewed and approved by the board of trustees at quarterly meetings. The board is governed by the JOED, which has authority to appoint two trustees and one alternate representing each county.

Funding is derived from several sources. The primary source is from annual county membership dues. Income is also generated through the Foreign-Trade Zone program, including annual fees paid by companies that are taking benefits from FTZ activity, as well as annual flat administrative fees that apply to public warehouse op-

As more and more U.S. companies engage in international commerce, the FTZ program is increasingly more important and viable as a global supply chain management tool.

erators, general purpose zone operators, property owners and developers, and companies owning and/or occupying property that is non-activated. Additional fees are generated for new FTZ site designations, boundary modifications and transfer of ownership of zone properties. For the ITAC program, NEOTEC receives grants secured through the Ohio Small Business Development Center and the U.S. Small Business Administration. ITAC is also supported through contracts with other partners in the region.

FOREIGN-TRADE ZONE PROGRAM: HELPING TO REDUCE GLOBAL SUPPLY CHAIN COSTS

The U.S. Foreign-Trade Zone program is not a new program, but it does have new implications in today's global society. Authorized by the Foreign-Trade Zones Board, a foreign-trade zone is a restricted access site located in or near a port of entry of the U.S. Customs and Border Protection. Customs entry procedures are streamlined in an FTZ. As a result, there can be substantial savings and efficiencies for companies in the zone with FTZ status. Benefits include deferral, reduction or elimination of Customs duties, as well as direct delivery and weekly entry for shipments to reduce merchandise processing fees.

The FTZ program was created by Congress in 1934 to encourage companies to keep investment and jobs in the U.S. and not move production offshore. Through the utilization of its various benefits, the program levels the playing field for foreign competition and enables U.S. companies to reduce costs in their international supply chain to better compete globally. As more and more U.S.

FTZ BENEFITS

- **Duty Deferral:** delay payments of duties until the inventory leaves the zone
- **Duty Reduction:** pay the lower of the component or finished product duty rates
- **Duty Elimination:** eliminate duties on products that are re-exported, rejected, scrapped or destroyed
- **Direct Delivery:** bypass congestion at sea ports by applying for authority to receive product, break seals and clear Customs within the FTZ facility
- **Weekly Entry:** reduce merchandise processing fees by combining shipments on one entry filed weekly
- **No Import Quotas:** inventory stored in an FTZ is not subject to import quotas



Part of Northeast Ohio's multimodal logistics system is the Intermodal Industrial Park along the Ohio River in Wellsville. This 70-acre facility is located at the northernmost tip of the Ohio River system in Foreign-Trade Zone 181, offering a dedicated highway interchange, a 3,500-foot rail siding and a 60-ton bridge crane that can load from barge to truck or rail car.

companies engage in international commerce, the FTZ program is increasingly more important and viable as a global supply chain management tool.

For international companies looking to expand and locate in the U.S., the FTZ program helps maximize the company's return on investment by lowering the cost of importing products or components. Companies that locate in an FTZ can reduce paperwork, improve cash flow, increase flexibility, and save time.

There are more than 250 foreign-trade zones in the U.S., two of which – FTZ #181 and #40 – are located in Northeast Ohio. NEOTEC is grantee of FTZ 181 and is nationally recognized as a "Best Practice" in foreign-trade zone management and development. FTZ 181 is one of the largest and most successful in terms of total dollar volume shipped. It currently has 27 sites covering more than 5,600 acres at industrial parks throughout the nine-county NEOTEC region. Under the organization's administration, FTZ 181 has been a major factor in attracting more than \$261 million in capital investment and the creation/retention of more than 4,200 jobs. FTZ 40, which includes 10 sites and more than 5,800 acres in the Cleveland area, is currently administered by the Cleveland-Cuyahoga County Port Authority.

FTZ MADE EASY: NEW STREAMLINED PROCESS FOR COMPANIES SECURING FTZ STATUS

In early 2011, NEOTEC received approval from the Foreign-Trade Zones Board to implement the Alternative Site Framework (ASF) program, a new streamlined FTZ application process. This new structure dramatically shortens the process for new companies to secure FTZ status for warehousing and distribution operations, and for existing companies in the zone to expand. The new process takes approximately 30 days from date of application; under the previous framework, the process took 12 months. Under ASF, NEOTEC can better respond to the needs of companies seeking FTZ status, helping them to more quickly begin reducing their logistics costs as they move product in and out of the zone.

Through NEOTEC, companies can request a free benefits analysis to determine if the FTZ program is right for them. General criteria for who might benefit from the program include companies that:

- Import high-value products,
- Import a product in high volume,
- Export,
- Are interested in expedited delivery,
- Receive multiple shipments in a week,
- Have products subject to import quotas, and
- Currently apply for duty drawback.



Providing educational and networking opportunities for the business community of Northeast Ohio, NEOTEC and ITAC host numerous seminars and conferences throughout the year. Examples include NEOTEC's annual Logistics Conference (pictured here), plus ITAC training events covering specialized export topics and regulations such as NAFTA, REACH and ITAR

NORTHEAST OHIO LOGISTICS NETWORK

In keeping with one of its initial objectives to develop the region's logistics capabilities, the organization launched the Northeast Ohio Logistics Network in 2002. Through the Logistics Network, NEOTEC works to implement well-defined logistics initiatives to help improve market access and awareness of the region's logistics strengths. Currently the organization includes more than 250 logistics and business professionals from across the region.

A plus for companies located in Northeast Ohio is the region's central location that provides easy access to major U.S. and Canadian markets. It is within a day's drive of more than half of all U.S. and Canadian manufacturing facilities, the top 500 U.S. industrial headquarters, and the top 500 U.S. service corporate headquarters. In addition, the region offers multimodal transportation advantages that enable companies to move their products efficiently. This includes major ports on Lake Erie and the Ohio River, two international airports and a number of regional airports focusing on freight movement, one of the nation's top highway systems, and a viable network of national and regional railroads. FTZ sites are strategically intertwined in this infrastructure, helping companies lower their transportation costs.

The Logistics Network plays an important role in promoting these regional logistics advantages. The network helps address and monitor important legislative issues

related to the logistics industry and provides educational and networking opportunities for the Northeast Ohio business community.

As a major function of the Logistics Network, the organization annually hosts a premier logistics event at Firestone Country Club in Akron: the Northeast Ohio Logistics Conference and Golf Open, now in its 14th year, showcases local, national, and international logistics experts. In addition, NEOTEC collaborates with regional and statewide partners to host other events and forums that address current logistics issues.

Members of the Logistics Network have access to reduced freight rates through a partnership with the United Shippers Alliance (USA). Based in Columbus, Ohio, USA provides volume discounts to companies for both domestic and international freight movements.

In another important partnership, NEOTEC commissioned John Carroll University (JCU) in Cleveland to produce a logistics infrastructure study that defined the region's logistics strengths and opportunities for improvement. The study, completed in 2010, is showcased online at www.neohiotransportationupdate.com. NEOTEC and JCU are currently engaged in phase two of the project, to develop a marketing message highlighting Northeast Ohio's logistics advantages. This portion of the project will include interviews with large shippers in Northeast Ohio, and a SWOT analysis of Lake Erie ports and railroads. When completed, the organization will utilize the marketing message to illustrate how Northeast Ohio's efficient transportation options and central location provide an important component of success for companies locating in the region.

RESPONDING TO GLOBALIZATION: THE INTERNATIONAL TRADE ASSISTANCE CENTER

In 2004, NEOTEC recognized the importance of exporting as a means of growth for the region. To meet the demand of area companies looking for export assistance, the organization pursued the opportunity to become the host site of the Northeast Ohio International Trade Assistance Center (ITAC). Securing grants from the Ohio Small Business Development Center and the U.S. Small

ACRONYMS

ASF – Alternative Site Framework
FTZ – Foreign-Trade Zone
GBDI – Global Business Development Initiative
ITAC – International Trade Assistance Center
JCU – John Carroll University, Cleveland
JOED – Joint Office of Economic Development
NEOTEC – Northeast Ohio Trade & Economic Consortium
USA – United Shippers Alliance



NEOTEC is focused on foreign direct investment efforts through its partnership with OCO Global, an international FDI consulting firm based in Belgium. To kick off the partnership in 2009, NEOTEC members provided a tour of Northeast Ohio to their OCO representative (pictured at center), which included a visit to the Goodyear blimp hangar.

Business Administration, NEOTEC launched the ITAC program and began providing export counseling services to small- and mid-size companies in the region. These services are available at no cost to companies that are new to export, or want to expand their export activity into new markets.

Services provided by the ITAC trade advisors include export readiness assessment, export compliance and procedures guidance, assistance with international logistics issues and documentation requirements, individual training, professional training seminars, and trade missions.

ITAC has earned recognition for its many educational seminars and workshops, which provide the information that companies are seeking as they pursue international markets. Past topics have included basic exporting, international logistics and finance, NAFTA and border compliance, and export classifications. These in-demand events are attended not only by business professionals in the region but also from throughout Ohio and neighboring states.

To provide assistance with the many facets of exporting, ITAC collaborates with the Ohio Department of Development's Global Markets Division and the U.S. Export Assistance Center division of the U.S. Commercial Service. Together with these partnering organizations, ITAC shares information and resources to assist companies with everything from basic export questions to detailed compliance and documentation issues.

RESPONDING TO GLOBALIZATION: THE GLOBAL BUSINESS DEVELOPMENT INITIATIVE – PART 1

Over the years, ITAC counseled hundreds of companies in various stages of exporting. By 2007, the ITAC program had experienced a greatly increased demand for its export counseling services and training events. In response to this demand, NEOTEC launched its Global Business Development Initiative (GBDI) to expand the

With ITAC's assistance and services, many more companies are finding profitable options to grow their business through exporting.

ITAC program. This was accomplished through extensive efforts to secure additional partnerships and funding support, which enabled the organization to increase ITAC's coverage area to 12 counties to include most of Northeast Ohio. It also enabled NEOTEC to add trade advisors to the staff and establish ITAC offices at Cleveland State and Youngstown State universities.

By expanding the ITAC program through the GBDI initiative, NEOTEC offers a valuable service to the many area companies that do not have the time and/or resources to explore export opportunities. With ITAC's assistance and services, many more companies are finding profitable options to grow their business through exporting.

The numbers reflect ITAC's success: in 2008 and 2009, its export assistance efforts generated more than \$2.5 million in export sales. Equally as important, these efforts assisted companies in avoiding more than \$3 million in fees and fines for non-compliance. In the ITAC fiscal year ending September 30, 2010, ITAC staff members spent more than 900 hours individually counseling more than 125 companies in various stages of exporting; and more than 700 business professionals received important training regarding key exporting topics at several ITAC seminars.

RESPONDING TO GLOBALIZATION: GBDI PART 2 - SEEKING FOREIGN DIRECT INVESTMENT

Since its inception, NEOTEC members recognized that the region's potential for economic growth must include international partnerships and attraction efforts. Along with other local economic development groups and the state of Ohio, the organization has participated



A strong presence at international trade shows has been a successful part of NEOTEC's business attraction efforts. The Northeast Ohio team is pictured here at the 2011 Hannover Messe, a large industrial trade show held annually in Hannover, Germany.

In 2009, the organization expanded its GBDI initiative by adding foreign direct investment as a second objective.

in numerous trade missions over the years, including annual missions to Hannover, Germany, for the Hannover Messe, a major industrial trade show, and every three years to Düsseldorf, Germany, for the K Show, the world's largest trade show focusing on the plastics industry. These efforts served to promote the region as a leader in several key industries, including plastics, chemicals, biomedical, alternative energy, and liquid crystal displays.

As globalization of the world economy prevailed, NEOTEC took these efforts a step further. In 2009, the organization expanded its GBDI initiative by adding foreign direct investment as a second objective. This second phase of GBDI was substantiated by the results of an independently researched white paper commissioned by NEOTEC from the University of Akron in 2008. The research paper was commissioned in order to validate the perceived need for the Northeast Ohio region to pursue foreign direct investment. The results were favorable: the white paper concluded that Northeast Ohio is well positioned for international trade growth and success, with abounding opportunities for foreign companies to locate in the region.

The expanded global initiative is now two-fold: to cultivate opportunities for area businesses in internation-

al markets, at the same time showcasing opportunities for foreign companies with U.S. expansion plans to find success in Northeast Ohio. Global partnerships and international marketing efforts are vital components of this initiative.

One of the key partnerships for foreign direct investment is with OCO Global, a leading consulting firm in Brussels, Belgium, which has served as NEOTEC's European office since 2009. Through OCO, the organization has identified numerous foreign companies interested in Northeast Ohio as a location for their U.S. facility, with one project already under construction.



Building a Global Network: NEOTEC president and CEO Ron DeBarr (third from left) met with representatives from Bangladesh, Nigeria, United Arab Emirates, United Kingdom, India, Italy and Rwanda at a World Free Zone Convention in 2009, in efforts to form international partnerships as part of NEOTEC's Global Business Development Initiative.

GROWTH VIA EXPORTING

Many businesses in Northeast Ohio have realized the potential of growth via exporting, as evidenced by the number of them requesting assistance from NEOTEC through the ITAC program. They have experienced success domestically and see the opportunities that exporting can provide. Yet when they pursue this avenue they find that it's a whole new ball game. There are many detailed exporting processes to comprehend, compliance procedures and documentation, customs and international regulations to follow.

ITAC is a pivotal program providing a high level of international trade expertise for companies to utilize. Not all proceed on the path to exporting, but the majority who do find the program's services invaluable in making a smooth and successful transition into international markets. Testimonials received by the ITAC staff echo this fact:

"We would like to thank ITAC for organizing the UK trade mission a year ago. We were able to get extremely valuable face-to-face meetings with UK distributors and premier retailers. In addition, being able to turn to ITAC for everyday or more complex questions is very valuable to us as we expand internationally."

"Being new to international sales, we found ourselves faced with many challenges. We turned to ITAC for export assistance. They have provided guidance in the Schedule B classification of our products, useful resource material, quick and accurate responses to our inquiries both via e-mail and telephone, invitations to beneficial educational seminars, and notification of policy updates in areas of interest to us."

"Thank you and your team at ITAC for the help you have given us in Mexico and Canada. We are launching a new product and your assistance and guidance have made a difference for us."

"I thoroughly enjoyed attending your workshop, and learned a great deal. From beginning to end, an excellent presentation offered by your organization and those that collaborated with you."

"We are a small manufacturer and distributor traditionally focused on a domestic customer base. In recent years, we have seen an increase in the export side of our business and our company acquired another company in Montreal while also opening up another branch in Toronto. Due to this growth, we have been forced to call on ITAC numerous times, and your level of expertise to our organization has been absolutely invaluable."

In addition to its partnership with OCO, the organization formed the Northeast Ohio Global Rapid Response Team to assist foreign companies with issues related to their U.S. expansion plans. This is a regional team of professionals in a variety of global disciplines who volunteer their time and expertise...they are "on call" to quickly answer questions regarding international law, finance, tax, logistics, workforce, immigration, visa requirements, education, and other business issues pertaining to site selection and relocation to Northeast Ohio.

LESSONS LEARNED

Established 15 years ago, NEOTEC continues to evolve and meet new economic challenges. Not only has the organization survived, it has flourished and continues to provide valuable services and opportunities for the region. This can be attributed to a couple of important factors. First and foremost is the dedication and commitment of the many NEOTEC members who over the years have volunteered their time, knowledge, and expertise to "steer the boat" and implement definitive economic development strategies in response to a changing global economy. They are an extraordinary mix of local public and private professionals who have the vision and fortitude to do what's best for the region as a whole.

The second important factor is collaboration: NEOTEC continues to pursue relationships and partnerships that strengthen its ability to deliver better economic development programs to serve the region. Only by placing a determined emphasis on collaborative efforts can an organization maximize the opportunities available for its region's economic vitality. ☐

THE POWER OF REGIONAL COLLABORATION

NEOTEC has been an active participant in overseas trade shows for many years. It is a necessary strategy in order to elevate the profile of Northeast Ohio among international companies considering U.S. investment. However, it is a successful strategy only because of combined efforts that NEOTEC undertakes with its many members and partners. That's why the organization points to the positive role of regional collaboration whenever ground is finally broken for a new manufacturing facility and interviews are taken to hire local workers.

A recent example is the groundbreaking of a new facility earlier this year in Akron for Röchling Automotive USA, a German high-performance plastics manufacturing company. Efforts to bring this company to the region began many months earlier when NEOTEC and many of its partners participated in the K Show, a large international plastics show held every three years in Düsseldorf, Germany.

At the show, NEOTEC joined the city of Akron for the opportunity to meet one-on-one with the company's Automotive Division managing director. From the groundwork of this initial meeting, the Northeast Ohio team worked together to define the company's needs, develop incentives, and quickly respond to the company's timetable. The team included local, county and state officials and economic development professionals, as well as area chambers and utilities. As a result of this collaborative effort, the Röchling project was secured: a \$15 million, 75,000-square-foot facility in Akron that will bring more than a hundred new jobs and a payroll of \$5 million to the area.



NEED A CHANGE? MAKE IT HAPPEN WITH IEDC'S JOB CENTER!

Whether you are looking to hire or looking to be hired, take advantage of IEDC's Job Center. You can access job postings in our IEDC News electronic newsletter, our Economic Development Now electronic newsletter, and our Job Center Online.

JOB SEEKERS – register to receive IEDC News online at www.iedconline.org

EMPLOYERS – reach a network of more than 20,000 professionals. Check out our reasonable advertising rates online at www.iedconline.org

QUESTIONS? CALL (202) 223-7800.



*The Power of
Knowledge and Leadership*



2011 CONFERENCE SPONSORS & EXHIBITORS

IEDC would like to thank the sponsors of the 2011 Annual Conference for demonstrating their commitment to the important work of economic developers. It is through their generous support that IEDC has brought leaders of the profession together for this forum of professional development, peer networking, and discussions of the most imperative issues facing economic developers today. We proudly recognize the following sponsors as partners in helping economic developers to build strong, more vibrant communities.

CO-SPONSORS:



SIGNATURE SPONSOR:



CHAIRMAN'S CLUB SPONSORS:



DIAMOND SPONSOR:



GOLD SPONSORS:



PLATINUM SPONSORS:





2011 CONFERENCE SPONSORS & EXHIBITORS

SILVER SPONSORS:



BRONZE SPONSORS:



EVENT SPONSORS:



AWARDS SPONSORS:



NEWS FROM IEDC

"JOBS IN THE MAKING" REPORT RELEASED BY IEDC

IEDC recently launched its latest research report, "Jobs in the Making: Economic Development Strategies to Grow Manufacturing." This report explores the evolution of the manufacturing sector and what communities can do to foster its viability. It combines high-level discussions of important market trends with nuts-and-bolts guidance on what those trends mean for communities that are working to protect and grow manufacturing jobs.

The report was sponsored and developed under the guidance of IEDC's Economic Development Research Partners (EDRP) program. It is available for download at no extra charge to IEDC members and in print \$75 to non-members.

AEDO PROGRAM ACCREDITS NEW ORGANIZATION AND REACCREDITS ONE MORE

Over the last few months, there has been a surge of interest in the AEDO program. IEDC is proud to announce the accreditation of the Lake Superior Community Partnership (Marquette, MI) and the reaccreditation of the Huntington Area Development Council (Huntington, WV). In addition, three new organizations have applied for AEDO accreditation, while seven AEDO members have applied for reaccreditation.

Organizations that pass the rigorous application process will bring their own unique attributes to the prestigious group that currently boasts 29 members. For more information about the program, please contact Tye Libby at tlibby@iedconline.org.



IEDC RECOMMENDS COASTAL TOURISM STRATEGIES FOR THE TEXAS GULF COAST

A recent IEDC report and webinar presentation offer recommendations for coastal tourism strategies for four counties along Texas's Gulf Coast (Brazoria, Chambers, Galveston, Matagorda). This research explores shared tourism assets — coastal, natural, historic, and cultural — forming the basis of a regional tourism package. It identifies opportunities — e.g., university connections, local foods, scenic byways, cruise terminals — to further develop coastal tourism.

This research also describes strategies to improve regional coastal tourism, such as creating an inventory of tourism assets, planning regional workshops, coordinating tourism and development plans, and organizing a coastal tourism task force to align future tourism strategies.

IEDC TRAINING MANUALS UPDATED WITH DISASTER RECOVERY CONTENT

IEDC has finished updating the following manuals with a chapter on disaster recovery: Introduction to Economic Development, Business Retention and Expansion, Managing EDOs, and Economic Development Strategic Planning. Each of the chapters focuses on disaster recovery issues pertaining to the manual. The chapters also include case studies plus practice-oriented information for economic development professionals to assist their communities with economic recovery through pre-disaster planning and preparedness and post-disaster recovery.

Materials developed for these manuals will provide the foundation for a new manual on disaster recovery, which will be launched sometime next year.

REAL ESTATE DEVELOPMENT AND REUSE TRAINING COURSE IN WASHINGTON, D.C.

IEDC will hold a Real Estate Development and Reuse training course in the Washington, D.C. Metro Area from March 15-16, 2012. This course clearly articulates the eight-stage process for real estate development and reuse. Specifically, participants will learn the fundamentals of market and site analysis, financial feasibility, and what political considerations are required to move a development project from conception to realization. Multiple in-class case studies will be used to help participants work through actual financial and regulatory problems. This training course is being held in conjunction with the Federal Economic Development Forum.



CALENDAR OF EVENTS

RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS

Fulfill a recertification requirement without tapping into your budget!

Earn two credits towards your next recertification by having an article published in the Economic Development Journal, IEDC's quarterly publication.

This is one of a number of ways that you can pursue recertification credits. Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at [\(703-715-0147\)](mailto:murp@erols.com).



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL



IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and web seminars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

For more information about these upcoming conferences, web seminars, and professional development training courses, please visit our website at www.iedconline.org.

CONFERENCES

2012 Leadership Summit

January 29-31
San Antonio, TX

2012 Federal Forum

March 18-20
Alexandria, VA

2012 Spring Conference

June 10-12
St. Louis, MO

2012 Annual Conference

Sept. 30-Oct. 3
Houston, TX

TRAINING COURSES

Workforce Development

January 26-27, 2012
San Antonio, TX

Entrepreneurial and Small Business Development Strategies

February 13-14, 2012
Albany, NY

Technology-led Economic Development

February 16-17, 2012
Atlanta, GA

Economic Development Marketing and Attraction

March 1-2, 2012
Phoenix, AZ

Real Estate Development and Reuse

March 15-16, 2012
Alexandria, VA

Business Retention and Expansion

April 19-20, 2012
Atlanta, GA

Economic Development Credit Analysis

April 25-27, 2012
Chicago, IL

Managing Economic Development Organizations

May 10-11, 2012
Baltimore, MD

Economic Development Strategic Planning

May 14-15, 2012
Albany, NY

Entrepreneurial and Small Business Development Strategies

June 7-8, 2012
St. Louis, MO

Real Estate Development and Reuse

July 12-13, 2012
Minneapolis, MN

Economic Development Strategic Planning

July 26-27, 2012
Chicago, IL

Business Retention and Expansion

August 9-10, 2012
Atlanta, GA

Economic Development Credit Analysis

August 22-24, 2012
Baltimore, MD

Technology-led Economic Development

September 13-14, 2012
Albany, NY

Business Retention and Expansion

September 27-28, 2012
Houston, TX

Workforce Development

October 4-5, 2012
Baltimore, MD

Real Estate Development and Reuse

October 18-19, 2012
Atlanta, GA

Economic Development Credit Analysis

November 7-9, 2012
Phoenix, AZ

Business Retention and Expansion

November 15-16, 2012
Tampa, FL

Neighborhood Development Strategies

December 6-7, 2012
Los Angeles, CA

WEB SEMINAR

January 11, 2012

Workforce Development Strategies Spur Manufacturing Growth

CERTIFIED ECONOMIC DEVELOPER EXAMS

March 17-18, 2012

Alexandria, VA
(Appl. Deadline: January 17, 2012)

June 9-10, 2012

St. Louis, MO
(Appl. Deadline: April 9, 2012)

September 29-30, 2012

Houston, TX
(Appl. Deadline: July 30, 2012)

serving second-stage COMPANIES

By Penny Lewandowski and T.J. Becker

for the last two decades, industry cluster development (the geographic concentrations of companies, suppliers, service providers, and institutions in a particular field) has generated considerable interest – and opinions – in economic development circles. Many view clusters as the key to growing jobs, attracting new companies to a region, and catching the attention of funders and press.

Yet instead of only focusing on specific industries, why not target and support growth entrepreneurs according to their stage of development? This is an alternative view of cluster development that's intriguing because it enables entrepreneur support organizations (ESOs) to look at – and serve – their audience in a very different way.

Growth companies can be found in all sizes of firms and share commonalities within their respective developmental stage. For example, startups need help with business plans, microfinancing, product development, and finding initial customers. In contrast, second-stage businesses already have a proven product or service under their belts. They're dealing with more strategic issues as they strive to gain a stronger foothold in the market and win more customers. And larger companies have altogether different needs. (See sidebar)

Whether they're in construction or bioscience, animal health or alternative energy, when it comes to business dynamics, entrepreneurs in the same stage put on their pants the same way each morning. Think of it as a horizontal cluster cutting across industries instead of a vertical cluster aligning a specific industry.

Both industry- and growth-oriented strategies are important to balanced economic development, but



Economic gardening, an entrepreneur-oriented strategy for economic growth, is especially effective for helping second-stage companies.

the former is more often served by industry-specific organizations. This leaves entrepreneur stage clusters as a wide-open field for ESOs and economic development organizations (EDOs) – which can be especially important in a region where business assistance has become a saturated market.

THE SIGNIFICANCE OF SECOND STAGE

Founded in 1985 to support entrepreneurship, the Edward Lowe Foundation focuses on second-stage companies (those with 10 to 99 employees and about \$1 million to \$50 million in annual revenue) because it believes they have the greatest impact on the economy. Take job creation: From 1993 to 2008 second-stage companies represented only 11 percent of U.S. resident establishments but nearly 36 percent of jobs, according to YourEconomy.org, the foundation's online research tool, which uses data from the National Establishment Time-Series (NETS). During that same period, second-stagers generated 25 percent positive U.S. job growth, more than double their market share.

Penny Lewandowski (penny@lowe.org) is director of entrepreneurship development and
T.J. Becker (tjbecker@lowe.org) is communications manager at the Edward Lowe Foundation.

Established in 1985, the Edward Lowe Foundation is a nonprofit organization that supports entrepreneurship through research, recognition and educational programs, which are delivered through entrepreneur support organizations (ESOs). The foundation has a secondary mission of land stewardship and is committed to preserving the natural resources and historically significant structures at Big Rock Valley, its 2,600-acre home in southwest Michigan.

A DIFFERENT APPROACH TO CLUSTER DEVELOPMENT

Industry clusters have long been a hot topic in economic development circles. Yet there's an alternative view of cluster development: Targeting growth entrepreneurs not by industry but according to their stage of business development. This article looks at why stage cluster development makes sense – especially when it comes to second-stage companies – and how support organizations can identify and reach out to this significant segment of entrepreneurs with resources that will help them continue their growth journey.

In addition to their disproportionately larger share of jobs, second-stagers often have national or global markets, so they bring outside dollars into their community. Many are setting new trends in innovation and discovery. And they help boost a community's human capital by recruiting talented employees.

Although funding and resources exist for small business and startups, second-stagers have traditionally been ignored in the business-assistance market. Yet that's starting to change due to the recent recession and a growing awareness of how many jobs second-stagers create. Indeed, while the foundation was pushing the concept of second stage for many years, now we see it starting to pull us. More organizations are recognizing the significance of this alternative cluster and are developing resources to help it continue growing.

GRABBING THEIR ATTENTION

Yet serving second-stagers is no cakewalk. And finding them can be downright painful.

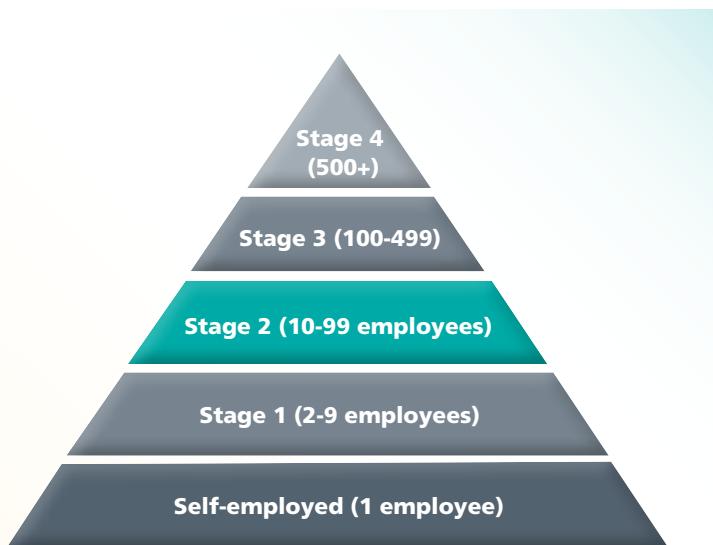
Chalk it up partly to the phenomenon Michael Gerber identified in "The E-Myth." Second-stage entrepreneurs are so busy working *in* their businesses that they don't have time to work *on* them. They don't have time to read an e-newsletter about government resources that are available to them. They don't have time to accept a visit from a representative of their community college or SBDC.

If you want to get them to attend an event, it's going to take more than an email invitation. Be prepared to make repeated phone calls – and you may even need to show up on their doorstep for some serious arm-twisting.

So what *will* draw them out of the woodwork? In our experience, it's the programs and events that specifically target their pain points or bring them together with individuals and resources that, in everyday life, are challenging for them to access.

Many organizations have had tremendous success with CEO forums where growth entrepreneurs hear how founders of larger companies have grown their business. Take the Economic Development Council (EDC) of Collier County (FL), which holds CEO forums on a quarterly basis. Not only do these events help entrepreneurs network with each other, they also help the EDC build relationships with second-stagers and serve as an entry point to other programs and services it offers.

Although funding and resources exist for small business and startups, second-stagers have traditionally been ignored in the business-assistance market. Yet that's starting to change due to the recent recession and a growing awareness of how many jobs second-stagers create.



AN ANATOMY OF BUSINESS STAGES

When discussing business stages, the Edward Lowe Foundation uses five different categories, based on employment:

Self-employed (1 employee) — This includes small-scale business activity that can be conducted in homes (cottage establishments) as well as sole proprietorships.

Stage 1 (2-9 employees) — This includes partnerships, lifestyle businesses, and startups. This stage is focused on defining a market, developing a product or service, obtaining capital, and finding customers.

Stage 2 (10-99 employees) — At this phase, a company typically has a proven product, and survival is no longer a daily concern. Companies begin to develop infrastructure and standardize operational systems. Leaders delegate more and wear fewer hats.

Stage 3 (100-499 employees) — Expansion is a hallmark at this stage as a company broadens its geographic reach, adds new products, and pursues new markets. Stage 3 companies introduce formal processes and procedures, and the founder is less involved in daily operations and more concerned with managing culture and change.

Stage 4 (500 or more employees) — At this level of maturity, an organization dominates its industry and is focused on maintaining and defending its market position. Key objectives are controlling expenses, productivity, global penetration, and managing market niches.

Granted, these are soft boundaries that fluctuate depending on a company's industry. Yet because the categories reflect management and compliance issues occurring at different developmental stages, they work well for building a framework to find and serve growth companies. The foundation has been using these stages for several years and they resonate well with both entrepreneurs and support organizations.

Similarly, recognition events such as the foundation's Companies to Watch awards program have multiple benefits. For honorees, it offers increased visibility, new business opportunities and a chance to meet and interact with other growth entrepreneurs. And through its nomination and judging process, Companies to Watch helps support organizations – both those who host the event and those who often serve as event sponsors – garner introductions to companies that are typically difficult for them to meet or even know about.

"The Companies to Watch program is a great filter for us," says Jeff Barry, a partner at Plymouth Management Co. in Ann Arbor, MI, which manages two venture capital funds.



Recognition programs like Companies to Watch not only celebrate fast-growing companies, but can provide ongoing opportunities for entrepreneurs to network and grow.

Plymouth typically looks for growth companies in the Great Lakes region that have \$1 million to \$10 million in annual revenue with scalable products and intellectual property that can be protected. "About half of the Companies to Watch honorees meet that initial criteria for investment, which means they're an excellent source of deal flow," Barry says.

THE POWER OF PEER LEARNING

Similar to organizations that serve specific industry clusters, when developing resources to serve a business stage cluster, it's important to understand their MO.

Although startup entrepreneurs are eager to show up for a workshop or seminar, second-stagers are skeptical of traditional educational venues and networking. They prefer to learn from people who have walked in their shoes – or are walking in them now. That's why peer learning is a cornerstone for many of the foundation's programs, such as PeerSpectives roundtables.

Led by trained facilitators, PeerSpectives roundtables typically involve 8 to 12 business executives from non-competing industries. The system revolves around con-

fidentiality and experience-based learning rather than advice giving, and it features a structured protocol that ensures a balanced discussion.

Participants may be initially hesitant about the cross-pollination of industries, but quickly find out that it's actually a huge advantage, especially when it comes to innovative thinking. Trying to solve problems with people in the same industry typically heads down a path of conventional thinking while industry outsiders can remove blinders and lead to breakthrough solutions.



Below is some feedback from PeerSpectives participants:

"From roundtable discussions, I've gotten new ideas about cash flow management, how to better communicate with bankers and leverage assets. Other big takeaways have been on personnel. In the past, I didn't look ahead and anticipate staffing needs, which resulted in hiring too quickly – and bringing on the wrong candidates. Now I've learned to be proactive and be on the lookout for candidates before we become desperate. I've also learned how to handle the firing process

better and do it with grace and respect. No leader likes firing anyone, but it's important to prune your garden at times in order for it to grow."

– Jerry Singh, president and general manager of RTI Laboratories in Livonia, MI

"Even if you don't have use for the information at the moment, you'll have use for it at some point. It's like a case study that I get to see in action each month – and how it plays out over the year."

– Tim Walter, founder of T.F. Processors in Elk Grove Village, IL

"Hearing others talk through their issues gives me insight into how people process problems. There have been many 'aha' moments when I can see why a problem exists for someone else, and how it might exist in some form in my business. And even if I don't have that specific issue, I might have a process for solving it that I can share."

– Christen Carter, founder of Busy Beaver Button Co. in Chicago

Whether it's a structured discussion, experiential exercise or casual campfire chat, peer learning is the cornerstone of the foundation's leader retreat program.



In addition to solving mission-critical problems, peer-learning programs solve a big problem for many entrepreneurs: isolation.

Peer learning is also a major component of the foundation's leader retreats, which are held at its 2,600-acre learning campus in southwest Michigan. Similar to the PeerSpectives roundtables, leader retreats help participants think differently and glean insights on a wide variety of issues – from personnel issues to aligning mission and vision.

In addition to solving mission-critical problems, peer-learning programs solve a big problem for many entrepreneurs: isolation.

"Entrepreneurs are lonely animals," points out Pete van der Harst, president of Portable Church Industries Inc. in Troy, MI, and one of the foundation's retreat participants. "We don't believe anyone on the earth is doing anything even close to what we are. So being able to bump into a group of people and finding out that – whether they're making jam, designing tile or doing computer-tech support – we're all dealing with the same basic issues builds a lot of camaraderie."

John Coleman echoes these sentiments. "When I signed up for the retreat, I wasn't sure what to expect, but meeting the other second-stage business owners was terrific," says Coleman, president of LookInTheAttic & Company Inc., an online hardware restoration business in Ypsilanti, MI. "Even though some had been in business for 20 years and some for two years, we all shared the same issues, which was really exciting. It was like having your own fraternity – or joining a fraternity and finding out you all have the same major."

ECONOMIC GARDENING

Another way to serve your second-stage cluster is through economic gardening, which is an entrepreneur-oriented approach to economic growth that focuses on helping a region's existing companies grow larger. Unlike peer learning or CEO forums, economic-gardening programs take a one-on-one approach.

Economic-gardening specialists function much like an outsourced team of experts. They swoop in and quickly help CEOs identify ways to accelerate growth – and point them to new tools and information to make better decisions. They're like a swat team of sorts, delivering strategic weapons and tactics from a business-dynamics perspective.

Some of their tools include:

- Sophisticated databases to identify market trends, potential partners or competitors and unknown resources often buried deep inside industry information.
- Geographic information systems to create color-shaded, density maps that profile customer expenditures, psychographics or demographics – or show gaps in market coverage.
- Search engine optimization tools to raise visibility in search engine results and increase traffic on websites.
- Social media monitoring applications to track websites, blogs, and online communities and see what people are saying about companies and products – and reveal important market influencers.

Case in point: A health sciences company had developed a new product to help research labs in the fight against cancer. Yet the company was having trouble getting its foot in the door with prospective clients. By leveraging social media, economic-gardening specialists were able to include the company in online conversations, which increased awareness for its product and paved the way to increased sales.

Another example of economic gardening in action: While working with a CEO of a water-pump company, an economic-gardening specialist saw a correlation between successful bids the company had won at a certain water-table level. The researcher, who was a GIS expert, pointed the company to areas with similar geological characteristics, which led the company to increase its business substantially and even attract international clients.

Speed is an important hallmark of economic-gardening programs. The research teams are trained for quick engagements with entrepreneurs. They identify issues, provide information, and then let the entrepreneur take the ball from there.

It's important to note that economic-gardening programs typically don't reside within a single EDO or ESO because of the costs and infrastructure required. Yet these organizations play a critical role in referring entrepreneurs into the economic-gardening network.

THE ENTREPRENEURS' ENTREPRENEUR

In addition to educational programs and resources, EDOs and ESOs play an important role in shaping an entrepreneurial culture.

For example, entrepreneurs often lack resources to build relationships with the news media and key stakeholders in the community. Someone needs to communicate – and make connections for them – on a variety of fronts:

- Working with government agencies to help them understand the needs of growth entrepreneurs and lower barriers associated with permits and regulations.
- Making sure second-stagers are covered in the local press to raise awareness for who these companies are, what they do, and how important they are to the economy. This can be especially important if you have growth entrepreneurs that are selling their products or services outside of the community.
- Establishing relationships with business, civic, and government leaders, so you can connect second-stagers with decision-makers they normally wouldn't have access to.
- Cultivating a climate of diversity. Entrepreneurs respond to diversity because they themselves are diverse, not only in gender and race but also mindset.
- Encouraging a comfort level with losing as well as winning.

FINDING YOUR OWN PURPLE COW: COMPETING AND COLLABORATING SUCCESSFULLY

As communities strive to beef up job creation and prosperity, business assistance for entrepreneurs has been an increasingly crowded arena. Yet competition isn't a dirty word. It's all about learning how to compete.

If you're serving the same audience as another EDO or ESO, you can take a different approach. Look for a niche your organization can fill that no one else is after. It's what author Seth Godin preaches in his book "Purple Cow: Transform Your Business by Being Remarkable." The key to success is to find a way to stand out – to be the purple cow in a field of monochrome Holsteins. Otherwise, when everyone looks alike, entrepreneurs become confused and frustrated.

Competing successfully means knowing what other kids on the block are up to. That's where resource or asset mapping comes into play. Resource mapping identifies programs and partnerships that exist in a region, best practices, what's working well and what could be made better. It enables organizations to avoid duplication of resources and identify gaps that need to be filled.

Resource mapping can take a variety of forms, from formal surveys to networking events.

For example, the CED in Research Triangle Park, NC, hosts an annual event called "Meet the Area Entrepreneurial Support Organizations." ESO participants include a wide pool of nonprofits, ranging from small business technology development councils to groups serving women in life sciences.

During the first half-hour of the event, each ESO representative gives a quick elevator speech about what their organization does. Then, for the next couple of hours, the audience has a chance to visit organizations' tables and mix and mingle. "The event is very upbeat and easy to do – and it has a lot of benefits," says Joan Siefert Rose, CED president. Among those, the event:

- Enables regional entrepreneurs to tap into resources available to them,
- Reinforces the CED's reputation for being at the center of connecting resources, and
- Gives nonprofits a better understanding of their services and where they might be overlapping.

"Granted, to some extent, organizations in our region are competing for the same dollars, but we have more commonalities than differences," Rose adds. "If you start with the idea that you're there to help the entrepreneur,

it becomes clearer how organizations can work together. If the region does better, we all do better."

Becoming a purple cow can also help EDOs and ESOs strike successful partnerships – which have become especially important in recent years as organizations are pressured to do more with less funding.

Collaboration sounds great in theory, but can be difficult in practice. You may be collaborating for a common cause but each of your partners probably has a different agenda.

Effective collaborations:

- Are discriminating. Don't say "yes" unless it makes sense for your organization.
- Make it clear who is lead dog and who will play a supporting role.
- Leverage the resources of each partner and avoid overlaps.

"Each partner should be made stronger by the collaboration," says Stephanie Steffens, director of the Colorado Workforce Development Council. "That's the challenge — getting the right partners to the table, helping them understand the value they bring and increasing the value of their individual organization by being part of the collaboration."

Failure is simply part of the entrepreneurial experience and even successful entrepreneurs suffer setbacks – although they quickly jump back in the game. Communities that are risk-tolerant and comfortable with change become magnets for entrepreneurs. And that's important, because a greater number of entrepreneurs helps with networking and sharing information.

Admittedly, working with second-stagers is hard work, but it's highly satisfying. For one thing, these entrepreneurs are incredibly optimistic – even when the economy is bleak. They've found a product or service that's successful, and they're passionate about taking their business to the next level. It's exciting to work with second-stagers and help them find what they need to keep growing.

Clustering by stage enables you to be more efficient at serving growth companies – and produce a better return on your investment. And, by targeting your services to match the needs of specific stage clusters, your organization can differentiate itself.

What's more, organizations are not just influencing one business segment, they're also impacting how their communities look. Entrepreneurs have the power to change the economy, but EDOs and ESOs have the power to change their environment and accelerate their success. They are the entrepreneurs' entrepreneur.

SOME FINAL WORDS

We see stage cluster development as a huge opportunity for EDOs and ESOs. Not that industry clusters aren't important. But industry cluster development is a top-down strategy that's best done at the federal and state level where looking at the big picture is a priority.

At the community level, industry cluster development is tough to do. It sounds great, but the reality is that you may only have one or two companies that fit into the industry clusters your state is trying to target. You might be able to capture some funding for companies you have in those industries, but you can't build your entire development strategy off someone else's criteria.

Clustering growth companies by stage makes a lot of sense. As a bottom-up strategy, it's more inclusive of the companies in your communities. Clustering by stage enables you to be more efficient at serving growth companies – and produce a better return on your investment. And, by targeting your services to match the needs of specific stage clusters, your organization can differentiate itself. ☰

WHAT'S ON YOUR READING LIST?

Visit IEDC's Online Bookstore for the very best offerings of industry-related publications from major publishers, plus our own technical reports and education course manuals.

You will find the latest titles to give you the edge you need to stay at the forefront of the economic development profession.

Go to www.iedconline.org

Questions or Title Suggestions – Call (202) 223-7800.



*The Power of
Knowledge and Leadership*



it takes a village

By Henry Mautner

INTRODUCTION

ate one evening in 1999, five entrepreneurs slid into their regular seats at the dimly lit Loa Bar in downtown New Orleans. The first blueprints for a plan to create generational change in New Orleans lay on the table in front of them, scribbled in ink on a bar napkin. As subsequent meetings at the same locale fleshed out and refined the initial vision, a spark was ignited amongst the group to seek new solutions to seemingly intractable problems. This group of entrepreneurs became known as the Loa Group, and they catalyzed an entrepreneurial movement in New Orleans.

THE PROBLEM

New Orleans suffered from consistent economic and social decline since the mid-1980s – its downward trajectory fueled by a significant brain drain. U.S. census data states that from 1990-2000 the state of Louisiana suffered a net loss of over 41,000 23-35 year olds. This brain drain contributed to a lack of innovative thinking when the city desperately needed fresh ideas to reinvigorate its stalled economy and effectively tackle the rampant crime, poor education, and sub-standard housing plaguing New Orleans. The Loa Group concluded that the answer to New Orleans' decline was to identify and retain entrepreneurial talent. This specific kind of talent – innovative, risk-friendly, creative – was necessary to diversify the local economy, create jobs, and tackle age-old social problems with fresh, new ideas.

The Loa Group began to sketch out their idea to save the city they all loved. Tim Williamson, co-



Idea Village co-founders Allen Bell and Tim Williamson.

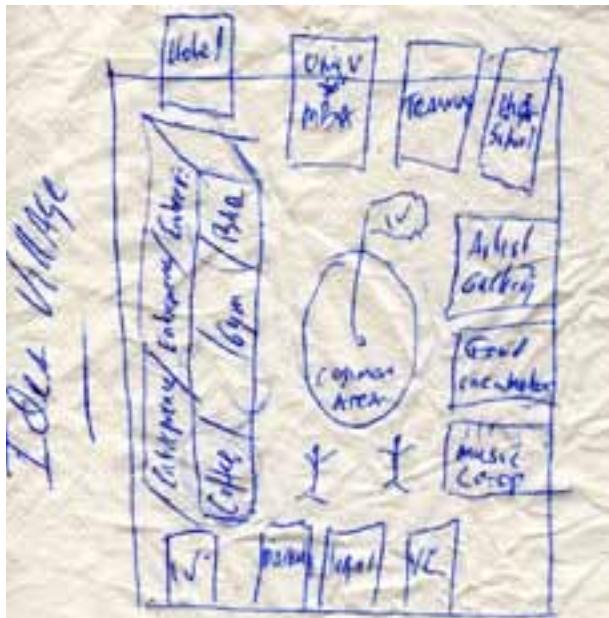
founder and CEO of The Idea Village remembers, “Our hearts were in New Orleans, but our minds were in the New Economy. We found common ground in our love of New Orleans and experiences living and working in other communities around the country. We reached to each other for answers to the uncommon problems we faced in managing our businesses. Eventually, a small group emerged, trusting each other, and sensing that there was something important at work in these meetings.”

The entrepreneurs in the Loa Group were unified as each was a New Orleans expatriate returning home from different places equipped with experience and knowledge gained from their time in the larger business world. In some respects the motivation was self-preservation, as they all fought their way home to the city they loved only to encounter bleak economic prospects for both the city and their respective careers. Refusing to accept the

Henry Mautner is the community manager at The Idea Village. (innovation@ideavillage.org)

HOW THE IDEA VILLAGE IS STIMULATING AN ENTREPRENEURIAL MOVEMENT IN NEW ORLEANS

Founded in 2000 by local entrepreneurs, The Idea Village is an independent 501(c) (3) non-profit organization with a mission to identify, support, and retain entrepreneurial talent in New Orleans. To date, the organization has supported 1,101 local entrepreneurs by engaging 1,746 professionals and allocating over 42,000 consulting hours and \$2.7 million in capital. Though The Idea Village has a solid track record of providing technical assistance to local entrepreneurs, the organization's greatest accomplishment is its success at defining, creating, and sustaining an entrepreneurial movement that has accelerated commercialization practices across industrial sectors. This commitment and investment has helped reposition New Orleans as a frontier for entrepreneurship and a gateway of opportunity.



The original concept for The Idea Village was sketched on a bar napkin at the Loa Bar in downtown New Orleans.

status quo, they decided to leave their business cards at the door.

Initially, the Loa Group found difficulty overcoming New Orleans' lack of support for entrepreneurship and new ideas. Early conversations were dominated by the economic, educational, and political conditions so inhospitable that talent was repelled in startling numbers and starting a new business was simply unfeasible. New Orleans already lagged far behind comparable southern cities such as Atlanta and Houston, particularly in developing and attracting technology-based businesses, the driver of so many other regional economies. Business and civic leaders in New Orleans were rooted in the traditional economic models of oil, gas, and banking; they deemed entrepreneurship too risky a venture. What if it fails?

THE SOLUTION

The Loa Group's frustration evolved into an intense sense of purpose. It developed a plan to jumpstart the growth of an entrepreneurial community, and after a long evening of heated conversation, one member exclaimed, "Let's stop just talking about it and put our money on the table to make something happen." Each member chipped in \$2,000 towards a business plan competition with a grand prize of \$10,000. The media got wind of the project and news spread quickly – companies began contacting the group with offers of in-kind support for the winner, eventually leading to a grand prize worth over \$125,000. The local media, including *City Business*, *The Times-Picayune*, and *WWL*, continued to monitor the story and showcased the winner – PetroDesigns – at a press event in February 2001.

The business plan competition ignited the fledgling entrepreneurial ecosystem in New Orleans. The Loa Group tapped an unexposed nerve amongst a small community of people who believed in possibility and opportunity. This small act generated enough community awareness and support that it propelled formerly reluctant local leaders into action. Local leadership began to recognize the need to re-evaluate traditional economic development practices by investing in the infrastructure necessary to support and retain entrepreneurial talent.

Spurred by the outpouring of local support, Tim Williamson and Allen Bell, two members of the Loa Group, formalized The Idea Village in 2002 as an independent 501(c)(3) non-profit organization. They understood that the best avenue to economic growth was nurturing homegrown entrepreneurs. The tactic was to build an "idea village," a supportive network to identify, support, and retain entrepreneurial talent in New Orleans. Ten years later, the Brookings Institution conducted a comprehensive research report aggregating data such as job growth, jobs by industry sector, wages, start-up businesses per capita, patents, and more, and noted that entrepreneurial activity in New Orleans is now 40 percent above the national average. In 2011 alone, *Forbes* crowned New Orleans the "#1 brain magnet in the country," and *Inc.com* proclaimed New Orleans the "coolest start-up city in America."

Embodying the mantra "Trust Your Crazy Ideas," The Idea Village has been able to sustain the movement over a decade by being entrepreneurial itself. It has not been easy and there are many lessons to share.



BUILDING A VILLAGE

The Idea Village has grown significantly in the 10 years since the initial meetings of the Loa Group. The core team consists of a group of entrepreneurs, innovators, and professionals with diverse backgrounds, career paths, and levels of experience. Many have either personally started or participated directly in starting and growing businesses. The relatively small, fluid staff of eight is complemented by a global network of 1,500+ mentors and service providers that are leveraged to add value to the various entrepreneurs participating in Idea Village programs.

The Idea Village is designed to operate with minimal overhead with most of the resources given directly to entrepreneurs. The Board of Directors consists of CEOs, entrepreneurs, business professionals, and academic leaders that guide the overall vision of The Idea Village and are actively involved in assisting The Idea Village achieve its mission and goals.

Before Hurricane Katrina, The Idea Village obtained all of its funding from local donors who wanted to keep the next generation of New Orleans talent from leaving. As a result of Hurricane Katrina in 2005, New Orleans suddenly attracted global entrepreneurial talent and became the focus of the corporate and philanthropic communities, scaling The Idea Village's support network to global levels.

The Idea Village began to receive funding from federal resources such as the Economic Development Administration (EDA), state organizations such as the Louisiana Recovery Authority (LRA) and the Louisiana Disaster Relief Foundation (LDRF), and philanthropic heavyweights such as the Rockefeller Foundation, Blue Moon Foundation, and MercyCorps. Additionally, Hurricane Katrina relief efforts brought global corporations to New Orleans seeking ways to help revive the city. The Idea Village began to establish relationships with companies such as Google, Cisco, and salesforce.com as employees sought ways to participate in the rebuilding.

As New Orleans began to normalize and improve, The Idea Village grew and continued to nurture these relationships with federal, state, and private entities. Currently, a majority of The Idea Village's funding comes from national partners, including federal agencies, philanthropic organizations, and corporations.

Going forward, The Idea Village plans to increase the sustainability of its operations by leveraging more local resources to both financially support the organization but also to provide resources and consulting directly to local entrepreneurs. The Idea Village believes that building a vibrant local entrepreneurial eco-system must be a grassroots effort, supported by locals who passionately believe in their city and the importance of entrepreneurship.

Going forward, The Idea Village plans to increase the sustainability of its operations by leveraging more local resources to both financially support the organization but also to provide resources and consulting directly to local entrepreneurs.
The Idea Village believes that building a vibrant local entrepreneurial eco-system must be a grassroots effort, supported by locals who passionately believe in their city and the importance of entrepreneurship.

A HUB OF INNOVATION AND ENTREPRENEURSHIP

Some would say New Orleans was the most unlikely city to become a national hub of entrepreneurship and talent, but the entrepreneurial movement is at a tipping point here. Looking to the next decade, The Idea Village is working to institutionalize the fundamental pillars of entrepreneurship – passion, resiliency and persistence – as permanent fixtures in New Orleans.

To accomplish this, The Idea Village acknowledged early on that in order to grow the economic base of New Orleans it had to cultivate entrepreneurship from within. Traditional economic practices offering tax abatements



Kirk Coco, founder of NOLA Brewing Company, presents to an IDEAcorts team from Tulane University.

and incentives (often targeted towards one large manufacturing base) yielded minimal results. The use of tax incentives and abatements by themselves are not enough to sustain business growth in the long term, as outside companies may leave once incentives expire, searching for better deals elsewhere. Growing an entrepreneurial base is a longer-term solution and more sustainable, as many small businesses that start local often stay local.

To achieve local entrepreneurial cultivation, The Idea Village adopted a form of "economic gardening" by developing and investing in an ecosystem that supports local entrepreneurial development. Additionally, The Idea Village was able to partner with key organizations to ensure that entrepreneurial investment was place-based, or focused in a way that marketed New Orleans as a city ready to meet the needs of the high-growth entrepreneurial community.

The Idea Village, in partnership with local and national organizations, has been successful at helping to diversify the local economy by serving as a leading entrepreneurial support organization. The Idea Village did this by:

- Building and nurturing a connected global network consisting of other economic development organizations, technical assistance providers, professionals, universities, and business-oriented organizations to provide direct support to New Orleans entrepreneurs.

- Creating unique programs such as *IDEAxcelerator*, which provides intensive mentorship and business support to high-growth, local entrepreneurs, and *New Orleans Entrepreneur Week*, which brings top MBA students and business executives from around the country to New Orleans to provide direct resources to help local entrepreneurs scale their development.
- Attracting and engaging younger talent through *IDEAcorps*, a Peace Corps-like model for entrepreneurship that provides service learning opportunities for young graduates to support New Orleans through entrepreneurship.
- Creating and supporting distinctive entrepreneurial hubs in New Orleans that cluster like-minded entrepreneurs such as the IP Building in the Warehouse District for high-growth entrepreneurs and the Entergy Innovation Center in the Upper Ninth Ward to support lower and moderate income entrepreneurs in an underserved community.
- Working to promote New Orleans, locally and globally, as a hub for innovation and entrepreneurship.



Sal LaMartina, co-founder of IDEAxcelerator 2010 company Cordina Frozen Cocktails.

PROGRAMS

Each summer, The Idea Village accepts applications for its signature business acceleration and entrepreneur education programs. The selection criteria for the business acceleration program are clearly defined and seek to distinguish true entrepreneurial start-ups from established small businesses. To be eligible for business acceleration at The Idea Village, one's company must generate less than \$1 million in revenue annually, employ less than ten people, be headquartered within a seven-parish Greater New Orleans Region, and have a serious desire to grow annual revenue to \$10 million within five years. Thus far during the 2011-12 season, The Idea Village received a total of 501 business acceleration applications and accepted an IDEAxcelerator class of 21.

The entrepreneurial season, beginning each July with entrepreneur intake and culminating each March in

New Orleans Entrepreneur Week, features a wide range of entrepreneur resources including consulting, education, networking and capital. Participants advance their businesses by accessing The Idea Village's global network of experts and mentors and through connections with like-minded entrepreneurs. Entrepreneurs can apply to the IDEAinstitute – the entrepreneur education initiative held throughout the year – or to IDEAxcelerator.

The IDEAinstitute is The Idea Village's entrepreneur education program that addresses issues critical to entrepreneurs. Speaker series, roundtables, and workshops conducted by well-known local and national business thought leaders will focus on a variety of topics designed to add value to entrepreneurs and growing businesses.

IDEAxcelerator is The Idea Village's intensive six-month start up accelerator program for high-growth, local entrepreneurs. The program is managed by a team of *Entrepreneurs-in-Residence* [EIRs], seasoned entrepreneurs and management executives, who partner with the entrepreneurs to identify and address key growth challenges. The current senior EIRs at The Idea Village are Doug Walner and Kevin Wilkins, both with extensive backgrounds in executive management, consulting, and entrepreneurship. Prior to joining The Idea Village, Walner served as president and CEO of PSI Services LLC, which experienced record profitability under his leadership. Wilkins has 25 years of experience in general management, marketing, and operations for both corporations and start-up companies. Most recently, Wilkins was COO of Neighborhood Pay Services, a rent payment processing company he helped establish. Both Walner and Wilkins leverage their varied experiences and deep networks to guide IDEAxcelerator companies through the inevitable challenges in starting and growing a business. Participating entrepreneurs gain access to a variety of resources, including:

- **Mentorship & Support:** *Entrepreneurs-in-Residence* [EIRs] act as the advisors for IDEAxcelerator ventures, providing mentorship, guidance, strategy, and connections.
- **Access to Networks:** The Idea Village provides access to a network of local and national investors, mentors and professional service providers through over 75 events during the season, including The Big Idea Showcase, NOEW Preview, and New Orleans Entrepreneur Week.
- **Access to Capital:** The Idea Village provides entrepreneurs access to local lending institutions, angel investor networks, and venture capital investors through one-on-one meetings and competitive challenges. Select entrepreneurs will be chosen to present at New Orleans Entrepreneur Week, March 10-16, 2012.
- **Exposure:** The Idea Village has secured media coverage for entrepreneurs in *Inc.com*, *Entrepreneur Magazine*, *Financial Times*, *The Daily Beast*, *Times Picayune*, *CNBC*, *NPR* and *Bloomberg TV*, and others.
- **Education:** Targeted training in the fundamentals of entrepreneurship through IDEAinstitute.

Within IDEAxcelerator, entrepreneurs are positioned into targeted, industry-specific cohorts. Each year the cohort is made up of entrepreneurs who, for six months, leverage the mentorship and resources of The Idea Village to aggressively grow their businesses. Their impact is showcased and celebrated during New Orleans Entrepreneur Week in March. Key cohorts within The Idea Village's IDEAxcelerator are technology, water management, education entrepreneurs, and university-based technologies.

In addition to the valuable resources offered to local entrepreneurs directly by The Idea Village, entrepreneurs also benefit from their close proximity to one another. Working in a stimulating, collaborative program, Idea Village entrepreneurs have the opportunity to learn from the success and failure of their peers and leverage networking opportunities to secure the right introductions and access to capital. The IDEAxcelerator also provides young businesses with credibility and exposure as The Idea Village is a nationally recognized and respected organization and the applicants are screened rigorously.

The Idea Village's annual programming culminates every March with New Orleans Entrepreneur Week (NOEW).

THE JAZZ FEST OF ENTREPRENEURSHIP

The Idea Village's annual programming culminates every March with New Orleans Entrepreneur Week (NOEW). In the most festival-centric city in America, NOEW is New Orleans' hallmark festival of entrepreneurship, bringing together a diverse mix of local and national MBA students, corporate partners, business, academic, and policy thought leaders in a week of collaboration and service. NOEW 2011 set new milestones for the number of participants and resources invested. From March 18-25, 2011, The Idea Village:

- Engaged over 1,000 MBAs, corporate executives, investors & civic leaders;
- Provided direct resources to 475 local entrepreneurs;
- Invested \$1,023,946 in capital, consulting and equipment; and
- Hosted 48 events providing resources to local entrepreneurs.

Additionally, NOEW provides multiple investment pitch opportunities, exclusive networking events, and educational seminars for local entrepreneurs. Participants included some of our nation's most accomplished entrepreneurs, financiers, local business and civic leaders as well as MBAs from top business schools. Notable NOEW 2011 participants included Jim Coulter, founding partner of TPG Capital; Mayor Mitch Landrieu; and Senator Mary Landrieu. James Carville and Mary Matalin were special guests along with NBA legend Bill Walton, Kevin Clifford of American Funds, Jim Counihan of Prism VentureWork, Jeff Schwartz of Bain Capital, Jeff Brody of RedPoint Ventures, Jani Byrne of IBM Venture Capital, and

serial entrepreneur Richard Korhammer. The following is a snapshot of what occurred one week in New Orleans:

- **NOvate Medical Technologies**, led by Tulane medical student William Kethman, was selected as the winner of the 2011 IDEApitch. His product is SafeSnip, a sterile, disposable umbilical cord cutter to be used in developing countries to reduce infection and disease. Kethman won a trip to San Francisco to pitch his business to established venture capitalists in Silicon Valley and hopefully kick-start the production and distribution of SafeSnip.
- **Life City** led by entrepreneur Lizzy Shepard and **SensPack** led by entrepreneur Beau Babst each secured \$50,000 investments through Village Capital, an initiative of The Idea Village and First Light Ventures that connects critical seed-stage investment to high-impact entrepreneurs.



Senator Mary Landrieu with members of the New Orleans entrepreneur community during NOEW 2011.

- **Nanofex**, a Tulane technology venture led by David Culpepper, received \$50,000 seed investment as part of the inaugural Water Challenge, a program designed to support entrepreneurs building innovative solutions in the water management industry.
- **Refresh Environmental**, launched by Brandon Iglesias, Larry Spegele, and Bobby Iglesias, was awarded \$17,000 at the "Speed to Seed" pitch session sponsored by Gulf Coast Bank & Trust and DesireNOLA.

AN IDEACORPS

The devastation caused by Hurricane Katrina created a whole new economic landscape, one where ingenuity and creativity rather than familial ties to the city measure success. New Orleans' entrepreneurial awakening fostered new partnerships that have only strengthened the entrepreneurial spirit. The Idea Village was able to build and sustain an unlikely network of entrepreneurs; non-profits; universities; governmental entities; and young, intrepid urban pioneers through its award winning IDE-

corps program. IDEAcorps is a talent development and engagement program modeled after the Peace Corps and Teach for America.

A central component of Idea Village programming and NOEW, IDEAcorps was developed by The Idea Village in the wake of Hurricane Katrina as ambitious young graduates descended on New Orleans, compelled to use their business-savvy and entrepreneurial instincts to make a difference. Since its inception as a program focused on recovery, IDEAcorps has evolved into a program devoted to economic sustainability and growth through entrepreneurship and innovation.

Each year during NOEW, IDEAcorps teams – comprised of eight MBA students from top US business schools and a faculty advisor – are matched with an IDEAxcelerator portfolio company to complete an intensive week-long consulting project on a critical issue facing the business. To date, 556 MBAs from 14 top-tier national universities have participated. Participating universities have included Harvard, Stanford, Cornell, Chicago, DePaul, MIT, Columbia, Tulane, Loyola, Berkeley, and University of Pennsylvania.

The impact is tangible and mutually beneficial. For example, during NOEW 2009 an IDEAcorps team from DePaul University partnered with Randy Crochet and Jeff Leach, founders of Naked Pizza, to develop a sales and marketing plan to launch their healthy pizza business. Utilizing cutting-edge social media and \$20,000 in seed capital, Naked Pizza launched a campaign by advertising their Twitter handle on a billboard. One of the first companies in the US to engage their customers via Twitter, Naked Pizza to date has sold over 400 franchises globally, hired over 350 people, and secured investment from leading investors. Recently, Naked Pizza opened in Chicago and hired several of the DePaul MBA team members.

CONCLUSION

Ten years since those initial meetings at Loa, New Orleans has become a laboratory of entrepreneurship and innovation. The August 2009 issue of *Entrepreneur Magazine* cited New Orleans as a blueprint of economic recovery through entrepreneurship. New entrepreneurial hubs are sprouting up characterized by passionate committed entrepreneurs. Capital is being invested in new ventures and entrepreneurial leaders are evolving from education, community development, and the creative industries to solve critical issues with innovative solutions. New models for health care, public education, physical

infrastructure, food, and creative media are being incubated and developed. This group of entrepreneurs is merging for-profit and social entrepreneurship into engaged entrepreneurship.

In February 2011 – just a month before NOEW 2011 – *Forbes* listed New Orleans as the number one “Brain Magnet” in the country, a remarkable achievement for a city once mired in corruption and economic stagnation. Reporter and demographer Joel Kotkin notes in the *Forbes* article, “Once the poster child for urban despair, New Orleans may develop a blueprint for turning a devastated region into a role model not only for other American cities but for struggling urban regions around the world.”

The Idea Village excels at leveraging local and national partnerships that yield results. To date, The Idea Village has supported 1,101 entrepreneurs by engaging over 1,746 professionals to provide over 42,000 consulting hours and \$2.7 million in seed capital to accelerate the early stage startup phase of local entrepreneurial ventures. Collectively, this portfolio has created 1,006 jobs for the New Orleans community and generates \$82 million in annual revenue. More importantly, New Orleans has over 1,000 entrepreneurial leaders engaged in strengthening the community.

Though The Idea Village has a solid track record of providing technical assistance to local entrepreneurs, the organization’s greatest accomplishment is its success

Each year during NOEW, IDEAcorps teams – comprised of eight MBA students from top US business schools and a faculty advisor – are matched with an IDEAxcelerator portfolio company to complete an intensive week-long consulting project on a critical issue facing the business. To date, 556 MBAs from 14 top-tier national universities have participated. Participating universities have included

**Harvard,
Stanford,
Cornell,
Chicago, DePaul,
MIT, Columbia,
Tulane, Loyola,
Berkeley, and
University of
Pennsylvania.**



An IDEAcorps team from Cornell works on an intensive consulting project for Taylor Galyean, an IDEAxcelerator 2011 graduate and founder of Spa Workshop.

The lesson of The Idea Village's success is that a community has to have a local network, however large or small, of passionate entrepreneurs who are committed to transforming their communities through entrepreneurship. Every community is unique and the entrepreneurial movement has to come from the ground up and take into account that community's special characteristics, personality, and challenges.

at defining, creating, and sustaining an entrepreneurial movement. This investment has helped reposition New Orleans as a city of renewed hope and opportunity. This sort of economic repositioning is not unique to New Orleans. Cities like New Orleans can evolve beyond their current economic condition to reverse decades of decline and brain drain by embarking on a similar entrepreneurial journey.

The Idea Village model is replicable but not a one-size-fits-all solution for other communities. The lesson of The Idea Village's success is that a community has to have a local network, however large or small, of passion-

ate entrepreneurs who are committed to transforming their communities through entrepreneurship. Every community is unique and the entrepreneurial movement has to come from the ground up and take into account that community's special characteristics, personality, and challenges.

The Idea Village achieved tremendous success for the city of New Orleans during its first 10 years. At the outset of its second decade in existence, The Idea Village still has miles to go before its mission is realized. The dedicated staff, directors, advisors, and professional partners will not stop working until high impact entrepreneurship is normal, steady, and continuous in New Orleans.

Our vision is that entrepreneurship is as much a mainstay in the city as Mardi Gras. It may be a crazy idea, but the model of community engagement through an annual season works. Entrepreneurism is currently a national priority but The Idea Village has built the foundation for New Orleans' entrepreneurial ecosystem for 10 years and it is just beginning to flourish. The Idea Village will continue to nurture it, cultivate it, and feed it, so that New Orleans will eventually bloom as a shining example for the rest of the country to emulate. ☺



“Designation by IEDC as an AEDO has greatly assisted our organization in its fund raising efforts. The recognition of excellence serves as a source of pride to our economic development program, contributors, and community.”

— Terry Murphy, Ec.D, CED
Muncie-Delaware County Indiana
Economic Development Alliance

ACCREDIT YOUR ECONOMIC DEVELOPMENT ORGANIZATION

THE BENEFITS OF IEDC'S ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION (AEDO) PROGRAM INCLUDE:

- ★ Heightened visibility of your economic development organization's efforts in the community and region
- ★ Independent feedback on your organization's operations, structure and procedures
- ★ An excellent marketing tool to help promote your organization

FOR MORE INFORMATION
GO TO www.iedconline.org
OR CALL (202) 223-7800.



the early roots of

SAN DIEGO'S INNOVATION ECONOMY

By Mary Lindenstei Walshok

INTRODUCTION

Prior to the knowledge revolution, most great American cities built their economies on the natural assets and geographical attributes of the regions in which they were located: the expansive agricultural mid-West, the growth of industrial and trading centers on the transportation hubs, and the expropriation of natural resources such as coal or timber. All of these represent common themes in the economic history of most American cities.

In the case of San Diego, the natural environment was not hospitable to either large scale agriculture or manufacturing industries. Isolated in the corner of California with the Mexican border to the South, mountain ranges to the East and the Pacific Ocean to the West, San Diego was not destined to be a commercial transportation hub. Its arid climate represented enormous challenges vis-à-vis water and rainfall, and its topography, which is characterized by miles of hills and canyons, is not easily adaptable to grid-city development.

The early settlers of the region were people who, nonetheless, saw opportunity in the region. They saw the potential of its beautiful harbor for shipping; the potential for small scale agriculture through innovative uses of the limited water resources; and extraordinary opportunities for health and tourism because of the dry, temperate climate in an era where health problems such as tuberculosis, asthma, and arthritis were not easily



CONNECT co-founders: Irwin Jacobs, Co-founder & Board Member/Qualcomm; Bob Weaver, Former Partner/ Deloitte & Touche; Richard Atkinson, President Emeritus /University of California; Lea Rudee, Founding Dean/ University of California San Diego School of Engineering; Mary Walshok, Associate Vice Chancellor for Public Programs, Dean of University Extension/University of California San Diego; Buzz Wooley, President/Girard Capital/Girard Foundation; David Hale, Chairman/Hale BioPharma Ventures (Chair of CONNECT Association Board); and Dan Pegg, Former President & CEO/ San Diego Regional EDC.

treated. Early on, the region experimented, as did upstate New York, Chicago, St. Louis, and most great American cities, with various approaches to exploiting its natural assets and made a number of key land use decisions to assure economic growth opportunities.

What is significant about the decisions made by San Diegans, based on the constraints imposed by their distinctive natural environment, is that San Diego's early economic development was concentrated on small family farms, small businesses, and entrepreneurial efforts to develop the harbor and land in the absence of financial resources. This resulted in a strategy to attract the Navy to the region, as a way of developing the harbor and much of the infrastructure on the bay at minimal cost to a small cash-strapped community. While other American cities in the mid-West and even on the West coast,

Mary Walshok
is Associate Vice
Chancellor for Public
Programs and Dean
of University Extension
at University of
California, San Diego.
(mwalshok@ucsd.edu)

THE ROLE OF CIVIC LEADERSHIP AND LAND USE DECISIONS IN THE REGION'S ECONOMIC TRANSFORMATION

Academic research is underscoring how important cultural values and social dynamics are to turning R&D into regional economic development. San Diego, California, the home to some of the nation's most robust technology clusters, is an interesting example of how early regional land use decisions by the public sector, coupled with "venture" investments and a collaborative culture, have jump-started the growth of the new economy. These practices and collaborative culture have deep historical roots and are continuously reinforced by the organization known as CONNECT, which organizes hundreds of events annually that assure the knowledge flow, trust, and nimbleness needed in entrepreneurial ventures. Geographic propinquity and boundary-spanning activities enhance innovation.

such as Los Angeles, San Francisco, and Seattle, were building robust trading and manufacturing capabilities, San Diego continued to be a small town characterized by entrepreneurial, small business people, many of whom were drawn to the region because of its health giving attributes and beautiful climate, none of which, in its early history, they were able to turn into a major economic value.

San Diego never developed a set of major legacy industries such as steel or automobile manufacturing, or even aerospace manufacturing, on the scale of other early 20th century cities. It also meant that the accumulation of private wealth through the last century was insignificant compared to the accumulation of wealth in many other cities. These two characteristics of San Diego provide significant insight into the extent to which the region has a long history of having to rely on collaboration, adaptability, and opportunism to achieve economic goals. Without dominant industries and employers, San Diegans, for more than a century, were continuously “hustling” for the next economic growth opportunity.

The most significant development for San Diego came with the opening of the Panama Canal and the dawn of the Pacific Century in 1915. The Pacific Century, as coined by Teddy Roosevelt, represented a major opportunity to expand trade and America’s military presence across the Pacific and into Asia. San Diegans exploited this opportunity by parlaying valuable land into a number of military installations, dredging the harbor in order to house the Pacific Fleet, and providing a wide range of services in order to establish a major Pacific-facing presence for the United States military in the region. By the 1920s and well into the 1980s, San Diego was typically characterized as a “martial metropolis”.

In the post-World War II years, there was a dawning anxiety among civic leaders about the potential diminishment of the military presence in San Diego, which had come to represent more than 60 percent of the regional GDP. Civic leaders recognized the need to diversify simultaneously with the recognition among some of the major military contractors such as Convair, which had built nuclear submarines and was testing nuclear airplanes, that R&D and advanced technology were needed for the modern military, particularly, on the brink of the Cold War era. The effects of the atomic bomb and the enormous advances in technology during the war effort resulted in a new focus on military-related advanced R&D.

By the early 1950s, highly valuable plots of land known as the Torrey Pines Mesa (which were primarily home to a Boy Scout camp, hiking trails, and a munici-

pal golf course, which was to become the revered Torrey Pines Golf Course) were re-zoned for light industry and R&D. Hundreds of acres were given to Convair to establish a nuclear think tank known as General Atomics in 1955. The Scripps Institution of Oceanography, which had been so vital to the technology development and naval deployment strategies related to World War II, became an advocate for the establishment of a Graduate School of Science and Engineering which was to become the University of California, San Diego, founded in 1960. At the same time, Jonas Salk, on the heels of developing the Salk vaccine, with support of the March of Dimes, chose to build his now famous Salk Institute on land contributed by the city on the Torrey Pines Mesa.

By the early 1950s, highly valuable plots of land known as the Torrey Pines Mesa (which were primarily home to a Boy Scout camp, hiking trails, and a municipal golf course, which was to become the revered Torrey Pines Golf Course) were re-zoned for light industry and R&D.

By the late 1950s, the region had a new focus with the anchor tenants such as the Salk Institute, the new University of California campus with the powerful Scripps Institution of Oceanography, as well as a new medical research institute associated with the Scripps Hospital established in 1922, and, of course, General Atomics. Combined, these represented a new concentration of well-funded research facilities and thousands of new jobs, the majority of which were for Ph.D.s and advanced technical talent which had to be attracted to the region.

THE HIGH GROWTH YEARS: 1960-1990

Prior to the 1960s, San Diego had none of the assets one associates with technology hubs today. These assets which are universally recognized today include:

- Land and facilities dedicated to research and education;
- Large competitive basic research institutions;
- High levels of patenting and licensing;
- Angel and venture capital essential to starting and developing businesses;
- The talent – inventors, technology entrepreneurs, and technology business startup know-how; and
- Access to global partners and markets for advanced technology products.

As the research institutions were being established on the Torrey Pines Mesa in the early 1960s, San Diego continued to be a town that lived off military bases, tourism, and real estate development. During the Cold War era, it continued to have valuable defense contracting industries but, increasingly, these were industries focused on developing new and advanced technologies for national security and warfare such as GA, SAIC, and Titan.

An additional strategy, and a unique one nationally, that enabled the incredible growth of technology-based clusters in the region was the decision by all of the early

research institutions, including the University of California, to build research excellence from the top down. In the 1960s and 1970s, there was a flurry of activity around attracting top-level, well-connected, already funded and recognized scientists to the region. What institutions like Scripps, Salk, and GA promised these scientists was the opportunity to work on the newest, most interesting questions in science, unencumbered by traditional university culture and bureaucracy.

It was also a time when new facilities could be built with funds available at the state and national levels and when R&D dollars were expanding at exponential rates. This meant that by attracting a few senior level people an institution could accumulate millions of dollars in grants for facilities and projects which translated into new research and technical jobs to support the work of the senior scientists.

Throughout the '60s and '70s, there was a significant growth and diversification of the research community resident in the region. The sorts of people that were attracted to the region had strong reputations and established connections with national foundations, federal agencies and, in many cases, with the financial communities that had supported the growth of industries around MIT and Stanford during the '50s, '60s, and '70s. A whole new community of intellectual capital began to aggregate in the region, and the work it did in research and teaching generated hundreds of millions of dollars in construction contracts for labs and facilities. Demand for thousands of new houses and opportunities for thousands of new jobs it created began to shift the focus of the regional economy. Once again, the growth in federal research funding and the Cold War national security concerns fueled much of this research activity.

What is interesting about the entrepreneurial and adaptable character of the San Diego business community, as well as the innovative research community, is how quickly it adapted in the mid-1980's, when the Berlin Wall came down and the Cold War "officially" ended, to America's new focus on the new global economic competitiveness.

- By the mid-1980s, cars manufactured by Volvo, Mercedes-Benz, and Toyota were giving General Motors and Ford a run for their money.

What is interesting about the entrepreneurial and adaptable character of the San Diego business community, as well as the innovative research community, is how quickly it adapted in the mid-1980's, when the Berlin Wall came down and the Cold War "officially" ended, to America's new focus on the new global economic competitiveness.

- By the 1980s, Japanese semi-conductors were competing with Silicon Valley and Route 128 producers.
- By the mid-1980s, Europe and Japan have recovered from the devastations of World War II and their science and education capabilities were not only matching those of the United States in the previous 25 years, but in many cases exceeding them.

Coupled with advances in new technology and the emergence of the World Wide Web, the economic opportunities and challenges confronting the United States had become permanently altered.

In the San Diego context, the growth of the research institutions, from the 1960s into the mid-'80s, had been superb for the regional economy, in terms of creating new jobs related to research and teaching activities. However, all of



Since 1979 the TaylorMade mission has remained the same: Create the Best Performing Golf Products in the World. The company is part of the sports innovators cluster in San Diego.



the research that had become concentrated on the Torrey Pines Mesa had yet to produce a critical mass of spinoff commercial companies that would create new wealth and new jobs for the region in the magnitude that had happened in Boston and the Silicon Valley in the previous decades.

Once again, entrepreneurial business leaders and entrepreneurial science leaders came together in the mid-'80s to address how to develop and accelerate commercialization in the region in order to grow science and technology – based clusters that could create both wealth and high-wage jobs for the region. It was at this point that yet another new community collaboration emerged

involving co-investments and volunteer activities within the business and research community. This was dramatically represented by the founding of the University of California San Diego CONNECT.

CONNECT was founded 27 years ago to create a set of activities and a web of relationships that could support startup and high-growth technology companies. It was formed by a group of 30 individuals, each of whom initially put in a small sum of money to get it started. It focused on increasing the business community's so-

phistication about science and technology, at the same time increasing the research and scientific community's knowledge of business and, especially, marketing, so that a genuine community of innovation could grow in the region. It was clear to leaders in the region that what made Route 128 and the Silicon Valley work was the fact that both were built on webs of relationships, trust, and shared risk, as well as the first-rate science, access to capital, and entrepreneurial know-how.

THE ROLE OF CONNECT

The role of CONNECT, which started with 30 members and \$75,000 dollars and today represents a web of 3,000 individuals and organizations and an annual budget of \$3 million, was critical to the growth of technology clusters in the region. CONNECT has become one of the preeminent boundary-spanning organizations in the science and technology business development space.

Early on, CONNECT recognized that in order to grow innovative technology companies you needed scientists and engineers who understood how to transform their technologies into useful products or services, which meant knowledge of markets, financing, and competitors. However, it's not enough to have business-savvy scientists. A community also needs business service providers who are knowledgeable about developments in science and technology, who understand regulatory and financing issues in the science and technology space, and are sophisticated about regulatory affairs and global competitiveness issues. To this end, the CONNECT program brought together the full array of inventors, innovators, entrepreneurs, and business service providers that make up the ecosystem of innovation.

Predominantly a volunteer-based organization, CONNECT focuses on helping evaluate and qualify technologies; develop early financing for proof of concept and business startups; capitalize new product development enterprises; assist in securing progressive levels of funding; understand market opportunities; secure partners; go public; merge a company or sell a company. It, basically, supports the incubation and development of an idea through the development of a viable company that creates both wealth and jobs for the region.

Over its short lifetime, the organization has assisted more than 3,000 companies through its various programs. It has been credited by most observers, including Michael Porter in his study of San Diego's regional innovation clusters, as the pivotal factor in San Diego's phenomenal growth.

Recent companies reported by CONNECT include Biomatrica, a bio stability company which allows researchers to move samples out of the freezer and into Biomatrica's room temperature stabilization and storage system. Its chief scientific officer and co-founder Dr. Rolf Muller says: "Springboard provided great exposure for our company. We obtained customers, investors and board members. A great program! ... CONNECT was a huge help because scientists need help from people who know something about business." In 2006, Biomatrica went through CONNECT's Springboard Program and won the Most Innovative Product of the Year Award in San Diego. It also closed on a one million dollar round of investment funding in 2006. In 2008, it closed on a 7.2 million round of angel investment, again, assisted by CONNECT.

A second example is Benchmark Revenue Management. This is a web-based financial management system which has been assisted by CONNECT over the last three years. Its CEO, Tyson McDowell, has said: "I used to think the guy on the other side of the table was an idiot, but CONNECT helped me to articulate the pitch about my company so that people really do believe in

Early on, CONNECT recognized that in order to grow innovative technology companies you needed scientists and engineers who understood how to transform their technologies into useful products or services, which meant knowledge of markets, financing, and competitors. However, it's not enough to have business-savvy scientists. A community also needs business service providers who are knowledgeable about developments in science and technology, who understand regulatory and financing issues in the science and

technology space, and are sophisticated about regulatory affairs and global competitiveness issues.



Biomatrica products are used for biomedical research across academia and industry.

me. CONNECT's lessons have served us incredibly well with management boards, employees and investors." In 2007, the organization helped the company secure \$1.7 million in seed funding, and in 2009, after a presentation in CONNECT's Deal Network, it closed on another one million dollar plus round of angel investments.

The commercialization successes coming out of CONNECT are of many types. A good example is QwikLite which developed a technology licensed from SPAWAR using bioluminescence as an indicator for contamination. It completed a Springboard in 2006 and received funding in 2007. Another technology licensed from San Diego State University, which is a therapeutic method to reduce tissue damage resulting from heart attacks, completed an innovation assessment in 2007, participated in a Springboard in 2008, and then secured funding in 2008 as well. The company, Radical Therapeutics, cited such benefits of its involvement with CONNECT as having feedback on market potential, company growth strategies, connection to entrepreneurs, and recruitment of a scientific advisory board.

These brief examples can be multiplied by the thousands and are enabled by the activist boundary-spanning activities of CONNECT, located on the Torrey Pines Mesa and in the hub of the clusters that are being developed there.

The region benefits not only from CONNECT but from a multitude of boundary-spanning organizations which have sprung up in recent years. In fact, within a few years, a variety of other technology-focused industry associations emerged to complement the start-up work of CONNECT: BIOCOP, CommNexus, the Software Industry Counsel, the Venture Capital Organization, and the San Diego Venture Group – each of them representing a boundary-spanning organization which sponsors hundreds of events annually where scientists, engineers, attorneys, investors, real estate developers, accountants, and marketing professionals meet, establish relationships and, eventually, "do deals." This culture in San Diego's innovation community echoes a long history of small business leaders in San Diego collaborating to realize new economic opportunities through shared investment and mutually reinforcing efforts.

SAN DIEGO TODAY

In contrast to the 1950s when there was virtually no research going on – no major educational institutions or resident research institutions in the region, much less venture capital or technology based companies other than defense contracting entities – San Diego today has a diverse innovation economy characterized by six

In contrast to the 1950s when there was virtually no research going on – no major educational institutions or resident research institutions in the region, much less venture capital or technology based companies other than defense contracting entities – San Diego today has a diverse innovation economy characterized by six major clusters.

major clusters. A recent CONNECT innovation report to the community provides a snapshot of the robustness of San Diego's innovation economy today. It begins with what they call the core – the core of research institutions agglomerated primarily on the Torrey Pines Mesa. Starting with the Scripps Institution of Oceanography founded in 1907 and General Atomics founded in 1955, today, that core has more than 60 research institutions including the University of California San Diego, the Salk Institute, and Sanford-Burnham Medical Research Institute.

In terms of *defense and security*, San Diego, in the 1930s, had a few aviation and ship building companies and, today, it has a defense and security industry cluster of over 600 companies including SAIC, Lockheed Martin Corporation, and Northrop Grumman. San Diego, a long-time home for communications research for the Navy, by the post-War era, quickly expanded its wireless and software capabilities. Many of the young faculty who came to the University of California San Diego campus in the 1960s created innovative companies which today are the anchors in a 500-company *wireless cluster*, which includes internationally known companies such as Qualcomm, ViaSat, Broadcom, and LG Electronics.

San Diego is also known as the second or third leading *life science/ biomedical cluster* in the United States. Here, again, agglomerating on the Torrey Pines Mesa, from the 1960s onward, around the Salk Institute, the University of California San Diego, and the medical research institutions in the region, is a cluster of extraordinarily dynamic small innovative biomedical companies, as well as larger well-known facilities such as Lilly, Pfizer, Life Technologies, Novartis, and GenProbe.

In *energy and biofuels*, the region has also spawned more than 300 companies, over the last 40 years, building on the early research activities of General Atomics which was founded in 1955 as a research spinoff of the General Dynamics Company. Today, Sempra Energy, Sapphire Energy, and Synthetic Genomics led by the internationally recognized scientist Craig Venter are anchors in this cluster.



QwikLite® 200 Biosensor System Disposable Test Kits

Finally, San Diego, which in the 1950s had a single surfboard company – Gordon and Smith – today supports a 600-company sports *innovators cluster* focused on composite materials and new technologies that enable the development of flexible sporting equipment in a variety of sectors. Golf products (Callaway Golf, TaylorMade Golf Company), surfboards, skateboards and helmets with built-in wireless phones for cyclists and hang gliders – all are being developed in the San Diego region.

This extensive list of companies represents an extraordinary asset to the region. It enables San Diego to have a large globally traded sector which produces high-wage jobs and significant ripple effects on the regional economy. Were one to look at the map of San Diego, one would see that all of the described companies agglomerate on and around the Torrey Pines Mesa and benefit from significant interactions among one another, with the research community on the Mesa, and the wide array of marketing, legal, financing, and business service resources they can draw upon.

CONCLUSIONS AND IMPLICATIONS

The diversity of technology clusters which have evolved in the region can be directly tied to the valuable land use decisions made in the region throughout the 20th century, most especially dedicating a vast undeveloped area of the city for research and development as well as science and technology companies. These land use decisions were further supported by social initiatives to collaboratively develop entrepreneurial companies in the region. The existence of six distinct clusters allows for a great deal of convergence across scientific and technical areas and, today, San Diego is incubating new globally competitive technologies in such areas as wireless health applications, stem cells, and renewable energy.

Despite the unique history of the region, there are some critical factors in the San Diego story which might inform how other regions begin to create the culture, the energy, and social dynamics that are clearly boundary spanning. The possible implications of the San Diego experience for economic developers and regional planners from other parts of the country are highly nuanced. This is because every place has its own distinctive geography, history of settlement and population growth, as well as distinctive industrial legacies. All of these significantly shape the embedded practices, expectations, and values that become dominant in any given region.

As this brief article has postulated, small entrepreneurial local businesses, locally anchored military technology, and R&D-focused efforts evolved over time, creating a critical path to achieving what today is a very robust entrepreneurial, science and technology-based economy. This sector represents about 140,000 jobs in the region, 6 percent of the employers, and 11 percent of the jobs, but accounts for 25 percent of the wages in the region. While overall employment in the region re-

cently decreased by 6 percent, tech employment is down by only 2 percent. The median wages in this sector are \$90,000 a year, and the ripple effect is significant.

Also significant is the diversity of technology clusters which have evolved in the region. This has allowed for very interesting forms of convergence across scientific and technical arenas in recent years – for example, San Diego is incubating a new health IT cluster as well as a wireless health cluster. Because of the momentum, built over the past 40 years in attracting very large federal research grants, San Diego has continued to be number one in the state in research per capita.

Increasing amounts of private sector and philanthropic funding have also emerged. One individual, Denny Sanford, for example, has contributed close to \$80 million in less than two years to support facilities and research scientists on the Mesa. Exxon/ Mobile has committed up to \$600 million over ten years to support the work of Synthetic Genomics, a company founded by Craig Venter, who, with close to \$40 million in private

foundation funding, has launched a Center for Microbial Genomics. Success begets success in the age of science and technology.

Despite the unique history of the region, there are some critical factors to the San Diego story which might inform how other regions can begin to create the culture, the energy, and the social dynamics needed to grow the sorts of collaboration-based science and technology clusters that promise new wealth and high wage jobs.

Clearly, the boundary-spanning networking activities between the business and science and technology communities are essential. The San Diego case and similar cases would suggest that integrative organizations such as CONNECT and BIOCOM, that organize hundreds of events annually, contribute to building a community of innovation out of which comes shared knowledge, mutual trust and, with that, increasing willingness to collaborate and take risks.

Zoning decisions and repurposing traditional geographies and facilities to new opportunities and imperatives can make a difference. Re-purposing existing tracts of land or building complexes to support new innovative companies and research enterprises can be very positive. Finally, innovative approaches to co-investing in financing of facilities and leveraging of local foundations and corporate contributions with state and federal monies can help create momentum. All of these things occurred in the early history of San Diego and have occurred again and again as the region has had to face the challenges of reinvention and refocusing the direction of its economy.

The San Diego experience is not all rosy. In San Diego, like many other communities across the United States, middle class jobs are not being created as quickly as ser-



J. Craig Venter
co-founded Synthetic
Genomics Inc. to commercialize genomic-driven
technologies. Dr. Venter and his teams have proven
track records of making scientific breakthroughs
that translate into viable commercial solutions.

vice jobs. This is, in part, explained by the fact that entrepreneurial technology companies, in their early days, need a highly educated, nimble workforce and, therefore, primarily create jobs for engineers, accountants, and people with legal and marketing skills.

The salaries for engineers, scientists, technicians, and high-level professionals average over \$90,000 a year which can have a very positive impact on the economy. However, entrepreneurial startup jobs do not, in the short run, create opportunities for manufacturing and supplier networks that often represent the middle class jobs that communities need. In addition, the creation of these high-wage jobs can drive up the costs of housing and other services, creating barriers to middle class and low-income people living in the region.

The San Diego region is in the process of grappling with this paradox and CONNECT has launched a new initiative focused on "nearoutsourcing." The goal is to connect the small and medium-sized manufacturing and supplier industries which have served the defense industry for decades to the new technology companies being developed in the area by matching needs and capabilities. In some cases, this means upgrading equipment and skills among supplier and manufacturing firms. It also means getting tech companies to better articulate what it is they need for the products they are developing.

The benefit of the entrepreneurial technology clusters to regional prosperity and prominence are enormous, but those benefits need to be translated into strategies that can assure continuing prosperity for middle and working class constituencies as well. To do this requires civic leadership that values a diverse economy and prosperity for all. But, it also requires economic development professionals who know how to think in very comprehensive ways.

Economic development is not exclusively about inner-city redevelopment or helping poor and disadvantaged workers find jobs. Economic development cannot be exclusively about helping entrepreneurial companies grow their industries and create high-wage jobs in the S&T sector. Economic development cannot be exclusively about attracting large employers into the region who bring jobs with them. More and more, the economic developer has to have the capacity to do all three.

Hopefully, the examples from the San Diego experience provided in this brief article will stimulate economic developers to diversify their approaches so that all communities will be better positioned to support comprehensive approaches to regional economic development and, most especially, integrate strategies for growing knowledge-based clusters into those efforts. ☺

2011 SALARY SURVEY OF ECONOMIC DEVELOPMENT PROFESSIONALS

Purchase your copy today!

Is your economic development organization looking to hire a new employee? Is your offer competitive? Are your benefits aligned with the profession? IEDC's new 2011 Salary Survey of Economic Development Professionals can provide up-to-date answers.

This year's survey improves upon the 2008 edition by isolating salaries according to type of organizational funding – public, private, or public-private partnership. With an eye on an increasingly global economy, it also highlights Canadian and other International data in comparison with domestic findings.

IEDC Members \$157

Non-members \$232

Visit the IEDC Bookstore to purchase your copy today!

