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Economic Development in the Post Crisis Era

By Ioanna Morfessis and Dan Malachuk

GLOBALIZATION'S EVOLVING OPPORTUNITIES, CHALLENGES & TENSIONS

Today, America's communities are confronted with a dramatically altered worldscape of opportunities and challenges. Will those principles and practices that drove American economic development strategies, policies, and actions in the last 20 years work effectively in today's world? This article examines how recent trends in globalization, the world's burgeoning middle class, and other seminal factors are impacting business strategy, formation and location choices today, and how these changes will impact our existing businesses and those yet to come. Economic developers of the 21st century need to think beyond where they have been and aggressively adapt and pursue new approaches to assure better outcomes for their businesses and their communities.

economic development

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INTRODUCTION

Since Dr. Michael Porter first exhorted local leaders to "think globally, act locally" in the 1990s, thousands of American communities adopted his cluster-based theory as their platform for economic development and growth. Likewise, many American and international businesses integrated Porter's theories on competitiveness and clusters into their business growth and location strategies.

In the ensuing two decades, globalization has irrevocably changed the nature of world business and economic competition. Now, as the world embarks upon a full economic recovery from the Great Recession of 2007 and enters the second decade of this New Millennium, America's communities are confronted with a dramatically altered worldscape of opportunities and challenges.

From an economic development perspective, these next several years will determine how well our nation – and its states, counties, regions, and cities – will fare in the hypercompetitive, hyperfast environment of the world's economy.

Author David Korten suggests that 100 years hence, descendants will look back on this period as either the "Great Unraveling" or the "Great Turning." As an extremely vocal critic of globalization, Korten says that actions taken over this next decade will tell that story a century from now.[1]

As economic development progresses into the future, there is a strong temptation to hold onto those practices and theories that worked in the past. But, the question arises: will those principles and practices that drove American economic development strategies, policies, and actions in the last 20 years work effectively in today's world?

"Ninety years ago, GE established a product distribution center in Brazil, which at the time had almost no modern factories. Donkeys transported the new products. Today, GE is producing high tech products, such as the jet engines that are serviced in GE Celma's aviation plant in Petropolis, Brazil – a small town near Rio de Janeiro."

(Photo source: http://www.gereports.com/taking-a-look-at-ge-in-brazil-during-wef-latin-america/)

Emerging trends in this post-crisis era suggest that the accelerated integration of globalization across all continents requires a new examination of the very precepts upon which economic development practice has been built.

How is globalization impacting business strategy, formation and location choices today? How will these changes impact our existing businesses and those yet to come? What are the implications of globalization on economic development strategy and practice in the years ahead?

These questions – and the emergence of persuasive possibilities – should compel economic developers to examine the need to adapt and change in the years ahead. These perspectives are intended to provoke new ways of thinking and new

Ioanna Morfessis is the president of IO.INC, a national economic and business development consulting practice; she was the founding president and CEO of the Economic Alliance of Greater Baltimore and Greater Phoenix Economic Council, and a former chairman of the Council for Urban Economic Development (CUED). (ioanna@ioworldwide.com)

Daniel Malachuk is an advisor to several firms, nations, states, regions, and communities. Previously, he was the worldwide partner in charge of Arthur Andersen's Global Business Location practice. (daniel.malachuk@gmail.com)

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approaches to ensure that American communities can successfully capitalize on emerging opportunities and flourish in the globalized world.

FROG IN THE POT: THE PAST DECADE HAS BROUGHT ABOUT SIGNIFICANT CHANGES IN THE WAY BUSINESS GETS DONE

The rise of multinational corporations was a dominant characteristic of economic affairs following World War II. But, the advent of globalization is tied by many to the fall of the Berlin Wall in 1989, signifying the removal of Cold War impediments to global business expansion. The political landscape had changed. And so had the enabling technologies, most importantly, the massive increase in the availability of communication transmission capacity and its ever-decreasing costs.

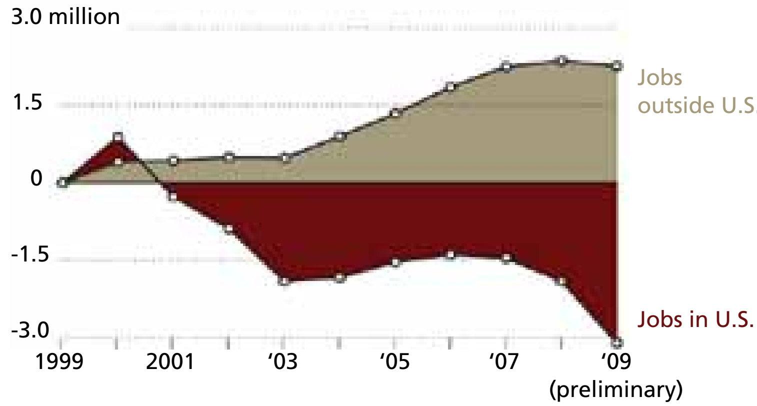
The result was that rather than approaching world markets as a multi-domestic enterprise, e.g., a company for each country, large companies instead began to think further about disaggregation of their business activities and became more intentional about what to do where. The NAFTA arrangements brought migration of U.S. production activity to Mexico. Labor rate arbitrage brought production to China and elsewhere in Asia as well as to Eastern Europe, and business services (call centers, back-office and administrative functions) were brought to places where labor costs were markedly less than in developed economies.

In the 1990s, data and anecdotal "evidence" suggested that for every job multinationals were creating abroad, they created twice as many more jobs at home. Of course, recent data indicate otherwise. Still, a study published in 2004 by Professor Matthew J. Slaughter at Dartmouth University found that outsourcing was actually a way of increasing the number of American jobs. He found that employment increased both for American firms involved in outsourcing but also for their affiliates in other countries. While employment in foreign affiliates rose by 2.8 million jobs, employment in the U.S. parent firms rose even more – by 5.5 million jobs. In other words, for every one job outsourced, U.S. firms created nearly two jobs in the United States.[2]

Microsoft officially opens its Shanghai Technology Park in March 2010. (Photo source: http://www.microsoft.com/china/CRD/en/newsrelease/press20100408.mspx)

WHERE THE JOBS ARE GOING

U.S.-based multinational companies added jobs overseas during the 2000s and cut them at home. Cumulative change since 1999.



Note: Data include multinationals other than banks. Sources: Commerce Department; companies

The world was changing, that was known, but the implications were not immediately understood. Using the frog in the pot metaphor from late 19th century Germany, the unsuspecting frog gradually acclimates to the increasing temperature of boiling water until it's too hot and too late.[3] Is this the case for economic development in the post-crisis era? Are we acclimating to the dramatic changes of accelerated globalization without understanding their impacts on our communities? Recent releases of 2010 census data show that while the globalization trends of the 1990s might have been net positive, things were changing dramatically during the first decade of this century.

As the above chart indicates, taken as a group, U.S. multinational companies have been reducing employment at home and adding staff abroad – quite the contrast to Dr. Slaughter's study.[4]

U.S. Multinationals Adapt

As the recent recession created a sharper reduction in domestic employment, it also brought more awareness to how the employment patterns had changed: more people realized that the water in the pot had become uncomfortably hot. They began to re-examine these developments, and there are competing narratives for what has since transpired in the global business locations arena.

To be sure, off-shoring and disaggregation of business activities continued during the recession. Many multi-domestic firms are becoming globally integrated. Attracted by talent and growing market opportunities, disappointed with U.S. visa restrictions, and perhaps in consideration of the risks (now including terrorist-induced trauma), firms have created production, research, development, and technical support centers in a variety of global locations.

Compelling analyses also point to the relative size and rate of growth in what had been called emerging markets. Consider GE: in 2000, 30 percent of its business was outside the U.S.; now, that proportion has doubled to 60 percent. Similarly, in 2000, 46 percent of its employees were abroad; in 2010 it was 54 percent. And, that change in employment does not account for international workers making components or providing services that were once performed in-house.[5]

For the World Economic Forum held in Davos in January, 2011, PricewaterhouseCoopers' 14th Annual Global CEO Survey observed:

> *"CEOs plan to grow revenues in regions where recoveries are strong and the promise, stronger still. And those regions are not always close to home. For US-based CEOs, the regions where key operations are expected to grow are Asia, Latin America, and the Middle East."*[6]

As international markets become more vibrant and growth occurs at accelerated rates, many – or perhaps most – multinationals are creating more jobs abroad than in the U.S. Most now earn more money abroad, and most anticipate more international than domestic growth. And, in the recent recession, they cut more jobs in the U.S. than internationally, absolutely as well as proportionately.[7]

As these largest companies recast their global footprints and reallocate their workforce rosters, the Kauffman Foundation's studies irrefutably conclude that job growth in the U.S. has come principally from young companies.

> *"The study showed, so-called "gazelle" firms (ages three to five) comprise less than 1 percent of all companies, yet generate roughly 10 percent of new jobs in any given year. The "average" firm in the top 1 percent contributes 88 jobs per year, and most end up with between 20 and 249 employees."*[8]

But young companies, especially of the venture capital rather than lifestyle mode, are also founded with global expansion in mind. Some of those 249 employees may well be located in many places far from where the founders began their enterprises.

Finally, the recent past has begun to indicate that the cluster as a favored economic development solution is a pot that may have been progressing from a stimulating simmer to boiling over as well. In a recent article, *The Economist* found that the cluster approach may be a detriment to regional and local economic prosperity and to the businesses in those clusters. Reporting on the economy of Italy, long a prime example held forth to endorse the cluster-based economic development strategy, the authors found that globalization posed severe threats to several industries in Italy and directly contributed to the decline in textiles, jewelry, and other important clusters.[9]

Further evidence underscoring the relative weakness of cluster-based strategies is found in a recent study of 1,600 Norwegian firms. The Madrid Institute for Advanced Studies, working with Norway's Stavanger Centre for Innovation Research and the London School of Economics and Political Science, affirmed that economic clusters are not drivers of business growth and innovation, as had once been thought.[10] Instead, they found that "clusters are irrelevant for innovation." What does matter, they concluded, is transboundary cooperation throughout the world and "global pipelines" of information, data, technology, and talent.[11]

WHAT MATTERS TODAY AND TOMORROW: What Is Driving Intentional Investment Decisions about Where and How to Do What?

The emergence of economic growth globally is keenly reflected in the growth of the middle class and consumer consumption worldwide. To be sure, the world still has many nations and populations that are challenged with poverty, but as companies survey their opportunities, there are also many places on every continent that offer significant and growing markets. BMW sells a lot of cars in China!

In 2001, a Goldman Sachs economist coined the acronym BRIC (Brazil, Russia, India, and China) to identify four countries that he believed had the potential to outstrip the G-7 developed nations economically. In the 2011 *Forbes* magazine's annual count of billionaires, for the first time BRIC countries outdistanced European countries (301 to 300).[12]

As Jeff Immelt, the CEO of General Electric points out:

> *"We've globalized around markets, not cheap labor. The era of globalization around cheap labor is over ….Today we go to Brazil, we go to China, we go to India, because that's where the customers are."*[13]

Just as Goldman Sachs coined BRIC, their economists now point to the *Next Eleven*, as emerging economies of opportunity, each with caveats about what might accelerate or retard that progress. Many are rich in natural resources, so there is an opportunity to monetize and direct capital to enabling infrastructure as well as human resources. Some have large and growing populations, which may become growing consumer markets when (or if) wealth is created.[14] These "Next Eleven" are depicted in the chart below:

THE NEXT ELEVEN

Source: The Goldman Sachs Global Economics Group, BRIC and Beyond, April 2007. New York, NY.

Haier opened its American Haier Industrial Park in Camden, South Carolina, in 1999, with initial employment at 200. It has since made additional significant investments, boosting employment to 1,000.

(Photo source: http://www.haier.net/abouthaier/HaierWorldwide/Introduction_usa.asp)

Other analysts, without offering a clever label, point to these nations as well as an additional six countries as places with important potential opportunities, as sources of talent and natural resources as well as growing markets.[15] They are: South Africa, Saudi Arabia, Poland, Argentina, Colombia, and Thailand.

Impediments to Global Business

In pursuit of opportunities in these increasingly important places, business leaders confront considerable challenges. Even a cursory review of the emerging country opportunities will suggest that the path to global growth is not without difficulty. Companies incur added *costs* and *risks* as a result of inadequate infrastructure, intellectual property that might be pirated and *corruption* presenting its own unique challenges. A recent article in *FORTUNE* Magazine quotes Senior Editor Geoff Colvin on this topic:

> *"The problem is not just the petty palm greasing that's common worldwide, though that has its own corrosive effects. Developing-market corruption has reached staggering dimensions."*[16]

In addition, while the world has grown in terms of opportunity, it has also spawned *new competitors* – local competitors in the emerging markets, and some of these are themselves now launched into the developed economies. Consider Haier, one of China's industrial behemoths. By 1998 Haier had become the number one home appliance maker in China. Today, it markets products in 160 countries. Its PC ordering department is in Macedonia. It makes refrigerators in South Carolina.

Haier's expansion continues:

> *Honeywell, one of the world's largest building management companies, and Haier Group, China's largest home appliance brand, are joining forces. The two global giants announced a memorandum of understanding on Friday to collaborate on developing high energy-efficiency solutions for everything from homes to mass transit.*[17]

Some enterprises from emerging markets may be state-owned or state-financed – subsidized to the point of creating unique advantages. For example, a country's sovereign wealth fund "lends" cash at zero percent. In turn, these funds are used to finance a multitude of activities, including acquisition and predatory pricing to gain market share, among others.

Other competitors, particularly in the developed markets, are championed more subtly, through tax credits and indirect subsidies – e.g., energy savings credits, export financing, R&D contracts, etc. There are few (probably none) that are truly *laissez faire* locations.

In addition, many nations are aggressively recruiting business and industry, applying debt and equity funding as a part of their business attraction strategy.

One example is Singapore, which has used its "investment schemes" to help attract high growth firms and to seed or strengthen target industries. These foundational successes have led to their increased attractiveness to global companies seeking to fulfill their optimization strategies. Singapore's early bioscience investments may have contributed to attraction of multinationals such as the significant new research and product development center that Procter & Gamble has located in the Singapore Biopolis.[18]

January 27, 2011: Procter & Gamble executives break ground on its Singapore Innovation Center, the company's global state-of-the-art research facility in Singapore's Biopolis, which is slated to open in 2013.

(Photo source: www.pg.com)

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Another example is found in Russia's Skolkovo Science Park, which is a multi-billion dollar development outside of Moscow pointed at housing international as well as indigenous technology firms. It recently opened a branch "liaison office" in Silicon Valley, just down the road from the U.S.'s leading venture capital firms. Recruiting start-ups poised for growth cannot be far behind.[19]

BUSINESS RESPONDS TO CURRENT AND ANTICIPATED CONDITIONS: Business Model Evolves to Reflect the Premium Placed on Speed

Speed and the agility associated with the ability to rapidly create or respond to opportunities is a key characteristic of successful small, nimble companies. But the "gazelles" do not hold an exclusive on being agile. Successful large enterprises have sought and many are achieving their own capabilities to move at the turbo-speed of start-ups, enabling them to rapidly deploy resources, make investments, and move on a dime to capitalize on or create opportunities.

Options for Expansion

For the large company, seeking to grow and seeking to optimize, ALL expansion options are in play: greenfield vs. acquisition vs. outsource.

Economic development practitioners are well familiar with the *greenfield* option. Typically, companies work through an analysis of relevant financial and operating factors to develop a short list of places that they evaluate with care and finally make their location decision. In emerging markets, where data reliability may be challenged or the positive or negative experiences of other companies may be more connected to the company than to the place, the greenfield location selection process is seldom as straightforward as choosing among sites in North America. When substantial (and not very portable) capital investments are involved, the challenges are magnified. Nevertheless, for the past two decades, despite some down years, the world has seen a large amount of foreign direct investment (FDI) into developed as well as emerging markets. Looking ahead, given the global opportunities, continued growth in FDI is likely. And, with periodic tilts toward protectionism, operating within a market is often faster and more sustainable than trying to export to that market. Governments everywhere resort to duties, domestic content, and other incentives and penalties to create jobs at home.

The largest component of FDI, however, is not greenfield, but *acquisitions*. An acquisition may be driven by the attractiveness of acquiring products, facilities, or capabilities, or all or some of the above. It may be enabled by growth in retained earnings, perhaps particularly the earnings of U.S. companies "parked" abroad to avoid the tax penalty of repatriation. And, it is encouraged by an industry of investment bankers whose livelihood in part stems from their ability to put merger and acquisition deals together.

Not counted in the FDI numbers is the growth in *outsourcing* of products and services. Manufacturing supply chains can include a host of suppliers, each in turn optimizing its cost and effectiveness structures. More than a few companies are "asset light" and "staff light," relying on outsourced providers to design, produce, advertise and market as well as deliver their products and also to account for their finances and assure their legal and tax obligations are fulfilled. Interestingly, from a local economic development perspective, these outsource providers have themselves become an "industry."

Critical Changes for Global Business Success

This virtualization of business structures has also enabled young companies to establish and grow with less capital required. Cloud computing, outsourcing, and joint ventures between firms – even previously ferocious competitors – are enabling businesses to eschew major capital investments in the U.S. and abroad. And, for whatever capital might be required, small as well as large enterprises may find expansion capital (and other incentives) available with attractive terms in emerging markets, due to aggressive local economic development programs.

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Strategic speed is also reflected in "socialnomics" – the phenomenal growth of social and mobile media is increasingly harnessed by enterprises, large and small. Our world has shifted from *word of mouth* to *world of mouth*, powered by technology and the Internet.[20]

The sheer volume of information available today, literally in real time, has dramatically altered the balance of power between companies and consumers, and companies are working energetically to reposition themselves in the world of mouth reputation building or busting arena. Listening, reconnecting, and reinvigorating relationships with customers rank among the top priorities of CEOs – regardless of continent or economic sector.[21]

Finally, among the major drivers in how investment and expansion decisions are conceived and implemented, the political correctness of clean and green is universally acknowledged. Whether environmental mandates and concerns are based on faith or settled science, in this decade and beyond, corporate social responsibility has been re-cast: businesses throughout the world are striving to demonstrate how they are being gentler and kinder to the environment.

Companies understand that social impact directly impacts their reputation, and their "reputational economics" are far more important today than in years past. Their customers are demanding positive social impact. Their employees, especially their new professional recruits, want to work for enterprises with a positive environmental reputation.

Nations throughout the world are providing options for American firms. Economic developers need to think locally and act globally to be successful in the 21st century economy.

Today's successful enterprises, regardless of age or current size, have become increasingly intentional about what to do where. They are tapping into the social media to inform their approaches to marketing, staffing, and mitigating headline risk. And, they have saluted the clean and green dogma as a way to show "they care" as a provider of goods and services and as an employer of choice.

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The drivers of intentional investment decisions seem clear. The job description in the C-suite includes:

- Gain access to growing markets to produce top-line growth.
- Optimize for both effectiveness and cost, addressing all core business functions – leadership, administration, finance, production and logistics, product development – to produce a competitive bottom-line return on investment.
- Consider how as well as where: outsourcing and acquisitions as well as greenfield expansion.

LOOKING AHEAD: Economic Development Factors of Success

Globalization has driven companies to be far more intentional about their approach to "where" and "how" they will invent, manage, produce, and sell because more than half of their profits are derived internationally. Businesses – large and established as well as young and emerging – are focused on the burgeoning buying power of both new economic superpowers and their growing middle-class consumer-oriented populations. Regardless of continent or scale, the principal driver of private sector growth and expansion is now based upon where and how firms can most successfully conduct their business and achieve their goals.

Today, the landscape against which places are measured no longer is confined to neighboring states, regions or communities; places are cast against a global worldscape of provinces, metroplexes, and even villages across all continents as decision-makers consider their abundant options for growth. The mandate for successful economic development is clear: understanding the new global context in which businesses make investment, operational, and location decisions is fundamental to sustained economic success. Without this understanding, economic development entities will be ever more challenged to provide the human, financial, and knowledge capital; services; hard and soft infrastructure; and quality-of-life that the globally oriented enterprise needs for success.

Economic developers of the 21st century need to think beyond where they have been and aggressively adapt and pursue new approaches to assure better outcomes for their businesses and their communities. Simply put, to be successful and competitive in this new worldscape, economic developers must *think locally* and *act globally* by focusing on what they can do locally to support the success of their present and future businesses globally. This can be accomplished by delivering on a local, regional or state basis those factors of success that will enable existing firms and young enterprises to thrive in the global economy.

Achieving Competitive Advantage in the Global Context: Focus, Focus, Focus

How is this achieved? There are no silver bullets, but there are very practical measures that can be taken. Here are four basic building blocks for action.

1) Focus on competitive context: Is your economic development strategy global enough?

To think locally and act globally, the most fundamental building block is an understanding of the community's position in the global context. It is this knowledge that enables American locations to determine, define, and effectively address sustainable local conditions that will enable global business success.

Too often, the economic development apparatus of a community focuses on its perceived – and frequently self-proclaimed – competitive strengths without a comprehensive understanding of how those strengths will fare when pitted against other markets globally as well as regionally or nationally. For economic developers, competitive standing must be evaluated, justified, and articulated in a global context, even if their community, region or state is not competitive with other global locations that are enjoying economic success. Whether a small town, large city, multi-jurisdictional region, or state, all are faced with formidable competition, and therefore they must endeavor to strengthen their existing economic and community advantages, and develop new ones as well.

For American communities, a renewed commitment to business retention and expansion, while less glamorous than business recruitment, will yield far more economic benefits over the long term.

From a company's point of view, competitive advantage is understood in terms of how well the firm performs financially and is able to keep rivals at bay even in the most challenging and unpredictable economic environment. This success is measured in part by the value that the company generates for its shareholders but also in terms of creating barriers to entry and capturing greater market share.

For a community or state, competitive advantage is best understood in terms of distinctive attributes that enable businesses to outperform businesses in other places. This also means providing the basics well – best value for money – and not getting in the way of progress, so that a company can find what it needs when it needs it.

2) Focus on existing firms: Are you a value-added partner?

Despite the case for retaining existing businesses and fostering the growth of the young enterprise, today, many economic development policies and practices continue to focus on chasing new business locations. A 2010 Public Policy Institute of California study showed that from 1992-2006, only 1.9 percent of job gains and 2 percent of job losses in an average year in the Golden State came from business locations.[22] In contrast, nearly 42 percent of job gains were derived from business expansions and more than 56 percent came from new enterprises.[23]

Still, the traditional practices of "smoke stack chasing" are even stronger today, as states have enacted uber-incentive programs to attract large business operations. Business retention must become a critical area of focus for economic development in the 21st century. Why? Because there is an increasing likelihood that foreign countries are scouting for the opportunity to attract well-established existing firms as well as promising young enterprises from U.S. communities into their nations. They are advantaged by the largesse of their national treasuries and fewer restrictions on how they can use their funds.[24]

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Today, American business is using a compelling set of data points for their dashboards in evaluating the efficacy of their operations. Company units are evaluated peer-to-peer among similar operations within their company. How managers are evaluated and many expansion, relocation or closure decisions are based on these performance metrics. Some of these factors could relate to workforce productivity, while others could pertain to cost factors. Regardless, understanding the 'DNA' of an operation is paramount to developing a winning strategy to help the company remain and grow in its current location. Especially in an environment of post merger and acquisition consolidation and rationalization of locations, places with winning metrics are more likely to retain and grow their existing business operations.

For starters, this new approach would include a new value-based partnership with existing firms – one that is characterized by a commitment to their success wherever they operate:

- Understand their DNA;
- Know their business plans and goals;
- Support the attainment of their growth agendas; and
- Ensure local capacity – talent, technology, and infrastructure – is not impeded

3) Focus on young companies – they produce new jobs

Another area of focus often under-rated, under-supported or under-valued is the growth of the young enterprise. Recent Kauffman Foundation studies have demonstrated that nearly all net new job creation from 1980-2005 in the U.S. was derived from firms less than five years old.[25] Even with the recession, nearly 60 percent of job creation came from young enterprises (1-5 years old; excludes start-ups).[26] New and young enterprises are the primary engine for economic growth – in good times and bad – and key to America's economic recovery.

There are encouraging signs that increasingly, American communities are focusing more of their economic development efforts and budgets on entrepreneurship and "economic gardening." Still, these efforts pale in comparison to what is being spent on business attraction. A renewed focus and sharply honed emphasis on young enterprises is a critical area for economic development. Why? Because the young enterprise – the firm that starts with the goal of wanting to be big and successful – is what has kept the American economy going for the past 25 years.[27] Additional statistical studies by Kauffman Foundation's experts found that:

> *"In any given year in the U.S. economy, new and young companies represent a plurality of all firms in the economy. That is, they make up the largest bloc of firms by age category, meaning their considerable job creation record is partly structural."*[28]

There has been some increase in awareness that much business innovation as well as new jobs come from young and growing companies. Kauffman Foundation research and analysis on entrepreneurial growth is well wrought. Many of its recommendations point to changes that may need to be made at a national level.[29] Nevertheless, there are important corollaries for state and local leaders as some of the Kauffman rules are applied. For example, Kauffman Foundation studies:

- Point to revision of immigration policy as a way to "import" entrepreneurial energy and technological expertise. While a state or community cannot implement new immigration policies, every community can aim to be receptive to this imported talent. These immigrants may be there initially for university schooling, or they may be seeking an ethnically friendly place to live if they have taken or are considering a position with a local employer. While the total numbers may be controlled nationally, locally, the market share can be increased.
- Point to the need for improvements in university technology transfer to business application. There are some "best practices" for achieving this. These could be emulated locally or statewide.
- Suggest reductions in income and capital gains taxation. States can consider this as well.
- Point to local zoning and land-use regulations and procedures that consume the entrepreneur's scarce time and resources. These can be fixed.

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Some places have been good places to start a business, especially for serial entrepreneurs, angel investors, technological clusters and expertise, and relevant business services. But, some of these places may not be the best places for a business to grow – too costly, not business friendly, etc. Pursue, but recognize that these pursuits will require different approaches than traditional economic development attraction programs pointed at Fortune 500 divisions, departments, and plants.

4) Focus on building your brand globally, including in emerging markets

As BRIC-based companies, companies from the Next Eleven, and those yet to come consider their own global expansion, the U.S. market may be in their sights. What matters to these companies may not always be obvious, but much of what makes a community a good fit – for young companies as well as the divisions of large firms – will likely help the community show well.

Going Forward

Few would dispute that today, the U.S., its states, and its communities are poised at what may be one of the most critical crossroads in recent history. While some regions of the country are in economic recovery, others are still languishing. The effects of the Great Recession of 2007 may continue to be felt for years to come.

In one direction lies that path which is most familiar, marked by the traditional business and economic development activities that yielded desirable results in years past. In another direction lies a new path, one that is far less certain, but one that will traverse the uncharted territory of today's new world.

Economic developers have never shied away from the road less traveled, and embracing that ethos today is more important than ever.

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ENDNOTES

1 David Korten, The Great Turning; From Empire to Earth Community, Berrett-Koehler, San Francisco, CA, 2006.

2 James Gwartney, Morton, John, Schug, Mark and Calhoun, Joseph, Instructor's Manual to Accompany "Teaching Tools for Microeconomics from John Stossel- College Edition," ABCNews, 2010.

3 In the mid-to-late 1800s, German scientists experimented with frogs. The metaphor evolved when it was discovered that frogs did not always jump out of boiling water. They became accustomed to the gradual changes in the water's temperature, sometimes leading to fatal outcomes. The metaphor has been used extensively throughout contemporary history and modern media as a way of describing how America is slow to act in climate change, national security issues, etc. It is a popular metaphor in American business.

4 David Wessel, *"Big U.S. Firms Shift Hiring Abroad: Work Forces Shrink at Home, Sharpening Debate on Economic Impact of Globalization,"* Wall Street Journal, April 19, 2011.

5 Ibid.

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