

IEDC's 90th Anniversary  
*In Celebration of the Economic Developer*

Shifting Value Propositions  
*The Next Generation of Economic Development*

Walt D'Alessio  
*A Legacy of Impact in Philadelphia*

In Honor of Edward deLuca (1910-1985)

The "I" in IEDC  
*A History of IEDC's International Engagements and Growth*

Economic Development  
*A Misunderstood Profession and Practice?*

Mr. California Economic Development:  
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- Improved access to resources and information
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- Expanded research and technical assistance
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### THE IEDC Economic Development Journal

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Barry Matherly, CEcD,  
FM  
IEDC Chair

## LETTER FROM THE CHAIR

# dear colleague

Over the past year, I have had the honor and privilege of representing the International Economic Development Council's membership as Chairman of the Board of Directors. As you may know, 2016 has marked a number of important milestones for IEDC. As 2016 comes to an end, I would like to reflect on some of these milestones while also updating you on the great things this organization has achieved.

In January, IEDC's Leadership Summit in New Orleans set an attendance record with 559 attendees. In August, IEDC's Accredited Economic Development Organization (AEDO) program reached and surpassed 50 members. The AEDO program, which recognizes the professional excellence of organizations in the field, has more than doubled in size since 2011. Another record was set in September, when 1,673 attendees converged on Cleveland for IEDC's Annual Conference, making it the most-attended IEDC event in history. Attendees participated in numerous breakout sessions, networking events, and panel discussions on a broad array of issues. The conference showcased how economic developers are shaping communities to enable them to become stronger and more resilient.

Setting the attendance record in Cleveland was fitting, since 2016 marks IEDC's 90th anniversary as the premier professional membership association for economic developers. To celebrate this milestone, 2016 was designated "The Year of the Economic Developer." In May, IEDC observed the first annual Economic Development Week. More than 75 communities participated in the campaign by sharing government resolutions and proclamations, press releases, articles, photos, tweets, and blog posts through traditional and social media.

This issue of *Economic Development Journal* continues the celebration of IEDC's 90th anniversary with articles that examine the history of the organization and the growth of IEDC's international activities. Also included are profiles of individuals who have made an impact on the profession and who represent the countless economic development professionals who have worked tirelessly to improve their communities. In addition, you will find thought pieces that discuss the next generation of economic development and economic development as a practice and profession.

This year of anniversary celebrations and milestones would not have been possible without great leadership. I have many people to thank for helping to make 2016 such a great success, including the following members of IEDC's Governance Committee: JoAnn Crary, Michael Langley, Craig Richard, Tracey McDaniel, Kenny McDonald, and Todd Greene. In addition, I would like to thank the entire IEDC Board of Directors, along with IEDC President and CEO Jeff Finkle and the IEDC staff that has been outstanding in supporting him.

IEDC has experienced tremendous growth and success over the last 90 years, and I am proud of all that we have accomplished in the last year that will add to IEDC's legacy. Thank you all for a great year as your Chair, and I wish you a successful and prosperous 2017.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Matherly".

Barry Matherly, CEcD, FM  
IEDC Chair

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Misconceptions about the nature of economic development are leading to failed policy decisions and misallocation of limited public resources. On the other hand, if economic development is done correctly, it can bring about a positive change in the economic dynamic of a state, region, or community.



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**Economic Development Week**

Economic developers promote economic well-being and quality of life for their communities, by creating, retaining and expanding jobs that facilitate growth.



# iedc's 90th anniversary

By Frankie Clogston

This year, the International Economic Development Council (IEDC) celebrates its 90th anniversary as the premier organization of economic developers. IEDC represents the consolidation of the American Economic Development Council (AEDC) which was founded in 1926 and the Council for Urban Economic Development (CUED) which was founded in 1971. These two organizations merged to form IEDC 15 years ago in 2001. This year also marks the 30th anniversary of Jeff Finkle's term as executive director at CUED and as IEDC's president and CEO.

This article updates a previous piece at the time of the 10th anniversary of the merger by adding interviews with chairs of IEDC over the last five years and new research and perspectives. The article looks at 1) the current state of IEDC at this 90th year mark by surveying its institutional accomplishments and their effects at the local, national, and international levels; 2) the history of IEDC starting from its formation 90 years ago and incorporating interviews from the previous publication; and 3) the current challenges and opportunities in the profession, including workforce development, globalization, and economic inequality. This article also features Jeff Finkle's perspective on his 30-year tenure at IEDC.

**The most important service of IEDC, as reflected in its mission, is to "provide leadership and excellence in economic development for our communities, members, and partners," and underneath that mission to provide "social responsibility and a dedication to building healthy, just and competitive communities."**



During the last 90 years, economic development has evolved from its early industrial roots in "big-game hunting" and "smokestack chasing" to more modern focuses on entrepreneurship, innovation, and global competitiveness. Throughout the economic transformations of the 20th and 21st centuries, economic developers have held the torch to help communities grow and prosper.

## IEDC IN SERVICE TO MEMBERS AND THEIR COMMUNITIES

During the last 90 years, economic development has evolved from its early industrial roots in "big-game hunting" and "smokestack chasing" to more modern focuses on entrepreneurship, innovation, and global competitiveness. Throughout the economic transformations of the 20th and 21st centuries, economic developers have held the torch to help communities grow and prosper. Economic developers continue to "grease the wheels" and facilitate the transactions that are necessary for local growth and prosperity in an increasingly global environment.

The most important service of IEDC, as reflected in its mission, is to "provide leadership and excellence in economic development for our communities, members, and partners," and underneath that mission to provide "social responsibility and a dedication to building healthy, just and competitive

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Frankie Clogston, Ph.D., is a senior economist with Econometrica, Inc. in Bethesda, Maryland. She first interned with CUED in 1992 and has done multiple consulting assignments for CUED and IEDC since. (jfclogston@gmail.com)

## IN CELEBRATION OF THE ECONOMIC DEVELOPER

*This year, the International Economic Development Council (IEDC) celebrates its 90th anniversary and Jeff Finkle celebrates 30 years as its CEO. In recognition of these milestones, this article documents the history of IEDC, which was formed from a merger between the American Economic Development Council (AEDC) and the Council for Urban Economic Development (CUED) in 2001. This piece features quotes from interviews with several former chairs of AEDC, CUED, and IEDC. The article surveys IEDC's institutional accomplishments and history, starting from its formation 90 years ago, and identifies the current challenges and opportunities in the profession. It also features Jeff Finkle's perspective on his 30-year tenure at IEDC.*



Jeff Finkle (CUED / IEDC President/CEO 1986-Present)

"After Katrina hit, we sent a letter over to EDA immediately proposing we take no fee to go down and help out if they would pay our expenses. What I didn't expect was that we would be repaid many times over. They loved the work we were doing and wanted us to do more. To this day we are getting rewards of having been an early-in in the gulf coast."

*Jeff Finkle, IEDC President and CEO*

tive communities." IEDC serves its membership of over 4,800 in this mission through providing conferences, webinars, a certification program, technical assistance and numerous forms of print, on-line, and social media. Also featured are additional new or continuing initiatives of the last five years that serve that mission including the Economic Development Research Partners (EDRP) program, the Ethics program and greater recognition for the economic development profession.

Annual conferences are a place where economic developers come together. Participation at annual conferences has grown from 1,186 in 2002 to 1,662 in 2016. In addition to the Annual Conference, IEDC also hosts a Leadership Summit, Economic Forum, Federal Forum and hosts over 25 webinars a year on topics of interest, as noted here. Meanwhile, IEDC's CECD program continues to educate the next class of economic development leaders. The total number of certified economic developers is now about 1,150 and more than 230 have been certified since 2011. There are over 50 Accredited Economic Development Organizations (AEDOs).

IEDC's technical assistance programs have continued to serve individual communities, including those in dire need of economic recovery assistance following a man-made or natural disaster. IEDC has developed an expertise in this area after serving counties, cities and parishes affected by Hurricane Katrina, the BP Oil spill and Hurricane Irene. In recent years, IEDC has also served communities suffering from fire, flood and tornado damage in Alabama, Colorado, Mississippi, South Carolina and Texas under EDA grants. IEDC helps community leaders rebuild their economies after disasters and also teaches strategies of resiliency to help minimize potential effects before a disaster hits. IEDC's vast institutional knowledge on the topic is shared with members and the public in



IEDC Vice President of Knowledge Management Lynn Knight, CECD, teaches one of 32 economic development and resiliency courses for local leaders in Pine Bluff, Arkansas, in October 2015.

various media including the website it helped create and that it administers, [RestoreYourEconomy.org](http://RestoreYourEconomy.org), and the publication *Leadership in Times of Crisis* in 2015.

As Jeff Finkle, IEDC President and CEO, describes it, IEDC has now become a go-to organization for economic recovery from local and regional disasters – and this did not happen accidentally. Two factors were key: 1) IEDC got in early building good will and 2) IEDC quickly developed a reputation for good work that made it an essential resource.

In the early aftermath of Katrina, IEDC approached the federal government with an offer to help, which led to repeated requests for IEDC to do work in economic recovery after disasters and built a foundation of knowledge for IEDC to share with other communities around the nation facing natural or manmade disasters.

IEDC's technical assistance programs have also recently included work with the Delta Regional Authority to bring economic development courses to local leaders in communities across eight states. These leaders are not just from the economic development discipline but also mayors, local officials and heads of other agencies and departments. Many of these communities are not large urban centers but rather small towns like Luling, Louisiana (population, 11,000). IEDC built and customized curriculum for each of the course locations. An introductory course to economic development and a course on resiliency and economic recovery after disasters are offered. Through this initiative, IEDC is diversifying the practitioners it serves.

In addition to certification and technical assistance programs, IEDC has shined its searchlight to identify other areas where it might grow and has created new programs in recent years, including: 1) the EDRP program, 2) Ethics program, and 3) The Year (and Week) of the Economic Developer.

The EDRP program creates state-of-the-art in-depth research in areas of emerging interest in economic development funded by financial contributions from more than 60 communities, above and beyond their dues. These communities give more than \$250,000 annually, providing EDRP with a dedicated source of research funds. Essentially, EDRP has provided a think tank on economic development within IEDC. EDRP has produced about 30 reports

## EDRP REPORTS WITH MOST PAGE VIEWS

- Making It Count – Metrics for High-Performing EDOs – 4544
- Shifting Workforce Development Into High Gear – 1554
- Looking Around the Corner – The Future of Economic Development – 1492
- Raising the Bar Together – Successful Strategies for Workforce and Economic Development Collaboration- 1257
- Seeding Growth – Maximizing the Return on Incentives – 1185

## MOST POPULAR WEBINARS, 2011-2016

- How to construct a good community impact model
- Use EB-5 to Attract Foreign Investment and Jobs to Your Community
- Microbreweries
- New Markets Tax Credit: A Cost Effective Way to Create Jobs and Drive Investment in Your Community
- Accessing Federal Data



Paul Krutko, IEDC Chair, 2013



Barry Matherly, IEDC Chair, 2016



Bill Sproull, IEDC Chair, 2014

since 2014. The most popular in terms of page views are summarized in the table, with EDRP's publication on "Performance Metrics" receiving the most demand. Reports on workforce issues and incentives have been the next topics of interest. While the primary audience for the reports is the IEDC membership, according to Paul Krutko (IEDC chair, 2013), who was the chair of the first subgroup on EDRP, the policy papers had an additional benefit: "The fact that we created this whole body of research on infrastructure, workforce and other issues gave us a new platform and credibility to engage the White House."

Bill Best (IEDC chair, 2010) is credited with starting the Ethics program at IEDC. Paul Krutko continued to develop the program, noting that it has created "a mechanism of self-policing within the profession" and a standardized way of responding to unethical behavior. As a result of the initiative, IEDC has a Statement of Ethics for IEDC, has developed an ethics course curriculum, and ethics courses are now mandatory for those who are getting recertified.

In 2016, Barry Matherly (IEDC chair, 2016) also created the Year of the Economic Developer, as well as an Economic Development Week, designated from May 8-14 in 2016. IEDC and its members organized events in their communities and disseminated information about the role of the profession in social and print media. As Matherly said, "we're a profession of people who market and sell for a region, we're rarely selling ourselves. But if you're going to be able to broaden your scope, that comes with increased funding and responsibilities" – which requires the profession to be better known.

## INFLUENCING NATIONAL POLICY

IEDC has raised its visibility and influence on economic development policy on the national stage. Starting in 2012, 50 to 60 IEDC members have annually visited the White House for a White House Forum where they spend a day meeting with senior advisors from the White House, and representatives from about a dozen federal agencies including those from the Department of La-

bor and Department of Commerce. Of the White House Forums, Bill Sproull (IEDC chair, 2014) says they educate the policy makers about economic development and IEDC: "It really elevates in the minds of the administration the importance of economic developers of IEDC. We've become a go-to resource for them when they are crafting their policies. (At this forum), we are able to give real time constructive feedback about why

a program is or isn't working. You want those candid conversations."

IEDC has also initiated the Congressional Forum on Economic Development, which is an event expanding on the informal meetings on Capitol Hill that used to take place at the end of the Federal Forum. Now, IEDC members spend a half day in the U.S. Capitol, hosted by a U.S. Senator (recently by Senator Thad Cochran, the Chairman of the Appropriations Committee) and meet with staff on relevant committees, as well as hosting a reception for members of Congress and their staff.



IEDC Chairman Barry Matherly announces the first-ever "Economic Development Week" May 8-14 at the 2016 U.S. Economic Development Administration Conference in Washington D.C. as EDA Assistant Secretary Jay Williams looks on.

While IEDC chairs have emphasized that economic development policy take place most predominantly at the local level, there is agreement that some economic development issues are centralized at the federal government and IEDC must have a voice in them: among them, infrastructure, international trade and foreign direct investment. There is general agreement that IEDC's stock in the national policy conversation has risen. In 2016, Barry Matherly participated in the Economic Development Administration (EDA) national conference and presented



IEDC Board members, Economic Development Research Partners, and several senior staff members of IEDC pose for a photo following the White House Economic Development Forum in July 2015.

an award to the EDA Assistant Secretary for Economic Development Jay Williams at the event celebrating EDA's 50th anniversary. President Jeff Finkle was asked to serve on the U.S. Investment Advisory Council, which advises the Secretary of Commerce on matters relating to the promotion and retention of foreign direct investment in the U.S.

### "I IN IEDC" – INTERNATIONAL FOOTPRINTS

It's been an adage since IEDC adopted its new name at the time of the merger that it should do more to "put the I in IEDC" – to fulfill the vision of the organization as one that advances the profession around the globe and not just in the U.S. The chairs interviewed for this article said, in fact, IEDC is starting to do more and more of just that. The international element is growing through partnerships for example with countries including Australia, China, Hong Kong and New Zealand and with the European Association of Development Agencies (EURADA). There are 243 international members in IEDC, representing over 25 countries. This comes at a time when global forces affect local economies like never before.

Since 2013, IEDC has signed MOUs with the Economic Developers of Ontario, British Columbia and Alberta. As a result of the MOUs, IEDC brings its training courses and CECD certification program to Canada. Customized manuals and CECD exams are being developed and the first exams are expected to roll out at the Toronto Annual Conference in 2017. In January, 2016, IEDC signed a MOU with the Economic Development Association of Canada (EDAC) providing for reciprocal recognition of the CECD and EcD designations (also agreed to under the MOUs with Ontario, British Columbia and Alberta) and allowing for sharing of information and services as well as collaboration on a biannual Wage and Salary Survey.

IEDC has also conducted assistance in countries including Bulgaria, Canada, China, Mexico, South Africa, and the United Kingdom. In South Africa, Jay Moon (IEDC chair, 2012) has helped lead IEDC's ongoing work with 11 different universities around the country to develop a training curriculum that will be complete with a certification process for economic developers in that country.

Moon says other countries turn to IEDC for its expertise and best practices while in turn, members benefit from IEDC's growing international reach. Says Moon, "we are in a global environment and all of our members one way or another are affected by it, whether its reverse investment, FDI, or exports. They're either being involved directly in trying to promote it or they're being impacted by it with foreign companies taking market share. We need a greater awareness of international activities, processes, how they can impact communities and how you



Jay Moon, IEDC Chair, 2012

can grow your own communities (by strategic engagement.)" IEDC has actively supported and participated in the Select USA program – the first to encourage foreign investment in the U.S. since it was initiated by the White House in 2013. IEDC is now encouraging Congress to make the initiative a permanent program.

All of IEDC's initiatives – on the global, national and local stage – follow in the tradition of the accomplishments of great leaders in the organizations that were forerunners to IEDC – AIDC/AEDC and CUED.

AIDC renamed the American Economic Development Council (AEDC) in 1980.

**A.I.D.C. Honorary Life Members**

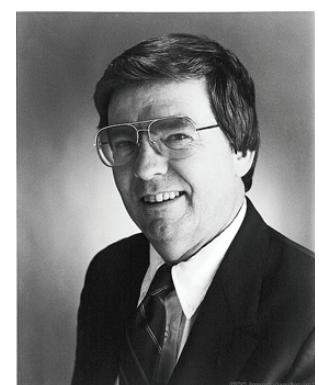
- John D. Adams, Des Moines, Iowa
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- Henry H. Bolz, Decatur, Illinois
- J. A. "Buck" Buchanan, Cheyenne, Wyoming
- J. Huber Dunn, St. Petersburg, Florida
- H. Findlay French, Atlanta, Georgia
- George C. Smith, Greenville, South Carolina

AIDC Honorary Life Members in 1966.

### AIDC: INDUSTRIAL DEVELOPMENT FOR WARTIME AND PEACETIME

The American Industrial Development Council (AIDC), which later changed its name to the American Economic Development Council (AEDC), traces its roots to June 1926 when the first conference of the industrial bureau managers of chambers of commerce was held in Washington D.C. This was organized by the U.S. Chamber of Commerce in recognition of the need for a national strategy for economic and industrial growth. AIDC was officially formed in 1930 at the fifth annual conference. George C. Smith of the Canton Railroad Company of Baltimore was elected the first chairman, a board of directors was assembled, and annual dues were fixed at \$10 per person. Membership was initially capped at 125 and was comprised of male industrial bureau managers, railroad and utility representatives, industrial engineers, industrial finance representatives, and local and national chamber of commerce members. Women were first permitted to join the organization in 1953.

When AIDC was founded, the U.S. was between World Wars and continuing to establish itself as a pre-eminent industrial power. Development was centered on improving infrastructure and expanding heavy industry. Early conferences were organized around topics including: *The Industrial Policy of the Soviet Union* (1929) and *The National Recovery Administration* (1931). In 1942, the War Production Board called upon AIDC to assist in planning, plant site-location, conversion, and other phases of the war program. The industrial focus persisted through the first early decades of the organization. As Frank Birkhead (AEDC chair, 1982-83) relayed, "We were industrial retailers. I did not, for example, bring JC Penney to a town...We were bringing in tire manu-



Frank Birkhead (AEDC Chair 1982-1983)

facturers [and] we were bringing in people who made auto parts."

AEDC had a high representation of members from the American South and Canada with a focus on serving rural communities. Furthermore, AIDC historically concentrated on forging ties with the private sector. Government programs played a secondary role. This was especially the case after federal funding for local development shifted away from the rural areas to the cities through policy changes like the restrictions on the Industrial Revenue Bond (IRB) program.

### AIDC/AEDC PIONEERS EDUCATION AND CERTIFICATION FOR ECONOMIC DEVELOPERS

One of the crowning achievements of AIDC/AEDC was its national education and training programs. In 1965, AIDC partnered with the University of Oklahoma's Economic Development Institute (EDI) to sponsor an education training program for economic de-



(1989) Dr. David Birch giving presentation at AEDC conference.

velopers from around the country. Instructors came from the ranks of the membership. Demand for the programs was so high that courses expanded to universities in cities like Indianapolis, San Diego, and Kansas City.

AEDC's educational programs now form the core of IEDC's certification effort. Today, there is still a three-year curriculum at EDI. In addition, over 30 Basic Economic Development Courses (BEDCs) are held every year at major American universities and hosted by state economic development associations.

In 1996, AEDC started the Accredited Economic Development Organization (AEDO) program as a way to ensure that economic development organizations were meeting important professional standards and to publicly reward outstanding economic development groups. Today, the AEDO program has become a main feature of IEDC's work.

AEDC's education initiatives developed professionalism in the field, fostered the sharing of best practices among economic developers, and cultivated an expertise among those in the profession. As Jim Covell (AEDC chair, 1989-90) says, "Economic development has evolved from being a 'seat-of-the-pants-type thing' to a much more professional occupation." Through the 30 years of its certification program, AIDC/AEDC accredited over 1,000 men and women as Certified Industrial/Economic Developers (CID/CED).



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AEDC held annual conferences in different locales around the U.S. and Canada. AEDC also sponsored the first transatlantic economic development conference in Frankfurt am Main, Germany. In the 1980s, the organization conducted groundbreaking work in the Soviet Union: John Morand, (AEDC chair, 1991-92), was one of the instructors who went to St. Petersburg and taught 40 Soviet economic developers the tools of the trade.

By the time of the AEDC-CUED merger in 2001, the membership of AEDC had reached 2,300.

### CUED – BORN FROM AN URBAN CRISIS

The founding of CUED followed the 1965 Watts Riots in Los Angeles and civil disturbances in other cities like Detroit, Newark, and Washington, D.C. The urban disorder further weakened the position of many urban economies, as manufacturing and commercial businesses began moving increasingly to the suburbs and outer transportation corridors.

Ed deLuca, Baltimore's director of economic development, who had previously been a professor, engineer and economic consultant to over 40 foreign nations on rebuilding their post-world war II economies, organized a meeting of 20 mayors and economic development leaders from the nation's largest cities in Baltimore to address economic challenges facing cities. As a result of the meeting, The HUB Council was incorporated in 1967 to "develop an urban policy for economic development." Membership was initially restricted to cities with populations over 250,000, reduced to 100,000 by 1969. In the first year, representatives from 15 cities joined.

### THE HUB COUNCIL, CUED, AND THE ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

Both the HUB Council and CUED had a close relationship with the U.S. Economic Development Administration (EDA). In 1968, EDA awarded the HUB Council with its first major funding: a two-year grant of \$151,530 to support "technical assistance, information, and research." The grant included a \$1,200 local-matching funds requirement (a new concept at the time), and deLuca was forced to ask members to pay their dues early. By 1972 the organization had secured a second \$60,000 grant from EDA.

The HUB Council was renamed the Council for Urban Economic Development (CUED) in 1971. Shortly after, CUED moved its headquarters from Baltimore to Washington, D.C.

From its early days, CUED advised national policy makers on urban programs and in turn served as a source

## JEFF FINKLE – REFLECTING BACK ON 30 YEARS WITH CUED AND IEDC

Since Jeff Finkle walked through the door of CUED in 1986, the organization has grown from an office of nine people to one with 35 or 40 at IEDC.

Relationships are what Jeff muses upon most fondly. Jeff is proud of the interns and staff he has nurtured and the partnerships and friendships he has formed with Board members, Board chairs and members all around the country. "As I think about it, if I drove across the country or if I landed in any airport in North America there's somebody I can call up tonight in each place and say what are you doing for dinner."

Jeff is proud to have built IEDC into a fiscally strong organization with steady growth and to be able to look in the rear view mirror at the early days with CUED when he had to take a "payroll holiday" and go without a check for the pay period. Jeff also successfully navigated the challenges of managing debt after the merger.

Additionally, he is proud of his work with the Bollinger Foundation which since he founded it in 1989, has supported the children of families who have lost someone in the service of the economic development profession with \$1 million in scholarships.

When asked how he keeps it "fresh" after 30 years, Jeff is quick to say, "it's not the same job." He rattles off a list of recent and new initiatives.

- EDRP – "We've raised the game," he says.
- IEDC's new YouTube channel – "We're going to roll out a video on "why am I in economic development." "
- A major study on the way IEDC does conferences - "It's always a good thing to reexamine what you've been doing and how you're doing it."

Economic development remains a personal story to Jeff of his hometown, Newark, Ohio, that 50 years ago was the lawnmower manufacturing capital of the world and is now primarily a commuter town for Columbus, Ohio. (Newark is also home to the world's largest basket that was constructed to house the seven-story corporate headquarters of the Longaberger Basket Company!) Meanwhile, the 30 years at CUED/IEDC are deeply personal for Jeff – a story of building relationships and meeting challenges while building a strong organization to represent those in the profession he holds dear.

of technical assistance and information for its members on these issues. CUED advised on the Community Development Block Grant (CDBG) program, which established financing for community development including real estate acquisition, infrastructure and economic development and the Urban Development Action Grant (UDAG) program, which gave distressed communities funds for urban aid and was designed to stimulate public-private partnerships. In the mid-1970s, CUED conducted its first major research studies on the need to integrate CDBG with employment and training programs and in 1978 it published its seminal book, *Coordinated Urban Economic Development*.

From its early days, CUED advised national policy makers on urban programs and in turn served as a source of technical assistance and information for its members on these issues. CUED advised on the Community Development Block Grant (CDBG) program, which established financing for community development including real estate acquisition, infrastructure and economic development and the Urban Development Action Grant (UDAG) program, which gave distressed communities funds for urban aid and was designed to stimulate public-private partnerships.

CUED provided technical assistance to over 20 communities – including Detroit; St. Louis; and Allentown, Pennsylvania – that had been impacted by an exodus of manufacturing and industry-related jobs and Xenia, Ohio, which had been devastated by a tornado in 1974.

In the 1980s, CUED's relationship with the federal government changed. President Reagan took up a campaign to downsize the government and began a White House tradition of submitting budgets to Congress with no official EDA funding. The survival of EDA and federal funding for urban development continued to hang in the balance in the 1980s. Amidst this fiscal uncertainty, the organization decided to shift its financial base away from dependence on government funding and towards a business model that was more self-reliant on membership dues and contributions. This coincided with the arrival of Jeff Finkle.

Jeff Finkle was an official at HUD for five years in the Reagan Administration. In addition to his institutional knowledge of the public sector, including the UDAG and CDBG programs, he had a strong private-sector marketing background. Tom Blanchard (CUED chair, 1986-88) says, "Probably the best thing I ever did for CUED was recommend that the Board hire Jeff Finkle."

Finkle transitioned CUED to a more sustainable business model. Conferences became an important revenue source, and the organization operated with several months of financial reserves on hand. Richard Ward (CUED/IEDC Board, 1990-2010) says Finkle runs IEDC "as good as any CEO of a for-profit business."

Additionally, CUED began its own certification program under the leadership of April Young (CUED chair, 1996-98). The organization offered its first course in economic development in 1996 and the first EcD accreditation was awarded in 1998. Young says that the certification program did two important things: “It solidified a sense of what we were as a profession [and] it provided an income stream” that helped keep the organization financially strong.

Under the Clinton Administration, CUED again played a strong role in economic development policy advising on the new Empowerment/Enterprise Community program in 1993 and conducting research on regional export development programs after the North American Free Trade Agreement.

Over the years, CUED has also been called upon to manage other trade organizations that were in need of leadership and stewardship on issues including administration, finance, management and member services. CUED managed the Association of University Research Parks (AURP) from 1997 to 2001 and the Association of Defense Contractors (ADC) from 1997 to 2010.

## THE MERGER

It was hard to refute the logic that one day AEDC and CUED would merge. As CUED and IEDC Board member Bob Ady noted, “There was a finite market, and we split it, so nobody had much of the market at the end of the day.” In the decade preceding the merger, there was a growing belief that the different membership bases faced increasingly common challenges. Meanwhile, many communities were becoming more urban or more rural, and many expressed interest in belonging to both organizations. Finally, a merger would allow members of both organizations access to more resources.

**In the decade preceding the merger, there was a growing belief that the different membership bases faced increasingly common challenges. Meanwhile, many communities were becoming more urban or more rural, and many expressed interest in belonging to both organizations. Finally, a merger would allow members of both organizations access to more resources.**



April Young  
CUED Chair (1996-1998)



Jim Griffin, first IEDC Co-Chair  
2001 and AEDC Chair 2000-01



Kurt Chilcott, first IEDC  
Co-Chair 2001-2002 and  
last CUED Chair 2000-01

Yet, many members identified strong differences between the organizations: CUED was urban, focused in the Northeast and more public-sector focused while AEDC was more rural, had a strong foothold in the Southern U.S. and Canada and was more private-sector focused. As John Shirey, executive director of the California Association for Local Economic Development, says, “There is nothing more painful than merging two organizations where both have to give up their long-term identity in order to form a new organization.”

Three rounds of serious merger talks took place – in the late 1980s, in 1990 and in 1996-1997 – before an agreement was reached in 2001. Ross Boyle (AEDC chair, 1992-1993) oversaw merger discussions in the late 1980s at the Mayflower Hotel in Washington, D.C. He knew many AEDC members had historically been critical of CUED and its ties to the federal government, viewing it as a “captive of the federal grants.” On the other side, CUED Chair Ron Kysiak (1980-1982) recalled, “In the 1970s and the 1980s, the AEDC folks were trying to pull companies out of our cities while we were trying to hold them in.”

In each case, it was AEDC that initiated merger talks. During the final round of talks in 2000, Jim Griffin (AEDC chair, 2000-01) called Kurt Chilcott (CUED chair, 2000-01) and initiated merger discussions. Now, the timing was ripe.

From start to finish, the merger took about six months as a ten-member Merger Design Team negotiated a myriad of issues including governance, legalities, and taxes and staffing. AEDC Chair Jim Griffin brought a guidebook to nonprofit mergers to help chart the course at the negotiating table. The imperative was addressing the deal-breakers, Chilcott recalls, including combining the education and certification programs of the organizations was a sticking point. AEDC’s program dated back almost four decades, while CUED had recently invested significantly in its program.

Rick Weddle (IEDC chair, 2002-04) recalls one breakthrough moment. “We were sitting there at a lunch meeting when Ed Nelson took out a napkin where he had written down ‘CED’ and ‘ECD.’ He was the one who put the two together. He says, ‘What if we just com-

bine them so we have 'CEcD'?" The team also agreed the headquarters office would be in Washington, D.C, Jeff Finkle would be the leader of the new organization and the new name would be IEDC. Luckily, the name had been previously registered by AEDC. After each board met individually in St. Louis and unanimously approved the merger, at a joint meeting on April 26, 2001, AEDC and CUED leaders signed a resolution to create the International Economic Development Council. The boards were merged, and Kurt Chilcott and Jim Griffin became the first co-chairs of IEDC. It was agreed that the initial board would be comprised of the existing 45 board members of CUED and 35 board members of AEDC.

The decision to name the organization "IEDC" was rooted in a common desire to reflect the international membership and mission of the organization. Ian Bromley, from Canada, (IEDC chair, 2009) and Greg Clarke, from the United Kingdom, were strong lobbyists for the international designation.

As Jim Griffin reflects, "The evolution of IEDC is tremendously satisfying, because my dream to see the two of them together did come true. Today, we look at it as the right thing to have done, and IEDC has evolved into a fantastic organization."

## MEMORABLE ENDINGS, PROMISING BEGINNINGS

Each organization held its final conference as a separate entity in 2001, because the planning of these events preceded the merger. In CUED's case, the tragedies of 9/11 occurred during the final conference. Members tried to make their way out of Philadelphia, but many who relied on air transportation were stranded for days. Yet, in many cases the extended time together allowed members to forge stronger ties. IEDC's new Certified Economic Developer (CEcD) program went into effect July 1, 2002. Those who had previously earned certification through CUED or AEDC were transitioned to the new CEcD designation.

Ian Bromley mentioned that some differences and factions between the cultures of AEDC and CUED were revealed during the first three or four years of IEDC. "But it happens with any organization," Bromley says, adding "It's the classic 'form, storm, norm, and perform.' Jay Garner says that there was indeed some "buyer's remorse" during the first couple of years. This was also described by Joe Marinucci (IEDC chair, 2005-2006) as "bumps and bruises." But, the partnership became smoother in the ensuing years and memberships and programs grew.



## UNITY IN DIVERSITY

The growth of the economic development profession corresponded with a period of expanding civil rights for women, African-Americans, and other minorities. For a long time, as John Morand (AEDC chair, 1991-92) reflected, economic development was a club of "good ol' boys" and there were glass ceilings for women and minorities in economic development. Morand encouraged Judie Scalise, the first female AEDC chair, to take the helm in 1993. Marilyn Swartz-Lloyd became CUED's first female chair in 1988, and Ioanna Morfessis became the second in 1992. April Young subsequently served in 1996, and Robin Roberts-Krieger was elected to lead IEDC in 2008.



Marilyn Swartz-Lloyd – first female CUED Chair (1988-1990)



Ed Nelson – first African-American CUED Chair (1998-2000)

The first African-American to lead CUED was Ed Nelson, who became chair in 1998. Ronnie Bryant was a member of the Merger Design Team and became the first African-American chair of IEDC in 2007. Bill Best was elected to lead IEDC in 2010. One key, unifying moment for IEDC occurred in the first year of the newly merged organization. The National Association for the Advancement of Colored People (NAACP) charged the Adam's Mark Hotel with discriminatory practices and instituted a boycott in late 2001. IEDC was contracted to hold a conference in 2002 at the Adam's Mark Hotel in St. Louis and stood to lose a substantial penalty if it cancelled the reservation. After African-American members met and decided that they would not attend the conference if it was held at the Adam's Mark, IEDC decided to change the location of the conference. As Bill Best says, IEDC's decision to honor the boycott gave it a "voice" that resonated "authenticity and validity" to its African-American members.

IEDC's bylaws reflect a commitment to diversity on the Board of Directors. The Nominating Committee is required to draw from the membership so that the Board "assures geographic, ethnic, and gender diversity." The Board must also include at least one member from Canada and at least one from the European Union.

## REFLECTIONS FROM PAST DECADES

Many members spoke about the demands of the profession. Jim Devine (AEDC chair, 1999-2000) identified many of the issues that are challenges for economic development professionals through AIDC/AEDC surveys of the membership in the 1980s and 1990s. Those challenges include: a high turnover rate, travel, changing



Murray Elder (AIDC Chair 1965-1966) touring a Boeing facility in 1966.

geographic locations, political cycles, and the whims of city management. Spouses and families often feel the effects of an economic developer's stress as well. Devine's career, for example, spanned locations including California, Rhode Island, Maryland, Colorado, Arizona, and Missouri. Murray Elder (AIDC chair, 1965-66) recalls being based in Montreal and travelling extensively throughout Canada's Atlantic Provinces to deal with clients. Jim Garver (AEDC chair, 1998-99) moved from Kansas to West Virginia to South Carolina to Maryland to Florida. Bill McDermott (AEDC chair, 1995-96), who moved from Delaware to Indiana to Texas to Florida, joked that "economic developers are a lot like migrant workers...dressed up in a suit and tie."

Devine recalls administering a stress test to AEDC members around the country and finding a burnout factor. "You guys are as stressed as nurses and dentists!" he recalled saying. Many members reflected on the importance of conferences for relieving stress.

So why do they do it? It turns out economic developers reap tremendous professional rewards. As Walt D'Alessio (CUED chair, 1978-80) says, "We changed the face of cities...of some of our aging suburban communities...of some small towns across the country. That's pretty stimulating stuff, and that's what CUED facilitated." Jay Garner recalled that his fondest memories were making job growth announcements for a community "that gave hope and joy to people" who needed a job or a better career.

The economic development field still incorporates many of the same fundamentals and rewards. Meanwhile, the skill set has become more sophisticated and demanding as financing tools and incentive packages have become more complex and local economies compete in a global environment. A recurring theme that leaders in the profession mention is the importance of

communication; advocacy; and bridging the silos between investors, companies, site selectors and a community's other stakeholders. As Ioanna Morfessis says, "The economic development executive is a change agent, and change often makes people very uncomfortable. So, it's critical to reach out, bring people together, and make sure that everyone is moving in general alignment." Having this agility and acumen has been critical in the last ten years as communities have confronted competition in the global economy amidst recovery from the worst economic downturn since the Great Depression.

## MOVING AHEAD

As economic development moves into the future, members have identified a number of challenges for the field. These issues included workforce development, globalization, and economic inequality. Jay Moon discussed how these challenges are all constantly evolving, including workforce development which is imperative for a community to be able to attract employers and to provide local jobs: "We're all struggling to stay up with the changes in the business community. My field of manufacturing changing at light speed. How do you grab hold of the assets in your community? The biggest challenge is to stay relevant in a rapidly changing environment." On the topic of manufacturing, members agreed that there are opportunities for advanced manufacturing

moving forward, but the majority of the economy is "post-industrial," or "services-based" and will require more skills and education. The demand for IEDC resources on workforce development, including webinars and EDRP reports, illustrates the importance of working as a profession and with other partners, including workforce practitioners and educators, to create competitive labor pools in a changing economy.

Paul Krutko discussed the challenge of global competition. To that end, the Select USA initiative to grow

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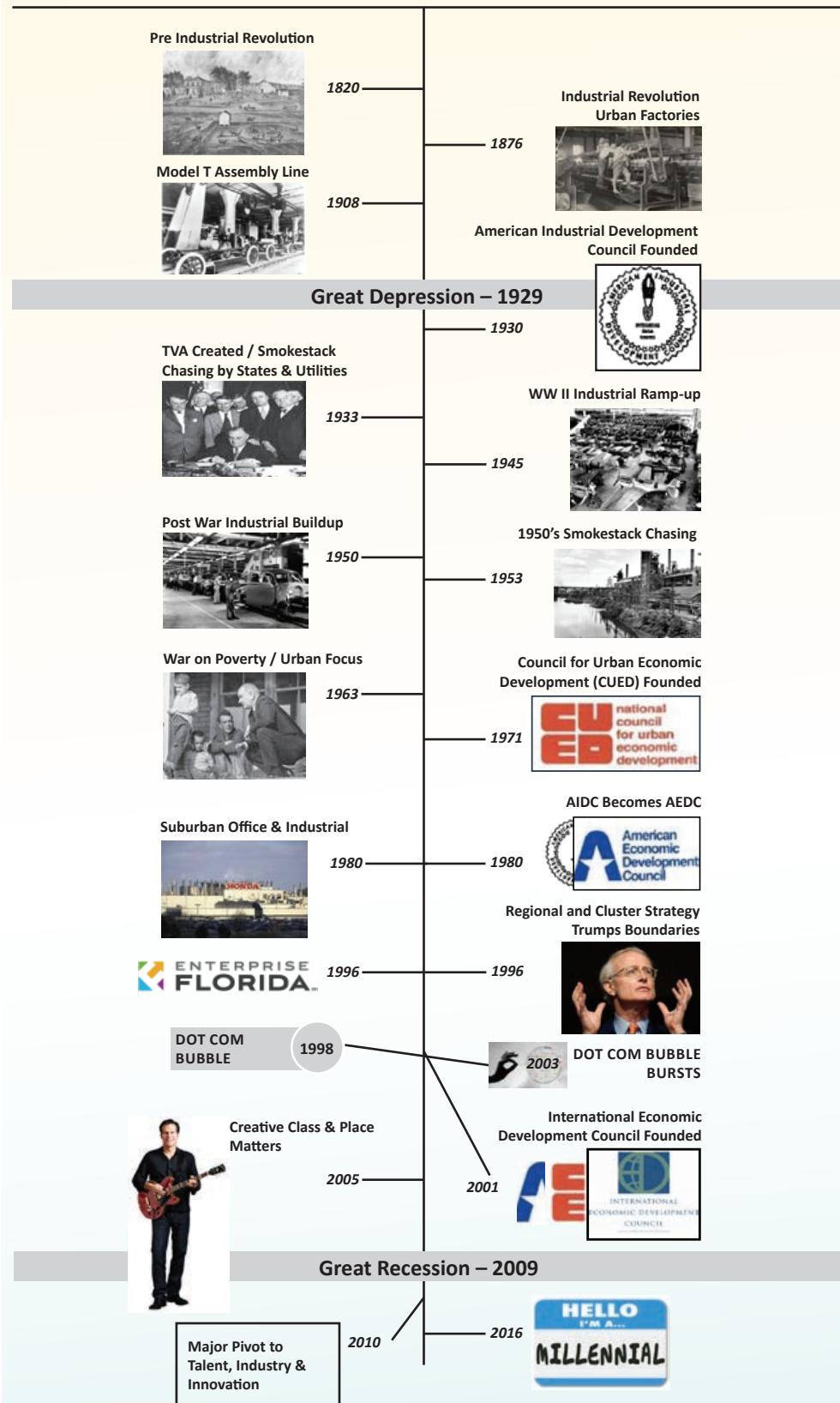


Ken Patton receiving the Edward deLuca Lifetime Achievement Award from former CUED Chairs Ron Kysiak (1980-82) and James Hankla (1982-84) during a CUED event in 1998.



# EVOLUTION OF ECONOMIC DEVELOPMENT

Modern Economic Development practice has evolved along with the evolution of the American economy – from the Industrial Revolution to the Post-Recession focus on Talent and Innovation



The practice of economic development has evolved over time based on economic conditions, policy by the federal and state government, available resources, and engagement of new partners critical to economic recovery.

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foreign direct investment is of tremendous importance, as are programs to help local businesses increase exports to help communities be on the winning side of international trade.

Krutko remarks that due to the forces of globalization, the federal government is limited in its relevance when it comes to economic competition affecting communities: “More and more economic development is about how you help your community identify and build its assets that make it a competitive community that may have little to do with incentives. The competition is between Chicago and Shanghai, not between China and the US. Economic developers need to focus on that. You can’t wait for the federal government to impact your local economy.” However, despite the sentiment that the federal government’s role is in many respects limited, IEDC targets certain issues: foreign direct investment, through its support for Select USA, has become one of IEDC’s signature issues.

JoAnn Crary (IEDC chair, 2015) is credited with leading IEDC to a new and evolving leadership focus on one of the most challenging issues of today: equitable economic development and the role economic developers can play in this area. As a result, IEDC’s initiatives in this area include a 2016 research project on income inequality and an event the day after the 2016 White House Forum, bringing together attendees of that event to convene specifically on the issue at the AFL-CIO headquarters. Bill Sproull identified the challenge as a growing “bifurcation,” between those with education and skills in high-wage jobs and



JoAnn Crary, IEDC Chair, 2015

From its inspired beginnings in 1926 to the current moment 90 years hence, the economic developers of IEDC have earned that recognition - in local communities, on the national stage and across the globe. The tremendous professionals that have contributed their service to communities to help improve local economies deserve high praise. So too does the organization of IEDC – and AEDC and CUED before it – for playing a role in assisting the profession, by raising the learning and partnership opportunities for its members so that they might excel to even greater heights.

those in low-income retail and other low-wage jobs. As Matherly says, "Since the great recession, as the economy has started to regain steam, it is obvious that not all parts have started to grow back at the same rate. There are pockets that are still experiencing a very negative environment. How do you as a community go back and focus on those areas so that everyone can benefit from economic prosperity. As you grow a community you need to make sure you are trying to pull the whole community back with your prosperity."

IEDC's most precious role will always be the service to the economic developers who practice at the local level – playing the essential role of keeping its members edu-

cated and proficient in state-of-the-art economic development. Amidst the challenges of changing demands on the workforce, global competition and economic inequality, the role of economic developers has never been more important to local communities than it is now. In recognition of the challenging and crucial role that economic developers play in bringing prosperity to their communities, Barry Matherly, together with the membership of IEDC, is celebrating the year of 2016 as the Year of the Economic Developer to coincide with the 90th anniversary year of IEDC. "I said this year was the year of the economic developer so we could celebrate not just the profession but the professional. Economic developers do a lot of work in their communities. At the end of the day most of those press conferences are done by elected officials. I think that the profession doesn't always get the recognition for the work they do behind the scenes," says Matherly.

From its inspired beginnings in 1926 to the current moment 90 years hence, the economic developers of IEDC have earned that recognition - in local communities, on the national stage and across the globe. The tremendous professionals that have contributed their service to communities to help improve local economies deserve high praise. So too does the organization of IEDC – and AEDC and CUED before it – for playing a role in assisting the profession, by raising the learning and partnership opportunities for its members so that they might excel to even greater heights. ☺



Vinai Thummalapally (center), executive director of SelectUSA, and IEDC members (l-r) Paul Krutko, Irene Spanos, JoAnn Crary, and Ron Kitchens at the 2016 SelectUSA Conference in Washington, D.C.

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# shifting value

## PROPOSITIONS

By Tim Chase, CEcD, FM

**N**o issue is more important to any profession than the value it delivers to its stakeholders, or those it serves. Because of the intensity and speed of change in the world today, this is an opportune time to explore an updated value proposition for economic development.

This article presents a set of ideas about the next generation of economic development. It looks at the profession's current value proposition, summarizes current events to explain what has changed, and describes a potential new value proposition for the next generation of economic development. This article draws upon ideas and concepts from economic development practitioners, reports published by IEDC's Economic Development Research Partners (EDRP), and the author's nearly 30 years in economic development.

Step one in this undertaking is to identify the categories and topics which appear to be leading the conversation by virtue of the amount of content being created. It appears there are six categories which are getting the most attention. They are: economic development organizations (EDOs), boosting relevance, workforce development, aging infrastructure, the use of incentives, and wealth inequality. This is not to say that other topics don't rank equally high in importance. In the interest of brevity, and to narrow focus, this article explores the three topics which the author believes are in the most urgent need of changing.

**No issue is more important to any profession than the value it delivers to its stakeholders, or those it serves. Because of the intensity and speed of change in the world today, this is an opportune time to explore an updated value proposition for economic development.**

**Organizations and Individuals** – Primarily encompassing local economic development organizations or EDOs, all types of organizations are evolving in new directions. Collaborating with businesses and institutions to help them add value requires adding alignment to your partnerships. This shift can only be accomplished when individuals are willing to lead the way by humbling themselves and admitting "We can do a better job."

**Boosting Relevance** – Relevance is the currency of the next generation of economic development and boosting the profession's relevance requires EDOs to measure both quantitative and qualitative metrics. Adding quality metrics to an EDO will help measure and document significant directional shifts for stakeholders and thereby boost the profession's relevance.

**Incentives** – No longer inducements to action by companies, incentives are now prerequisite-entitlements which are increasingly coming under heavy fire from multiple directions. Shifting the way we use incentives can make great strides in fixing the wealth inequity.

The entire results of this article are summarized in the Value Propositions for the Next Generation of Economic Development chart. The chart shows the three categories followed by key words describing: traditional value propositions, current events that have led to the need for systemic change, and a set of new values for how the next generation of economic development will unfold. Use this chart as a reference to begin new discussions and generate more scholarly work.

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Tim Chase, CEcD, FM, is president & CEO of the Hutto Economic Development Corporation in Hutto, TX, part of the greater Austin, TX MSA. He is the practice leader for Quality Metrics. TimChaseCEcD@gmail.com

He has authored several articles about ways economic developers must add more value and co-chaired the metrics project published by IEDC's Economic Development Research Partners, which is discussed in this article.

Mr. Chase is a former Dean of the University of Oklahoma's Economic Development Institute and has taught for two decades. He received his Fellow Member designation, one of only 92 active IEDC members, for his passion in teaching and writing about the economic development profession.

## THE NEXT GENERATION OF ECONOMIC DEVELOPMENT

*Ever wonder how you will find the time to read and understand all the information being written about the next generation of economic development? This article researched a combination of ideas, concepts, and writings from leading economic development practitioners, reports published by IEDC's Economic Development Research Partners, and the author's nearly 30 years in the business. It looks at the traditional value proposition, summarizes current events to explain what has changed and hypothesizes a value proposition for the next generation of economic development. The outcome is a very concise story that effectively makes the case for why the next generation of economic development is upon us.*

Value Propositions for the Next Generation of Economic Development			
Trending Now	Traditional Value Proposition	Current Events	NexGen Value Proposition
<b>Organizations and Individuals</b>	Silos of power, wealth and information hoarding, allow a small group of knowledgeable leaders to centralize power. Practitioners are change agents, leaders of leaders, and typically mobile.	Lackluster results, a lawsuit over open records, and increased engagement by public and private officials demand transparency. Competition for funding and managing emerging economies makes job much harder.	Adding system-building for businesses, communities & institutions to increase value. Must move from partnerships to action alignments with more leadership engagement and mutually allocated resources.
<b>Boosting Relevance</b>	The “Big Four” metrics of jobs announced, capital investment, tax base, and growing personal earnings have satisfied stakeholders for 50 years.	Stakeholders need more data to continue funding and support. Demand for transparency and accountability as the method for boosting relevance.	Adding quality metrics to transactions and improving routine reporting using a credible third party. Stakeholders must choose metrics deemed most valuable.
<b>Incentives</b>	Use incentives to improve corporate profits, reduce operating costs, increase stock value, in return for measurable growth in the local economy. But for incentives the deal will fail.	Raging national debate over the concept of picking winners and losers, corporate welfare, capital cronyism, all with dwindling government resources and the expectation of entitlement.	Invest in people, increase wages, upward mobility and deliver meaningful results. Invest to rebuild infrastructure and link to BR&E and entrepreneurship. Must eliminate wage thresholds.

## ORGANIZATIONS AND INDIVIDUALS

### Traditional Value Proposition –

EDOs have enjoyed an existence outside the normal government scrutiny because of the perceived need for secrecy about projects. Over long periods, this autonomy has led to silos of independent decisions, research, and the creative use of public funding for incentives. EDOs and their volunteer leadership often operate in a Command and Control environment whereby a small group of leaders possess the most information and make strategic decisions for the greater good. Therefore, motivated by respect for a company's need for confidentiality, information hoarding is commonplace in EDOs' operations.

### Current Events –

- Clarion Call for Transparency

The standard operating procedure of secrecy is being challenged by elected officials, municipal staff and citizens. In February, 2016 a seven-year-old lawsuit in Florida was settled between the Citizens for Sunshine and the EDC of Sarasota County and the Sarasota County government. The EDC and County lost the suit, having to pay large fines and agreeing to open all records. An informal poll in June, 2016 at a Texas Economic Development Council conference asked “In the last four years, has engagement by municipal officials, elected and staff, increased, decreased or remained the same?” Overwhelmingly the answer was increased.

- Competing for Funding

During and after the Great Recession, EDOs funded by private investments found themselves competing with

other non-profits for funding. Investors have been forced to fund organizations that promise to avert catastrophes rather than EDOs that promise a brighter economic future. When combined with fewer corporate resources and lackluster economic results, EDOs must find new ways to generate operating income. This brings EDOs into the realm of “survival of the most relevant,” which is an unfamiliar playing field.

**Investors have been forced to fund organizations that promise to avert catastrophes rather than EDOs that promise a brighter economic future.**

- Managing Emerging Economies

Adding to the complexity is the fact that there are three different economies mixed together for the first time in our history.

- First, the last stages of the Industrial Age are based on hierarchies, economies of scale, mechanization, and predictability. Touch labor is giving way to robots in the Advanced Manufacturing model.
- Second, the Knowledge Economy is based on converting large amounts of data into information which reveals new knowledge and using it to produce greater wisdom. The culmination of the Knowledge Economy is imparting human knowledge into machines, termed Artificial Intelligence

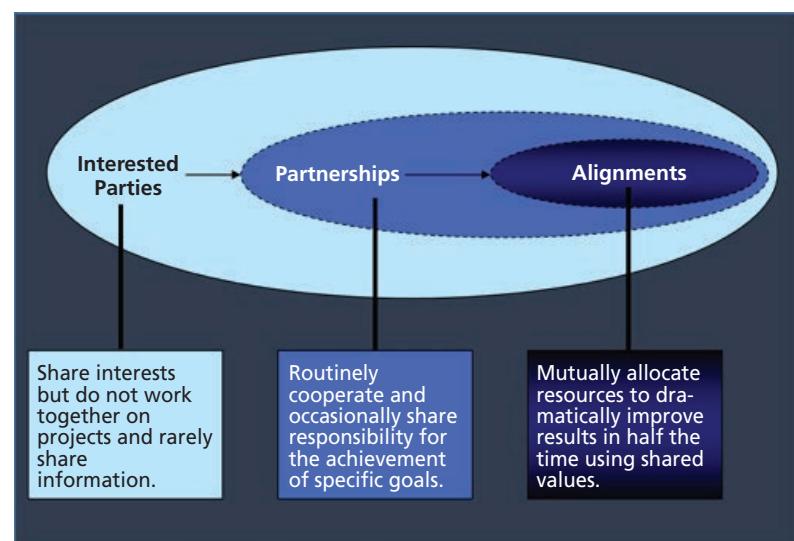
(AI) such as IBM's Watson and Hewlett Packard's The Machine.

- Third, as the Knowledge Economy matures, developed nations will transition to the next economy. However, there is a pronounced uncertainty about what the next economy will be. The following is a short list of possibilities:

- Creative Molecular Economy (CME)** in which biological principles will form the framework for how the CME will be organized and operate. Rick Smyers, president of the Center for Communities of the Future, says the CME working definition is *"An economy based on the integration of emerging technologies, with creative individuals, small groups and companies organized in interlocking networks, connecting and disconnecting constantly in processes of continuous innovation and transformation."*
- Sharing Economy a.k.a Access Economy** – Instantaneous connectivity allows us to share virtually any tangible product and a multitude of services. Uber, Airbnb, and Zipcar are examples of the shared economy.
- Bioeconomy** – With a biobased economy, carbon products are replaced with substances such as (syn)gas, sugars, oil, fibers, and other products which are converted to energy, chemical products, (animal) food, and biomaterials. Recent examples of this shift nationally and globally are: in July, 2016 the USDA began funding advanced biofuels, renewable chemicals and biobased products as a way to boost the economy in rural America. In September, 2015 the United Nations approved 17 Sustainable Development Goals (SDG) as part of a new global sustainable development agenda.
- The Internet of Things** – Anything with an on/off switch is included in this economy. According to SAP, a market leader in enterprise application software, the number of connected devices is set to exceed 50 billion by 2020, generating \$8.1B annually. Think smart grid, autonomous cars and drone deliveries.

The phrase "Transparency in government" entered our vocabulary in about 2000 with regard to EDOs. Addressing this new environment requires creative ways to inform without jeopardizing confidentiality requests. EDOs must boost transparency of transactions, accountability of incentives and visibility of operational budgets. To ignore this shift leads to questions of credibility and ultimately skepticism about our competitiveness. This is the foundational reason why EDOs must discover additional ways of boosting relevance before they can move to the next generation.

## ADDING ALIGNMENT TO PARTNERSHIPS



- Nanotechnology** – In October, the federal government released the 2016 National Nanotechnology Initiative Strategic Plan designed to move from a fundamental research area to an enabling technology that can lead to new materials, devices, and systems that will profoundly impact our quality of life, economy, and national security. In this economy instead of designing and manufacturing tangible products, everything we need will be genetically patterned and we will simply grow the fenders for our next car. Witness the U.S. market value of products using nanotechnology is estimated to be \$1 trillion or 5 percent of the GDP by 2020.

This current situation forces economic developers to have one foot in all three emerging economies which means our job has gotten three times harder.

### NextGen Value Proposition –

- Transparency and Accountability

The phrase "Transparency in government" entered our vocabulary in about 2000 with regard to EDOs. Addressing this new environment requires creative ways to inform without jeopardizing confidentiality requests. EDOs must boost transparency of transactions, accountability of incentives and visibility of operational budgets. To ignore this shift leads to questions of credibility and ultimately skepticism about our competitiveness. This is the foundational reason why EDOs must discover additional ways of boosting relevance before they can move to the next generation.

- Adding Collaborative Systems to Traditional Transaction-based Economic Development

In 2004 Don Iannone, president of Donald T. Iannone & Associates, began espousing a shift from transactions to systems. However, it can't be an either or, black or white effort. Rather, it will require adding a second and equally important mission, that of deliberate system-

Quantitative measures use factual data collection from indisputably credible sources. Qualitative measures use perception, personal preferences, and broad opinions to shape reality. Both forms of measuring are recognized as necessary but until the Great Recession, economic developers were not forced to explore both.

building involving true action-oriented alliances with collaborative partners. Adding alignment to partnerships will improve results faster. The chart outlines the steps necessary to make this shift a reality.

## BOOSTING RELEVANCE

### Traditional Value Proposition –

For 50 years it has been very simple to determine if an economic development program is successful by counting the things that proved wealth building had taken place. Typically, stakeholders only monitor the “Big Four” metrics:

- 1. Jobs Announced
- 2. Capital Investment
- 3. Tax Base
- 4. Personal Earnings

In 2014, IEDC's Economic Development Research Partners launched its largest project to date titled “*Making It Count: Measuring High Performance EDOs*.” Using a national survey of ED professionals, the team identified 1,000 things EDOs were measuring. This was narrowed down to 290 and organized into menus which offered a standard set of metrics from which to choose. The majority of these metrics focused on qualitative measurements associated with activities and transactions.

### Current Events –

In addition to the “Big Four” above, a recent push by stakeholders has demanded EDOs demonstrate success in achieving quality results. Quality metrics include: Transparency, Accountability, Credibility, Collaboration, Competitiveness, and Customer Satisfaction, all in an effort to boost relevance. Some 30 percent of EDOs do not track any metrics. The IEDC metric project found that EDOs and stakeholders are unsure about what to track and how. Inadequate resources can complicate or eliminate the possibility of implementing a solid metric program.

### NextGen Value Proposition –

The future value proposition will include selecting no more than 5-10 of the 290 qualitative metrics identified and standardized in the IEDC Making It Count project and adding some key measures of the EDO's quality.

- Adding Qualitative to Your Quantitative Metrics

Quantitative measures use factual data collection from indisputably credible sources. Qualitative measures use perception, personal preferences, and broad opinions to

shape reality. Both forms of measuring are recognized as necessary but until the Great Recession, economic developers were not forced to explore both.

When looking at the elements surrounding perception and reality in economic development, it is challenging to sort through and organize many of these elusive concepts. Settling on a value chain which begins with measuring and ends with boosting relevance will guarantee greater success personally and for the organization. Here is how this new value chain works:

- Measuring Boosts Accountability
- Reporting Boosts Transparency
- Sustainability Boosts Credibility
- Credibility Boosts Relevance
- Relevance Boosts Success

When the organization has successfully boosted relevance, it becomes a natural step to see increased fund-raising campaigns, undertaking new programming and likely increased staff pay and benefits. The first step is to commit to measuring the things stakeholders deem most valuable. The only way this new system will work is if the stakeholders establish the metrics for the organization. Stakeholder ownership is mandatory!

- Reporting Results

Reporting is best done in concert with a credible third party. The entity selected will vary community by community but transparency is greatly enhanced when results are reported by a high-profile third party such as a local college of business. The importance of collaborating with a third party for reporting will depend on the level of discontent found on a case-by-case basis.

Nothing succeeds like success. Once the new metrics and reporting system have been established, repetition will often quiet even the harshest critics. Decide on a reporting period and make sure nothing gets in the way of prescribed deadlines. Repetition is just as important as the content of the reporting. Once stakeholders are comfortable with this new system, the organization will be granted a higher level of credibility.

**“Relevance is the currency of successful EDOs and is what pays all the bills.”**

## INCENTIVES

### Traditional Value Proposition –

Economic development incentives have been around for hundreds of years and will likely remain for the next 100 years. The underlying foundation for using incentives is the belief that a company's course of action will be changed if it sees the opportunity to improve profits in one location versus another. Incentives, therefore, are all about boosting corporate profits in return for the possibility of a measurable boost in the local economy. This seems like a win/win situation. Unfortunately, the use of incentives is shifting from inducements to entitlements thereby drawing fire from many quarters.

## Current Events –

- “Job Fairies” Story

During the first decade of the 21st century, the use of incentives hit an all-time high. Punctuated by efforts to stimulate the economy during the Great Recession, virtually all projects were offered incentives without regard to need. Coincidentally, employment growth during the same period of time was the worst in the nation’s history providing fuel for many opponents in this national debate. The debate hit home when the National Public Radio (NPR) story “Job Fairies” was broadcast in May, 2011. NPR’s Planet Money team attended the IEDC’s Leadership Conference in San Diego asking attendees how their local economy was weathering the Great Recession. Most said things appeared to be improving. This localized improvement was then cross referenced to the nation which was still very much hurting, and the conclusion drawn by NPR was that economic developers live in a fairytale world.

- Lack of Evidence to Defend Incentives

One study by Good Jobs First, a national policy resource center for grassroots groups and public officials, promoting corporate and government accountability in economic development, looked at a limited set of major tax incentives, including ones from nearly every state, and hypothesized a shockingly high combined cost that exceeded \$9 billion per year. In 2012, the Pew Charitable Trust published “Evidence Counts: Evaluating State Tax Incentives for Jobs and Growth” stating that only 13 states were able to document the value of incentives spent, by tying results to improved job creation. Pew, therefore, deemed it nearly impossible to accurately measure the re-

turn on investment and physical effectiveness of the use of incentives.

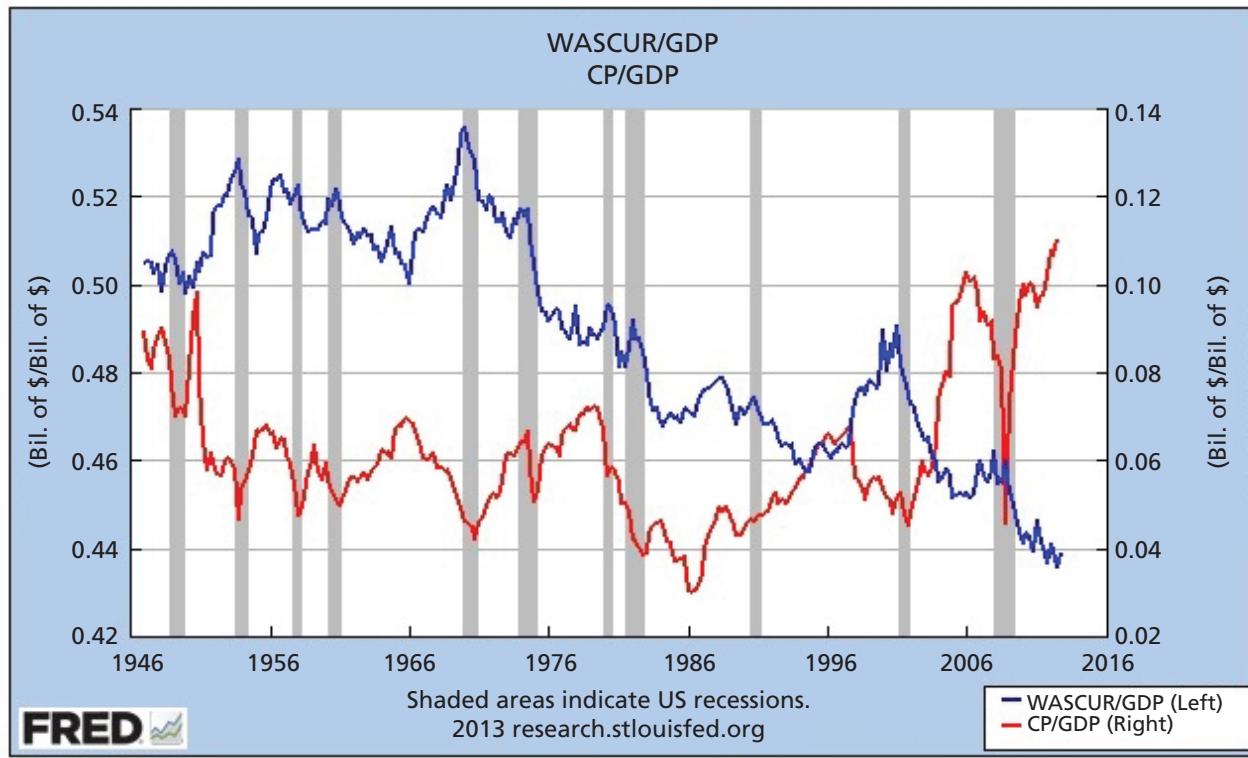
- Wall Street vs. Main Street

The Occupy Wall Street protest in September, 2011 attempted to connect the dots between explosive corporate profits and the anemic growth in personal income since the 1980s. This income inequality was referred to as the gap between the wealthiest 1 percent and the 99 percent of all others. This protest, and others like it, has put corporate profits under greater scrutiny thereby increasing the number of groups opposing the use of incentives. These changes have coined new phrases to cast aspersions on corporate profits. Phrases like Capital Cronyism, Corporate Welfare, and Picking Winners and Losers have become all too pervasive.

- Rising Citizen Discontent

At IEDC’s 2016 Annual Conference, the newest EDRP report was released entitled “Opportunity for All: Strategies for Inclusive Economic Development” which spoke to the growing inequality gap between those individuals benefitting from the current economic expansion and those left far behind. Economic opportunity, or rather, its absence, has become a national conversation. Today, unlike ever before, people of all ideological stripes are debating cycles of poverty, school outcomes, executive pay, stagnant wages, and a host of other phenomena related to economic opportunity, exclusion, and inequality.

To document this inequity, the chart authored by the St. Louis Federal Reserve shows the astonishing decline in personal incomes since the peak in 1966 to an all-time low in 2013, and conversely that corporate wealth has skyrocketed over the last 45 years. This undeniable



Wages and Salary Accruals (WASCUR) Gross Domestic Product (GDP) Corporate Profits (CP)

disparity has economic developers asking, "How can we deploy resources at the local level to address the national inequity discussion and effect a positive reversal."

#### NextGen Value Proposition –

"Incentives for the 21st Century," published in 2015 by IEDC's Economic Development Research Partners, warns that this new wave of discontent is not to be ignored or explained away as "They don't know what they are talking about," for to do so would have devastating results. Economic developers must be at the forefront of attempts to use incentives in new and creative ways, but always designed to provide the workforce with greater skills which command higher wages.

Incentive policies that set minimum thresholds on wages are a form of taxation without representation. Those citizens who do not possess certain marketable skills but are paying taxes are excluded from the opportunity of a better job. Once this group realizes this inequity, they too will join the chorus opposing tax-funded incentives. Economic developers cannot afford to ignore this disenfranchised population but must assemble resources and use them to improve outcomes for all people as well as corporations.

Incentives in the 21st century must accomplish new objectives. First, incentives must spark measurable improvements in employee skills and knowledge which will translate into improved personal incomes. Second, incentives should be used to make improvements in aging infrastructure. Seek to locate projects where roads, water and waste water systems have experienced deferred maintenance and bring them back to top condition as part of the new company's arrival. Third, incentives must be deemed valuable to the CFOs who calculate a net-present-value over three to five years, valuable enough to warrant consideration in making long-term business decisions.

Incentive policies that set minimum thresholds on wages are a form of taxation without representation.

Those citizens who do not possess certain marketable skills but are paying taxes are excluded from the opportunity of a better job. Once this group realizes this inequity, they too will join the chorus opposing tax-funded incentives. Economic developers cannot afford to ignore this disenfranchised population but must assemble resources and use them to improve outcomes for all people as well as corporations.

IEDC's research has demonstrated strategic planning, business retention and expansion programs, entrepreneurship promotion, and community development initiatives are some of the most effective economic development practices, so it is little surprise that incentives work best when they are linked to these practices.

#### CONCLUSION

In conclusion, the practice of accelerating wealth building by deploying unique community and state resources has lost some of its former shine. The next generation of economic development is just beginning to unfold and the concepts espoused in this article should be used as a platform on which to pivot and make a few simple course corrections. The scholarly work done by thought leaders and the IEDC's Economic Development Research Partners is to be encouraged and pushed to become more mainstream. ☺

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# walt d'alessio

By William Kenny

**I**t's difficult to imagine a Philadelphia without Walt D'Alessio, a farmer's son from rural Butler County, Pennsylvania, who ventured east in 1960 for an American Institute of Planners convention and has called the City of Brotherly Love home ever since.

Had D'Alessio – the former CEO and longtime chairman of the city's innovative public/private economic development partnership known as the Philadelphia Industrial Development Corporation (PIDC) – not stayed, Philadelphia might never have seen the rehabilitation of a shabby Colonial-era neighborhood into a hub of nostalgia and prosperity known as Society Hill; or the city's 40 million annual visitors might not be able to enjoy and appreciate Independence Hall in a noble, yet accessible setting fitting for the Birthplace of America.



View of Independence Mall after renovation by the Redevelopment Authority

Iconic Philadelphia companies such as Rohm and Haas, Crown Holdings, Tastykake and Dietz & Watson might have ventured elsewhere when looking to build or grow their headquarters. The city might still be struggling to chart its transition from the manufacturing-dominated economy of the middle 20th century to one at the forefront of thriving 21st century industries like technology and healthcare.

In a city famous for its salient public leaders, men like Richardson Dilworth, James

Tate, Thatcher Longstreth, Frank Rizzo and Ed Rendell, Walt D'Alessio's contributions aren't necessarily common knowledge among Philadelphia's 1.5 million inhabitants.

But he has worked shoulder-to-shoulder with them all, transcending administrations, bureaucracies and political affiliations while cultivating, seemingly effortlessly, a universal respect, admiration and affinity from his colleagues.

And at 82, he says he's not even close to done yet.

"At his core, Walt is an incredibly genuine, straightforward person who is full of integrity," PIDC President John Grady said. "Being from the Pittsburgh area, he's got that Midwestern quality about him. In addition, he's an incredibly smart person who has learned from his experiences. He is very open about sharing his experience and allowing you to develop your own while using his as a guide."

"I think he does care deeply about the city of Philadelphia, that it succeeds and prospers," said Liberty Property Trust CEO Bill Hankowsky, a former PIDC president. "And I think he also cares a lot about people, the interaction with people. It's a two-way street. I think it benefits him and keeps him engaged."

D'Alessio has served with PIDC for 44 years, including the last 34 as its board chairman. Previously, he served as PIDC's executive vice president and its president following an 11-year tenure as a project director and the executive director for the Redevelopment Authority of Philadelphia. D'Alessio has been a member of, in many cases an officer for, the National Association of Housing and Redevelopment Officials, the Counselors of Real Estate and the Council for Urban Economic Development.



Walt D'Alessio

## A LEGACY OF IMPACT IN PHILADELPHIA

*It's difficult to imagine a Philadelphia without Walt D'Alessio. He has served with the Philadelphia Industrial Development Corporation (PIDC) for 44 years, including the last 34 as its board chairman. Previously, he served as PIDC's executive vice president and its president following an 11-year tenure as a project director and the executive director for the Redevelopment Authority of Philadelphia. In a city famous for its salient public leaders, he has worked shoulder-to-shoulder with them all, transcending administrations, bureaucracies and political affiliations while cultivating, seemingly effortlessly, a universal respect, admiration and affinity from his colleagues. And at 82, he says he's not even close to done yet.*

He has served on the boards of Exelon, PECO, Brandywine Realty Trust, Independence Blue Cross, Pennsylvania REIT, Federal Home Loan Bank of Pittsburgh, American Red Cross, Greater Philadelphia Chamber of Commerce, World Affairs Council, Independence Seaport Museum, WHYY public broadcasting, Greater Philadelphia First Partnership for Economic Development, Diagnostic and Rehabilitation Center and many other corporations and non-profits.

He has been an adjunct professor at the University of Pennsylvania's Wharton School and an adjunct at Penn's School of Fine Arts, as well as an advisor to the Business School of Temple University and the Department of City and Regional Planning of the University of Illinois. He holds an honorary Doctor of Science degree from Drexel University.

"I don't think there's any individual who has done more over the years to expand and diversify (Philadelphia's) economic base through both the public and private sectors than Walt," Mr. Grady said.

### A TRANSITIONAL TIME

Like many great success stories, there was a transitional time in D'Alessio's life when he might easily have pursued a dramatically different career path, although his fundamental and resolute work ethic would surely have accompanied him wherever he decided to go.

He was born in Mars, Pennsylvania, a borough about 20 miles north of downtown Pittsburgh and home to 1,300 residents in the 1930s. His father managed the poultry department on a 1,200-acre farm just outside of town, and the family lived there. Later in his youth, the family moved to Pittsburgh's South Hills where his father purchased their own 500-acre farm.

"It was basically a hatchery. We were hatching baby chicks for all the other farms in the area. So my dad was basically breeding and selling chickens," D'Alessio said.

Years later, he took part in a broadcast interview for a University of Pennsylvania radio station and the interviewer asked him about his formative years. The host wanted to know what he was doing when he was 14 years old. His answer: "I said I was shoveling chicken manure."

"Everybody works on a farm. Your mother is working just like your sister is," D'Alessio said. "You're all hired hands and all have responsibilities that were assigned to you by age. You wouldn't drive a tractor until you were 12 or 13, but before that you would shovel stuff, gather



View of Society Hill looking East toward Delaware River

eggs, run the washing machine for the eggs. You could participate in the butcher work where your chickens are being dressed to be sold. All of that stuff. So it's a very early work ethic you're taught. Then there's time for education and a little bit of time for fun."

Farm life taught him another valuable skill that he would carry throughout his professional career and still does.

"The other thing was you had to be creative. When something broke, you had to fix it," D'Alessio said. "You weren't up the street from a hardware store or around the corner from a blacksmith. So you learned how to innovate and substitute and repair. That's a bit of what we're doing now. We kind of look at something that's broken and figure out what's the fastest way to get it operating again. Instead of a tractor, it's a whole neighborhood."

"That gave me an appreciation for reusing things. And we're in a wonderful period of time now in the cities for repurposing buildings and rediscovering waterfronts and recreation, so we're repurposing a lot."

He completed high school in the upper tier of his class, but he wasn't initially sold on the idea of college. His first summer after graduation, he worked for a local beverage manufacturer and mowed lawns for some cash.

"I told my dad I wanted to buy a '36 Ford, customize it and go to the drive-in every night," D'Alessio said. "He told me, 'That's good. I'm not going to help you.' "

But after a few weeks of humping 100-pound bags of sugar into a three-story mixing vat in oppressive heat, then realizing the absence of opportunity for long-term advancement, D'Alessio had a change of heart. He told his father that he had decided to return to school after all. He enrolled in the accounting program at nearby Duquesne University. Why accounting? It was the shortest line at the school's gymnasium registration.

"My dad said, 'If you had come into the gymnasium from the other direction, you'd have been a zoology major.' And he was right," D'Alessio said. "Anybody who's worked with me will tell you (accounting) is not my strong suit."

Like many great success stories, there was a transitional time in D'Alessio's life when he might easily have pursued a dramatically different career path, although his fundamental and resolute work ethic would surely have accompanied him wherever he decided to go.

After a year at Duquesne, he enrolled at Penn State University as a landscape architecture major because he thought it “would be fun and interesting.” He spent four years in Happy Valley, earned a bachelor’s degree and joined the Army to fulfill an obligation of his college ROTC program.

After his discharge from active military duty, he held positions as a public planner in Akron, Ohio; Allegheny County, Pennsylvania; and Wichita, Kansas. He also attended the University of Illinois at Champaign, earning a master’s in city planning. As part of his program there, he developed a sample zoning and subdivision code for small cities in the state.

“People were realizing there was growth and they had to do things to manage it appropriately,” D’Alessio said. “I was thrilled to know that I had a reasonable effect on the hinterlands of Illinois, at least.”

### WORKING AT THE PHILADELPHIA REDEVELOPMENT AUTHORITY

In 1960, D’Alessio traveled to Philadelphia for an American Institute of Planners convention with the expectation that he would accept a job offer from the planning commission of Bucks County, Pennsylvania, in Philly’s northeast suburbs. He and a former classmate from Illinois traveled to the convention in D’Alessio’s 1955 Buick, stopping in Pittsburgh to see his family.

“The opening session was on a Sunday afternoon in the Philadelphia Museum of Art at the top of the Benjamin Franklin Parkway. We walked in the front and there we were, in the Grand Hall looking at the statue of Diana with her bow and arrow,” he said. “And there were all these planners standing around drinking white wine and eating quiche and I said, ‘This is it. We’ve found it.’”

He ran into another old acquaintance there, Al Hart, who convinced him to forego the job offer in Bucks in favor of an opening at Philly’s municipal Redevelopment Authority.

“There was a lot of federal money flowing into the city. They were in the planning stages of a lot of projects. I knew enough about that to be pretty experienced at it, so he hired me right away to be a project coordinator.” His first job in January 1961 was to manage Washington

He describes the authority’s role at the time as an execution agency, responsible for implementing all aspects of a plan including land acquisition, demolition, redesign, financing and marketing. It was where the action was and where he wanted to be. PIDC serves much the same role today, but in a more sophisticated and efficient fashion, unburdened by many of the protocols required of a purely public agency.

Square East Number One, a rehabilitation of 480 town-homes originally constructed in the 18th and early 19th centuries. Over the years, the neighborhood overlooking the city’s downtown Delaware River waterfront had evolved into a hodgepodge of working-class housing and businesses. But for the visionary, it was a jewel in the rough.

The developers restored the exteriors to their Colonial splendor, while modernizing the interiors. They helped food merchants and wholesalers relocate to a new distribution center in South Philadelphia. They created walkways and pocket parks, and installed decorative street lighting to showcase it all. They chose to call the new section Society Hill.

At the time, Interstate 95 was still in the planning stages for the area. He worked closely with the legendary city planner and architect Edmund Bacon to ensure that residents would have full access to the river.

“Ed Bacon, who was my hero, he had this idea. They were going to elevate (the highway) and they would surface (the abutments) with stone, plant ivy and grow it there. I said, ‘That sounds good, Ed, but I don’t think that’s what I want to do. So he left us to our own devices a little bit,’ D’Alessio said.

Instead, his team recommended a sunken roadway to preserve the waterfront vista, while spanning the roadway at grade level with platforms that would also help stabilize the engineering.

“It took a lot of negotiating, but that’s basically the argument we made. And that argument won the day,” D’Alessio said. “It was the right argument, the right day and the right people and it changed everything.”

D’Alessio possesses a subtle, but direct and pragmatic persuasiveness, according to Peter Longstreth, a real estate consultant, former PIDC president and son of the longtime Philadelphia City Councilman Thatcher Longstreth.

“He has a very interesting combination of very high principles and very strong feelings, but he doesn’t impose those ethics or personal policies on someone in a very

After his discharge from active military duty, he held positions as a public planner in Akron, Ohio; Allegheny County, Pennsylvania; and Wichita, Kansas. He also attended the University of Illinois at Champaign, earning a master’s in city planning. As part of his program there, he developed a sample zoning and subdivision code for small cities in the state.

heavy-handed way," Longstreth said. "He does it in a way that's very rational and non-judgmental. In a way, he's very convincing in the case he's trying to make without imposing."

Today, those roadway platforms support public greens and monuments including the city's Vietnam Veterans Memorial and the National Memorial to the Irish Hunger. And recently, he purchased a home in Society Hill, a project which proved to be the launching pad for many transformational initiatives.

"I went on to do Independence Mall, Washington Square West and some others," D'Alessio said. "I became chief of projects for the Redevelopment Authority, which included work we were doing in North Philadelphia around Temple University and all of the expansion we did at Penn. We did East Poplar, West Mill Creek, Grays Ferry. And I became executive director. It was hands-on stuff."

He describes the authority's role at the time as an execution agency, responsible for implementing all aspects of a plan including land acquisition, demolition, redesign, financing and marketing. It was where the action was and where he wanted to be. PIDC serves much the same role today, but in a more sophisticated and efficient fashion, unburdened by many of the protocols required of a purely public agency.

#### PIDC – THE RIGHT PLACE AT THE RIGHT TIME

PIDC is a nonprofit founded by the City of Philadelphia and the Greater Philadelphia Chamber of Commerce in 1958. Its mission is to spur investment, support business growth and foster development that creates jobs, revitalizes neighborhoods and drives growth throughout the city.

In 1972, D'Alessio planned to leave public service and transition into the lucrative private development sector. Thatcher Longstreth was the Chamber president at the time, having just lost the 1971 mayoral election to Rizzo, and was an influential member of PIDC's executive committee. PIDC was looking for a new president. Longstreth recommended D'Alessio for the job and convinced him to pursue it.

"Rizzo said to me, 'I want to meet you. I'd like you to be part of my administration. And I'm not going to screw around with anything that you're doing,' which was mostly true," D'Alessio said. "He was a good mayor for what I did. He liked development. He would get organized behind the idea of a program and would make sure that his government was all on the same page moving things forward."



Newly completed Gallery at Market East

Thatcher Longstreth, who died in 2003, and D'Alessio became fast friends. PIDC was the right place at the right time for D'Alessio to continue the work he had begun at the Redevelopment Authority.

"It was a period when the redevelopment programs were slowing down. The money wasn't going to come flowing the way it had in the past due to changing priorities at the federal level. The interest in cities had waned a bit," D'Alessio said. "We were also in a period of time when growth was slow in part because nobody was encouraging it in the city. So we were losing businesses."

When he arrived at PIDC, the staffing was nine, including himself and his personal secretary. Today, it's close to 60.

"We were very small, but we had a few people there who were smart and knew what they were doing. Everybody was busy. Everybody worked," he said.

In that era, PIDC developed the Gallery shopping destination in the Market East section. It coordinated the expansion of public utilities and infrastructure in the city's Southwest, which prompted the Eastwick development. The agency developed hundreds of acres of unused public land around Northeast Philadelphia Airport, along with properties in the Franklin, Callowhill East and West Powelton districts.

After a decade, D'Alessio became chairman and chief executive of Latimer & Buck Inc., later acquired by Legg Mason Real Estate Services and was elected to chair the PIDC board. He joined NorthMarq Capital in 2003 when NorthMarq acquired the mortgage banking division of Legg Mason Real Estate Services. He is now a principal of NorthMarq Advisors LLC.



Above: Rendering of Innovation District green space from Lower Schuylkill River Master Plan

Right: Rendering of Innovation District from Lower Schuylkill River Master Plan





2014 view of Broad Street entrance to The Navy Yard

Meanwhile, PIDC has cemented its status as one of the nation's leading economic development agencies. Its 1,200-acre redevelopment of Philadelphia's former U.S. Navy shipyard is about half complete and has already generated 12,000 new jobs. The agency is planning another massive project on the banks of the Lower Schuylkill River that would benefit from and support the growth of the city's medical and education sectors. He credits his successors in the PIDC executive office with carrying the organization to new heights.

"The guys who came after me have done a lot," he said. "I say to them when they come in, 'I don't want you to give any more than 10 years.' I've been there and after 10 years, you're trying so hard to do the detailed stuff, you're not going to be the visionary that's required. We've

had a series of really good CEOs after me: Joe Egan, Craig Schelter, Bill Hankowsky, Peter Longstreth. And the current guy, John Grady, is better than all of us. We got more sophisticated as we went."

In typical understated fashion, while traversing the streets and avenues of his adopted city each day, Walt D'Alessio doesn't stop, look around and ponder his uniquely significant impact on what he sees. He doesn't revel in those successes.

"It's sort of like what a mechanic feels when he gets the car running good," he said. "I'm a mechanic. I know how to get things running good enough to get the job done. There's nothing particularly glorious about it. There's no particular intellect that you need. It's just that I can see what things ought to be and can get them there." ☺

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## EDWARD DELUCA (1910-1985)

By Jim deLuca

**2016** marks the 106th anniversary of Edward D. deLuca's birth in Montclair,

New Jersey. The International Economic Development Council would like to honor his memory with a special tribute to him, his work, and his influence on the creation of economic development as a profession. It is with great pride that his son, Jim deLuca, provide this overview of his contributions to the field of economic development – and a challenge that Ed would be presenting himself if he were still alive today.

Edward deLuca began his career as an industrial engineering professor and worked as a consultant with the State Department under the Marshall Plan and later with the US Agency for International Development (USAID). In 1964, under the Johnson Administration's "Great Society" with the creation of the U.S. Economic Development Administration (EDA), deLuca applied his expertise in business within the growing field of urban policy to create the standard of professionalism for the field of urban economic development. From 1964 until

1977, he was the director of economic development for the city of Baltimore, where he is best known for his leadership of the city's Inner Harbor project. He later was the director of economic development for the city of Pittsburgh (1977-1983), where he was responsible for the city's first comprehensive economic development strategic plan.

On February 10, 1966, through the Helping Urban Business (HUB) Council, a group he was instrumental in founding, Ed deLuca invited 20 mayors and their development chiefs to share information at a meeting in Baltimore. Reacting to the declining economy of the "Snowbelt Cities," these trailblazers started organizing economic development policies and practices to bolster the condition of older Eastern cities and draw them out of decay. The HUB Council changed its name to the Council for Urban Economic Development (CUED) in December 1971 and became national in scope. The offices were moved from Baltimore to Washington, DC and in 1972, Ed deLuca became the first chair of the organization and was a director until 1980. With continued funding from EDA, CUED (one of the two forerunners of IEDC) worked diligently with the agency and expanded the scope of acceptable practices in economic development.

Ed deLuca's achievements have had a profound impact on the field of economic development. It is largely through the groundwork laid by Ed deLuca that President Obama named Pittsburgh America's City of the Future. The strategy he wrote in 1977 is still being used today and foresaw most of the major development opportunities in Pittsburgh for the next 40 years.

IEDC confers its Lifetime Achievement Award for Excellence every year in his honor. The city of Pittsburgh, the state of Pennsylvania, Allegheny County, and the US Congress have all passed resolutions acknowledging the past and current achievements of Ed deLuca and his protégées.



Ed deLuca, first Chair of the Helping Urban Business (HUB) Council (1966-1970) – Predecessor to the Council for Urban Economic Development (CUED) – and CUED's first Chair

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Jim deLuca is the son of Edward deLuca. He has worked with local, regional, state, national and international development legislation; program design and evaluation; and project based economic development for the better part of half a century.

He is working on a project entitled, "Job Creation and Research Clusters," which he believes will reinvigorate and re-inform the development community for a technology/service oriented economy in a similar salient manner that his father had for a manufacturing based economy. (deLucaj2@aol.com)

### EDWARD DELUCA (1910-1985)

- BS in engineering, University of Alabama; MBA, New York University
- 1940-1948, assistant professor of industrial engineering, University of Florida
- 1948-1952, associate professor of administrative engineering, Pratt Institute
- 1952-1959, vice president & CEO, Gardner Manufacturing Company, Pittsburgh
- 1959-1964, management consultant primarily for USAID
- 1964-1977, director of economic development, City of Baltimore
- 1977-1983, director of economic development, City of Pittsburgh

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Edward deLuca is credited as one of the true leaders in the field of urban economic development. He was one of the founding members of the Council for Urban Economic Development (CUED), a predecessor of IEDC, and served as its first chair. He served as the director of economic development for the cities of Baltimore and Pittsburgh. IEDC's Lifetime Achievement Award for Excellence in Economic Development is presented every year in honor of Edward deLuca.



Ed deLuca and company (1970).

Ed deLuca became preeminent as an economic developer because of his knowledge and pursuit of the data which were central to cost efficient corporate manufacturing management: site selection, labor force needs and dynamics, marketing and production trends, machinery and equipment, and technology. His education in mathematics, engineering, and business made his personal knowledge and skills the same as the knowledge and skills necessary to create, build, and run a manufacturing facility or a manufacturing based economy such as the United States was in the fifties and mid-sixties.

Ed deLuca extrapolated these skills for a broader array of economic development opportunities. His favorite project, Baltimore's Inner Harbor, completely changed that section of the city and breathed new life, new jobs, new tourists, and new restaurants into what had been an area of decay, high crime, unemployment, and a drain on the city's tax base.

The Local Economic Revitalization Tax Assistance Act (LERTA) legislation, now known as Tax Increment Financing (TIF), was also written almost single handedly by Ed deLuca. His opinion was that large tracts of land in pockets of poverty near major roads and central business districts could be revitalized by implementing the right project: a training center, a multi-plex entertainment center, various other multi-use projects, or businesses that might be attracted to low income areas (because of the tax breaks of LERTA/TIF legislation), access to infrastructure, and the available labor pool. Many of these principles are now integral parts of Smart Growth, New Urbanism, and Transit-Oriented Development. This was long before Michael Porter's famous cluster theory.

For Edward deLuca, practicing economic development was a knowledge-based action drama. Both represented uncharted territories where the players, the terrain, the money, the real estate, and the expected outcomes are in a constant state of flux. In economic development these conditions become more complex every year. The contemporary global economy gets larger, more sophisticated, and more interconnected. New global markets,

new partnerships, new workforce training methods, new legislation, and new technologies are the norm, not the exception. Scientific knowledge doubles in volume more quickly than ever before; new information and data are being created, for better or worse, in unprecedented quantities. Tomorrow's technological innovations render today's methods obsolete at an astonishing rate. In short, contemporary economic development is an action drama in which the players at center stage are either smart, quick, and innovative – or dead.

He knew that the allure of new partnerships, new technologies, and new terminologies often make "doing the deal," more important than achieving the traditional goals of economic development. This short-term focus has been exacerbated by ever-present political pressure and media scrutiny.

My father knew that the classic parameters of economic development – the ideas, markets, venture capital availability, workforce training laws, public/private funding and partnerships, and trends in corporate mergers change constantly. The field becomes more data-driven, more publicly scrutinized, and more sophisticated every year. It still lacks a complete and comprehensive written history, which makes the training of new practitioners a challenge, because many of the "lessons learned" must be passed on through an oral history. Much of the field's wisdom is geocentric and self-sealed. Many in the field define economic development as "what economic developers do," – while others even see it as an art form – not a science.

Ed deLuca saw that economic development is a special kind of profession. It is an instrument of public policy and public trust. It is a creature of the public sector that employs public funds for public purposes. This means that economic development is much more than simply "doing the deal." A major facet of the deal must be its broader socio-economic component. Activity is less important than impact and accomplishment. Ed deLuca saw economic development as all about making a difference.

And so with all this in mind, and as we celebrate the past 90 years of economic development history that brings us to the IEDC of today, let us join together in a renewed commitment to use our business of economic development as a significant tool in making a difference for the billions of people who inhabit our earth. ☺



Winner of the 2016 Lifetime Achievement Award in honor of Edward deLuca, Joseph Marinucci, FM, HLM, president & CEO of the Downtown Cleveland Alliance, pictured here at the Westin Cleveland Downtown alongside IEDC Chair Barry Matherly, CEcD, FM (left) and Dennis Coleman, CEcD, FM, HLM, who received the award in 2015.

# the “i” in iedc

By Swati Ghosh

Ninety years ago the American Industrial Development Council (AIDC) held its first conference in June 1926 of 22 industrial bureau managers. At the time no one would have imagined that the organization will one day include close to 250 international members representing 17 countries, three multilateral agreements, nine bilateral agreements, more than 80 speakers from 19 countries at its conferences, technical assistance projects in six countries, educational training programs in five countries, and connect economic development leaders throughout the world in several other ways. These are only *some* of the accomplishments of the world's preeminent economic development organization – in its current avatar as the International Economic Development Council (IEDC) – in the last 15 years.

Formed in 2001 through a merger of two organizations focused primarily on the continental U.S. – the American Economic Development Council (AEDC) and the Council for Urban Economic Development (CUED) – IEDC was always envisioned to have global reach and impact.<sup>1</sup> Both AEDC and CUED had several strong advocates during the merger who pushed for an international designation, and incorporation of global ideas into its mission and aspirations. It would offer a way for IEDC to grow and prosper in the future by providing opportunities for North American and economic developers from other countries to learn from each other and strengthen economic development as a profession.

Both AEDC and CUED had done some work internationally, dating back to the 1950s, which provided the platform for IEDC to build stronger and broader international relationships. Barring a few



Steve Budd, FM, HLM, and Ian Bromley, FM, MA, MBA, FRSA, HLM, past IEDC chairs, representing the organization at a 2005 meeting in Geneva of the World Association of Investment Promotion Agencies (WAIPA).

instances, most of AEDC and CUED's work focused on Canada and Europe, including<sup>2</sup>:

- AEDC held a conference in Montreal in 1950, Hamilton, Ontario in 1986, and in Quebec City in 1993.
- First transatlantic economic development conference, held in Frankfurt am Main, Germany was sponsored by AEDC.
- Groundbreaking economic development training conducted by AEDC in Soviet Union during the 1980s. Forty economic development professionals were trained during that time.
- AEDC started electing Canadian board members in 1986, John D. Morand, CECD, FM, HLM (board chair 1991-1992,) and Richard Thrasher, CECD, FM, HLM (board chair, 1997-1998).

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Swati Ghosh is the former director of research and technical assistance at IEDC.

## A HISTORY OF IEDC'S INTERNATIONAL ENGAGEMENTS AND GROWTH

Formed in 2001 through a merger of two organizations focused primarily on the continental U.S. – the American Economic Development Council (AEDC) and the Council for Urban Economic Development (CUED) – IEDC was always envisioned to have global reach and impact. Both AEDC and CUED had done some work internationally, dating back to the 1950s, which provided the platform for IEDC to build stronger and broader international relationships. This article explores the genesis, evolution and diversification of IEDC international activities. It also highlights the key role that board members and international members continue to play to help IEDC expand its influence and contributions to economic development professionals in North America and around the world.

- Canadian members elected to the CUED board starting in Fall 1996 – Klaus Thiessen (board member, Fall 1996 – 2001, Winnipeg, Canada), Greg Clark (board member, Fall 2000 – 2001, London, England), Bob Downes (board member, 1996-2002, Glasgow, Scotland), Ian Bromley (board member, Fall 2000-2009 and IEDC board chair, 2009, Toronto, Canada).
- CUED developed its own certification program in 1998, and licensed the use of Economic Developer (EcD) designation from the Economic Development Association of Canada (EDAC). Their members, Daryl Black and Rick Evans helped grade the first exam.
- Creation of the International Network of Economic Developers (INED) in 1995 by CUED in partnership with EDAC, the European Association of Development Agencies (EURADA) and the Australian Regional Best Practices Network (ARBPN).

Soon after the merger, IEDC setup an ad hoc international committee, with Ian Bromley as its chair, to figure out what it means to be an international organization. “Different people had different ideas about what international means,” says Ian. The committee presented a vision to the board, which can be broadly categorized as:

- i. Strengthen existing relationships and develop new relationships with similar organizations;
- ii. Weave more international content into IEDC conferences and other professional development tools so as to educate local economic developers about a globalizing economy and practices from around the world; and
- iii. Assist communities globally in developing strong economic development strategies by engaging members, especially those with experience in consulting or working internationally.

This core vision is further supplemented with other activities such as presentations to international delegations visiting the US, internships to international students and fellows, and an international dinner at the IEDC annual conference to provide a special opportunity for international attendees to network with each other. IEDC makes every effort to support international initiatives, organizations and leaders in economic development and allied fields. Current international members and board members play an important part in delivering these services.

**IEDC's multilateral and bilateral MOUs with complementary international and national organizations offer a way to exchange and grow economic development knowledge, broaden the economic development practitioners' network, and cross-market services and products offered by each organization.**



IEDC and EDAC Board and staff signing of the MOU at IEDC's 2016 Leadership Conference. Front (L to R) Penny Gardiner, EcD, CEO of EDAC; Greg Borduas, EcD, president of EDAC; and Barry Matherly, CEcD, FM, IEDC Board chair.

Back (L to R) Marty Vanags, IEDC Board; Jeff Finkle, CEcD, IEDC President & CEO; Kurt Chilcott, CEcD, FM, HLM, past IEDC chair; \_\_; Fred Morley, past IEDC Board member; John Watson, EcD, past president of EDAC; Mike Thususka, EDAC Board member; Craig Richard, CEcD, IEDC Board secretary/treasurer; and Susan Amring, CEcD, EcD, IEDC Board member.

## MEMORANDUMS OF UNDERSTANDING (MOUS) WITH SISTER ORGANIZATIONS

IEDC's multilateral and bilateral MOUs with complementary international and national organizations offer a way to exchange and grow economic development knowledge, broaden the economic development practitioners' network, and cross-market services and products offered by each organization. These are formal, non-binding agreements that do not require monetary investment. Currently, IEDC has ten multilateral and bilateral MOUs, while two additional MOUs are in the works and hopefully will be signed in 2016.

### Multilateral MOUs

The first such MOU established a network called the International Network of Economic Developers (INED) in September 1995, which was signed by four organizations: EDAC, EURADA, CUED and ARBPN. It aimed to enhance and promote exchange of innovative strategies, tools and techniques among the signatories. Rather than simply exchanging information at conferences or meetings, INED envisioned developing bilateral projects and contracts among participating organizations. It led to the creation of a program to help small businesses expand into foreign markets, which is discussed later.

The genesis of INED was at CUED's annual conference in Dallas, Texas, in 1994 where a number of international delegates, including from Canada and Australia, were invited. EDAC reciprocated and invited several international delegates to its Winnipeg, Manitoba conference the following year where the INED MOU was signed.

EURADA's participation in INED was mostly serendipitous. Around the time of the Dallas conference, EURADA had reached out to economic development organizations in the U.S. and elsewhere to find out about best practices in other countries and differences from economic

development strategies in Europe. Jeff Finkle, then President and CEO of CUED, was the only one to respond to EURADA's call. Jeff invited their CEO, Christian Saublens, to attend the conference. Although Christian couldn't attend the conference due to timing issues, a connection had been established, leading to his participation in Winnipeg and EURADA being a part of INED as well as a number of other multilateral MOUs with IEDC.

The INED partnership continued, mostly unchanged, through a series of multilateral MOUs between 1995 and 2008. During this time, three INED Global Summits were held, IEDC created and started maintaining an INED website, and three organizations were added to the partnership: Economic Development Association of New Zealand (EDANZ), United Kingdom Institution of Economic Development (UK IED), and Economic Development Australia (EDA).

Yet INED's list of accomplishments in terms of actual knowledge transfer or bilateral projects was somewhat underwhelming. INED members drafted a revised MOU in 2009 to strengthen the partnership by allowing it to be incorporated as an independent organization, generate its own revenue streams, and serve as the chief facilitator for an efficient exchange of economic development information and services in the world. However that MOU was never signed and INED continued for a few more years on the basis of the last signed MOU of 2008, which had a three-year term limit, and therefore expired in 2011. Among other things, differences in the economic development approaches around the world, a laggard world economy following the 2008 economic recession, and inability of some of the members to produce the seed funding required to establish the organization resulted in INED's expiration.

One significant effort to evolve out of INED was the Transatlantic Enterprise Ventures (TIV) program in September 2000 during INED's third International Summit of Development Agencies, hosted by IEDC. It was established and managed by Ed Nelson, Jr. (CUED Chair, 1998 – 2000). The idea of the TIV program came about from INED partner discussions in 1998 about what the network should strive to achieve. Frank Gaskell (EURADA President, 1998) proposed the idea of devel-

Common themes among bilateral agreements are mutual respect and recognition of the partner organization's work, information exchange and participation in conferences, and extending membership benefits to further facilitate information sharing among professionals in allied fields.

oping programs and mechanisms that can help small businesses in a way that takes advantage of the combined knowledge of the economic development leaders of the world i.e. the INED partnership. Ed drew on his expertise in small business development in the U.S. to design a program aimed at facilitating strategic alliances through a network of international partnerships that expose small to medium enterprises (SMEs) to foreign markets. The vast majority of SMEs don't have the capacity to explore such markets on their own. Experienced professionals can help provide a much needed boost for these businesses through partnerships in foreign markets. Ed secured the funding and managed the program for three years at which point it was discontinued due to lack of adequate resources. Although many large EDOs now implement a similar model of assisting small businesses in their communities, it was a revolutionary idea 15 years ago.

At least two other MOUs very similar to INED were also signed by IEDC. The "MOU in Montreal" was signed in 2003 and is an on-going agreement.<sup>3</sup> The International Economic Development Organizations' Protocol (IEDOP), also known as the "international handshake," was signed in 2007 for a three-year period.<sup>4</sup> Both these MOUs were very similar to INED in their vision and approaches, but had additional signatories. IEDC continues to maintain close relationships with most members of these MOUs even though INED and IEDOP have expired.

#### Bilateral MOUs

IEDC also signed a number of bilateral agreements with complementary organizations. These agreements are more diverse in comparison to multilateral agreements depending on the needs of the partner organizations. Common themes among bilateral agreements are mutual respect and recognition of the partner organization's work, information exchange and participation in conferences, and extending membership benefits to further facilitate information sharing among professionals in allied fields.

IEDC's MOU with EDAC was the first one, signed in 2001. It was renewed in 2006 and revised in 2015. Co-operation with EDAC dates back to CUED days, given that both organizations' roots were in urban economic development. Geographic proximity, relatively similar economic development delivery systems in the US and Canada, and a small but increasing number of members who belonged to both organizations further made the partnership between IEDC and EDAC a natural fit.



Edward Nelson, CECD, FM, HLM, past CUED chair, speaking in South Africa at the Local Economic Development Week event.



Bilateral meeting at IEDC's Annual Conference to discuss potential collaboration opportunities with Jun Kuroda, Minister for Economy, Trade, Industry and Energy, Embassy of Japan (fourth from left). Members of IEDC's Governance Committee (l-r): Craig J. Richard, CEcD (Secretary/Treasurer); F. Michael Langley, FM (Vice Chair); Barry Matherly, CEcD, FM (Board Chair); Todd Greene, CEcD (Chair, Planning & Business Development); and Tracye McDaniel (Chair, External Member Relations) with Ray DeWinkle, Chair, IEDC International Advisory Committee and Jeff Finkle, CEcD, IEDC President & CEO.

Yet the partnership was a troubled one in some ways, primarily as both organizations offer strong professional development and certification programs. Concerns over competition from each other's organizations have been the overarching focus in the MOUs. Both organizations have worked to devise ways such that the programs are complementary rather than competitive. However, after almost a decade of formal relationships with EDAC, both organizations decided to sever ties in 2010. Through the efforts of IEDC's Canadian board members and some EDAC past chairs, the relationship was rekindled with the signing of a revised MOU in 2015.

Agreement with the World Association of Investment Promotion Agencies (WAIPA), signed in 2004, focuses on WAIPA working through IEDC to promote its membership to state level investment promotion agencies. This enabled WAIPA to work directly with state agencies on a bilateral basis, eliminating the need to work through the US government, which, at the time, did not have a strong presence in investment promotion. Over the last few years, IEDC Chairs have made several presentations at WAIPA conferences and vice versa to promote information exchange.

An MOU with the Investment Promotion Agency of the Ministry of Commerce of the People's Republic of China (CIPA) was signed in 2007 to promote two-way investment opportunities between China and the US. Similar to the WAIPA MOU, IEDC serves as the conduit for CIPA to network with US state and local economic development organizations. IEDC helped CIPA build relationships with Invest in America and also sign an MOU with the State of New York for investment in China.

Provincial EDOs in Canada signed MOUs with IEDC in 2011 and 2012. During this period IEDC saw an increase in participation from a number of provincial Canadian organizations, especially in the professional development and certification programs which are the main

focus of these MOUs. The organizations agree to work towards streamlining and recognizing the CEcD and EcD designations in the respective jurisdictions. Currently IEDC has bilateral agreements with four organizations: Economic Developers Alberta (EDA) since 2011, British Columbia Economic Development Association (BCEDA) since 2011, Economic Developers Council of Ontario (EDCO) since 2011, and Saskatchewan Economic Development Authority (SEDA) since 2012.

Furthermore, IEDC signed two MOUs during its annual conference in October 2015. One is with the Global Federation of Competitiveness Councils (GFCC), a network of organizations committed to enhance global prosperity and foster international knowledge sharing. The goal of the MOU is to strengthen the alliance between the two organizations thereby enhancing the innovation capacity and resiliency of communities in the US and beyond through innovative public policy solutions and information sharing on best practices. It has a 12 month term at which time it can be renewed if there is mutual interest. The MOU with the Hong Kong Trade Development Council (HKTDC) – Hong Kong's official trade promotion agency – aims to leverage Hong Kong's regional position as a commercial, financial, and logistics hub for China and other Asia Pacific markets to broaden the range of member companies that IEDC can help to make business connections in Asia. In order to achieve this, the organizations will co-organize trade missions, road shows, and educational seminars to update members on business opportunities in Asia. The organizations will also assist each other in organizing and promoting these activities in their respective memberships. The MOU has a three-year term limit.

Lastly, IEDC's Accredited Economic Development Organization (AEDO) program was expanded internationally in 2010. The rigorous accreditation process recognizes professional excellence among EDOs. The first international AEDO was the Industrial Development Commission of Mexicali in 2010. Currently there are five international AEDOs in Mexico and Canada: Greater Halifax Partnership, Halifax, Canada was accredited in 2011; City of Hamilton Economic Development Division, Canada in 2013; City of Port Colborne Economic Development, Tourism, and Marketing Department, Canada in 2013; and Tijuana EDC in 2013.



Bill Best, FM, HLM, past IEDC chair (far left) speaking at the World Association of Investment Promotion Agencies (WAIPA) World Investment Conference.

## INTERNATIONAL CONTENT IN IEDC PROFESSIONAL DEVELOPMENT PROGRAMS

IEDC's professional development training and certification program is highly respected in the economic development profession, both within the US and abroad. Although both AEDC and CUED were incorporating international content in their conferences, IEDC placed a special emphasis on international content and in fact set a goal for inviting a number of international speakers to its annual conferences soon after the merger. More than 80 international speakers and facilitators from 19 countries have participated in IEDC conferences between 2013 and 2015. In 2016, there were 31 international speakers and moderators.

Beyond conference content, IEDC is also incorporating international content into its professional development training program with the vision of developing an internationally recognized Certified Economic Developer (CEcD) designation in the near future. Some of this is accomplished through accreditation of existing educational programs, many offered by universities abroad. Through the accreditation process, IEDC examines the content and delivery mechanisms of the training courses and recognizes that attendees of these programs are eligible to appear for the CEcD exam upon successful completion of certification requirements. Accredited programs offer a way for continued professional development for economic developers in other countries without constant involvement from IEDC, while being ensured of high quality of content.

Two training courses, one each at the CETYS Universidad in Mexico and the British Columbia EDA are accredited as basic economic development courses (BEDCs) by IEDC. For a number of years, CETYS was the only international BEDC. Another partnership is currently in the works with the Mexican investment promotion agency, ProMexico, for their staff to receive a special Mexican Economic Development Marketing Specialist designation upon completion of IEDC's marketing and attraction, and FDI and exporting courses as well as the BEDC at CETYS.



Bostjan Skalar, CEO, World Association of Investment Promotion Agencies (WAIPA), Istanbul, Turkey, speaking during *The Future of Economic Development* panel at IEDC's 2016 Annual Conference in Cleveland.

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Along the same lines as the BEDC accreditation, IEDC accredited with the Center for Local Economic Development (CENLED) at the University of Johannesburg, South Africa, training programs and the processes to be followed for the delivery of those training courses. Since the accreditation in 2012, close to 60 local economic development practitioners have attended the various courses and are eligible for the Certified Economic Developer (CEcD) exam in 2017. The accreditation of the CEcD exam and the processes followed are being discussed, with the aim of signing a revised MOU.

In addition to accreditation, over the years IEDC has delivered customized training courses in several countries. In 2006, as part of a partnership grant with the Russian Economic Developers Association (ASSET) at the Leontif Center, IEDC delivered training in St. Petersburg, Russia on the economic development delivery system in the US, with major emphasis on entrepreneurship and how it can be incorporated into the Russian economic development model. IEDC also hosted two representatives from the Leontif Center for additional training and cross cultural information exchange.

More recently, IEDC was invited in 2014 by Deloitte Consulting to work as a subcontractor on a US Agency for International Development (USAID) contract to deliver economic development training in Bosnia and Herzegovina. Training programs delivered include marketing and attraction, and business retention and expansion. These courses were customized to the country and included participants from 23 municipalities. Although the plan was to deliver six courses and administer the CEcD exam, changes in the USAID program structure led to early termination of the contract.

Several interviewees who have been involved with the IEDC professional development training abroad mentioned that although the training materials are primarily focused on the practice of economic development in the US, members in other countries are realizing that the skills required to effectively deliver economic development in fact remain largely unchanged by geographic boundaries. Many see it as the pathway for increased international work for IEDC in the future.

Research and publications are another strong forte for IEDC. Its in-house think tank called the Economic Development Research Partners (EDRP) program produces cutting edge research on a variety of economic develop-



Bill Sproull, FM, HLM, past IEDC chair (left) and Christian Saublens, former CEO of the European Association of Development Agencies (EURADA), who received the 2014 IEDC Lifetime Achievement Award.

ment topics. The first EDRP report in 2008 focused on globalization to reflect the organization's emphasis on learning about economic development strategies from around the world and helping members everywhere to deal with an ever-changing, globalizing economy.

### **DIRECTLY ASSISTING COMMUNITIES IN DEVELOPING STRONG ED STRATEGIES**

Building on its reputation as a leader in quality professional training programs, IEDC has utilized its economic development expertise to directly assist communities globally in developing and implementing strong economic development strategies. In the vast majority of cases, it follows a peer-to-peer team approach where IEDC members that have experience and expertise in specific areas of economic development are invited to participate on a project as consultants. The team examines the issues and challenges facing the community and develops a customized list of recommended strategies for implementation by local economic development professionals and policy makers. CUED pioneered this model and has been successfully expanded by IEDC to assist hundreds of communities in the US and globally. Significant international projects are discussed below.

#### *China*

Between 2005 and 2008, IEDC developed a strong relationship with the United Nations Industrial Development Organization's Investment & Technology Promotion Office in China (UNIDO – ITPO China) that included delivering two technical assistance projects in China, organizing a study tour and a trade mission to the US for Chinese officials, hosting several conference sessions on attracting Chinese investment into the US and other countries, and the signing of an agreement with CIPA, discussed earlier. This all started in 2005 when Roy Luo, a UNIDO staff member contacted IEDC with interest in doing a fellowship to understand the American economic development model. He helped IEDC get engaged with two TA projects: the first one was developing environment-friendly economic development strategies for rap-

Building on its reputation as a leader in quality professional training programs, IEDC has utilized its economic development expertise to directly assist communities globally in developing and implementing strong economic development strategies. In the vast majority of cases, it follows a peer-to-peer team approach where IEDC members that have experience and expertise in specific areas of economic development are invited to participate on a project as consultants.

idly industrializing communities in Feicheng County, Shandong Province. A study tour of approximately 30 Chinese officials was also conducted as part of this project and several IEDC members hosted the officials so they could see firsthand how such strategies are implemented in the US.

The second project followed immediately after the completion of the first project in 2007 to conduct a strategic assessment of the Wendeng Economic Development Zone for the City of Wendeng, Shandong province and provide recommendations on economic diversification into technologically advanced industries and strengthen its competitiveness. This project was delivered in partnership with the National Business Incubation Association (NBIA) and included a study tour as well as trade mission to connect Chinese and US companies for cross-border investments. UNIDO played a key role in the successful completion of these projects by serving as a facilitator for IEDC in China to gather accurate information through interviews and primary research, considering data can sometimes be difficult to find or unreliable.

Connections established through these projects also led to a stronger relationship with CIPA that IEDC signed an MOU with later in 2007 to continue investment promotion activities between the two countries.

#### *United Kingdom and Europe*

Around the same time as the China project in 2006, IEDC assisted the city of Hull in developing an action plan to strengthen the Hull region's competitiveness in a number of industries including value-added manufacturing and port logistics, renewable energy, biomedical healthcare, call centers, as well as city regeneration. The action plan focused on the optimal application of the competitive positioning analysis conducted by IBM Business Consulting Services' Global Location Strategies, including optimal site development. Gene DePrez, IBM staff member working on this project and an active IEDC member, was subsequently invited to the UK to implement a similar strategy but on a much



Kurt Chilcott, CEcD, FM, HLM, past IEDC chair (left), thanks Bob Downes, formerly of Scottish Enterprise, for his service on IEDC's Board of Directors.

larger scale in another community, Sheffield. Gene ended up working for Ian Bromley, who had also recently moved to Sheffield, as the Head of the newly formed organization, called Creative Sheffield. The organization implemented an economic development strategy focused on innovation through partnerships between universities, EDOs, and small businesses.

IEDC participated in a number of other projects in partnership with organizations like the International City/County Managers Association (ICMA) and Deloitte & Touche to assist communities in Bulgaria, Romania, Ukraine, Germany, and throughout Central and Eastern Europe between 1997 and 2006. These projects included training, research publications, as well as technical assistance to communities.

#### *Latin America and the Caribbean*

In collaboration with the Inter-American Development Bank (IDB) during 2006, IEDC produced a publication titled, Institutional Capacities for Small Business Policy Development in Latin America and the Caribbean. It focused on micro, small and medium enterprises (MSMEs) and analyzed the weaknesses of the support system, a comparative analysis of the organizational capacity of national MSMEs institutions, and offered solutions to improve public policy and institutional support for MSME development in Latin America and the Caribbean.

IEDC also assisted Ecuador in 2007 and Nicaragua in 1998 through technical assistance projects. The Ecuador project focused on regional competitiveness, investment promotion, and business attraction activities of regional EDOs and developed an action plan to develop an investment promotion program in the country. The Nicaragua project was focused on developing an economic development strategy for large businesses and was conducted in partnership with IDB.

#### **SMALL EFFORTS, BIG IMPACTS**

IEDC supports international activities in every possible way, no matter how small. For example, IEDC has hosted international delegations of government officials and other regional and national leaders from several countries: Northern Ireland, Germany, Russia, Argentina, Indonesia, Uruguay, Australia, Malaysia, Macedonia, Thailand, Turkey and multiple Chinese delegations. The

**IEDC also has a very strong and competitive internship program for college and university students. Since 2010, IEDC has hosted a group of 2-5 Australian interns from the University of Sydney who are visiting Washington DC on an exchange program. Over the years, interns from Canada, France, Germany, India, Kyrgyzstan, Northern Ireland, Pakistan and South Africa have worked at IEDC during the summers.**



Bill Sproull, FM, HLM, past IEDC chair; Hazel McCallion, former mayor of Mississauga, Ontario; and Neil Everson, CECD, EcD, IEDC Board member at the 2014 Annual Conference.

vast majority of such delegations are interested in learning about ED strategies in the US and more generally IEDC activities.

IEDC also has a very strong and competitive internship program for college and university students. Since 2010, IEDC has hosted a group of 2-5 Australian interns from the University of Sydney who are visiting Washington DC on an exchange program. Over the years, interns from Canada, France, Germany, India, Kyrgyzstan, Northern Ireland, Pakistan and South Africa have worked at IEDC during the summers.

International Fellows are slightly different from interns as these are typically experienced professionals who are interested in learning about US economic development strategies in order to transfer that knowledge back to their home countries. Roy Luo from UNIDO was one. IEDC also helped Greg Clark from the UK in 1995, an international fellow at Columbia University, as he was investigating regional and city economic development practices in the US and Canada. Greg helped bring a number of delegations from London comprised of regional and national level leaders to CUED annual conferences to learn about US economic development. The delegates were instrumental in the development of legislation on a number of economic development related approaches such as business improvement districts, small business finance, and others over the next decade when such practices were becoming more common in Europe. IEDC has also hosted fellows from Ukraine.

IEDC also attracts some full time staff from different countries. Current staff includes members from China and Jamaica. In the past, there have been staff members from Canada, India, Haiti, and UK.

Since 2006, IEDC hosts an international dinner at its Annual Conference to provide yet another opportunity for international participants to connect and network with each other. The structure of the dinner has evolved over the years and the 2015 international dinner had well over 200 participants. Some even consider it a badge of honor to be invited to the dinner.

## LEADERSHIP, LEADERSHIP, LEADERSHIP

As the economic development profession evolves, leaders are realizing that successful implementation of economic development strategies takes patience, effort, and time. As some like to say, "you need to babysit these projects." This is equally applicable in the international arena, if not more so. Differences in cultures, national and regional level policies and structures, and funding streams are just a few of a huge number of variables that impact partnerships and collaboration. IEDC's long and established history of international activities owes a lot of credit to its President and CEO, Jeff Finkle. Without his efforts and leadership, a number of IEDC's partnerships would not have been possible. Support from current international members, especially international board members and those with experience in other countries are crucial to IEDC's expansion internationally. IEDC is surely living up to its name. ☺

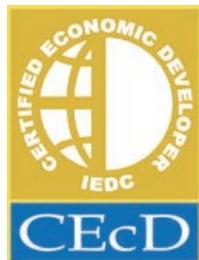


Barry Matherly, CEcD, FM, IEDC Board chair (left) and Greg Borduas, chair, Economic Development Association of Canada at EDAC's 2015 Annual Conference in Whitehorse, Yukon, with entertainers at the event portraying dance hall performers from the 1890s at bars during gold rush days.

## ENDNOTES

- <sup>1</sup> AIDC changed its name to AEDC in 1980 to reflect the field diversifying beyond manufacturing and industrial development to all sectors of the economy and a more complex, though still evolving, profession.
- <sup>2</sup> [http://www.iedconline.org/clientuploads/Downloads/history/IEDC\\_Forumers\\_Celebration.pdf](http://www.iedconline.org/clientuploads/Downloads/history/IEDC_Forumers_Celebration.pdf), pg 4-5, 7
- <sup>3</sup> The signatories for MOU in Montreal are: British Urban Regeneration Association (BURA), Economic Development Association of New Zealand (EDANZ), International Association of Science Parks (IASP), Local Economic Employment Development Programme (LEED), IEDC, EDAC and EURADA.
- <sup>4</sup> The IEDOP signatories were: The Institution for Economic Development (UK IED), The Competitiveness Institute (TCI), Economic Development Australia (EDA), EDAC, EDANZ, EURADA and IEDC.

## Hiring? Seek a Certified Economic Developer (CEcD)



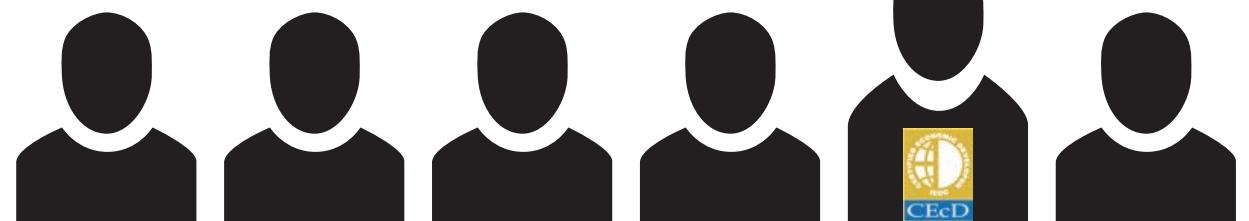
As an employer, you can be assured that the Certified Economic Developers you hire have demonstrated competency in economic development with a high level of knowledge and practical experience in the field. Select your next employee from among the best candidates - Add "CEcD preferred" to your next job posting!

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



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- Enhancing the image and credibility of your organization



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IEDC would like to thank the sponsors and exhibitors of the 2016 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 and exhibitors as partners in helping economic developers to build strong, more vibrant communities.

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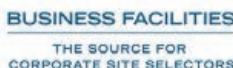


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# NEWS FROM IEDC

## 2017 IEDC SALARY & DEMOGRAPHIC SURVEY

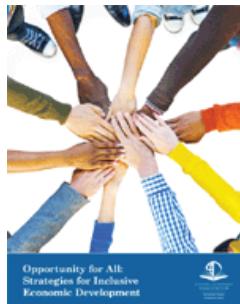
The 2017 Salary & Demographic Survey was conducted in November of 2016. The survey report will be released in January of 2017 but is available for presale in IEDC's bookstore on our website. The report will be available in PDF in both a combined and Canada-only versions.

The report will contain trended data from the previous surveys, including 2014, 2012, and 2010. The IEDC Salary & Demographic Survey is the only industry-specific survey of economic development professionals.

## NEW EDRP REPORT ON INCLUSIVE ECONOMIC DEVELOPMENT

IEDC's Economic Development Research Partners (EDRP) program has published a new report that explores the issue of economic opportunity from an economic development perspective. Economic opportunity is an issue of increasing concern to economic developers, both because it hinders their ability to improve their economies and because they have an important role to play in potential solutions.

"Opportunity for All: Strategies for Inclusive Economic Development" explores evidence and consequences of economic inequality. It defines inclusive economic development and contains nine case studies of programs that EDOs are undertaking to promote opportunity in their communities, concluding with a set of "promising practices." IEDC members can download the report free from IEDC's website.



## IEDC/USDN SUSTAINABLE ECONOMIC DEVELOPMENT CONVENING

On September 23 and 24, over 50 representatives of the Urban Sustainability Directors Network (USDN) and IEDC held a first ever Sustainable Economic Development Convening in conjunction with IEDC's 2016 Annual Conference in Cleveland.

Representing 23 American and Canadian communities, the participants spent the day and a half discussing strategies for economic developers and sustainability officers to work collaboratively and identifying a common definition of sustainable economic development.

An agreement was reached among all participants to define sustainable economic development as "the investment in business, social, built and natural environments that creates increasing prosperity for all, now and into the future."

## REGIONAL STRATEGIES EDRP REPORT TO BE RELEASED IN JANUARY

The Economic Development Research Partners (EDRP) are working on a paper about regional strategies that will be released at the Leadership Summit in Jacksonville, FL, in January 2017. This paper will be a how-to manual for economic developers embarking on forming regional organizations.



*International Economic Development Council*

Thinking regionally is increasingly an important strategy; it links rural, suburban and urban areas, helping them to share resources, and it is a strategy favored by funding programs of the federal government. Regionalism can increase the profile of labor sheds, enhance marketing, and build capacity. The paper will incorporate best practices, case studies, and research from academic and foundation sources.

## AEDO PROGRAM ACCREDITS NEW MEMBER

The Accredited Economic Development Organization (AEDO) program accredited its 53rd member: the Ada Jobs Foundation (AJF). Located in Ada, OK, AJF has been led by President & CEO Michael Southard, CEcD, since August 2007. The organization is the third in Oklahoma to earn accreditation.



In addition, IEDC recently reaccredited the Arvada (Colorado) Economic Development Association. Led by Director Ryan Stachelski, the organization has been an AEDO member since 2013.

Earning the AEDO accreditation is an effective way for economic development entities to increase their visibility in the community and gain independent feedback on their organizational operations. To learn more about becoming a member of the AEDO community, visit [www.iedconline.org/AEDO](http://www.iedconline.org/AEDO) or contact Program Manager Tye Libby at [tlibby@iedconline.org](mailto:tlibby@iedconline.org).

# 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.

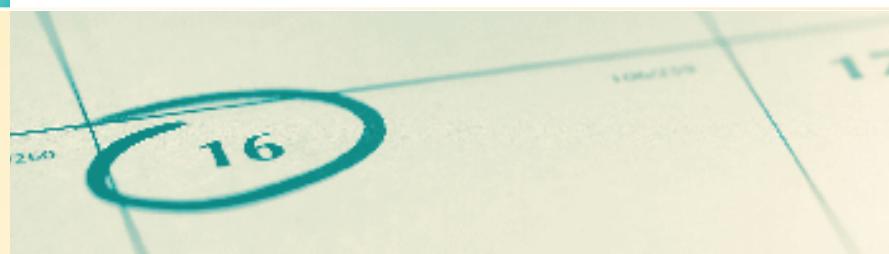
This is one of a number of ways that you can pursue recertification credits.

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 murp@erols.com (703-715-0147).



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 webinars 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, webinars, and professional development training courses, please visit our website at [www.iedconline.org](http://www.iedconline.org).

### CONFERENCES

#### 2017 Leadership Summit

January 29-31  
Jacksonville, FL

#### 2017 Federal Forum

April 9-11  
Washington, D.C.

#### 2017 Economic Future Forum

June 4-6  
Little Rock, AR

#### 2017 Annual Conference

September 17-20  
Toronto, Canada

### 2017 TRAINING COURSES

#### Business Retention & Expansion

January 26-27  
Jacksonville, FL

#### Economic Development Credit Analysis

February 8-10  
Phoenix, AZ

#### Economic Development Marketing & Attraction

February 23-24  
Baltimore, MD

#### Economic Development Strategic Planning

March 23-24  
Denver, CO

#### Economic Development Marketing & Attraction

March 30-31  
Lansing, MI

#### Technology-Led Economic Development

April 6-7  
Washington, D.C.

#### Entrepreneurial & Small Business Development Strategies

April 20-21  
Atlanta, GA

#### Economic Development Credit Analysis

April 26-28  
Toronto, ON

#### Business Retention & Expansion

May 4-5  
Albuquerque, NM

#### Economic Development Credit Analysis

May 17-19  
Madison, WI

#### Workforce Development Strategies

June 1-2  
Little Rock, AR

#### Economic Development Credit Analysis

June 14-16  
Vancouver, BC

#### Neighborhood Development Strategies

June 15-16  
Atlanta, GA

#### Real Estate Development & Reuse

June 22-23  
Baltimore, MD

#### Workforce Development Strategies

July 20-21  
Minneapolis, MN

#### Foreign Direct Investment & Exporting (Advanced Course)

August 17-18  
Atlanta, GA

#### Entrepreneurial & Small Business Development Strategies

August 24-25  
Omaha, NE

#### Economic Development Strategic Planning

September 14-15  
Toronto, ON

#### Economic Development Finance Programs

September 27-29  
Baltimore, MD

#### Economic Development Marketing & Attraction

October 12-13  
Chapel Hill, NC

#### Real Estate Development & Reuse

October 19-20  
Calgary, AB

#### Business Retention & Expansion

November 2-3  
Atlanta, GA

#### Real Estate Development & Reuse

November 30-December 1  
San Diego, CA

### 2017 CERTIFIED ECONOMIC DEVELOPER EXAMS

#### January 28-29

Jacksonville, FL

#### September 16-17

Toronto, ON  
(Application Deadline: July 18)

### 2017 WEBINARS

#### Measure What Matters: Top Metrics for Economic Developers in 2017

January 18

# economic development

By Dr. David Kolzow

*Economic development, whenever and wherever it occurs, is profoundly subversive of the status quo.*  
Jane Jacobs in *The Economy of Cities*

As much as the term “economic development” is in the press and voiced by government officials, one would think that everyone knows just what it is. That does not appear to be the case, however. Misconceptions about the nature of economic development are leading to failed policy decisions and misallocation of limited public resources. On the other hand, if economic development is done correctly, it can truly bring about a positive change in the economic dynamic of a state, region, or community.

## WHAT IS ECONOMIC DEVELOPMENT?

So just what is economic development? Economic development is both a process and a set of desired outcomes.<sup>1</sup> The desired outcome is a sustainable increase in living standards. This generally is defined as increased real per capita income that is fostered through a *process* that leads to an improvement in the productivity of existing firms and their workforce. In other words, economic development is driven by private businesses, and their profitability is fostered through appropriate investment in the community by state and local government.

Increasing the local standard of living usually requires an economic shift toward higher-value economic activities, and the improvement of the local economy should be reflected in a positive change in the local quality of place. Increasingly, maintaining or improving the natural environment is another important dimension of this process. What makes economic development often difficult to understand is that it is a concept as well as a process that is a series

of activities taken to induce positive change in the local economy. It is also a professional practice that doesn't have a strong academic foundation in the U.S. beyond the training provided by the International Economic Development Council, the Economic Development Institute, and various state and professional organization initiatives.

Unfortunately, the terms “economic growth” and “economic development” often get used interchangeably, which can add to the confusion. However, a significant difference does exist. Economic growth can simply involve absolute change in the economy and/or an increase (or decrease) in economic output, but that does not necessarily translate to an improvement in the standard of living (as often measured by per capita income) or in the quality of life. For example, more jobs coming into a community that pay low wages do not necessarily improve the income levels of the workforce. A population boom could result in overtaxing existing infrastructure and educational resources. When a town continues to expand without careful planning and development, problems can emerge in many ways: political disputes, higher taxes, increased traffic, urban sprawl, and a lost sense of community. Sound familiar?

In other words, expansion of the economy means getting bigger; development means getting better, which may or may not involve expansion. This is no mere semantic distinction. Many com-

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Dr. David Kolzow has over 40 years of consulting experience in site selection, real estate development planning, and community economic development. He is president of Team Kolzow, Inc., an economic development consulting firm in Franklin, Tennessee. Previously, he served as executive director of the Tennessee Leadership Center, which was part of Tennessee Tomorrow in Nashville, and was chair of the Department of Economic Development and Planning, University of Southern Mississippi.

Dr. Kolzow can be contacted at drkolzow@bellsouth.net. This article is from one chapter of his recently completed book entitled: *An Economic Development Primer: A Forty Year Perspective*, which can be obtained as a free pdf download by emailing the author at the above address.

As much as the term “economic development” is in the press and voiced by government officials, one would think that everyone knows just what it is. That does not appear to be the case, however. Misconceptions about the nature of economic development are leading to failed policy decisions and misallocation of limited public resources. On the other hand, if economic development is done correctly, it can truly bring about a positive change in the economic dynamic of a state, region, or community.

## A MISUNDERSTOOD PROFESSION AND PRACTICE?

An increasing amount of attention is being given to economic development issues in the U.S., especially in light of recent election rhetoric and various forms of social and economic unrest. This is triggered by the reduction in labor force participation, income inequity, stagnant wages, loss of manufacturing employment, competition for business investment, questions about incentives for attracting new companies, etc. Policies to address these issues and others will depend upon a better understanding of what economic development really is and how to more effectively address it. This article is meant to help introduce that discussion.

munities have wasted a lot of time and energy pursuing short term growth because that's what they thought they needed, when what they really needed was long term development leading to a sustainable healthy economy and an improved quality of place.

### STRIKING A BALANCE

The challenge is to strike a balance between safeguarding what we all like about the area we live in while also increasing the tax base so that state and local government can continue to invest in sustaining and building its economic capacity. How is that accomplished? In simple terms, the solution is to get more income into the area that can offset the costs associated with living and working in that area.

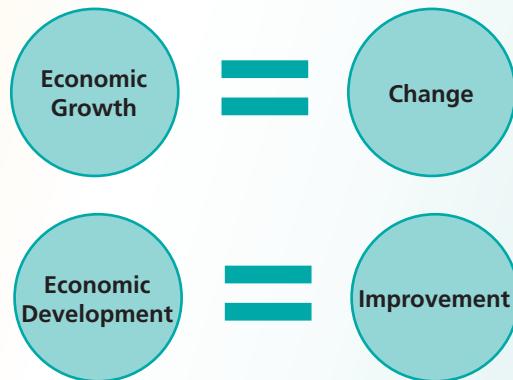
The desirable solution would be to increase the number of tax-paying businesses and the average salary of the employees without negatively impacting the quality of life of that community. What many people in a community don't realize is that residential development does not typically generate sufficient tax revenues to pay for the public services it requires. By contrast, commercial and industrial development projects usually pay for themselves and produce net tax revenues in excess of the costs for needed public services.<sup>ii</sup>

Generally, the long term development and improvement of a community involves a number of issues that don't seem directly related to business attraction and expansion, such as ensuring the availability of affordable housing, protecting public safety, creating uncongested traffic flows, and improving employment, health, cultural, and educational opportunities. However, the resolution of these issues is unlikely to happen without the infusion of higher wages, increased business investment, expanded capabilities of the local workforce, investment in infrastructure, etc.

Clearly, communities need to create a healthy and sustainable economy. Business failures, loss of jobs and population, lack of opportunities for young people, deteriorating infrastructure, loss of hope...these are some of the daunting problems of a declining community. Many rural economies, for example, lack economic diversity. They are focused too much on one or two economic sectors such as timber, agriculture, or manufacturing. Such communities may seem prosperous until the international economy makes a slight "adjustment" and their

**When a community's basic industry is threatened, the usual response is to call for economic development – *any* economic development. Local government officials come under intense pressure to do *something*. Residents want to see action. Traditionally this has translated into a single, cure-all strategy: namely, business recruitment.**

### ECONOMIC GROWTH VS. ECONOMIC DEVELOPMENT



products are no longer worth more than the cost of production. The greater the variety of industries in a region, and the more dispersed the regional employment among these industries, the less likely a region is to suffer severe economic decline, according to J.C. Dissart.<sup>iii</sup>

### FALLING VICTIM TO THE SIREN SONG OF BUSINESS ATTRACTION

When a community's basic industry is threatened, the usual response is to call for economic development – *any* economic development. Local government officials come under intense pressure to do *something*. Residents want to see action. Traditionally this has translated into a single, cure-all strategy: namely, business recruitment. This has often been termed "smokestack-chasing." Chambers of commerce and development groups across the country commonly fall victim to the siren song of business attraction.

Business recruitment was one of the key driving forces in early economic development programs. In the mid to late 70s, improved road systems, reduced need for skilled workers, and generous state tax incentives made it possible for southern economic development agencies to recruit expanding and new manufacturing facilities to their areas. The competitive advantages that cities like Detroit once had were no longer enough to promote expansion of local companies and, to some extent, weren't even enough to retain existing companies.

Meanwhile, economic development practitioners in the South focused on making contact with companies in the Midwest and Middle Atlantic areas, and pitched them to move to their communities. Industrial parks were built in anticipation of these moves, providing new sites for new facilities, and attractive tax and worker training incentives were made available. Companies evolved that provided site selection assistance to relocating and expanding industries, such as The Fantus Company that basically began this practice in the 1930s.

If communities knew the odds they were facing, they would soon realize that business recruitment alone isn't enough for a healthy sustainable economy. Each year some estimated 12,000 to 15,000 economic develop-

Whether it chases smokestacks or superstores, a community pays another price that is impossible to measure: namely, lost opportunities. By the time residents realize they've squandered precious time and money on inappropriate recruitment efforts, years may have been lost. These are years when the community could have been pursuing more practical and sustainable development options.

ment organizations (the number depending on the source) from large and small cities pursue perhaps 300 to 500 (or more) major plant sitings (again, the number depends upon the source). This translates in simplest terms to approximately 50 communities chasing after each new major facility.

To stay in the running, communities often give away land, infrastructure, and tax breaks, or offer special exemptions from regulations. The "modern" era of incentives began in 1936 when Mississippi enacted a Balance Agriculture with Industry (BAWI) program to lure industry and establish a balance with its farm economy. This high stakes game still continues. It's not uncommon for a competing government to offer an incentive package worth millions of dollars and still lose the bid. Though lesser amounts may be offered to smaller firms, very few smaller communities or rural regions can play at this level.

If a community does manage to bring in a major new business, the reality of the derived benefits may not match the expectations. Often, promised jobs simply don't materialize. If jobs are created, they may last only a few years until the industry is offered an even bigger give-away somewhere else or finds itself no longer profitable, leaving behind unemployed workers and a precarious tax base. Meanwhile, incentives can become a problem if existing local businesses begin to demand similar breaks to remain in the community. Eventually, the hidden costs of incentive packages may come home to roost, forcing officials to choose between higher taxes or reduced public services.

Whether it chases smokestacks or superstores, a community pays another price that is impossible to measure: namely, lost opportunities. By the time residents realize they've squandered precious time and money on inappropriate recruitment efforts, years may have been lost. These are years when the community could have been pursuing more practical and sustainable development options.

### TAKING POSITIVE ACTION

Instead of doing the wrong thing, some declining towns, paralyzed by a community-wide negative attitude, do nothing at all to strengthen their economies. For example, a town may be in denial about a plant closure: "They'll change their minds," residents say, or, "The econ-

omy is sure to turn around." Another may have realized a problem exists but is focusing all its energy on blaming those who it believes caused the problem: the government, the company, or environmentalists. Such negative thinking means that these towns will continue to decline until they realize that revitalization can begin only when inhabitants decide to take positive action.

Local economic development, then, is the process by which local people build organizations and partnerships that provide a positive and sustainable environment for profitable businesses in such areas as workforce skills and education, health care, housing, infrastructural capacity, and the environment. In effective local economic development, a lot of people get involved to decide how the community should change and how to make it happen. Business becomes a means to generate wealth and to make the local way of life more creative, inclusive, and sustainable. The goal is to build market-driven, public-private partnerships that create long-term jobs, income, and wealth. These important partnerships do not occur by accident; they take a lot of work and commitment.

In its broadest sense, according to the International Economic Development Council, economic development encompasses three major areas:<sup>iv</sup>

- ✓ Policies that governments undertake to meet broad economic objectives such as increased tax revenues, high employment, and sustainable growth. Such efforts include monetary and fiscal policies, regulation of financial institutions, trade, and tax policies.
- ✓ Policies and programs that governments, not-for-profit organizations, and for-profit organizations undertake to provide infrastructure and services such as highways, parks, affordable housing, crime prevention, and K-12 education. The primary purpose of these programs goes beyond economic development. Therefore, depending on its mission, the economic development organization (EDO) may or may not address these issues, as they have implications for economic development.
- ✓ Policies and programs explicitly directed at job creation and retention through specific efforts in business retention and expansion, business attraction and marketing, business finance, entrepreneurial development, real estate development, workforce development, and technology-led economic development.

In effective local economic development, a lot of people get involved to decide how the community should change and how to make it happen. Business becomes a means to generate wealth and to make the local way of life more creative, inclusive, and sustainable. The goal is to build market-driven, public-private partnerships that create long-term jobs, income, and wealth. These important partnerships do not occur by accident; they take a lot of work and commitment.

## ADAPTING, RESPONDING, AND PROSPERING IN RAPIDLY CHANGING TIMES

- **Local and regional governments** can establish a supportive environment through policies and practices that encourage the development of existing businesses and the establishment of new businesses.
- **Educational institutions** should adapt to meet the needs of employers and the workforce.
- The **business sector** provides employment and contributes to the social well-being of communities through employing responsible business practices, providing wages and salaries, and paying taxes.
- **Private citizens' groups** should be encouraging desirable types of businesses and patronize establishments beneficial to the community.
- **Communities** can foster an investment-friendly environment in which private investors can expect a reasonable return on their investment.

In developing countries, the concept of economic development usually refers to a broad set of efforts to reduce national poverty and raise national income levels. In this sense, policies and programs focus on a comprehensive approach to economic growth that includes capacity building for its citizens, public and private sector participation, and collaboration. These efforts may focus on improvements to political, legal, financial, transportation, communication, education, environmental, housing, or healthcare systems. Business or employment-specific aspects of local economic development in developing countries may focus on entrepreneurial development, foreign direct investment, and the development and maintenance of efficient production and distribution systems for goods and services.

A number of academic programs called “economic development” exist in a number of universities in the U.S., but they tend to deal with the national level of development rather than the local or regional approach of the American economic development profession. The primary focus of economic development professionals in this country tends to be on policies and programs focused on job creation and business investment.

## ADAPTING AND ADJUSTING STRATEGIES TO CHANGING REALITIES

An important part of economic development is the expectation that increased prosperity contributes to improving the quality of life for each community member (“a rising tide lifts all boats”). To achieve this, communities must understand their local comparative advantages and continually adapt and adjust their economic development strategies to changing realities. To that end, private and public local leadership is a critical factor in effective economic development.

While the goal of business is to increase profitability or shareholder value, the role of government is to provide

those long term investments that promote the wellbeing and prosperity of its businesses and citizenry. As Alexander Hamilton highlighted in his Manufacturing Report presented to the House of Representatives in 1791, the government holds the responsibility to build a foundation so that the private sector can flourish.

Therefore, each sector of a community plays a vital role in promoting economic development. This is ultimately a long-term process that involves numerous organizations and a variety of tools and strategies. Clearly, much of what happens in the global, knowledge-based economy appears beyond the control of individual communities and their development organizations. However, public officials and economic developers can help their communities adapt, respond, and prosper in these rapidly changing times as outlined below:

- **Local and regional governments** can establish a supportive environment through policies and practices that encourage the development of existing businesses and the establishment of new businesses.
- **Educational institutions** should adapt to meet the needs of employers and the workforce.
- The **business sector** provides employment and contributes to the social well-being of communities through employing responsible business practices, providing wages and salaries, and paying taxes.
- **Private citizens' groups** should be encouraging desirable types of businesses and patronize establishments beneficial to the community.
- **Communities** can foster an investment-friendly environment in which private investors can expect a reasonable return on their investment.

## EVOLVING INTO A PROFESSIONAL INDUSTRY

Economic development has evolved into a professional industry of specialized practitioners increasingly working in public-private partnerships that are sanctioned and many times are at least partially funded by local, regional, and state tax dollars. These practitioners have two key roles: one is to provide leadership in policy-making, and the other is to administer policy, programs,

## ACTIVITIES TO FACILITATE SUSTAINABLE DEVELOPMENT

- Development of a skilled workforce
- Investment in the physical infrastructure
- Targeting the recruitment of new jobs that pay higher wages
- Improvement of the business environment
- Availability of marketable land and buildings
- Working toward a sustainable natural environment
- Fostering greater equity in economic opportunity
- Improvement of the quality of place
- Marketing and promotion of the community

and projects. These economic development organizations function as individual entities and in some cases as departments of local governments. Their role is to seek out new economic opportunities and retain their existing business wealth.

Intense competition exists between communities, states, and nations for new economic projects. The level of this competition is demonstrated in the growth of the use of incentives to attract and foster the growth of major employers. The measurements of success for this development activity are normally job creation, a rise in the standard of living, and an increased or retained tax base.

As stated earlier, the economic development professional and the development organization cannot by itself determine the economic fate of a community. Too many private sector decisions are at play. However, the economic development of a community can be positively influenced through the efforts of the various development organizations. These organizations can facilitate sustainable development through their involvement in such activities as:

- Development of a skilled workforce
- Investment in the physical infrastructure
- Targeting the recruitment of new jobs that pay higher wages
- Improvement of the business environment
- Availability of marketable land and buildings
- Working toward a sustainable natural environment
- Fostering greater equity in economic opportunity
- Improvement of the quality of place
- Marketing and promotion of the community

The terms “economic development” and “community development” are frequently used interchangeably. It is difficult to draw hard and fast lines that separate the two concepts. It might be said, however, that community development is the process by which a community focuses on improving the quality of place for its residents. Therefore, the focus of community development generally is the improvement of the living and working environment of its citizens, whereas the focus of economic development is on the improvement of the business investment environment. Clearly, the two areas are intertwined and the ultimate success of one effort is dependent on the success of the other effort.

## CONCLUSION

This article is clearly just a brief introduction to the profession and practice of economic development. However, it is an attempt to capsulize and crystallize an evolving and increasingly complex set of processes and desired outcomes. Hopefully, it can serve as a helpful starting point for a dialogue among local leaders, elected officials, development professionals, and others interested in the pursuit of a healthier and more prosperous community.



## ENDNOTES

<sup>i</sup> Jonathan Q. Morgan, editor, *Economic Development Handbook, Third Edition 2009*, North Carolina Economic Developers Association, p. ix.

<sup>ii</sup> Ibid, p. x.

<sup>iii</sup> J.C. Dissart, “Regional Economic Diversity and Regional Economic Stability: Research Results and Agenda,” *International Regional Science Review*, 26(4), p. 424.

<sup>iv</sup> International Economic Development Council, *Economic Development Reference Guide*, p.3.

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incentives, leveraging retail, **research**, development and technological advancements, entrepreneurship, equality and **equity**, infrastructure, data advancement, foreign direct investments, **reshoring**, creating incentives, leveraging retail, research, development and technological advancements, entrepreneurship, **equity** and equality, infrastructure, data **advancement**, foreign direct investments, reshoring, creating incentives, leveraging retail, research, development and technological

# mr. california economic

## DEVELOPMENT: WAYNE SCHELL

By Paul Saldana, CEcD

**R**onald Reagan, half way through his first term as governor of California, established the state's first economic development program, creating the California Department of Commerce in 1969. A young man, working in Governor Reagan's Office of Intergovernmental Management, would move over to the new department. Ever since then, he has been involved in the establishment of all statewide economic development programs and activities and responsible for the formation of most local economic development programs as well. There is only one individual who has had the passion and commitment to economic development in California since its early beginnings, and that is Wayne Schell. Like most economic developers, however, Schell was not initially educated in economic development, nor did he have an interest in the field.

### MAKING HIS WAY TO CALIFORNIA

Schell attended the University of North Dakota and received his Bachelor of Science in Political Science. After hearing that if he had a law degree, he could get any job he wanted, Wayne continued as a "Fighting Sioux" (now "Fighting Hawks") and received a Juris Doctorate of Law, with an emphasis on urban law. His interest in government and politics could have led him to a political career in North Dakota, as the university has produced a number of leaders, including eight North Dakota governors. However like another "Fighting Sioux" alum, former Los Angeles Lakers Coach Phil Jackson who played at the university during the same time Schell attended, he made his way to California and made his name known among economic developers and governors alike.



Wayne Schell conducting local elected officials training.

### WORKING FOR GOVERNORS REAGAN AND BROWN

An interest in government landed him on Governor Reagan's staff in the office of local government where he served in liaison roles to federal, regional, and local organizations. During Reagan's second term, Schell joined the state's Department of Commerce as director of the Job Development Program. A new governor, Jerry Brown, took office in 1975 and eliminated the Department of Commerce; however, Schell retained his role but worked in a different department within the state structure. By 1978, however, Governor Brown would face critics for California being anti-business and facing re-election, would create the California Department of Business and Economic Development. The plan was developed by Wayne and a few others involved in economic development on a restaurant napkin, merging the state's existing programs into the new department. Wayne would be part of the new team that would not only shape the new department but would become the catalyst for the economic development profession overall.

Throughout most of Governor Brown's second term, Schell helped establish and served as the first director of the Office of Local Economic Develop-

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Paul Saldana, CEcD, is president & CEO of the Tulare County Economic Development Corporation. He served as chairman of the California Association for Local Economic Development (CALED) from 2005-07. (paul@sequoialvalley.com)

### MAKING A DIFFERENCE

*There are not very many people who have spent their entire career and lives promoting local economic development at the highest level of state government. For over 40 years, Wayne Schell did just that, making a difference for the communities and all of California. Share the journey of a profession and the professional whose legacy in California is much like that of his college classmate Coach Phil Jackson, a legacy of a championship coach whose energy, commitment, and passion continue to be evident throughout the economic development community.*

## WAYNE SCHELL

- President & CEO, California Association for Local Economic Development, 1990-2012
- President & Founder, Economic Development Services, 1983-1990
- California Department of Economic & Business Development, 1978-1983
- California Department of Housing & Community Development, 1975-1978
- California Department of Commerce, 1973-1975
- Governor's Office of Local Government, 1969-1973
- 2006 recipient, IEDC Chairman's Lifetime Achievement Award
- 2000 recipient, California Economic Development Golden Bear Award
- Fellow Member, IEDC

ment, where he would work with over 30 communities throughout California to create economic development strategies and attract over \$10 million in economic development grant and loan opportunities. He saw first-hand the challenges local cities and counties faced in economic development and sensed the need for collaboration and training among the few local economic development programs that existed. In response, he again met with a few others involved in economic development at the time and founded the California Association for Local Economic Development (CALED) in 1980, where he served on the founding Board of Directors.

## CONTINUING HIS ROLE IN BUILDING ECONOMIC DEVELOPMENT IN CALIFORNIA

As the transition between Governor Brown and his successor Governor George Deukmejian took place, Schell served as the interim director of the Department of Economic and Business Development. Not being a "caretaker" but rather continuing his role in building economic development in California, he helped the new governor craft a special California initiative for economic development and job creation. This initiative included the creation of the California Economic Development Corporation, a small cities block grant program for economic development, a secondary market for state and local revolving loan funds, and California's enterprise zone program, the latter being responsible for hundreds of thousands of jobs in the economically distressed areas of California. Governor Deukmejian's program reflected Schell's passion and concern for rural and small communities, a focus that would become his legacy in California economic development.

Governor Deukmejian continued to expand economic development, establishing foreign trade offices and tourism and business development promotion, doubling the economic development budget, and changing the name back to the California Department of Commerce. Seeing the expansion and attention to economic devel-

opment at the state level had the governor's full attention and following his entrepreneurial attitude, Schell formed Economic Development Services (EDS). For the next seven years, EDS helped develop over 40 economic development strategies at the state and local level, and it assisted over 20 private sector companies, 16 economic development corporations, and ten state governments. More notably, Schell's team achieved 100 percent success in developing and securing funding for communities' industrial park and business development projects. Throughout this time, he maintained an active role in CALED, helping to grow its programs and membership and volunteering at conferences and other programs. But the real growth of the profession and CALED took place with Wayne as the organization's leader and champion.

Schell became president & CEO of CALED in July of 1990 and remained in this role for 22 years until his retirement in 2012. He took a meager budget and 150 members to a nearly \$1 million budget and over 980 members. His most notable organizational internal achievement was retaining 98 percent of members during his tenure. This was due in large part to the programs that he instituted within CALED as well as his continued role in championing economic development on a statewide level, and coaching and motivating many of us at the local level. Sounds a bit like Phil Jackson's tenure in Los Angeles!

In 1992 when Governor Pete Wilson elevated the Department of Commerce to the cabinet-level Trade and Commerce Agency, Wayne was involved in shaping the focus of the new agency. He was at the table when the Economic Strategy Panel was established and the California Infrastructure and Economic Development Bank was created. He was there when Governor Gray Davis added "technology" to the agency and when the Legislature eliminated the agency and defunded many of the economic development programs.

When Governor Arnold Schwarzenegger established an internal economic development partnership to coordinate a state economic development response, Schell was there advocating for the need for a statewide pro-



With past chairs of the California Association for Local Economic Development (CALED), Wayne Schell (far right), and (L to R)Steve Duckett, Bruce Ackerman, Paul Saldana, Barry Sedlick (Golden Bear Award recipient), David Biggs, and Bill Carney.

gram. He helped to establish Team California, an independent non-profit to market California and encouraged Governor Schwarzenegger to designate the Business Transportation and Housing Agency as the lead economic development group in the state. When Governor Schwarzenegger wanted to create a governor's office of economic development, there was Wayne, supporting the governor's executive order and appearing before the legislature advocating for the office.

Who knew 28 years later, Jerry Brown would return to the governor's office and with it face the challenge of the state's response to economic development. And there was Wayne, with the advocacy and leadership to support the governor's legislative efforts to fully restore the Governor's Office of Economic & Business Development and reassemble the programs and activities that he had helped the state establish over the years. The difference, however, would be that Schell was working for local economic development from outside state government, a passion he developed working within state government for Governor Brown decades earlier. While he has been involved in every element of California's economic development from its beginnings with Governor Reagan to the current form with Governor Brown, his sustaining mark is felt at the local economic development level.

### **SUSTAINING MARK IS FELT AT THE LOCAL ECONOMIC DEVELOPMENT LEVEL**

Throughout his career, particularly at CALED, Schell has traveled to every county and most all of the cities within California. Most of his time has been spent in rural communities that could not hire professionals or consultants to help with their economic development needs and challenges. His support of local efforts has helped sustain local economic development organizations. For example our organization, the Tulare County Economic Development Corporation, which is one of the oldest in California established in 1983, has had his coaching, training, and support throughout this time. For many other organizations, from Shasta to the north and Imperial in the south, from coastal communities like Monterey and Lompoc, to the Sierra counties like Calaveras, he has been there to support and encourage economic development programs at the local level. His advocacy was not, however, just limited to encouragement but also to establishing programs through CALED to support local economic development.

He led efforts to establish technical assistance, training, and education of economic development professionals and local elected officials throughout California. Through his leadership, he established the California Academy for Economic Development, which provides education and professional research opportunities for professionals. Schell led CALED to sponsor the creation of the California Enterprise Development Authority to provide low-cost financing alternatives to nonprofits and manufacturers. Recognizing the information needs of local economic developers, he developed the nationally recognized monthly economic development "Bulletin" and "Edlerts" to keep the profession in California informed of important trends and information.

**Throughout his career, particularly at CALED, Schell has traveled to every county and most all of the cities within California. Most of his time has been spent in rural communities that could not hire professionals or consultants to help with their economic development needs and challenges.**

Schell promoted sustainable development, regional coordination, and technological support for economic development. He engaged economic developers throughout California and ensured that the CALED Board had not only geographic representation but also representation from the different types of entities involved in economic development as well as demographic diversity.

### **ENERGY, COMMITMENT, AND PASSION**

His contributions to California economic development were recognized in 2000 when CALED bestowed the Golden Bear Award, California's highest economic development honor. He was selected as a "Fellow Member" of the International Economic Development Council (IEDC) where he also received the Chairman's Lifetime Achievement Award at the 2006 Annual IEDC Conference. His joy, as he once stated, has been to watch the development and growth of local economic development organizations and programs in California. However, his pioneering attitude went beyond the corridors of the State Capitol and the city halls, and county government centers, finding its way to the plains of Wyoming for more than 30 years.

Schell enjoyed going to the plains of Wyoming every year and cattle ranching with friends who ranch there and often found the solace of riding a horse and the open country an opportunity to enjoy time in a more undeveloped and serene setting. In retirement, he now enjoys "fabulous sunsets" from his five-acre ranch setting in Northern California. While he enjoys his time and settled pace of life, he is always available to those professionals who seek him out when they have a challenge facing their economic development program. Although the calls may not be as frequent as they were with CALED, Wayne continues to leave his mark on economic development in California as all of the programs he helped establish continue to thrive and succeed today.

His attitude about the economic development profession can be embodied in this quote from IEDC's ED Now, which interviewed him following his retirement in 2012: "I'm too young in mind to give it up. I'm too energetic, too committed and passionate about what we (economic developers) do." Like his fellow Fighting Sioux Phil Jackson, a conversation with him still shows that energy, commitment, and passion for our profession and the individual professional. And like Jackson, he is the consummate coach, always encouraging your individual performance but reminding you that you are part of a team – a team competing to win new economic investment and jobs for your community. ☰

# paul strasbaugh

By Roy H. Williams, CCE

**b**orn in 1919, Paul Strasbaugh was raised amid the noise of industry in New Freedom, PA, where his father worked as a foreman in one of the nation's first plastics factories. His early exposure to the benefits manufacturing jobs could bring to a community and to the families employed there influenced his future in profound ways.

After graduating from Dickson College, he joined many others in his generation to fight in WWII, during which he participated in the Battle of the Bulge in Europe in the winter of 1944. Finishing his US Army career at Camp Chafee in Arkansas near the Oklahoma border, he applied for a job nearby at the Oklahoma City Chamber of Commerce.

Strasbaugh was hired and in 1946 became part of a new generation of economic developers. Their mission to rebuild cities and provide opportunities for millions of returning soldiers was vital to both the local and national economy. In Oklahoma City, he also was met with ever greater opportunity, as the young city wasn't even 60 years old and the pioneering spirit that brought settlers to the area was still strong in the business and community leadership. They were determined to create one of America's greatest cities.

## STRASBAUGH AS BUSINESS RECRUITER

Strasbaugh wasted no time in making an impact on this growing community. His first project was helping to locate O'Brien Paint Co. to the city.

Buoyed by his success, he then began working on what would become one of his legacy projects. Collaborating with Oklahoma United States Senators Robert S. Kerr and Mike Monroney, the three landed a large Federal Aviation Administration center for the city's airport, now the Mike Monroney Aeronautical Center. The Center is the largest facility of the Department of Transportation outside of the Washington, DC area and remains as a mainstay of the area's economy, employing 7500 people in direct and contract positions.

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Roy Williams is President and CEO of the Greater Oklahoma City Chamber. (williams@okcchamber.com)



Paul Strasbaugh makes a presentation to General Bryce Poe, former commander of the Air Force Logistics Command.

Strasbaugh had a hand in business recruiting during his entire 36-year career at the Chamber, leading one of the most effective economic development programs in the nation during this period. His fingerprints can be seen on projects that brought more than 100,000 jobs to the area from a list that includes some of our nation's best known and most respected companies, including Western Electric, Honeywell, Firestone, Xerox, Hertz Corporation, York Corporation, and General Motors.

## STRASBAUGH AS URBAN PIONEER

Strasbaugh's work was not limited to industrial recruitment. Faced with a flight of businesses and families to suburbia and a deteriorating downtown infrastructure, Strasbaugh turned his attention to

## PIONEER OF ECONOMIC DEVELOPMENT IN POST-WAR AMERICA

Paul Strasbaugh was a post-war economic and community developer that spent more than 60 years in the field, working as a business recruiter, urban pioneer, developer and community champion. His fingerprints can be seen on nearly every major project in Oklahoma City during this time period and he helped to bring more than 100,000 jobs to the city. He was an early champion of downtown redevelopment and helped to pioneer the creation of industrial parks and development financing entities.

steering the city's redevelopment efforts. He was distraught by the deterioration of the once vibrant downtown that attracted him to the area. His focus and determination to remake the city's core made him an early leader of urban economic development and an unabashed champion of downtowns. In 1967, he was quoted in a U.S. News and World Report article about economic development saying "It takes jobs to build a city. The base for these jobs is industrial development, and that requires a strong central city. The massive support services of transportation, water supply, sewage disposal, education and cultural activities all have to be provided for by the central city. If you don't have these elements in place, you cannot attract industry."

He was instrumental in forming the city's urban renewal authority and the development of a new plan for the downtown created by renowned architect I.M. Pei. He set out to implement the "Pei Plan" through a combination of public and private investment. He was instrumental in securing \$35 million in federal funding for Oklahoma City's program. He then went on to secure matching private sector pledges and city council support that resulted in the construction of three public parking garages, three office towers, and the city's Myriad Gardens.

Strasbaugh then turned his attention to redeveloping the city's visitor industry. Forty years prior, the city's central location made it a common stop for the nation's conventioneers with only New York and Chicago drawing more visitors. He wanted to bring back this lucrative industry and led a campaign for a public vote to fund a new convention center (1972) and to pass a hotel/motel tax plan for expanding visitor marketing and attraction.

Another visitor project, this time an attraction, was a favorite project of Strasbaugh – the National Cowboy Hall of Fame in Oklahoma City. He had a real love for western art and revered the history of the West. He played a leading role in the location and construction of the museum and when some wanted to relocate it to another state, he led an effort that ensured its retention atop Persimmon Hill on the city's northeast side. The museum has since expanded and is now known as the National Cowboy and Western Heritage Museum. The museum also hosted Strasbaugh's memorial service on his passing in 2009.

## STRASBAUGH AS DEVELOPER

Strasbaugh "retired" from the Chamber in 1982 to become general manager of Oklahoma Industries Authority (OIA) and the Oklahoma City Industrial and Cultural



*Paul Strasbaugh joined the Chamber in 1946 after returning from World War II.*

Facilities Trust, positions he held until the end of his life. He helped create OIA and its forerunner organization Oklahoma Industries, Inc., which was started following World War II to create industrial parks. Development corporations and industrial parks were both novel ideas in the mid 1940s.

OIA's and the trust's work initially involved the acquisition of properties; construction or expansion of suitable facilities; and leasing facilities, capital equipment and other improvements to responsible firms and organizations.

The original projects included a 90-acre development just northeast of downtown – which attracted local pioneering manufacturer Macklanburg-Duncan; followed by two additional parks that brought Western Electric and Honeywell.

This new era of development and public private partnerships was soon expanded beyond industrial projects to include development of medical, educational and cultural facilities.

Beyond the hundreds of businesses impacted by the work, these efforts also financed the construction of sprawling health care complexes, cultural enrichment projects at the National Cowboy Hall of Fame and the Amateur Softball Hall of Fame and Stadium (home to the Women's College World Series since 1990), and major expansions of Oklahoma City University and the University of Oklahoma Health Sciences Center campus.

When tragedy struck Oklahoma City on April 19, 1995 with the terrorist bombing of the Murrah Federal Building, Paul led the Oklahoma City Industrial and Cultural Facilities Trust in the acquisition, preservation and redevelopment of the historic Journal Building, which was heavily damaged by the blast. Today the building houses the Oklahoma City National Memorial, which honors the victims, survivors, rescuers, and all who were affected by this tragic event.

Since 1945, these economic development entities have been crucial to more than 200 projects that developed more than 3,000 acres and built more than \$1.5 billion in facilities. Their impact can be seen, not just in the projects' original intent but as legacy projects that continue to generate new uses and a continuing impact over time.



*Artist rendering of the Western Electric plant in Oklahoma City, 1961.*

## PAUL STRASBAUGH

1946 - 1948	Assistant Manager, Industrial Development Division, Oklahoma City Chamber of Commerce
1948 - 1962	Manager, Industrial and Oil & Gas Divisions, Oklahoma City Chamber of Commerce
1962 - 1968	General Manager, Oklahoma City Chamber of Commerce
1968 - 1982	Executive Vice President, Oklahoma City Chamber of Commerce (comparable to President & CEO today)
1982 - 2013	General Manager, Oklahoma Industries Authority, Oklahoma City Industrial and Cultural Facilities Trust

## A LEGACY PROJECT

One of Strasbaugh's most complicated and heralded projects would also grow to be one with perhaps the most important long term impacts.

He led the effort to bring a General Motors assembly plant to the community in the early 1970s. The project included the assembly of a 436-acre site located on the south side of Tinker Air Force Base and required working through a myriad of challenges, including the use of then innovative methods of compliance with the evolving Clean Air Act.

Separately, the General Motors plant would require an adjacent mile-long marshalling yard for the Santa Fe Railroad. Land was acquired by OIA and deeded to Santa Fe. Later a second marshalling yard was required to better serve the GM plant, which necessitated the closing of an arterial street. The project was announced in 1973 but just months later, the construction was halted due to an economic downturn. Undeterred, Paul pressed on and the facility was eventually constructed, with the first automobile, a Chevrolet Citation, rolling off of the assembly line in 1989.

The facility surpassed all of its economic forecasts, employing 5,000 people at its peak and producing more than five million passenger cars. The plant was shuttered by GM in 2006 as it closed eight other facilities nationwide in an effort to hold off bankruptcy.

The closure brought back to the forefront the need for Strasbaugh's knowledge and understanding of the GM site and its owner, GM, and also the mile-long Santa Fe railroad marshalling yard, now owned by BNSF. He was a close advisor in his last years as the economic development team put in motion plans to secure the GM facility for use by the U.S. Air Force.

The 3.8-million-square-foot plant presented an unprecedented opportunity for the Air Force to create a world class manufacturing facility. The plant was purchased using \$55 million in Oklahoma County bond

funds secured through a 2008 public vote and then sold to the Air Force for a dollar. The Air Force is investing up to \$100 million in the building to transform the facility and will eventually demolish 2.2 million square feet of substandard buildings.

The legacy of Paul Strasbaugh further lives on through the acquisition and conversion for use by the Department of Defense of the BNSF railroad marshalling yard that served the GM plant. Acquisition and transfer of the railyard to the Department of Defense took another seven years, but was finally accomplished in February 2015 in a complicated purchase that included the U.S. Air Force, the Oklahoma Industries Authority, City of Oklahoma City, Oklahoma County and State of Oklahoma. This new site will be home to maintenance facilities for the new KC-46A refueling tanker and has room to add two additional missions for the base. Those who completed this transaction learned their trade from the master of the art and science of economic development, Paul Strasbaugh.

## WORKING TO MAKE OKLAHOMA CITY A BETTER PLACE TO LIVE AND WORK

Paul Strasbaugh spent 63 years of his life working to make Oklahoma City a better place to live and work and the continued growth and redevelopment today is possible due to both the physical infrastructure he helped to attract or build and the cooperative support structure that is the community's foundation of economic development success. The cooperative partnerships and the culture of the public and private sectors working together to solve the community's problems – and take advantage of its opportunities – is in no small part due to the work of Paul Strasbaugh and the tools he helped to create.

"Paul was singularly focused on making a difference in this city," explained Roy Williams, current CEO and president of the Greater Oklahoma City Chamber. "To have worked for one organization that long, execute at the level he was able and then to see the phenomenal changes that have taken place is rare and probably won't

**Paul Strasbaugh spent 63 years of his life working to make Oklahoma City a better place to live and work and the continued growth and redevelopment today is possible due to both the physical infrastructure he helped to attract or build and the cooperative support structure that is the community's foundation of economic development success. The cooperative partnerships and the culture of the public and private sectors working together to solve the community's problems – and take advantage of its opportunities – is in no small part due to the work of Paul Strasbaugh and the tools he helped to create.**

Perhaps one of Strasbaugh's greatest assets was his humility. He frequently would quote Harry Truman to say "that it is amazing what you can accomplish when you don't care who gets the credit." To him it was more than a saying; it was a way of life.

happen again. Residents of Oklahoma City today benefit from his work every day – when they drive on an interstate he pushed for, visit a hospital he helped to finance, park in a garage downtown, visit a museum or the convention center or countless other ways."

Perhaps one of Strasbaugh's greatest assets was his humility. He frequently would quote Harry Truman to say "that it is amazing what you can accomplish when you don't care who gets the credit." To him it was more than a saying; it was a way of life. Credit for Strasbaugh was seeing the dramatic development and redevelopment of Oklahoma City in his lifetime. His only regret was not living long enough to see the completion of Devon Energy's 50-story tower underway in downtown – a building greater than even he had ever imagined for the city he worked so hard to build.

Near the end of his life, in 2008, Strasbaugh was honored with a lifetime achievement award from IEDC. In his acceptance speech, he reminisced about the greats of the industry that he had worked with and known and reiterated the importance of the role of the economic developer. Strasbaugh said, "The one thing that will not change is the role you and your organization play in the economic development of your city, state and region. You are the planners and implementers essential for the future of this great nation." ☺



Paul Strasbaugh meets with Oklahoma City Mayor Ron Norick in 2013.

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# “what are they

## GOING TO CALL IT?”

By C. Mark Smith

In September 1990, Sam Volpatest celebrated his 86th birthday and nearly three decades of labor on behalf of Tri-Cities Nuclear Industrial Council (TCNIC) and Tri-Cities Industrial Development Council (TRIDEC) located in southeastern Washington State.<sup>1</sup> A former tavern owner turned community activist, Sam was already 45 and had completed one career when he first arrived in the Tri-Cities in 1949. He survived what was thought to be life-ending cancer when he was elected as president of the small Richland Chamber of Commerce in 1959. Because of his personal friendships with members of Washington's powerful congressional delegation, Sam soon became the “go-to-guy” for anything requiring federal funding in the Tri-Cities.

Along with the publisher and editor of the *Tri-City Herald*, he created TCNIC in the early 1960s in response to persistent rumors that the federal government was going to shut down the eight plutonium production reactors at Hanford. The 670-square-mile Hanford Site, acquired by the Army in 1943 as a part of the Manhattan Project to build the atomic bomb, was the region's largest employer. The production reactors were deactivated between 1965 and the mid-1980s, and Sam led the efforts to replace them and their economic impact with other projects and missions, most noticeably, an effort to create a multiple-reactor commercial energy park at Hanford to produce electricity that would be shipped throughout the West.

TRIDEC, a more diversified economic development organization, had been formed over Sam's strenuous objections in 1985 during a new economic crisis that resulted following the failure of several proposed Hanford programs and the collapse of the Washington Public Power Supply System (WPPSS) which resulted in the largest bond default in American financial history. Sam had been persuaded to stay on at TRIDEC in charge of Hanford programs.

For 38 years, Sam Volpatest peddled wholesale groceries and sold beer. Then he survived cancer and spent the next 46 years promoting his community and building its economy. Finally, one of the projects he landed made history.

The Tri-Cities had grown by only 14,000 in the decade between 1980 and 1990 and Richland's population had actually declined by 1,263 residents. A landmark agreement between the Department of Energy and state and federal regulators demanded that Hanford workers and

the broader community adopt a completely new culture that was oriented away from production and toward cleanup of the Hanford Site.

### ADOPTING TO A NEW CULTURE

Old attitudes, both “inside and outside of the fence,” needed to change if they were to achieve any real progress. Too many contractors, DOE managers, and community leaders were associated with the way things had always been done in the past at Hanford. Sam came to understand that there were those at DOE headquarters in Washington and locally who saw him and congressional contacts as a limitation on their own freedom of action to pursue the difficult challenge that lay ahead. There were still others in the community and around the state who believed that he was past his prime. Yet others wondered what would happen if something were to happen to him and felt he should be training a replacement. When people asked him about his retirement from TRIDEC, he was evasive. “I'm torn between wanting to do something else besides work for a change. But on the other hand, I don't like to walk away when there's still something to fight for or work to be done.”

### WORKING ON NEW PROJECTS

He worked on a new series of projects at Hanford, still hoping to find programs that would create new jobs and replace those lost during the boom and bust periods of the past 20 years. One such project was the Superconducting Magnetic Energy Storage System program. Begun in 1986 SMES, as



C. Mark Smith (right) presents Sam Volpatest with IEDC's Chairman's Award for Lifetime Achievement in Economic Development at a community gala on the occasion of his 100th birthday.

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C. Mark Smith, FM, HLM, spent 40 years managing economic development organizations at the federal, state and local level. He spent 25 of those years serving on the boards of the Council for Urban Economic Development (CUED), the American Economic Development Council (AEDC), and the International Economic Development Council (IEDC).

He is the author of numerous articles in professional journals and is the author of two books of political biography including *Community Godfather: How Sam Volpatest shaped the history of Hanford and the Tri-Cities* from which this article is extracted. In 2015, he published a history of Lewis & Clark on the Snake and Columbia Rivers, *From the Mountains to the Sea*, designed for cruise boat passengers. He is currently working on a biography of 10-term Washington congressman, Doc Hastings. ([www.cms-author.com](http://www.cms-author.com))

## ABOUT SAM VOLPENTEST (1904–2005)

1921-1942	Wholesale grocery salesman
1942-1949	Managed businesses for others
1949-1959	Tavern owner
1962	Cancer survivor
1963	Tri-Cities Nuclear Industrial Council
1985	Tri-Cities Industrial Development Council
1963-2004	Community Cheerleader, Registered Lobbyist, Community Icon
2004	Winner of IEDC's Chairman's Award for Lifetime Achievement in Economic Development

it became known, was an important component of the Reagan administration's proposed laser missile defense system. However, it fell prey to the elimination of many of the Reagan administration's defense-related priorities after the election of President George H. W. Bush in 1988.

Another was the \$230 million, 200,000-square-foot Environmental Molecular Science Laboratory (EMSL), built by the U.S. Department of Energy on Battelle's Pacific Northwest National Laboratory (PNNL) campus, located adjacent to the Hanford Site. EMSL is a state-of-the-art research laboratory where scientists and researchers from all over the world can undertake research into the world's greatest environmental, health, and energy challenges at the molecular level while still interfacing with the physical and life sciences in an integrated and collaborative manner.

A third new project Sam worked on had nothing to do with Hanford's nuclear past. The Laser Interferometer Gravitational-wave Observatory (LIGO) was a large-scale physics experiment designed to detect gravitational waves that were believed to have originated hundreds of millions of light years away from earth during the creation of the universe. Those waves were thought to be so small that they would be roughly equal to one-tenth of a trillionth of the diameter of a human hair. They had first been predicted by Einstein's Theory of General Relativity in 1916. The proposed observatory would measure these waves using laser interferometers – mirrors suspended at each corner of an L-shaped tunnel two and a half miles long on each side. Precision laser beams in the interfer-



With Senators Henry M. Jackson (left) and Warren G. Magnuson at the height of their legislative powers in 1980.



Sam Volpatest's success as a hot-shot wholesale grocery salesman is evident in this 1925 family photo.

ometers were supposed to sense the slightest motions of the mirrors caused by a gravitational wave.<sup>2</sup>

## LANDING THE LIGO PROJECT FOR HIS COMMUNITY

In 1989, Gene Astley, a former associate laboratory director at PNNL, received a call from a physicist at the lab who told him that the National Science Foundation was looking for two sites in the United States to build LIGO observatories. One of them was slated to be located in Livingston, Louisiana, which was represented by Senator J. Bennett Johnston (D-LA) who had replaced Senator Henry M. "Scoop" Jackson (D-WA) as the chair of the Senate Energy and Natural Resources Committee and was also a member of the Senate Appropriations Committee. There were 18 candidates for the other site. The Battelle physicists believed that Hanford was a perfect place for one of the observatories, but felt they could not become involved without causing LIGO's sponsoring institutions, the California Institute of Technology (Caltech) and the Massachusetts Institute of Technology (MIT), to eliminate a Hanford location as a contender.

As Astley remembered it, the leading competitor for the second LIGO site was somewhere in Texas. He went to Sam Volpatest at his office at TRIDEC and told him that they needed to meet with scientists at Battelle and Sam's contacts in Washington, D.C. to make sure that Texas didn't beat out Hanford as the other site. "Texas! I'll take care of that," Sam said. "What is it?"

"It's a Laser Interferometer Gravitational-wave Observatory," Astley responded.

"What are they going to call it?"

"LIGO," Astley replied.

"I'd better write it out . . . What is it again? Oh, never mind. I don't want to know."

Astley explained the concept to him again. "Oh, OK. I can remember that," and Sam flew off to Washington, D.C. the next morning.<sup>3</sup>

"Sam came back from his trip to D.C. saying that he thought it should be possible to beat out Texas. From



As executive vice president of the Tri-Cities Nuclear Industrial Council, Sam commissioned the first set of marketing materials used to attract new contractors to Hanford. Here, he is making a pitch to visitors in 1970.

Credit: Tri-Cities Economic Development Council photo.



LIGO Visitor's Complex after completion of the 2010 upgrade. LIGO is located at the Hanford Site near Richland, Washington.

then on I never had to say another word to him. He just went out and got done what needed to be done. Hardly anyone ever knew he was doing it. He never said a word about it until the deal was locked up." Sam worked for the next two years on the project. "I didn't look over Sam's shoulders. Once he had an assignment, you just stood back and let him do his thing. He had lost the 200 BeV Accelerator to Texas and he wasn't going to lose another project to them."<sup>4</sup>

Sam flew back to Cambridge, Massachusetts to deliver one of his patented Tri-Cities sales pitches to the officials at MIT. A former TRIDEC staff member remembers flying around in a small Cessna with officials from Caltech during one of their several visits to the Tri-Cities. "We really wined and dined them."<sup>5</sup> Gary Petersen, Sam's longtime associate at TRIDEC, remembered that Sam used to sit in his office at TRIDEC and practice saying the words – Laser Interferometer Gravitational-wave Observatory – over and over again out-loud so he could repeat them flawlessly when he talked to others about the project. He was still able to repeat the tongue-twisting name ten years later at the unveiling of a special wall dedicated to him at the Volpentest HAMMER Education and Training Facility. "He loved to be able to repeat the complicated names. He didn't understand the science behind them, but he gave the impression to others that he did."<sup>6</sup>

### PUTTING HIS OWN SPIN ON THE LIGO PROJECT

It took a little longer than expected to work out the details of locating the facility on DOE land at Hanford. The location was almost scuttled when a story appeared in the *Washington Post*, under the headline "Nightmare of poisoned earth – Volatile mess at Hanford," during a critical time during the negotiations. Sam had to step in and repair the damage the article had caused and convince the scientists at Caltech and MIT that the Hanford site had merit because of its scientific community; it was not just a waste site.<sup>7</sup> Sam worked closely with Senator Bennett Johnston (D-LA) on the project, becoming personal friends and creating a lasting relationship.

The groundbreaking for the LIGO observatory at Hanford took place on July 6, 1994. Sam, of course, put his own unique "spin" on the project. "I think it is a tremendous thing (because it) proves to the rest of the country that we're not a garbage dump out here."<sup>8</sup> On February 1, 1996, Thomas E. Everhart, president of Caltech, wrote

a letter of appreciation to Bud Russell, then TRIDEC's chairman, recognizing Sam for his help on the project:

As an ally, Caltech and NSF could not have found a better person than Sam Volpentest. His loyalty to LIGO is only superseded by his tremendous advocacy for the long-term overall interests of the Tri-Cities area. For what Sam has done and continues to do, Caltech is very grateful.<sup>9</sup>

### FAILURE AND EVENTUAL SUCCESS

At the cost of \$365 million, LIGO was the largest and most ambitious project ever funded by the National Science Foundation. It took five years to calibrate the lasers, but LIGO began its search for cosmic gravitational waves in August 2002. The first search for gravitational waves began in 2002 and concluded in 2010 and found no gravitational waves.

A complete redesign of LIGO's instruments was completed in 2010 and 2014, making LIGO's new interferometers 10 times more sensitive. Then, on September 14, 2015 at 2:50 a.m. the LIGO detectors in Livingston, LA, and Hanford, WA, made the world's first direct detection of gravitational waves, heralding a new era in astronomical exploration. The gravitational waves detected by LIGO on that fateful day were generated nearly 1.3 billion light years away as two black holes collided and merged into one.<sup>10</sup>

History was made on that day because an 85-year-old local economic developer named Sam Volpentest had enough competitive spirit left in him to get on an airplane and do the nuts and bolts work that was necessary in order to land an important project for his own community and deny it from going to another state. For this, and a lifetime of other work worthy of our profession, Sam Volpentest was awarded IEDC's Chairman's Award for Lifetime Achievement in Economic Development on the occasion of his 100th birthday in 2004. ☺

### ENDNOTES

<sup>1</sup> The Tri-Cities MSA consists of Kennewick, Pasco, and Richland, Washington. They are separated by the Columbia River and have an estimated population in 2015 of 275,000.

<sup>2</sup> As it turned out, even this level of sophistication was inadequate to sense the smallest waves. As this is being written LIGO is being upgraded to place upgraded detector subsystems into the existing infrastructures which is expected to generate a ten-fold improvement in sensitivity and yielding a thousand-fold increase in the volume of space that LIGO can survey.

<sup>3</sup> Gene Astley, interview with the author, February 22, 2013.

<sup>4</sup> Gene Astley, interview with the author, March 6, 2013.

<sup>5</sup> Lindsey interview, February 22, 2013.

<sup>6</sup> Gary Petersen, interview with the author, November 14, 2012.

<sup>7</sup> "LIGO observatory rolling to Hanford," (ed), *Tri-City Herald*. February 23, 1992. D2.

<sup>8</sup> "Groundbreaking for LIGO today," *Tri-City Herald*. July 6, 1994. A3.

<sup>9</sup> Thomas E. Everhart, letter to Bud Russell. February 1, 1996. Volpentest family papers.

<sup>10</sup> <http://www.tri-cityherald.com/news/local/article59750346.html>. (Accessed February 12, 2016).