

## An Introduction to Economic Development

**What is economic development?** Economic Development is the proactive management of the business atmosphere to encourage the growth, promote prosperity and meet the needs of the community. A community needs to evaluate, plan, and implement to be successful with economic development.

### **EVAULATE**

What does the community have to support business? Answering that question requires an honest evaluation of the resources available in the community. Items that need to be considered are:

- Current business climate: Who is here now? Who is successful and who struggles? What does the labor force look like? What does the community currently support?
- Regulatory environment: Are there impediments at the federal, state or local level that deter business? What can be done to make regulations predictable and fair?
- Needs vs. Wants: Everyone wants a big manufacturer or big retailer, but is that realistic in the community? If a big project landed would the community be able to support it?
- Political willingness to use tools: Is there support to use tools like tax abatements or cash assistance? Knowing the tools available ahead of time will avoid frustration and embarrassment later in the process.

Honesty evaluation of the community will determine success, not well-meaning desires for development. The conversation can be difficult, but is essential to developing a meaningful economic development program. Beginning with realistic expectations produces positive results.

### **PLAN**

After evaluating the current conditions, an action plan can be developed for economic development. Broadly speaking, economic development activities fall into four different categories:

- Retention and Expansion: Businesses already in the community.
- Business Recruitment: Actively pursuing new businesses from outside the community.
- Entrepreneurship: Long-term process of developing and supporting new small businesses.
- Community Vibrancy: Creating a quality place to live, work, and play.

Each individual category has different objectives and strategies that can be used. It is critical to establish realistic objectives and try to build community support. Community buy-in will significantly improve the likelihood of success. Buy-in empowers decision makers to take risk and accept the consequences, good or bad.

### **IMPLEMENT**

Establishing who will work the plan and defining roles is key to success. Everyone has a role to play in the process, but it is important to understand what those roles are within the community. When there is a dedicated person or organization for economic development, allow them to do the job they have been hired to do. Stay in your lane and allow the process to unfold. Resist the urge to become

involved in all phases of the process. The process of economic development is there to help the community thrive as well as ensure fairness and consistency. Acting independently or outside of the process can create problems for businesses, professional staff, and you as elected officials. Do not be the reason that a project passed on your community.

### **THINGS TO CONSIDER...**

**Do the math.** Cost benefit analysis measures many direct financial benefits, but that is only one thing to consider. What should your community count to determine success? Is your goal population growth or tax base expansion or retail growth? What are the things that are most important to your community? Why do you want certain businesses?

**Everything has a cost and risk, real or perceived.** Is the community willing to accept the risk and potential downside for a development project? Try to understand the costs and benefits associated a project beyond the bottom line numbers.

**Not all projects are the right project.** It is important to consider what would happen if the project actually chooses your community. What would be the impact on the community? Does the community have the infrastructure, resources, and people to make this project successful in the long term? What will happen to the existing businesses and quality of life of the community with this project?

**Confidentiality is a must.** Although it may be difficult to understand, confidentiality is required for success. There is delicate balance between keeping the public informed and meeting the needs of a business. It is counterintuitive in many ways because government must be open and transparent. However, failure to maintain confidentiality will quickly end projects and create a reputation that the community is not ready for business investment.

**Think regionally.** While every official answers to a constituency, business does not observe political boundaries. What is good for the region is likely good for individual communities even if there are no direct financial benefits. Building a strong business ecosystem enhances an individual community's chances for success.

**Think creatively.** Most projects require some degree of creativity or flexibility at some point in the process. Flexibility may be anything from expediting permits, providing infrastructure assistance or any other assistance that lowers barriers to entry for a business. Is the community willing to make reasonable accommodations to make a project happen?

**Celebrate success.** Too often communities fail to acknowledge their success or tell their story. Success may be small, but it must be celebrated. Success builds momentum which can lead to more success and an improved perception of the business climate. Tell the community's story and celebrate the wins no matter how small.