

### Five General Components of Economic Development Practice

- Organizational Development
- Infrastructure Development
- Business Development
- Workforce Development
- Community Cash Flow Development

adapted from "Learning to Lead: A Primer on Economic Development Strategies," by Maury Forman & Jim Mooney, Washington State, Office of Trade and Economic Development, [www.oted.wa.gov/ed/cea/publications/learningtolead/default.htm](http://www.oted.wa.gov/ed/cea/publications/learningtolead/default.htm)

### Examples of Contemporary Economic Development concepts:

- Ahwahnee Principles
- Global Competition
- Livable Communities
- New Economy
- New Urbanism
- Regionalism
- Smart Growth
- Stewardship
- Sustainable Development
- Third Stage Economic Development

*\*see glossary for definitions*

## The Five Economic Development Components

In terms of implementation, there are **five general components**, which influence the quality and effectiveness of economic development. These components, listed in the box at left are detailed later in this chapter.

For each component, there is an array of **strategies** to accomplish a community's selected goals and objectives. Some of these strategies are shown in the table on page 15. For example, business development could be accomplished through business recruitment, business retention and expansion, or entrepreneurial encouragement.

As economic development has become more ingrained in the public consciousness, strategies for implementation of economic development plans are increasingly subject to review according to contemporary **concepts and standards**. Some of these concepts are noted in the sidebar. The concepts communities choose to guide their economic development are based on value judgments. Therefore, it is necessary for communities to take the time and effort to establish a vision and plan that reflects their values. The "how-to," or **implementation**, is also a required element of the planning process.

As the practice of economic development continues to evolve, new theories and concepts will appear. Most, if not all, will emanate from one or more of the five major economic development components noted above. By utilizing the approach described in this handbook, a community that wishes to build a comprehensive economic development plan will have covered the fundamentals and set a flexible groundwork to incorporate future strategies.

# *Five General Components of Economic Development Practice*

## **Organizational Development**

To start the process, a community or region needs to have an economic development organization which is in place, involved and inclusive. Communities lay the groundwork for economic development activities by undertaking a process to determine a common future vision. By conducting an analysis of current economic conditions and completing a strategic planning process, a community can determine goals and objectives that will address local needs while working to achieve its vision. During this process, a community must also evaluate and identify the most effective organizational structure and potential resources available for carrying out its economic development activities.

## **Infrastructure Development**

Infrastructure, provided by both government and private business, is the support system needed for producing and delivering goods and services. Traditionally, infrastructure has included all forms of utilities (e.g. water, sewer, gas, electric, telephone), transportation services (e.g. roads, parking, airports, ports, rail), schools, hospitals and other public services sometimes referred to as "social infrastructure." Communications infrastructure is becoming increasingly important as businesses and residents rely on advanced data, voice and video transmissions. In addition, communities need to consider infrastructure investments in business and industrial parks and to develop an inventory of sites and buildings, including brownfields, suitable for development. Communities must identify both current and future needs and work with both public and private sector providers to ensure the provision of adequate infrastructure.

## **Business Development**

Business development is the cornerstone of a community's economic development program. Typically, a community's business development program includes a mix of three primary strategies: retention and expansion of existing businesses, entrepreneurial development, and business attraction. Within these strategies, a community may seek to target certain types of businesses after conducting an evaluation of the current economic

base. Business cluster strategies, working with companies based on various inter-relationships, has become a standard practice in recent years. A community may also focus its efforts on the development or redevelopment of its downtown and/or neighborhood business districts. Increasingly communities are also directing efforts toward the development of capital resources to support local businesses including revolving loan funds, angel networks and venture capital opportunities.

## **Workforce Development**

Communities need a quality workforce development program in place to stay competitive, to keep existing businesses strong, to keep young people in the community, and to raise residents' standard of living. Workforce development strategies include developing approaches to enhance the skills of workers so that all residents can become contributing members of the local economy. These strategies involve partnerships with educational institutions, employers, unions and state and local workforce development agencies and organizations. It is helpful to begin looking at this component by completing an analysis of the local labor market. Such an analysis will help to identify significant workforce issues that need to be considered.

## **Community Cash Flow Development**

Communities looking to bring new dollars into a community to ensure a balance of economic activity (or "community cash flow") can look at two sources of new dollars: those brought in by individuals, and those brought in by entities [organizations, businesses, government]. There are two types of new individual dollars that come into a community: earned income (wage and salary income) and transfer income (non-wage income or generated wealth). New dollars brought into a community by entities or institutions cover a wide range of sources, including tourism, expanding markets, pursuing outside investments, government contracts or grants, and developing support sectors. Many successful economic development strategies, which bring new dollars into a community, are the result of public-private partnerships that focus on serving growing sectors in the economy, and which bring in both individual and institutional dollars.

# A Strategic Overview of the Five Components of Economic Development Practice

15

	<b>Organizational Development</b>	<b>Infrastructure Development</b>	<b>Business Development</b>	<b>Workforce Development</b>	<b>Community Cash Flow Development</b>
<b>Data Gathering &amp; Analysis Activities</b>	<ul style="list-style-type: none"> <li>➤ Develop a common vision among community stakeholders</li> <li>➤ Create a Strategic Plan with Measurable Objectives</li> <li>➤ Perform Community Economic Analysis to identify market forces</li> </ul>	<ul style="list-style-type: none"> <li>➤ Collect data on infrastructure capacity: water, sewer, flood, storm; utilities, solid waste transportation, telecommunications</li> <li>➤ Inventory business park, sites &amp; buildings, brownfields</li> <li>➤ Identify gaps in facilities or capacity, areas of potential growth; areas needing improvement</li> </ul>	<ul style="list-style-type: none"> <li>➤ Identify current efforts at Retention &amp; Expansion</li> <li>➤ Identify current support for Entrepreneurial Development</li> <li>➤ Identify current efforts for new business attraction</li> <li>➤ Describe programs and services for Downtown Development</li> <li>➤ Identify gaps in any or all of the above</li> <li>➤ Perform industry analysis to identify types of business suitable for clusters</li> </ul>	<ul style="list-style-type: none"> <li>➤ Conduct a Labor Market Analysis</li> <li>➤ Study community demographics and trends</li> <li>➤ Analyze capacity and suitability of education system to meet needs of current and future workforce</li> </ul>	<ul style="list-style-type: none"> <li>➤ Inventory sites and attractions for tourism</li> <li>➤ Inventory services and facilities attractive to seniors</li> <li>➤ Study economic data to identify primary sources of income and wealth in the community</li> <li>➤ Inventory and classify existing industries by type</li> <li>➤ Interview local industries to identify support/supplier systems used and needed</li> </ul>
<b>Planning &amp; Implementation Activities</b>	<ul style="list-style-type: none"> <li>➤ Develop a Checklist of things to do</li> <li>➤ Decide on sequence of strategies to implement</li> <li>➤ Define and make agreements on roles and responsibilities – who will do what, in what time frame</li> <li>➤ Study and weigh different organizational models</li> <li>➤ Explore regional opportunities for collaboration</li> </ul>	<ul style="list-style-type: none"> <li>➤ Create plan for creating, upgrading or improving infrastructure elements</li> <li>➤ Create development plan for improving or creating buildings and sites suitable for development</li> <li>➤ Map land use development for compatible and suitable uses</li> </ul>	<ul style="list-style-type: none"> <li>➤ Create plan for improving retention and expansion capabilities of existing businesses</li> <li>➤ Create plan for developing or improving the support system for entrepreneurial development</li> <li>➤ Create plan for targeting and attracting new businesses</li> <li>➤ Create plan for downtown development</li> <li>➤ Plot land use development for compatible and desired uses</li> </ul>	<ul style="list-style-type: none"> <li>➤ Form partnerships with local, regional and state organizations to assist in matching trained workforce needed with jobs available and envisioned</li> <li>➤ Create continuum of opportunities that promote lifelong learning</li> </ul>	<ul style="list-style-type: none"> <li>➤ Create a marketing and development plan for attracting individuals identified – both temporary (tourists) and permanent (residents)</li> <li>➤ Target business attraction toward support/supplier industries to current economic base</li> <li>➤ Create plan for pursuing outside investments in current economic activity</li> <li>➤ Create plan to meet needs for new products and services</li> </ul>
<b>Resource Identification Activities</b>	<ul style="list-style-type: none"> <li>➤ Explore stakeholder interest and potential for investment: municipal, county, state, federal, private</li> <li>➤ Determine human resources necessary and available to implement activities: paid and volunteer</li> </ul>	<ul style="list-style-type: none"> <li>➤ Identify capital resources such as revolving loan funds, angel networks, venture capital, development authorities</li> <li>➤ Identify resources and capacities for residual development such as housing, education systems, health care systems, etc.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Search local, regional, state and federal government agencies for financial resources available to meet implementation plan</li> <li>➤ Assign tasks and deadlines to certain entities or individuals</li> </ul>	<ul style="list-style-type: none"> <li>➤ Investigate financial and technical assistance programs to assist in implementation of workforce development plan, such as K12 school-to-work and apprenticeships; technical college specialized training; UW System and Extension programs and services; also private and non-profit grants</li> </ul>	<ul style="list-style-type: none"> <li>➤ Investigate financial and technical assistance programs to assist in implementation of community cash flow development plan, such as tourism and marketing; health care system development; product development innovation and investment</li> <li>➤ Pursue government grants and contracts to support basic industries</li> </ul>