

RETOOLING FOR GROWTH

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*Building a 21st Century Economy
in America's Older Industrial Areas*

RICHARD M. MCGAHEY
JENNIFER S. VEY
editors

*Published in association with The American Assembly
Columbia University*

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5

Effective Chambers of Commerce: A Key to Regional Economic Prosperity

Stephen Moret, Mick Fleming, and Pauline O. Hovey

“Human prosperity does not abide long in one place.” Herodotus’ observation in the fifth century B.C. should serve as a reminder to high-growth regions about the frailty of their wealth, as well as confirmation that weaker markets *can* come back. Whether they serve in growth regions or struggling communities, public and private sector leaders who seek sustainable prosperity must attend to the fundamentals that can improve the likelihood of economic success.

Other chapters in this volume highlight the causes and extent of the current disparity between regions. Market forces will, for the most part, determine levels of success in sectors, communities, and regions. At the same time, each regional market and the communities contained therein can be positioned to exploit opportunities, build on strengths, and address weaknesses that come with population and investment shifts. It is in no one’s interest to have unbridled (unsustainable) growth in one urban market and an economic death spiral in another. It is also wrong to assume that intervention and activism aimed at improving weak markets cannot work.

With that in mind, more and more chambers of commerce, economic development entities, and other corporate-civic groups are establishing or recharging organizations in order to better position their respective metropolitan areas for sector-diverse, sustainable economic growth.

Increasingly, chambers of commerce are being charged with much more than organizing civic-business functions and welcoming new businesses to communities. The era of chambers as purveyors of “pancakes and parades” has disappeared in most parts of America over the last few decades. In many ways, chambers are returning to their century-old roots as builders and promoters of local and regional economies. They are being tasked more and more with designing and leading economic transformations in communities, regions, and states. Heightened expectations and performance levels have placed business-led civic organizations in the key role of securing prosperity in the territories they serve.

Widespread misunderstanding exists among the general public, media, and elected officials about how chambers of commerce and similar organizations operate. There is no “head office” of the international or American chamber movement. No Vatican-like hierarchy controls the positions or work of individual chambers. Each chamber is a fiercely independent advocate for its member companies, all of which contribute voluntarily to the organization. Chamber footprints overlap and seldom match any political boundaries, making them natural regionalists. Governments do not run—and rarely provide much funding for—chambers in the United States, except when paying for specific contracted functions.

Some chambers are substantial nonprofits with scores of employees focused on macro issues in megatropolis environments. Others are small, retail-focused entities operating out of storefronts or borrowed office space. Still other business-civic organizations serve the corporate elite—Fortune 500-level CEOs. The missions of chambers vary, but all must work to solve the puzzles that prevent or accelerate economic vitality in their various jurisdictions.

Box 5-1. *What We Mean by Chamber*

The terms *chamber of commerce* and *chamber* are used in this document to refer to any business-led or business-funded nonprofit organization whose purpose is to serve the business sector in a region—all employers and not just a single industry sector—and encourage economic and community development. Thus, though some may protest the shared genealogy, we consider boards of trade, business councils, growth councils, committees of 100, business and industry associations, and economic development councils to be chambers, provided their governance, leadership, staffing, and funding come largely from the private sector. When referring to public sector–dominated economic development entities in this paper, we use the term *EDO* (economic development organization or office).

Why are chambers and other heterogeneous, business-funded organizations taking on this larger role in today's economic development equation? There are three primary reasons:

1. The nature of economic development, as described elsewhere in this volume, has changed from an endeavor focused on "incentives, inventory [facilities], and industry," to one largely centered on the three *P*'s: people, place, and positioning. American chambers have been responsible for the three *P*'s since the first chamber of commerce was formed under a tree near Wall Street nearly three hundred years ago.

2. Frustration with the unavoidable political and bureaucratic hassles of government-led economic development efforts has grown, leaving business leaders who want their communities to prosper with little choice but to do it themselves—and a chamber, or chamber-like organization, is their logical vehicle.

3. The increasingly regional nature of development work makes jurisdiction-based initiatives less relevant. With chamber territories bounded only by tradition and courtesy, they can more easily adapt to regional thinking than governments can.

The nature of chambers and the shift in thinking about how growth occurs make a compelling argument for chambers to take a more active role within their communities in reversing poor, or sustaining strong, regional economic performance. This chapter focuses on how chambers of commerce can serve as vehicles within their regions to drive sustainable economic prosperity, outlines the need for a regional approach to economic development activities, and then describes how chambers need to evolve to tackle the challenges of wider regional economic growth. Since effective implementation of regional economic development strategies requires an emphasis on both business development (marketing) and product development, success factors for both types of activities are also included. The final consideration in any regional initiative is how to garner widespread support. Throughout the chapter we will provide examples of what chambers have done to promote economic growth in their regions.

The Regional Nature of Economic Development

Several substantial trends have emerged within the chamber and within economic development worlds in response to the rapid changes in the global and national economies. The most striking is that development efforts increasingly are focused on *regional* rather than *local* economies. Another is the advent of new professional

specializations. Site selectors and corporate real estate officers hunt for sites. They are the *buyers*. People who are employed at chambers and economic development organizations, as well as their representatives, are the *sellers*. They try to sell the site selectors or real estate officers on choosing their locale.

When counseling development professionals and communities, site-selection consultants routinely advise them not to market themselves as a single town or city, or even as one county, but as part of a region. Because businesses looking to grow or invest are focusing more attention on the overall strength of a place in which they are doing or might do business rather than just on the guts of a deal, regional approaches are critical. Workers and markets are no longer local, and neither are investment location decisions.

A leading site-selection consultant, Mark Sweeney of McCallum Sweeney Consulting, sees it this way: “Our clients are not in the employment or job-creation business. We’re looking for a location that allows them to succeed in their business. The political boundaries between municipalities and counties often are important to public officials, but they mean nothing to company executives deciding where to locate a project. What matters is the site and the characteristics of the region in which it is located.”

Sweeney and his counterparts from the other side of the aisle, such as Mac Holaday of the location marketing firm of Market Street Services in Atlanta, stress that a company trying to quickly understand what a region has to offer appreciates having information packaged and presented at the regional level through a single contact. A regional business development program, orchestrated by a powerful regional, business-led organization, meets the need for both convenience and confidentiality.

With so many communities across the country fighting for a limited number of major facility-attraction projects, name recognition becomes an important asset in trying to distinguish one’s region from other locations. Smaller locales, as well as those struggling to overcome less-than-appealing perceptions of their location, are less likely to be known to prospective businesses, so it becomes advantageous for them to leverage the public’s awareness of their more widely known neighbors. “Regional identity is easier to develop because you’re building on a [better-known] name,” says Sweeney. That existing identity could be the difference maker in landing the next big deal.

It is also important to remember that somebody must fund place-building and business development activities. Many large regional economic development and chamber of commerce entities engage in multiyear, special campaigns funded via checks and pledge commitments from the private sector. Often these include

a match or contribution of some kind from the public sector (local, state, or county governments) as well. These campaigns sometimes focus on marketing the region as a place to move or grow a business, but other times they are used to improve the “product” through improvements in workforce development, industrial parks, major developments, infrastructure lobbying, or whatever fits a planned strategy.

Regional multiyear strategic-growth campaigns tend to be much more attractive to large private sector corporations that usually fund economic development programs (banks, energy firms, health care institutions, law firms, insurance companies, and regional retail). Multijurisdictional fundraising campaigns have been highly successful in markets as varied as Memphis (\$61 million for a multistate, multiyear initiative) and northeastern Ohio (\$3 million annually, covering ten counties).

No regional economic development program is without challenges. Practitioners and public officials in rural areas situated on the outskirts of major urban centers tend to be skeptical about participating in regional economic development efforts. Whereas most top business leaders intuitively embrace the regional concept, public officials and some development professionals representing smaller communities sometimes fear that their interests will be neglected—or even actively undermined—by their larger neighbors. Within a regional context, individual local governments as well as chambers of commerce and even government economic development departments or agencies must strike a balance between the immediate needs and missions of specific constituencies and larger regional development strategies. Where and when does each group’s support for regional principles trump the need to keep supporting funders happy? A tension line must be established, but then flexed, every day.

Motivating players within a region to work together can be difficult when each locality, mayor, or economic developer has his or her own priorities. A number of strategies can be employed to alleviate these concerns.

One factor that usually breaks down parochial barriers is desperation. An economic death spiral has the power to focus attention much like the sight of a gallows to a condemned man. When Erie, Pennsylvania, lost a significant portion of its manufacturing base just before and after 9/11, Brian Bosworth of the consulting firm FutureWorks was hired by the Erie Chamber to advise local business leaders. His caution was stark and direct—Erie was simply headed for economic collapse unless action was taken.

This “seismic shock” of an informed pronouncement to the region provided motivation to craft, fund, and support a collaborative multijurisdictional approach.

A new thirty-eight-municipality development entity, the Erie Regional Chamber and Growth Partnership, was created to tackle the issues of economic diversification, postsecondary education, and infrastructure.

Taking a regional approach makes it possible to create economic growth programs tailored to the needs and preferences of customers (that is, prospective employers and existing ones who are expanding), as well as leverage the diversity of resources represented by the communities that make up a region. While population and job growth in most parts of the Midwest have been anemic at best, and downright negative in the worst cases, the labor force in the Springfield region in Missouri has been expanding about 2.6 percent per year and is the fastest-growing area in the Midwest, according to the Springfield Area Chamber of Commerce.¹

Back in 1991, business and community leaders recognized that Springfield was not competing in the modern economy. They proactively came together to build a common vision and market the area's resources and assets to new businesses and a skilled workforce. The Springfield Chamber took the lead in an effort to unite ten counties, seventy cities, and other chambers in signing a public-private partnership agreement to create a regional program. Called the Ozarks Regional Economic Partnership, this organization has the support of city councils, the public utility board, and other key stakeholders that support sustained development throughout the southwestern Missouri region. The regional approach is working. The Springfield metro area has accounted for more than one-third of Missouri's total job growth over the last ten years and doubled its gross metro product. In 2007, *Expansion Management* magazine named the Springfield MSA (metropolitan statistical area) one of the top mid-size metros for recruiting workers and attracting businesses.² Recently, *Inc.* magazine recognized Springfield as one of the top twenty midsize cities in America for entrepreneurs.

Localities are not the only place where regionalism is changing the way economic development is practiced. Statewide business organizations will also be affected by the growing influence of regions. State chambers' struggles to influence the cost of doing business will not wane, but proactive legislative initiatives to enhance incentive programs, training priorities, and infrastructure investment may be increasingly influenced by regional development voices.

While some markets such as Boston and Los Angeles seem to thrive without aggressively pursuing regional agendas, most metropolitan areas—Chicago, Orlando, Denver—are taking regional approaches to solving problems and posi-

tioning themselves for more prosperous futures. For struggling older markets, like those in the Great Lakes and other areas affected by the rapid transformation of the manufacturing sector, regional thinking is absolutely critical to any hope for turnaround.

Effective Chambers and Healthy Regions

As chambers of commerce and similar organizations grapple with a wider realm of responsibilities, many are radically changing strategies and structure to have a greater impact on both business development and product and place development. *Business development*, as used in this chapter, covers activities designed to influence the decisions of corporate leaders, entrepreneurs, developers, and even government leaders to select a particular market for investment. *Business attraction*, one of the core economic development activities, would fall under this rubric. *Product development*, on the other hand, includes activities designed to increase the attractiveness of a place (neighborhood, city, community, region, state) for investment. Assets such as a well-functioning transportation system, effective public education, a tolerable tax climate, access to skilled workers, and affordable housing all contribute to the attraction of a location.

Successfully *implementing* effective, regional economic strategies requires emphasis on both *business* development and *product* development. An effective, private sector–driven organization with the right volunteer and professional leadership is essential to the advancement or recovery of any community or region. To create or grow capacity in chambers, everything from governance to staffing may need to change.

Today, chamber CEOs and their professional staff must carry most of the load. This results in both higher skill requirements and greater expectations of these professional leaders, who must possess the right mix of communication and influencing skills, fundraising and coalition-building capacity, and advocacy muscle, as well as passion, vision, and tenacity.

A variety of models for regional economic development organizations are in place around the country. The most common forms include economic development programs established within regional chambers of commerce or dedicated regional economic development corporations, which themselves often are subsidiaries or affiliates of chambers. The most successful programs tend to be based on a business-led, public-private partnership in which governments, as well as leading businesses, participate in governance *and* funding of the organization.

Public and private sector interests tend to align more closely in relation to *business* development efforts, than in *product* development arenas. Prioritizing improvements is difficult when resources are limited and stakeholders are numerous. Communities face large-*P* and small-*p* political concerns about how to solve certain problems. Often, the many factions simply cannot reach a consensus, if, for example, one entity or party favors emphasis on schools while another wants a highway.

For this reason, many communities, counties, and regions have separate organizations—often with quite different jurisdictional footprints—to deal with these two broad avenues of economic development. Sometimes, a dedicated economic development organization leads business development activities and a chamber of commerce leads product development activities. Some communities have created two complementary entities with separate boards that operate under one office, in order to reduce competition for funding, recognition, and identity. There is no single organizational and governance model that will work for every region. Politics, organizational histories, and even leadership personalities all play a role in determining levels of involvement and divisions of labor by various parties.

Regardless of the structure, however, certain key features must be present to ensure desired outcomes: leadership, organizational capabilities, and funding strategies.

Leadership

The single most important ingredient in a successful chamber or EDO is leadership. It has been noted that “. . . corporate elites may be increasingly disengaging from civic efforts, largely as a result of pervasive economic trends. . . .”³ A core group of business leaders must buck this trend toward civic disengagement and willingly devote their reputations, political capital, time, and energy (leading by example through their financial commitments) to ensuring that economic development ambitions are met. Governing boards of business organizations focused on regional economic development should be made up predominantly of private-sector CEOs—people with the power to move influential political, media, and community leaders.

Increasingly, however, it is the professional community leader, the primary paid executive of the private sector regional development entity, who must provide visible, consistent leadership of the processes and people focused on economic success in the region. In the past, the paid leader—the CEO of the chamber—took his or her lead from the volunteer board. The board *proposed*

and the staff *disposed*, to use a government separation-of-powers analogy. This is no longer the case. There has been a general decline in the personal, active involvement of business leaders in civic affairs, as discussed in reports published by the Brookings Institution, in a book by the Harvard public policy professor Robert Putnam, and others.⁴

Organizational Capabilities

In the twenty-first century, economic development is increasingly complex and fast paced, requiring new strategies for targeting prospective business investors and demanding rapid, accurate turnaround for information requests. Business leaders increasingly are asking the organizations they fund to tackle complex public policy issues that require detailed planning and robust advocacy campaigns for success. At the same time, these leaders are less engaged in civic activities. The result of these trends is a need for highly professional leadership and staffing of both chambers and government-led economic development organizations.

Successful development efforts in the third millennium likely will require larger, more capable, and better-compensated teams of professionals than were needed in the last century of the previous millennium. Key capabilities include business and public policy research, lobbying, public and media relations, marketing and fundraising, partnership management, and an intellectual curiosity sufficient to seek out and understand complex issues. Successful chambers of the future will be more akin to high-caliber professional service firms than traditional nonprofit organizations.

Funding Strategies

Money matters. If the work, territory, and complexity are growing, so too must funding streams. Building and running a strong regional economic or community development organization requires appropriate levels of funding for staff, office, travel, marketing, administrative expenses, and lobbying work, among other activities. For midsize and larger regions, annual operating budgets of several million dollars should be expected and creative funding strategies are necessary. The largest strategic funding campaigns, covering economic development in major metro markets, have budgets that now reach into the tens of millions of dollars over three-to-five-year horizons.

Funds are generated through a variety of means, including private sector fundraising, dedicated public taxes, contracts with local governments, application of dues (and special chamber member assessments), and foundation grants. These exceptional funding initiatives can be problematic in weaker markets because

turnarounds take time, while funders (both of the private and tax-supported varieties) often demand measurable, short-term results from their investments. Making the case for long-term, sometimes multicampaign support can be tough in circumstances in which data on perceived recovery are elusive. *There is, however, no way to successfully fight for future regional prosperity other than to invest in the activities that have proved to lead to greater economic health.*

Business Development Success

Only recently have chambers of commerce taken a more active role in business development efforts. One of the most compelling reasons for chambers to increase their involvement in business development is that company executives and site-selection consultants do not just evaluate sites—they evaluate regions. Successful business development efforts, therefore, must be organized at the regional level. Perceptions of balkanized, town-by-town marketing in weaker markets can retard investment interest by both out-of-town site selectors and resident employers considering expansion. It is often easier for chambers and other business-led organizations to reach out across political boundaries to develop a location solution that works best for the client.

In high-growth markets such as Charlotte, North Carolina, with a highly integrated multicounty, even multistate, regional development network, there is seldom confusion about where to go for development assistance. The Pittsburgh region's coordinated coalition in the late 1990s enabled growth in the services sectors to backfill against the decades-long decline in local steel industry employment.⁵ The Detroit Regional Chamber, on the other hand, has fought a frustrating battle for decades against the many insular policies and traditions of the region—city versus two counties, white versus black, inner city versus suburbs. Over the last six months, Detroit business leaders launched the “One D” initiative. One D is a program that enables regional collaboration while removing roadblocks to cross-jurisdictional and cross-organizational cooperation. The initiative is headed by Edsel B. Ford II, and all of the major development entities in southeastern Michigan are on board as participants.

Business development activities can also lead to a better understanding of what businesses desire from a community. Working with business leaders, entrepreneurs, developers, and site selectors provides chambers with a clearer sense of what might be missing or deserving of ongoing support on the product development side of the equation. There are a number of strategies that chambers can employ to boost regional business development efforts.

Box 5-2. *Case Study 1: Providence, Rhode Island*

Background

The capital of Rhode Island has a population estimated at 179,000, but Providence MSA is about 1.6 million, which includes the state and parts of southern Massachusetts. Providence is situated in the heart of the Northeast Region of the United States, within hours from Boston, New York City, and Cape Cod.

Despite its central location, in the early 1980s, Providence found its businesses and manufacturers moving out, leaving behind vacant buildings and a steadily declining economy. Concerned business and civic leaders joined forces with the Greater Providence Chamber of Commerce and, over a twenty-year period of planning and development, transformed Providence and the surrounding area into an attention-grabbing “hot spot,” cited on the “best” lists of *Forbes American-Style*, *Entrepreneur*, *Money*, and *US News & World Report*.

Today U.S. Census Bureau figures show that Providence is one of New England’s fastest-growing cities. And the growth is not limited to population. According to *The 2007 New Economy Index* released by the Kauffman Foundation and the Information Technology and Innovation Foundation, Rhode Island was among the four states in the nation that made the greatest economic strides from 2002 to 2007.

How did a lackluster industrial town in the smallest state of the union achieve such a dramatic economic comeback in less than twenty years? The answer lies in its regional approach to economic development.

Taking Stock of Its Strengths—How Providence Slowed the Decline

In the midst of its economic decline, Providence area leaders began to take a strategic look at its place in the New England economy and the Northeast Region, as well as its underutilized, and in some cases hidden, assets. Business leaders, city and state officials, chamber executives, planners, architects, and artists collaborated in identifying the state’s strengths and advantages within various global industry sectors. The partnership identified several clusters—insurance, defense, boat building, biotechnology, and information technology—important to the area and sought ways to grow those industries while also building on existing strengths.

Realizing the city, founded in 1636, had unique, underused assets in its architecture, business leaders and city officials made a conscious effort to preserve historic properties. Crucial to getting the area’s resurgence going was the passage of the state’s historic investment tax credit, which was instrumental in transforming historic cast-iron, brick, and granite buildings into residential space, hotels, office space, and restaurants.

Recognizing that its unique collection of waterways was another advantage, the city literally uncovered a river that had been paved over. The project initiated more collaborative waterfront efforts. In 1999, organizers, with public and private support, created an arts culture and tourism initiative called Waterfire, a performing arts and entertainment event centered around the new mid-city river. The event, taking place every two weeks during about six months of the year, draws an average of 50,000 people as well as positive media coverage for the area. Tax revenues from the event total about \$2.4 million each season.

(continued)

Box 5-2. *Case Study 1: Providence, Rhode Island (continued)*

Another draw to the Providence area is the prevalence of respected and sought-after institutions of higher education, such as the Rhode Island School of Design, Brown University, Johnson & Wales Culinary Institute, and the University of Rhode Island. Area leaders devised a strategy to encourage graduates who could populate the ranks of young professionals and entrepreneurs to stay in the area, but there is significant work to be done in this arena. The Rhode Island Economic Policy Council's Brain Drain/Gain Index, which measures net retention of college graduates in the Providence Metro, indicates there is still a net loss.

Twenty-Plus Years of Planning and Cooperation

The Rhode Island Economic Policy Council, composed of representatives from business, labor, higher education, and government (the governor, mayors, and leaders of the Rhode Island General Assembly), was formed to respond to strategic challenges facing the state's economy and to develop new initiatives to seize key opportunities. The Council then mobilized the public and private resources to ensure that its initiatives would succeed (for more on the activities of the Council, see www.ripolicy.org).

In 1998, the Council hired a consultant to conduct a regional analysis to determine the best ways to expand businesses and create jobs. Adopting a regional approach to economic development mandated the creation of joint marketing efforts involving cities, counties, and the state.

—Coordinated, regionwide business solicitation led to the attraction of Southwest Airlines to the Providence airport in nearby Warwick in October of 1996, thus positioning it as a low-cost hub. According to Rhode Island Airport Corporation figures, a total of 2.2 million passengers used T. F. Green Airport in 1995; by 2004 that number had risen to 5.5 million.

—A regionwide study assessed the competitive advantages of the state's nonprofit institutions such as hospitals, colleges, and universities, to determine how research and development (R&D) strengths could be commercialized. The Rhode Island Economic Policy Council, using National Science Foundation estimates, reports that in 2005 \$1.7 billion was spent on R&D by industry, universities, and federal labs, up from \$553,000 in 1987.

—The state invested in land development and infrastructure, which paid off with new sites available and ready to occupy when new businesses were seeking places to relocate. This speed-to-market advantage was one reason Providence attracted Fidelity Investments from Boston in 1998, leading to a significant expansion of the company in 2005.

—In seeking to attract a certain biotechnological company that was considering relocating to the area but wanted manufacturing laborers with bachelor's degrees, the Rhode Island Economic Policy Council was instrumental in creating a dedicated training program for biotech workers through the University of Rhode Island.

Box 5-2. *Case Study 1: Providence, Rhode Island (continued)*

Lessons Learned

The revitalization and renaissance of Providence and the surrounding region required visionaries with strong leadership skills—“shrewd business leaders with a civic conscience,” as one observer noted. The leadership understood the importance of not underestimating the value and ingenuity of the region’s artists, upper-level graduates, entrepreneurs, and inspired architects. Once industries and assets were identified, a regional partnership, led by the Greater Providence Chamber of Commerce, worked to pass legislation to encourage growth within those markets.

According to Janet Raymond, senior vice president, operations and economic development for the chamber, early buy-in is critical, and stakeholders must be in it for the long term, as projects will require long-term commitment—transformation won’t happen overnight. As Raymond explained, the resurgence of the Greater Providence area has been twenty years in the making and they have only been seeing the fruits of their labor for the last half decade. In the process, they celebrated small steps with public acclaim. Today, after more than twenty years of concerted efforts to reenergize the region, the state, city, chamber, and economic development groups continue to work together to build on the area’s strengths and assets.

Objectively Assess Strengths, Weaknesses, and Unique Challenges

A critical starting point for any regional business development effort is conducting a third-party evaluation of strengths and weaknesses. Without first understanding how a region stacks up against its competitors, it is impossible to develop a marketing strategy with a high potential to succeed. The results of such assessments can provide valuable information about what kinds of public policy issues may need to be addressed to generate long-term success. Consistently underperforming markets either avoid acknowledging the warts they see in the mirror, or focus on these competitive disadvantages to such a degree that they lose sight of their many strengths. Either extreme is dangerous for those who are responsible for pulling struggling economies away from despair.

Economic development and site-selection consultants are capable of providing a candid third-party assessment. Ideally, such an assessment should include not only an evaluation of strengths and weaknesses but also an articulation of short-term and long-term recommendations for improvement. Whether the evaluation is undertaken by internal or contracted sources, key factors for evaluation at the regional level should include factors as varied as available sites, incentive options, workforce characteristics, infrastructure capacity, and labor harmony.

Often a regional assessment of strengths and weaknesses reveals insights concerning previously unrecognized strengths and weaknesses. For example, leaders in the Baton Rouge area who completed a regional assessment learned that the regional economy's high concentration in the petrochemical industry had resulted in average manufacturing wages much higher than those of any of its peer regions—with many associated implications for future development. In Portland, Oregon, an examination of the boundaries and jurisdictions of the metro area determined that there were twenty-five cities within thirteen counties covering about a million residents, which helped the state legislature recognize the need to consider a metrowide government structure that would provide transportation, planning, waste management, and park, convention, and cultural activities across the entire region. Cleveland's regionwide economic evaluation concluded that the lack of adequate inclusion of the minority community in the workforce and private industry was a contributing factor to the region's less-than-satisfactory economic performance.

Target the Right Industry Sectors

Successful business development is about matching a region with industry sectors for which the particular area has competitive advantages. Too often, in weaker markets, public and private sector funders do not possess an accurate profile of their region's strengths and weaknesses, mistakenly thinking that they know best what kinds of businesses should be attracted to their area. Going with one's "gut" will often lead to failure. In addition, weak markets suffer from fear of alienating or offending precious local employers whose industry type does not match the target profile. Again, a powerful, well-funded, and supported corporate-civic entity is the only organization in a position to tell it like it is, basing its assessment on a professionally developed regional analysis of strengths and weaknesses. For each target industry (selected for fit and future growth potential), an aggressive and very specific marketing and lead-generation plan should be developed *for just that sector!*

Cultivate Business Growth Opportunities

Although the media tend to focus their attention on the recruitment of new businesses, business editors often miss the fact that over 75 percent of all new jobs will come from the expansion of existing firms. This is true in virtually every region in the United States, but especially in weaker markets that struggle to gain attention from national and international site selectors. Critical retention and expansion activities center on relationships and research.

One method is to identify the top economic-driver firms and interview multiple individuals at these firms—from the human resources director to the chief financial officer to the environmental engineer—to understand their needs, challenges, and frustrations with the local scene and dreams of business expansion. Follow-up must be obsessively persistent to ensure rapid answers to questions and elimination of as many obstacles to success as possible. Sophisticated software systems can assist economic development offices and chambers in tracking and serving the needs of current employers. The San Antonio Chamber leadership—which comprises both paid professionals and heavy-weight corporate representatives—takes these visits to an even higher level, flying to the East and West coasts each year to meet with parent companies of branch facilities based in south-central Texas.

Over time, the results of consultation visits can be analyzed to identify common concerns (for example, an unorthodox business tax levied by the state, or the lack of direct flights at the airport), and these can be addressed via *product* development efforts.

Strive for Seamless Public Sector Coordination

Business development victories typically include a variety of local, regional, and state inducements, including things such as tax or cash incentives, zoning accommodations, workforce development grants, and roads and other infrastructure improvements. Because multiple public and nonprofit organizations are usually involved in finalizing a deal, the extent to which various public authorities and assets across a region are managed is critical. Whenever uncertainty exists relative to the process for securing a particular inducement, prospective companies and site-selection consultants will discount its potential value. A development community in a weak-market region that is seen as unable to provide more than “fuzzy” or dependent promises of incentives and support will find it hard to attract or grow new investment.

Cultivate Relationships with Site-Selection Consultants

With roughly fifteen thousand economic development organizations in the United States competing for fewer than five hundred major site-selection projects (*major* means new projects offering at least one hundred new jobs) each year,⁶ the competition is fierce. Industry estimates suggest that roughly 40 percent of these site-selection decisions are heavily influenced by a site-selection consultant.⁷ Because of the huge influence they wield, leading site-selection consultants have a substantial impact on the economic development success of every region in the country.

Weak markets often miss out on the investment attraction opportunities that more naturally flow to strong, growing regions, so it is particularly important for these communities to cultivate positive relationships with these individuals. Many weaker, older industrial markets are simply not well known by consultants. Perceptions of rust and decline may be decades out of date, but old images die hard. Persistent, personal contact (at trade shows, intercity visits, sales calls, and so forth) is as critical to breaking down inaccurate perceptions as any collateral material a region may design and distribute.

“We had to do a better job of making economic opportunities known to investors outside the region,” said Jacob Rouch of the Regional Chamber and Growth Alliance in the slowly recovering market of Erie, Pennsylvania. The chamber took a proactive approach by building a database of potential investors and putting information about new developments in the Erie region in front of those investors monthly. “Erie has to exist in their realm of possibility,” Rouch said. The number of potential new projects in the region has increased substantially since the chamber started to take this proactive approach.

First Impressions Count

Site selection really is better described as site *elimination*. Company executives and site-selection consultants often start with several hundred potential sites for a project and aim to quickly reduce the list to just a few prospective sites for serious evaluation. Staying *on* the list through the initial round(s) of cursory assessment is critical. A less-than-coordinated, weakly prepared response by a resource-strapped development office to an initial blind inquiry can be fatal to a deal that could have provided a strong boost to a struggling regional economy.

Each region’s primary economic development entity—whether public or private in nature—must be showcased with a professional, well-designed website and marketing material (brochures, research presentations, and so forth). The information contained in electronic and print media must be up-to-date in regard to regional strengths, sites, workforce characteristics, incentives, relevant legislation, and quality-of-life features. Competing with the biggest and richest metro markets on glamour and gloss is virtually impossible for many communities and regions, but highly reliable, timely, creatively analyzed data, powerful testimonials, and clear writing can be developed and delivered with sweat equity rather than checks.

Educate about and Publicize Return on Investment (ROI)

Business recruitment deals often are rightly scrutinized by the media and others for the amount of public money used to lure them. Effective economic develop-

ment professionals have therefore learned the importance of justifying the level of incentives in a particular deal by commissioning a credible third-party economic impact analysis, including not only the number of direct and indirect jobs created but also the forecast for new tax revenue.

Rigorously Monitor Progress and Communicate Success

Every EDO and chamber is accountable to its board of directors, as well as to its funders. Accordingly, each funding source should receive regular progress reports that include not only marketing and recruitment activity but also hard numbers indicating progress (such as potential deals brought to the table, improving retention numbers, new jobs or capital investment). Credibility, public support, and future funding often depend on the extent to which this activity occurs on a regular basis. In communities struggling with higher-than-average unemployment, out-migration, and shriveling public coffers, making sensible and transparent use of all economic development funds—both public and private—is especially important. Regular communications with funding sources can help manage expectations, which is particularly important when a community faces significant business development obstacles.

Go the Extra Mile

After the culling process, in the final competition between two or three communities on the short list, creativity and personal effort go a long way. Organize the job fair for a prospective new employer before the prospect is even landed, as Baton Rouge did for a Staples investment. Push for one more supporting testimonial phone call from a resident CEO. Take one extra flight during the deliberation period to meet with one more person who has influence in the company hierarchy.

Product Development Success

A persistent, organized, regional approach is not just important in pursuing specific business retention, expansion, and attraction projects—it also is critically important in fostering a healthy business environment. Many pressing issues that affect economic growth are regional in nature (for example, traffic congestion, workforce housing, air quality, tax and regulatory policies, public education, workforce development); accordingly, they require regional solutions. Poorly performing regions must realize that fixing, or at least improving, the most obvious and visible barriers to investment may be the only way to turn their economies

around, since most businesses and people will not come to or remain in a region with a poor business and employment climate.

Every industry and business is different when it comes to the site location characteristics it considers most important. A particular region can be very competitive for one industry (say, shipbuilding) while generating no interest whatsoever from another (say, biotech). Nevertheless, there are a number of major *product* features of regions that have broad appeal for corporate decisionmakers. Some of these factors, such as risk of natural disasters, are largely outside the control of regional business leaders. However, factors such as workforce quality and infrastructure can be directly or indirectly influenced by regional product development efforts. Accordingly, the areas mentioned here warrant attention from chambers seeking to remove or at least mitigate weaknesses, as well as to bolster existing strengths and create new opportunities.

Create a World-Class Workforce

The most important factors evaluated in many site-selection decisions are the quality, size, and cost of the workforce in a particular region. Chambers must focus their lobbying, influence, and research to ensure that higher education institutions with specialized skills-training programs in *their* regions are offering quality programs that link with the current and expected demand of business and industry (particularly target industry sectors).

In some weaker markets, the struggle to build a viable workforce (and therefore strengthen the future economy) takes unusual turns. In Santa Ana, one of the pockets of economic hardship in Orange County, California, the business community has launched an aggressive, privately funded multi-million-dollar “learn English” campaign. According to the Santa Ana chamber’s extensive research, roughly 75 percent of the jobs in the region require English and 70 percent of the residents don’t speak it. The goal for the new language initiative is fifty thousand newly trained English speakers in four years. Workforce pressures are so important to regional economic growth that *whatever* is required must be attempted.

Unfortunately, regions with relatively high poverty levels must, when speaking to development prospects, combine a short-term strategy of emphasizing their higher-performing districts and private schools with a long-term strategy of pursuing education reform. Although this issue is difficult and politically charged, chambers must still focus on raising educational attainment in the form of more high school graduates—both to encourage perception of the region as “edu-

cated” and to create a ready pool of potential employees who are trainable for future positions.

As wealth and economic opportunity increasingly accrue to those with high-level capabilities or specialized skills, higher education is emerging as one of the most important economic development assets in any region. Universities, four-year colleges, and community colleges have the potential to attract talent, boost skill levels, and train professionals critical to the functioning of modern economies, such as accountants, engineers, attorneys, nurses, and technicians. In many markets, attaining a bachelor’s degree is becoming more important than ever before. It should also be emphasized, however, that chambers in weak markets must take advantage of myriad higher education opportunities that do not involve earning bachelor’s degrees. The pursuit of chamber and business objectives and strategies regarding higher education can take many forms, from partnering to form university incubator centers to joint lobbying to funding exciting on-campus applied research to future-oriented curriculum design. The biggest role a chamber-like organization plays, however, is to serve as a constant link between higher education institutions and the community and businesses in the region.

Prioritize Infrastructure Needs

From agriculture to entertainment, energy to information technology, business health and growth depend on effective transportation and infrastructure. The provision of roads and other public infrastructure is one of the most important roles of government, yet many communities have fallen short because of political infighting, lack of planning, redirection of funds to social programs, and shrinking revenue sources for public infrastructure. Key infrastructure issues include road quality and capacity, sewer capacity and linkages, water quantity and quality, and a ready supply of affordable energy. For struggling communities trying to compete for a major new investment, these mundane issues can prove to be the make-or-break criteria that incentives and glamorous presentations cannot overcome. The development community must “play” constantly in this arena to ensure that projects are strategically planned, funded, and prioritized to reflect real needs—not political forces.

Normalize the Business Climate

It is critical that regions and the states in which they operate avoid unorthodox tax and regulatory policies. The appearance of “normalcy” in terms of tax treatment and rate structures may be as important as the overall actual tax burden a prospect company may expect to bear. Similarly, communities should ensure that

their regulatory agencies, planning commissions, and permitting offices are as easy (fast, predictable, and consistent) to deal with as possible.

Seek Balanced Environmental Policies

The quality of the environment in a community can have a direct impact on its ability to attract new business investment. Communities that have air pollutant concentrations that exceed national health standards are subject to severe penalties, including restrictions on new industry, required gasoline formulations, and recurring fines on existing industry for nonattainment of environmental standards. Business-led groups that are perpetual obstructionists in dealing with environmental issues will find themselves politically marginalized. A more productive model is for employer-led groups to work to ensure that community responses to air, water, and waste issues are balanced across industry and consumer interests.

Foster Tolerance and Inclusion

The most vibrant economies increasingly are those that have learned to embrace diversity. Many weaker markets in the Great Lakes region have been fighting segregation for decades, but they are still relatively segregated.⁸ MSAs such as Cleveland, Buffalo, and Detroit all show inordinate signs of racial separation and inequity, as well as struggling economies. Southern metro regions such as Atlanta, which became less segregated during the civil rights era than their regional peer communities, have grown faster.

Research done at the Wharton School of Business suggests that inclusive workplaces have lower recruiting costs and higher employee productivity. Nearly 90 percent of Fortune 500 firms already have gone beyond federal statute, adopting policies to prevent discrimination on the basis of marital status, political affiliation, race, and sexual orientation.⁹ These companies—enviable recruitment prospects for any developer—are simply more likely to locate in communities that are inclusive and welcoming. As the economic mix continues to shift away from traditional industries to more knowledge-based work, the correlation between inclusion and level of attraction to investors will grow. The business leadership in every region can and must take a major role in breaking down barriers to entry into the highest corporate circles, fighting institutional discrimination, and opening doors of opportunity at both the staff and board levels of chamber activity. Efforts to break down neighborhood segregation are also important. The Greater Cleveland Partnership developed a comprehensive matrix approach, which is described in chapter 13 of this volume (see chapter 13,

figure 13-1). Every major metropolitan community should consider taking such an approach.

Expand Workforce Housing

The cost and availability of housing are often overlooked as significant factors in economic development. The lack and poor quality of available workforce housing (referred to as “affordable” housing before the term became emotionally charged) has become a significant obstacle or motivator for regional economic development. An article in *Forbes* magazine in July 2007 pointed to the correlation between the fastest-growing suburban communities and housing affordability.¹⁰ Since everything from traffic patterns to school quality is influenced by housing stock and cost, the issue of housing supply must be faced by business-led development organizations as a part of regional product development. Chambers have taken the lead in communities as different as Washington, D.C., Long Island, San Jose, and Palm Beach, by providing powerful research on the impact of building permits, zoning, and real estate practices on workforce housing availability. The U.S. Department of Housing and Urban Development has an entire department dedicated to assisting communities in establishing policies, regulations, and practices to expand, rather than contract, workforce housing availability.

Address Quality-of-Life Issues

With place now as important as position in determining where highly mobile talent will land, quality-of-life factors are critical to keeping and attracting employers who depend on that workforce. Successful metro economies of the future will likely have vibrant, recognizable downtowns, relatively low crime, a clean appearance, well-maintained park systems, diverse recreational opportunities, and cultural amenities. Extensive research by the California-based author and consultant Joel Kotkin and others has made it clear that suburbs will continue to appeal to a majority of Americans for the foreseeable future, but even outer-rim communities must develop unique public assets if they want to expand their prosperity (even if not their populations).¹¹

Promote a Positive Vision and Mind-set

The final area of product development in which chambers often are involved is vision and mind-set. Often overlooked among attractiveness of place is the importance of a community’s mind-set—its optimism, its outlook, its receptiveness to growth. Where larger regionwide metro chambers can and must influence many product development features such as transportation and education, local cham-

bers usually play a variety of roles focused on improving community-specific quality of life. Among the most important of these is the articulation of a vision for the future of the community, and celebrating the actions and individuals that move the community closer to that vision. Such intangibles can have a major impact on site-location decisions. A visibly positive, engaged, and committed group of business leaders is critical to establishing and maintaining that mind-set.

Moving the Ball

Although solutions to regional public policy issues may vary dramatically, depending upon the local and regional context, a number of strategies for success are universal. There are proven ways to “move the ball,” and many of them involve working effectively in the policy arena. Whether fighting to improve schools, build bridges, or break down tax and regulatory roadblocks, it will be necessary to influence and change policies through heavy involvement in the public policy arena. Advocacy work of chambers occurs in many venues, only one of which is legislative. Chambers need to build relationships and expand their spheres of influence to include regulatory agencies, mayoral offices, university bureaucracies, and, very important, other organizations located in the region in order to affect public policy. Success depends on many factors.

Influence Your “Publics”

The importance of the media in influencing public opinion and the perspectives of key public officials cannot be overstated, but paying for sufficient advertising to shift opinions is seldom in the financial ballpark for chambers. One powerful strategy for creating a platform for free (earned) media attention for your group’s organizational priorities is to become the leading source of information and analysis on all issues relating to regional economic development.

The Buffalo-Niagara Partnership is fighting to restore western New York as a viable business and investment destination by taking on the most complex financial issues. Their research work on public budgets and finance is quoted extensively in regional and statewide media. Since the local tax burden is seen as a major disincentive for employers, the research is critical to economic recovery. The Baton Rouge Area Chamber built a strong research capability not only to publish an annual economic outlook but also to quickly analyze and prepare comments on any potential economic story *ahead* of press inquiries.

Every media inquiry can be used to frame an economic event or story in a way that supports the public policy priorities critical to the economic success of the

Box 5-3. Case Study: Pittsburgh-Allegheny Region**Background**

During and after the Industrial Revolution, Pittsburgh, Pennsylvania, was among the wealthiest areas in the country. Known for the manufacturing of steel, aluminum, and glass and the area's reserves of coal, petroleum, and natural gas, Pittsburgh remained a major industrial center through the 1970s. When, during the 1980s, the steel industry went bust, the region experienced what could only be described as a depression, losing 100,000 jobs in three years—a greater loss than anywhere else in the country. Although the Pittsburgh region's population had been in the top ten in the 1970s, by 2000 it had declined to twenty-first place, back to the same population it had had in 1940: 2.7 million people. And the drop continued through the early part of the twenty-first century, as Pittsburgh remained one of only three major metropolitan statistical areas where deaths outpaced births.

Restructuring the Economy

Efforts to restructure the Pittsburgh area's economy had begun long before the steel industry went bust. In 1946, as World War II ended, high-level corporate leaders formed a partnership called the Allegheny Conference on Community Development to work in conjunction with government officials to deal with environmental issues that were a legacy of the region's industrial heritage—specifically, pollution abatement and flood control. The Conference later turned its energies to supporting regional infrastructure projects. By the 1980s the economic impact of the fundamental changes in the steel industry drove the Conference to launch initiatives to diversify the local economy, improve transportation networks, and promote advanced manufacturing, research, and development.

In the 1990s the Conference undertook a sustained effort to evaluate and strengthen the economy. Recognizing the need to think and act regionally, it launched the Southwestern PA Growth Alliance—comprising nine counties and the city of Pittsburgh—to present a unified regional voice in Harrisburg and in Washington, D.C. As a result of these efforts, and at the direction of the newly named Allegheny Conference's leadership, the organization broadened its "service area" and began to restructure itself, adding three other organizations—the Pennsylvania Economy League of Southwestern Pennsylvania, the Greater Pittsburgh Chamber of Commerce, and the Pittsburgh Regional Alliance—as affiliates. Each organization has a specific role, yet, joined together through their board leadership and structure, they share a common vision, a common action agenda, and a common staff; thus, the expanded Allegheny Conference is well positioned to improve the business climate and quality of life in southwestern Pennsylvania and to market the region worldwide.

As part of its restructuring, the Conference formed the Regional Investors Council, comprising private sector leaders of more than three hundred member companies from across the region and more than five hundred small-business chamber of commerce members, who advise the boards of the Conference. Meeting quarterly, investors volunteer

(continued)

Box 5-3. *Case Study: Pittsburgh-Allegheny Region (continued)*

their time, resources, and their pool of talent to the boards, task forces, and committees that provide oversight to the projects and programs that advance the agenda for regional excellence.

First Signs of Economic Successes

The transformed, broader-based Allegheny Conference focused on tackling the tough problems of infrastructure and government consolidation to create a business climate that could attract the people and capital required for a world-class economy. Determined to grow world-class industry sectors, the Conference focused its attention and resources on data-verified technology drivers: advanced materials, information technology, and life sciences. Today the Pittsburgh region has more than two thousand companies that employ more than 107,000 people in these three sectors alone.

These regional efforts have started to show tangible results:

Business tax competitiveness. One of Pennsylvania's most uncompetitive taxes, the Capital Stock and Franchise Tax, was phased out. Conference efforts also led to a new tax treatment for operating losses, which is critical for start-up companies.

Air quality—PM 2.5. In 2005 the Conference successfully lobbied federal compliance officials for a change in the U.S. Environmental Protection Agency's interpretation of new air quality regulations to ensure continued employment, negating what would have been a major impediment to economic development in the region.

Regional Air Service Partnership and other infrastructure improvements. In 2001, the Conference created the Regional Air Service Partnership (RASP), a public-private partnership to improve the region's air transportation. RASP conducted extensive research to identify markets critical to the region's travelers and raised corporate funds to help support the marketing of new air service. This effort succeeded in attracting Independence Air (2004), Southwest Airlines (2005), and JetBlue (2006) to the Pittsburgh International Airport. The results have been a record number of boardings at PIA and lower costs. RASP also created a coalition to lobby for airport-related infrastructure and succeeded in getting state roads designated as Interstate Highway I-376, thus qualifying for ongoing federal highway funding. RASP also secured \$6.9 million in grants and loans for new water and sewer lines needed by three major new industrial parks near the airport.

Other tangible successes of the Conference include the following:

- Influenced almost \$2 billion of private and public sector capital investment in developing land for commercial and residential use in the Pittsburgh International Airport region, nearly doubling the anticipated growth targets for the 2003–06 period.

- Developed master plans for three thousand acres of Airport Authority property and one thousand acres of former strip mines, while securing \$6 million for a new business park that is expected to attract 1,356 new jobs and \$33 million in private investment.

Box 5-3. *Case Study: Pittsburgh-Allegheny Region (continued)*

—Received approval of more than \$4 million for outlying industrial and mixed-use employment centers expected to create or save nearly three thousand jobs and bring in hundreds of millions in private investment.

—During the 2005 Base Alignment and Closure rounds, mobilized a grassroots community network that ultimately succeeded in retaining the region’s primary military base, the Pittsburgh Air Reserve Station, home of the 911th Airlift Wing.

Lessons Learned

The partnership must have a vision and focus on results. The Conference leadership developed a vision that is now embodied in the organization’s two initiatives: promoting the Pittsburgh region through business development and improving the competitiveness of the region’s business climate. Each goal has a series of objectives and measurable results that are tracked quarterly on a “dashboard,” where board members report their progress to one another.

Strong leadership is critical to success. The Allegheny Conference came about because the region’s high-level corporate leaders wanted a new model for civic leadership. Corporate leaders showed their commitment to the “affiliate” model, joining the Chamber, Pennsylvania Economy League, the former Allegheny Conference on Community Development, and Pittsburgh Regional Alliance through increased funding and increased leadership engagement.

A commitment to continuous improvement is necessary. In broad terms, the focus of the Conference’s current three-year agenda—including taxes and regulation, infrastructure, workforce, and local government reform, coupled with business development activities for the region—has not varied greatly from the goals of its founders over sixty years ago. Over the years and over this recent organizational transformation, the key has been a commitment to continuous improvement.

region. Whether the goal is to restore confidence and hope in the region, identify obstacles to growth, or foster support for specific employers, the media can be key to economic recovery efforts.

Establish Working Relationships

Laws and administrative policies are enacted by people—all of whom are motivated to act, or not act, by more than just the simple facts of a particular public policy matter. To ensure that policy changes move in the right direction, chambers and business leaders must establish positive working (personal) relationships with key political leaders and opinion makers months before a particular issue comes to the fore. Relationships must be built *before* they are needed, and commitments of support should be secured well before a formal decision point is

reached. Asking a previously unknown legislator for support in a complex issue during a busy legislative session typically is not successful. Additionally, lawmakers tend to trust those who consistently provide them with reliable, fact-based information on issues.

Governmental affairs professionals, chief executives at chambers, and others seeking to influence public officials need to understand who each official is as a person and what he or she wants to achieve (policy priorities and political aspirations). Find out what key elected officials believe is the reason they were elected. In many cases, some of the reasons will dovetail more than expected with the product development goals of the chamber. Identifying major donors to a particularly important lawmaker and engaging them in the process can be especially effective. And, of course, effective use of PAC contributions can take relationships to a different level.

Maintain Focus

Organizations in regions facing economic hardship often feel overwhelmed by the sheer magnitude of product negatives stacked against them: poor schools, crumbling roads, weak support for the arts, high taxes, tough regulations, poor public safety. They select and tackle too many problem areas simultaneously, reducing chances for success in any. They take aggressive positions on issues with relatively little importance, burning up valuable resources and political capital. A hard, comprehensive look at a region's strengths and weaknesses (highlighted earlier) can help to focus regional efforts on enhancing strengths while diminishing weaknesses.

It is also tempting for broad-based business groups such as chambers to become distracted by the "other guy's" priorities. Every organization in the region—from the heart association to the library—may approach the chamber to assist in advocacy work on behalf of their getting vital tax resources or for their particular community asset. Sometimes, these appeals even come to the organization via volunteer members serving on the board of directors. It's tough, but in weak markets especially, the chamber must accept the fact that it can do anything . . . but not everything.

Employ Appropriate Tactics

To achieve success on a tax or regulatory issue, "victim" testimony from affected employers can be a powerful tactic in an overall direct legislative strategy. To achieve success on zoning changes or government efficiency improvements, grass-roots neighborhood work is the most effective tool. Changing community college curricula to include new employer-based programs might be best handled by calls

from donors to the governor that can result in administration “suggestions” to the college president. In some cases, wide-ranging coalitions involving lions and lambs, Davids and Goliaths, work, whereas in others, quiet one-on-one lobbying wins the day. Some issues and campaigns last for days and others for years.

Sometimes, the way to make a critical change to develop the product and improve the region is the do-it-yourself method. In Springfield, Missouri, for instance, the Ozarks Regional Economic Partnership mentioned earlier pays directly for a program to help local employers work through the maze of legal and cultural issues surrounding hiring immigrant workers.

Even selecting the venue in which to do battle is part of this strategy. For instance, in their efforts to integrate city and county services in Chicago, Metropolis 2020 and the Chicagoland Chamber worked more effectively in the state house than in local legislative chambers.

Partner . . . It's Lonely Out There

The business community acting alone, or even in concert with other organizations focused on economic growth, can seldom succeed on big regional initiatives if acting alone. Partnerships in the policy arena are not till-death-do-us-part marriages. They are mutually beneficial, temporary, initiative-specific alliances aimed at achieving specific outcomes. Whereas coalitions of chambers and other business organizations (builders' associations, manufacturing councils, and so forth) sometimes can and do last for decades, the most effective advocacy partnerships are crafted around specific pieces of legislation, causes, or projects. To increase the likelihood of victories, chambers may be aligned with homeowners one year and high-volume electricity users the next.

Know the Process Cold

Political decisionmaking processes, particularly legislative processes, involve a broad range of maneuvers that can derail or support the progress of a policy proposal. Since the defining factor is the process itself, it is absolutely critical for governmental affairs professionals to understand in detail the operations of the agency, department, or legislative entity in question. Volunteer business leaders and board members, no matter how well meaning, do not understand—and seldom have time to learn—the real nitty-gritty of how policy changes move from idea to law. Securing matching funds from several sources for new sports or cultural facilities is a perfect example of a complex process involving every possible political, legal, and procedural nuance. No matter how good the idea and how unanimous the support, ideas can still go up in flames if players take the wrong

steps. This presents difficulties for organizations working with limited resources in struggling markets, but failure to retain and pay policy professionals will doom recovery initiatives. For the biggest projects with the highest payoffs, funds should be raised to retain the services of professional campaign managers.

Use Celebration as Leavening

Each policy success related to improvement of prospects for a weak region should be celebrated and leveraged as an opportunity to create future wins. Sometimes, restoring hope for positive change in a struggling economy is all that is needed to spur additional investment, the return of home-grown talent, or the attention of government funding sources. Successes should be assertively communicated to the public and key stakeholders, with care taken to provide ample recognition for decisionmakers and other supporters who helped achieve the policy victory. Often it is necessary to break out of the “not-in-my-term-of-office” (NIMTO) mode to achieve major successes—but this can be politically risky in the extreme. Acknowledging the courage of those who *do* will help build organizational credibility and political capital for future battles.

View Occasional Failures as Unavoidable . . . and Acceptable

Defeats, or delayed victories, in certain individual policy battles are inevitable with ambitious regional agendas. If there are no setbacks, it probably means the regional agenda is not ambitious enough. Volunteer and professional leadership of chambers must accept and can learn from these setbacks. Every failed policy effort aimed at improving the quality of life or business competitiveness of the region should be examined for flaws to avoid in the future.

In Des Moines, Iowa, communities in a tri-county area voted in July 2007 on whether or not to support a tax proposal, put together by the Greater Des Moines Partnership, that would distribute revenue in the Des Moines metro area. The proposal, called “Yes to Destiny,” was to raise the sales tax from 6 to 7 percent in three counties for ten years, so as to generate \$750 million, to be split among property tax reduction, new regional facilities, and cultural and green initiatives. Of the forty-one communities voting on the proposal, thirty-nine voted it down. Why? Postmortem analysis indicated that the proposal was too complicated. Voters saw it as an unnecessary tax increase that would put more money into the hands of government. Promoters of the plan may have failed to clearly communicate their message of why an environment that attracts and retains young professionals is beneficial to the entire Des Moines region. The partnership and its allies have already begun work on plan B.

Conclusion

Why do communities and regions fight so hard to establish a platform to assure future economic growth? Why do they—and we—bother? Because growth produces prosperity for *everyone*. A common misperception is that economic growth helps only those at the top of the wage scale, but the data say otherwise. Chamber leaders and economic development professionals work so hard at finding regional remedies and stimulants to economic growth because such expansion increases personal incomes, tax revenue for public goods, and charitable giving while enriching the lives of the citizenry.

Today, those solutions are more likely to be regional than local, and more likely to be found in the supply of good people than in the supply of good buildings. The diverging lines on graphs that compare regional economies can be disturbing, but their paths are not inevitable. The anthropologist Margaret Mead said, “Never doubt that a few thoughtful people can change the world. Indeed nothing else ever has.” In most regions in this country, some of the very best of the thoughtful people are striving as board members, funders, and executives in corporate-civic organizations, EDOs, business councils, boards of trade, and chambers. And their world—our world—is changed by their work.

Finding ways to effectively advocate, partner, communicate, plan, and lead down the path to regional economic prosperity takes wits, courage, money, and luck, in just about equal proportions. There has been no mention of government mergers in this chapter about regionalism. Regional thinking and action might be aided by joining governments together, but it is not a necessary prerequisite. Likewise, it makes little sense to portray elected officials as the enemy of economic growth. It would be easy to blame one party, politician, or civic leader for economic hardship in a community or region, but the reality in this changing world is that many factors influencing health and wealth are beyond the control of those who are charged with leadership.

In many cases, heroic efforts have been needed by public and private sector leaders simply to stay above water following massive economic dislocation caused by technology changes, global trends, and transformations of corporate ownership. The “few thoughtful people” fighting every day to find the talent, investment, and opportunity to help their growth-starved regions are not able to point to sexy job statistics as evidence of their success in these hard-market towns.

“Could have been worse” is not a campaign slogan that will convince many private sector investors or taxpayers to step up to the plate with added support for these dedicated professionals and volunteers. But they keep at it anyway.

Buffalo moves up a notch or two on MSA comparison charts because of its successful work in marketing cross-border business opportunities throughout a binational region. Detroit breaks down decades of city-county squabbles, bringing the leadership of all governments in southeastern Michigan together to promote development in and around their international airport to join the elite aerotropolis centers of global commerce. Hartford business leaders fund a multijurisdictional economic partnership to overcome a decade of insurance industry job losses around that capital.

The lessons and counsel contained in this document are all drawn from professionals in markets large and small, strong and weak, who are already working successfully to grow, restore, or save their economies in the face of sometimes overwhelming odds. With even more focus on regional approaches that build on partnerships, cooperation, shared assets, and future-oriented development strategies, their impact will be even greater.

Notes

1. See www.ozarkspartnership.com/regional_profile/welcome_to_the_ozarks.
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6. Conway Data, Inc., “New Plant Database” (Norcross, Ga., 2006).
7. Eric Canada, of Blane-Canada Ltd., and James McGraw, of KMK Consulting, during consulting project for Baton Rouge Area Chamber, September 2007.
8. See Gordon Trowbridge, “Locale Links Segregated Cities,” at www.detnews.com/special_reports/2002/segregation/b03-390169.htm.
9. Human Rights Campaign, “The State of the Workplace,” annual report to the nation from the Leadership Conference on Civil Rights (Washington: 2006–2007).
10. See “America’s Fastest-Growing Suburbs,” *Forbes*, July 2007, available at www.forbes.com/realestate/2007/07/16/suburbs-growth-housing-forbeslife-cx_mw_0716realestate.html.
11. See Joel Kotkin, “Rule, Suburbia,” *Washington Post*, February 6, 2005, available at www.washingtonpost.com/wp-dyn/articles/A364-2005Feb5.html.