

# Economic Development & Planning Crash Course

## The Economic Development Part

Mark D. Waterhouse, CEcD

President

Garnet Consulting Services, Inc.

157 Park Road, Pleasant Valley, CT 06063

860-379-7449

[mwaterhouse@snet.net](mailto:mwaterhouse@snet.net)

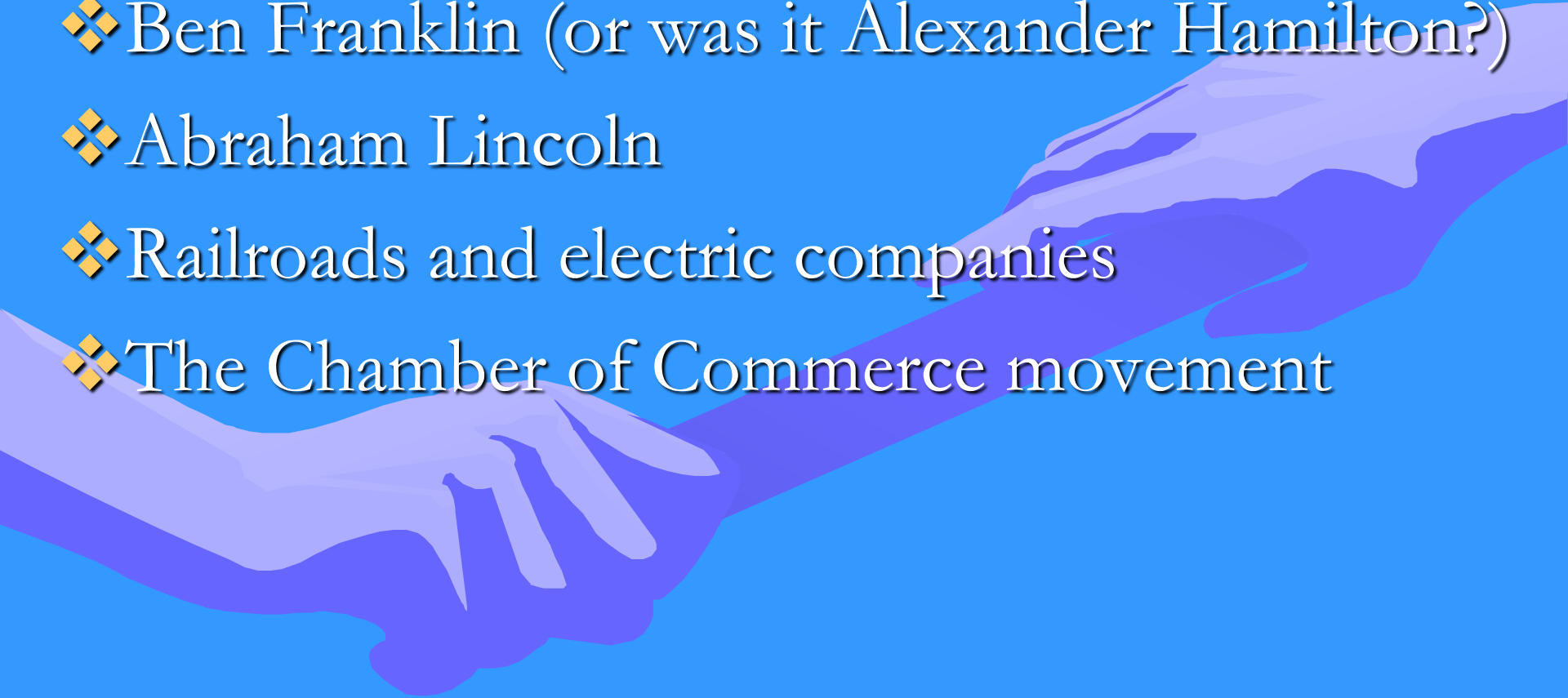
# Please

- Ask questions if you have them
- Participate in discussions



# A Little Historical Perspective

- ❖ The case of the purloined smithy
- ❖ Ben Franklin (or was it Alexander Hamilton?)
- ❖ Abraham Lincoln
- ❖ Railroads and electric companies
- ❖ The Chamber of Commerce movement



# Definitions, Concepts and Relationships

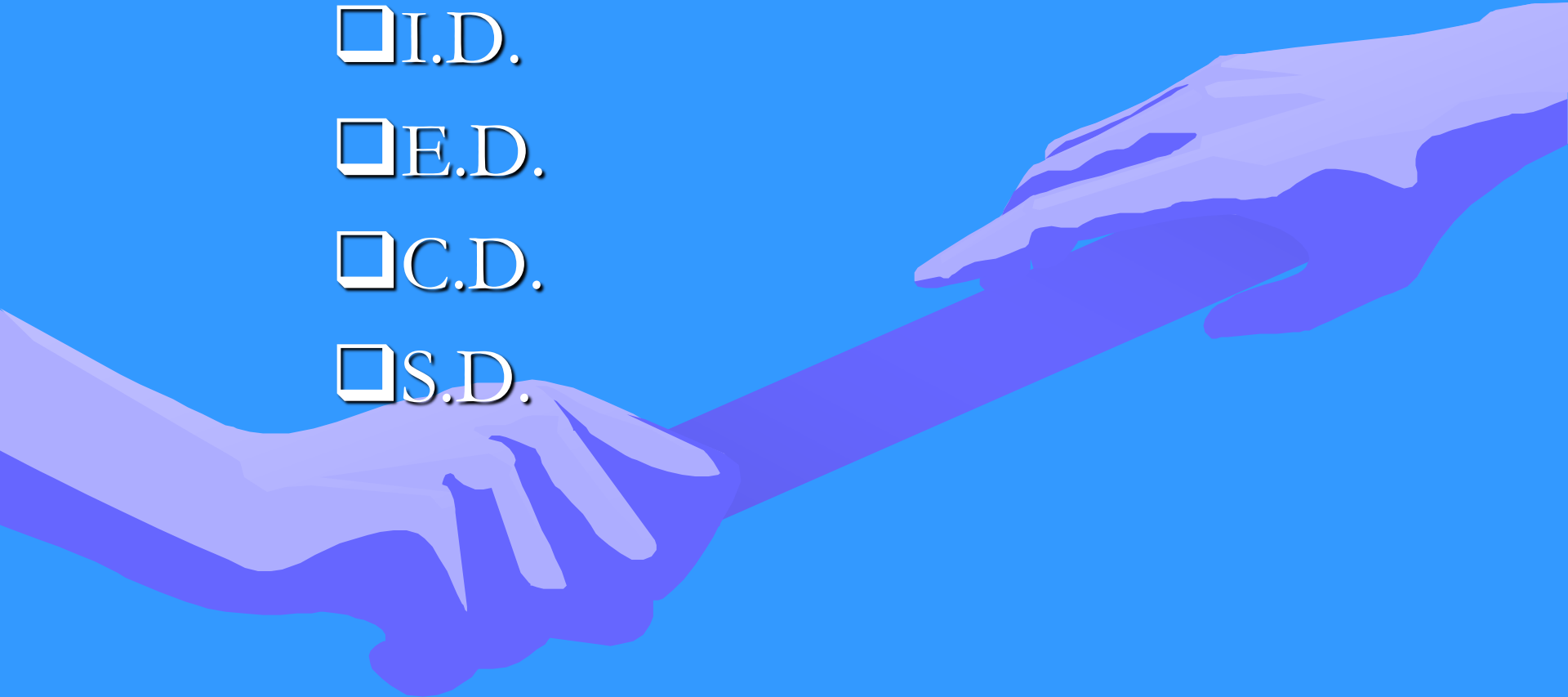
## ❖ The 4 Ds

I.D.

E.D.

C.D.

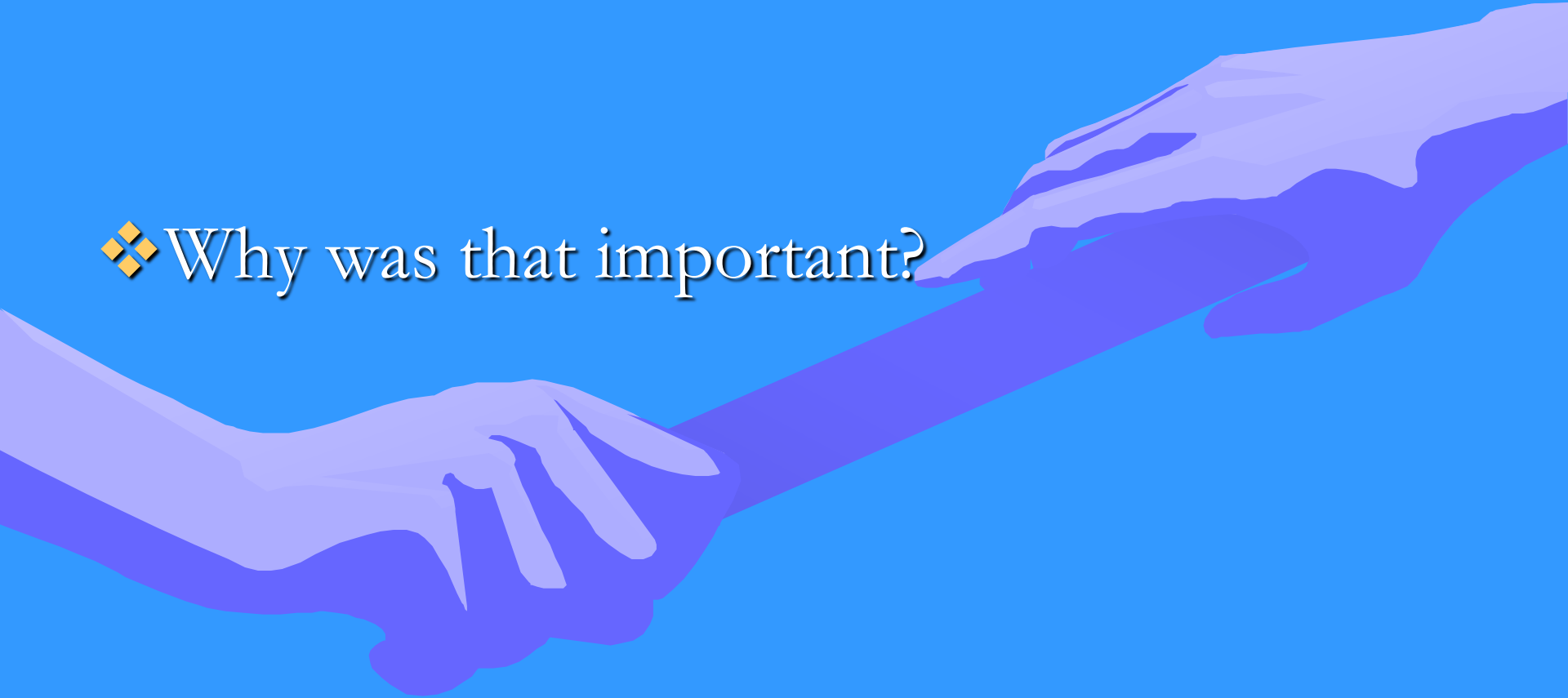
S.D.



# I.D.

❖ What does it mean?

❖ Why was that important?



# E.D.

❖ The formal definition: “The process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services.”

❖ The common definition:

# E.D.

❖ The role of the economic developer: “To influence the process for the benefit of the community through expanding job opportunities and the tax base.”

❖ Process vs. Practice



# Important Changes Over Time

❖ In primary activities

➤ ACRE

➤ REACT

❖ In targets

❖ In primary responsibilities





# Changes in Primary Activities

## ❖ Business

Attraction

Creation

Retention

Expansion

## ❖ Business

Retention

Expansion

Attraction

Creation

Transition



# Changes in Targets

Don't Look at the Next Slide

What Economic Development Targets  
Are Your Communities Going After?

(Think major forms of operations –  
not specific types of businesses)

# Today's Most Common (Broad) Targets

- 
- A stylized illustration of two hands shaking, rendered in shades of purple and blue, positioned behind the list of targets.
- Basic Manufacturing
  - Tech Manufacturing
  - Warehouse/Distribution
  - Offices
    - General
    - Corporate
    - Regional
    - Back
  - Information Technology
  - R&D
  - Services
    - Personal
    - Business
  - Tourism/Hospitality
  - Retail
  - Education
  - Agriculture/Agribusiness
  - Government

# Primary Responsibilities – The Decades of Economic Development

- ❖ 1970's and before – Marketing Management
- ❖ 1980s – Growth Management
- ❖ 1990s – Environmental Management
- ❖ 2000s - 2010s – Relationship Management  
– Technology Management



# Why is Your Community Investing in Economic Development?

Don't Look at the Next Slide

A stylized illustration of two hands shaking, rendered in shades of purple and blue, set against a solid blue background. The hands are positioned horizontally, with one hand on the left and one on the right, meeting in the center. The style is flat and graphic.

# Primary Reasons Communities Invest in Economic development

1. Jobs
2. Tax Revenues
3. Conveniently available goods and services
4. Other community improvements



# C.D.

❖ What is a community?

❖ What is development?



# C.D.

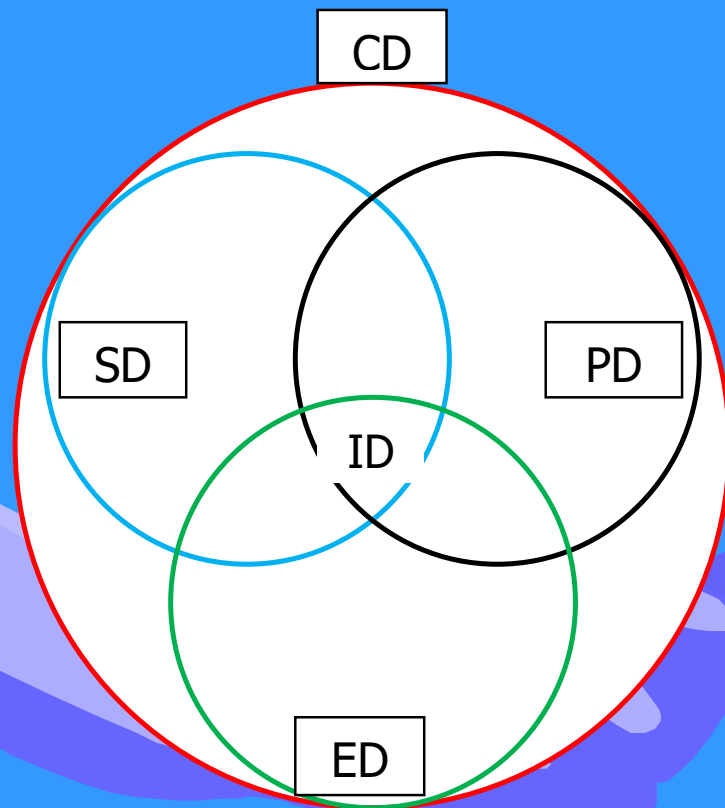
- ❖ A simple definition of community development: “Any change impacting the people who live somewhere.”
    - **You are agents of change**
  - An Economic Development definition: Efforts to improve the community to make it a more competitive product to attract economic development investment
- 



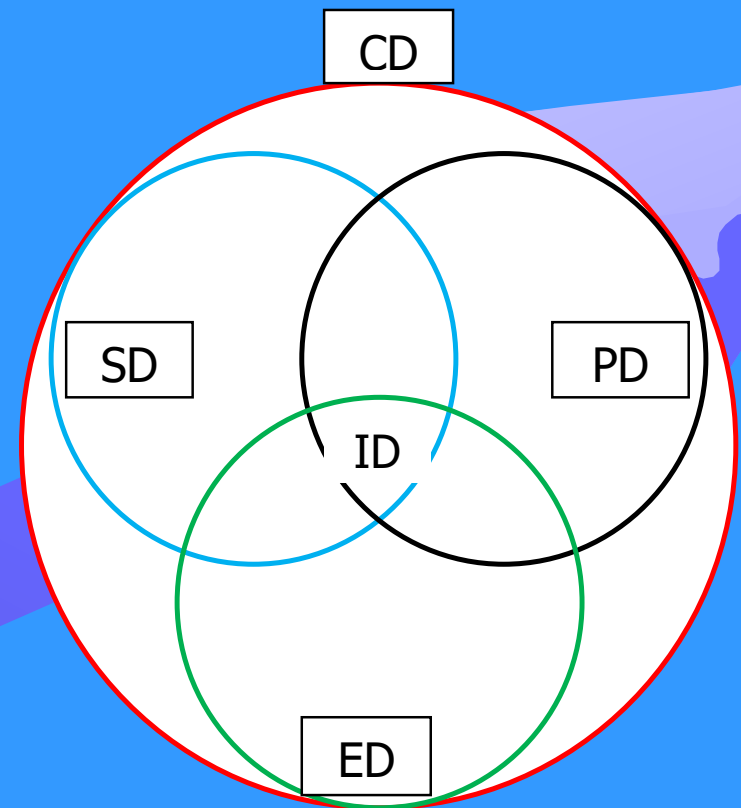
# Interrelationships

(the Development Ballentine 3 ring sign)

## The Old Model



## The Current Model



# S.D.

❖ “...to meet the needs of the present without compromising the ability of future generations to meet their own needs.”

The Brundtland Commission, 1987, 2002

(The United Nations Commission on Sustainable Development – in 2013 it became the United Nations High-level Political Forum on Sustainable Development)

# UN High-level Political Forum on Sustainable Development Goals



See: <https://sustainabledevelopment.un.org/hlpf>

# What Economic Developers Need to Know to Do Their Jobs

## ❖ About the Economic Development Profession:

Interdisciplinary

Rapidly Changing

➤ Tools

➤ Terms

Multi-hatted

The Need for Continuing Education



# Disciplines We Need to Know About

- 
- Understanding People
  - Economics
  - Geography
  - Government/Politics
  - Community Planning
  - Marketing
  - Real Estate
  - Engineering/Construction
  - HR/Labor
  - Education/Training
  - Communications
    - Written
    - Spoken
  - Research/Statistics
  - Finance
  - Business Administration
  - Law

# What Economic Developers Need to Know to Do Their Jobs

- ❖ About Why and How Businesses Look for New Locations

Don't Look at the Next Slide

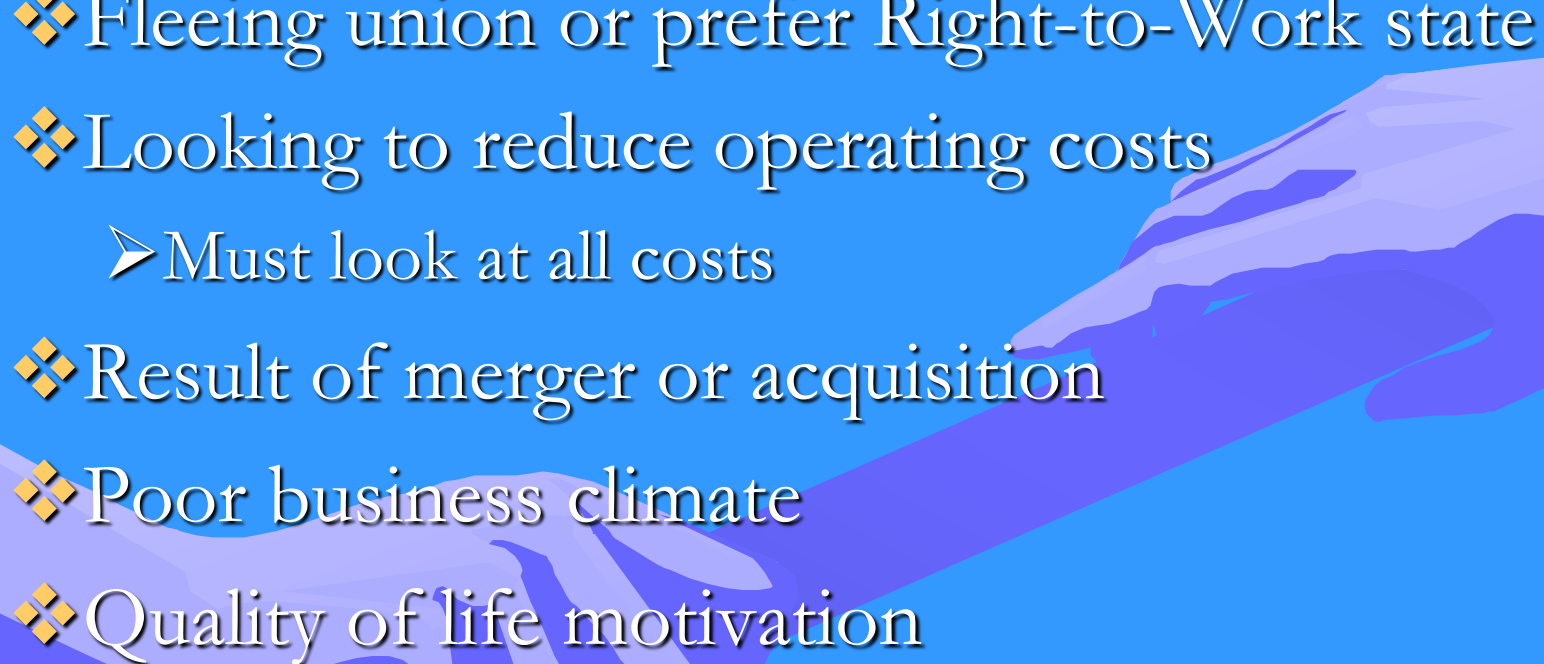
Why Do Businesses Look for New Locations?



# Why Businesses Look for New Locations

- ❖ Need more space (sometimes suddenly)
- ❖ Need less space
- ❖ Need different space
  - Because of operating considerations
  - Because of changing market territory
    - Branch plant
    - Total relocation
  - Currently lease, want to own (or vice versa)

# Why Businesses Look for New Locations

- ❖ Need different labor force (# or skills)
  - ❖ Fleeing union or prefer Right-to-Work state
  - ❖ Looking to reduce operating costs
    - Must look at all costs
  - ❖ Result of merger or acquisition
  - ❖ Poor business climate
  - ❖ Quality of life motivation
- 



# How Businesses Look for Locations

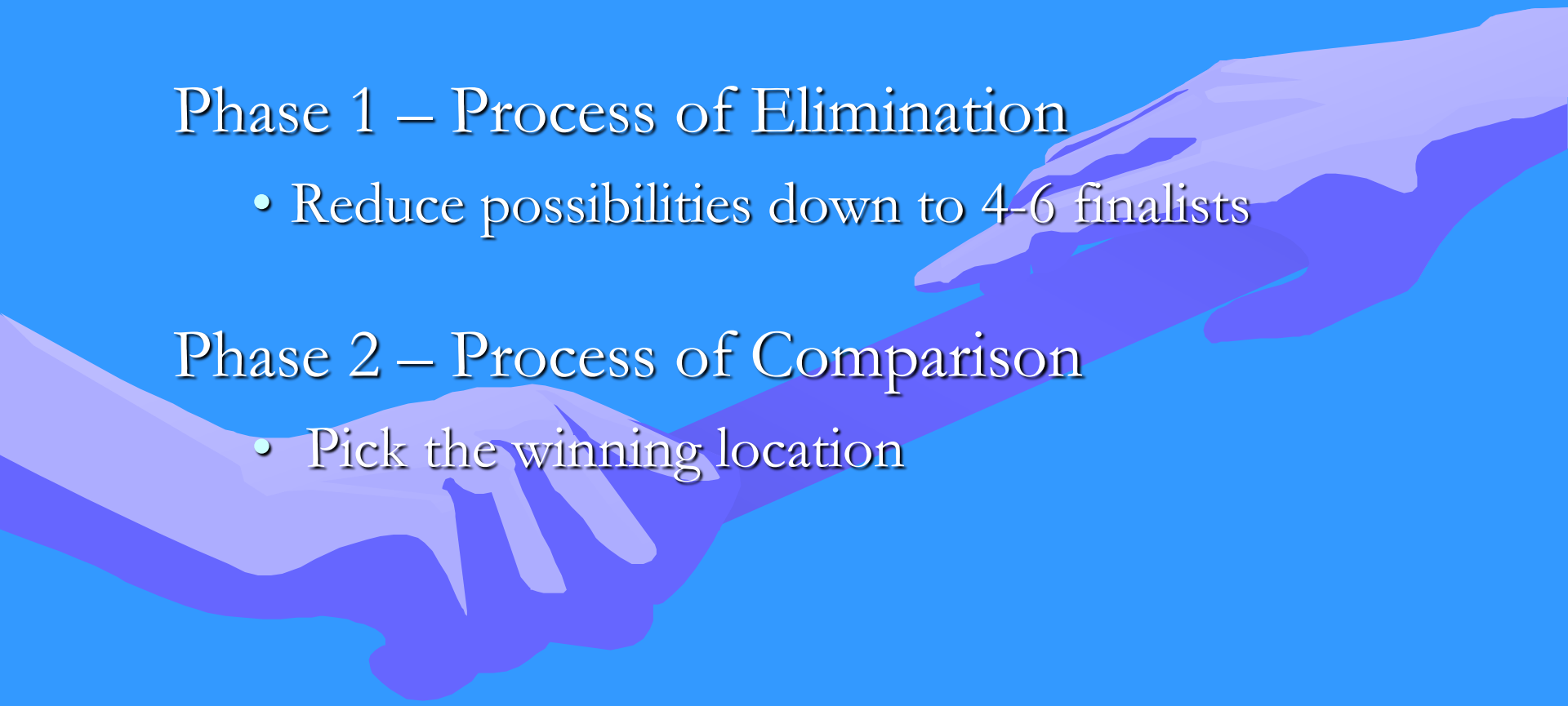
- ❖ A 2 Phase Process that emphasizes **eliminating you**

## Phase 1 – Process of Elimination

- Reduce possibilities down to 4-6 finalists

## Phase 2 – Process of Comparison

- Pick the winning location



# Overview: Facility Siting Process

(Slide courtesy of McCallum-Sweeney Consulting)

## Planning Phase

- Conception
- Feasibility
- Investment Decision

## Phase I

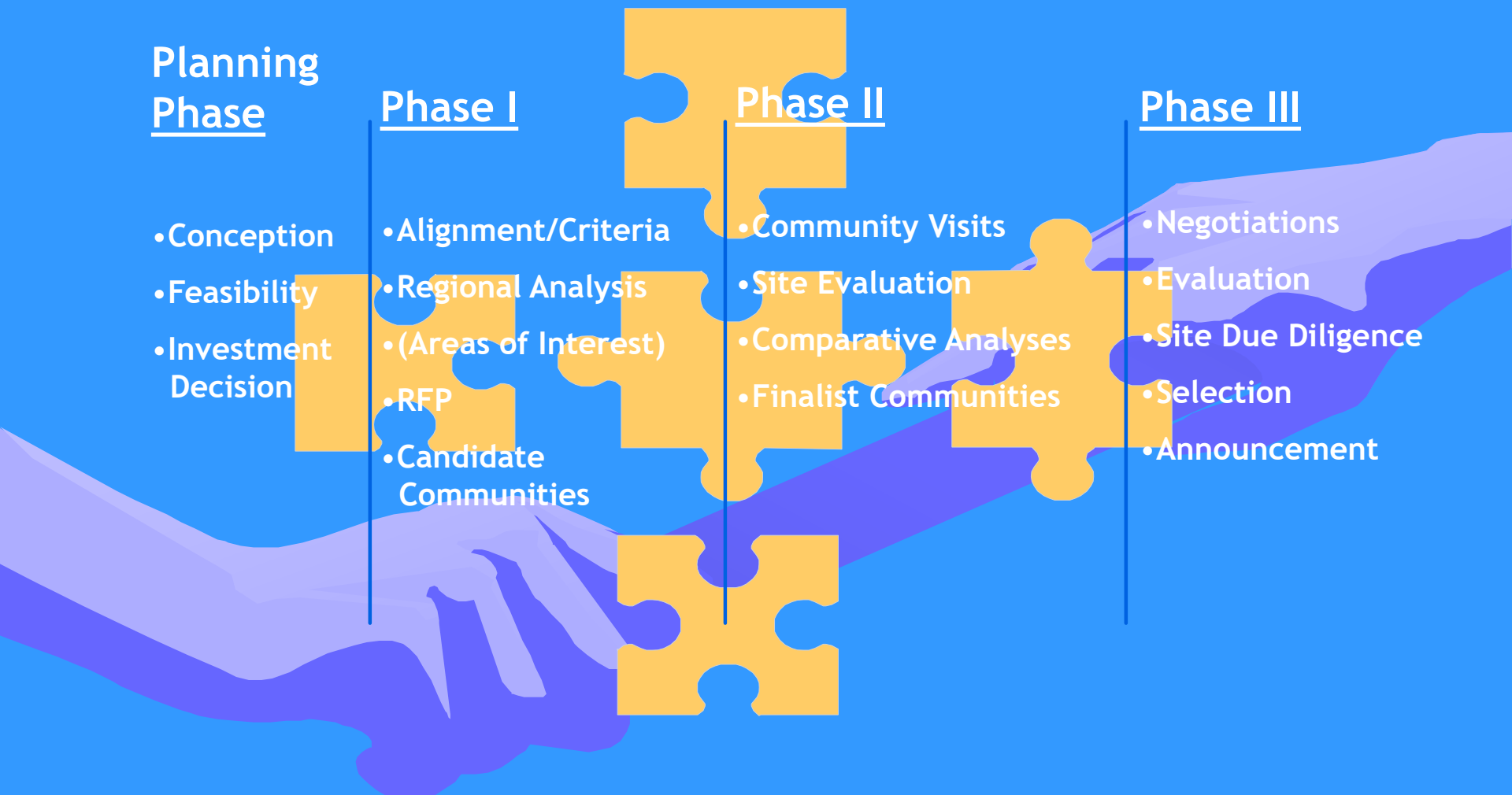
- Alignment/Criteria
- Regional Analysis (Areas of Interest)
- RFP
- Candidate Communities

## Phase II

- Community Visits
- Site Evaluation
- Comparative Analyses
- Finalist Communities

## Phase III

- Negotiations
- Evaluation
- Site Due Diligence
- Selection
- Announcement



# Keep Reminding Yourself of This

❖ The community is both the seller and the product being sold

➤ Communities are commodities

- 3,144 U.S. Counties, Parishes (LA) and Boroughs (AK)
- 35,879 sub-county, general purpose governments
  - 19,519 municipal governments – generally incorporated
  - 16,360 town or township governments

Source: Conventional Wisdom from Multiple Sources and various dates

# Some Competitive Realities

- ❖ Project announcements (new or expansions) that were any of the following:
  - Manufacturing, warehouse/distribution, office, R&D, some combination of these
  - \$1 million or more in capital investment - or
  - 50 or more jobs - or
  - 20,000 square feet or more

2000 – 12,529	2005 – 6,482	2010 – 4,623	2015 – 5,458
2001 – 10,808	2006 – 4,906	2011 – 4,978	2016 – 5,588
2002 – 7,600	2007 – 4,888	2012 – 5,580	
2003 – 5,793	2008 – 4,425	2013 – 5,789	
2004 – 6,905	2009 – 4,345	2014 – 5,911	

Some Scary  
Numbers  
for CT

Year	Manufacturing		Other	Total
	New	Expanded		
2000	0	1	7	8
2001	6	2	4	12
2002	11	7	39	57
2003	2	2	3	7
2004	7	1	18	26
2005	3	1	10	14
2006	4	6	7	17
2007	3	1	7	11
2008	3	2	6	11
2009	5	3	14	22
2010	3	4	11	18
2011	3	2	5	10
2012	8	2	15	25
2013	6	10	19	35
2014	?	?	?	27
2015	?	?	?	33
2016	?	?	?	32
Total	(00-13) 64	(00-13) 44	(00-13) 165	365

# Some Competitive Realities

- Global Jobs Auction
- It is a Buyer's Market
  - ❖ You are both the Seller and the Commodity
  - ❖ It is a “Just-in-time” market



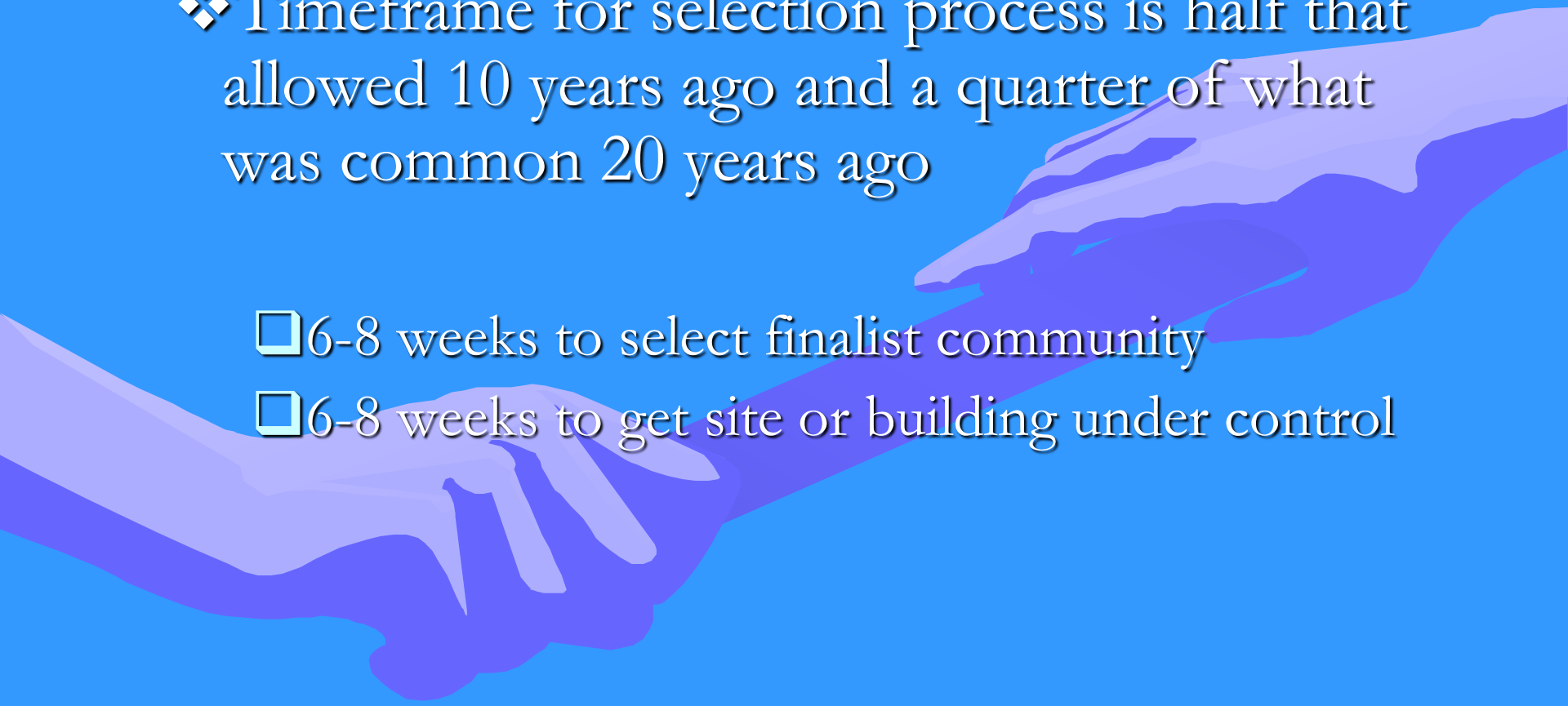
# Competitive Realities-continued

➤ Speed is of the essence

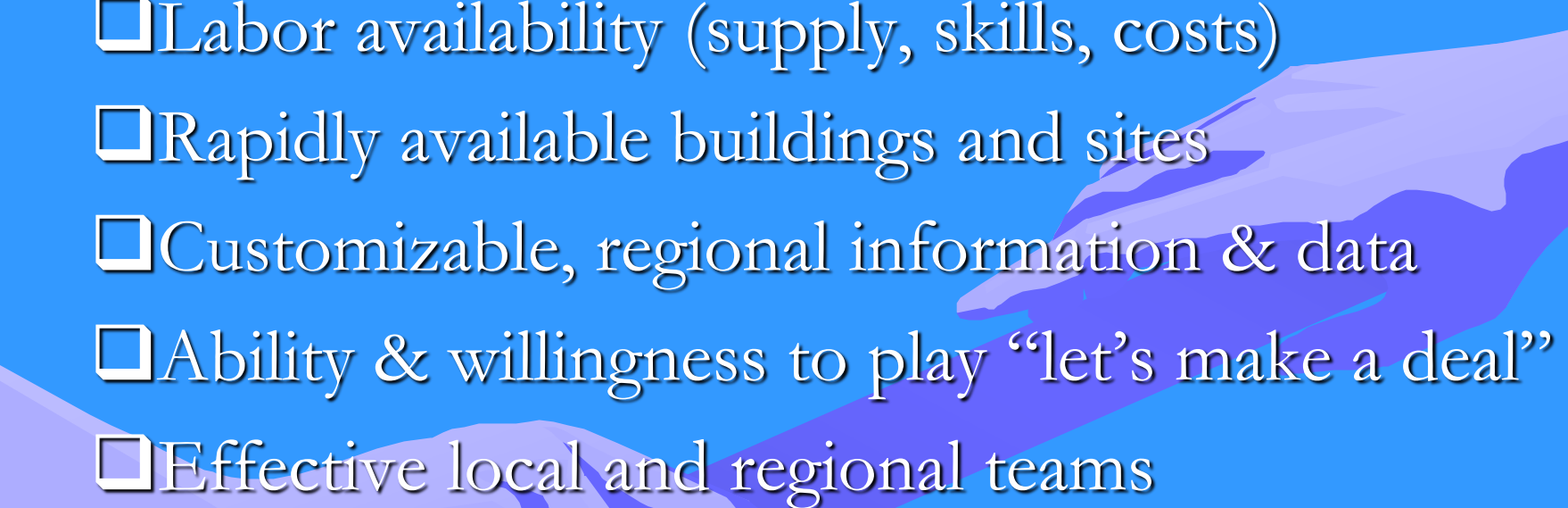
❖ Timeframe for selection process is half that allowed 10 years ago and a quarter of what was common 20 years ago

6-8 weeks to select finalist community

6-8 weeks to get site or building under control



# Competitive Realities-continued

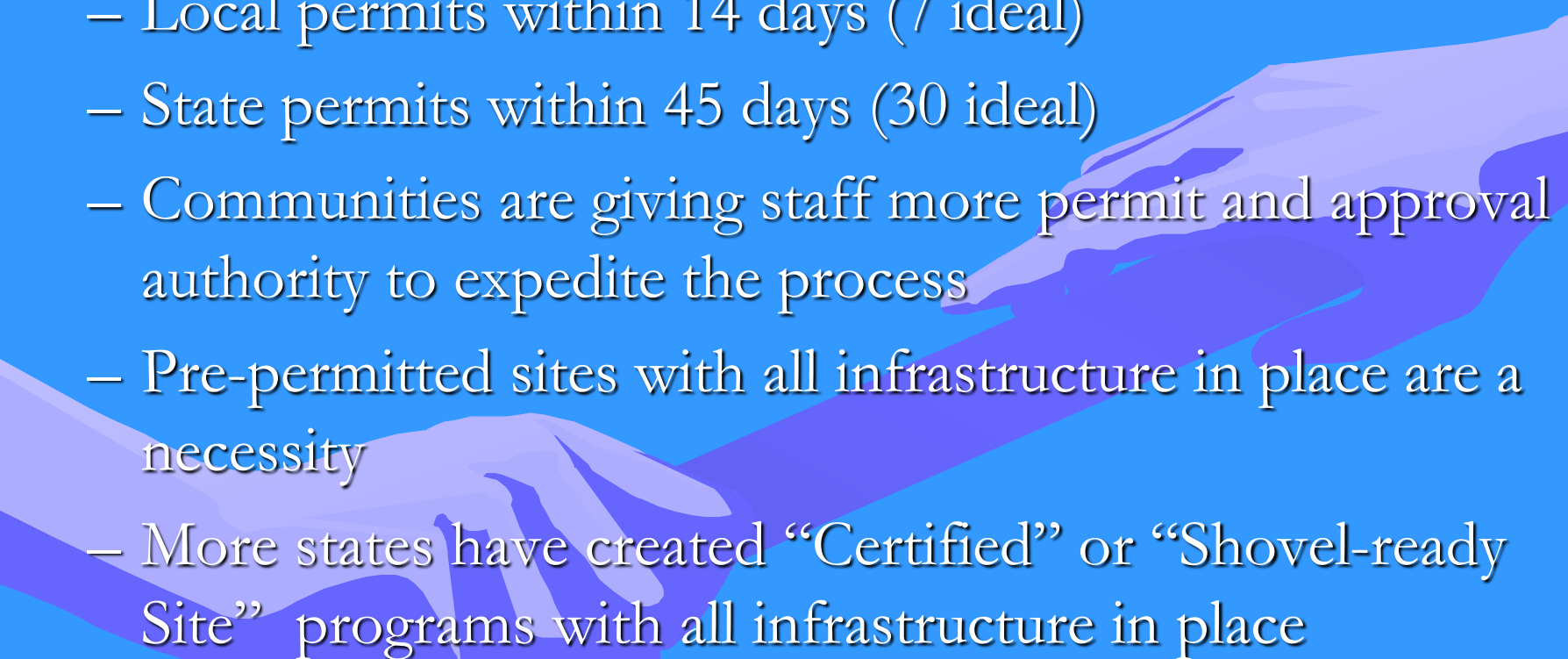
- Current keys to competitiveness are:
    - ❑ Labor availability (supply, skills, costs)
    - ❑ Rapidly available buildings and sites
    - ❑ Customizable, regional information & data
    - ❑ Ability & willingness to play “let’s make a deal”
    - ❑ Effective local and regional teams
- 



# Finding a Home - Quickly

- It is essential to have a reasonable choice of buildings & sites available NOW.
  - In most states, 70% to 75% of prospect companies begin process by looking for an existing building.
    - Lately it has been higher than that -  $80\pm\%$
  - 60% or more of projects end up in an existing building – again, higher than that lately.
  - Therefore, to be competitive, you must have an adequate inventory of both sites and buildings.

# Finding a Home - Quickly

- If construction is necessary, so is fast track permitting
    - Local permits within 14 days (7 ideal)
    - State permits within 45 days (30 ideal)
    - Communities are giving staff more permit and approval authority to expedite the process
    - Pre-permitted sites with all infrastructure in place are a necessity
    - More states have created “Certified” or “Shovel-ready Site” programs with all infrastructure in place
- 

# What the Competition is Doing

- Clermont County, OH
  - County ordinance requires permits to be issued in 10 days for complete/accurate application for a project allowed in the zoning district
- Chesapeake, VA
  - Office project in office district – permits in 2 days
  - The Economic Development Department has a professional engineer on staff dedicated to working with businesses in creating a streamlined development process
- Phoenix and Peoria AZ
  - Building Plan Self-Certification Program

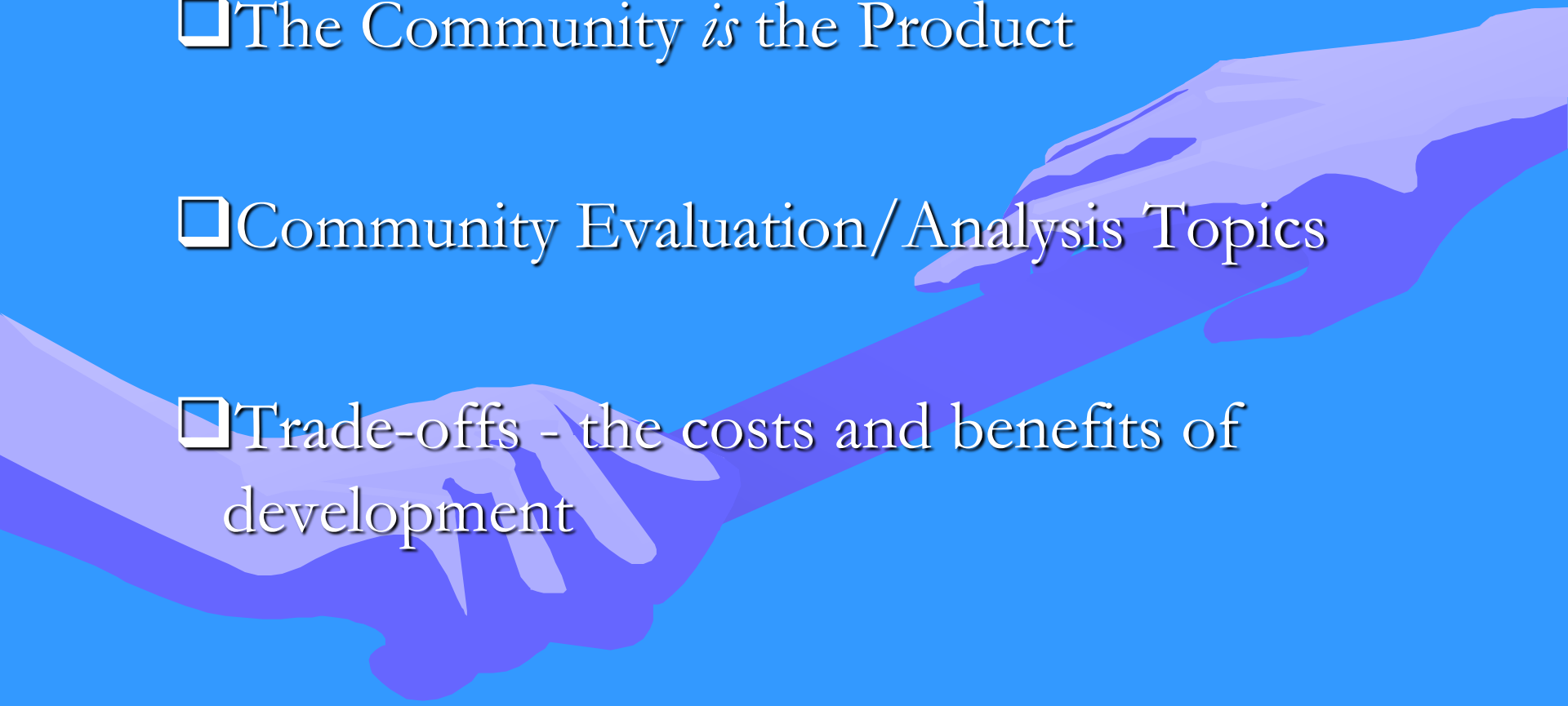
# What Economic Developers Need to Know to Do Their Jobs

## ❖ About their Communities:

The Community *is* the Product

Community Evaluation/Analysis Topics

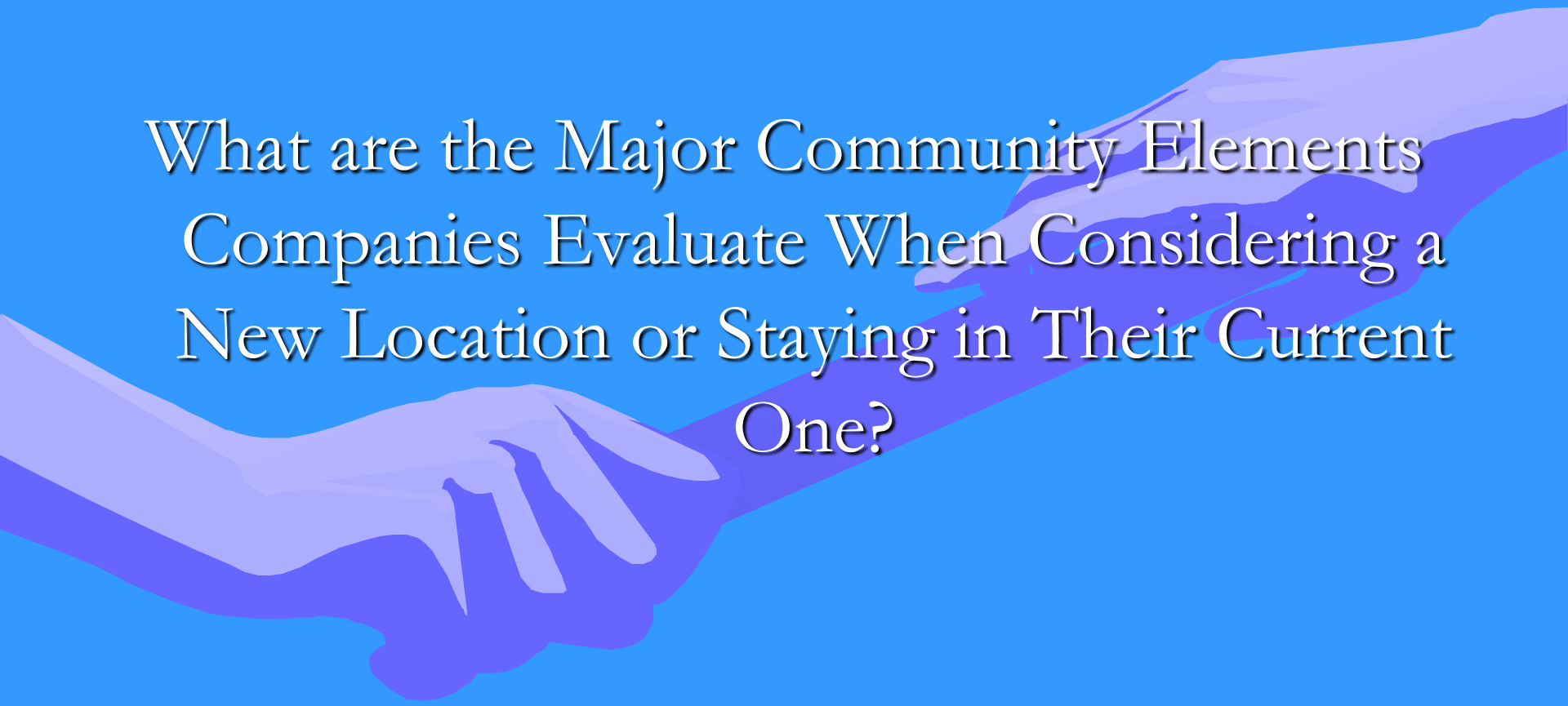
Trade-offs - the costs and benefits of development



# Community Analysis Topics

Don't Look at the Next Slide

What are the Major Community Elements  
Companies Evaluate When Considering a  
New Location or Staying in Their Current  
One?

A stylized illustration of two hands shaking, rendered in shades of purple and blue, positioned behind the text.

# Community Analysis Topics

- 
- Market Access
  - Transportation
  - Utilities
  - Labor Force
  - Education
  - Community facilities & services
  - Taxes
  - Business climate
  - Quality of life
  - Availability of parts, supplies & services
  - Available sites & buildings
  - Available financing & incentives

# Community Fit Matrix

How Well Do These Uses → Match With These Attributes of Our Community? ↓	TYPE OF BUSINESS (See Use Code Below)													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Market Access (Location)</b>	3	6	5	0	5	7	7	6	NA	3	4	3	7	
<b>Availability of Materials/Parts/Services/Supplies</b>	5	7	6	NA	5	5	2	5	5	5	5	5	7	
<b>Labor</b>	4	6	5	7	2	4	7	6	5	5	3	6	NA	
<b>Transportation</b>	3	5	4	5	5	5	6	5	6	5	5	5	6	
<b>Utilities</b>	2	4	4	7	2	4	NA	5	5	5	NA	2	NA	
<b>Available Capital and Incentives</b>	3	4	4	4	3	3	2	2	2	2	2	2	3	
<b>Available Sites and Buildings</b>	1	4	3	2	2	4	NA	4	4	4	4	2	NA	
<b>Quality of Life</b>	8	8	8	8	8	8	10	NA	NA	8	NA	8	NA	
<b>Business Climate</b>	5	7	7	3	5	7	8	5	5	5	2	4	7	
<b>Community Services and Facilities</b>	8	8	8	8	8	8	8	8	8	8	8	8	8	
<b>Public Acceptability</b>	5	9	9	2	4	9	8	7	7	7	3	5	10	
<b>TOTAL POINTS</b>	<b>47</b>	<b>68</b>	<b>63</b>	<b>46</b>	<b>49</b>	<b>64</b>	<b>58</b>	<b>53</b>	<b>47</b>	<b>57</b>	<b>36</b>	<b>50</b>	<b>48</b>	
<b>FIT SCORE (Total Points ÷ # of cells with points)</b>	<b>4.3</b>	<b>6.2</b>	<b>5.7</b>	<b>4.6</b>	<b>4.5</b>	<b>5.8</b>	<b>6.4</b>	<b>5.3</b>	<b>5.2</b>	<b>5.2</b>	<b>4.0</b>	<b>4.5</b>	<b>6.9</b>	

USE CODE	
Use #	Type of Use
1	Basic Manufacturing – Large
2	Basic Manufacturing – Small
3	Technology Manufacturing
4	Distribution
5	Office
6	R&D
7	Tourism
8	Retail
9	Services – Personal
10	Services – Business
11	Agriculture
12	Educational Services
13	Cottage Industry
14	Other Types as Appropriate

KEY FOR POINT SCORES
<b>10 = Very Strong Match</b>
<b>0 = Business Type Incompatible with Community Characteristic</b>
<b>NA = Community Characteristic Not Applicable to Business Type</b>

# Trade-offs

## Don't Look at the Next Slide

❖ Good things

❖ Bad things





# Trade-offs

## ❖ Good things

- More jobs
- Better jobs
- Improved standard of living
- Tax revenues
- More tourists
- Better availability of goods & services

## ❖ Bad things

- Stress on services
- Environmental impacts
- Traffic
  - Safety
  - Congestion
- Sprawl
- Population influx
- Loss of open space
- CHANGE

# Functions of the Full-Service EDO

- ❑ Research & information
- ❑ Marketing & promotions
- ❑ Financing & incentives
- ❑ Training & H.R.
- ❑ Site location assistance
- ❑ Market development
- ❑ Ombudsman & community organizer
- ❑ Technical assistance
- ❑ Strategic & long-range planning
- ❑ Catalyst & convener



# Marketing Your Community

What's the Difference Between

❖ Marketing

❖ Sales



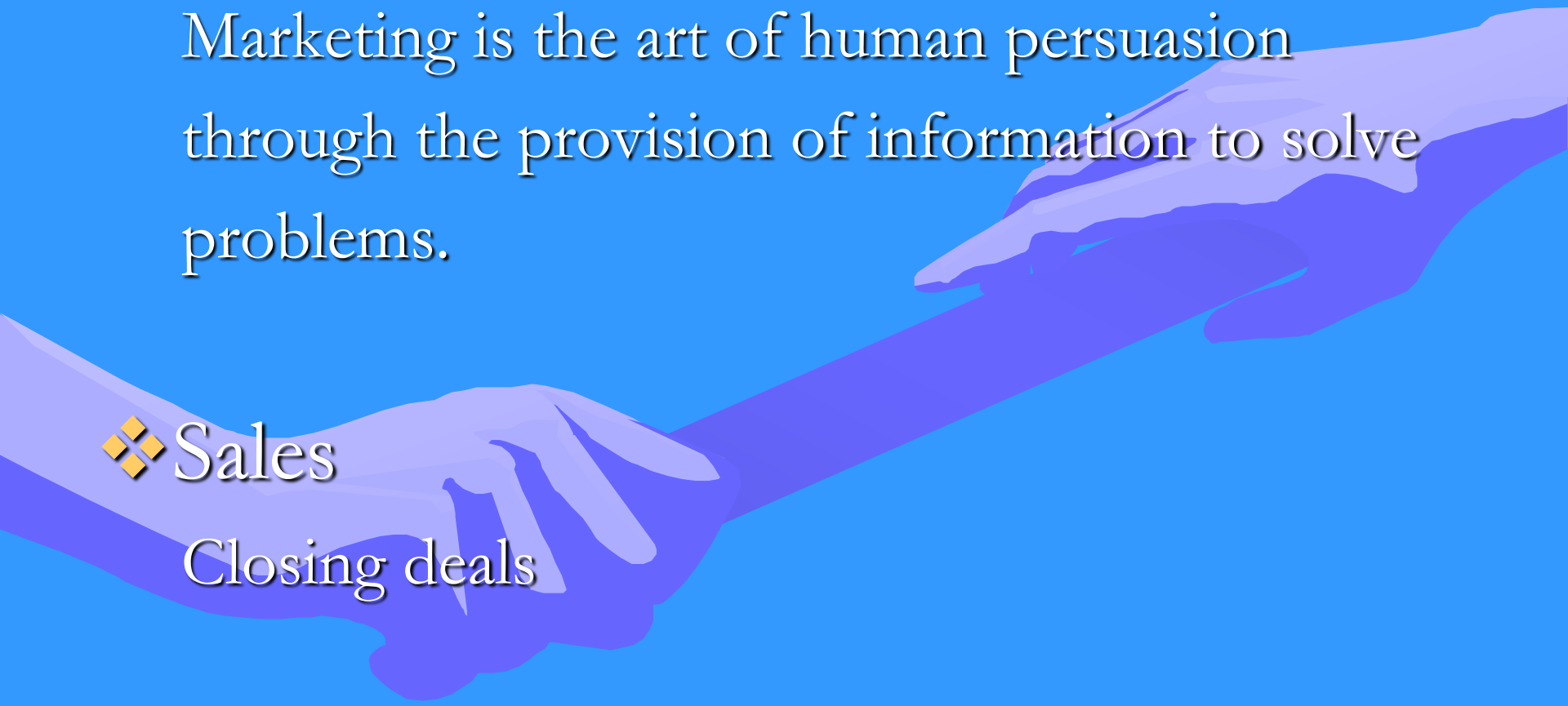
# What's the Difference Between

## ❖ Marketing

Marketing is the art of human persuasion through the provision of information to solve problems.

## ❖ Sales

Closing deals



# Common Marketing Tools

- 
- A stylized illustration of two hands shaking, rendered in shades of purple and blue, positioned diagonally across the lower half of the slide. The hands are rendered with soft gradients and are set against a solid blue background.
- Direct Mail
  - Media advertising
  - Staff marketing trips
    - Domestic
    - International
  - Volunteer marketing trips
  - Telemarketing
  - CDs
  - Resource Centers
  - Printed materials
  - P.R. services
  - Trade shows
  - Hosting site visits
    - Prospects
    - Site location consultants
  - Web page
  - E-mail marketing
  - Gifts/mementos

# What Works Best?

Most Effective Marketing Techniques  
(DCI 2017 and Prior Surveys – 2017-331 Respondents )

Technique	2017	2014	2011	2008	2005	2002
Internet/websites	74%	67%	55%	56%	53%	34%
Planned visits to corporate execs	66%	64%	57%	54%	55%	54%
Media relations/publicity	51%	48%	33%	52%	50%	40%
Hosting special events	51%	46%	35%	45%	49%	37%
Trade shows	39%	38%	35%	Left out	33%	32%
Advertising	32%	17%	16%	15%	20%	21%
Direct mail	23%	14%	15%	19%	23%	33%
Telemarketing	17%	6%	4%	4%	6%	4%

# What Works Best?

Where business people get business climate information  
(DCI 2017 and Prior Surveys)

Information Source	2017	2014	2011	2008	2005	2002
Dialog with industry peers	46%	55%	50%	61%	54%	56%
Business travel	42%	37%	27%	42%	45%	47%
Articles in newspapers & magazines	34%	44%	46%	53%	45%	62%
Meetings with EDOs	33%	31%	28%	32%	33%	21%
Online sources	27%	22%	20%	28%	22%	9%
Word of mouth	22%	21%	19%	19%	16%	29%
Rankings/surveys	21%	24%	36%	22%	17%	23%
Personal travel	17%	12%	9%	14%	13%	14%
Social media	11%	2%	0%	Not included		
Advertising	9%	4%	3%	Had been print or TV/radio ads		
Other	8%	12%	13%	10%	14%	14%
TV/radio newscasts/shows	6%	9%	14%	7%	5%	14%
Direct mail	2%	2%	0%	2%	2%	2%

# Other Marketing Considerations

- ❖ Multi-step marketing
  - ❖ The impact of electronic technology
  - ❖ Community Network Marketing
  - ❖ The importance of a vision and good planning
- 
- A stylized illustration of two hands shaking, rendered in shades of purple and blue, positioned diagonally across the lower half of the slide. The hands are rendered with soft gradients and are set against a solid blue background.



# What Economic Developers Really Do Today

❖ Floccinaucinihilipilification

❖ Your Mission - Should You Choose to  
Accept It



# Your Mission – Should You Choose to Accept It

## Building Better Communities

To Live

To Work

To Play

To Run a Business



# Better Yet

Your Mission –  
Should You Choose To Accept  
It

Build Successful Communities

A stylized illustration of two hands shaking, rendered in shades of purple and blue, positioned diagonally across the lower half of the slide. The hands are rendered with a soft, painterly style, with the fingers interlaced in a firm grip. The background is a solid, vibrant blue.

What Else Would You  
Like to Discuss?

