EDJ

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INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

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**INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL**

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THE IEDC
Economic Development Journal

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Chair: F. Michael Langley, FM
President & CEO: Jeffrey A. Finkle, CEcD
Editor: Jenny Murphy







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F. Michael Langley, FM
*IEDC Chair*

**LETTER FROM THE CHAIR**

# dear colleague

It has been my distinct honor and privilege to represent the International Economic Development Council as Chairman of the Board of Directors in 2017. We can all be proud of what the organization has accomplished this year.

We focused on two main objectives this year: educating and advocating to our new elected and appointed officials about the importance of economic development, and empowering economic developers in their ability to provide opportunity and advancement for those members of our communities that need it most.

Working with the Delta Regional Authority, the U.S. Economic Development Administration, and the Province of Alberta, we have taught more than 50 courses for 1,000 people in two countries. In addition, in partnership with the National League of Cities, we helped author the report "What You Should Know 2.0: Elected Leaders and Economic Development" which will reach countless more economic development champions. I am also proud of the publication "Why Invest in Economic Development?", which was used extensively in Washington, D.C. and in many states, helping us maintain, and even increase federal and state support to economic development programs in 2017. Next year, as Immediate Past Chair, I look forward to working with our new Chair, Craig Richard, to continue our aggressive outreach and advocacy for programs that work.

We continued to contribute to our body of knowledge on how to approach economic development through a lens of inclusive growth. In every conference this year, we have had sessions on economic inclusion. We have offered over a dozen webinars this year and a portion of those dealt with topics like workforce development for underutilized workers, affordable housing, and services for existing businesses, which we know are the bedrock of most economies. This theme will be prominently featured in the 2018 Annual Conference in Atlanta and I look forward to being there to continue the conversation.

We have also used this year to strengthen our relationships with international partners. In September 2017, we held our first Annual Conference outside of the United States, with over 1300 attendees, far exceeding our goals. Toronto was a terrific host city and we got tremendous feedback on the program content, the educational tours and the networking opportunities. Thank you to all of you who made the extra effort to travel internationally and thank you for supporting IEDC and your own professional advancement. We look forward to continuously strengthening our relationships with the Economic Development Association of Canada, Economic Development Australia, World Association of Investment Promotion Agencies and the European Association of Development Agencies and in bringing the experience of our members to their conferences and meetings to share best practices around the world.

Finally, IEDC is stronger than ever as the largest economic development association globally. Our membership increased again this year, and now stands at over 5200.

In 2018, we will continue to build off the successes and initiatives pursued this year, while launching new ventures and technical assistance projects. "Thank you" to our Board of Directors and the entire membership for a great year as Chair. I look forward to continuing to serve the organization in the coming years.

Sincerely,

F. Michael Langley, FM
IEDC Chair

The IEDC
Economic Development Journal

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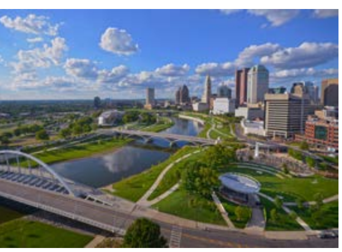

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INTERNATIONAL
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# planting the seeds for an AGTECH INNOVATION ECOSYSTEM

*By Andrew Myrick, CEcD, EDFP, and Rachel Deloffre*

Salinas, California, once had two claims to fame: as "the salad bowl of the world" and as the birthplace of iconic American author John Steinbeck. While these will always be part of Salinas' identity, in recent years, the city has embarked upon a new mission to harness the region's agricultural prowess and proximity to Silicon Valley to create an AgTech (agriculture technology) Innovation Ecosystem.

The ecosystem, which received an IEDC Gold Award for Excellence in Economic Development in 2017, focuses on entrepreneurial development, workforce training and marketing in the AgTech industry – a bold task in a largely low-income farming region that once had little to no existing startup culture. This article explains how the city created its AgTech Innovation Ecosystem, what spurred it, how it works, and the successes and lessons learned.

*Salinas, California – known as the "salad bowl of the world" – is quickly transforming into a global hub for AgTech.*

## ABOUT THE CITY OF SALINAS

Located in Monterey County on California's Central Coast and just 60 miles from Silicon Valley, the city of Salinas (pop. 157,380) serves as the region's economic hub. Home to some of the richest farmland in the United States, the Salinas Valley boasts an $8 billion agriculture industry and is the world's largest producer of lettuce, as well as a top producer of strawberries, broccoli, wine grapes, and other fresh produce. The region is home to agricultural giants such as Driscoll's, Dole, Taylor Farms, Tanimura & Antle, and Earthbound Farm, to name a few.

Despite its stature as an agricultural powerhouse, Salinas faces many challenges. Educational attainment is low: only 60 percent of the city's population has a high school diploma, and just 12 percent achieve a Bachelor's degree or higher. The community has a large immigrant population: 75 percent of the population is Hispanic or Latino, with 68 percent speaking a language other than English in the home. Additionally, more than 30 percent of Salinas' population is under the age of 18, and the city has lost many of its young residents to the influence of criminal gangs. Furthermore, due to the seasonality of the agriculture industry, Salinas' unemployment rate often exceeds 10 percent in the winter.

## THE TIPPING POINT

In 2012, one of the city's largest non-agricultural employers, Capital One, announced it was closing its doors in Salinas due to a company acquisition. Salinas would lose 869 of some of its best jobs, along with an unknown number of indirect losses. In response, the city of Salinas convened a group

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**Rachel Deloffre** is an Account Director at Development Counsellors International (DCI). DCI specializes in economic development and tourism marketing and has worked for more than 450 cities, regions, states, provinces, and countries since 1960. (rachel.deloffre@aboutdci.com)

## HOW SALINAS, CALIFORNIA, WENT FROM SALAD BOWL OF THE WORLD TO GLOBAL AGTECH HUB

*Facing the loss of a major employer, the city of Salinas embarked upon a new mission to harness its strengths in agriculture and proximity to Silicon Valley to create an AgTech Innovation Ecosystem – a bold task in a largely low-income farming region that once had little to no existing startup culture. This highly impactful initiative has changed the city's trajectory and won IEDC's Gold Award for Entrepreneurship.*

**AGTECH INNOVATION ECOSYSTEM**

ENTREPRENEURIAL DEVELOPMENT

WORKFORCE TRAINING

MARKETING

of local stakeholders to identify steps to mitigate the loss of these positions and identify a strategy that would promote the city's long-term economic health. From this group came the plan to leverage the city's geographic location near Silicon Valley, local industry, and other resources to develop an ecosystem for the AgTech industry.

While it was a local crisis that spurred this initiative, the timing was right based on trends already happening in the industry. Farmers in the Salinas Valley and around the world were already beginning to incorporate more and more technology into their businesses – ranging from automation, to drones, to sensors in the fields. The industry as a whole was changing as farmers recognized that technology could help them solve challenges surrounding labor, sustainability, water, food safety, and growing demands for food as the United Nations estimates that farmers will have to produce 70 percent more food by 2050 in order to feed the world's growing population.

## HOW IT WORKS

The city of Salinas created the AgTech Innovation Ecosystem initiative with the goal to drive innovation, support entrepreneurship, and ultimately create more high-tech jobs. Specific objectives include the following:

- Attract and support entrepreneurs and startups in AgTech and related industries to the city of Salinas;
- Ensure that educational and training programs exist and are available to Salinas residents so that the local workforce is prepared for jobs in the AgTech industry; and
- Market and establish the region as an AgTech hub.

Given the city of Salinas' limited staff and resources, it has created numerous partnerships with organizations that have expertise in various areas in order to accomplish these goals. This approach has allowed Salinas to create effective programs at a much lower cost.

The main components of the ecosystem include entrepreneurial development, access to capital, workforce development, and public relations. Here's how the city has developed each of these components and seen success so far:

### 1. Entrepreneurial Development & Access to Capital

Despite its location just down the road from Silicon Valley, the city of Salinas had never attempted to connect with its high-tech neighbor before the AgTech Innovation Ecosystem was put in place. And while successful agriculture companies had grown out of Salinas for decades, the city did not have a strong startup culture or resources for entrepreneurs. The city also faced the challenge of developing an innovation ecosystem without the presence of a local research university. Salinas instead would need to create a non-traditional model based around the private sector in order to be successful.

One of the first steps the city took was to hire SVG Partners, a Silicon Valley-based consulting firm with deep expertise in investment, technology, and innovation programs. One of the key programs that SVG Partners launched in Salinas was THRIVE AgTech, a highly competitive, annual eight-week accelerator program that provides AgTech startups from across the globe with high-level mentorship from Salinas Valley's largest agriculture companies and industry leaders.

Participating startups in the THRIVE accelerator have the opportunity to receive up to $5 million in equity funding and receive access to a wide international network of companies, farmers, partners, and investors that can help program participants secure funding. Some of THRIVE's major partners include Wells Fargo, Verizon, Taylor Farms, JV Smith, Panasonic, and Yamaha.

Since its inception, the THRIVE Accelerator has received hundreds of applicants from countries around the world, including early stage and commercially ready companies, and has run three accelerator programs, accelerating 32 companies. While participants are not required to move to Salinas to be part of the program, several of the companies have opened up an office in Salinas after completing the program, and THRIVE has created an estimated 50 new jobs in the city in this nascent sector, with additional growth anticipated as companies continue to grow.

In addition to THRIVE, the city of Salinas attracted its first startup incubator, with the help of SVG Partners and Taylor Farms (one of the city's largest employers). The incubator was created by Western Growers, an ag industry association whose members in Arizona, California, and Colorado produce approximately half the fresh produce in the country. The Western Growers Center for Innovation and Technology (WGCIT) launched in 2015 and operates out of the Taylor Farms headquarters in downtown Salinas. It offers workspaces and collaborative opportunities for AgTech entrepreneurs while bridging the gap between entrepreneurs and local growers. Since there is no ag research university in the immediate Salinas area,

One of the key programs that SVG Partners launched in Salinas was THRIVE AgTech, a highly competitive, annual eight-week accelerator program that provides AgTech startups from across the globe with high-level mentorship from Salinas Valley's largest agriculture companies and industry leaders.

*Western Growers president and CEO Tom Nassif kicks off the grand opening of the Western Growers Center for Innovation and Technology in Salinas, December 2015.*

this alternative model emphasizes research through real-world applications of the products in the fields and with local farmers, feedback from potential customers, and access to venture capital funding and private investment. Startups at the WGCIT are able to obtain real-world experience, get products to market quickly, and own their own patents.

Since the venture capital model is not always a fit for AgTech startups – due to the seasonality of the ag industry and other factors – local industry leaders, such as Taylor Farms and Tanimura & Antle, are working closely with startups based at the WGCIT to develop their technologies and have directly invested in or outright purchased some startups or their technologies. Today, WGCIT houses more than 45 AgTech innovators from across the nation, and several of its startups have started hiring employees to work locally, including local college graduates.

SALINAS
CALIFORNIA

**Shaping the next generation of workforce – including farm workers' children, minorities & residents living below the poverty level – by inspiring them to become agtech entrepreneurs**

**2. Workforce Development**

Though Salinas is not the only city across North America to pursue AgTech, its ecosystem is distinctive because of the city's demographics and focus on residents. With Salinas' high number of youth and low levels of educational attainment, the city has worked with partners to develop workforce training programs that directly impact the next generation of workforce – many of whom are farm workers' children, minorities, and/or living below the poverty level. The goal is to teach these residents about technology and inspire them to pursue careers in AgTech.

The first step, with the help of SVG Partners, was the launch of CoderDojo, a free program that teaches children ages eight to 17 how to code. The city ran the first CoderDojo session out of the local library, and it was so successful that Salinas' local community college, Hartnell College, offered to fund and run it. Hartnell now runs the program at seven different sites in the Salinas Valley, and more than 3,300 students have participated since 2013.

Since the launch of CoderDojo, several other key programs have taken shape. In partnership with SVG Partners/THRIVE, the city of Salinas developed the Young Innovators program, which empowers local youth to become the next generation of entrepreneurs. As part of the program, teams from Monterey County compete to develop technology solutions to problems presented at an annual event. The winning teams received a cash prize and were treated to a tour of the headquarters of Google and Oracle in Silicon Valley. The city is looking to make this an annual event taking place each spring.

In 2017 the city brought Digital Nest – a program that began in neighboring Watsonville – to one of Salinas' most disadvantaged neighborhoods. Digital Nest offers youth and young adults ages 14-25 access to computers, workshops, and tech certification at a low cost and places participants in jobs and internships at local companies. The goal is to arm young people with the skills they need to get a job, start a business or go to college. In just four months, the Nest has 130 members and has begun courses in web design, hydroponics (to prepare for AgTech curriculum), graphic design and photography, and others. They are also exposing students to opportunities that are available in tech, with a particular emphasis on female students, who will soon be treated to a tour of AirBnB headquarters.

In addition to these programs, the city of Salinas has built up strong momentum with local higher education institutions. In 2017, Salinas Valley cities including Salinas, Gonzales, Soledad, Greenfield, and King City formed a unique partnership to increase collaboration on work-

*Salinas' Western Growers Center for Innovation & Technology offers workspaces and collaborative opportunities for agtech entrepreneurs.*

force training between Salinas Valley municipalities and educational institutions. The cities partnered with Hartnell College to develop an employment training partnership that is jointly managed by the cities and Hartnell. The cities provide funding to Hartnell College, which has hired a full-time position that will focus on creating workforce development programs that support the agriculture, AgTech, and healthcare industries in the Salinas Valley, as well as facilitating collaboration between municipal and educational efforts.

While the city has been involved in many of these new workforce development programs, other successful programs have developed organically now that the innovation ecosystem is in place. One example is CSin3, a partnership between Hartnell College and California State University Monterey Bay that allows students to earn a computer science degree through an accelerated three-year program. CSin3 graduated its first class of students in 2016, and many of them accepted jobs at Silicon Valley tech firms and Salinas AgTech companies. The students also defy the typical demographics of the tech field: the student body is more than 80 percent Latino and nearly 50 percent female.

**3. Marketing and Public Relations**

When the city began developing an ecosystem around AgTech, Salinas had a serious image problem. Much of the media coverage of Salinas revolved around its crime and gang problems. And while Salinas was associated with being the world's "salad bowl," it was far from being known as a place where technology converges with agriculture. The city realized it needed to not only correct misperceptions about the city, but launch a branding and public relations campaign to get the word out about Salinas as an AgTech hub and share the positive stories taking place in Salinas. The city of Salinas partnered with place marketing firm Development Counsellors International (DCI) in 2012 to transform its image and promote the city as a global AgTech hub.

One of the main components of the DCI marketing program has been to tell Salinas' AgTech story to the national media in order to establish third party credibility and elevate Salinas' brand on a national scale. When DCI began pitching Salinas' AgTech story in 2013, it was difficult to garner reporter interest. The term "AgTech" was just starting to make its way into the mainstream media, and a limited number of reporters were writing about it. The first big milestone was securing a visit to Salinas from a *Financial Times* reporter, who then published a front page story titled "Silicon Valley meets Salinas Valley in partnership to make farming 'smart.'" Following the *Financial Times* visit, city leaders met with several San Francisco-based reporters, and within a few weeks the *San Francisco Chronicle* and *NPR* also published feature stories on AgTech in Salinas.

**"RURAL REBOOT: SALINAS, CALIF., TURNING CROP PICKERS INTO COMPUTER PROGRAMMERS"**
–CBC NEWS

**"SILICON VALLEY MEETS SALINAS VALLEY IN PARTNERSHIP TO MAKE FARMING 'SMART'"**
– FINANCIAL TIMES

**"A CITY TURNS TO LETTUCE FIELDS TO GROW HIGH-TECH STARTUPS"**
–NPR

**"AG TECH TAKES CENTER STAGE IN SALINAS VALLEY"**
–HUFFPOST TECH


This media coverage jump-started major PR momentum for the city, which was fueled by the fact that AgTech was becoming more and more of a buzzword across the world. Over the past five years, the city has continued to invest in efforts to bring reporters to the city of Salinas, as well as conducting outbound missions to key media markets like San Francisco and New York. As a result, the city has garnered more than 100 news articles featuring Salinas' AgTech story, and more than 1.2 billion impressions in national media outlets such as *CNBC*, *The Los Angeles Times*, *Fast Company*, *WIRED*, *TechCrunch*, and *HuffPost*.

Further putting Salinas in the national spotlight, DCI pitched Forbes Media on the idea of holding an AgTech summit in Salinas. The Forbes team was considering holding a summit on this topic in the Midwest but decided to hold the summit in Salinas after connecting with Salinas city leaders, SVG Partners, and other key stakeholders in the region and learning more about what was happening in the Salinas Valley. Thus, in 2015, Forbes launched "Forbes Reinventing America: The AgTech Summit" in downtown Salinas. The invitation-only event took place in a large tent on Main Street and brought together several hundred of the smartest minds in Silicon

Photo by Forbes Media.


*Above: Farming equipment on display during the Forbes AgTech Summit on Main Street in Salinas.*

*Left: Salinas Mayor Joe Gunter welcomes attendees at the first "Forbes Reinventing America: The AgTech Summit."*

Photo by Forbes Media.

*Salinas leaders meet with Steve Forbes in New York City*

Valley and global agriculture to tackle some of the world's most critical challenges in the agriculture industry. The first summit was such a success that Forbes made it an annual event and continued to hold its AgTech summits in Salinas in 2016 and 2017.

Having a major media brand like Forbes establish one of the world's leading AgTech events in Salinas has not only put the city on the map as an AgTech hub but also positioned the city of Salinas as a thought leader in the industry and exposed hundreds of executives, potential investors, entrepreneurs, influencers, and media to the city. In July 2017, Forbes held its largest summit in Salinas yet, with more than 650 attendees, 60 percent of whom were C-level executives. The Forbes Summit has also fueled the success of other local programs: the THRIVE Accelerator partners with Forbes for the Accelerator winners to be presented at the Forbes Summit and has partnered with Western Growers, which has assisted in attracting more businesses to the WGCIT.

## LESSONS LEARNED

Economic development initiatives such as this one can often fall apart because stakeholders or community members do not see the benefit and ultimately do not stand behind it. While the city of Salinas has run into challenges throughout this process, it has been able to continually move forward with creative solutions. One of the reasons it has been so successful is because of the strong community support around the AgTech Innovation Ecosystem. A few lessons learned as the city developed this initiative include:

### 1. Go Beyond Community Workshops

The AgTech Innovation Ecosystem is not just a concept but part of the city's overall strategic plan. To develop this plan, the city of Salinas took an inclusive approach and was willing to work with anyone who wanted to be a team player in the process. The city also involved stakeholders early in the process and worked to understand the goals of various stakeholder groups, from the business community to city leadership.

Input on the development of the strategic plan went beyond traditional community workshops, and community members sat at the table with city staff on a regular basis to develop the plan. That was followed by public hearings, where the community members involved spoke about their support of the plan. The fact that AgTech Innovation Ecosystem was not just developed by the city but had true community support and input was critical. The city of Salinas also took the time to explain the initiative clearly to the community by using straightforward language and outlining how the initiative would benefit the community directly.

### 2. Find Champions from Across the Community

The AgTech Innovation Ecosystem has garnered the support of key community leaders who are willing to stand up publically for the initiative. The city focused on finding a wide range of "champions" across a number of sectors who would support the ecosystem – ranging from the CEO of Salinas' largest agriculture company to key industry and educational leaders. The mayor and city manager are also adamant supporters of the initiative and have worked hard to help city council members understand the benefits and support the initiative. Finding champions from different parts of the community who were willing to "go to bat" for the AgTech Innovation Ecosystem when it faced criticism has helped gather widespread support and been critical in its success.

### 3. Don't Do It Alone

Most cities do not have the staff-power or expertise to successfully implement a major initiative like creating a new ecosystem. The city of Salinas knew it needed to bring experts on board to make the AgTech Innovation Ecosystem a reality and partnered with top consultants from Silicon Valley and across the country. Salinas' investment in consultants has been critical in making connections that have led to major wins such as the THRIVE AgTech accelerator, the Forbes AgTech Summit, and the city's first AgTech incubator.

**AgTech Innovation Ecosystem Results**

**30+** STARTUPS
AT SALINAS' 1ST INCUBATOR

**32** ACCELERATOR PARTICIPANTS

**$50** MILLION VENTURE CAPITAL FUND

**50** NEW JOBS CREATED

**3,300** YOUTH TRAINED TO CODE

**3** FORBES AGTECH SUMMITS

In addition, Salinas has worked closely with the private sector, involving many of the region's top agricultural companies in its mission. The initiative has fostered more collaboration among local agriculture companies, which have traditionally operated independently and been loathe to share information, as many of these businesses have been passed down from generation to generation. While agriculture companies are by nature highly competitive with each other, Salinas Valley companies have been able to come together to support the AgTech Innovation Ecosystem. Company leaders have realized that if they work together to support and promote the city's AgTech industry, they all win.

*The Forbes AgTech Summits have put Salinas in the national spotlight.*

## CONCLUSION

As cities across North America – especially those that have been hit by the loss of a major employer – consider how best to rebuild their economy, it is important to focus on what is a true fit for the community, while also considering the major shifts taking place across a variety of industries.

In the case of Salinas, where the fertile valleys have inspired Steinbeck novels and led to breakthroughs in the agriculture industry during the past century, it was important to stay true to the city's roots, while also being forward-thinking. City leaders made the strategic decision to build upon Salinas' existing strengths in agriculture and proximity to Silicon Valley to focus on AgTech, putting their resources towards developing their strongest industry instead of trying to cast a too-wide net. The city also embraced the major disruption that technology was having on agriculture by focusing on training its residents, including youth, to equip them for new and ultimately better jobs in the future. While there is still much work to be done to create more high-tech jobs in Salinas, the city has made tremendous strides in just five short years through the creation of the AgTech Innovation Ecosystem.

# TEAM

*By Maury Forman*

The tools used for economic development, whether at the state, regional or local level, haven't changed much over the years. For the last five decades or so, the economic development mantra has been to live or die by the three-legged stool theory.

Those legs, of course, are Business Recruitment, Business Retention/Expansion, and Community Development. As the theory goes, if one or more of these legs are broken or are not part of your strategy, your economic development strategy is doomed from the start.

What we've found more recently is that economic development is not a one-size fits-all strategy for success. Communities have discovered, particularly in rural parts of the country, that business recruitment can be an extremely heavy lift. This is due largely to long lead times on major projects; often three to five years, sometimes even longer.

What we've found more recently is that economic development is not a one-size fits-all strategy for success. Communities have discovered, particularly in rural parts of the country, that business recruitment can be an extremely heavy lift. This is due largely to long lead times on major projects; often three to five years, sometimes even longer.

Unfortunately, landing a big project is still attractive to elected officials who hold the purse strings to many economic development budgets. While these projects make front-page news in communities, they rarely pay off as a long-term investment since they often require tax credits, deferrals, and even large payouts of cash to land them. While these incentives are attractive to businesses, they rob communities and states of additional revenue and resources, often for decades. To make matters worse, they make existing companies feel ignored with outsiders reaping all the benefits.

I understand that some companies may have very good reasons to relocate. Companies need to grow just as communities do for all sorts of reasons – increased profits, faster supply lines, access to markets, expanded inventory, product development, innovation requiring larger or different skilled workforce – to name just a few.

But many companies leave because of the way they are treated by a community or because of laws and regulations passed by elected officials and implemented by bureaucracies. They believe they are not supported with resources, policy or legislation that will help them grow and become sustainable in their existing location.

### *50 Ways to Leave a Community*

Some years ago I wrote a training exercise with a site selector. It was based on a parody of Paul Simon's 1975 hit, *50 Ways to Leave Your Lover*. We called it *50 Ways to Leave a Community*. The goal of the exercise was to identify what communities do that cause a business to leave town.

If you are a millennial and have no idea who Paul Simon is, the song had a catchy little refrain to it. To save you time Googling it, the lyrics went something like this:

*Slip out the back, Jack, /*
*Make a new plan, Stan, /*
*Hop on the bus, Gus, /*

**Maury Forman** is the former Senior Manager with the Washington State Department of Commerce. After 26 years, he recently retired but continues to write on economic development, rural, and entrepreneurial issues on http://mauryforum.com/.

His recognitions include IEDC's Jeffrey A. Finkle Organizational Leadership Award and the AEDC (now IEDC) Richard Preston Award for Educational Merit.

He has written 18 books on economic development. His latest, co-authored with Michael Shuman, is Washington Dollars, Washington Sense: A Handbook for Local Investing. (maury.forman@gmail.com)

**WASHINGTON STATE'S APPROACH TO ECONOMIC DEVELOPMENT**

*Economic developers have been practicing the same strategies in their profession for decades. They have focused on luring businesses to their area with incentives and credits that get paid for with future revenues. Amazon recently received almost 250 proposals for its HQ2 from communities all over North America. While some urban communities continue to find success in recruiting businesses, rural communities are spending time, money, and resources unsuccessfully in their efforts of growing their economy. Washington State has focused on a new strategy for rural communities, called TEAM, that supports practitioners, entrepreneurs, and small businesses with Technical assistance, Education and training, Access to capital, and Mentoring and networking. Washington has created a network of unique and innovative programs, publications, and partnerships that have proved successful in creating businesses and jobs in rural communities by investing locally.*

Washington State has certainly seen its share of business recruitments and as part of a larger strategy, recruitment is still important in communities large and small. Increasingly, though, economic developers throughout the state, especially in rural counties, are looking at a new stool – a four-legged one – to drive growth and strengthen communities from within.

*You don't need to be coy, Roy, /*
*Just drop off the key, Lee…"*

Our class parody paralleled it:

*Ignore the biz, Liz,*
*Create a new tax, Max,*
*Write a bad reg, Meg,*
*Just need more space, Grace,*
*Limited talent pool, Jewell…*
*Got no lifestyle, Kyle*

The class came up with dozens of reasons. Many of them, if realized, would have kept any company from relocating. People in the class told stories about what they could have done to retain a business they eventually lost and how they were going to change their practices when they got back to the office. It seemed as if the exercise went from class instruction to group therapy. I won't bore you with all the lyrics that were written. Suffice it to say, it was a great exercise, which one day could turn into a Grammy Award winning song that could end up making millions or become the national anthem for economic developers sung before every IEDC annual meeting.

At a minimum, the song could be a good launching point for remembering that it is far more productive to help a local company become big than trying to attract the proverbial "big fish" with monetary bait. It could be a financial boon to communities who go from searching for the big fish to growing the big fish.

Washington State has certainly seen its share of business recruitments and as part of a larger strategy, recruitment is still important in communities large and small. Increasingly, though, economic developers throughout the state, especially in rural counties, are looking at a new stool – a four-legged one – to drive growth and strengthen communities from within. This TEAM strategy focuses on mapping assets, developing entrepreneurs, and investing in existing local companies through:

Technical Assistance

Education and Training

Access to Capital

Mentoring and Networking

The TEAM strategy came to fruition in 2013 when the state joined the Kauffman Foundation to celebrate **Global Entrepreneurship Week**. GEW, an international event of entrepreneurship, is the world's largest celebration of innovators and job creators and focused on the primary needs of successful entrepreneurship: Technical assistance, education and training, access to capital, and mentoring and networking. In 2015 GEW in Washington involved more than 200 events statewide, including business plan competitions, symposiums, workshops, and panels. Each event or program was locally inspired and implemented with minimum dollars. Over 10,000 people attended at least one of the 200 events. Entrepreneurs were born, made, supported, highlighted, and celebrated in every single county during this one-week period. Given that there were so many events packed in one week, the following year, Governor Jay Inslee issued a proclamation proclaiming the entire month of November to be Global Entrepreneurship month.

This TEAM focus has tremendous community benefits. First, the buy-in is relatively low, since many of these programs are low or zero cost. They can easily be customized and localized, meeting the unique needs of communities large and small. Best of all, they are scalable. You can start small, adjust as the program grows, and make incremental changes as you gain insight and data into how the programs are working in your own community.

TEAM should be in every community's toolbox that can add value and growth to entrepreneurs, existing businesses, and the community. Since technical assistance, education and training, access to capital, and mentoring and networking can take many forms, I thought I would offer some of the programs Washington State economic developers and their team of partners have launched to give you an idea how simple the TEAM concept can be to initiate, manage, and grow.

## TECHNICAL ASSISTANCE

In 2016, the Washington State Department of Commerce developed a **Community Outreach** program where members of a team visit rural communities on a regular basis to connect local needs with state resources. Commerce has more than 100 programs available to address various community and economic development issues. The outreach team's role is to identify problems and leverage these programs as well as other state agency services, non profit and for profit organizations, land grant universities and community colleges, and elected officials

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to address them. The outreach team members practically live in their cars as they travel from one community to another, meeting with local leaders and stakeholders to find out what assistance and resources are needed and making recommendations and referrals. They played an incredibly important role this past year as a result of the terrible impacts on rural communities due to infrastructure problems, severe mudslides, and record-breaking forest fires. The outreach team facilitated the recovery of many rural communities by utilizing every aspect of the TEAM strategy.

At the entrepreneur/small business level, the state created a comprehensive resource website, **Startup.ChooseWashingtonState.com**, which has how-to articles, grant opportunities, book reviews, co-working space locations, investors, resources for targeted sectors, and other technical assistance for communities and practitioners. The site receives thousands of visits each month since it was launched. In addition, several communities have co-branded startup with their county and provided links to the site.

Focusing on the expansion of our successful businesses, the Department of Commerce teamed up with the Edward Lowe Foundation and its National Strategic Research Team to assist numerous second stage companies throughout the state. This **Economic Gardening** program targeted rural growth-oriented firms in underserved areas that have moved beyond startup but haven't reached maturity yet. It included peer learning and strategic information geared to help Washington companies to continue growing. In less than a year, 35 CEOs in various sectors had completed the program with commitments to grow jobs. CEOs have been so impressed with the results that they willingly reach out to other CEOs in the state to be a part of the program.


*Economic Gardening growing second stage companies in Washington.*

Statewide, the Department of Commerce helped local economic development practitioners become certified in Economic Gardening. Providing small grants, the training provided participants with the critical knowledge of the Economic Gardening framework as well as the process followed in company engagements. This allowed them to attend the CEO conversations and continue to assist in their business expansion and retention efforts. Thirteen people became certified from a variety of organizations that ranged from economic developers to chamber presidents to community college administrators to state employees. This inexpensive strategy, combined

The Regulatory Roadmap online business planning tools distill all local, regional, and state requirements into easy-to-understand sequential worksheets and checklists for opening a restaurant, and gauging feasibility of sites for manufacturing facilities. Work is underway to create a Regulatory Roadmap for contractors, in accordance with legislative direction and funding. Other sectors and several local jurisdictions have expressed an interest in developing Regulatory Roadmaps for additional business sectors.

with CEO endorsements, proved to be an important marketing effort in rural communities.

**Make it in Washington** is one of ten Make it in America grants offered in a cooperative federal venture. It required an on the ground partnership between the Innovate Washington Foundation, Impact Washington and the state's Workforce Board. The project offered both technical assistance and sponsored education options to small manufacturers in 31 rural counties across the state. As a result of this project, more than 260 businesses in 29 counties were contacted and supported with technical assistance. Fifty of those businesses participated in the educational program and 132 of their student/employees completed 1,360 courses, advancing not only their employer but their careers as well.

The Inland Northwest Partners (INP), a 501 c-3 community economic development educational nonprofit based in Liberty Lake, Wash., is working with the Washington Department of Commerce for the continuation and enhancement of the Startup Washington 365 Program for Whitman and Asotin Counties. The professional services provided focus on connecting entrepreneurs with resources to further their development, act as a champion for entrepreneurship, and promote the **Startup Washington 365 Program** throughout the region. Since inception in 2015, Startup Washington has helped nearly 200 entrepreneurs who have succeeded in establishing 51 new ventures. As a result of its success, the Washington state legislature approved $250,000 to fund Commerce's Startup Washington 365 rural economic development programs in those rural counties through the 2017-19 biennium.

Most small business owners are concerned with regulatory issues that make it difficult to do business. The Department of Commerce partnered with local jurisdictions, state regulatory agencies, and the business community to create **Regulatory Roadmaps**, an online navigational free guide that helps improve the business regulatory experience. The Regulatory Roadmap online business planning tools distill all local, regional, and state requirements into easy-to-understand sequential worksheets and checklists for opening a restaurant, and gauging feasibility of sites for manufacturing facilities. Work is underway to create a Regulatory Roadmap for contractors, in accordance with legislative direction and funding. Other sectors and several local jurisdictions have expressed an interest in developing Regulatory Roadmaps for additional business sectors.

The Department of Commerce has been recognized nationally for its economic development publications. They have produced over 20 books to assist practitioners and businesses. One of the more unique and practical books has become a must read for business owners. As any economic development professional knows, a manmade or natural disaster can wreak havoc on even the most successful business. To help companies plan for and minimize the effects of a disaster, the Department of Commerce produced a do-it-yourself crisis planner, ***When Disaster Strikes***, which walks business owners through the process for identifying potential business disruptors, minimizing risk, predicting outcomes, and getting back in business after a crisis passes. All Commerce written and produced publications are downloadable for free on http://startup.choosewashingtonstate.com/.

## EDUCATION AND TRAINING

Washington State has had an Education and Training program in the Department of Commerce since 2001. Partnering with Business Oregon, its goal was to provide regional training to Northwest practitioners from five states and British Columbia in all aspects of economic development through the IEDC **Basic Course**. Each state and province contributed registration scholarships to its rural participants so that no practitioner was denied the opportunity to learn about economic development.

In order to add a bit of fun to a rigorous day of lectures, the course designers introduced "game show learning" in the evenings to review the day's lessons. Over the next several years, this gave birth to *Economic Development Jeopardy*, *Community Feud*, *Who Wants to Be an Economic Developer*, *Economic Development Match*, and the *Economic Development Dating Game*. States competed with each other for local prizes from each participant's community. This not only taught students about regional assets but also created camaraderie and lasting friendships. The basic course would soon become known as "The Games" throughout the Northwest. More than 2,000 economic developers have graduated from the award-winning course.

*Playing games and learning about Washington's economic sectors at Community Survivors.*

*High schoolers pitching their idea to judges at the Pitch It Business Plan Competition in Walla Walla.*

In addition to taking home regional assets, each participant was given the Commerce produced book **Learning to Lead: A Primer on Economic Development Strategies**. This book in its third printing also included the first ever comic strip about an economic developer, drawn by David Horsey, two time Pulitzer prize winner for editorial cartooning. The strip was rejected for syndication but word of mouth made it popular at economic development conferences. The book is now available on line for free and has been downloaded by thousands of people and used as a basic introduction to the profession.

Because of a demand for more education and training beyond the basics, an outgrowth of the Games was **Community Survivors**, a spin off of the popular TV show but without the participants getting thrown off the island or out of the classroom. This multi day workshop brought in presenters from other states to highlight their best practices and introduce new strategies to economic developers in the region. It also introduced board games into the education format such as ***Cluster Land***, designed by the Thurston Economic Development Council, which taught practitioners about different sectors in the economy and their importance to the workforce.

With more successes came more demand for workshops. The education program broadened its focus to support a regional education ecosystem for rural and urban communities that helped communities, existing businesses, startups, and a workforce to grow from within. This effort is driven by partnerships with community colleges, nonprofit organizations, local economic development leaders, and private industry.

It is no coincidence that TEAM is not only a strategy for Washington State rural economic development initiatives but also the top four types of support that entrepreneurs voted in a survey that would help them be successful. In order to engage youth and adults in the concept of entrepreneurship, numerous rural communities focused on business plan competitions that included not only education and training but also technical assistance, access to capital, and mentoring. Over a dozen rural counties

*Global Entrepreneurship Week Business Plan Challenge competitors in Wilbur, Washington.*

conducted variations of a business plan competition. For example:

Walla Walla staged its business plan competition in 2013 as part of Global Entrepreneurship Week. The competition, which initially was open only to students and sponsored by the three area colleges, was called **"Pain in the Glass"** and was centered on developing a business to address the lack of glass recycling resources in the Walla Walla area. It was a small competition (four plans submitted), but had good energy and brought forth innovative ideas that were developed into solid business plans. Over the four years since, the competition has evolved into **Pitch-It** - a "pitch" event in which students and adults compete for their shot at $10,000 in start-up funding and resources as well as mentorship from local entrepreneurs and business leaders to help participants launch their businesses. The competition has grown to dozens of entrants, includes public and private sponsors, and has resulted in the creation of a new vegan catering business, an art & photography studio, and a burgeoning manufacturing business created around value-add services to the local wine industry to name just a few start-ups that evolved as a result of the event.

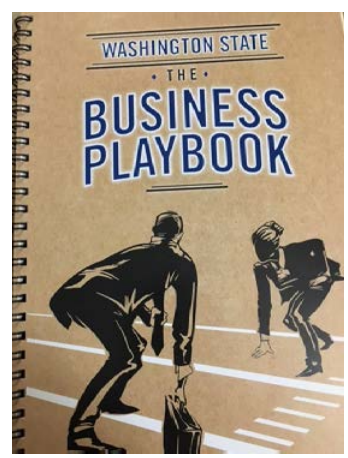
**The Palouse Knowledge Corridor**, which serves rural southeastern Washington and north central Idaho, has an annual ***Be the Entrepreneur Boot Camp***. The camp targets entrepreneurs with an idea, ready to launch an idea, and existing businesses looking to pivot. This four-day camp has graduated more than 100 entrepreneurs over the past four years.

Citizens from rural Lincoln County were asked what they saw as the greatest challenge facing the county in the next 10 years. Their response: youth outmigration. The Lincoln County Economic Development Council then partnered with the local school district in Wilbur (population 890) and started a **Business Plan Challenge** for high school students where the "challenge" was that the business had to be located in Wilbur. Now in its fourth year, the classroom project kicks off during Global Entrepreneurship Week and culminates with live presentations in mid-January. The challenge encourages students to think about their community's strengths and opportunities; about what it takes to start a new business; and about the impact on their community when they start businesses here.

**The Washington Coast Works Sustainable Small Business Plan Competition**, which targets rural and tribal coastal communities in Grays Harbor, Jefferson, and Clallam counties, has 15 finalists that are completing a six-month education process this year that includes ideation, business classes, mentoring, a fast pitch, and a business plan competition. In the last three years, 45 triple bottom line businesses have gone through the program, nine of which received between $5,000 and $10,000 of seed financing to push their businesses forward, including three from tribal communities.

The **Launch San Juan Islands** business plan competition provides instruction in planning and marketing, and follow-up mentoring. With access to in-depth business seminars and counseling to everyone in the contest, all participants gain traction with their enterprises and learn what it takes to launch a successful business. Numerous businesses have emerged from this competition with products ranging from interisland food delivery to environmentally friendly marine buoys to an app that encourages people to shop local and now used in three states and British Columbia.

One of the most successful competitions, the **Enterprise Challenge**, started seven years ago in Yakima. Its success has stretched its borders so that it includes participants from two neighboring rural counties. Yakima County Development Association and the Kittitas County Chamber of Commerce now partner to host the annual Enterprise Challenge, a regional three-month business plan contest. The competition includes eight weeks of workshops, extensive mentoring, a trade show, and a shark tank presentation. The winners take home $17,500 in prize money along with the tools, contacts, and knowledge to make their business a success. Over 150 entrepreneurs have participated and 61 of those ventures are in business today employing over 220 people with annual gross wages of over $6 million.




*The Department of Commerce produced this playbook that provided entrepreneurs and existing business with all the critical information they needed to start and do business in Washington State. Free downloads of this book can be found at http://startup.choosewashingtonstate.com/resources/publications/.*

Comprehensive education and training programs were not just limited to business plan competitions. Working with local economic development organizations, numerous publications, classes, and workshops were offered to help businesses start and grow throughout the state.

To help business owners navigate the often-complex process of getting a new enterprise up and running, the Department of Commerce produced ***The Small Business Playbook***. Written by a Commerce employee with 20 years of experience as an entrepreneur, it contained everything a businessperson needs to

Exporting products overseas is a smart growth strategy for small businesses, but figuring out how to navigate the export market, especially for rural businesses, can be difficult. In 2006, the education and training program added semi-annual export training for practitioners to its statewide curriculum. The course took place twice a year with one class on the eastern side of the state focusing on rural businesses and another class taking place in the western part of the state for urban/rural businesses.

know about starting and running a business, all in a fun football themed guide. The book was written to be homage not only to existing and future entrepreneurs but also to the Seattle Seahawk Super Bowl win. But while the Seahawks lost, Washington entrepreneurs became the winners. Nearly 2,000 copies were downloaded free the first year alone and the book has been co-branded so local economic development organizations can distribute the free publication to their community.

**ScaleUp Thurston County** is a comprehensive business-growth training program that includes in-person classroom training with one-on-one coaching to help small business owners plan and achieve their goals. The 14-week training program included 10 weeks of classroom instruction followed by four weeks of exclusive networking events. At the end of the training, businesses had developed a customized growth plan for their businesses. There were 65 graduates of the program. This program began with a grant from the federal government that unfortunately was discontinued by the current administration. It wasn't because the program wasn't successful. One CEO who graduated from the program said that with ScaleUp, his revenue grew 57 percent and increased his staff from 10 to 25. As a result of the success, the Department of Commerce is working with the Thurston Economic Development organization to continue the program.

In eastern Washington, the Spokane-based investor-owned utility Avista Corporation has partnered with the Department of Commerce, two community colleges, and the Greater Spokane Inc. The **Avista Centers for Entrepreneurship** in Spokane and Asotin County offer entrepreneurship education in various formats including a credit-based curriculum, accelerated boot camps, and topic-based workshops. Since its inception, nearly 350 students have participated, leading to more than 150 businesses being launched

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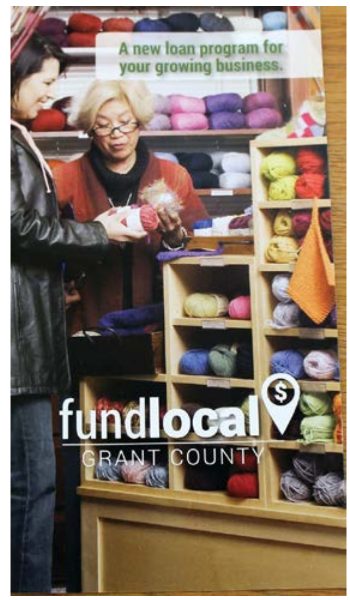
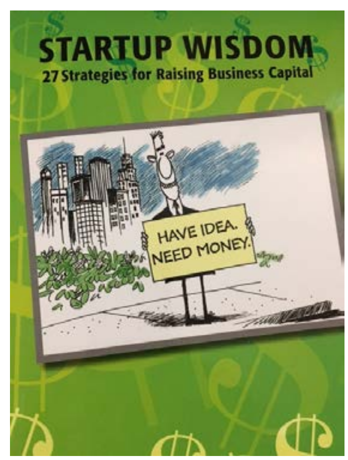
## ACCESS TO CAPITAL

It can be a real challenge for small businesses to find the capital they need to grow and expand. To fill this gap, Washington's Department of Commerce worked with Seattle-based Community Sourced Capital to create **Fund Local**, which targets rural community businesses and complements the work CSC was doing around the state to get no interest loans to small businesses through community crowdfunding. It's an innovative public-private partnership that allows companies to crowdsource needed funds from local investors, who are known as "squareholders." Community Sourced Capital has facilitated 96 local loans with over 6,000 people who have loaned $2 million to businesses in their communities.




*Community Crowdsourcing for growing companies.*

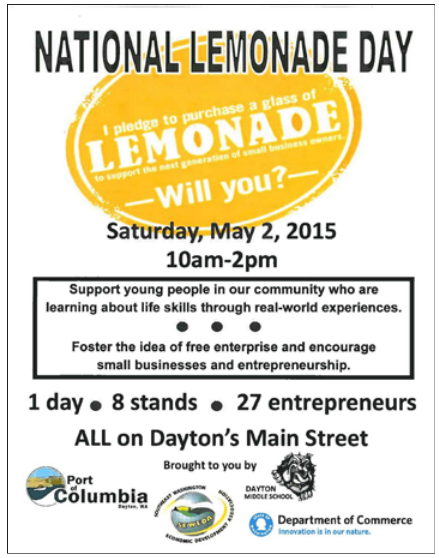
Another free publication from Commerce available to assist entrepreneurs and small businesses with access to capital is ***Startup Wisdom: 27 Strategies for Raising Business Capital***. Given that there has been a steady decline in small business access to capital through banks, this book contains traditional and non-traditional ways to fund a business or startup. It has been downloaded more than 2,500 times in just six months.




*Startup Wisdom, one of over 20 books available free at http://choosewashingtonstate.com/media-center/publications/.*

Washington businesses and communities are also making a statement that the best way to grow and become sustainable is through local investing. The Department of Commerce teamed with the Post Carbon Institute to produce a free handbook for local investing for entrepreneurs, investors, and businesses. The book, **Washington Dollars, Washington Sense: A Handbook for Local Investing**, profiles 28 local investment tools with

*Future entrepreneurs in Thurston County, Washington.*




*Celebrating lemonade day in Dayton, Washington.*

examples of how these ideas have been implemented in Washington State. Dozens of case studies are highlighted that can easily be replicated in any community. It shows that the local economy movement in Washington can and should be significantly larger than it is today.

Access to capital can also help small-medium enterprises (SMEs) expand their operations into new markets. A highly successful program for Washington has been the **State Trade Expansion Program, or STEP**. Using an SBA grant, STEP offers businesses vouchers up to $5,000 of pre-approved business expenses to support new export sales. This includes translation services; offsets for trade show attendance, B2B matchmaking, and other export-related costs. Over the last five years, 580 small businesses have received STEP grants averaging $3,500, 170 (30 percent) of which went to small businesses in rural counties. The program has achieved over $540 million in sales, had an estimated return on investment of about 100:1, and created almost 3,000 jobs. As a result of this success, the Small Business Administration has just awarded the Washington State Department of Commerce a sixth year of funding of $900,000 in 2017-18 to help small businesses grow through exporting.

## MENTORING AND NETWORKING

In a recent survey of rural businesses in three central Washington rural counties, entrepreneurs said that the #1 thing they wanted was to meet regularly with a mentor and to have more networking opportunities.

Of course, the next best thing to a mentor is to gain access to networking opportunities at the local level. To that end, Commerce created an **interactive asset map** containing every co-working space, incubator, accelerator, and commercial kitchen in the state and then placed it on the Startup Washington website for entrepreneurs. The map continues to grow and currently has more than 100 places around the state where mentoring and networking can take place. It can be found at http://startup.choosewashingtonstate.com/resources/work-spaces/.

Several rural communities recognized the importance of retaining the next generation of entrepreneurs in the community. The Commerce Department connected economic developers and city officials with the **National Lemonade Day (NLD)** program out of Houston, Texas. This inexpensive program was a fun experiential activity that taught kids how to start, own, and operate their own lemonade business and introduced them to the concept of saving, sharing, and spending. Mentors were recruited from each community to teach key analytical skills, financial literacy, and decision-making by using NLD's excellent mentor and student workbooks. In the first year, 60 students, ages 8-13 participated and worked with dozens of mentors.

## CONCLUSION

Each of the programs mentioned under the TEAM's strategy tells a story. And though the data for numbers of jobs created or businesses recruited may win political points, what is important in Washington's rural communities are the stories they tell. The story of a small business person who becomes his own boss; or the story of the entrepreneur who takes pride in the product she created; or the community that helped a business grow through crowdfunding; or the company that sells its products oversees, or the young person who returns home from college and starts a business with the win-

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There may be 50 ways for a business to leave a community, but there are hundreds of ways to show love for your businesses. The result is more stability and more flexibility in meeting the evolving needs of local economies while being scalable to regional and state level efforts to retain and grow business. It took teamwork to make these programs successful. But it took a TEAM strategy to make it happen.

nings from a business plan competition. These programs and stories are just a few examples of the TEAM concept in action in Washington.

While business recruitment and retention continues to be an important part of the state's overall strategy, Washington's rural communities have recognized that success can be gained incrementally, and in many cases, more quickly, using the TEAM approach and investing locally in their entrepreneurs, small businesses and youth.

Even the smallest communities have found a way to implement the TEAM strategy, scaling it to meet the unique needs of their own business community while remaining nimble enough to continually improve offerings.

That's truly one of the beauties of this approach. It invites communities and economic developers to act like entrepreneurs, innovating and inventing, experimenting and modifying to create something that works and was created in their own community and not mandated by the state. The state, often times through the Department of Commerce, did play an important role in many of these programs by introducing new ideas and providing support and collaboration. But what the state really gave to rural and underserved areas was that it not only re-energized, the economic developer, but also the community.

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# scioto greenways

*By Guy Worley*

The Ancient Greek philosopher, Thales, held strong beliefs about water. He claimed that all things originate *from water*. In the absence of water, life and everything that comes with it, would cease.

While science takes a more complex view about water and the origins of matter, much of what the philosopher said holds true when applied to development. Historically, empires and cities sprang up around waterways that provided the necessities for daily living. Healthy waterways are undeniable signs of life and vitality in a city. When it comes to a transformative project in Columbus, Ohio, it's no surprise that a life-giving waterway was the agent of change for the community. For the Scioto Greenways project, the Columbus Downtown Development Corporation (CDDC) harnessed the power of water to turn a once lifeless section of the downtown landscape into a bustling hub of activity.

It is fitting, then, that the first step in the creation of the Scioto Greenways was to let the water flow freely: it all began with the demolition of the formidable Main Street Dam.

Credit: Randall L. Schieber

*Today, the Scioto Greenways is the spine of civic life in the city, attracting over one million active and passive visitors annually.*

### BACKGROUND

Of course, no event can ever occur in isolation. Culture and context influence everything that happens, especially in development. The removal of the Main Street Dam, though pivotal, occurred in the midst of an undeniable cultural shift in downtown Columbus.

As originally constructed, the dam served several purposes for the city of Columbus. It began as a wood structure constructed at the turn of the last century. The dam directed flow to the Ohio River and Erie Canal, and thus provided a route that linked Columbus to the world outside its city limits. When the original dam was later replaced by a concrete version in the 1920s, it took on an additional purpose: the dam's subsequent widening of the river permitted the waterway to occupy space that might have otherwise been used for shantytowns. Proponents of the concrete dam aimed to help create a beautiful, upscale center of the city, but the dam stopped the heart of the Scioto River. The waterway turned into a giant sedimentation pond. Nothing moved.

And it stayed this way for almost 100 years.

Meanwhile, after a century of concrete-centered urban development, Columbus was ready to shift its attention away from approaches that had rendered the downtown deserted and lifeless. In 1998, the city announced its Riverfront Vision Plan. This plan was ambitious and unambiguous in its goals: it was an early drive to create continuous parkland, a greenway, on the Scioto River corridor. The envisioned area was to be a memorable, defining part of the city.

**Guy Worley** is President/CEO of the Columbus Downtown Development Corporation. (Gworley@downtowncolumbus.com)

## A RIVER RUNS THROUGH IT

*Running through downtown Columbus, the Scioto River used to be an artificially wide sedimentation pond that was both an underutilized and an overlooked area of the city. Instead of an active river, we had a mud flat. Instead of people strolling along the banks, we had walls and barriers preventing access. But the Scioto Greenways project transformed an aging, neglected civic resource into a vital network of public green spaces. It reconnected downtown to the Scioto River with an integrated system of parks, boulevards, bikeways, and pedestrian paths. The resulting waterfront scene is the subject of national accolades including the 2017 IEDC Silver Award for Public-Private Partnerships.*

Credit: Randall L. Schieber

*Before, the Scioto River was an overly-wide sedimentation pond that was perpetually chocolate brown in color and smelled of rotten-eggs.*

It's hard to imagine anyone looking over the lifeless downtown riverfront landscape at the time and deciding that it would become memorable for anything resembling today's vital Scioto Greenways, let alone a destination that fosters new development and community interaction. For starters, greenways are . . . green. They're hybrids between *green* belts, natural space reserved within a city, and park*ways* or thoroughfares. For many years, downtown Columbus wasn't green at all. Even the waterway that lined it, the Scioto River, was brown and stagnated.

Bringing life to miles of brown riverfront is a daunting task, even for a visionary community. But the monumental project was successfully approached, just as one might approach any mountainous task: one step at a time.

Baby steps first: in the project's infancy, the city developed small parks along the downtown riverfront as stepping stones for more expansive green development. These preludes set the stage for partnerships with the Columbus Downtown Development Corporation (CDDC) and private businesses that create award-winning parks like the Scioto Mile (2011) and the Scioto Greenways (2015). CDDC was especially suited to handle these larger undertakings as the nonprofit group had been formed to execute big ideas from the community and revitalize downtown through assembling public-private partnerships.

While North Bank Park provided an anchoring green space on one end of downtown, and the Scioto Audubon Metro Park sat at the other end, there was nothing to bridge the gap in between. That's where the Scioto Mile fit

With expert analysis and public input, two things became clear: the Main Street Dam had to go and Columbus was ready, very ready, for the Scioto Greenways project and all it would bring to the city, including a continuous recreational passageway and the development of neighborhoods and businesses.

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in. The Scioto Mile, developed by the CDDC, was a turning point in the revitalization of Downtown Columbus. Made possible by a $44 million public-private partnership, the green space is composed of two main elements, a promenade and a park. The promenade is a linear garden pathway along the river with chess tables, swings, and water features. The park hosts a restaurant along with a 15,000-square-foot interactive fountain. This fountain provides recreational opportunities for families in the summer months, while its LED displays continue to delight onlookers when temperatures cool down. A crowd of thousands witnessed the opening ceremony in July 2011. Today, it hosts more one million visitors every year.

As the riverfront parks were in varying degrees of completion, CDDC was working with the community to form the Downtown Strategic Plan of 2010. And while a "strategic plan" might sound like a process that takes place in board rooms behind closed doors, the approach for this plan was different. It was an entirely open process. The plan was shaped by four public meetings that covered 12 catalytic ideas for development in downtown Columbus. Those face-to-face meetings, teamed with online interactions, garnered over 1,000 comments and ideas from the community. With expert analysis and public input, two things became clear: the Main Street Dam had to go and Columbus was ready, very ready, for the Scioto Greenways project and all it would bring to the city, including a continuous recreational passageway and the development of neighborhoods and businesses.

## TEAMWORK MAKES THE DREAM WORK

With the public firmly behind the vision, CDDC was charged with assembling a dream team that would put the plan into action and build the $36 million Scioto Greenways project. Stantec, one of the largest design and engineering firms in the world, completed a feasibility study that addressed the challenges inherent in such a project. For example, there were concerns about historic preservation. While the dam itself was not particularly significant, changing the waterway would impact the aesthetics of neighboring structures such as the building that housed the Center of Science and Industry (COSI) and the Ohio Supreme Court Building. As such, the development site was subject to the National Historic Preservation Act of 1966 (Section 106). Stantec also assessed the potential ecological and hydrogeological impacts of the project; that is, how the new path of the river and its associated green space would impact the natural surroundings.

The findings of the feasibility study indicated that the dream was indeed possible. The removal of the Main Street Dam and restoration of a natural river path and a greenway could be accomplished while meeting all requirements and benefitting the city and its communities as a whole.

Stantec provided the engineering and environmental expertise to execute the dam removal, river restoration, multi-use trail connections, and public spaces. Messer, the successful team behind the now thriving Scioto Mile project, was on board to manage the construction process.

With the team in place, a few more steps provided the foundation for the successful greenways project.


*The notching of the Main Street Dam began in November of 2013 and before the start of 2014, what had been an impediment in the life of the river for more than 100 years was completely gone.*

Before work could begin, there was the matter of securing permits and approvals for the project from 17 different regulatory agencies. Moreover, a critical element of this process, removing the dam, required approval from the United States Army Corps of Engineers. The government shutdown of 2013 created a six-week delay before the agency could sign-off on dam removal.

Beyond permits, there was also a mussel dilemma, or rather, a mussels dilemma. Even in its stagnant state, the downtown riverbeds played host to nine species of mussels, including threatened species such as the pondhorn (Uniomerus tetralasmus). Removal of the dam would narrow the waterway and render thousands of mollusks exposed and homeless. So, before the dam was fully removed, the mussels had to be collected and relocated. What is fondly referred to as “The Great Mussel Rescue” was a massive endeavor in and of itself. First, the rescue had to be executed under appropriate weather conditions: freezing temperatures could have easily turned rescue attempts into a mass extermination for the sensitive sea-life. Workers and volunteers invested 507 hours over the course of six days to pluck 4,455 mussels from the riverbed and transported them to a nearby site and new home along the Olentangy River near Fifth Avenue.

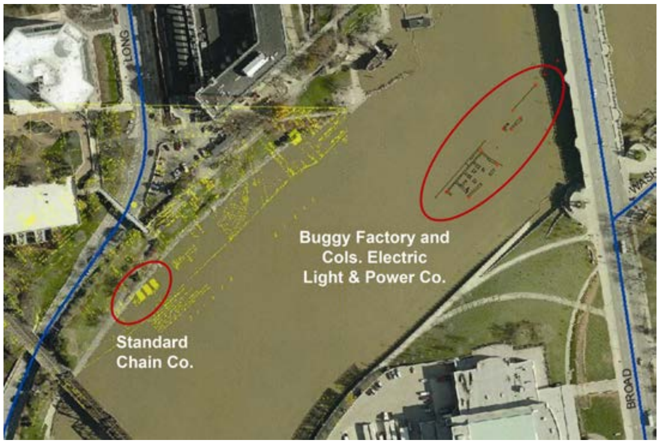
In the wake of the removal of the dam, the river narrowed to half of its former width and began to flow almost immediately, but that was just the beginning. The greenways project had three phases: dam removal, river restoration, and then greenways construction. Initial plans for the next step, river restoration, called for the removal of riprap, soil and concrete remnants from the bottom of the river.

With permits and a plan for moving the mussels into place, the wheels started to turn. Dam removal occurred in three phases. On November 26, 2013, the first notching of the dam occurred, making a single incision in the concrete dam, allowing sedimentation to gradually flow downstream. Four days later, it was notched again. The final notching of the dam to bring it to grade began on December 3, and the structure was completely gone before the beginning of 2014.

*Dozens of hands worked quickly to rescue more than 4,400 mussels residing on the river’s bed, transferring them to a new home in the Olentangy River before the dam removal and freezing temperatures would threaten to wipe-out the aquatic creatures.*

In the wake of the removal of the dam, the river narrowed to half of its former width and began to flow almost immediately, but that was just the beginning. The greenways project had three phases: dam removal, river restoration, and then greenways construction. Initial plans for the next step, river restoration, called for the removal of riprap, soil and concrete remnants from the bottom of the river.

But beneath the surface of the muddy water lay a wonderland of other unexpected treasures, not the least of which were 50 shopping carts that were discovered when the dam was removed. There were also the surprise supports of multiple bridges from decades before, cosmetically removed by prior generations who engineered their partial demolition by chopping off the tops of the




*As the river banks receded, century-old building foundations from Columbus' industrial heyday were revealed.*

bridges, and leaving the foundations out of sight, just below the surface of the water. Some discoveries were more anticipated, jutting out from the water were now the exposed foundations of the city's first Electric Light and Power Company, and also the Buggy Company from a bygone era.

Once the artifacts were removed from the waterway, then began the work of rebirth on the riverfront. It took 500,000 cubic yards of soil to form the foundation of the newly revived river banks, that's 39,300 dump trucks full of dirt, making endless trips during the course of construction. The dirt formed the foundation for 33 acres of uncovered urban greenspace, along with 1.5 miles of new bike and multi-use pathways, as well as electric and irrigation systems. With the addition of more sod, the team began to add 800 trees such as sweetgum, magnolia, and oak, along with more than 75,000 plant features including vibernum, dogwood, and porcupine sedge. For the river's riparian edge, hearty plants were selected; ones that could survive occasional flooding as their roots protected the soil against erosion. The Scioto Greenways debuted in November 2015: on budget and on time. In two years, the team completed a greening project that would have taken at least a generation for nature to do unassisted.

Then again, not everything on the greenways has been orchestrated by the development team. For example, Mother Nature has retained several significant responsibilities, including keeping the pools and riffles, formed when soil was removed from the riverbed, intact over time. Moreover the locations of point bars (areas where the earth builds up and occasionally peeks out of the water) have also been left to her discretion. Greenways, when successful, are built to thrive when nature takes its course, permitting channel diversity to create itself. Creating flourishing greenways requires teamwork with nature itself.

Sea gulls now dot the river skyline. When asked if we believe aquatic life has returned, I merely mention their presence – the gulls discovered a new habitat for fish before the anglers did. Nature is often the best indicator of success.

## WATER, REDUX: REVIVAL

Thales thought that water was the source of all existence, but he wasn't the only Ancient Greek philosopher to take an interest in the substance. If you've ever heard the saying, "You can't step in the same river twice", you've heard the work of Hereclitus. For Hereclitus, the water that flows through rivers is a symbol of *change*. Even a modern scientist would agree with him here: rivers flow, so the water that's in the river today, is different than the water that was there yesterday.

The water that flows through the Scioto River in Columbus today is most definitely different than the water that flowed between its banks in 2012. The Scioto Greenways project recreated and restored the natural flow of the river. The removal of the dam allowed for improved sediment transport and oxygenation, and lower water temperatures needed for a healthy habitat filled with diverse aquatic life. The river is no longer stagnant and brown. It's a place where both wildlife and humans thrive together, as the community also enjoys more access to the waterway with a wide range of new recreational options made possible by the project.

But the water isn't the only thing that changed.

The completion of the Scioto Greenways added the missing link to a 60-mile regional trail system, making the final connection in the 326 mile Ohio to Erie trail. The trail spans the entire state of Ohio, from Cincinnati to Cleveland. The trail hosts cyclists, skaters, hikers, walkers, joggers, families with strollers, bird watchers, nature lovers, and adventurers of all ages.

*Connections* are what it's all about. The Scioto Greenways provides a new connection between Columbus and the rest of the state, in much the same way that the original wooden dam connected the city to water routes.

And the project makes connections within the city too. The Greenways project initiates and paves the way for the westward-bound process of revitalization on the Scioto Peninsula. Once a blighted area in a flood plain, neighboring communities will merge with new developments to create a harmonious neighborhood with an un-

Credit: Randall L. Schieber

*The 1.5 miles of new multi-use paths serve as a critical connector, linking downtown Columbus to other regional destinations including German Village to the south and the Short North, The Ohio State University, and Clintonville to the north.*

deniably inspiring view of the downtown skyline. At the riverfront, visitors can stand on lush green areas, ones formerly drowned in a stagnant waterway. It's a new, firm footing upon which to build.

With new development and investment, come new opportunities and amenities for the Columbus community as a whole. CDDC is once again creating green fields out of gray fields by transforming the surface parking lots behind COSI, one of the top science museums in the country and popular regional destination, into a new underground garage. Atop the garage, is a new signature park, replete with playgrounds, gardens, and an additional interactive water feature at its center. In 2018, the National Veterans Memorial Museum will join COSI as a museum destination for young and old to learn and revere in awe the contributions of those who have served our communities in military service. The area will be a cultural hub that fosters education, appreciation, and wonder.

Two new bridges work with the Scioto Greenways project to provide the catalytic connection that will continue to bring development westward. Moving west, the Scioto Peninsula will have the opportunity to bloom, as surface parking lots will be replaced by mixed-use development. This design will support a walkable community with residential buildings, boutique hotels, restaurants, office space.

## CONCLUSION

In the last two decades, the public sector has invested over $127 million in 179 acres of parkland. That investment has been amplified by $1.4 billion in private support for the neighborhoods and districts surrounding the river. This connection, too, is important to the story. It's the public-private connection and collaboration that builds success in Columbus. The downtown area, once barren, has doubled in residential population and now is home to 83,200 jobs. While it occupies only 1 percent of the city's landmass, it contributes 17 percent of its jobs and $100 million in annual tax revenue. As growth and development continue westward, these exponential economic patterns of opportunity will expand for the Columbus community.

Credit: Infinite Impact

*The Scioto Greenways is now an inextricable part of Columbus' brand and signature image for marketing the city.*

A river that was once dead now hosts new life. In addition to the restored natural diversity in plant life and animal species, it's also a destination for a bevy of urban anglers, and a thriving watercraft scene with kayaking, canoeing, and paddle boarding. People of all ages and all walks of life are welcome in the waterway. There's plenty of room for beginners to learn a new water sport, getting their feet wet right alongside seasoned athletes.

Meaningful riverfront revitalization requires a great deal of collaborative effort. It requires the collaboration of both private and public entities, it requires the collaboration of development teams representing a wide swath of disciplines, and it requires collaboration with nature itself. The positive results of this collaborative process are indisputable: Columbus is growing; it's changing. The city has come alive.

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IEDC would like to thank the sponsors and exhibitors of the 2017 Annual Conference for demonstrating their commitment to the important work of economic developers. It is through their generous support that IEDC has brought leaders of the profession together for this forum of professional development, peer networking, and discussions of the most imperative issues facing economic developers today. We proudly recognize the following sponsors and exhibitors as partners in helping economic developers to build strong, more vibrant communities.

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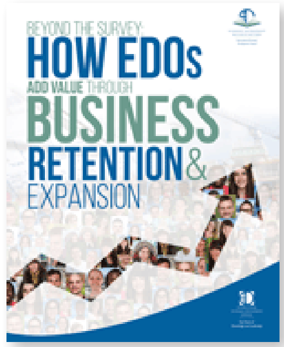
# NEWS FROM IEDC

## EDRP RELEASES NEW REPORT ON BUSINESS RETENTION AND EXPANSION

The Economic Development Research Partners (EDRP) program is an advanced membership level of IEDC that supports practice-oriented research. At IEDC's Annual Conference in Toronto, EDRP released its latest report, "Beyond the Survey: How EDOs Add Value through Business Retention and Expansion."




The practice of business retention and expansion (BRE) has evolved considerably in recent years. To explore how economic developers are delivering growth-enabling services to local businesses, the paper includes the results of a survey of economic developers, case studies, and recommendations for making the most of your BRE program.

Interested in becoming an EDRP member? Contact Membership Director Phil Goodwin, pgoodwin@iedconline.org.

## IEDC SENDS ECONOMIC RECOVERY VOLUNTEERS TO HURRICANE-IMPACTED REGIONS

IEDC's post-disaster economic recovery work continues in the wake of the 2017 hurricane season. The program deploys professional economic developers to volunteer in impacted communities on economic recovery initiatives. The work is funded by grants from the U.S. Economic Development Administration's regional offices in Austin (for work in Texas), Atlanta (for work in Florida), and Philadelphia (for work in Puerto Rico and the Virgin Islands). The grants will run for two years from October 2017 through September 2019.

If you are interested in participating as an economic recovery volunteer, please contact Lynn Knight, lknight@iedconline.org.

## AEDO PROGRAM ACHIEVES 60 ACCREDITED ORGANIZATIONS

The Accredited Economic Development Organization Program achieved the milestone of meeting and exceeding 60 organizations. IEDC announces several new accreditations:

- Provo City Mayor's Office of Economic Development, Provo, Utah
- City of Mesa Office of Economic Development, Mesa, Arizona
- Tampa Hillsborough Economic Development Corporation, Tampa, Florida
- Regional Economic Development Inc., Columbia, Missouri
- Sumter County Economic Development, Wildwood, Florida

The city of St. Charles, Missouri, and Tulare County Economic Development Corporation in Exter, California, have recently achieved reaccreditation. For more information, visit www.iedconline.org/AEDO.

## 2018 IEDC ECONOMIC DEVELOPMENT WEEK – A NATIONWIDE CELEBRATION

The third annual celebration for the economic development profession and professionals who work to increase the quality of life in communities through economic development programs and policies is scheduled for May 7-12, 2018. Also referred to as #EconDevWeek, in 2017, the event was observed nationwide by over 200 communities, doubling participation from 2016, the inaugural year.

Economic developers participated in a variety of activities and garnered press attention and buy-in from elected officials, securing support of governors, mayors, and other high-profile government officials. In early January, IEDC will launch its 2018 website for Economic Development Week. Tools, resources, and information will be available at www.iedconline.org/EDW.

## THE ROLE OF PUBLIC-PRIVATE PARTNERSHIPS IN DISASTER RECOVERY EFFORTS

Through funding from the US Economic Development Administration, IEDC provides free disaster preparedness, post-disaster economic recovery, and economic resilience resources and tools for communities. As part of this initiative, IEDC has published "Case Studies: The Role of Public-Private Partnerships in Economic Disaster Recovery and Economic Resiliency."

The 2017 report highlights recovery efforts of five public-private partnerships (PPP) whose communities were impacted by natural disasters. The case studies illustrate how PPPs can maximize the strengths and resources of the public and private sectors and show that economic growth can stem from on-going collaboration among partners. Visit RestoreYourEconomy.org to download a free copy of the report, plus other tools.

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COUNCIL

# CALENDAR OF EVENTS


**RECERTIFICATION FOR CERTIFIED ECONOMIC DEVELOPERS**

**Fulfill a recertification requirement without tapping into your budget!**

Earn two credits towards your next recertification by having an article published in the *Economic Development Journal*, IEDC's quarterly publication.

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

Submissions are accepted throughout the year. The Journal Editorial Board reviews all articles and determines which articles are accepted for publication.

For more information contact Jenny Murphy, editor, at murp@erols.com (703-715-0147).

INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

IEDC sponsors an annual conference and a series of technical conferences each year to bring economic development professionals together to network with their peers and learn about the latest tools and trends from public and private experts.

IEDC also provides training courses and webinars throughout the year for professional development, a core value of the IEDC. It is essential for enhancing your leadership skills, advancing your career, and, most importantly, plays an invaluable role in furthering your efforts in your community.

**For more information** about these upcoming conferences, webinars, and professional development training courses, please visit our website at www.iedconline.org.

## CONFERENCES

**2018 Leadership Summit**
January 28-30
Las Vegas, NV

**2018 Federal Forum**
March 25-27
Washington, D.C.

**2018 Economic Future Forum**
June 24-26
Buffalo, NY

**2018 Annual Conference**
September 30-October 3
Atlanta, GA

## 2018 TRAINING COURSES

**Business Retention & Expansion**
January 25-26
Las Vegas, NV

**Foreign Direct Investment & Exporting (Advanced Course)**
January 31-February 1
Las Vegas, NV

**Economic Development Credit Analysis**
February 21-23
Baltimore, MD

**Neighborhood Development Strategies**
March 22-23
Washington, D.C.

**Managing Economic Development Organizations**
April 12-13
Lansing, MI

**Economic Development Strategic Planning**
April 19-20
Atlanta, GA

**Economic Development Credit Analysis**
April 25-27
Minneapolis, MN

**Real Estate Development & Reuse**
May 3-4
Madison, WI

**Economic Development Marketing & Attraction**
May 10-11
Albuquerque, NM

**Technology-Led Economic Development**
May 17-18
Toronto, ON

**Workforce Development Strategies**
May 24-25
Ft. Myers, FL

**Real Estate Development & Reuse**
June 7-8
Atlanta, GA

**Managing Economic Development Organizations**
June 13-14
Kelowna, BC

**Economic Development Strategic Planning**
June 14-15
Baltimore, MD

**Entrepreneurial & Small Business Development Strategies**
June 21-22
Buffalo, NY

**Economic Development Credit Analysis**
July 25-27
San Antonio, TX

**Business Retention & Expansion**
August 16-17
Denver, CO

**Workforce Development Strategies**
September 27-28
Atlanta, GA

**Economic Development Marketing & Attraction**
October 11-12
Calgary, AB

**Business Retention & Expansion**
October 18-19
Toronto, ON

**Entrepreneurial & Small Business Development Strategies**
October 25-26
Chapel Hill, NC

**Real Estate Development & Reuse**
November 1-2
Phoenix, AZ

**Managing Economic Development Organizations**
November 8-9
Baltimore, MD

**Economic Development Marketing & Attraction**
December 6-7
Atlanta, GA

## 2018 CERTIFIED ECONOMIC DEVELOPER EXAMS

**January 27-29, 2018**
Las Vegas, NV

**March 24-25, 2018**
Washington, D.C.
(Application Deadline: January 24)

**June 23-24, 2018**
Buffalo, NY
(Application Deadline: April 23)

**September 29-30, 2018**
Atlanta, GA
(Application Deadline: July 30)

## 2018 WEBINARS

**Public-Private Partnerships: Drivers for Civic and Social Infrastructure**
January 18

**Corporate Social Responsibility and Economic Development**
February 15

**Fighting Neighborhood Decay: From Blight to Bright**
March 8

**Cultivating a Great Outdoor Recreation Economy**
April 12

**Strengthening Your Workforce and Economic Development Partnerships**
May 17

# driving business retention,

## EXPANSION AND ATTRACTION PROGRAMS TO A HIGHER LEVEL THROUGH TALENT PIPELINE MANAGEMENT

*By Angie White, CEcD*

### INTRODUCTION

Economic development professionals are accustomed to receiving in their Inboxes the annual release of the top factors that have driven site location decisions over the preceding year. For most of the ten years I have worked in economic development, workforce has been in the top five most important factors, but over the last few years it has shot up to taking the lead role or at least slot number two.

- 89.8 percent of respondents to Area Development Magazine 's 2016 Annual Survey of Corporate Executives ranked availability of skilled labor as either "very important" or "important" making it the second most critical site selection factor; it came in first place in 2015. In 2014, it came in fifth place.[1]
- Workforce was the top factor in Site Selection Magazine's 2016 consultant's survey

Why has this change occurred?

### THE SKILLS GAP

Driving the increased importance of available and qualified workforce in corporate location priorities is a series of societal shifts over the last three plus decades that have led to the **SKILLS GAP** that is a major focus of countless research, policy and funding organizations in the United States for the last decade, and now as it is more specifically defined, the **MIDDLE SKILLS GAP**.

Driving the increased importance of available and qualified workforce in corporate location priorities is a series of societal shifts over the last three plus decades that have led to the **SKILLS GAP** that is a major focus of countless research, policy and funding organizations in the United States for the last decade, and now as it is more specifically defined, the **MIDDLE SKILLS GAP**.

Since the 1980s, rapid advances in technology and the corporate drive for efficiency to increase productivity and profit have been making many unskilled jobs obsolete. And more recently, the post-Great Recession jobs that came back with strong growth projections require much higher skill levels, leaving many Americans unemployed or underemployed.

Yet it seems that during this same period of increasing skill requirements for workers, education and workforce development programs were not evolving in response. This results in adults at the lower end of the educational attainment spectrum unable to qualify for the blue collar jobs their parents and grandparents built solid lives from, because if those jobs still exist they require more technological proficiency than a high school drop-out or even a high school graduate will likely have. And the entry level jobs they qualify for are rarely at wages that can support a family. It benefits no part of an economy or our society at large to have a growing income gap caused by a growing skills gap. And this has been a major factor for policy change in how federal labor training dollars are to be awarded and outcomes measured.

**Angie White, CEcD,** is Senior Vice President of the North Louisiana Economic Partnership over Workforce Strategy and Administration and a certified economic developer.

North Louisiana Economic Partnership, an Accredited Economic Development Organization, provides professional economic development services to the 14-parish region of North Louisiana (awhite@nlep.org, www.nlep.org).

### SECTOR PARTNERSHIPS AS THE VEHICLE

*Economic development organizations that develop strategies to convene existing businesses in their region's critical industries to help them define common threats and opportunities will end up with specific action items to improve their business environment. While a variety of issues may be uncovered through these conversations, talent will most certainly be at the top of the list. Economic development organizations that can facilitate dynamic and lasting relationships between industry and education and training partners will demonstrate their ability to improve the operating environment for existing business and the employment prospects for its residents, and this is a mighty tool for attracting new companies.*

## CIVILIAN LABOR FORCE PARTICIPATION RATE

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2007 | 66.4 | 66.3 | 66.2 | 65.9 | 66.0 | 66.0 | 66.0 | 65.8 | 66.0 | 65.8 | 66.0 | 66.0 |
| 2008 | 66.2 | 66.0 | 66.1 | 65.9 | 66.1 | 66.1 | 66.1 | 66.1 | 66.0 | 66.0 | 65.9 | 65.8 |
| 2009 | 65.7 | 65.8 | 65.6 | 65.7 | 65.7 | 65.7 | 65.5 | 65.4 | 65.1 | 65.0 | 65.0 | 64.6 |
| 2010 | 64.8 | 64.9 | 64.9 | 65.2 | 64.9 | 64.6 | 64.6 | 64.7 | 64.6 | 64.4 | 64.6 | 64.3 |
| 2011 | 64.2 | 64.1 | 64.2 | 64.2 | 64.1 | 64.0 | 64.0 | 64.1 | 64.2 | 64.1 | 64.1 | 64.0 |
| 2012 | 63.7 | 63.8 | 63.8 | 63.7 | 63.7 | 63.8 | 63.7 | 63.5 | 63.6 | 63.8 | 63.6 | 63.7 |
| 2013 | 63.6 | 63.4 | 63.3 | 63.4 | 63.4 | 63.4 | 63.3 | 63.3 | 63.3 | 62.8 | 63.0 | 62.9 |
| 2014 | 62.9 | 62.9 | 63.1 | 62.8 | 62.8 | 62.8 | 62.9 | 62.9 | 62.8 | 62.9 | 62.9 | 62.7 |
| 2015 | 62.9 | 62.7 | 62.7 | 62.8 | 62.9 | 62.6 | 62.6 | 62.6 | 62.4 | 62.5 | 62.5 | 62.7 |
| 2016 | 62.7 | 62.9 | 63.0 | 62.8 | 62.6 | 62.7 | 62.8 | 62.8 | 62.9 | 62.8 | 62.6 | 62.7 |
| 2017 | 62.9 | 63.0 | 63.0 | 62.9 | 62.7 | 62.8 | 62.9 | | | | | |

Source: Bureau of Labor Statistics

This contradictory situation that is bedeviling civic leaders who are struggling with the negative effects of growing income inequality in their communities and employers who can't find qualified workers is well stated by the Harvard Business School report created in partnership with Accenture and Burning Glass Technologies called *Bridge the Gap: Rebuilding America's Middle Skills*:

> "At the heart of the issue is an oft-discussed anomaly: while millions of aspiring workers remain unemployed and an unprecedented percentage of the workforce report being underemployed, employers across industries and regions find it hard to fill open positions. The market for middle-skills jobs – those that require more education and training than a high school diploma but less than a four-year college degree – is consistently failing to clear. That failure is inflicting a grievous cost on the competitiveness of American firms and on the standard of living of American workers."[2]

Another troubling trend is the consistent decline in the labor force participation rate from its pre-Great Recession level. The Bureau of Labor Statistics tracks the labor force participation rate and defines it as the percentage of the 16 year and up population that is either employed or unemployed (that is, either working or actively seeking work). People who are neither employed nor unemployed are not in the labor force.

The US unemployment rate in the US has improved dramatically since the height of the Great Recession, standing at 4.3 percent in July 2017 compared to 10 percent in October 2009,[3] however it has not resulted in a corresponding increase in the number of employed Americans. A simultaneous decline in the number of individuals who are being counted as part of the labor force is indicative of a disturbing trend: these individuals have given up looking and are no longer being counted. How can these individuals be re-engaged and brought back into the labor force? Many organizations, government entities, and foundations are focused on finding solutions to this problem that has disturbing implications for the American economy.

In manufacturing, the stress stems from several factors, including looming retirements of the industry's most experienced skilled workers combined with greater technical skill requirements for its starter-level positions, the slow disappearance of skills training in high schools and within corporations starting in the 1980s, and the offshoring of American manufacturing. Machines are increasingly doing more of the manual labor now, making those family-sustaining blue-collar jobs of the 20th century more of a nostalgic memory, but humans are still required to program and trouble shoot those machines. And the technology is ever-evolving, requiring continual employee skills upgrades. The June 2016 report "America's Divided Recovery: College Haves and Have-Nots" from the Georgetown Center on Education and the Workforce stated that of the 1.7 million manufacturing jobs that have been gained since the Great Recession ended, only 214,000 (or 12 percent) have gone to workers with a high school diploma or less.[4]

A simultaneous decline in the number of individuals who are being counted as part of the labor force is indicative of a disturbing trend: these individuals have given up looking and are no longer being counted. How can these individuals be re-engaged and brought back into the labor force? Many organizations, government entities, and foundations are focused on finding solutions to this problem that has disturbing implications for the American economy.

No longer can EDOs overlook making talent pipeline management a major priority, or they run the risk of becoming less successful at demonstrating their community's competitiveness.

Information technology-oriented sectors face a very different set of circumstances, where the jobs are growing at a much faster rate than education institutions have been able to produce the skilled workers to fill them. This has created significant supply-demand imbalances, which have concentrated talent pools in certain relatively high-cost metropolitan areas that are magnets for tech talent, and greatly driven up the price paid for that talent.

And in healthcare, which is not a traditional focus for economic development organizations (EDOs), the combination of a large aging population, extended life spans, and advances in medical technology have led to a tremendous increase in the demand for healthcare professionals all along the spectrum, from pharmacists to phlebotomists, medical coders to certified nursing assistants. The job growth projections for this industry nationwide are significant and show no signs of slowing. These jobs are also some of the best at pulling individuals out of multigenerational poverty, if they can be guided there.

No longer can EDOs overlook making talent pipeline management a major priority, or they run the risk of becoming less successful at demonstrating their community's competitiveness.

## POLICY CHANGES

From every direction, workforce development, education and training organizations are being told that their funding, accreditation and metrics for success (and, therefore, continued funding and accreditation) are dependent on their ability to demonstrate that their programs have been designed using employer-driven planning. Until the last few years, most professionals operating in these realms did not view their role as responding to the needs of employers, their focus was on the individual – the unemployed client, the student. And in many cases, they were not equipped for this change in focus. Economic development organizations can play a crucial role in making this new relationship smooth and mutually beneficial by serving as an intermediary, and as a result achieve strategic goals of their own organization's mission.

A significant recent policy change is embedded in the 2014 Workforce Innovation and Opportunity Act (WIOA), the federal legislation governing how workforce training dollars are spent. WIOA reauthorized its predecessor Workforce Innovation Act for another six years, but it also requires local Workforce Development Boards (formerly called Workforce Investment Boards, or WIBs) to "convene, use, or implement" sector partnerships. There are other areas of the legislation where there is a heightened emphasis placed on employer engagement. The National Skills Coalition provides a highly useful side-by-side comparison of the changes from WIA to WIOA.[5]

## INDUSTRY SETTING THE AGENDA FOR THE NEW WORKFORCE DEVELOPMENT MODEL

Talent pipeline management (TPM) is a term that is becoming more commonly used to describe workforce development within a specific community that is implemented using a framework companies typically use to better manage their supply chains. How is it different from the workforce development model that has prevailed since passage of the federal Workforce Investment Act of 1998? What is it about TPM as a workforce development model that makes it more appealing to the stakeholders that must participate in it than past models?

One model has been put forth by the US Chamber of Commerce Foundation, which named its new approach to closing the skills gap Talent Pipeline Management and has defined it as a method for "engaging employers and their partners across the country in developing a new demand-driven approach to close the skills gap . . . through extending lessons learned from innovations in supply chain management."[6]

The essence of this model, as well as that of the Harvard Business School-Accenture-Burning Glass research report referenced earlier, is that it looks directly at industry to address this situation. TPM is the creation of mutually beneficial and formalized relationships between industry, education, training and workforce development professionals, whereby industry provides the input on education and skill needs of their critical occupations, and rewards those resource providers who produce the highest quality product most efficiently, much like a company would within its supply chain.

Rewards can take many forms, including lending time and expertise in program development, providing adjunct instructors, offering internships to students, guaranteeing interviews to program completers, donations of equipment, scholarships, and direct program funding. The benefit for the industry participants is a more consistent and qualified supply of talent, which has a direct impact on their profitability. The benefit for the EDO and community is a more skilled and educated labor pool with higher employment and labor participation rates, lower income inequality, and a powerful tool for supporting existing business growth and attraction of new industry.

Talent pipeline management (TPM) is a term that is becoming more commonly used to describe workforce development within a specific community that is implemented using a framework companies typically use to better manage their supply chains.

You can have an industry partnership that does not have the talent pipeline as a major priority (though rare), but it is nearly impossible to realize TPM goals without an industry partnership. This is essentially the premise of the Next Generation Sector Partnership Model, born out of a 2013 National Governors Association's commissioned report *State Sector Strategies Coming of Age: Implications for State Workforce Policymakers*, which views Sector Partnerships through a broader lens than that of a purely talent-focused model. It is also centered on industry partners setting the agenda but what that agenda is will be "defined entirely by business leaders and focused on addressing what matters most to them: ensuring the industry has what it needs to grow and thrive. Since next generation sector partnerships tackle more than just workforce issues, the partnership has staying power, acting as a sustainable forum for business leaders to address shared priorities and work in collaboration with a cross section of public partners in workforce development, economic development, and education. "[7] Even going so far as to train support partners to refer to the business representatives as "industry partners" versus "employers" sends a strong message about the purpose of the partnership (though a hard habit to break for support partners).

A word of caution about Sector Partnerships – under any model – is that they do not form overnight; or sometimes over a year. Much advance work building relationships with the various companies or business associations that comprise the industry sector is the first step in the process, and likely an EDO has been doing that for a long time through its business retention and expansion (BRE) program, which should allow for a smooth outreach effort to get industry partners engaged.

Industry Partnerships are a hot topic right now, though they have existed for several decades. Why?

In addition to the employer-focused policy changes in WIOA, several national and federal grant-making and policy organizations are encouraging the establishment of industry partnerships within natural labor market regions and using funding and other support resources as carrots. Some of the leading organizations not already mentioned include:

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- **Corporation for a Skilled Workforce**: a national nonprofit that partners with government, business, and community leaders to support the creation of good jobs and the highly skilled workers to fill them. Manages an inventory of sector partnerships at www.sectorstrategies.org
- **National Skills Coalition**: a great source for tracking federal labor policy development and has created useful resources for TPM initiatives including sector partnerships.
- **Jobs for the Future**: a national nonprofit that builds educational and economic opportunity for underserved populations in the United States.
- **National Fund for Workforce Solutions**: driving practices, policies, and investments that enable workers to succeed in good jobs, provide employers with a skilled workforce, and build more prosperous communities through the support of regional funder collaboratives that must include industry.
- **Federal Programs Supporting Target Industries**: For example, *Manufacturing USA* brings together industry, academia, and federal partners within a growing network of advanced manufacturing institutes to increase U.S. manufacturing competitiveness and promote a robust and sustainable national manufacturing R&D infrastructure. Funding to support demonstration models around the US is supplied through public-private partnerships. More at www.manufacturing.gov

## GETTING STARTED ON A SECTOR PARTNERSHIP

As demonstrated here, there is a growing list of organizations focusing on new models to address the skills gap, but this article will focus on the Next Generation Sector Partnership (Next Gen) model, as it is the model currently being implemented in Louisiana, the home state of this author.

A sector partnership or employer collaborative, whichever model or name you choose, must be led by industry partners as a defining characteristic. It should involve education, training and workforce support partners, but it needs a facilitator to be sustainable and this role is often well served by an EDO, whose primary mission and goals are often broader than those of other support stakeholders. The Next Gen model labels this entity

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the "Convener" and provides a thorough job description, summarized as follows:

> "The convener plays an essential role in keeping a sector partnership on track and moving forward to accomplish the goals of the businesses in the partnership. The convener is the backbone of the sector partnership, providing administrative, project management, and facilitation support to keep the partnership focused and productive. It is essential that the convener is highly action-oriented but also a collaborative and disciplined team player."[8]

The Next Gen model provides a detailed step-by-step training manual for organizations interested in getting a Sector Partnership started, and it emphasizes three key features of a Sector Partnership:

*Step-by-step training manual for developing sector partnerships available on the Next Generation Sector Partnerships website.*

- **Industry-led.** Agendas are based on industry-determined priorities, not public programs.
- **Community-supported.** Public partners from workforce development, economic development, education, and others work together to convene and support Next Gen Sector Partnerships.
- **Sustainable over time.** Since Next Gen Sector Partnerships are organized around the topic that interests business leaders most – what it takes to ensure that their company thrives – they are sustainable over time.[9]

Start with one critical industry around which to create a partnership (this should ideally be one of the EDO's target industries). Select it based on relevant labor market data and a thorough understanding of the players and ecosystem dynamics in that sector in your community. Things to consider:

1. Outlook for job growth. If it exists, is it due to new jobs or replacement jobs?
2. Industry Cohesiveness. Is there an existing industry association? Is the EDO a member? If there is not one, do industry managers appear to know each other? Is the ecosystem fiercely competitive or congenial?
3. What is the industry's relationship like with education and training institutions in the region? Is it non-existent, one of dissatisfaction but little engagement, or deeply involved?
4. What is the depth of the EDO's relationship with education and training institutions in the region? Is it cordial but with rare interaction, or deep and intimately connected?
5. Reach out to community partners (workforce development boards, higher education institutions) to inventory their relationships with the target industry. Do they think it is ripe for collaboration on a sector partnership? Do they want to participate in the effort?
6. Once all the major parties seem willing to move forward with a sector partnership, identify industry leaders and meet with them – more than once – to explain what a sector partnership is, and what is in it for them (the Next Gen Model's Training Manual has a detailed list of talking points to recruit industry champions). From among them, identify a few champions who will sign their name to the inaugural Sector Partnership invitation and if there is interest to progress, they will stay engaged as leaders at least until new leadership emerges.

## MAKING TALENT A PRIORITY: THE EXPERIENCE OF THE NORTH LOUISIANA ECONOMIC PARTNERSHIP WITH SECTOR PARTNERSHIPS

The North Louisiana Economic Partnership (NLEP), an Accredited Economic Development Organization, provides professional economic development services to a 14-parish (county) region of North Louisiana with a population of approximately 800,000 residents. In 2008, the NLEP launched a workforce marketing program because we were hearing from major employers that they could not find qualified employees, and at the same time we were hearing regular complaints from community members that their children were all leaving the area because they could not find good jobs. The plan was to develop tools to market the jobs available to those that needed them. But there was a lot more to it than that.

When I accepted the challenge to create this new workforce marketing program, I had no experience in workforce development. I did not know the key organizations, did not understand the role of higher education – in particular, community and technical colleges; I did not understand the myriad complicated and unstable funding streams to support workforce development; and had little knowledge of or connection to the companies that make up the NLEP's critical industries. My first year was spent making a lot of cold calls, asking a lot of questions and doing a lot of listening.

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There was a solid discussion about the occupations and skills that were identified as the most in demand, but the conclusion that was reached by the end of the meeting was the thing manufacturers in the room needed most was a trainable employee. Deliver them that and they could handle the rest. This series of events led to the creation of the MMC's Workforce and Education Committee.

From our employers, there were regular complaints about workforce and the quality/relevance of local technical training programs. But this dissatisfaction was not being shared with the training providers. Training providers were challenged to find employers to sit on advisory boards and provide meaningful feedback and support (financial or otherwise). Higher education/training institutions were not very attuned to their role in supporting industry in the region; with a few notable exceptions, education and graduation of students were their sole focus. At the technical and community college level, there was a gulf between academic and workforce departments (for-credit vs. non-credit hierarchy), with little to no communication or collaboration between these two divisions that should work hand in hand.

Workforce development professionals were not frequently in the same room with education and training providers, and were still very much in the mindset of focusing on unemployment benefits administration, or serving in a reactive role of responding to employers at the time of their layoffs and shutdowns.

Since the program launch in 2008, there has been much change in occupational outlooks, the economy, and education and training arenas nationally, at the state level and locally, which has impacted our workforce program and its priorities. Given the size of our 14-parish region, we have found Sector Partnerships to provide the best return on our limited resources. Where we have had the most success is in support of one of our target industries, advanced manufacturing, though we have a burgeoning cyber sector partnership gaining steam with the growth of the I-20 Cyber Corridor in North Louisiana.

## CASE STUDY 1: ATTRACTING THE FUTURE MANUFACTURING TALENT PIPELINE THROUGH NORTH LOUISIANA MANUFACTURING WEEK

Shortly after NLEP's talent program launched in 2008, I spoke at a Manufacturing Managers Council of Northwest Louisiana (MMC) meeting to introduce our new program. This self-managed organization is made up of plant managers and key leadership of about 30 manufacturers in the Shreveport MSA, and convenes its membership monthly at a breakfast meeting. I was informed by the organizer that these were busy plant managers and I would have about 20 minutes to speak and any longer than that they would start leaving. I gave my 15-minute presentation and wrapped up by asking: "Are you facing any particular workforce challenges we might be able to help you with?" Forty-five minutes later, when they were still giving feedback, we wrapped up the meeting and I promised to carry on these conversations one-on-one.

After that meeting, the NLEP joined the MMC as an associate member. About a year later, we completed our first MMC workforce survey. It was not the most scientific or sophisticated survey, but it gave us a basis for a collective conversation about their critical occupation and skill needs. After the survey closed, we convened the group to share and validate the results, and encouraged the MMC members to bring the managers who oversee their critical occupations. There was a solid discussion about the occupations and skills that were identified as the most in demand, but the conclusion that was reached by the end of the meeting was the thing manufacturers in the room needed most was a trainable employee. Deliver them that and they could handle the rest. This series of events led to the creation of the MMC's Workforce and Education Committee.

Going through this process allowed the MMC to have a much more productive conversation with our local community and technical colleges, and Louisiana Economic Development's customized workforce training program, LED FastStart, which were already in the process of designing the Certification for Manufacturing (C4M) program based on similar feedback from industrial employers in the southern part of the state.

C4M is made up of four modules:

1. Introduction to Manufacturing
2. Manufacturing Tools and Equipment
3. Automation in Manufacturing
4. Introduction to Fabrication, P-Tech and Machining

These topics cover the fundamentals of a manufacturing environment. Completing this semester long program of extensive classroom and lab work would prepare a candidate to walk into a manufacturing environment at the operator level with a high chance of job success, and a much greater likelihood of retaining it, exactly what the MMC members were asking for. The C4M program became available at Bossier Parish Community College in 2014 and now has about a dozen employer sponsors who support the program with guest speakers, curriculum and equipment guidance, resume writing support, and a guarantee that every program graduate will be given an interview.


*Cover of the Manufacturing Week magazine developed by the North Louisiana Economic Partnership and given to all participating students and teachers.*

*High school students in North Louisiana tour local manufacturing plants and training programs during Manufacturing Week.*

From this ongoing action-centered dialogue with the MMC about their critical workforce needs, we were finally able to convince them to pilot a Manufacturing Day celebration, something we had proposed to the group for a few years with no luck. Closure of a GM facility in Shreveport during the automotive industry crash a few years before left our residents believing that manufacturing was a dying industry in our region. And while we have seen the decline in jobs due to industry-wide technology and automation trends as have been noted elsewhere in the article, manufacturing is still a significant employer in our region, and in North Louisiana it is a diverse industry sector.

Choosing to celebrate Manufacturing Day, a program of the National Association of Manufacturers, is a way to announce to the community that manufacturing is still here and it is not the same manufacturing environment of our fathers and grandfathers. Manufacturing in our region needed a public relations campaign if we were going to grow enrollment in programs like C4M and others being created or revamped to support manufacturing in our region, and this was a great way to kick it off (learn more about national Manufacturing Day and resources to support local efforts at www.MFGDay.com, learn about NLEP's North Louisiana Manufacturing Week at www.nlep.org/Workforce/Manufacturing-Week.aspx).

In 2014, the NLEP and the MMC launched Northwest Louisiana (NWLA) Manufacturing Week to promote manufacturing as a career to high school students in two parishes (counties) in Northwest Louisiana. The NWLA Manufacturing Week program offers tours of manufacturing facilities and training programs over the course of a week, culminating with national Manufacturing Day, the first Friday in October. Participants receive a magazine we produce, profiling top demand manufacturing occupations and training in Northwest Louisiana, as well as a list of all participating manufacturers from around the region.

The program goals are to increase awareness of manufacturing as a smart career choice among high school students, parents and teachers/counselors, and to increase enrollment in manufacturing training programs at regional high schools and higher education institutions.

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The event has grown significantly in three years, as the chart below demonstrates.

| | 2014 | 2015 | 2016 | 2017 (goal) |
|---|---|---|---|---|
| Number of Tour Sites | 7 | 23 | 27 | 30 |
| Participating Students | 150 | 750 | 875 | 1,000 |
| Participating School Systems | 2 | 6 | 9 | 10 |

In 2017, we are expanding our footprint to more parishes and changing the name to North Louisiana Manufacturing Week, and we intend to end the month of October with three Manufacturing Career Open Houses at community and technical colleges around the region. These events will be in the evening, to allow students to attend with their parents and learn from manufacturers about top demand occupations and where they can go locally to get the training to qualify. These events will be open to the public and will also target airmen soon to be leaving active duty at Barksdale Air Force Base in Bossier City.

With North Louisiana Manufacturing Week's success, NLEP hopes to boost participation in the Louisiana Department of Education's new Jump Start career diploma, developed through a collaborative effort of state departments to increase the number of skilled workers needed by industry. Completion of a Jump Start high school diploma signifies that the student is prepared for either a career or college, and has the certifications in hand to prove it. Jump Start is the beginning of our future talent pipeline and we plan to be heavily involved in it.

Manufacturing Week metrics for success:

- Short-term: number of students and tour sites participating in MFG Week, feedback from surveys given to tour providers and teacher chaperones, attendance at Manufacturing Career Open Houses
- Long-term: number of students choosing manufacturing as their Jump Start pathway, enrollment in target postsecondary programs

## CASE STUDY 2: NORTHWEST LOUISIANA MANUFACTURING PARTNERSHIP

Responding to a new emphasis placed on employer involvement in programs receiving federal workforce training dollars under the Workforce Innovation and Opportunity Act (WIOA), the Louisiana Workforce Commission contracted with the consortium behind the Next Generation Sector Partnership (Next Gen) model to come to Louisiana and help form and train collaboratives in each of the eight labor market regions of the state to establish Sector Partnerships.

In August 2016, a large group of workforce, education, training, economic development, and business-focused organizations was invited by the two Workforce Development Boards in Northwest Louisiana to attend the first meeting. The meeting was facilitated by a Next Gen consultant, John Melville of Collaborative Economics, and data on the top employment industries in our region compiled by the Louisiana Workforce Commission was distributed to the group. After analyzing and discussing the data, as well as non-data factors that might impact success, the group selected manufacturing for the pilot Next Gen Sector Partnership for Northwest Louisiana, not because it had the largest projected job growth, but because of the existence of the Manufacturing Managers Council and North Louisiana Manufacturing Week made our chances of success much stronger.

We identified six manufacturing leaders who signed on as champions and developed a comprehensive list of manufacturers from across the 10 parishes of Northwest Louisiana to invite to the initial meeting in November 2016 at the Port of Caddo Bossier, a central location and one that has a heavy concentration of manufacturing tenants. We promised attendees that we would have a clear-cut agenda and would honor the 90-minute timeframe for the meeting. The room was set up per Next Gen guidelines, with industry partners around a center round or U-shaped table and support partners seated behind them. Support partners all agreed in advance that we were in listening mode only. Our industry champions provided the welcome and meeting purpose, and then our Next Gen facilitator led the discussion to identify what was keeping them up at night as manufacturing CEOs.

After a follow-up meeting, the group agreed on two major issues that would have the greatest impact on their future success and that the industry partnership had a degree of control over: increasing enrollment in critical talent pathways and marketing modern manufacturing to the entire community.

Working groups have formed around these two priorities, each with its own industry champions leading the agenda. The NLEP has become the convener for the


*Next Generation Sector Partnership's suggested seating chart for initial partnership meetings.*
Source: Next Generation Sector Partnerships, http://www.nextgensectorpartnerships.com

Partnership, but all community partners participate and understand that any accomplishments achieved by the partnership are shared success for all of our organizations. The NLEP intends to use this partnership in its marketing and attraction efforts as a demonstration of the collaborative environment that exists in our region for managing our talent pipeline.

Metrics for success:

- Number of industry partners that commit to participate.
- A strong group of community partners representing K-12, higher education, workforce development organizations, non-profits with workforce programs, chambers, and economic development professionals.
- Success at achieving action items identified by industry partners.

## CONCLUSION

Convening a community's target industries to work together, specifically around talent needs, and bringing training providers and other support organizations to the table with them, is a tremendous tool EDOs can use to market their community as one that is proactive in addressing the talent needs of target industries AND it makes existing businesses happy because their difficulty in finding and retaining talent will lessen. Industry partners in Sector Partnerships also become empowered when speaking with one voice, which can secure resources to support the community for anything from extra financial support for specific training programs to additional infrastructure investment.

For an EDO's BRE Program, Sector Partnerships are fantastic tools for uncovering other issues that are critical to its target industries; maybe state regulation is a pain point for the industry, or critical infrastructure is insufficient. Make sure the industry champions that are leading the partnership are trained not to ask leading questions about what the challenges and opportunities are for the others around the table. What may rise to the surface can be surprising, but being in a position to proactively address the issues early on makes the EDO a valuable partner in the success of its local companies and, ultimately, the competitiveness of its community.

## END NOTES

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7 Next Generation Sector Partnership Training Manual (February 2017) http://www.nextgensectorpartnerships.com/toolkit/

8 Next Generation Sector Partnership Training Manual

9 Next Generation Sector Partnership Training Manual

# the nonprofit academy

## IN SAN DIEGO

*By Lyn Corbett, Laura Deitrick, and Michele Marano*

### BACKGROUND

Nonprofits have long been recognized for being indispensable in promoting community development, advocating for human rights, and improving citizens' well-being in the United States.[1] In an age of devolving government, leaders in the public sector are gaining an increased appreciation for the role nonprofits can play in helping government meet the needs of constituents. Likewise, government support is an integral part of the nonprofit business model with public sector funding accounting for nearly one-third of nonprofit revenue.[2] Government money flows to nonprofits in the forms of grants and contracts at the federal, state, and local level. To meet community economic development objectives and to ensure proper stewardship of public funds, government agencies have a vested interest in ensuring the viability of their nonprofit sector partners.

The City of San Diego recognizes that the nonprofit sector is not a dependent partner, but rather that the two sectors have an interdependent relationship that must function as a whole to meet the changing needs of the San Diego community. There is some evidence to suggest that city governments have used capacity building as a tool to develop stronger nonprofit partners and recruit new partners.[3] Unfortunately, there is a dearth of guidance for public-sector managers on how city governments can strengthen the capacity of local nonprofits. This article presents a case study of one approach.

Government money flows to nonprofits in the forms of grants and contracts at the federal, state, and local level. To meet community economic development objectives and to ensure proper stewardship of public funds, government agencies have a vested interest in ensuring the viability of their nonprofit sector partners.

#### Challenges and Opportunities

The 2017-2019 City of San Diego Economic Development Strategy guides the City's economic development efforts and places a focus on key partnerships that included nonprofit organizations, trade associations, business incubators and accelerators, chambers of commerce, economic development organizations, and academia.[4] The plan articulated the vital role these organizations play in furthering the City's economic and workforce development objectives. Given this, the City aspired to partner with a more diverse pool of nonprofits with the understanding that such diversity included perspectives that could bring new, relevant, and innovative perspectives to the program and policy discussion. Despite this expressed desire to broaden the reach of public dollars and services, it was observed that the same organizations were funded year after year, constraining the potential for increased community impact. Furthermore, it was observed that some nonprofits, with promising programs, were neither applying for funding nor eligible for funding based on contracting requirements.

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### BUILDING STRONG NONPROFITS TO DRIVE ECONOMIC DEVELOPMENT

*Nonprofits have long been important partners to government, providing direct services, serving as liaisons between government agencies and local communities, and informing policy development. It is generally understood that ensuring the vitality of the nonprofit sector is an important factor in achieving community development goals. One way government agencies can support a healthy nonprofit sector is through direct investments aimed at building nonprofits' capacity to deliver goods and services on behalf of government. While much has been written about how private foundations fund capacity building efforts in nonprofit organizations, little is known about the strategies local governments use to strengthen the capacity of their nonprofit partners. To address this knowledge gap, this article presents a case study of a successful government-funded, capacity-building initiative undertaken by the City of San Diego, called The Nonprofit Academy, which won IEDC's Gold Award for Partnerships with Educational Institutions.*

Acting as a catalyst for creating public value, the City of San Diego sought to understand the reasons that prevented potential partners from applying or qualifying for funding. To develop a collective vision on how to minimize challenges and maximize opportunities, the City of San Diego's Neighborhood Services Division partnered with the University of San Diego's Nonprofit Institute. Nationally renowned for its work, the University of San Diego's Nonprofit Institute (NPI) advances best practices in the nonprofit and philanthropic community through academic excellence, applied learning, and research that examines issues of strategic importance to the sector.

*"City-University partnerships are being used to tackle the toughest problems that metros face, and USD is an ideal partner in growing the quality of our nonprofit community. The Nonprofit Academy collaboration uses data and academic expertise to provide real-world skills that improve the competitiveness of our local organizations."*

*- David Graham, Deputy Chief Operating Officer, Neighborhood Services Division, City of San Diego*

## PROJECT DEVELOPMENT

### Needs Assessment

In May 2016, NPI conducted a comprehensive needs assessment to define the pool of potential nonprofits and to explore common barriers to contracting such as lack of awareness about contracting and deficiencies in organizational structure and function. Figure 1 outlines the questions explored in the needs assessment. Several sources of data were accessed to inform the needs assessment including a review of Internal Revenue Service (IRS) data about nonprofits, interviews with City staff members, and a survey of nonprofits.

### FIGURE 1. NEEDS ASSESSMENT GUIDING QUESTIONS

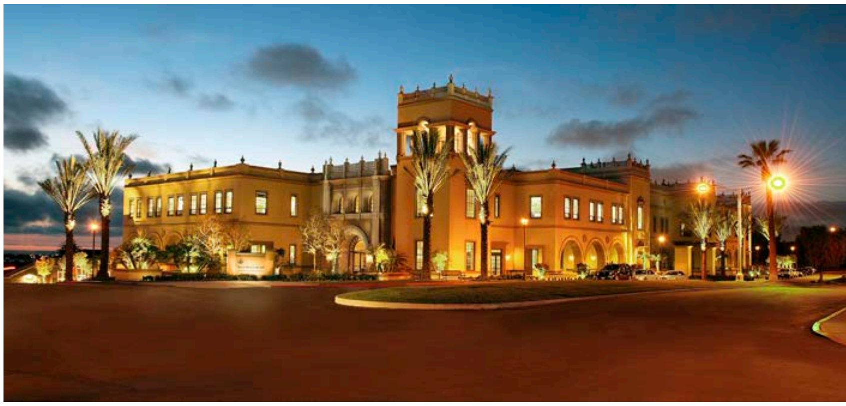
A. What is the scope of the nonprofit sector in San Diego? How many nonprofits are there, what are their primary purposes, and what are their services?

B. What are the characteristics of the nonprofits that currently do business with the City (e.g., type of nonprofit, age, budget size, neighborhood or council district served, etc.)? What are the characteristics of the nonprofits that have expressed interest in doing business with the City but haven't been successful in doing so? Are there any significant trends revealed in comparing those nonprofits that do business with the City and those that do not?

C. What is the reach of each nonprofit's service area? Are there significant geographic clusters of nonprofits that do business with the City? Are all council districts being reached?

D. What are the nonprofits' most common shortfalls when doing business with the City?

E. What are the most important components of organizational development that could be addressed by a Nonprofit Academy/Basic Strengths training program?

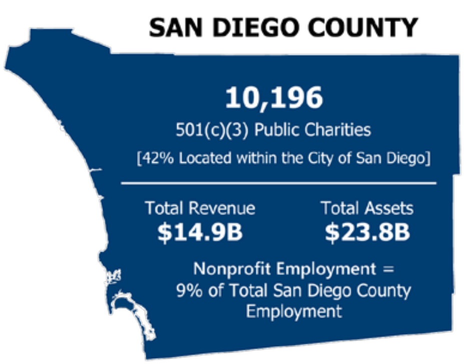


*The Nonprofit Academy is sponsored by the City of San Diego in partnership with the University of San Diego. (USD, Mother Rosalie Hill Hall pictured here)*

To understand fully the true potential for partnering and contracting with nonprofits, there first needed to be an understanding of the landscape of nonprofits located within the City of San Diego. IRS data about nonprofits were aggregated and mapped using Geographic Information System software. In addition, 262 nonprofit leaders completed a 36-question survey and provided an additional 326 written comments.

The survey included a cross-section of nonprofits that currently do business with the City, nonprofits that have expressed interest in doing business with the City, and nonprofits that may not have known about opportunities to do business with the City but operated within the City limits. The framework for the survey included questions pertaining to the City's application process, City contracting and reporting processes, and an exploration into the education and training needs of organizations. Survey participants were encouraged to provide their candid thoughts and constructive feedback with the understanding that their anonymity would be protected.

### FIGURE 2: FINDINGS OF THE NEEDS ASSESSMENT



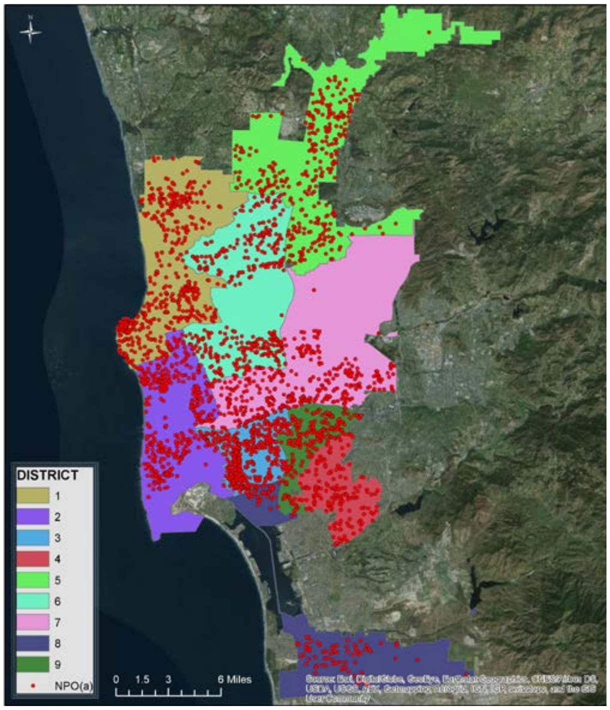

Data Sources: IRS Business Master File, May 2015; Labor Market Information Division, California Economic Development Department, 2014.

### The Landscape of Nonprofits

The assessment identified 10,196 registered 501(c)(3) nonprofits in San Diego County. Of those, 4,280 have a mailing address located within the physical boundaries of the City of San Diego. (Figure 2) These data were then aggregated by council district and mapped using Geographic Information System software. The mapping of the data verified a broad pool of potential nonprofits with which the City could partner and contract. Although the physical address of a nonprofit was not an accurate indicator of the full scope of program delivery, the data illustrated

### FIGURE 3. MAP OF REGISTERED NONPROFITS WITH MAILING ADDRESSES IN THE CITY OF SAN DIEGO

**Distribution of nonprofit organizations (501c3) by San Diego City Council Districts**




Source: BMF 2016; SANDAG
(a) Excludes: Hospitals (EH); Agricultural/Farming (k20,25,26,28); Medical Research (H); Diseases, Disorders and Medical Conditions (G); Churches (X); Social Sciences (V); Pension and retirement funds/Cemeteries/Pension and Retirement Funds (Y30,33,34,35); Elementary and Secondary Schools (B20,21,24,25,28,29)

in Figure 3 documented potential disparities in nonprofit services and resources across the different council districts.

Organizing the data in this way helped City staff to visualize the potential for proportional funding disbursement across council districts and identify areas of opportunity to reach nonprofits in the City's geographically targeted areas. These geographically targeted areas were identified by the City to help stabilize and improve neighborhoods by directing the investment of U.S. Department of Housing and Urban Development (HUD) entitlement grant funds, with the aim of addressing the highest priority community needs and the City's most vulnerable populations.

**Interviews and Survey Responses**

Interviews with City staff revealed a desire to provide assistance to those nonprofits that have not been able to complete the City's grant application process or had previously been unable to make it past the initial screening process. Interviewees identified some common problems that prevented applicants from successfully completing the process including a lack of basic governance understanding, missing or insufficient financial documents (such as audited financial statements or IRS 990s), and missing insurance certifications.

Survey responses from nonprofit leaders highlighted barriers that prevented them from applying for funding and identified areas where they needed to improve organizational structure and function to become qualified contractors. Nonprofit leaders that had not applied for funding from the City of San Diego in the past five years, reported a lack of understanding of the type of funding opportunities available and were unaware how to access them. Several expressed concerns that City funding is elusive for small or all-volunteer nonprofit organizations.

The most common shortfalls for nonprofits doing business with the City were leveraging resources to meet funding guidelines, meeting funding-match requirements, and keeping their organization in compliance with City contracting requirements. When asked what were the most important components of organizational development that could be addressed by an ongoing training program, the respondents stated that they were interested in:

- diversifying revenue sources (both earned and contributed),
- developing annual funding plans (revenue generation strategies, fundraising activities, etc.),
- leveraging partnerships (collaboration), and
- learning more about marketing and communication (e.g., social media, advertising, public relations, etc.).

In addition, respondents expressed needing assistance with:

- identifying and addressing specific community needs (e.g., data collection, demographics, etc.),
- program design (e.g., setting programmatic goals, objectives, evaluation tools, methods, etc.), and
- awareness and outreach (e.g. community engagement, target audience outreach, etc.).

**Pilot Program**

The findings from the assessment confirmed the need for additional training and facilitated collaboration to strengthen nonprofits and increase their potential for contracting with the City. To address these needs, the City asked NPI to develop a comprehensive pilot training program called The Nonprofit Academy. Informed by the findings of the needs assessment, the pilot Nonprofit Academy was held over two days in August 2016 on the campus of the University of San Diego and was attended by over 125 nonprofit leaders. The program was free of

The most common shortfalls for nonprofits doing business with the City were leveraging resources to meet funding guidelines, meeting funding-match requirements, and keeping their organization in compliance with City contracting requirements.

*Dr. Laura Deitrick is the director of the University of San Diego Nonprofit Leadership and Management Master's program where she teaches nonprofit research methods, program design and evaluation. She and her staff have developed the curriculum for the Nonprofit Academy.*

charge and open to any nonprofit that had completed the needs assessment survey and deemed an eligible candidate for partnering with the City.

During and after the pilot, additional information was gathered through observation and in direct feedback sessions with City officials as well as through a post-assessment survey. There was an overwhelmingly positive response to the quality of faculty, topics, and venue. By and large, the respondents said that they walked away with a better understanding of the funding opportunities available with the City, the application and contracting process, and the strategic objectives of the City. The majority of the respondents stated that they would absolutely attend if there were another training similar to the pilot.

Respondents offered some recommendations for improving The Nonprofit Academy. The most common responses had to do with the technical aspects of the training initiative. Several participants did not have the opportunity to attend all the sessions. They stated they would have attended all the sessions, even if it meant adding an additional day. Others requested a printed bibliography of the books and materials reviewed in each session.

Although nonprofits expressed appreciation for The Nonprofit Academy, respondents were interested in additional assistance with the implementation of strategies to advance their organizations' missions and increase their impact. One respondent stated, "I would love an opportunity to attend again and fill in the gaps… I would get more out of the whole thing as I have a better overview now and would get more benefit from refreshing [my learning]."

## ARCHITECTURE OF THE NONPROFIT ACADEMY

There have been two more nonprofit academies held since the pilot program. These were held in the spring of 2016 and fall of 2017. The Nonprofit Academy was designed to achieve the following four objectives:

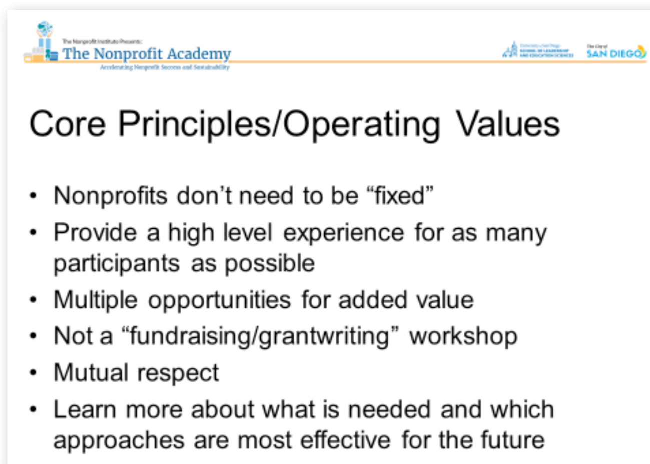
1. Diversify the nonprofits with which the City contracts for services in order to broaden the reach of public dollars and services to customers.
2. Increase the quantity of nonprofits that apply to do business with the City, so that the pool of candidates is more commensurate with the diversity of the San Diego marketplace and customer demographics.
3. Improve the average score or rank of each pool of nonprofits that apply to do business with the City.
4. Promote the values of integrity, service, people, and excellence articulated in the City's Strategic Plan.

### The Framework

The Nonprofit Academy is presented over two days and was shaped around a set of guiding principles presented in Figure 4. Eligible participants attend free of charge and may attend one or both days of the Academy. During the opening of each nonprofit academy, the expectations are made clear. Participants understand that there is no guarantee of funding but, if implemented correctly, the information learned can help position organizations to receive resources from any funder.

Faculty, City staff members, and participants are expected to demonstrate a deep respect for nonprofits and their leaders, no matter their size or current level of competency. Attendees are made aware that The Nonprofit Academy is not a grant-writing or technical assistance workshop. Rather, it is an intensive learning program designed to help nonprofits understand and build capacity in specific organizational competencies required to apply for, receive, and manage government contracting dollars.

## FIGURE 4. CORE PRINCIPLES AND OPERATING VALUES FOR NONPROFIT ACADEMY




### Expert Faculty

Key to the success of the program is the expert faculty made available to organizations that otherwise could not afford professional consultation services. The Nonprofit Academy faculty included City of San Diego staff, University of San Diego Nonprofit Leadership and Management faculty, and external consultants. Each faculty member selected for this project had at a minimum ten years of executive management or consulting experience in the nonprofit sector. Each City of San Diego faculty member had experience working in the nonprofit sector. Participants also had the opportunity to schedule one-on-one consultation sessions with faculty to address specific organizational needs.

**A Flexible Hands-On Curriculum**

Typically, topics for The Nonprofit Academy have included best practices in governance and leadership, financial competence, program design and development, evaluation and measuring success, and partnering with the city. There are three courses that comprise the Academy's core curriculum: Three Indicators of Fiscal Competence, Program Design and Development, and Measuring Success. Additional electives are also offered and a complete list of all courses is provided in Figure 5. Each session has specific learning outcomes.

Session topics have evolved based on the needs of the nonprofit community. For example, the most recent Nonprofit Academy focused on the San Diego Promise Zone. In June 2016, one of 22 federal Promise Zones in the United States (one of only four in California) was designated in San Diego. The San Diego Promise Zone covers a 6.4-square-mile targeted area that is home to the City's most disadvantaged and underserved communities. In addition to the core sessions, specialized session topics included collective impact, strategic volunteer engagement, and integrating program design and budget.

To address the common shortfalls of capacity-building initiatives, courses included hands on application exercises and opportunities for one-on-one consulting. Each participant received a binder that included session materials and other resources. The information was also made available for download. Participants can also schedule follow-up appointments with instructors through a City-sponsored Office Hours program. Participants who complete all core coursework in The Nonprofit Academy received a signed certificate acknowledging their accomplishment.

## NONPROFIT ACADEMY OUTCOMES

Initial evidence suggests that the City's outcome objectives for the Academy are being met. For example, qualified Community Development Block Grant (CDBG) applicants increased 33 percent from 57 applicants in FY2017 to 76 applicants in FY2018, establishing a more competitive selection pool for the City. In FY2018, a total of 27 nonprofits were awarded CDBG funds to implement 33 projects. Of those 27 nonprofits, 14 (or 52 percent) had participated in at least one Nonprofit Academy. In addition, the City's Commission for Arts and Culture received qualified funding applications from 15 nonprofits new to this revenue source.

Intangible results lie in the collective impact these organizations make in strengthening the network of local nonprofits to work together and share information and in the increased transparency and public trust about the funding process. Such education is a necessity for nonprofits to make better operational and hiring decisions and create more impactful programs to address the City's complex social and environmental challenges while lessening the City's programmatic and financial burden to provide social services.

## FIGURE 5. NONPROFIT ACADEMY CURRICULUM

The Nonprofit Institute Presents:

The Nonprofit Academy

Accelerating Nonprofit Success and Sustainability

**COURSE SCHEDULE**

**Day One**
**Tuesday, March 7, 2017**

**8:30 - 9:00am | Registration and Breakfast**
*Sala and Loggia*

**9:00 - 9:20am | Welcome and Orientation**
*Warren Auditorium*
- **Laura Deitrick, PhD,** Associate Director, The Nonprofit Institute, University of San Diego
- **Erik Caldwell,** Director, Economic Development Department, City of San Diego
- **Dana Springs,** Executive Director, Commission for Arts and Culture, City of San Diego

**9:30am - 12:30pm | Core Courses**
- Program Design and Development - *Room 102 (Executive Classroom)*
- Measuring Success - *Room 127*
- Three Indicators of Fiscal Competence - *Room 131*

**9:30 - 10:45am | Elective Courses**
- Governance Rules of the Road - *Room 135*
- Partnering with the City of San Diego - *Warren Auditorium*

**11:00am - 12:30pm | Elective Courses**
- Strategy for Social Impact - *Room 135*
- Financial Basics - *Room 145*

**12:30 - 1:15pm | Lunch**
*West Terrace*

**1:15 - 4:15pm | Core Courses**
- Program Design and Development - *Room 102 (Executive Classroom)*
- Measuring Success - *Room 127*
- Three Indicators of Fiscal Competence - *Room 131*

**1:15 - 2:30pm | Elective Courses**
- Governance Rules of the Road - *Room 135*
- Partnering with the City of San Diego - *Warren Auditorium*

**2:45 - 4:15pm | Elective Courses**
- Strategy for Social Impact - *Room 135*
- Financial Basics - *Room 145*

**Day Two**
**Wednesday, March 8, 2017**

**8:30 - 9:00am | Registration and Breakfast**
*Sala and Loggia*

**9:00 - 9:20am | Welcome and Opening**
*Warren Auditorium*
- **Laura Deitrick, PhD,** Associate Director, The Nonprofit Institute, University of San Diego
- **David Graham,** Deputy Chief Operating Officer, Neighborhood Services Branch, City of San Diego
- **Stephen Maduli-Williams,** Community Development Division Program Manager, Economic Development Department, City of San Diego

**9:30am - 12:30pm | Core Courses**
- Program Design and Development - *Room 102 (Executive Classroom)*
- Measuring Success - *Room 127*
- Three Indicators of Fiscal Competence - *Room 131*

**9:30 - 10:45am | Elective Courses**
- Governance Rules of the Road - *Room 135*
- Building an Effective Board - *Room 133*

**11:00am - 12:30pm | Elective Courses**
- Strategy for Social Impact - *Room 135*
- Financial Basics - *Room 145*

**12:30 - 1:15pm | Lunch**
*West Terrace*

**1:15 - 4:15pm | Core Courses**
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- Strategy for Social Impact - *Room 135*
- Financial Basics - *Room 145*

University of San Diego School of Leadership and Education Sciences

The City of San Diego

*The Nonprofit Academy promotes a "hands on" learning experience by encouraging attendees to bring their organization's financial statements and by-laws. This allows for collective, on-the-spot problem solving.*

> *"As a result of attending the Nonprofit Academy, stronger measurements have been constructed for measuring ongoing community engagement. Recommended courses of action for building a stronger board have also begun."*
>
> *– Nonprofit Academy attendee*

After the completion of each Nonprofit Academy, a survey is administered to all participants to assess individual outcomes. Responses indicate a high level of satisfaction with the quality of faculty, topics, and location. On the most recent evaluation, 75 percent of respondents indicated they had a better understanding of City funding opportunities and requirements and 70 percent had taken steps to implement new practices. One respondent stated, "We have already implemented additional financial controls based on the finance workshop. We plan to use logic models in the future when creating programming." An additional recognizable benefit of attending The Nonprofit Academy has been the time the participants have to network and explore common interests and potential ideas for future collaboration.

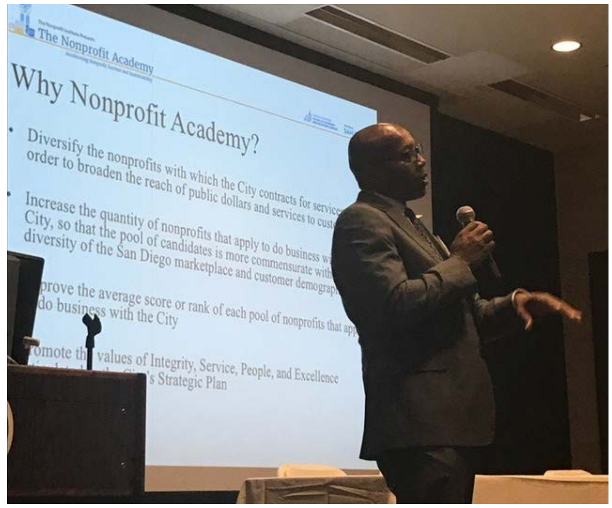
### LESSONS LEARNED: THE EMERGING NONPROFITS LAB

The Nonprofit Academy helped the City identify the need for more targeted training for small and emerging nonprofits. Feedback sessions with Nonprofit Academy participants brought to light the difficulty these small and emerging nonprofits faced in overcoming annual funding challenges and providing the City with the audited financial statements required to access federal funding programs administered by the City (like CDBG).

In response to this need, the City's Economic Development Department has created a new Capacity Building Program for FY2019. This program will be available to nonprofit organizations without an audited financial statement for the prior fiscal year and will be limited to those nonprofits with an annual operating budget of $500,000 or less.

Up to 10 organizations will be awarded $50,000 each through a competitive application process. The award will come with a commitment from the nonprofit to use the funds to assist with the implementation of a public service project within the City, complete audited financial statements for the current fiscal year, and participate in an intensive six-month capacity building lab developed by and staffed with faculty from the University of San Diego.

The ultimate goal of The Emerging Nonprofits Lab will be to prepare these 10 organizations to compete successfully for local, state, and federal grant opportunities in subsequent fiscal years and provide community economic development services within traditionally underinvested neighborhoods of the City.




*Stephen Maduli-Williams is the Community Development Division Program Manager for the City of San Diego. He is responsible for the strategic investment of roughly $10 million in federal Community Development Block Grant (CDBG) entitlement funds on an annual basis. Partnerships with nonprofit organizations are critical to the success of the City's CDBG program.*

## REVENUE SOURCES

The Economic Development Department receives significant revenue from community development resources that are specifically used for the enhancement or expansion of current programs and the creation of new programs. The City's Community Development Block Grant (CDBG) program income will be the key source of new additional funding for the next 10 to 15 years. Programming options include the creation of Economic Development Department revolving loans, sustainability programs, workforce development initiatives, and incubator and accelerator programs. The vast majority of these programs are used to benefit low- to moderate-income communities.

The City of San Diego's Economic Development Department, which administers the CDBG program and other grants designed to foster business expansion, attraction, and retention, partnered with representatives from NPI to plan the curriculum and instruction for The Nonprofit Academy. The University provided the auditorium, classrooms, and educational materials for the workshop. Both the City of San Diego and NPI leveraged their staffs to provide administrative support for the implementation of The Nonprofit Academy. Each Nonprofit Academy was paid for with $55,000 of CDBG administrative funds.

## CONCLUSION

The Nonprofit Academy has been demonstrated to be replicable, with the second Nonprofit Academy drawing more than 150 participants (68 percent were first-time attendees) from 88 organizations. In August 2017, the third Nonprofit Academy had 152 participants (81 percent were first-time attendees) representing 118 organizations. Much of the success of The Nonprofit Academy is attributable to the productive partnership between the City of San Diego and the University of San Diego's Nonprofit Institute. However, the Academy's framework can be adapted to meet the needs in any community.

For those public-sector leaders interested in launching their own nonprofit capacity-building efforts, communities/cities should keep the following factors in mind:

- Continually engage the nonprofit community. Include nonprofit partners at all levels of the process.
- Approach nonprofit organizations as equal partners.
- Identify potential lead partner(s). In this case the City partnered with a university. Partnerships could also be with local businesses, foundations, experienced consultant(s), or nonprofit management support organizations so long as partners have deep experience in the nonprofit management field.
- Be willing to adapt. Remain open to the possibility of adjusting policies and procedures.
- Be innovative in your approach.

In conclusion, this endeavor documented an environment rich with opportunities for strengthening existing relationships, as well as forging new partnerships, with San Diego nonprofits. The recommendations provided in this article provide a roadmap to establishing a framework for effective cross-sector collaboration in the future.

*The most recent Nonprofit Academy, held in August 2017, had 148 attendees – 81 percent were first-time participants.*

## ENDNOTES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3. Chaskin, R. J., & Abunimah, A. (1999). A View from the City: Local Government Perspectives on Neighborhood-Based Governance in Community-Building Initiatives. Journal of Urban Affairs, 21(1), 57-78. doi:10.1111/0735-2166.00003
4. The City of San Diego. (2016). Economic Development Strategy 2017-2019. San Diego, Ca: The City of San Diego

# the economic impact

## OF MAJOR EVENTS

*By Ben Loftsgaarden*

The decision to host a major event (such as a large sporting event, concert or festival) or invest public funds in a major tourist-generating project is nearly always preceded with the development of an economic impact study that demonstrates the return on investment to the community. The rationale is simple, for a community and its elected officials to agree to subsidize the event with public funds, there should be a gain or sizeable return on this investment to the citizens of the community.

The outcomes of the economic impact on the community are also straightforward. Government leaders commit funds to attract and host an event that will attract visitors, companies, and other entities. These groups spend money in the local community, injecting "new" money which flows through different sectors of the economy ultimately increasing residents' income and creating new jobs. The economic impact attempts to demonstrate that the increase in household income generated is over and above the cost to the community of choosing to support the event and/or project, signaling that the effort should be supported. The relative size of the reported economic impact implies a higher return to the community and tends to be viewed favorably (with good reason) by elected officials in the decision making process.

While the rationale and outcomes are generally understood, the mechanisms for conducting the economic impact study can be far more complex. The methodology and assumptions can vary from one analysis to the next, causing very different outcomes, even when multiple analyses are conducted on the same event! A better understanding of the approach taken and the assumptions made in an economic impact study can equip decision makers with the knowledge to make better informed decisions. While not an exact science, economic impact analysis remains an important tool to guide policy makers and an effective exercise for event organizers to undertake.


*Austin, TX won the right to host ESPN's X Games™ from 2014-2017 following a highly competitive Olympic-style bid process against dozens of other cities.*

### CONDUCTING AN ECONOMIC IMPACT ANALYSIS – THE BASICS

An economic impact study on tourist generating events tries to capture and quantify the dollars that flow into the local economy from sources outside of the local community due exclusively from the staging of the event. This introduction of new money

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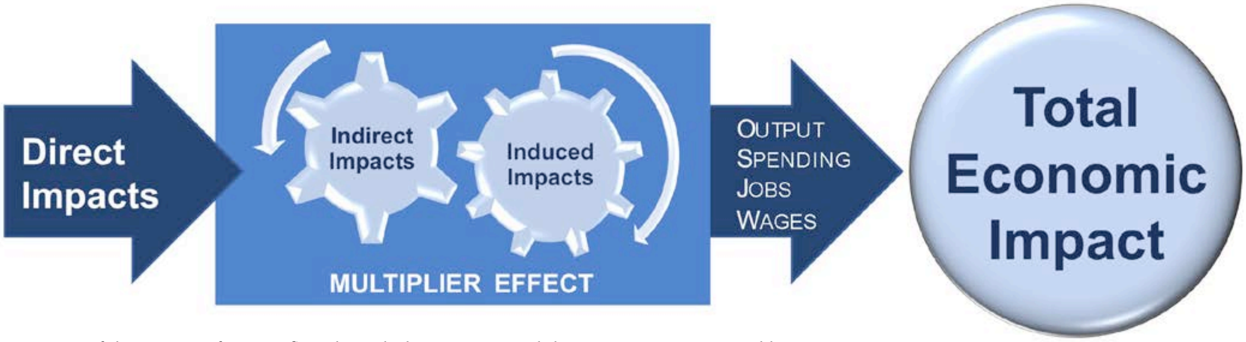
### IMPLICATIONS FOR ELECTED OFFICIALS, ECONOMIC DEVELOPERS, AND POLICY MAKERS

*Economic impact analysis remains an important and useful mechanism to evaluate the potential benefit to a community from investing public dollars to host a major event or tourism-based project. This article details important considerations for practitioners and provides economic developers and government officials a clearer view of economic impact studies – what to expect, and perhaps more importantly, what to be wary of and which questions to ask. Aside from the quantitative evaluation that an economic impact provides, this article also underscores the importance of taking a strategic view when weighing whether to support a major event or project by examining the fit with the community's greater economic development needs and vision.*




*Overview of the process of money flow through the economy and the components measured by an economic impact analysis.*

Greyhill Advisors

includes local spending by out of town visitors, outside company expenditures in the local area, and any other entities from outside the community that spend money locally due to the event.

These dollars then flow through the economy in a variety of ways, creating additional impacts on regional output (through business sales), higher wages (increasing personal income), new jobs, and government revenue through tax receipts. An economic impact analysis captures this total effect through the use of multipliers – this is based on the concept that one dollar spent by an outside visitor "multiplies" itself in successive rounds of spending within the community. For example, a portion of money spent at a local restaurant flows to other businesses (such as vendors that supply the restaurant), to employees as wages and to government jurisdictions in the form of tax payments. A portion of this money also flows out of the local economy, see note below on "Leakages." The effect on the economy by the initial visitor expenditure is termed the ***Direct Impact***.

The money spent at other local businesses then follows the same pattern and progresses throughout the local economy – these additional rounds are termed the ***Indirect Impact***. Finally, local employees experience increases in earnings due to the initial visitor spending and, in turn, spend some of these wages on local goods and services. This is termed the ***Induced Impact***.

The total economic impact is then derived from the sum of the direct, indirect and induced impacts.

The resulting outcome which incorporates the multiplier effect described above is typically determined through the use of an input-output modeling software system such as IMPLAN© (or other equivalent modeling systems). The results are commonly expressed in three different economic impacts: output (sales), personal income, and employment. Economic impact based on employment multipliers measures the effect of outside spending in the local economy on the creation of jobs, expressed as full time equivalent jobs (FTEs).

The output and personal income impact results are expressed in monetary terms (typically a dollar amount) and each represents the direct, indirect, and induced impact of new money spent by an outside source. However, each differs in explaining where the economic impact is felt in the community.

Economic impact based on output multipliers determines overall economic activity in the local community, measured by increased sales between local businesses. In contrast, economic impact derived through income multipliers measures the impact of visitor spending on the level of personal income in the local community – i.e. how dollars trickle through the economy and create increased income for local residents. Understanding the difference between these two outcomes is important for policy makers. This is discussed in more detail below.

## IMPLICATIONS FOR POLICY MAKERS

Economic impact analysis remains one of the primary methods for determining the relative benefit to a community from hosting a major event or committing public funds toward tourism focused projects. If done correctly, it can provide leaders with the data to make a sound decision to support an event that will provide great benefits to the community.

While the following may read like a list of don'ts, it is rather meant to provide useful information so that decisions are made with "eyes wide open." Economic impact studies of tourism based major events and projects have become ubiquitous – it has now become rare for any major event to not be accompanied by one or more economic impact analyses. Unfortunately, some of the misapplications elucidated here are equally common in these studies.

Economic impact based on output multipliers determines overall economic activity in the local community, measured by increased sales between local businesses. In contrast, economic impact derived through income multipliers measures the impact of visitor spending on the level of personal income in the local community – i.e. how dollars trickle through the economy and create increased income for local residents. Understanding the difference between these two outcomes is important for policy makers.

*The construction of Circuit of The Americas campus on a 1,500-acre site in southeast Austin, with direct spending over $400 million and supporting an average of 7,000 jobs during construction. The complex was constructed between 2011-2012 to be in operation in time for the inaugural Formula One U.S. Grand Prix that occurred in November 2012.*

It is not the case that a study that may contain one or more of these flaws be discredited completely. In fact, it is more likely that assumptions made in one study (although erroneous) match assumptions made in other similar studies. If the assumptions are transparent and well explained by the analyst, there is still value to the study if used as a comparative tool.

The following are five major areas that are most prone to error or misinterpretation in economic impact studies. These should be understood and held to greater scrutiny by those that commission a study.

**Distinguishing between Local Residents and Non Local Visitors –** The economic impact of a tourism based event is generated by new money spent in the local community derived from sources that do not reside in the community. Local resident spending associated with the event should not be included in the economic impact analysis. This spending, while it certainly may occur in conjunction with the event, does not represent new money but rather a transfer or circulation between different sectors of the economy.

Certain sectors may benefit and experience increased income from the spending of locals, but those increases are offset by decreases in personal income from those who make the local expenditures. Money is just changing hands from one local individual to another and the overall economic impact on the community remains unchanged. For tourism-based events, the lion's share of the economic impact is driven by attendee spending, so the more individuals who can be included the higher the impact results. Including local residents boosts the number of individuals in the model and can have a large effect on the resulting economic impact, especially when multipliers are applied to this spending.

While it is generally accepted not to include local spending in an economic impact, it is not possible to make this practice an absolute. In certain cases, such as major signature events like the Super Bowl or the Olympic Games, there may be some locals who attend the event and related attractions in lieu of otherwise leaving the area. Others may cancel a planned vacation to another location, deciding to stay at home and attend the event. These locals are spending money locally that would have otherwise been spent elsewhere. In effect, this represents new money to the community and should be included in the economic impact study.

It should be cautioned, however, that it is often difficult to obtain accurate data on these individuals. Even when identified, it is important that this group be separated in the analysis so that particular spending categories are not applied at the same level as non residents – e.g. local attendees will likely not spend on hotels and should have lower per diem spending on food, transportation, and entertainment.

**Defining the Geographic Area –** In determining who is a local resident versus a non local visitor, it is important to clearly define the geographic area of study. It may seem simple, but once the geographic area is defined, the impact analysis model and identification of visitors must follow the same definition.

For example, if the geography defined for the economic impact is the metropolitan region, then only visitors who live outside the region should be counted as non local. One error that can occur is for visitors to be surveyed and asked if they live outside the city in which the event is taking place and then be counted as being from out of town, i.e. non local. However, these individuals may indeed reside out of the city but still live within the metropolitan region. Others may simply not know the geographic boundary lines of cities/regions and not answer correctly.

The economic impact of a tourism based event is generated by new money spent in the local community derived from sources that do not reside in the community. Local resident spending associated with the event should not be included in the economic impact analysis. This spending, while it certainly may occur in conjunction with the event, does not represent new money but rather a transfer or circulation between different sectors of the economy.

In general, care should be taken in evaluating and drawing comparisons between economic impact studies. An "apples to apples" comparison of economic impact results is precarious. One study may adhere to accepted academic practices and another may include common errors such as those described in this article.

If geographic lines are unclear or data collection is not precise, then there is an increased risk that some are wrongly treated as non local which artificially inflates the economic impact results.

It is often desirable and perfectly acceptable to conduct the economic impact on a larger geographic area such as the regional level, especially when the event or project is supported by or positioned as regional in scope. Defining the impact over a larger area will provide a larger multiplier effect in the economic impact and will minimize the negative effect of leakages. Leakages are dollars spent in the community but are not fully retained due to spending that flows to businesses located out of the area.

However, whatever the geographic definition, it is critical that visitors be defined based on the same geographic definition.

**Use of multipliers and understanding what is reported in an economic impact study –** Recall that economic impact can be expressed in terms of output, personal income, and employment. It is common for economic impact results to be reported based on total output. Due to greater linkages in the overall economy, output-based economic impacts are much larger than income based measures (by a factor 2-5x), resulting in a much larger headline economic impact number. Because results are actively promoted and shared with the media, preference is typically given to the bigger number. For that reason, economic impacts are typically reported based on total output and not personal income.

However, some argue that reporting the economic impact of total output through the use of output (using sales multipliers) is inappropriate because it does not provide information that is valuable to the public. As mentioned, the economic impact based on total output measures total economic activity (business transactions) in the community. While there may be value in this for economic developers and others who want to better understand supply chain activities, the argument holds that this does not necessarily provide useful information on how local residents actually benefit.

Rather, the use of income multipliers to determine the economic impact on residents' personal income provides a more accurate reflection of the true impact on the local community. Income based economic impact translates the effect of outside spending to increases in personal wealth, thus drawing a direct link between the use of public funds (which derive from residents' and businesses' tax payments) and the return on investment for this expenditure (resident receipts in the form of higher income).

That said, due to the prolific use of sales multipliers in most economic impact studies, it is understandable to report economic impact based on total output in order to compare related events. While not as descriptive as an economic impact based on income, it would also be misleading to present an economic impact of an event that is 5x lower than other (nearly identical) events because a completely different analysis was reported. Even though the difference could be explained, in practice the media and public gravitate to the headline impact number that is reported and do not look at the underlying assumptions that are used.

In general, care should be taken in evaluating and drawing comparisons between economic impact studies. An "apples to apples" comparison of economic impact results is precarious. One study may adhere to accepted academic practices and another may include common errors such as those described in this article. In other cases, analysts might make very different, but well defended assumptions that will cause two studies to differ wildly. For public policy makers who wish to conduct a more robust comparison of options involving the investment of public funds, a cost benefit analysis is likely a more rigorous approach to evaluate possible investment scenarios.

**Including ancillary projected impacts in the main economic impact study –** In some cases, a community may encourage the support of a major event (and/or resulting capital project such as the construction of a new venue) as a catalyst for new development or redevelopment. For example, public funds used to subsidize a new stadium that is built in a blighted or otherwise underutilized area with the hope that it will prime the pump for new development to take place. In essence, supporting the event is viewed strategically as a way to encourage additional local economic development.

*More than simply a music and film festival, SXSW Interactive® has welcomed some of the world's most interesting thought leaders, helping to showcase Austin to decision makers in many of the region's targeted industries.*

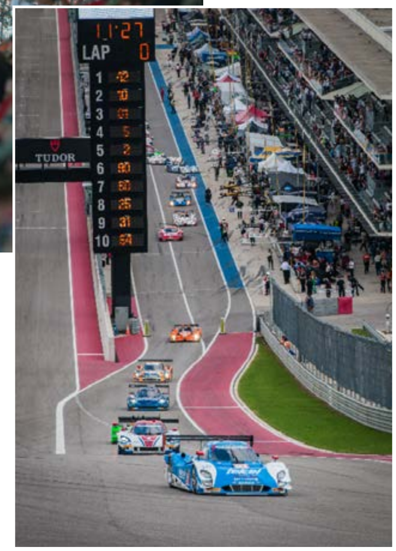
While the predictions for future development may actually come to fruition, any forecasted impacts from the potential proximate redeveloped area should not necessarily be included in the economic impact study of the main tourist-attracting project. Unless clearly (and contractually) specified to be part of the development of the main project being studied, proclamations regarding future ancillary corridor development should not be treated as guaranteed.

Redevelopment and revitalization are highly speculative and governed by many factors including market demand, consumer sentiments, city policies, and the popularity (or lack thereof) of the main tourist-attracting project that is being proposed. These factors are difficult, if not impossible, to predict. Clearly, there would be at minimum a large degree of uncertainty regarding the timing or even the occurrence of any future redevelopment. Thus, the "potential" for future development should not be included in the economic impact analysis of the project in question.

That said, by no means does this argument imply that government leaders, stakeholders, and the community at large be precluded from considering the potential for future ancillary projects from a qualitative and strategic perspective. City leaders and experts in planning, economic development, and real estate may have strong convictions (supported by solid due diligence) that the probability of revitalization efforts will both occur and be successful if anchored by a large tourist-attracting project. In addition, the redevelopment of the corridor may be of specific interest and strongly supported by the citizenry. Finally, the community may already have or be prepared to undergo strategic planning and commit to funding additional investment to improve the likelihood for long-term corridor development. These are all important factors for consideration of whether or not to proceed with the project, arguably more central than relying on an overly large economic impact that erroneously included speculative future development.

**Accurate reporting of visitation numbers** – As mentioned, the large share of the economic impact for tourist-related events is driven by attendance and visitation numbers. Because of the outsized influence, it is often tempting to inflate the number of visitors that are actually directly attributable to the event.

Studies can mistakenly include local residents in visitor counts because robust procedures to accurately identify locals versus non locals are not put in place. Accurate estimates with well supported assumptions are critical to the validity of economic impact results for major projects. The methods of estimating visitor counts should be clearly documented and supported – primary data collection from actual attendees is preferred. Heavy reliance on secondary data such as assumptions based on attendance at similar events in other areas should be omitted in lieu of primary data collected through surveys of actual visitors, ticket sales, and gate counts at the event. Many events are embedding RFID technology in event credentials such as hard tickets, badges, and wristbands in order to more precisely determine visitation and not double count attendees.




*Circuit of the Americas remains home to the only Formula One Grand Prix held on U.S. soil, attracting large numbers of national and international tourists, and generating a sizeable economic impact to the State of Texas.*

Many events do attract out of area visitors or travel companions who may not attend the official event. These visitors may come for secondary attractions associated with the main event or, in the case of sporting events, camaraderie with fellow fans. Statistically valid surveying during the event is a preferred method of data collection to quantify the number of non local visitors that may not attend the event. Relying solely on estimations of total crowd size based on crowd photography or traffic counts can be misleading and lead to error. By surveying actual event attendees and non event attendees drawn to the area for related festivities, geographic identity can be more accurately determined. This leads to better assumptions regarding the number of non-event visitors and, more importantly, whether these are local or from out of town.

It is important to note that the group of non official attendees falls into a much more difficult category to account for with absolute certainty. A conservative approach can be achieved by developing assumptions that represent low, medium, and high case scenarios. Then, a scenario analysis can be constructed to create multiple economic impacts based on a low, medium, and high case. This would be an appropriate approach to handle visitor data that is not necessarily collected with a high level of confidence.

Sometimes common sense should be used in evaluating visitation numbers that are presented in an economic impact study. For example, if the number of reported out of town visitors – including a factor that accounts for multiple visitors per room – far outweighs the local lodging accommodation capacity (i.e. total hotel/motel rooms in the area), then the assumption made regarding the number of visitors is likely skewed too high. There may be exceptions to this that require more scrutiny, including the growth in the sharing economy (AirBnB®, HomeAway®, etc.) to provide additional room capacity. However, this should be able to be documented and evaluated based on survey responses that indicate the visitor's lodging choices.

## EXPAND TO FACTORS BEYOND THE ECONOMIC IMPACT STUDY

The deliberation and pursuit of hosting a major event, which invariably requires a substantial investment of public sector money, includes a large emphasis placed on the results of an economic impact study. Given the inexact science of impact analyses and difficulty to achieve consistent results across multiple studies, perhaps it should be treated as just one of many factors in such a complex decision.

Often, too little emphasis is paid to the strategic and qualitative dynamics associated with a large tourism generating event that may provide unique benefits to a particular community. Does the event or project fit the community's economic development vision and help it better reach long term goals? Rather than treating the event as a onetime boost to the economy, taking a longer view may reveal that it aligns with other strategic initiatives and can help the community reach its goals more quickly. Perhaps a signature event will allow the community to reshape or strengthen its brand or boost awareness to national and global audiences that would be difficult to do on its own.

Has a strategy been developed to reap all the rewards possible from hosting the event? More effort should be placed on developing a plan not to just benefit economically at the time of the event, but also to leverage it for growth in other strategically important sectors in the economy. These factors cannot be modeled in an economic impact study, but arguably will have a much greater long run impact on the local economy.

An illustrative example of an event that provides benefits beyond its economic impact is found in South by Southwest® (SXSW®) hosted annually in Austin, TX.

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***Case Study:***

SXSW® attracts the world's leading creative professionals to Austin for an unparalleled event that includes a conference, trade shows, and festivals. The most recent event was held in March 2017 and included 13 days of industry conferences, a four-day trade show, eight exhibitions, a six-night music festival featuring more than 2,200 bands, and a nine-day film festival with more than 460 screenings.

For the past 30 years, SXSW® has successfully helped creative people achieve their goals while catapulting Austin onto the world stage by transforming the city into a global destination for creative professionals. The breadth of the festival – attracting technologists, financiers, musicians, filmmakers, and more – holds strong connections to both the desired economic development vision and the brand of the Austin region.

The SXSW Interactive® component of the event is, in effect, a technology-focused business conference that attracts professionals from throughout the country and the world. Interactive® includes a strong corporate presence, with many leading companies in technology fields taking part in event sponsorships, exhibits, and learning panels. The conference has quickly become a must attend for professionals in a broad range of industries – from social media, gaming, artificial intelligence to medical/health technologies and consumer products.


*Each March for more than three decades, SXSW® transforms Austin into a global mecca for creative professionals and supports the city's reputation as a thriving, innovative metropolis.*

Each March, SXSW® showcases Austin to executives and creative professionals in these industries. Regional economic developers and other professionals concerned with economic growth can access these leaders without having to leave home. In fact, local leaders in economic development and higher education have embraced the opportunity and host full-day panels as part of the SXSW® conference programming.

Due to the sheer size and length of the festival, SXSW® does create a substantial economic impact on the Austin economy each year. But, one could argue that the impact has been far greater than the monetary stimulus that the event brings directly. As SXSW® has continued to grow year over year, so too has Austin's burgeoning technology cluster. The region has attracted many of the most influential technology companies in the world, most of which have had an active presence at SXSW® before and after they located in Austin. While difficult to prove an absolute cause and effect relationship, it is clear that SXSW® has been extremely influential in Austin's ability to establish itself as a technology hub.

The inevitability and scale of these positive outcomes was certainly not assured. SXSW® launched 30 years ago as what could be termed a fringe music festival that attracted 700 (mostly local) attendees. Few could predict that from those humble beginnings, the festival would expand and bring together creative disciplines across a multitude of industries attracting hundreds of thousands to Austin each year.

Despite a negligible economic impact in those early years, city leaders and the community at large supported the festival. If the result of an economic impact study was the deciding factor, support would likely have not materialized. But, they understood that the event captured something more powerful – the spirit and essence of Austin. And they were right.

## CONCLUSION

It is not appropriate to narrowly define the returns to the community of hosting such an event by simply measuring the return to taxpayers in the form of new taxes generated. This does not accurately convey the full impact on the economy and does not quantify the return on investment that residents will receive in the form of higher personal incomes. The appropriate application of an economic impact study is the only way to capture these effects.

For that reason, conducting an economic impact analysis will and should continue to be an important tool for decision makers to use to evaluate a major tourism generating event or project. This article attempts to provide information for those who commission these studies to better understand the results and assumptions used in the analysis and to ask tough questions.

It is equally vital that leaders view the economic significance of the event through a strategic and qualitative lens that considers its alignment and significance with the unique economic development goals that the community is trying to achieve. Taking this approach will encourage the community to create a proactive strategy that allows it to reap long-term rewards in the economy that far outweigh the stimulus provided by just the event itself.